

York City Football Club Limited
Financial Statements
For the year ended
30 June 2006

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Company No. 4689338

York City Football Club Limited

Financial Statements

Year ended 30 June 2006

Contents	Pages
Officers and professional advisers	1
Directors' report	2
Statement of directors' responsibilities	3
Independent auditor's report to the shareholders	4
Profit and loss account	5
Balance sheet	6
Cash flow statement	7 to 8
Notes to the financial statements	9 to 17
The following pages do not form part of the financial statements	
Detailed profit and loss account	18 to 19
Notes to the detailed profit and loss account	20

York City Football Club Limited

Officers and Professional Advisers

The board of directors

Mr S. Beck
Mr T. Doyle
Mr J. McGill
Miss S. McGill
Mr I. McAndrew
Mr R. McGill

Company secretary

Mr N. Bassett

Registered office

Bootham Crescent
York

York City Football Club Limited

Directors' Report

Year ended 30 June 2006

The directors present their report and the financial statements of the company for the year ended 30 June 2006.

Principal activities and business review

The principal activity of the company during the year was that of a football club.

The company's balance sheet as detailed on page 6 shows a deficiency of shareholders funds amounting to £428,809

Results and dividends

The trading results for the year and the company's financial position at the end of the year are shown in the attached financial statements.

The directors have not recommended a dividend.

The directors and their interests in the shares of the company

The directors who served the company during the year together with their beneficial interests in the shares of the company were as follows:

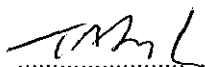
		At 30 June 2006	At 1 July 2005
Class of share			
Mr J. McGill	Ordinary Class "B" Shares	<u>37,500</u>	<u>37,500</u>

Mr R. McGill was appointed as a director on 21 August 2006.

Mr P. Davis retired as a director on 1 September 2006.

Signed on behalf of the directors

Mr T. Doyle
Director



22 February 2007

York City Football Club Limited

Statement of Directors' Responsibilities

Year ended 30 June 2006

The directors are responsible for preparing the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice.

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 year. In preparing those financial statements, the directors are required to:

- select suitable accounting policies, as described on pages 9 to 10, and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- 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 that 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. The directors 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.

In so far as the directors are aware:

- *there is no relevant audit information of which the company's auditors are unaware; and*
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

Independent Auditor's Report to the Shareholders of York City Football Club Limited

We have audited the financial statements of York City Football Club Limited for the year ended 30 June 2006 on pages 5 to 17 which have been prepared on the basis of the accounting policies set out on pages 9 to 10.

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 auditor's 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 auditor

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

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, and whether the information given in the Directors' Report is consistent with the financial statements. We also report to you if, in our opinion, 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 other transactions is not disclosed.

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

Basis of audit opinion

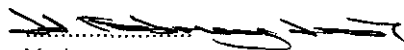
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the 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.

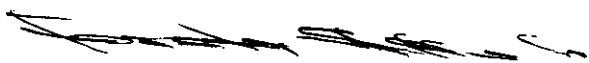
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity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

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 30 June 2006 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.


York


Forster Stott & Co
Chartered Accountants
& Registered Auditors

22 February 2007

York City Football Club Limited

Profit and Loss Account

Year ended 30 June 2006

	Note	2006 £	2005 £
Turnover	2	1,090,861	1,255,317
Cost of sales		164,654	162,426
Gross profit		<u>926,207</u>	<u>1,092,891</u>
Administrative expenses		1,156,450	1,139,059
Operating loss	3	<u>(230,243)</u>	<u>(46,168)</u>
Interest receivable		997	817
Interest payable and similar charges	5	(130,126)	(38,218)
Loss on ordinary activities before taxation		<u>(359,372)</u>	<u>(83,569)</u>
Tax on loss on ordinary activities		—	—
Loss for the financial year		<u>(359,372)</u>	<u>(83,569)</u>

All of the activities of the company are classed as continuing.

The company has no recognised gains or losses other than the results for the year as set out above.

The notes on pages 9 to 17 form part of these financial statements.

York City Football Club Limited

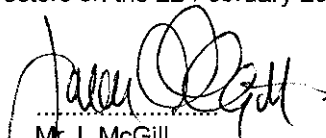
Balance Sheet

30 June 2006

	Note	2006 £	2005 £
Fixed assets			
Intangible assets	6	212,242	191,784
Tangible assets	7	53,038	60,825
Investments	8	1,991,593	1,991,373
		<u>2,256,873</u>	<u>2,243,982</u>
Current assets			
Stocks	9	—	4,563
Debtors	10	209,009	169,630
Cash at bank and in hand		60,611	52,786
		<u>269,620</u>	<u>226,979</u>
Creditors: Amounts falling due within one year	11	<u>802,963</u>	<u>191,376</u>
Net current (liabilities)/assets		(533,343)	35,603
Total assets less current liabilities		<u>1,723,530</u>	<u>2,279,585</u>
Creditors: Amounts falling due after more than one year	12	2,152,339	2,349,022
Called-up equity share capital	16	250,000	250,000
Share premium account	17	12,500	12,500
Profit and loss account	18	(691,309)	(331,937)
		<u>1,723,530</u>	<u>2,279,585</u>

These financial statements were approved by the directors on the 22 February 2007 and are signed on their behalf by:


Mr T. Doyle


Mr J. McGill

The notes on pages 9 to 17 form part of these financial statements.

York City Football Club Limited

Cash Flow Statement

Year ended 30 June 2006

	2006 £	2005 £
Net cash outflow from operating activities	(118,013)	(302,386)
Returns on investments and servicing of finance		
Interest received	997	817
Interest paid	(128,739)	(38,102)
Interest element of hire purchase	(1,387)	(116)
Net cash outflow from returns on investments and servicing of finance	(129,129)	(37,401)
Capital expenditure		
Payments to acquire intangible fixed assets	(31,431)	(2,020)
Payments to acquire tangible fixed assets	-	(19,670)
Receipts from sale of fixed assets	-	1,800
Net cash outflow from capital expenditure	(31,431)	(19,890)
Acquisitions and disposals		
Acquisition of shares in group undertakings	(220)	(1,991,373)
Net cash outflow from acquisitions and disposals	(220)	(1,991,373)
Cash outflow before financing	(278,793)	(2,351,050)
Financing		
Increase in loans	150,000	300,000
Capital element of hire purchase	(3,580)	17,602
Net inflow from other long-term creditors	106,897	2,035,000
Net cash inflow from financing	253,317	2,352,602
(Decrease)/increase in cash	(25,476)	1,552
Reconciliation of operating loss to net cash outflow from operating activities		
	2006 £	2005 £
Operating loss	(230,243)	(46,168)
Amortisation	10,973	10,740
Depreciation	7,787	6,267
Decrease in stocks	4,563	1,741
Increase in debtors	(39,379)	(67,038)
Increase/(decrease) in creditors	128,286	(207,928)
Net cash outflow from operating activities	(118,013)	(302,386)

The notes on pages 9 to 17 form part of these financial statements.

York City Football Club Limited

Cash Flow Statement *(continued)*

Year ended 30 June 2006

Reconciliation of net cash flow to movement in net debt

	2006 £	2005 £
(Decrease)/increase in cash in the period	(25,476)	1,552
Net cash (inflow) from loans	(150,000)	(300,000)
Cash outflow in respect of hire purchase	3,580	(17,602)
Net cash (inflow) from other long-term creditors	(106,897)	(2,035,000)
	<u>(278,793)</u>	<u>(2,351,050)</u>
Change in net debt	(278,793)	(2,351,050)
Net debt at 1 July 2005	(2,299,816)	51,234
Net debt at 30 June 2006	<u>(2,578,609)</u>	<u>(2,299,816)</u>

Analysis of changes in net debt

	At 1 Jul 2005 £	Cash flows £	At 30 Jun 2006 £
Net cash:			
Cash in hand and at bank	52,786	7,825	60,611
Overdrafts	-	(33,301)	(33,301)
	<u>52,786</u>	<u>(25,476)</u>	<u>27,310</u>
Debt:			
Debt due within 1 year	-	(450,000)	(450,000)
Debt due after 1 year	(2,335,000)	193,103	(2,141,897)
Hire purchase agreements	(17,602)	3,580	(14,022)
	<u>(2,352,602)</u>	<u>(253,317)</u>	<u>(2,605,919)</u>
Net debt	<u>(2,299,816)</u>	<u>(278,793)</u>	<u>(2,578,609)</u>

The notes on pages 9 to 17 form part of these financial statements.

York City Football Club Limited

Notes to the Financial Statements

Year ended 30 June 2006

1. Accounting policies

Basis of accounting

The financial statements have been prepared under the historical cost convention.

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules and on the basis that the company can continue to operate as a going concern.

At the year end date the company's liabilities exceeded its assets by £428,809.

The directors have considered the company's viability for the coming 12 months, are satisfied that the company can continue to trade and have also estimated the company's likely cash requirements until that date and are satisfied that all working capital requirements can be met. Accordingly the accounts have been prepared on a going concern basis.

If the company were unable to continue as a going concern, the accounts would have to be adjusted to write down assets to their recoverable amount, to provide for any additional losses or liabilities that might arise and to reclassify fixed assets and long term creditors as current assets and current liabilities.

Consolidation

In the opinion of the directors, the company and its subsidiary undertakings comprise a medium-sized group. The company has therefore taken advantage of the exemption provided by Section 248 of the Companies Act 1985 not to prepare group accounts.

Turnover

The turnover shown in the profit and loss account represents gate receipts received and amounts invoiced during the year, exclusive of Value Added Tax.

Amortisation

Amortisation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Goodwill - 5% straight line

Fixed assets

All fixed assets are initially recorded at cost.

Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Fixtures & Fittings - Over 10 years

Stocks

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

York City Football Club Limited

Notes to the Financial Statements

Year ended 30 June 2006

1. Accounting policies *(continued)*

Hire purchase agreements

Assets held under hire purchase agreements are capitalised and disclosed under tangible fixed assets at their fair value. The capital element of the future payments is treated as a liability and the interest is charged to the profit and loss account on a straight line basis.

Pension costs

The company operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the company. The annual contributions payable are charged to the profit and loss account.

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more tax, with the following exceptions:

provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, and gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over assets and charged to tax only where the replacement assets are sold;

provision is made for deferred tax that would arise on remittance of the retained earnings of overseas subsidiaries, associates and joint ventures only to the extent that, at the balance sheet date, dividends have been accrued as receivable;

deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on a discounted/an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

York City Football Club Limited

Notes to the Financial Statements

Year ended 30 June 2006

2. Turnover

The turnover and loss before tax are attributable to the one principal activity of the company.

An analysis of turnover is given below:

	2006 £	2005 £
United Kingdom	<u>1,090,861</u>	<u>1,255,317</u>

3. Operating loss

Operating loss is stated after charging:

	2006 £	2005 £
Directors' emoluments	—	—
Amortisation	10,973	10,740
Depreciation of owned fixed assets	5,997	6,118
Depreciation of assets held under hire purchase agreements	1,790	149
Auditor's remuneration		
- as auditor	<u>3,000</u>	<u>—</u>

4. Particulars of employees

The average number of staff employed by the company during the financial year amounted to:

	2006 No	2005 No
Number of playing and management staff	56	75
Number of administrative staff	<u>21</u>	<u>23</u>
	<u>77</u>	<u>98</u>

The aggregate payroll costs of the above were:

	2006 £	2005 £
Wages and salaries	784,615	760,608
Social security costs	66,309	56,691
Other pension costs	777	11,010
	<u>851,701</u>	<u>828,309</u>

York City Football Club Limited

Notes to the Financial Statements

Year ended 30 June 2006

5. Interest payable and similar charges

	2006 £	2005 £
Interest payable on bank borrowing	10	44
Finance charges	1,387	116
Other similar charges payable	128,729	38,058
	<u>130,126</u>	<u>38,218</u>

6. Intangible fixed assets

	Goodwill £
Cost	
At 1 July 2005	215,890
Additions	31,431
At 30 June 2006	<u>247,321</u>
Amortisation	
At 1 July 2005	24,106
Charge for the year	10,973
At 30 June 2006	<u>35,079</u>
Net book value	
At 30 June 2006	<u>212,242</u>
At 30 June 2005	<u>191,784</u>

7. Tangible fixed assets

	Fixtures & Fittings £
Cost	
At 1 July 2005 and 30 June 2006	<u>77,870</u>
Depreciation	
At 1 July 2005	17,045
Charge for the year	7,787
At 30 June 2006	<u>24,832</u>
Net book value	
At 30 June 2006	<u>53,038</u>
At 30 June 2005	<u>60,825</u>

York City Football Club Limited

Notes to the Financial Statements

Year ended 30 June 2006

7. Tangible fixed assets *(continued)*

Hire purchase agreements

Included within the net book value of £53,038 is £15,513 (2005 - £17,900) relating to assets held under hire purchase agreements. The depreciation charged to the financial statements in the year in respect of such assets amounted to £1,790 (2005 - £149).

8. Investments

	Investment in Subsidiary £
Cost	
At 1 July 2005	1,991,373
Additions	220
At 30 June 2006	<u>1,991,593</u>
Net book value	
At 30 June 2006	<u>1,991,593</u>
At 30 June 2005	<u>1,991,373</u>

The company owns 76% of the issued share capital of Bootham Crescent Holdings Limited. The aggregate capital and reserves at 30 June 2006 was £2,229,576. The company was dormant during the year.

Under the provision of section 248 of the Companies Act 1985 the company is exempt from preparing consolidated accounts and has not done so, therefore the accounts show information about the company as an individual entity.

9. Stocks

	2006 £	2005 £
Stock	<u>—</u>	<u>4,563</u>

10. Debtors

	2006 £	2005 £
Trade debtors	55,752	1,315
Amounts owed by group undertakings	122,424	122,424
Other debtors	600	13,023
Prepayments and accrued income	30,233	32,868
	<u>209,009</u>	<u>169,630</u>

York City Football Club Limited

Notes to the Financial Statements

Year ended 30 June 2006

11. Creditors: Amounts falling due within one year

	2006 £	2005 £
Bank loans and overdrafts	483,301	-
Trade creditors	46,564	38,697
PAYE and social security	28,598	10,403
VAT	18,475	4,148
Hire purchase agreements	3,580	3,580
Other creditors	40,583	23,138
Directors loan - T Doyle	3,000	3,000
Directors loan - S Beck	3,000	3,000
Directors loan - I McAndrew	3,000	3,000
Directors loan - J McGill	3,000	3,000
Directors loan - S McGill	3,000	3,000
Accruals and deferred income	166,862	96,410
	<u>802,963</u>	<u>191,376</u>

The bank loan is repayable in January 2007. The bank loan is secured by a charge over the Investment Properties of the subsidiary undertaking, Bootham Crescent Holdings Limited.

12. Creditors: Amounts falling due after more than one year

	2006 £	2005 £
Bank loans and overdrafts	-	300,000
Hire purchase agreements	10,442	14,022
Other creditors	2,141,897	2,035,000
	<u>2,152,339</u>	<u>2,349,022</u>

The other creditor is secured by a charge over the Investment Properties of the subsidiary undertaking, Bootham Crescent Holdings Limited.

The other creditor is an amount due over 5 years. The loan is interest only and interest is payable annually at 0.5% above bank base rate.

13. Creditors - capital instruments

Creditors include finance capital which is due for repayment as follows:

	2006 £	2005 £
Amounts repayable:		
In one year or less or on demand	450,000	-
In more than one year but not more than two years	-	300,000
In more than five years	2,000,000	2,000,000
	<u>2,450,000</u>	<u>2,300,000</u>

York City Football Club Limited

Notes to the Financial Statements

Year ended 30 June 2006

14. Commitments under hire purchase agreements

Future commitments under hire purchase agreements are as follows:

	2006 £	2005 £
Amounts payable within 1 year	3,580	3,580
Amounts payable between 1 and 2 years	3,580	3,580
Amounts payable between 3 and 5 years	6,862	10,442
	<u>14,022</u>	<u>17,602</u>

15. Related party transactions

During the year the company obtained a loan from Mr J. McGill's company, JM Packaging Limited. Interest is charged on the loan at normal commercial rates. The balance outstanding on the loan at 30 June 2006 was £450,000 (2005: £300,000) and the interest charged during the year was £20,443 (2005: £3,508).

Mr J. McGill's company JM Packaging Limited also provided sponsorship to the company of Nil (2005: £2,000)

During the year, the company has received £24,000 (2004:£36,087) as donations from York City Supporters' Society Limited the company's parent undertaking.

Each of the company's directors purchased from the company, at full market value, a season ticket for the seats occupied by them on a matchday.

None of the company's directors charge the company for their daily expenses incurred in managing football club business.

Included within debtors is an amount owed by the company's subsidiary undertaking, Bootham Crescent Holdings Limited of £122,424 (2005: £122,424).

York City Football Club Limited

Notes to the Financial Statements

Year ended 30 June 2006

16. Share capital

Authorised share capital:

	2006 £	2005 £
250,000 "A" Ordinary shares of £1 each	250,000	250,000
250,000 "B" Ordinary shares of £1 each	250,000	250,000
	<u>500,000</u>	<u>500,000</u>

Allotted, called up and fully paid:

	2006 No	£	2005 No	£
Equity shares				
"A" Ordinary shares of £1 each	212,500	212,500	212,500	212,500
"B" Ordinary shares of £1 each	37,500	37,500	37,500	37,500
	<u>250,000</u>	<u>250,000</u>	<u>250,000</u>	<u>250,000</u>

17. Share premium account

There was no movement on the share premium account during the financial year.

18. Profit and loss account

	2006 £	2005 £
Balance brought forward	(331,937)	(248,368)
Loss for the financial year	(359,372)	(83,569)
Balance carried forward	<u>(691,309)</u>	<u>(331,937)</u>

19. Reconciliation of movements in shareholders' funds

	2006 £	2005 £
Loss for the financial year	(359,372)	(83,569)
Opening shareholders' (deficit)/funds	<u>(69,437)</u>	14,132
Closing shareholders' deficit	<u>(428,809)</u>	<u>(69,437)</u>

York City Football Club Limited

Notes to the Financial Statements

Year ended 30 June 2006

20. Post balance sheet events

At a Special General Meeting of the holding company, York City Supporters' Society Limited, on 6 June 2006, the members voted to transfer its majority shareholding to JM Packaging Limited, a company controlled by Mr J. McGill, one of the company's directors.

Completion took place on 21 February 2007, with effective control taking place on 1 July 2006. JM Packaging Limited now owns 75% of the company, the remaining 25% being held by York City Supporters' Society Limited.

21. Ultimate parent company

The company is a subsidiary of JM Packaging Limited, which owns 75% of the total issued share capital of the company.