

Certified as a  
signed set of the  
2005 Report and  
Financial Statements  
of Watford Leisure PLC



P.J. WASTALL  
Secretary

STEADY GROWTH  
SERIOUS PROGRESS

WATFORD LEISURE PLC  
Annual Report 2005

Chantrey Vellacott DFK LLP



## **To become a premier business, driven by an inspired and talented team**

### **KEY STRATEGIES OVER THE NEXT 3 YEARS**

- Build a common understanding of the purpose, vision and direction of WFC supported by values and behaviours embraced by the whole team
- Develop a high performance culture, where people are respected, rewarded and can grow to reach their full potential
- Develop a sustainable business model which reduces the dependency on media and match day income
- Develop a team of disciplined hungry footballers who are role models for young people, playing a brand of exciting attacking football
- Build a premier stadium with supporting infrastructure
- Establish effective communication within the whole team
- Create a united, integrated team philosophy

# **WATFORD LEISURE PLC**

## **HIGHLIGHTS**

### **FINANCIAL**

We are pleased to be able to report a 52% reduction in overall trading losses.

### **GROUND**

During the year, the club completed the successful repurchase of Vicarage Road for £7 million. A significant contribution towards the repurchase cost of Vicarage Road was raised at a special concert held by life-long Watford fan, Sir Elton John, which raised £1.3 million.

### **FOOTBALL**

Although the team under-achieved in the 2004/5 league campaign, we did enjoy a notable Carling Cup run, culminating in a semi-final appearance against Liverpool.

### **MANAGEMENT**

The Board took decisive action during the year and restructured the business and football management teams.

	<b>2003</b>	<b>2004</b>	<b>2005</b>
Turnover	<u>£8.7m</u>	<u>£8.5m</u>	<u>£8.5m</u>
Loss before tax	<u>£10.3m</u>	<u>£4.5m</u>	<u>£2.1m</u>
Earnings per share	<u>(272.4)p</u>	<u>(62.6)p</u>	<u>(19.1)p</u>

### **CONTENTS**

Highlights	1	Independent Auditors' Report	25
Chairman's Statement	2	Consolidated Profit and	
Chief Executive's Report	6	Loss Account	27
Business Profile - The Supporters	8	Statement of Total Recognised	
Business Profile - Human Resources	10	Gains and Losses	28
Business Profile - Commercial	12	Consolidated Balance Sheet	29
Business Profile - Community	18	Company Balance Sheet	30
Board of Directors	20	Consolidated Cash Flow Statement	31
Directors' Report	22	Notes to Financial Information	32
Corporate Governance	24	Company Information	49

## **Growth and progress**

### **OVERVIEW OF THE 2004-05 FINANCIAL YEAR**

I am pleased to announce the results for the financial year ended 30 June 2005. These financial results show steady and continued progress towards Watford Leisure PLC's goal of first reaching a break even position and thereafter profitability, with the recorded loss being 50% less than 2004, at £2.1 million.

In cash terms, the net outflow from operating activities was £1.2 million – a 70% improvement on last year. We believe this is a clear demonstration that we are on course to achieve the goal of a cash break even position and in doing so we will continue to minimise costs across the company and to maximise revenues. However in the short term, in the interests of remaining competitive on the field of play, the Board is not minded to instigate further significant cost reductions or to sell players. Consequently the Board is considering an equity fundraising to cover interim financing and further reduce both long and short term debt. A further announcement will be made in due course.

In early September 2004, we repurchased the Vicarage Road stadium. This has been our home for 83 years and repurchasing this facility is the most vital element for preserving the club's future. This important step would not have been possible without the support of Board Directors, Jimmy and Vince Russo, Life President Sir Elton John, and the Watford Supporters Trust. My sincerest thanks are extended to each and every one of them. The 2004/5 season proved to be one of extreme highs and lows: the club fought hard to preserve its Championship status, whilst reaching the semi-final of the Carling Cup before eventually losing two hard fought games against eventual European Cup Champions Liverpool.

Adrian Boothroyd was appointed as manager of Watford FC with seven games remaining and his team secured Championship football for another season. Adrian has made a major impact on the team and, as a result, we have produced an impressive start to the current season and, at the time of writing, lie third in the league table.

In June 2005, we were privileged to host one of the most spectacular events ever staged at Vicarage Road, with Sir Elton John captivating 23,000 people in his own brilliant style as he set about raising £1.3 million that was used to help fund the repurchase of the Vic.

It is also fitting that I express my thanks to our Services Director, Paddy Flavin, for the impressive way he led a dedicated team of Watford FC staff, who worked so hard to ensure the event was such an extraordinary success.

I would also like to thank TOTAL UK for their continued support of Watford FC. After two years as the club's official sponsor they are now supporting the club's Academy and Community Trust.

I am pleased to welcome Loans.co.uk as our new Club Sponsor. Loans and ourselves are keen to develop a partnership that places us both at the heart of the wider Watford community.

# **WATFORD LEISURE PLC**

## **CHAIRMAN'S STATEMENT (CONTINUED)**

### **FINANCIAL RESULTS**

The loss on ordinary activities after taxation was £2.1 million (2004: £4.5 million loss) on a turnover of £8.5 million (2004: £8.5 million). Net cash outflow from operating activities was £1.2 million (2004: £3.9 million)

Gate receipts were up by £0.3 million but were offset by a reduction in non-recurring grant funding from the Football League of a similar amount. The reduction in the cost of sales from last year of £0.6 million was mainly due to a reduction in player salaries.

Administrative costs were substantially reduced from the previous year, being £2.5 million (2004 £3.2 million). There were cost reductions in many of our administrative expenses, including salaries. There was also a surplus of £0.6 million arising on the termination of the finance lease arrangements of the Vicarage Road stadium.

### **PERFORMANCE OF THE FOOTBALL TEAM**

The 2004/5 season proved to be an emotional rollercoaster for all Watford fans, with an exciting run to the semi-final of the Carling Cup - but also a nerve-wracking end to the league campaign with a 1-0 win at Stoke on the penultimate Saturday. This win ensured that we retained our Championship status, and resulted in the club finishing in 18th position in the table.

Like all Watford fans, I desire to see our team play at the highest level in the league. I am committed to delivering this aim and the Board and I believe that this is a credible aim in the months ahead.

Delivery of this goal has already started, with the team enjoying playing an excellent brand of entertaining, attacking football on the pitch, which has currently placed the club in a good position in the Championship.

## **WATFORD LEISURE PLC**

### **CHAIRMAN'S STATEMENT (CONTINUED)**

#### **FOOTBALL MANAGEMENT TEAM**

In late March 2005, the Board of Directors took the decision to release Ray Lewington from the role of Manager of Watford Football Club. On behalf of the Board I would like to thank Ray for all of his hard work. During his three year tenure as manager he played his part in stabilising the club during a very difficult period in our history. He also took us to two cup semi-finals.

April 2005 saw Adrian Boothroyd appointed by the Board as first team manager. This left Adrian with seven games to secure the club's Championship status and, as recorded earlier, this was achieved with a game to spare. Experienced former Tottenham Hotspur manager Keith Burkinshaw has been appointed assistant manager, with David Hockaday promoted from Academy to first team coach.

Long-standing Watford servant Nigel Gibbs also left the club's football management team in 2005. I would like to thank Nigel for all his dedication and hard work for the club and to wish him well for the future. During more than 20 years associated with the club, as both a player and in a coaching capacity, Nigel provided me, and all Watford fans, with a great deal of pleasure.

First team coach Terry Burton also left the club in November 2004.

#### **PEOPLE**

As always, whilst acknowledging the Watford supporter base, I would like to stress the importance of the people who work for the club: the full-time administrative, playing and management staff, along with the match day stewards and catering staff.

During the year, Director of Operations, Susan Graham, left the club. I would like to thank her for the contribution she has made to this club.

Steve Simmons, Finance Director, also left the club in February 2005.

In 2005, Finance Director, Chris Bailey, and Human Resources Director, AnnMarie Zehntner, joined our developing and dynamic senior management team, which is led by Chief Executive, Mark Ashton.

**WATFORD LEISURE PLC**  
**CHAIRMAN'S STATEMENT (CONTINUED)**

**OTHER DEVELOPMENTS AND FUTURE PROSPECTS**

I have consistently stated our four outstanding objectives, which were:

- to achieve promotion to the Premier League
- to return value to our shareholders
- to buy back the freehold of the Vicarage Road ground
- to develop a new East Stand

Addressing each of these in turn:

We have made an impressive start to our current league campaign but the challenge is to maintain our form throughout the remaining six months of the season.

We have continued to make serious progress towards our aim of being a profitable company and I am optimistic that this progress will continue.

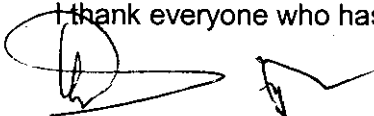
I am delighted that we secured the freehold to our stadium last September. It is the single most important thing that we have achieved while I have been Chairman, as it gives the Company control over its major asset. This control is important for our plans for the future development of Vicarage Road.

Over the past year it has become clear that what the Company needs to progress financially is a redeveloped stadium, not just a new East Stand. Plans are in progress to bring an ambitious vision to fruition which focuses, in the first instance, on developing new facilities in the Rous Stand.

The three main objectives for the future are, therefore, to achieve promotion to top-flight football, to develop the ground to improve its revenue earning potential, and to return value to shareholders by paying a regular dividend.

Following a year of significant change and progress, I am confident that we now have in place the foundations for what I truly believe to be the beginning of a new era in the history of Watford Football Club.

I thank everyone who has played their part.



**GRAHAM SIMPSON**  
Chairman

**22 November 2005**

## **Driving the business**

The year ended June 30 2005 was one of considerable change for Watford Football Club, both on and off the field of play.

The club has seen a continued review of its off-field operations that has led to a substantial organisational restructure. The formation of a new senior management team consisting of individuals with the skills and experience needed to drive the business forward has taken place.

This team – which consists of Commercial Director James McLaughlin, Financial Director Chris Bailey, Services Director Paddy Flavin, and Human Resources Director AnnMarie Zehntner – has begun to make an impact in all areas of the business. I would like to thank the senior management team for their professionalism and dedication to the business. I would also like to show my sincere appreciation to the many other full and part-time staff of Watford FC who significantly contribute to the running of the club.

Throughout the year we have continued to work towards our aim of building a self-sustainable business model that reduces our dependency on matchday and media income. In moving towards this model the new partnership with club sponsor Loans.co.uk and the realignment of former club sponsor TOTAL have proved to be extremely successful. In addition, the appointment of Diadora as our new kit manufacturer has allowed us to further exploit potential revenue streams in retail. Other commercial functions, including our catering and ticketing operations, have also further developed during the period.

For us to increase our revenue levels it is vital that we redevelop our Vicarage Road stadium. Currently parts of the stadium are tired and run-down, with other areas closed due to safety reasons. This is a fundamental element that causes us to have one of the lowest commercial matchday spends per head in the Football League. Our aim is to develop a stadium for the 21st Century that encourages our customers to use the facilities on both matchdays and non-matchdays, whilst giving our supporters a stadium to be proud of.



## **WATFORD LEISURE PLC**

### **CHIEF EXECUTIVE'S REPORT (CONTINUED)**

Our attempts to increase revenue will also see us place further leverage on our brand. It is vital that we fully explore all areas of growth, but also acknowledge that this growth must be accompanied by a higher degree of service. Developments in these areas will take time but are vital if we are to progress further.

The Community & Education Trust performed well during this period, using football as a medium to motivate and engage with members of the local community. In excess of 50,000 children participated in activities directly organised by the club throughout the year. This continues to be a vital element in the club's attempts to increase its core supporter base. Rob Smith and Julia Bateson, plus their respective teams, should be commended on their continued efforts throughout the year.

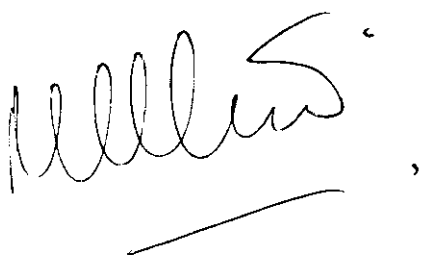
During the reported period the club successfully delivered the Sir Elton John concert in aid of the Buy Back the Vic campaign. The delivery of this concert was primarily undertaken by the staff of the football club and again I would like to thank everyone concerned with the event for their tremendous efforts.

The continued building of partnerships throughout the year also took place. The support from a variety of organisations, including Watford Borough Council and its staff, was very much appreciated.

In March 2005, Watford FC appointed Adrian Boothroyd as first team manager. Not only has Adrian undertaken the restructuring of the football staff and the playing squad, but he has also been extremely supportive to the senior management team and of the off-field activities that are essential to the company. He is part of the club's senior management team and I would like to thank Adrian, his assistant Keith Burkinshaw, coach David Hockaday, and their staff, along with the players of Watford Football Club for their continued contribution to the business.

In moving forward there will be a number of key challenges for the Board over the coming year. With every activity at the club targeted towards the achievement of success on the pitch, the further development of the off-field business will be vital. In addition, the delivery of a stadium redevelopment package will be a key element in achieving a successful future whilst continually showing prudence in relation to all costs and the application of company resources.

**MARK ASHTON**  
**Chief Executive Officer**  
**22 November 2005**

A handwritten signature in black ink, appearing to read 'Mark Ashton', with a horizontal line underneath it.

## **Supporting the supporters**

### **SATELLITE SUPPORTERS GROUPS**

A new initiative to be implemented during the 2005/06 season will see Watford Football Club actively seeking to attract new support to Vicarage Road on home matchdays. Our aim is to introduce a range of incentives to convince football fans living on the outskirts of Hertfordshire and beyond, that Watford is the place to watch live professional football at prices that enable the whole family to attend.

"the place to watch live professional football at realistic prices that enable the whole family to attend"

The planning of this project is very much in its infancy, however the key aims and objectives detailed so far are to create official links between Watford FC and existing supporter clubs and to encourage and develop new supporter groups. We plan to work closely with each group to channel attendance generation projects through them and to incentivise key personnel within each group to encourage growth.

## **Supporting the supporters**

### **FANS FORUMS**

Over the past 12 months Watford Football Club has committed to grow its communication channels, both internally and, most importantly, externally to supporters. During recent months a number of meetings have taken place with supporters, beginning with a series of small focus groups drawn from different sectors of the club's supporter base.

Over a two month period members of the senior management team hosted informal meetings with groups consisting of families, young adults and students, long distance supporters, disabled supporters and adults. The aim of these meetings was to enable supporters to provide their input as to what they would like to see from the club, especially in terms of future stadium redevelopment.

On the eve of the 2005/6 season a Fans Forum was held in the club lounge at Vicarage Road with supporters encouraged to debate with Adrian Boothroyd, Graham Simpson and Mark Ashton key decisions taken during the summer months. The level of interest shown in this event was very high and as a result Radio Three Counties broadcast the two hour debate live in their evening slot.

"Face - to - Face Forums have proved to be a highly successful Initiative"

Most recently, four Face-to-Face Forums have taken place in Watford, Hemel Hempstead, Chesham and St Albans that featured Adrian Boothroyd, Graham Simpson, Mark Ashton and Jimmy and Vince Russo. This proved to be a highly successful initiative, generating lively debates, and providing a pro-active method of taking the club to the supporters.

## **Harnessing the passion**

A major restructuring of the club's off-field personnel and business activities at Vicarage Road has taken place during the last 12 months. These changes have been a necessary part of our continuing growth and development.

Formal systems and corporate HR disciplines have been put into place that ensure the club – and associated organisations – are able to operate in a more consistent and structured manner.

A critical factor in this process has been the harnessing of the passion and enthusiasm that is so readily displayed by everyone associated with Watford - on the playing side and within the office.

### **IMPROVED INTERNAL AND EXTERNAL COMMUNICATION**

A key area identified for improvement within the business was the way we communicate at all levels. To this aim, we have recruited a public relations professional as our new Head of Communications.

"office staff can shadow our first team manager for the day"

Although Watford FC is a medium-sized business, it does generate a lot of communications-based activity. Therefore consistent and regular interaction with colleagues has been identified as a major requirement moving forward.

This year we have started to deliver a number of initiatives that meet this key strategic need. The first step was a staff communications day held at the football club's training ground in September 2005. This enabled office staff to mix with the players and coaching staff and to gain a wider understanding and appreciation of their respective roles.

In addition, we have established a structured set of team briefings, beginning at Board level and then cascading through all levels of the company. We are also embarking on a job swap programme that encourages staff to 'spend a day in the life of' another team member. This includes visits to the training ground where office staff can shadow our first team football manager for the day.

## **Harnessing the passion**

### **ORGANISATIONAL DEVELOPMENT**

Priority areas the company has focused on included devising a three-year strategy for the business, evolving our current HR policies and procedures – and ensuring the decision-makers within Watford have an infrastructure that enables them to operate professionally and effectively at all times.

Work the company plans to undertake over the next 12 months includes the creation of systems that tackle Reward, Training and Development, Leadership and Values.

## **Exploiting the opportunities**

EXPLOITING the many commercial opportunities that exist for the club within Watford and Hertfordshire remains the core focus of the commercial department.

Throughout the last 12 months, the Commercial Team has undergone a major restructuring, with senior personnel – including a new Commercial Director – joining the company. Core responsibilities now include managing the company's sponsorship, ticketing, retail, corporate hospitality and conference and banqueting operations. During 2004/5, the commercial department also had responsibility for managing the club's media operation.

Significant improvements have been achieved – particularly in terms of reaching out to new and potentially lucrative customers. However, we are confident that major developments introduced during the course of the year will enhance all our revenue streams over the next 12 months.

### **KIT SUPPLY**

#### *OFFICIAL KIT SUPPLIER: DIADORA*

In January 2005, we appointed Diadora, the leading Italian-based sportswear manufacturer, as the official kit supplier of Watford FC.

Diadora, who boast AS Roma as one of the many clubs they supply, will manufacture all first team match day and leisure products for Watford over the next two seasons. Our relationship with Diadora is notable for many reasons, not least because the quality of the replica kit and merchandise we are now able to sell to fans will be of the very highest quality.

## **Exploiting the opportunities**

### **SPONSORSHIP**

2004/5 represented a key year for the Commercial Department of the club as we agreed two major sponsorship deals.

#### *CLUB: LOANS.CO.UK*

We have agreed a two-year sponsorship deal with Watford-based financial services organisation, Loans.co.uk. This innovative organisation is highly regarded locally and nationally, and our relationship with Loans bodes well for Watford in the months ahead.

Since becoming official club sponsor, Loans has already shown its commitment to the club and the wider community by supporting two of our Family match day initiatives.

A key reason behind Loans signing the deal with Watford is to raise awareness of its brand and attract new recruits to its award-winning business. The club's commercial team is working closely with Loans personnel to ensure delivery of this key strategic aim.

#### *ACADEMY AND TRUST: TOTAL UK*

Another significant agreement saw TOTAL UK continue to focus on the Watford community and the club's next generation of youngsters by becoming our new Academy and Trust Sponsor.

Under the terms of the agreement, TOTAL will work in close partnership with Watford FC's Community Sports & Education Trust to harness the universal appeal and positive power of football to inspire and motivate local young people and adults.

This agreement will run until the close of 2006/7 season.

## **Increasing the sales**

### **TICKETING**

Ticket sales are the key revenue generator of Watford FC.

With more than 8,000 season-ticket holders during the 2004/5 campaign, we have set ourselves a target of increasing that number significantly for the 2005/6 season.

In an attempt to grow sales, season-ticket holders have received a £50 voucher pack and a loyalty discount as an added incentive for becoming a season-ticket holder. All the signs are that this approach is working as sales have grown steadily in recent months.

In addition to season-ticket holders, it is essential that we encourage supporters to visit Vicarage Road and watch the occasional league or cup game.

This season we have already run two Family Days, with tickets for these matches priced at just £5. In addition, we have run a Refer a Friend scheme, as well as a Kids Go Free initiative for our Category A fixture against Wolverhampton Wanderers.

These promotional days are an essential element in our ticketing strategy as we look to encourage new fans to the club with a view to exceeding our 2004/5 average attendance of just over 14,200.



## **Increasing the sales**

### **RETAIL**

In January 2005, we informed Kit@ of our intention to terminate our exclusive supply and consultancy agreement. This decision meant our relationship with this organisation ended 30 months early.

At all times, the thinking behind the termination of the Kit@ arrangement was to enhance the quality and range of products that we could offer to Watford fans. Being able to deliver a more competitive price to consumers was also a key consideration.

We have now signed a two-year kit agreement with Diadora, an arrangement that also allows us to source other product areas such as leisurewear and souvenirs from a range of different suppliers.

In November 2005, we opened The Rookery, our new retail store, which is four times the size of the previous club shop and ensures that fans can now purchase our products in an environment akin to a high street store.

Such a move will see a significant boost for the revenue generated from the retail department when compared to 2004/5.

## **Entertaining publicity**

### **CORPORATE HOSPITALITY**

We retain a host of local businesses who enjoy the benefits that match day hospitality can deliver.

For 2005/6 we have offered a variety of pricing structures that can cater for any size of business and any budget to ensure we have tailored packages to suit their needs.

### **CONFERENCE AND BANQUETING**

We continue to be one of the leading venues in Watford for people looking for a location that can host a conference, wedding reception, meeting or party.

Key companies to take advantage of the facilities at Vicarage Road include BUPA and British Gas, and with the variety and number of functions we host we are close to becoming a 365-day business operation.

## **Entertaining publicity**

### **MEDIA**

In addition to TV revenue, match day programme sales are a major source of revenue for the club and we have signed a two-year agreement with CRE8, an experienced and respected design house to design, produce and distribute our programme.

Other opportunities to explore in the 2005/6 season include the development of the online Watford World subscription service.

### **SUMMARY**

All of the departments under the commercial umbrella are very different businesses and it is vital to ensure that the marketing campaigns we run are co-ordinated and delivered on time whilst ensuring that supporters of all ages benefit from the offers we run.

To help coordinate these campaigns we recently launched our fan-focused My Watford scheme. You will see this message on all of our marketing literature for the foreseeable future.

The great appeal of a football club is that it can reach out to everyone and anyone, and once the club becomes 'my team' that allegiance is a life-long commitment.

This encapsulates the thinking behind the My Watford campaign. There is a pride associated with the club and the town and throughout the season such campaigns will be more visible in and around Watford town centre.

## **Playing our part**

### **THE ACADEMY**

One of the fundamental features of healthy on-field development at Watford Football Club is the performance – and continual development – of the club's Football Academy.

Producing a string of young players, who have made a real impact in the club's first team, the Watford Academy prides itself on the professional development of people, not just football players.

Such is the number of young, emerging talents to have represented the club in recent senior competitive action that it is possible to pick a full Watford team from the current squad, all of whom have been produced through the Academy system.

The club continues to attract acclaim for its willingness to give youth its chance and this places further emphasis on the future strength of the Watford Academy.

Whether next year, in two years, or in five years, it seems certain that home-grown talent will feature heavily in the future on-field success of the club.

### **COMMUNITY SPORTS & EDUCATION TRUST**

Watford FC's Community Sports & Education Trust is a registered charity. It was created in April 2004. This year, participation figures on Trust activities will exceed 85,000, with over 30 schools and organisations receiving practical assistance every week.

The Trust's core role is to enable the football club to harness the positive power of the club and football to improve the quality of life for everyone who participates in Trust activities.

Since it launched, Trust projects have been wide and varied. This includes running schools coaching and holiday coaching courses to Tots football and Coach Education for adults.

In addition, the Trust, along with a number of partner organisations, runs projects that deliver positive messages on healthy living as well as encouraging all-round socially-acceptable behaviour.

As part of being involved with the Trust, children and their families are encouraged to come and support the Hornets in action and hopefully become the next generation of the club's supporters.

## **Playing our part**

### **LEARNING CENTRE**

Watford Learning is the educational arm of the club's commitment to the local community – and over 45,000 learners have used this facility since it opened its doors in September 2000.

The aim of Watford Learning is to work in partnership with schools, the WFC Academy and individual adults to give confidence and support to people in their motivation to become successful learners.

Our Learning Centre is a registered school and study support centre and highlights the positive impact a partnership between Hertfordshire County Council, Watford Football Club and the Department for Education & Skills can have on a local population.

Equipped with a cutting-edge computer suite, the Centre is based in the Rookery Stand within Vicarage Road Stadium. It is open to learners six days a week, 48 weeks a year.

It is managed by an experienced Deputy Head teacher and is supported by an ICT Manager, Administrator, Teacher and team of tutors, mentors and volunteers.

In March 2002, it was the one of the top 25 centres nationally to achieve 'Emerging Level' for the quality of its provision through the Quality in Study Support (QISS) recognition scheme.

## **Directing the action**

### **GRAHAM SIMPSON**

#### ***Chairman***

Lifelong fan Graham saw his first Watford match in 1959 and, ever since, has been a loyal Hornets' supporter.

Following a 12-year acting career, Graham formed Simply Travel in 1978, a holiday company that grew rapidly to carry over 50,000 clients. He sold the business in 1999 and has now formed Simpson Travel, a new travel company that he runs when his duties at Vicarage Road permit.

Apart from his executive role at Watford, Graham is Chairman of Goal Action Trust, a charity he personally set up to support and sponsor vulnerable children in a remote part of Tanzania.

### **JIMMY RUSSO**

#### ***Vice-Chairman, Non-executive Director***

Jimmy, 49, is a founder Director of Valley Grown Salads.

He is a major supplier of quality food produce to high street supermarkets such as Waitrose and Sainsburys. In addition, Jimmy is a director of an electronics company and has business interests in Egypt, Spain and Israel.

Valley Grown Salads, located in a village in Essex, was established in 1982. During the last two decades it has grown into one of the leading businesses of its kind in the United Kingdom.

Jimmy was invited to join the Watford Board as its Vice-Chairman in January 2004.

## **Directing the action**

### **VINCE RUSSO**

#### ***Non-executive Director***

Vince is 46-years-old and is a passionate football fan.

He is a Director of Valley Grown Salads, where he has particular responsibility for the company's ongoing business operations. He also has business interests in Egypt and Israel.

Vince is the driving force behind Valley Grown Nursery, a 10 acre facility in Essex that provides peppers for leading high street supermarkets Waitrose and Sainsburys.

In 2004, Vince and his brother Jimmy received the coveted *Salad Grower of the Year* award in recognition of their outstanding contribution to their industry.

### **ANDREW WILSON**

#### ***Non-executive Director***

Andrew Wilson joined the Board as a non-executive Director in December 2002. He is currently Chairman of London Town Plc and a non-executive Director of Corporate Services Group Plc, Wraith Plc, Seashell Plc, Bombshell Plc and Strand Associates Limited.

### **MARK ASHTON**

#### ***Chief Executive Officer***

At 34, Mark Ashton is one of the youngest and most dynamic chief executives working in professional sport in the UK.

In the 1990s, Mark played professional football for West Bromwich Albion and Walsall. At 19 he left the full-time game and established his own engineering business.

Mark returned to professional football as a twenty-two year old, after being offered the opportunity to join the West Brom coaching staff. By 2004 he was a director and had responsibility for key infrastructure projects, including business development, stadium redevelopment and youth and community operations.

Key successes during his sixteen year career at the Hawthorns included the building of the East stand and developing the club's community programme into one of the country's leading schemes with a turnover of circa £2m.

In 2004, Mark was invited to join Watford FC and lead the club's senior management team during one of the most exciting phases of its 124-year history.

# WATFORD LEISURE PLC

## DIRECTORS' REPORT

The directors present their report on the affairs of the group, together with the audited financial statements for the year ended 30 June 2005.

### PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activity of the company is to hold, as investments, the majority of the issued share capital of The Watford Association Football Club Limited, the "Club", and the whole of the issued share capital of Watford Catering Limited.

The group reported a loss before taxation for the year of £2,146,524 (2004 - loss £4,499,328).

In early September 2004, the Vicarage Road Stadium was repurchased, which is the most vital element for preserving the Club's future.

The board is considering an equity fundraising to cover interim financing and further reduce both long- and short-term debt.

The chairman has considered the development of the business during the year and the group's position at the year end in his statement on pages 2 to 5.

The directors do not recommend the payment of a dividend. Accordingly, the loss for the year has been added to the accumulated deficit brought forward as shown in note 19 to the financial statements.

### DIRECTORS AND THEIR INTERESTS

The directors at 30 June 2005 together with their beneficial interests in the shares of the company were as follows:

	Ordinary shares of 10p each	
	30 June 2005	30 June 2004
G M Simpson (Chairman)	2,868,796	2,868,796
G Russo (Vice-Chairman)	3,759,398	1,879,699
V Russo	3,759,398	1,879,699
A S Wilson	16,666	16,666

G Russo and V Russo jointly control Valley Grown Salads which holds 3,759,398 (2004 - 1,879,699) Ordinary 10p shares in the company.

None of the directors has any interest in the share capital of any other group companies.

In accordance with the company's Articles of Association, G M Simpson is due to retire at the company's forthcoming Annual General Meeting and, being eligible, will offer himself for reappointment.

### SUBSTANTIAL INTERESTS

Apart from the directors above and the shareholdings listed below, the directors are not aware of any party interested in 3% or more of the issued ordinary share capital at 30 June 2005.

Name	Number of shares	Percentage
Fordwat Limited	846,144	6.56%
D R J Lester	489,013	3.79%
C D Lissack	401,329	3.11%
D R Meller	397,872	3.08%
Penguin Overseas Associates Limited	806,560	6.25%
T M Shaw	693,086	5.37%
Strand Associates Limited	796,143	6.17%

Penguin Overseas Associates Limited is controlled by the Sawyer Trust of which members of Haig Oundjian's family are discretionary beneficiaries.



# **WATFORD LEISURE PLC**

## **DIRECTORS' REPORT (CONTINUED)**

### **DIRECTORS' RESPONSIBILITIES**

Company law requires the directors to prepare financial statements which give a true and fair view of the state of affairs of the group at the end of its financial year and of the profit or loss of the group for the year then ended. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the group and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

### **CORPORATE GOVERNANCE**

The board's report on the group's corporate governance procedures is set out on page 24.

### **PAYMENT OF SUPPLIERS**

The group seeks the best possible terms from suppliers appropriate to its business and, in placing orders, gives consideration to quality, price and terms of payment which will be agreed with each supplier when details of each transaction are settled. The group will continue to honour its contractual and legal obligations and to pay contractors and suppliers on the dates agreed in contracts and purchase orders.

Being mindful that the group transacts with many small suppliers the group endeavours to meet the Government best practice guidelines and pay suppliers within thirty days from receipt of invoice whenever the invoice can be matched to an order and can be duly authorised with no queries arising thereon. The ratio expressed in days between the amounts invoiced to the Group by its suppliers and the amount owed to its trade creditors at 30 June 2005 was 10 days.

### **EMPLOYEES**

The group places considerable value on the involvement of its employees and has set up processes and procedures to achieve good communication within the workplace. There are also written processes for training, development, appraisal and induction. It is the group's policy to give full and fair consideration to all applications from the disabled and has a written Equal Opportunities Policy and Recruitment Process in place to achieve this end.

### **CHARITABLE AND POLITICAL DONATIONS**

The charitable activity previously undertaken within the club has been transferred to the independent Watford FC's Community Sports & Education Trust, a registered charitable trust.

### **GOING CONCERN**

As disclosed in note 1a to the financial statements the directors are considering an equity fundraising and alternative sources of finance to meet the group's working capital requirements. The directors are satisfied that the group will be able to raise adequate resources to continue in operation for the foreseeable future. For this reason they continue to adopt the going concern basis in preparing the financial statements.

### **POST BALANCE SHEET EVENTS**

Details of post balance sheet events are given in note 25 to the financial statements.


### **AUDITORS**

A resolution concerning the reappointment of Chantrey Vellacott DFK LLP as auditors of the company will be proposed at the forthcoming Annual General Meeting.

### **SIGNED ON BEHALF OF THE BOARD**

**P J WASTALL**  
Secretary

Approved by the Board on 22 November 2005



# **WATFORD LEISURE PLC**

## **CORPORATE GOVERNANCE**

### **GENERAL PRINCIPLES**

The Board recognises the importance of good corporate practice and is committed to conducting the group's operations in accordance with the best principles of corporate governance. This report sets out how the principles of good governance and code of best practice identified in the Combined Code issued by the London Stock Exchange on 25th June 1998 are applied by the company.

### **THE BOARD**

The Board consists of one executive and three non-executive directors.

The Board meets regularly and is responsible for group strategy, acquisition and divestment policy and overall financing of the group. It is ultimately responsible for the direction and management of the group, although the Chief Executive Officer is charged with the responsibility for running the group within a defined framework established by the Board.

### **ACCOUNTABILITY AND AUDIT**

#### **AUDIT COMMITTEE AND AUDIT**

The Board has established an Audit Committee which consists of three directors. Written terms of reference of the Audit Committee have been drawn up which require it to consider and report to the Board on such issues as the group's annual reports and interim reports, ensuring compliance with accounting policies and satisfying itself as to the adequacy of the group's external audit and internal control procedures. The Committee will meet at least once a year with the group's auditors in attendance.

#### **INTERNAL FINANCIAL CONTROL**

The Board of Directors has overall responsibility for the group's systems of internal control which are designed to provide reasonable, but not absolute, assurance against material misstatement or loss. The key features of the group's system of internal financial control are as follows:-

- detailed budgets and plans which are approved by subsidiary and group boards;
- regular consideration by the Board of actual results compared with budgets and forecasts;
- compliance by the subsidiaries with group operating procedures and policies;
- annual review of the group's insurance cover;
- defined procedures for the appraisal and authorisation of player transfers and capital expenditure; and
- regular reporting of borrowing and facilities to the Board.

The Board has reviewed the operation and effectiveness of the group's system of internal financial control for the financial year and the period up to the date of approval of the financial statements.

### **RISK MANAGEMENT**

A risk management review has been previously undertaken by the group to identify, evaluate and manage key risks. Projections are made on a realistic basis in order to identify financial pressures in advance. A four year planning process is due to be completed in respect of all key components of the group's operation.

### **COMPLIANCE WITH THE COMBINED CODE**

The Group is not required to comply with the Combined Code as an AIM company, but seeks to comply with those provisions most appropriate to the Group. We continue to review our corporate governance procedures to ensure they match the needs of the group.

### **REMUNERATION REPORT**

The Remuneration Committee is responsible for determining the emoluments of executive directors, and consists of three non-executive directors. The Committee makes recommendations to the Board on the company's framework of executive remuneration and its cost.



**GRAHAM SIMPSON**  
**CHAIRMAN**

22 November 2005

# **WATFORD LEISURE PLC**

## **INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF WATFORD LEISURE PLC**

We have audited the financial statements of Watford Leisure PLC for the year ended 30 June 2005 which comprise the Profit and Loss Account, the Balance Sheet, the Cash Flow Statement, the Statement of Total Recognised Gains and Losses and the related notes. These financial statements have been prepared under the historical cost convention, as modified by the revaluation of the group's property, and the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

### **RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS**

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of financial statements in accordance with applicable law and United Kingdom Accounting Standards. Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the group has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company and other members of the group is not disclosed.

We read the Chairman's Statement, Chief Executive's Report, Corporate governance report and the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

### **BASIS OF OPINION**

We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the group's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

# **WATFORD LEISURE PLC**

## **INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF WATFORD LEISURE PLC**

**(CONTINUED)**

### **FUNDAMENTAL UNCERTAINTY**

In forming our opinion we have considered the adequacy of the disclosures made in the financial statements concerning the funds which the directors intend to raise. The financial statements have been prepared on a going concern basis, the validity of which depends upon such funds becoming available. The financial statements do not include any adjustments that would result from a failure to obtain such funds. Details of the circumstances relating to this fundamental uncertainty are described in note 1a) to the financial statements. Our opinion is not qualified in this respect.

### **OPINION**

In our opinion the financial statements give a true and fair view of the state of the group's and the company's affairs as at 30 June 2005 and of the group's loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



**CHANTREY VELLACOTT DFK LLP**

**Chartered Accountants and**

**Registered Auditors**

Watford

23 November 2005

**WATFORD LEISURE PLC**  
**CONSOLIDATED PROFIT AND LOSS ACCOUNT**  
**FOR THE YEAR ENDED 30 JUNE 2005**

		Operations excluding Notes player trading	Player trading (note 9)	2005	2004
		£	£	£	£
<b>Turnover</b>	2	8,529,159	-	8,529,159	8,522,686
Cost of sales		<u>9,354,893</u>	<u>383,228</u>	<u>9,738,121</u>	<u>10,306,785</u>
<b>Gross loss</b>		(825,734)	(383,228)	(1,208,962)	(1,784,099)
Administrative expenses		<u>2,484,797</u>	<u>-----</u>	<u>2,484,797</u>	<u>3,247,292</u>
		(3,310,531)	(383,228)	(3,693,759)	(5,031,391)
Other operating income	3	<u>800,321</u>	<u>-----</u>	<u>800,321</u>	<u>495,451</u>
<b>Operating loss</b>		(2,510,210)	(383,228)	(2,893,438)	(4,535,940)
Profit on disposal of players' registrations		-	725,345	725,345	861,170
Profit on termination of stadium finance lease		613,699	-	613,699	-
Interest receivable	4	22,305	-	22,305	12,398
Interest payable and similar charges	4	<u>(614,435)</u>	<u>-----</u>	<u>(614,435)</u>	<u>(836,956)</u>
Loss on ordinary activities before taxation	5	<u>(2,488,641)</u>	<u>342,117</u>	(2,146,524)	(4,499,328)
Tax on loss on ordinary activities	7			<u>-</u>	<u>-</u>
<b>Loss on ordinary activities after taxation</b>				(2,146,524)	(4,499,328)
Minority interests				<u>(28,665)</u>	<u>(67,541)</u>
<b>Loss for the financial year</b>	19			<u>(2,175,189)</u>	<u>(4,566,869)</u>
<b>Earnings per share (loss) (basic and diluted)</b>	8			<u>(19.1p)</u>	<u>(62.6p)</u>

None of the company's activities was acquired or discontinued during the above two financial years.

There is no difference between the profits shown above and their historical cost equivalents.

The notes on pages 32 to 48 form part of these financial statements

**WATFORD LEISURE PLC**  
**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES**  
**FOR THE YEAR ENDED 30 JUNE 2005**

	Notes	2005 £	2004 £
Loss for the financial year		(2,175,189)	(4,566,869)
Transfer from Special reserve	19	<u>3,067,441</u>	<u>9,012,348</u>
Total recognised gains and losses since last report		<u>892,252</u>	<u>4,445,479</u>

The notes on pages 32 to 48 form part of these financial statements

**WATFORD LEISURE PLC**  
**CONSOLIDATED BALANCE SHEET**  
**AT 30 JUNE 2005**

	Notes	£	2005 £	2004 £
<b>Fixed assets</b>				
Intangible assets	1 c) d) g) & 9		813,049	1,222,193
Tangible assets	1 f) & 10		<u>8,057,971</u>	<u>6,080,851</u>
			8,871,020	<u>7,303,044</u>
<b>Current assets</b>				
Stocks	1 h) & 12	81,070		117,968
Debtors	13	1,443,792		1,509,341
Cash at bank and in hand		<u>34,276</u>		<u>614,398</u>
		1,559,138		2,241,707
<b>Creditors: amounts falling due within one year</b>	14	<u>10,099,256</u>		<u>3,648,995</u>
<b>Net current liabilities</b>			<u>(8,540,118)</u>	<u>(1,407,288)</u>
<b>Total assets less current liabilities</b>			330,902	<u>5,895,756</u>
<b>Creditors: amounts falling due after more than one year</b>	15		(2,969,259)	(8,238,808)
<b>Deferred capital grants and contributions</b>	1 f) & 17		<u>(46,393)</u>	<u>(51,423)</u>
			<u>(2,684,750)</u>	<u>(2,394,475)</u>
<b>Capital and reserves</b>				
Called up share capital	18		1,290,756	1,062,369
Share premium	19		1,872,409	244,547
Special reserve	19		1,999,858	5,067,299
Profit and loss account	19		<u>(7,514,799)</u>	<u>(8,407,051)</u>
<b>Shareholders' funds</b>	20		(2,351,776)	(2,032,836)
<b>Minority interests</b>			<u>(332,974)</u>	<u>(361,639)</u>
			<u>(2,684,750)</u>	<u>(2,394,475)</u>

Approved by the Board of Directors on 22 November 2005 and signed on its behalf.

**G M SIMPSON**  
**G RUSSO**

Director  
Director

The notes on pages 32 to 48 form part of these financial statements.

**WATFORD LEISURE PLC**  
**COMPANY BALANCE SHEET**  
**AT 30 JUNE 2005**

	Notes	£	2005 £	2004 £
<b>Fixed assets</b>				
Tangible assets	10		-	5,657,143
Investments	11		<u>6,572,103</u>	<u>6,809,210</u>
			6,572,103	<u>12,466,353</u>
<b>Current assets</b>				
Debtors	13	26,323		587,893
<b>Creditors: amounts falling due within one year</b>	14	<u>35,403</u>		<u>197,736</u>
<b>Net current (liabilities) / assets</b>			<u>(9,080)</u>	<u>390,157</u>
<b>Total assets less current liabilities</b>			6,563,023	12,856,510
<b>Creditors: amounts falling due after more than one year</b>	15		<u>(1,400,000)</u>	<u>(6,482,295)</u>
			<u>5,163,023</u>	<u>6,374,215</u>
<b>Capital and reserves</b>				
Called up share capital	18		1,290,756	1,062,369
Share premium	19		1,872,409	244,547
Special reserve	19		1,999,858	5,067,299
Profit and loss account				
- accumulated surplus	19		-	-
<b>Shareholders' funds</b>	20		<u>5,163,023</u>	<u>6,374,215</u>

Approved by the Board of Directors on 22 November 2005 and signed on its behalf.

**G M SIMPSON**

Director

**G RUSSO**

Director

The notes on pages 32 to 48 form part of these financial statements.



**ATFORD LEISURE PLC**  
**CONSOLIDATED CASH FLOW STATEMENT**  
**FOR THE YEAR ENDED 30 JUNE 2005**

		2005	2004
	Notes	£	£
<b>Operating activities</b>			
Net cash outflow from operating activities	21 (a)	(1,179,966)	(3,856,180)
<b>Returns on investments and servicing of finance</b>			
Interest received		22,305	12,398
Interest paid		<u>(576,878)</u>	<u>(829,271)</u>
<b>Net cash outflow from returns on investments and servicing of finance</b>		(554,573)	(816,873)
<b>Taxation</b>		-	-
<b>Capital expenditure</b>			
Payments to acquire intangible fixed assets		(188,350)	(263,704)
Payments to acquire tangible fixed assets		(7,808,852)	(138,133)
Capital contributions received		-	21,924
Receipts from sales of intangible fixed assets		315,654	761,170
Receipts from sales of tangible fixed assets		<u>3,838</u>	<u>3,050</u>
<b>Net cash (outflow) / inflow for capital expenditure</b>		<u>(7,677,710)</u>	<u>384,307</u>
<b>Net cash outflow before financing</b>		(9,412,249)	(4,288,746)
<b>Financing</b>	21 (b)		
Issue of ordinary share capital		1,856,249	3,972,572
Advances of finance and other loans		6,270,982	114,240
Capital element of finance lease and hire purchase		<u>185,553</u>	<u>(48,337)</u>
<b>Net cash inflow from financing</b>		<u>8,312,784</u>	<u>4,038,475</u>
<b>Decrease in cash in the year</b>	21 (c)	<u>(1,099,465)</u>	<u>(250,271)</u>

The notes on pages 32 to 48 form part of these financial statements.

**WATFORD LEISURE PLC**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**for the year ended 30 June 2005**

**1 ACCOUNTING POLICIES**

The principal accounting policies are as follows:

*a) BASIS OF ACCOUNTING*

The financial statements are prepared under the historical cost convention, modified by the revaluation of property, in accordance with applicable accounting standards and on a going concern basis.

The group incurred a loss for the year of £2,175,189 and had net liabilities at 30 June 2005 of £2,684,750.

Whilst the losses have reduced again this year, the revenue line has continued to be flat and it is only by increasing the revenues of the Club and controlling costs that a profit be generated. Significant progress is being made in this area.

The group has prepared financial projections for the period to June 2007 which continue to show improvement in the financial position of the company. In these cash projections, the directors have included the funds they intend to raise.

The directors therefore consider it appropriate to prepare the financial statements on a going concern basis.

The financial statements do not include any adjustments that would result should this not be the case.

*b) BASIS OF CONSOLIDATION*

The group financial statements incorporate the financial statements to 30 June 2005 of Watford Leisure PLC and its subsidiaries, The Watford Association Football Club Limited and Watford Catering Limited.

*c) GOODWILL*

Goodwill arising on consolidation is capitalised as an intangible asset and is amortised on a straight line basis over 10 years. The value of goodwill is reviewed annually for any impairment and provision made against any permanent diminution in value.

*d) PLAYERS' REGISTRATIONS*

Costs of acquiring players' registrations are capitalised as intangible fixed assets. Costs include all amounts payable under the purchase agreement, where payment is probable, and any associated costs of the transfer of registration.

Players' registrations are amortised over the period of their initial contract, and any subsequent extensions, on a straight line basis. Players' registrations are written down for impairment when the carrying amount exceeds the amount recoverable through use or sale.

**WATFORD LEISURE PLC**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**for the year ended 30 June 2005 continued**

**1 ACCOUNTING POLICIES (continued)**

*e) SIGNING ON FEES*

Signing on fees are charged in the year of payment.

Where a player's registration is transferred any amounts paid in respect of the balance of signing on fees due are included in the profit on disposal of players' registrations in the period in which the disposal is recognised.

*f) TANGIBLE FIXED ASSETS, CAPITAL GRANTS AND DEPRECIATION*

Tangible fixed assets are stated at their gross cost or valuation less accumulated depreciation.

Capital grants and contributions to capital expenditure are credited to deferred income and are released to the profit and loss account over the expected useful lives of the assets to which they relate.

Depreciation is not charged on freehold land nor on expenditure on assets under construction which have not been brought into use before the relevant accounting date. The stadium is now categorised as freehold property and is depreciated on a straight line basis over 25 years. The stadium was held under a finance lease and depreciated on a straight line basis over the length of the lease, being 35 years. Depreciation of leasehold improvements, motor vehicles, equipment, fixtures and fittings is calculated at 25% on written down value, a rate calculated to write off cost less estimated residual value of each asset over its expected useful life.

*g) POURING RIGHTS*

Payments made to release the group from exclusive supply provisions relating to alcoholic beverages have been recognised under the description of "pouring rights". Pouring rights are capitalised as an intangible fixed asset and are amortised on a straight line basis over their economic life, estimated at 10 years.

*h) STOCKS*

Stocks are stated at the lower of the cost and net realisable value.

*i) DEFERRED REVENUE*

Deferred revenue arises principally on the advance sale of season tickets and executive boxes and is recognised as income in the period to which it relates.

*j) DONATIONS RECEIVED*

Donations are accounted for on a cash receipts basis.

# WATFORD LEISURE PLC

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2005 (continued)

### 1 ACCOUNTING POLICIES (continued)

#### k) HIRE PURCHASE AND LEASING

The costs of operating leases are expensed as incurred.

Assets acquired under hire purchase agreements and finance leases are capitalised in the balance sheet and are depreciated in accordance with the company's normal policy. The outstanding liabilities under such agreements less interest not yet due are included in creditors. Interest on such agreements is charged to profit and loss account over the term of each agreement and represents a constant proportion of the balance of capital repayments outstanding.

#### l) PENSIONS

The group contributes to the Football League Limited Pension and Life Assurance Scheme for certain employees and also contributes to players' own pension plans, the assets of which are held separately from those of the group in independently administered funds. The pension cost charges represents contributions payable by the group during the year.

#### m) DEFERRED TAXATION

Deferred tax is provided in full, where appropriate, in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes. Deferred tax balances are not discounted.

### 2 TURNOVER

Turnover represents match receipts and all other income associated with the principal activity of running a professional football club, excluding profits arising on the sale of players' registrations, and excludes value added tax.

### 3 OTHER OPERATING INCOME

	2005	2004
	£	£
Donations	239,247	-
Rent receivable	409,500	390,000
Contributions to capital expenditure	1,510	27,577
Release of capital grants	3,520	3,520
Other	146,544	74,354
	<u>800,321</u>	<u>495,451</u>

**WATFORD LEISURE PLC**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**for the year ended 30 June 2005 (continued)**

**4 INTEREST**

	<b>2005</b>	<b>2004</b>
	<b>£</b>	<b>£</b>
Interest receivable:		
Bank deposit interest	22,305	12,398
Interest payable and similar charges:		
Bank loans and overdrafts	127,766	30,155
Finance lease and hire purchase interest	143,731	778,720
Other interest	342,938	28,081
	<u>614,435</u>	<u>836,956</u>

**5 LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION**

	<b>2005</b>	<b>2004</b>
	<b>£</b>	<b>£</b>
This is stated after charging / (crediting):		
Amortisation of intangible fixed assets	458,435	625,158
Depreciation of tangible fixed assets	171,917	347,602
(Profit) / loss on disposal of tangible fixed assets	(1,166)	614,717
Staff costs (note 6)	6,599,768	7,551,321
Directors' remuneration	75,000	166,029
Auditors' remuneration		
audit	27,000	27,000
non-audit	27,267	61,410
Operating leases - vehicles and equipment	71,578	76,927
Operating leases - other	260,028	259,740

**WATFORD LEISURE PLC**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 30 June 2005 (continued)

**6 EMPLOYEE INFORMATION**

	2005 £	2004 £
Staff costs:		
Wages and salaries	5,861,178	6,602,543
Social security costs	646,094	750,128
Other pension costs	92,496	198,650
	<u>6,599,768</u>	<u>7,551,321</u>

	2005 Number	2004 Number
The average monthly number of persons employed by the group was as follows:		
Players	46	52
Coaching staff	26	26
Commercial staff	21	30
Part-time catering staff	83	71
Administration	15	15
Ground staff	5	5
	<u>196</u>	<u>199</u>

In addition to the above the group employed an average of 206 (2004 - 201) part-time match day staff during the year.

**7 TAX ON LOSS ON ORDINARY ACTIVITIES**

In view of the loss for the year there is no liability to corporation tax.

Tax losses of the Club at 30 June 2005 available for offset against future trading profits of that subsidiary, subject to Inland Revenue acceptance, are in excess of £21,000,000. There is neither taxable profit nor loss in the parent company for the current year.

Under the accounting policy no provision is required for deferred taxation and there is no potential liability.

**8 EARNINGS PER SHARE**

Earnings per ordinary share have been calculated as follows:

	2005 £	2004 £
Loss for the financial year	(2,175,189)	(4,566,869)
Weighted average number of shares in issue	11,410,960	7,297,215
Earnings per ordinary share	(19.1p)	(62.6p)

**WATFORD LEISURE PLC**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 30 June 2005 (continued)

**9 INTANGIBLE FIXED ASSETS**

*GROUP*

	Goodwill £	Pouring rights £	Players' registrations £	Total £
<b>Cost:</b>				
At 1 July 2004	1,872,703	752,067	3,958,838	6,583,608
Additions	-	-	229,600	229,600
Disposals	-	-	(1,327,418)	(1,327,418)
At 30 June 2005	<u>1,872,703</u>	<u>752,067</u>	<u>2,861,020</u>	<u>5,485,790</u>
<b>Amortisation:</b>				
At 1 July 2004	1,872,703	181,750	3,306,962	5,361,415
Charge for the year	-	75,207	383,228	458,435
Disposals	-	-	(1,147,109)	(1,147,109)
At 30 June 2005	<u>1,872,703</u>	<u>256,957</u>	<u>2,543,081</u>	<u>4,672,741</u>
<b>Net book value:</b>				
At 30 June 2005	<u>Nil</u>	<u>495,110</u>	<u>317,939</u>	<u>813,049</u>
At 30 June 2004	<u>Nil</u>	<u>570,317</u>	<u>651,876</u>	<u>1,222,193</u>

**10 TANGIBLE FIXED ASSETS**

*GROUP*

	Freehold ground, premises and improvements £	Motor vehicles, equipment, fixtures and fittings £	Total £
<b>Cost or valuation:</b>			
At 1 July 2004	6,084,882	1,049,565	7,134,447
Additions	7,741,498	67,354	7,808,852
Disposals	(6,000,000)	(4,500)	(6,004,500)
At 30 June 2005	<u>7,826,380</u>	<u>1,112,419</u>	<u>8,938,799</u>
<b>Depreciation:</b>			
At 1 July 2004	359,886	693,710	1,053,596
Charge for the year	55,541	116,376	171,917
Disposals	(342,857)	(1,828)	(344,685)
At 30 June 2005	<u>72,570</u>	<u>808,258</u>	<u>880,828</u>
<b>Net book value:</b>			
At 30 June 2005	<u>7,753,810</u>	<u>304,161</u>	<u>8,057,971</u>
At 30 June 2004	<u>5,724,996</u>	<u>355,855</u>	<u>6,080,851</u>

**WATFORD LEISURE PLC**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 30 June 2005 (continued)

**10 TANGIBLE FIXED ASSETS (continued)**

*GROUP (continued)*

During the year the Club completed the repurchase of the freehold interest in Vicarage Road stadium for £7m, having exercised its option to do so in July 2004. The stadium had been leased by Watford Leisure PLC and included in the figures above under a finance lease. The lease was extinguished on the purchase and is shown above as a disposal.

*COMPANY*

	<b>Leasehold Stadium interest £</b>
<b>Cost or valuation:</b>	
At 1 July 2004	6,000,000
Disposals	<u>(6,000,000)</u>
At 30 June 2005	<u>-</u>
<b>Depreciation:</b>	
At 1 July 2004	342,857
Disposals	<u>(342,857)</u>
At 30 June 2005	<u>-</u>
<b>Net book value:</b>	
At 30 June 2005	<u>Nil</u>
At 30 June 2004	<u><u>5,657,143</u></u>

The stadium was held under a finance lease which has now been extinguished (see above).



**WATFORD LEISURE PLC**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 30 June 2005 (continued)

**11 INVESTMENTS**

	Shares in subsidiary undertakings £	Loan to subsidiary undertaking £	Total £
<b>Cost or valuation:</b>			
At 1 July 2004	10,674	6,798,536	6,809,210
Additions	-	3,532,166	3,532,166
Impairment	-	(3,769,273)	(3,769,273)
At 30 June 2005	<u>10,674</u>	<u>6,561,429</u>	<u>6,572,103</u>

<b>Subsidiaries</b>	<b>Nature of business</b>	<b>Ordinary shares</b>
The Watford Association Football Club Limited	Football club	96%
Watford Catering Limited	Catering company	100%

Both companies are incorporated in England & Wales.

**12 STOCKS**

**GROUP**

	<b>2005 £</b>	<b>2004 £</b>
Goods for resale	<u>81,070</u>	<u>117,968</u>

The estimated replacement cost of stocks does not materially differ from their balance sheet value.

**13 DEBTORS**

	<b>Group</b>		<b>Company</b>	
	<b>2005 £</b>	<b>2004 £</b>	<b>2005 £</b>	<b>2004 £</b>
Trade debtors	451,532	446,048	-	-
Transfer fees receivable	690,000	100,000	-	-
Other debtors	-	555,188	-	555,188
Prepayments and accrued income	<u>302,260</u>	<u>408,105</u>	<u>26,323</u>	<u>32,705</u>
	<u>1,443,792</u>	<u>1,509,341</u>	<u>26,323</u>	<u>587,893</u>

**WATFORD LEISURE PLC**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 30 June 2005 (continued)

**14 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	Group		Company	
	2005	2004	2005	2004
	£	£	£	£
Bank overdraft (secured)	519,343	-	6	-
Bank loans (secured) (note 15)	83,409	78,569	-	-
Trade creditors	341,599	441,362	-	-
Players' registration costs	362,750	101,500	-	-
Other taxes and social security	745,277	710,105	-	-
Hire purchase and finance leases (note 15)	-	2,994	-	-
Directors' loans	4,000,000	-	-	-
Other loans (note 15)	1,425,121	111,856	-	-
Accruals and deferred revenue	2,621,757	2,202,609	35,397	197,736
	<u>10,099,256</u>	<u>3,648,995</u>	<u>35,403</u>	<u>197,736</u>

Accruals and deferred revenue includes income, mainly from season ticket sales, received in advance in respect of the 2005/6 season.

**15 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	Group		Company	
	2005	2004	2005	2004
	£	£	£	£
Convertible Loan Notes 2009	1,000,000	-	1,000,000	-
Bank loans (secured)	317,046	399,260	-	-
Hire purchase and finance leases	-	6,082,295	-	6,082,295
Directors' loans	562,821	501,691	400,000	400,000
Other loans	668,961	695,000	-	-
Players' registration costs	-	220,000	-	-
Accruals and deferred revenue	420,431	340,562	-	-
	<u>2,969,259</u>	<u>8,238,808</u>	<u>1,400,000</u>	<u>6,482,295</u>

**WATFORD LEISURE PLC**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**for the year ended 30 June 2005 (continued)**

**15 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR (continued)**

The maturity of total debt may be analysed as follows:

	<b>Group</b>		<b>Company</b>	
	<b>2005</b>	<b>2004</b>	<b>2005</b>	<b>2004</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
In one year or less	5,508,530	190,425	-	-
Between one and two years	88,626	778,484	-	-
Between two and five years	2,460,202	784,796	1,400,000	400,000
Over five years	-	32,671	-	-
	<u>8,057,358</u>	<u>1,786,376</u>	<u>1,400,000</u>	<u>400,000</u>

The convertible Loan Notes 2009 are issued to the Chairman, G Simpson. The notes are unsecured and are convertible into Ordinary 10p shares at a price of £1.20 per share. £62,382 interest was payable during the year. The bank loan and overdraft totalling £919,798, including £602,752 falling due within one year are secured by a charge over the company's freehold stadium.

Directors' loans of £4,400,000 have been advanced to the company by G Simpson, V Russo and G Russo. The loans are unsecured and £344,041 of interest and charges were payable under the loans in the year.

Included within other loans is a figure of £668,961 which represents a loan to the Club by Watford FC's Community Sports & Education Trust which is secured by a legal charge over the Club's stadium and is guaranteed by Watford Leisure PLC.

The maturity of hire purchase and finance lease balances may be analysed as follows:

	<b>Group</b>		<b>Company</b>	
	<b>2005</b>	<b>2004</b>	<b>2005</b>	<b>2004</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
In one year or less	-	2,994	-	-
Over five years	-	6,082,295	-	6,082,295
	<u>Nil</u>	<u>6,085,289</u>	<u>Nil</u>	<u>6,082,295</u>

The finance lease and hire purchase balances are secured over the assets to which they relate.

**WATFORD LEISURE PLC**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**for the year ended 30 June 2005(continued)**

**16 FINANCIAL INSTRUMENTS**

The group's financial instruments comprise borrowings, cash and various items such as trade debtors and trade creditors that arise directly from the group's operations. The main purpose of these financial instruments is to raise finance for the group's operations. Short term debtors and creditors have been excluded from the disclosures in this note.

*INTEREST RATE RISK*

Surplus cash is placed on deposit for periods from overnight to monthly depending on the forecast cash flow requirements and earn interest at rates prevailing in the money market.

The interest rate risk profile of financial assets was as follows:

	2005	2004
	£	£
Floating rate	<u>34,276</u>	<u>1,169,586</u>

The interest rate profile of financial liabilities was as follows:

	2005	2004
	£	£
Fixed rate	-	6,485,289
Floating rate	6,450,487	645,744
No interest	1,842,942	1,416,691
	<u>8,293,429</u>	<u>8,547,724</u>
Fixed rate weighted average interest rate at 30 June	<u>-</u>	<u>13.60%</u>

*LIQUIDITY RISK*

The group's policy to ensure the continuity of funding has been to spread the cash outflow from player purchases through contract negotiation and capital purchases through the utilisation of loan and lease purchase funding.

The maturity profile of financial assets was as follows:

	2005	2004
	£	£
In one year or less	34,276	614,398
Over five years	-	555,188
	<u>34,276</u>	<u>1,169,586</u>

**WATFORD LEISURE PLC**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**for the year ended 30 June 2005 (continued)**

**16 FINANCIAL INSTRUMENTS (continued)**

The maturity profile of financial liabilities was as follows:

	<b>2005</b>	<b>2004</b>
	<b>£</b>	<b>£</b>
In one year or less	5,993,131	308,916
Between one and two years	435,320	1,145,622
Between two and five years	1,820,845	937,507
Over five years	44,133	6,155,679
	<u>8,293,429</u>	<u>8,547,724</u>

There are no undrawn committed facilities.

**17 DEFERRED CAPITAL GRANTS AND CONTRIBUTIONS**

*GROUP*

	<b>Capital grants</b>	<b>Contributions to capital expenditure</b>	<b>Total</b>
	<b>£</b>	<b>£</b>	<b>£</b>
At 1 July 2004	43,830	7,593	51,423
Credited to the profit and loss account	(3,520)	(1,510)	(5,030)
At 30 June 2005	<u>40,310</u>	<u>6,083</u>	<u>46,393</u>

Capital grants comprise grants received (principally from the Football Stadia Improvement Fund, formerly the Football Trust) towards the costs of stadium re-development.

**WATFORD LEISURE PLC**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 30 June 2005 (continued)

**18 SHARE CAPITAL**

	2005 £	2004 £
Authorised:		
44,502,250 Ordinary shares of 10p each	<u>4,450,225</u>	<u>4,450,225</u>
Allotted, called up and fully paid:		
12,907,557 (2004 - 10,623,692) Ordinary shares of 10p each	<u>1,290,756</u>	<u>1,062,369</u>

On 4 February 2005, as part of a placing, two directors subscribed for 1,879,699 ordinary 10.0p shares for a cash consideration of £1,250,000.

During the year, as part of a placing, three directors of the Club subscribed for 404,166 ordinary 10.0p shares for a cash consideration of £606,249.

**19 RESERVES**

*GROUP*

	Share premium £	Special reserve £	Profit and loss account £
At 1 July 2004	244,547	5,067,299	(8,407,051)
Losses extinguished	-	(3,067,441)	3,067,441
Premium on shares issued in the year (note 18)	1,627,862	-	-
Loss for the year	-	-	(2,175,189)
At 30 June 2005	<u>1,872,409</u>	<u>1,999,858</u>	<u>(7,514,799)</u>

**WATFORD LEISURE PLC**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 30 June 2005 (continued)

**19 RESERVES (continued)**

*COMPANY*

	Share premium £	Special reserve £	Profit and loss account £
At 1 July 2004	244,547	5,067,299	-
Losses extinguished	-	(3,067,441)	3,067,441
Premium on shares issued in the year (note 18)	1,627,862	-	-
Loss for the year	-	-	(3,067,441)
At 30 June 2005	<u>1,872,409</u>	<u>1,999,858</u>	<u>Nil</u>

Losses have been extinguished in accordance with the provisions of a High Court order obtained on 5 May 2004.

As permitted by Section 230 of the Companies Act 1985, the profit and loss account of the company is not presented as part of these financial statements.

**20 RECONCILIATION OF MOVEMENTS ON SHAREHOLDERS' FUNDS**

*GROUP*

	2005 £	2004 £
Loss for the financial year	(2,175,189)	(4,566,869)
Proceeds from issue of shares	<u>1,856,249</u>	<u>3,972,572</u>
Net depletion in shareholders' funds	(318,940)	(594,297)
Opening shareholders' funds	<u>(2,032,836)</u>	<u>(1,438,539)</u>
Closing shareholders' funds	<u>(2,351,776)</u>	<u>(2,032,836)</u>

*COMPANY*

Loss for the financial year	(3,067,441)	(5,968,919)
Revaluation of investment in subsidiary	-	(236,974)
Proceeds from issue of shares	<u>1,856,249</u>	<u>3,972,572</u>
Net addition to shareholders' funds	(1,211,192)	(2,233,321)
Opening shareholders' funds	<u>6,374,215</u>	<u>8,607,536</u>
Closing shareholders' funds	<u>5,163,023</u>	<u>6,374,215</u>

Shareholders' funds are fully attributable to equity interests.

**WATFORD LEISURE PLC**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 30 June 2005 (continued)

**21 NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT**

*a) RECONCILIATION OF OPERATING LOSS TO NET CASH OUTFLOW FROM OPERATING ACTIVITIES:*

	2005 £	2004 £
Operating loss	(2,893,438)	(4,535,940)
Amortisation of intangible fixed assets	458,435	625,158
Depreciation of tangible fixed assets	171,917	347,602
Capital contribution released	(1,510)	(27,577)
Capital grant released	(3,520)	(3,520)
Net (profit) / loss on disposal of sundry fixed assets	(1,166)	614,717
Decrease / (increase) in stocks	36,898	(29,104)
Decrease in debtors	655,549	366,850
Increase / (decrease) in creditors	396,869	(1,214,366)
Net cash outflow from operating activities	<u>(1,179,966)</u>	<u>(3,856,180)</u>

*b) ANALYSIS OF CHANGES IN NET DEBT:*

	At 1 July 2004 £	Cash flows £	Other changes £	At 30 June 2005 £
Cash at bank and in hand	614,398	(580,122)	-	34,276
Bank overdraft	-	(519,343)	-	(519,343)
Net cash at bank and in hand	<u>614,398</u>	<u>(1,099,465)</u>	-	<u>(485,067)</u>
Bank loans due within 1 year	(78,569)	(4,840)	-	(83,409)
Other loans due within 1 year	(111,856)	(1,313,265)	-	(1,425,121)
Directors' loans due within 1 year	-	(4,000,000)	-	(4,000,000)
Loan notes 2009	-	(1,000,000)	-	(1,000,000)
Bank loans due after 1 year	(399,260)	82,214	-	(317,046)
Directors' loans due after 1 year	(501,691)	(61,130)	-	(562,821)
Other loans due after 1 year	(695,000)	26,039	-	(668,961)
Finance lease and hire purchase balances	<u>(6,085,289)</u>	<u>(185,553)</u>	<u>6,270,842</u>	-
	<u>(7,871,665)</u>	<u>(6,456,535)</u>	<u>6,270,842</u>	<u>(8,057,358)</u>
	<u>(7,257,267)</u>	<u>(7,556,000)</u>	<u>6,270,842</u>	<u>(8,542,425)</u>



**WATFORD LEISURE PLC**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**for the year ended 30 June 2005 (continued)**

**21 NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT (continued)**

*c) RECONCILIATION OF NET CASH FLOWS TO MOVEMENT IN NET DEBT.*

	2005 £	2004 £
Decrease in cash in the year	(1,099,465)	(250,271)
Cash inflow from increase in debt	<u>(6,456,535)</u>	<u>(65,903)</u>
Movement in net debt in the year resulting from cashflows	(7,556,000)	(316,174)
Finance lease cancelled	<u>6,270,842</u>	-
Movement in net debt in the year	(1,285,158)	(316,174)
Net debt at 1 July 2004	<u>(7,257,267)</u>	<u>(6,941,093)</u>
Net debt at 30 June 2005	<u><u>(8,542,425)</u></u>	<u><u>(7,257,267)</u></u>

**22 FINANCIAL COMMITMENTS**

The group's commitments for rental payments under operating leases payable during the year to 30 June 2006 are as follows:

	Land and buildings £	Other £
On contracts expiring:		
Within one year	-	3,793
Within two to five years	<u>38,728</u>	<u>22,350</u>
	<u><u>38,728</u></u>	<u><u>26,143</u></u>

**23 CONTINGENT LIABILITIES**

The group has liabilities under transfer agreements to pay additional sums dependent on players' attainment and subsequent transfer value. Provision has been made for such liabilities to the extent that it is probable that the amounts will become payable and they are included within players' registration costs capitalised (note 9).

**WATFORD LEISURE PLC**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**for the year ended 30 June 2005 (continued)**

**24 PENSION COSTS**

The latest actuarial valuation of the Football League Limited Pension and Life Assurance Scheme at 1 April 2003 revealed that the Club's share of the deficit in respect of the final salary section of the scheme was £201,421. The pension cost for the period ended 30 June 2005 includes a charge of £12,166 in respect of the increase in the company's liability. The contribution is being paid by instalments of £4,116 per month from May 2003 to April 2006 and £1,573 per month from May 2006 until April 2013.

A replacement money purchase scheme was set up from 1 August 1999 and all current employer contributions are paid into the new scheme.

**25 POST BALANCE SHEET EVENTS**

Subsequent to the year end the Club has sold players for £1,150,000 and purchased players with registration costs amounting to £866,280. These amounts will be capitalised in the financial statements for the next financial year.

**26 RELATED PARTY TRANSACTIONS**

A director of the Club, C Norton, hired an executive box which was paid for on a commercial basis.

Until 29 June 2005, several directors of group companies were also directors of Watford FC's Community Sports & Education Trust, a charitable company. During the year the group made charges totalling £330,332 to the Trust and its subsidiary, Buy Back The Vic Limited. At 30 June 2005 £79,751 was owed to the group in respect of these charges.

Mr H Oundjian, a director of the Club, is also a director and major shareholder of Corporate Couture Limited, which company had a contract with the group for the development, design, manufacture and supply of certain products to the group including playing and replica kit. Supplies totalling £252,646 (2004 - £469,805) were made to the group in the year ended 30 June 2005. During the year the contract was terminated by the Club and Corporate Couture are seeking damages in relation to this. The directors have made a provision based upon their view of the outcome.

## **WATFORD LEISURE PLC**

### **COMPANY INFORMATION**

#### *DIRECTORS*

G M Simpson     *Chairman*  
G Russo         *Vice Chairman*  
                      *(Alternate director C J Norton)*  
V Russo         *(Alternate director C J Norton)*  
A S Wilson

#### *CHIEF EXECUTIVE OFFICER*

M A Ashton

#### *COMPANY SECRETARY*

P J Wastall

#### *REGISTERED OFFICE*

Vicarage Road Stadium  
Watford  
Herts WD18 0ER

#### *REGISTERED NUMBER*

3335610

#### *NOMINATED ADVISER*

Strand Partners Limited  
26 Mount Row  
London W1K 3SQ

#### *BROKER*

Seymour Pierce Ellis Limited  
Talisman House  
Jubilee Walk  
Three Bridges  
Crawley  
West Sussex RH10 1LQ

#### *AUDITORS*

Chantrey Vellacott DFK LLP  
Gresham House  
53 Clarendon Road  
Watford  
Herts WD17 1LR

#### *BANKERS*

Barclays Bank plc  
32 Clarendon Road  
Watford  
Herts WD17 1BZ

#### *SOLICITORS*

Matthew Arnold & Baldwin  
21 Station Road  
Watford  
Herts WD17 1HT

#### *REGISTRAR*

Capita IRG Plc  
Bourne House  
34 Beckenham Road  
Beckenham  
Kent BR3 4TU

#### *WEB SITE ADDRESS*

[www.watfordfc.com](http://www.watfordfc.com)