

# The Sunderland Association Football Club Limited

## Directors:

J.R. Featherstone F.C.A. (Chairman)

G.S. Wood

J. M. Fickling

A. E. King

R.S. Murray F.C.C.A.

J.G. Wood

## Secretary:

P. Fiddaman

## Registered Office:

Roker Park Ground, Sunderland,

Registered in England

No. 49116

## Auditors:

Price Waterhouse,

89 Sandyford Road,

Newcastle upon Tyne

NE99 1PL



# The Sunderland Association Football Club Limited


## Notice of Meeting

Notice is hereby given that the Annual General Meeting of the Company will be held at Roker Park Ground, Roker, Sunderland on 30th December, 1995, at 1.45 p.m. for the following purposes:-

1. To receive the accounts for the year ended 31st May, 1995, together with the reports of the directors and auditors thereon.
2. To re-appoint Price Waterhouse as auditors to the Company and to authorise the Board to fix their remuneration.

Roker Park Ground,  
SUNDERLAND.  
2nd November 1995

By Order of the Board  
P. FIDDAMAN  
Secretary



## Note

A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote in his place. A proxy need not be a member. Forms of proxy must be received by the Secretary not later than forty-eight hours before the time appointed for holding the Annual General Meeting.

Will shareholders please notify the Secretary in writing of any change of address.

# The Sunderland Association Football Club Limited

## Report of the Directors

### For the year ended 31st May, 1995

The Directors present their report and the audited accounts of the Company for the year ended 31st May, 1995.

### Principal Activity, Results and Review of the Business

The principal activity of the Company is that of a professional Football League Club.

The Company made a loss for the financial year after taxation of £84,491 (1994 - £1,544,510). No dividend is proposed (1994 - £NIL) and the loss has been withdrawn from reserves.

The Directors consider the results for the year to be satisfactory

### Directors' Interests

The interests of the Directors (including their family interests) in the share capital of the Company at the beginning and the end of the year are shown below.

	£1 Ordinary Shares	
	31st May 1995	31st May 1994
J.R. Featherstone .....	1,500	1,500
G.S. Wood.....	324	586
G. Davidson (Retired 19th May, 1995) .....		200
J.M. Fickling (Appointed 18th February, 1995) .....	2,188	-
A.E. King (Appointed 20th May, 1995) .....	200	-
R.S. Murray .....	7,501	7,559
J.G. Wood.....	1,182	1,444

G. Davidson retired as Director and Secretary on 19th May, 1995, and the Directors wish to record their grateful appreciation for his many years of loyal service.

# The Sunderland Association Football Club Limited

## Report of the Directors For the year ended 31st May, 1995 (continued)

### Statement of Directors' Responsibility

The Directors are required by the Companies Act 1985 to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company as at the end of the financial year, and of the profit or loss for the financial year.

The Directors confirm that appropriate accounting policies have been used and applied consistently and reasonable and prudent judgements and estimates have been made, in the preparation of the financial statements for the year ended 31st May, 1995. The Directors also confirm that applicable accounting standards have been followed and that the financial statements have been prepared on the going concern basis.

The Directors have responsibility for ensuring that the Company keeps accounting records which disclose with reasonable accuracy the financial position of the Company and which enable them to ensure that the financial statements comply with the Companies Act 1985.

The Directors have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

### Tangible Fixed Assets

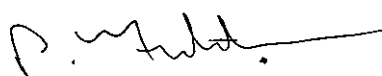
The movements in tangible fixed assets during the year are set out in Note 6 to the accounts.

### Auditors

The auditors, Price Waterhouse, are willing to continue in office and resolutions as to their re-appointment and remuneration will be proposed at the Annual General Meeting.

Roker Park Ground,  
SUNDERLAND.  
2nd November 1995

By Order of the Board  
P. FIDDAMAN  
Secretary



# The Sunderland Association Football Club Limited

## Auditors' Report to the Members of The Sunderland Association Football Club Limited

We have audited the financial statements on pages 6 to 14 which have been prepared under the historical cost convention and the accounting policies set out on page 9.

### Respective responsibilities of directors and auditors

As described on page 4 the Company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

### Basis of opinion

We conducted our audit in accordance with 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. 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 of the state of affairs of the company as at 31st May, 1995 and of its loss for the year then ended, and have been properly prepared in accordance with the Companies Act 1985.

  
PRICE WATERHOUSE  
Chartered Accountants  
and Registered Auditors

2nd November 1995

# The Sunderland Association Football Club Limited

## Profit and Loss Account for the year ended 31st May, 1995

Notes	1995	1994
Turnover .....1(g)		
Match receipts.....	2,587,971	2,592,298
Other receipts.....	2,919,246	2,312,236
	<u>5,507,217</u>	<u>4,904,534</u>
Cost of Sales		
Match Expenses.....(2,876,639)	(2,766,282)	
Ground and other direct expenses.....(2,025,712)	(1,660,104)	
	<u>(4,902,351)</u>	<u>(4,426,386)</u>
Gross Profit .....	604,866	478,148
Administration expenses.....	(1,069,029)	(1,452,243)
Operating Loss .....	(464,163)	(974,095)
Loss on Intangible Assets.....1(c)	(193,750)	(375,000)
Realisation of Player re-valuation .....12 reserve in respect of players transferred....	<u>678,000</u>	<u>(150,000)</u>
Profit/(Loss) on ordinary activities before interest and taxation.....	20,087	(1,499,095)
Bank Interest Payable.....	(108,225)	(52,141)
Interest receivable .....	<u>3,647</u>	<u>6,726</u>
Loss on Ordinary Activities before taxation .....2	(84,491)	(1,544,510)
Taxation on loss on Ordinary Activities .....4	<u>-</u>	<u>-</u>
Loss for the Financial Year.....12	<u>(£84,491)</u>	<u>(£1,544,510)</u>

## Statement of Total Recognised Gains and Losses - Year ended 31st May, 1995

	1995	1994
Loss for the financial year.....	(84,491)	(1,544,510)
Surplus on revaluation of Players.....	285,000	1,718,699
Deficit on revaluation of Land & Buildings.....	<u>-</u>	<u>(1,274,525)</u>
Total Recognised Gains/(Losses) .....	<u>£200,509</u>	<u>(£1,100,336)</u>

The 1994 and 1995 results arise wholly from continuing activities.

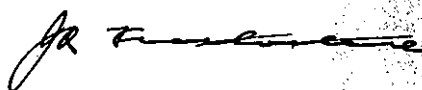
# The Sunderland Association Football Club Limited

## Balance Sheet as at 31st May, 1995

	Notes	1995	1994
<b>Fixed Assets</b>			
Tangible assets.....6		1,563,079	1,587,389
Investments.....7		5	5
Intangible assets.....5		7,033,750	7,033,750
		<u>8,596,834</u>	<u>8,621,144</u>
<b>Current Assets</b>			
Stocks.....8	116,880	195,643	
Debtors.....9	1,163,634	497,925	
Cash at bank and in hand.....	4,167	3,262	
	<u>1,284,681</u>	<u>696,830</u>	
<b>Creditors</b>			
Amounts falling due within one year.....10	(4,049,971)	(3,353,939)	
<b>Net Current Liabilities</b> .....		<u>(2,765,290)</u>	<u>(2,657,109)</u>
<b>Total Assets</b>			
Less Current Liabilities .....		<u>£5,831,544</u>	<u>£5,964,035</u>
<b>Capital and Reserves</b>			
Called up share capital.....11		14,000	12,620
Share premium account.....12		2,242,130	1,898,510
Revaluation reserve.....12		709,409	709,409
Players valuation reserve.....12		2,821,949	3,214,949
Profit and loss account.....12		44,056	128,547
		<u>£5,831,544</u>	<u>£5,964,035</u>

The financial statements were approved by the Board on 2nd November, 1995

J.R. FEATHERSTONE F.C.A.  
CHAIRMAN



# The Sunderland Association Football Club Limited

## Cash Flow Statement for the year ended 31st May, 1995

	1995	1994
Net cash (outflow)/inflow from operating activities (Note 15)	(1,369,874)	138,313
Returns on investments and servicing of finance		
Interest and finance charges paid	(108,225)	(52,141)
Interest received	<u>3,647</u>	<u>6,726</u>
Net cash outflow from returns on investments and servicing of finance	(104,578)	(45,415)
Investing activities		
Purchase of tangible fixed assets.....	(54,866)	(103,495)
Purchase of intangible fixed assets.....	(1,570,000)	(2,268,000)
Sale of tangible fixed assets.....	-	9,225
Sale of intangible fixed assets.....	<u>1,661,250</u>	<u>735,000</u>
Net cash inflow/(outflow) from investing activities	<u>36,384</u>	<u>(1,627,270)</u>
Net cash outflow before financing	(1,438,068)	(1,534,372)
Net cash inflow from financing		
Issue of shares.....	345,000	-
Decrease in cash and cash equivalents (Note 17)	<u>(£1,093,068)</u>	<u>(£1,534,372)</u>



# The Sunderland Association Football Club Limited

## Notes to the Accounts — 31st May, 1995

### 1. Accounting Policies

#### (a) Basis of Preparation

The accounts have been prepared in accordance with applicable accounting standards.

#### (b) Depreciation

Depreciation has been calculated to write down the cost or valuation of tangible fixed assets over their expected useful lives at the following rates:-

Freehold property	NIL
Furniture, fixtures and equipment	3-10 years in equal annual instalments
Tractors	8 years on the reducing balance method
Motor vehicles	4 years in equal annual instalments

It is the Company's policy to maintain its properties in good repair, the costs of maintenance being charged to the profit and loss account. Consequently, the directors consider the lives of the freehold properties to be so long that there is no significant annual depreciation.

#### (c) Intangible Assets

The directors consider that the Balance Sheet should include the transfer value of those players whose registration is held by the Club. Accordingly the directors have valued the playing squad at 31st May, 1995, and the value of £7,033,750 has been included in the balance sheet at that date. Any increase in valuation is dealt with in the transfer to Revaluation Reserve.

All transfer fees payable in the year have been shown as additions to Intangible Assets and any resultant profit or loss on sale is reflected in the profit and loss account.

#### (d) Stocks

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

#### (e) Expenditure under the Safety of Sports Grounds Act 1975

Expenditure under the Safety of Sports Grounds Act 1975 and as recommended by Lord Justice Taylor's final report on the Hillsborough Stadium disaster, is charged to the profit and loss account. Grants from the Football Trust (1990) Limited, based on this expenditure are also dealt with in the profit and loss account.

#### (f) Lease Rentals

Assets acquired under finance leases are capitalised and depreciated over their estimated useful lives. The interest element of the rental obligations is charged to the profit and loss account over the period of the lease. Operating lease rentals are charged to the profit and loss account on a straight-line basis over the lease term.

#### (g) Turnover

Turnover comprises net gate and ticket receipts, sports contracts and sponsorship revenue, ground catering and shops income.

# The Sunderland Association Football Club Limited

## Notes to the Accounts — 31st May, 1995 (continued)

### 2. Loss on Ordinary Activities before Tax

This is stated after charging/(crediting):

	1995	1994
	£	£
Staff costs:-		
Wages and salaries.....	3,105,457	2,968,365
Social security costs.....	244,458	227,027
Other pension costs.....	19,352	18,503
Directors' remuneration.....	83,786	48,170
Auditors' remuneration.....	10,000	10,000
Depreciation.....	79,176	71,492
Operating lease rentals – hire of plant and machinery.....	13,712	14,058
Rent receivable.....	<u>(26,473)</u>	<u>(25,481)</u>

### 3(a). Employees

The average number of persons employed by the Company during the year was as follows:-

	1995	1994
Administration.....	80	78
Football.....	47	46
Match Day Staff.....	446	432

### 3(b). Directors Emoluments

The Chairman received no remuneration for his services to the Company (1994 - £Nil). The highest paid Director during the year received total remuneration, including pension contributions, of £83,786 (1994 - £48,170).

None of the other Directors received any remuneration for their services to the Company.

### 4. Taxation

No liability to corporation tax arises on the results of the year and losses of approximately £8 million are available to be carried forward against future trading profits. No provision for deferred taxation is required due to the incidence of tax losses.

# The Sunderland Association Football Club Limited

## Notes to the Accounts — 31st May, 1995 (continued)

### 5. Intangible Fixed Assets

Players at Valuation 1st June, 1994 .....	7,033,750
Additions at Cost .....	1,570,000
Disposals at Valuation .....	(1,855,000)
	6,748,750
Surplus on revaluation.....(Note 12)	285,000
Balance at 31st May, 1995 .....	<u>£7,033,750</u>
Comprising:	
Cost .....	4,211,801
Valuation .....	2,821,949
	<u>£7,033,750</u>

### 6. Tangible Fixed Assets

	Freehold land and buildings	Fixtures, fittings & equipment	Capital Work in Progress	Total
Cost or valuation				
Balance at 1st June, 1994 .....	1,355,837	718,365	-	2,074,202
Additions .....	-	49,762	5,104	54,866
Balance at 31st May, 1995 .....	1,355,837	768,127	5,104	2,129,068
Comprising:				
Cost .....	105,362	768,127	5,104	878,593
Directors' Valuation, 1994 .....	1,250,475	-	-	1,250,475
	1,355,837	768,127	5,104	2,129,068
Accumulated depreciation				
Balance at 1st June, 1994 .....	-	486,813	-	486,813
Charge for Year .....	-	79,176	-	79,176
Balance at 31st May, 1995 .....	-	565,989	-	565,989
Net book amount				
At 31st May, 1995 .....	<u>£1,355,837</u>	<u>£202,138</u>	<u>£5,104</u>	<u>£1,563,079</u>
At 31st May, 1994 .....	<u>£1,355,837</u>	<u>£231,552</u>	<u>£</u>	<u>- £1,587,389</u>

On an historical cost basis, freehold land and buildings would have been included at a cost of £653,930 and accumulated depreciation of £7,502.

# The Sunderland Association Football Club Limited

## Notes to the Accounts — 31st May, 1995 (continued)

7. Fixed Asset Investments	Shares in subsidiary	Other Investment	Total
Cost and net amounts at 31st May, 1995 and 31st May, 1994.....	£4	£1	£5

The company has a wholly-owned dormant subsidiary, Roker Park Estates Limited, which is registered in England. No group accounts have been prepared because in the opinion of the directors the investment is not material.

## 8. Stocks

Stocks at 31st May, 1995 and at 31st May, 1994 comprise goods for resale.

## 9. Debtors

	1995	1994
Trade debtors.....	869,860	214,115
Other debtors.....	272,154	265,873
Prepayments and accrued income.....	21,620	17,937
	<u>£1,163,634</u>	<u>£497,925</u>

## 10. Creditors

Amounts falling due within one year	1995	1994
Directors Loans.....	227,500	-
Bank overdraft.....	2,094,891	1,000,918
Trade creditors.....	884,186	426,601
Other creditors.....	7,974	13,317
Taxation and social security.....	70,101	214,926
Accruals and deferred income.....	765,319	1,036,252
Payments in advance.....	-	661,925
	<u>£4,049,971</u>	<u>£3,353,939</u>

The bank overdraft and Directors loan are secured by a charge over certain assets of the Company.

## 11. Called Up Share Capital

Authorised	1995	1994
Ordinary Shares of £1 each.....	<u>£15,000</u>	<u>£15,000</u>
Allotted, issued and fully paid		
Ordinary Shares of £1 each.....	<u>£14,000</u>	<u>£12,620</u>

During the year there has been an issue of 1380 Ordinary Shares of £1 each at a price of £250 per share to increase the capital base of the Company.

# The Sunderland Association Football Club Limited

## Notes to the Accounts — 31st May, 1995 (continued)

12. Reserves	Players Valuation reserve	Revaluation reserve	Share Premium account	Profit and loss account
Notes				
Balance at 1st June, 1994.....	3,214,949	709,409	1,898,510	128,547
Loss for year.....	-	-	-	(84,491)
Premium on Issue of shares in Period.....	-	-	343,620	-
Surplus on revaluation of Intangibles.....5	285,000	-	-	-
Realisation in respect of players transferred.....	(678,000)	-	-	-
Balance at 31st May, 1995	<u>£2,821,949</u>	<u>£709,409</u>	<u>£2,242,130</u>	<u>£44,056</u>

### 13. Lease Commitments

Operating leases on plant and machinery

Annual commitments which expire in:	1995	1994
Under one year.....	4,661	4,536
Two to five years inclusive.....	7,472	6,946
	<u>£12,133</u>	<u>£11,482</u>

### 14. Pension Commitments

The Company operates a pension scheme covering its full-time senior employees. This scheme is financed through a separate trustee administered fund with The Football League Limited. Contributions to this fund which are charged to the profit and loss account are notified to the Club by The Football League Limited.

### 15. Reconciliation of Operating Loss to Net Cash (Outflow)/Inflow from Operating Activities

	1995	1994
Operating loss.....	(464,163)	(974,095)
Depreciation Charge.....	79,176	71,942
Profit on disposal of fixed assets.....	-	(2,725)
Decrease/(Increase) in stocks.....	78,763	(98,387)
Increase in debtors.....	(665,709)	(165,037)
(Decrease)/ Increase in creditors.....	(397,941)	1,306,615
Net cash (Outflow)/Inflow from Operating Activities	<u>(£1,369,874)</u>	<u>£138,313</u>

# The Sunderland Association Football Club Limited

## Notes to the Accounts — 31st May, 1995 (continued)

### 16. Analysis of changes in cash and cash equivalents during the year

	1995	1994
Balance at 1st June, 1994.....	(997,656)	536,716
Net cash outflow .....	(1,093,068)	(1,534,372)
Balance at 31st May, 1995	<u>(£2,090,724)</u>	<u>(£997,656)</u>

### 17. Decrease in cash and cash equivalents as shown in the balance sheet

	1995	1994	Change	1993	Change
Cash	4,167	3,262	905	612,904	(609,642)
Bank overdraft	(2,094,891)	(1,000,918)	(1,093,973)	(76,188)	(924,730)
	<u>(£2,090,724)</u>	<u>(£997,656)</u>	<u>(£1,093,068)</u>	<u>£536,716</u>	<u>(£1,534,372)</u>

### 18. Historic Cost Profits and Losses

There is no difference between the reported losses for the year and the loss as calculated on an historical cost basis.

### 19. Reconciliation of Movements in shareholders' funds

	Notes	£
As previously reported.....		5,964,035
Share Capital introduced.....	11	1,380
Share Premium Account .....	11	343,620
Players Revaluation Reserve .....	12	(393,000)
Loss for Year .....		(84,491)
At 31st May, 1995		<u>£5,831,544</u>

## The Sunderland Association Football Club Limited

### Notes

## The Sunderland Association Football Club Limited

### Notes