

Report of the Directors and
Financial Statements for the Year Ended 31st May 2003
for
Brentford FC Limited



Contents of the Financial Statements
for the Year Ended 31st May 2003

	Page
Company Information	1
Chairman's Statement	2
Report of the Directors	4
Report of the Independent Auditors	6
Profit and Loss Account	8
Statement of Total Recognised Gains and Losses	9
Balance Sheet	10
Cash Flow Statement	11
Notes to the Cash Flow Statement	12
Notes to the Financial Statements	14
Trading and Profit and Loss Account	23

Brentford FC Limited

Company Information
for the Year Ended 31st May 2003

DIRECTORS:

E Rogers (Chairman)
J P Herting
J McGlashan
S G Callen
A Wainwright
D C White (appointed 13 June 2003)

SECRETARY:

J McGlashan

REGISTERED OFFICE:

Griffin Park
Braemar Road
Brentford
Middlesex
TW8 0NT

REGISTERED NUMBER:

3642327 (England and Wales)

AUDITORS:

Meyer Williams
19/21 Bull Plain
Hertford
Herts.
SG14 1DX
REGISTERED AUDITOR

Brentford FC Limited

Chairman's Statement

I am pleased to present my first report as Chairman, for the accounting year ended 31st May 2003.

As most shareholders will be aware, the aftermath of our defeat in the play-off final at the end of the 2001/02 season resulted in an exodus of senior players as well as our then manager, Steve Coppell. Consequently the Club entered the 2002/03 campaign with our youngest ever squad and a new manager, Wally Downes. In the first half of the season the team's performances exceeded all expectations, the Club being highly placed in the League and reaching the southern area final of the LDV Cup and the fourth round of the FA Cup. However two unfortunate Cup defeats in the last week of January, coupled with a gruelling League schedule of two matches a week throughout February and March, took their toll, but a final league position of 16th place was highly creditable for such a young team.

Financially, 2002/03 was a relatively good year for the Club. Profits from the Cup runs, including prize money, exceeded £290,000, and the Club received £500,000 in player transfer fees from the departure of Darren Powell to Crystal Palace and performance related fees from Watford from the previous season's disposal of Gavin Mahon. These receipts, together with the implementation of various cost cutting measures, resulted in a profit before interest of £75,606 (2002 - loss of £924,402). However interest payable on our overdraft caused us to have an overall loss for the year of £177,182 (2002 - loss of £1,176,913).

Overall, the Club's finances remain in a parlous condition. The Club has an overdraft facility of £4.5 million which is supported by collateral and guarantees from the Club's majority shareholder, Altonwood Limited, and its former Chairman, Ron Noades. They have stated that they will not support any increase in the overdraft facility, and therefore the Club must stay within the existing limit or find alternative sources of finance. Initial projections for the current 2003/04 season indicated the limit would be substantially breached during the course of the season. Consequently an approach was made to the Brentford supporters trust, Bees United, to fund the projected losses: the alternative was to place the Club in administration. Bees United were additionally granted an option to acquire Altonwood's shareholdings in both the Club and Griffin Park Stadium Limited for £1 each, providing they can release Altonwood and Ron Noades from their security for the overdraft. As a result Bees United have until the end of May 2005 to pay off the overdraft or put alternative financing arrangements in place.

In order to fulfil the Club's funding requirements, Bees United increased their loan to the Club from £25,000 to £125,000 in March 2003, and since the end of May they have loaned a further £147,500. I too have increased my loan to the Club since the year end from £50,000 to £100,000. A number of board changes resulted from these changed circumstances. Ron Noades resigned as Chairman and director at the end of March, and two members of the Bees United board, Stephen Callen and Andrew Wainwright were elected to the board of the Club, joining John McGlashan to bring the number of Club directors nominated by Bees United to three. At our board meeting in April John and Stephen were appointed executive directors responsible for the operational management of the Club, and thus, following the departure of Gary Hargraves in May, Bees United's representatives have control over the daily management of the Club. They report monthly to the full Brentford board, of which I was elected non-executive Chairman. Since the year end the board has been further augmented by the appointment of Doug White, whose expertise is being used to help secure a modern stadium for the Club, which is essential for the club to become financially viable.

The new board has set out the following principal objectives:

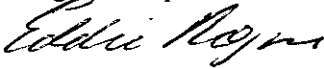
1. To work within a budget that will allow the club to continue play, for the time being, at Griffin Park and to keep within the bank's overdraft limit.
2. To secure, as soon as possible, a suitable alternative site for a new stadium, that will provide the facilities for the club to have a sustainable, competitive and prosperous future.
3. To improve the club's income and to provide the resources that will enable the coaching and playing staff to provide success, on the field of play.
4. To promote activities for the benefit of the local community.
5. To communicate openly with the club's supporters, stakeholders and all involved with the local community.

Brentford FC Limited

Chairman's Statement

The long-term survival of the Club undoubtedly relies on its ability to move to a new stadium capable of generating significantly greater income than can be earned at Griffin Park, both on match days and non-match days. As ever, the support of the local authority in such a scheme is vital. The current proposals for a new stadium at the Lionel Road site has strong political support from various quarters, but there are still many hurdles to be overcome before the scheme can become reality. We continue to search for other suitable potential sites, but these are few and far between. In the meantime, we are considering the opportunity to carry out grant funded works, to improve the facilities and produce extra income at Griffin Park. The board shares Bees United's strategy of keeping the Club alive by sensible management and strenuous fund raising efforts, whilst maximising the revenue that can be earned from Griffin Park. Solicitors have been instructed to agree the Section 106 agreement, that will confirm the Council's resolution to grant outline planning consent for future residential development at the stadium. This matter should be finalised soon, and will add to the club's security, although no development will be able to take place until we have successfully relocated.

I would like to close by thanking my fellow directors and all the staff at the Club for their dedication and loyalty in these difficult times. In particular I would like to thank our manager, Wally Downes together with his coaching and support staff. Their ability to develop the potential of young players continues to play a major part in providing for the club's future. This is Wally's first managerial appointment and in adverse financial circumstances he continues to field exciting and competitive teams.



Eddie Rogers
Chairman

Brentford FC Limited

Report of the Directors
for the Year Ended 31st May 2003

The directors present their report with the financial statements of the company for the year ended 31st May 2003.

PRINCIPAL ACTIVITY

The principal activities of the company throughout the year were those of a professional football league club.

REVIEW OF BUSINESS

The results for the year and financial position of the company are as shown in the annexed financial statements.

The company's loss for the year, after taxation, amounted to £177,182 (£1,176,913 for the year ended 31 May 2002).

The club is currently playing its 100th season at Griffin Park. Whilst steps have been taken to mitigate the trading losses being incurred at this venue, the medium-term survival of the club depends on it being able to secure a modern venue which will enable it to generate significantly greater income on both matchdays and non-matchdays.

FIXED ASSETS

Movements in fixed assets are shown in notes 7 and 8 to the financial statements.

The directors do not consider there to be a significant difference between the open market and net book values of the company's freehold property.

DIVIDENDS

No dividends will be distributed for the year ended 31st May 2003.

DIRECTORS

The directors during the year under review were:

E Rogers (Chairman)	
J P Herting	
J McGlashan	
S G Callen	- appointed 3 April 2003
A Wainwright	- appointed 3 April 2003
R G Noades	- resigned 31 March 2003
G Hargraves	- resigned 31 May 2003

The directors holding office at 31st May 2003 did not hold any beneficial interest in the issued share capital of the company at 1st June 2002 (or date of appointment if later) or 31st May 2003.

The interests of the directors in the share capital of the ultimate parent company are given in that company's financial statements.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company 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 company 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 company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Brentford FC Limited

Report of the Directors
for the Year Ended 31st May 2003

CHARITABLE DONATIONS

During the year the company made charitable donations of £200 (£450 in the year ended 31 May 2002).

AUDITORS

During the year, Howard Watson Smith & Co. resigned as the company's auditors and Meyer Williams were appointed.

Meyer Williams will be proposed for re-appointment in accordance with Section 385 of the Companies Act 1985.

ON BEHALF OF THE BOARD:



.....
J McGlashan - DIRECTOR

Dated: 24 Nov 2003

Brentford FC Limited

Report of the Independent Auditors to the Shareholders of
Brentford FC Limited

We have audited the financial statements of Brentford FC Limited for the year ended 31st May 2003 on pages eight to twenty two. These financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain fixed assets, 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 on page four 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 Report of the Directors and the Chairman's Statement are not consistent with the financial statements, if the company 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 is not disclosed.

We read the Report of the Directors and the Chairman's Statement and consider the implications for our report if we become aware of any apparent misstatements within them.

Basis of audit 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 company'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.

The company's freehold property has been included in the financial statements at a directors' valuation of £7 million. Financial Reporting Standard 15 (Tangible Fixed Assets) requires revaluations to be based on a "full valuation". This may be conducted by either a qualified external valuer, or a qualified internal valuer provided that the valuation has been subject to review by a qualified external valuer. The directors' valuation does not satisfy these criteria and the company has therefore not complied with Financial Reporting Standard 15.

In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Fundamental uncertainty - going concern

In forming our opinion, we have considered the disclosures in the financial statements concerning reliance on the ongoing financial support of fellow group companies and certain directors and the requirements for additional funding. The financial statements have been prepared on a going concern basis, the validity of which depends on sufficient funding being available. The financial statements do not include any adjustments that would result from a failure to obtain funding. Details of this fundamental uncertainty are described in note 1 to the financial statements. Our opinion is not qualified in this respect.

Brentford FC Limited

Report of the Independent Auditors to the Shareholders of
Brentford FC Limited

Qualified opinion arising from non-compliance with an accounting standard and a consequent limitation in audit scope

Except for any adjustments that might have been found to be necessary had a full valuation of the company's freehold property been obtained, which differed from the directors' valuation, in our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31st May 2003 and have been properly prepared in accordance with the Companies Act 1985. In our opinion the financial statements give a true and fair view of the company's loss for the year ended 31st May 2003.

In respect alone of the limitation of our work arising from the company's failure to obtain a full valuation of its freehold property we have not obtained all the information and explanations that we consider necessary for the purpose of our audit.

Meyer Williams
19/21 Bull Plain
Hertford
Herts.
SG14 1DX
REGISTERED AUDITOR

Meyer Williams

Dated: *25 November 2003*

Brentford FC Limited

Profit and Loss Account
for the Year Ended 31st May 2003

		<u>31.5.03</u>	<u>31.5.02</u>
	Notes	£	£
TURNOVER		2,915,660	3,265,382
Cost of sales		<u>2,479,688</u>	<u>3,148,892</u>
GROSS PROFIT		435,972	116,490
Administrative expenses		<u>870,097</u>	<u>1,179,908</u>
OPERATING LOSS	3	(434,125)	(1,063,418)
Profit on disposal of fixed assets	4	<u>509,731</u>	<u>139,016</u>
		75,606	(924,402)
Interest receivable and similar income		<u>16</u>	<u>850</u>
		75,622	(923,552)
Interest payable and similar charges	5	<u>252,804</u>	<u>253,361</u>
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(177,182)	(1,176,913)
Tax on loss on ordinary activities	6	<u>-</u>	<u>-</u>
LOSS FOR THE FINANCIAL YEAR AFTER TAXATION		(177,182)	(1,176,913)
Deficit brought forward		<u>(4,912,347)</u>	<u>(3,735,434)</u>
DEFICIT CARRIED FORWARD		<u>£(5,089,529)</u>	<u>£(4,912,347)</u>

CONTINUING OPERATIONS

None of the company's activities were acquired or discontinued during the current and previous years.

Brentford FC Limited

Statement of Total Recognised Gains and Losses
for the Year Ended 31st May 2003

	<u>31.5.03</u>	<u>31.5.02</u>
	£	£
LOSS FOR THE FINANCIAL YEAR	(177,182)	(1,176,913)
Unrealised surplus on revaluation of properties	<u>-</u>	<u>5,127,242</u>
TOTAL RECOGNISED GAINS AND LOSSES RELATING TO THE YEAR	<u>£(177,182)</u>	<u>£3,950,329</u>

NOTE OF HISTORICAL COST PROFITS AND LOSSES

There is no difference between the results as disclosed in the profit and loss account and the results on an unmodified historical cost basis as the revalued property has not been depreciated.

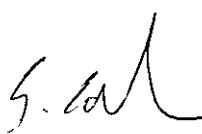
Brentford FC Limited

Balance Sheet
31st May 2003

		<u>31.5.03</u>		<u>31.5.02</u>	
	Notes	£	£	£	£
FIXED ASSETS:					
Intangible assets	7		1		1
Tangible assets	8		<u>7,000,002</u>		<u>7,002,000</u>
			7,000,003		7,002,001
CURRENT ASSETS:					
Stocks	9	47,673		15,105	
Debtors	10	199,236		381,055	
Cash at bank and in hand		<u>5,022</u>		<u>8,532</u>	
		251,931		404,692	
CREDITORS: Amounts falling due within one year	11	<u>5,912,221</u>		<u>5,889,798</u>	
NET CURRENT LIABILITIES:			<u>(5,660,290)</u>		<u>(5,485,106)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES:			1,339,713		1,516,895
CREDITORS: Amounts falling due after more than one year	12		<u>1,300,000</u>		<u>1,300,000</u>
			<u>£39,713</u>		<u>£216,895</u>
CAPITAL AND RESERVES:					
Called up share capital	14		2,000		2,000
Revaluation reserve	15		5,127,242		5,127,242
Profit and loss account			<u>(5,089,529)</u>		<u>(4,912,347)</u>
SHAREHOLDERS' FUNDS:	18		<u>£39,713</u>		<u>£216,895</u>

ON BEHALF OF THE BOARD:


.....
E Rogers - DIRECTOR


.....
S G Callen - DIRECTOR

Approved by the Board on 24th November 2003

The notes form part of these financial statements

Brentford FC Limited

**Cash Flow Statement
for the Year Ended 31st May 2003**

		<u>31.5.03</u>		<u>31.5.02</u>	
	Notes	£	£	£	£
Net cash outflow from operating activities	1		(743,948)		(497,786)
Returns on investments and servicing of finance	2		(252,788)		(252,511)
Capital expenditure	2		<u>462,231</u>		<u>(1,704,891)</u>
			(534,505)		(2,455,188)
Financing	2		<u>100,000</u>		<u>1,819,841</u>
Decrease in cash in the period			<u><u>£(434,505)</u></u>		<u><u>£(635,347)</u></u>
<hr/>					
Reconciliation of net cash flow to movement in net debt	3				
Decrease in cash in the period		(434,505)		(635,347)	
Cash inflow from increase in debt		<u>(100,000)</u>		<u>(1,819,841)</u>	
Change in net debt resulting from cash flows			<u>(534,505)</u>		<u>(2,455,188)</u>
Movement in net debt in the period			(534,505)		(2,455,188)
Net debt at 1st June			<u>(5,708,591)</u>		<u>(3,253,403)</u>
Net debt at 31st May			<u><u>£(6,243,096)</u></u>		<u><u>£(5,708,591)</u></u>

The notes form part of these financial statements

Brentford FC Limited

Notes to the Cash Flow Statement
for the Year Ended 31st May 2003

1. **RECONCILIATION OF OPERATING LOSS TO NET CASH OUTFLOW FROM OPERATING ACTIVITIES**

	31.5.03 £	31.5.02 £
Operating loss	(434,125)	(1,063,418)
Depreciation charges	1,998	223,474
Impairment losses	47,500	62,419
(Increase)/Decrease in stocks	(32,568)	3,807
Decrease/(Increase) in debtors	181,819	(6,272)
(Decrease)/Increase in creditors	<u>(508,572)</u>	<u>282,204</u>
Net cash outflow from operating activities	<u>(743,948)</u>	<u>(497,786)</u>

2. **ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT**

	31.5.03 £	31.5.02 £
Returns on investments and servicing of finance		
Interest received	16	850
Interest paid	(252,804)	(253,225)
Interest element of finance lease rentals payments	<u>-</u>	<u>(136)</u>
Net cash outflow for returns on investments and servicing of finance	<u>(252,788)</u>	<u>(252,511)</u>
Capital expenditure		
Purchase of intangible fixed assets	(47,500)	(21,568)
Purchase of tangible fixed assets	-	(1,849,687)
Receipts from sale of intangible fixed assets	498,996	154,614
Receipts from sale of tangible fixed assets	<u>10,735</u>	<u>11,750</u>
Net cash inflow/(outflow) for capital expenditure	<u>462,231</u>	<u>(1,704,891)</u>
Financing		
New loans received in the year	100,000	1,825,000
Interest element of finance lease rentals payments	<u>-</u>	<u>(5,159)</u>
Net cash inflow from financing	<u>100,000</u>	<u>1,819,841</u>

Brentford FC Limited

Notes to the Cash Flow Statement
for the Year Ended 31st May 2003

3. ANALYSIS OF CHANGES IN NET DEBT

	At 1.6.02 £	Cash flow £	At 31.5.03 £
Net cash:			
Cash at bank and in hand	8,532	(3,510)	5,022
Bank overdraft	<u>(3,842,123)</u>	<u>(430,995)</u>	<u>(4,273,118)</u>
	<u>(3,833,591)</u>	<u>(434,505)</u>	<u>(4,268,096)</u>
Debt:			
Debts falling due within one year	(575,000)	(100,000)	(675,000)
Debts falling due after one year	<u>(1,300,000)</u>	<u>-</u>	<u>(1,300,000)</u>
	<u>(1,875,000)</u>	<u>(100,000)</u>	<u>(1,975,000)</u>
Total	<u>(5,708,591)</u>	<u>(534,505)</u>	<u>(6,243,096)</u>
Analysed in Balance Sheet			
Cash at bank and in hand	8,532		5,022
Bank overdraft	(3,842,123)		(4,273,118)
Debts falling due within one year	(575,000)		(675,000)
Debts falling due after one year	<u>(1,300,000)</u>		<u>(1,300,000)</u>
	<u>(5,708,591)</u>		<u>(6,243,096)</u>

The notes form part of these financial statements

Notes to the Financial Statements
for the Year Ended 31st May 2003

1. **ACCOUNTING POLICIES**

The principal accounting policies adopted in the preparation of the financial statements are set out below and have remained unchanged from the previous year and have been consistently applied within the same accounts.

Basis of preparation of financial statements

The financial statements have been prepared in accordance with applicable accounting standards under the historical cost convention, as modified by the revaluation of certain fixed assets, and on a going concern basis which assumes the ongoing financial support of fellow group companies and a former director to secure the company's bank overdraft facility.

No further support to increase the facility is available from these sources but other limited sources of funding are likely to be made available from a current director and Bees United, the Brentford Supporter's Trust. Assuming such funding is received, the company's current projections indicate that the current overdraft facility will be adequate to support the company's trading activities through to 31st May 2004. The company's circumstances and the uncertainties regarding the transfer system relating to player's contracts render it impracticable to look beyond that date.

The effect of events in relation to the year ended 31st May 2003 which occurred before the date of approval of the financial statements by the Board of Directors has been included in the financial statements to the extent required to show a true and fair view of the state of affairs at 31st May 2003 and of the results for the year ended on that date.

Intangible fixed assets - Players contracts

The transfer costs of obtaining the contract for services of a player are capitalised and amortised on a straight line basis over the period of the related contract. Upon sale, the difference between the transfer fee receivable and the net book value of the related player's contract is taken to the profit and loss account. Where, as a result of injury or other circumstances, the value of a player's contract has suffered a permanent diminution, the carrying value in the accounts is reduced to the directors' estimate of its market value.

Intangible fixed assets - Goodwill

Following an impairment review in the year ended 31 May 2001, the directors considered that the useful life of goodwill had expired and that the net book value should be written down to nil.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life:

Plant and machinery	- 20% on cost
Fixtures and fittings	- 20% on cost
Motor vehicles	- 25% on cost
Computer equipment	- 25% on cost

The company's freehold land and buildings at Griffin Park are maintained in such condition that its residual value is not diminished by the passage of time and the relevant maintenance expenditure is charged to the profit and loss account in the year in which it is incurred. Any provision for depreciation is considered to be immaterial and no provision is made. Provision will be made against the freehold land and buildings in the event of any impairment or other permanent diminution in its value.

This constitutes a departure from the statutory rules requiring fixed assets to be depreciated over their estimated useful lives and is necessary to enable the financial statements to give a true and fair view. The amount of depreciation and amortisation that might otherwise be provided cannot be separately identified or quantified.

The freehold land and buildings have been included in these financial statements at a value arrived at by the directors. The valuation is reviewed annually.

Impairment

Impairment reviews have been carried out on all of the company's fixed assets comparing the carrying value to their recoverable amounts, where necessary provisions have been made to reduce the value of fixed assets to their recoverable amounts.

Brentford FC Limited

Notes to the Financial Statements
for the Year Ended 31st May 2003

1. **ACCOUNTING POLICIES - continued**

Stocks

Stock is valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Leasing commitments

Rentals paid under operating leases are charged to the profit and loss account on a straight line basis over the life of the lease.

Deferred tax

In accordance with Financial Reporting Standard 19, deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date except those relating to revalued fixed assets.

Turnover

Turnover represents net invoiced sales of goods, excluding value added tax. Turnover represents gate receipt and related income, receipts from the Football League and Football Association and sponsorship and promotional income, all exclusive of value added tax. The turnover and results before taxation are wholly attributable to the company's principal activities as a professional football club.

Grants received

Grants received from the Football Trust are taken to the profit and loss account when received. Other grants received in respect of operating costs of the company are dealt with in the profit and loss account in the period in which the relevant expenditure is incurred.

Pension costs

The company operates a defined contributions pension scheme for the benefit of its employees. The assets of the scheme are held in an independently administered fund. The pension costs charge represents contributions payable by the company to the fund. There were no amounts outstanding at the year end. The company also makes contributions towards the personal pensions of certain directors.

2. **STAFF COSTS**

	31.5.03	31.5.02
	£	£
Wages and salaries	1,664,227	2,275,464
Social security costs	155,306	213,794
Pension costs	3,664	14,855
	<u>1,823,197</u>	<u>2,504,113</u>

Staff costs are attributable as follows:

	£	£
Administration and commercial staff	349,315	462,552
Playing, training and ground staff	<u>1,473,882</u>	<u>2,041,561</u>
	<u>1,823,197</u>	<u>2,504,113</u>

The average monthly number of employees during the year was as follows:

	31.5.03	31.5.02
Administration and commercial staff	18	20
Playing, training and ground staff	<u>58</u>	<u>56</u>
	<u>76</u>	<u>76</u>

The company also employs a significant number of staff on matchdays.

Brentford FC Limited

Notes to the Financial Statements
for the Year Ended 31st May 2003

3. **OPERATING LOSS**

The operating loss is stated after charging:

	31.5.03	31.5.02
	£	£
Amortisation of intangible assets	-	192,202
Depreciation - owned assets	1,998	21,272
Depreciation -- assets held under finance leases	-	10,000
Impairment losses	47,500	62,419
Auditors remuneration	5,000	12,000
Other operating lease rentals	<u>36,250</u>	<u>36,250</u>
 Directors' emoluments	 89,384	 63,893
Directors' pension contributions to money purchase schemes	<u>270</u>	<u>1,048</u>

Directors' emoluments include £24,200 paid as compensation for termination of employment.

The number of directors to whom retirement benefits were accruing was as follows:

Money purchase schemes	<u>1</u>	<u>1</u>
------------------------	----------	----------

4. **EXCEPTIONAL ITEMS**

	31.5.03	31.5.02
	£	£
Profit on sale of intangible fixed assets	498,996	137,266
Profit on sale of tangible fixed assets	<u>10,735</u>	<u>1,750</u>
	<u>509,731</u>	<u>139,016</u>

Profits and losses arising on the sale of fixed assets, including transfers of player contracts, are part of the company's ordinary activities but their timing and amount are considered to be exceptional in nature.

5. **INTEREST PAYABLE AND SIMILAR CHARGES**

	31.5.03	31.5.02
	£	£
Bank interest	252,804	253,225
Hire purchase interest	<u>-</u>	<u>136</u>
	<u>252,804</u>	<u>253,361</u>

6. **TAXATION**

Analysis of the tax charge

No liability to UK corporation tax arose on ordinary activities for the year ended 31st May 2003 nor for the year ended 31st May 2002.

The company has surrendered the benefit of approximately £180,000 of the trading losses incurred during the year under consortium relief rules.

The company has unrelieved losses at 31 May 2003 of approximately £3,400,000 (£3,300,000 at 31 May 2002) which are available to be carried forward and offset against future trading profits.

No deferred tax asset has been created in respect of these losses due to the uncertainty of the availability of future trading profits.

Brentford FC Limited

Notes to the Financial Statements
for the Year Ended 31st May 2003

6. **TAXATION - continued**

Factors affecting the tax charge

The tax assessed for the year is different from the charge expected from applying the standard rate of UK corporation tax to the company's loss on ordinary activities before tax.

The difference between the expected and actual tax charge is explained below:

	31.5.03 £	31.5.02 £
Loss on ordinary activities before tax	<u>(177,182)</u>	<u>(1,176,913)</u>
Loss on ordinary activities multiplied by the standard rate of corporation tax in the UK of 30% (2002 - 30%)	(53,155)	(353,074)
Effects of:		
Expenses not deductible from trading profits	33,140	50,228
Capital allowances in excess of depreciation	(19,396)	(17,077)
Non taxable grant income	(41,400)	(41,400)
Consortium relief surrendered	53,800	361,323
Increase in trading losses carried forward	<u>27,011</u>	<u>-</u>
Current tax charge	<u>-</u>	<u>-</u>

7. **INTANGIBLE FIXED ASSETS**

	<u>Goodwill</u>	<u>Players contracts</u>	<u>Totals</u>
	£	£	£
COST:			
At 1st June 2002	396,836	950,102	1,346,938
Additions	-	47,500	47,500
Disposals	<u>-</u>	<u>(558,352)</u>	<u>(558,352)</u>
At 31st May 2003	<u>396,836</u>	<u>439,250</u>	<u>836,086</u>
AMORTISATION:			
At 1st June 2002	396,836	950,101	1,346,937
Charge for year	-	47,500	47,500
Eliminated on disposals	<u>-</u>	<u>(558,352)</u>	<u>(558,352)</u>
At 31st May 2003	<u>396,836</u>	<u>439,249</u>	<u>836,085</u>
NET BOOK VALUE:			
At 31st May 2003	<u>-</u>	<u>1</u>	<u>1</u>
At 31st May 2002	<u>-</u>	<u>1</u>	<u>1</u>

Brentford FC Limited

Notes to the Financial Statements
for the Year Ended 31st May 2003

8. **TANGIBLE FIXED ASSETS**

	<u>Freehold property</u>	<u>Plant and machinery</u>	<u>Fixtures and fittings</u>	<u>Motor vehicles</u>	<u>Totals</u>
COST OR VALUATION:	£	£	£	£	£
At 1st June 2002	7,000,000	29,032	160,869	34,350	7,224,251
Disposals	-	-	-	(10,735)	(10,735)
At 31st May 2003	<u>7,000,000</u>	<u>29,032</u>	<u>160,869</u>	<u>23,615</u>	<u>7,213,516</u>
DEPRECIATION:					
At 1st June 2002	-	28,032	159,869	34,350	222,251
Charge for the year	-	999	999	-	1,998
Eliminated on disposals	-	-	-	(10,735)	(10,735)
At 31st May 2003	<u>-</u>	<u>29,031</u>	<u>160,868</u>	<u>23,615</u>	<u>213,514</u>
NET BOOK VALUE:					
At 31st May 2003	<u>7,000,000</u>	<u>1</u>	<u>1</u>	<u>-</u>	<u>7,000,002</u>
At 31st May 2002	<u>7,000,000</u>	<u>1,000</u>	<u>1,000</u>	<u>-</u>	<u>7,002,000</u>

Cost or valuation at 31st May 2003 is represented by:

	<u>Freehold property</u>	<u>Plant and machinery</u>	<u>Fixtures and fittings</u>	<u>Motor vehicles</u>	<u>Totals</u>
	£	£	£	£	£
Cost	1,872,758	29,032	160,869	34,350	2,086,274
Valuation in 2002	<u>5,127,242</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,127,242</u>
	<u>7,000,000</u>	<u>29,032</u>	<u>160,869</u>	<u>23,615</u>	<u>7,213,516</u>

The freehold land and buildings are included in the financial statements at a directors' valuation. The directors are of the opinion that, given the grant of the recent planning decision, notwithstanding the conditions attached thereto, the value of the freehold property is not less than £7,000,000.

9. **STOCKS**

	31.5.03	31.5.02
	£	£
Stock of commercial goods	<u>47,673</u>	<u>15,105</u>

Brentford FC Limited

Notes to the Financial Statements
for the Year Ended 31st May 2003

10. **DEBTORS: AMOUNTS FALLING
DUE WITHIN ONE YEAR**

	31.5.03	31.5.02
	£	£
Trade debtors	125,104	306,784
Amounts owed by group undertakings	4,722	364
Other debtors	50,258	60,355
Prepayments and accrued income	19,152	10,085
Transfer fees receivable	-	3,467
	<u>199,236</u>	<u>381,055</u>

11. **CREDITORS: AMOUNTS FALLING
DUE WITHIN ONE YEAR**

	31.5.03	31.5.02
	£	£
Bank loans and overdrafts (see note 13)	4,273,118	3,842,123
Directors loans (secured)	250,000	250,000
Amounts owed to group undertakings	250,000	250,000
Trade creditors	219,687	268,003
Directors loans (unsecured)	50,000	50,000
Other loans (unsecured)	125,000	25,000
Other creditors	42,572	50,760
Social security and other taxes	103,650	199,718
Deferred income	404,433	650,546
Accrued expenses	193,761	303,648
	<u>5,912,221</u>	<u>5,889,798</u>

12. **CREDITORS: AMOUNTS FALLING
DUE AFTER MORE THAN ONE YEAR**

	31.5.03	31.5.02
	£	£
Other loans (see note 13)	<u>1,300,000</u>	<u>1,300,000</u>

Brentford FC Limited

Notes to the Financial Statements
for the Year Ended 31st May 2003

13. LOANS AND OVERDRAFTS

An analysis of the maturity of loans and overdrafts is given below:

	31.5.03	31.5.02
	£	£
Amounts falling due within one year or on demand:		
Bank overdrafts	4,273,118	3,842,123
Directors loans (secured)	250,000	250,000
Amounts owed to group undertakings	250,000	250,000
Directors loans (unsecured)	50,000	50,000
Other loans (unsecured)	125,000	25,000
	<u>4,948,118</u>	<u>4,417,123</u>

Amounts falling due between two and five years:

Other loans	<u>1,300,000</u>	<u>1,300,000</u>
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The bank overdraft is secured by a first legal charge over the company's freehold property and guarantees provided by Altonwood Limited and Griffin Park Stadium Limited.

The directors loan of £250,000 and the loan from group undertakings of £250,000 are both secured by equal ranking second legal charges over the company's freehold property.

The loan repayable after more than one year is secured by a third ranking equitable legal charge over the company's freehold property.

14. CALLED UP SHARE CAPITAL

Authorised, allotted, issued and fully paid:

Number:	Class:	Nominal value:	31.5.03	31.5.02
			£	£
200,000	ordinary	1p	2,000	2,000
1	special	1p	-	-
			<u>2,000</u>	<u>2,000</u>

The special share ranks pari passu with the ordinary shares, with the additional right of the owner to receive notice from the company of any proposed sale of the freehold property at Griffin Park. Within fourteen days of receiving such notice, the holder has the right to veto the sale.

15. REVALUATION RESERVE

	31.5.03	31.5.02
	£	£
Brought forward at 1 June 2002	5,127,242	-
Revaluation of freehold property	-	5,127,242
	<u>5,127,242</u>	<u>5,127,242</u>
Carried forward at 31 May 2003	<u>5,127,242</u>	<u>5,127,242</u>

In accordance with Financial Reporting Standard 19, no deferred tax is recognised in respect of timing differences relating to revalued fixed assets.

Notes to the Financial Statements
for the Year Ended 31st May 2003

16. OBLIGATIONS UNDER LEASING AGREEMENTS

The following amounts are committed to be paid within one year:

	Land and buildings		Other	
	31.5.03	31.5.02	31.5.03	31.5.02
	£	£	£	£
Operating leases expiring:				
Between one and five years	36,250	-	-	-
In more than five years	-	36,250	-	-
	<u>36,250</u>	<u>36,250</u>	<u>-</u>	<u>-</u>

17. CONTINGENT LIABILITIES

The company has entered into an agreement with a firm of property agents under the terms of which a commission will become payable in the event that full planning approval is granted for the redevelopment of Griffin Park. This commission will be payable whether or not the property is redeveloped or sold.

The amount of commission payable will be calculated by reference to the value of the property and if the valuation proved to be equal to the directors' valuation of £7,000,000 the amount payable would be £90,000.

The company has no contingent liabilities relating to player contracts as at 31 May 2003.

18. DEFERRED TAXATION

Deferred liabilities/(assets) have not been accounted for in the financial statements on the following timing differences:

	31.5.03	31.5.02
	£	£
Revaluation of freehold property	1,492,317	1,500,928
Trading losses carried forward	(1,017,826)	(990,815)
Excess of depreciation over capital allowances	<u>(55,627)</u>	<u>(75,022)</u>
	<u>418,864</u>	<u>435,091</u>

The deferred tax liability in respect of the revalued freehold stadium is the maximum amount payable if the property were to be sold at the directors' valuation of £7,000,000 and assuming that no rollover relief was available. This deferred tax liability has not been provided in accordance with Financial Reporting Standard 19.

Deferred tax assets in respect of trading losses carried forward and the excess of depreciation over capital allowances have not been provided as their recovery is dependent on future taxable profits arising which at this stage cannot be anticipated.

19. ULTIMATE PARENT COMPANY

The ultimate holding company is Altonwood Holdings Limited, a company incorporated in England and Wales. Group accounts are available from Companies House.

The immediate holding company is Altonwood Limited, a company incorporated in England and Wales.

Brentford FC Limited

Notes to the Financial Statements
for the Year Ended 31st May 2003

20. RELATED PARTY DISCLOSURES

On 25 June 2001 the company acquired the freehold land and buildings at Griffin Park from Griffin Park Stadium Limited, a fellow subsidiary at the time, for a sum of £1,800,000.

A director's loan of £250,000 from J Herting and a loan from a group undertaking of £250,000 from Altonwood Limited, were assigned from Griffin Park Stadium Limited to the company as part consideration of the £1,800,000. Both loans are secured by joint second ranking legal charges over the freehold property

Payment of the balance of £1,300,000 to Griffin Park Stadium Limited was deferred for five years, subject to certain conditions, and is left as an interest free loan secured by a third ranking equitable charge over the freehold property.

The unsecured directors loan of £50,000 is owed to E Rogers.

Included in Other creditors is an unsecured loan of £125,000 (£25,000 at 31 May 2002) from Brentford Football Community Society Limited (Bees United), the Brentford Supporters' Trust, a company in which J McGlashan, S Callen and A Wainwright have an interest.

Balances due from fellow subsidiaries of Altonwood Limited amounted to £4,722 (£364 at 31 May 2002) and relate to recharged expenses. All transactions with related parties are undertaken on normal commercial terms and no interest is charged on loan or current account balances.

21. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	31.5.03	31.5.02
	£	£
Loss for the financial year	(177,182)	(1,176,913)
Other recognised gains and losses relating to the year (net)	-	5,127,242
Net (reduction)/addition to shareholders' funds	(177,182)	3,950,329
Opening shareholders' funds	216,895	(3,733,434)
Closing shareholders' funds	39,713	216,895
 Equity interests	 <u>39,713</u>	 <u>216,895</u>

22. ULTIMATE CONTROLLING PARTY

During the current and previous years the company has been controlled by Altonwood Limited, the immediate parent undertaking.

R G Noades has been the ultimate controlling party during the current and previous years by virtue of his controlling interest in Altonwood Holdings Limited.