

Stoke City Football Club Limited

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Notice of meeting

NOTICE IS HEREBY GIVEN that the eighty-eighth annual general meeting of Stoke City Football Club Limited will be held at the Victoria Ground, Stoke-on-Trent, on Thursday the 1st day of May 1997 at 7.00 p.m. for the following purposes:

1. To receive and adopt the company's financial statements for the year to 31st May 1996 together with the reports of the directors and auditors thereon.
2. To re-elect Mr. P. Coates as a director.
3. To re-elect Mr. P. E. Doona as a director.
3. To re-appoint the auditors, F. Geen & Co. and to authorise the directors to fix their remuneration.

By order of the board,
M. J. Potts,
Secretary,
Stoke-on-Trent.

3rd April 1997.

Note:

A member entitled to attend and vote at the above meeting is entitled to appoint one or more proxies to attend (and on a poll to vote) instead of him. A proxy need not also be a member of the company. Instruments of proxy to be effective must be received at the registered office of the company not later than forty-eight hours before the time fixed for the meeting.

Stoke City Football Club Limited

Directors and advisers

President

Sir Stanley Matthews, C.B.E., Hon.M.A.(Keele)

Directors

P. Coates (Chairman)

K. A. Humphreys (Vice-Chairman)

D. J. Edwards, B.Com., A.C.A.

P. E. Doona, B.A.(Hons.), F.C.A.

Chief Executive

J. Moxey

Secretary

M. J. Potts

Manager

L. Macari

Registered Office

Victoria Ground

Stoke-on-Trent

ST4 4EG

Registered Number

99885 England

Auditors

F. Geen & Co.

Bankers

Singer and Friedlander Ltd.

Chairman's statement

Our turnover was £3.7 million for the year, which compared to the previous 13 month accounting period represents a slight increase, with a trading profit of £340,000.

The accounts this year have been significantly affected by our decision to relocate to the Britannia Stadium in August 1997. This is primarily due to the fact that in the previous year the Victoria Ground was valued on a replacement cost basis as a football club stadium whereas this year due to the relocation we can only value the ground at its estimated resaleable value. This is significantly lower since potential purchasers are only interested in acquiring the land for redevelopment and not the buildings. The accounting consequences of this makes our balance sheet appear weak however it is worth pointing out that the value of the players is not included and that this situation will only exist for a short period before we move.

Construction of the new Britannia Stadium is under way and when finished represents a great step forward for the football club, the supporters and the city of Stoke-on-Trent. The funding for the stadium is in place and it will cost £14.74 million to build with a further £6 million being spent on infrastructure.

The stadium's new and comprehensive facilities will enable us to significantly improve our financial resources, so vital if a Club is to make progress. It will also, we hope, improve attendances, still the main income stream for football clubs today. To compete effectively in our Division you need average attendances of 15,000, in the Premiership 25,000. Our pricing policy is designed to cater for everyone, from the traditional Bothen End supporter to corporate clients.

Our football season was the best for many years finishing fourth in the Endsleigh First Division, but to our great disappointment losing in the play-offs. Our Reserve Team finished third in the Pontin's First Division, the 'A' team came second to Manchester United in the Lancashire League and the Youth Team were seventh in the Midland Melville League. Another encouraging point to make is that we have more promising young talent at the Club than we have had for a very long time. Excellent performances all round and all the players, management and coaching staff, along with everyone involved, are to be congratulated.

On general football matters we have a real concern over the financial gap between the Premiership and Division One. This needs to be reduced and it is a major objective to improve on the present situation. The post Bosman situation is likely to result in major changes in the transfer system, with possible serious consequences, particularly for the clubs who are totally reliant on the transfer market to make ends meet. Contrary to popular myth, we do not come into that category.

On behalf of the Board, I would like to thank all the management and staff for their hard work and commitment throughout the year. I must give a special mention and thanks to the part played by Jez Moxey in making the Britannia Stadium a reality for us all.

P. Coates
Chairman.

20th March 1997

Stoke City Football Club Limited

Report of the directors

The directors present their report and the financial statements for the year to 31st May 1996.

Results and dividend

The profit for the year amounted to £383,951 which is added to the reserves brought forward. Your board do not recommend payment of preference or ordinary share dividends.

Principal activities and business review

The principal activity of the company is that of a professional football club.

An increase in turnover together with reductions in costs and a net surplus on transfer fees enabled the Club to record a profit for the year.

The directors remain committed to the Club's future success and are confident that the financial position will improve as a consequence.

Future developments

An indication of likely future developments is contained in the chairman's statement.

Directors

The names of the present members of the board are set out in page 3. The directors who held office during the year and their beneficial interests (including family interests) in the shares of the company at the beginning and end of the year were as follows:-

	£1 Preference shares		£1 Ordinary shares	
	31/5/96	31/5/95	31/5/96	31/5/95
P. Coates	29	29	278,742	28,742
K. A. Humphreys	18	18	28,753	23,753
D. J. Edwards	-	-	25	-
M. E. Moors	-	-	10,000	10,000

M. E. Moors resigned from the board on 21st January 1997.

P. E. Doona was appointed a director on 20th February 1997.

There was a holding at 31st May 1996 by Ramsdell Estates Limited, a company in which Mr. K. A. Humphreys is deemed to have an interest, of 249,925 ordinary shares and 75 preference shares.

Stoke City Football Club Limited

Report of the directors - continued

Statement of directors' responsibilities in relation to financial statements:

The following statement, which should be read in conjunction with the auditors' statement of auditors' responsibilities, set out on page 16, is made with a view to distinguishing for shareholders the respective responsibilities of the directors and of the auditors in relation to the financial statements.

The directors are required by the Companies Act 1985 to prepare financial statements on the going concern basis, unless it is inappropriate to presume that the company will continue in business, 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 are confident that the Club has adequate resources for its operational needs for the foreseeable future. For this reason they have continued to adopt the going concern basis in preparing the accounts.

Following discussions with the auditors, the directors consider that in preparing the financial statements on pages 7 to 15, the company has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates, that all accounting standards which they consider to be applicable have been followed (subject to any explanations and any material departures disclosed in the notes to the financial statements).

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.

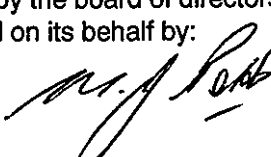
The directors, having prepared the financial statements, have requested the auditors to take whatever steps and undertake whatever inspections they consider to be appropriate for the purpose of enabling them to give their audit report.

Auditors

The auditors, F. Geen & Co., have indicated their willingness to continue in office and a resolution for their re-appointment will be submitted at the forthcoming annual general meeting.

Approved by the board of directors
and signed on its behalf by:

M. J. Potts
Secretary



20th March 1997.

Stoke City Football Club Limited

Profit and loss account

For the year to 31st May 1996

	Note	Year to to 31/5/96 £	13 months to 31/5/95 £
Turnover	2	3,743,094	3,680,864
Players and staff costs	3	2,523,253	2,827,690
Match and ground expenses		964,928	974,926
Cost of sales - souvenir shop		323,645	298,795
Administration expenses		193,810	357,750
Non-operating income : donations		(98,035)	(158,930)
Interest payable	5	175,997	102,018
Interest receivable		(8,141)	(6,205)
Release of ground safety reserve		(314,172)	(21,996)
		<u>3,761,285</u>	<u>4,374,048</u>
Loss on ordinary activities before transfer fees		(18,191)	(693,184)
Transfer fees (net)		360,000	(1,204,000)
Profit (loss) on ordinary activities before taxation	6	341,809	(1,897,184)
Taxation credit	7	(42,142)	-
Profit (loss) on ordinary activities after taxation		<u>383,951</u>	<u>(1,897,184)</u>

The statement of reserves is shown in note 14.

There are no recognised gains or losses other than those shown in the profit and loss account apart from the provision for permanent diminution in value of the stadium, £4,040,910, deducted from the revaluation reserve.

Note of historical cost profits and losses

	£	£
Profit (loss) on ordinary activities before taxation	341,809	(1,897,184)
Difference between historical cost depreciation and the actual depreciation charge on the revalued amount	100,035	85,714
Historical cost profit (loss) on ordinary activities before taxation	<u>441,844</u>	<u>(1,811,470)</u>
Historical cost profit (loss) for the year retained after taxation	<u>483,986</u>	<u>(1,811,470)</u>

The notes on pages 9 to 14 and the cash flow statement on page 15 form part of these financial statements..

Stoke City Football Club Limited

Balance sheet

31st May 1996

	Note	1996 £	1995 £
Tangible assets	8	2,361,149	6,623,650
Current assets			
Stocks	9	97,269	90,154
Debtors	10	619,587	293,718
Cash at bank and in hand		58,592	46,664
		775,448	430,536
Creditors: amounts falling due within one year	11	3,056,429	2,945,887
Net current liabilities		(2,280,981)	(2,515,351)
Total assets less current liabilities		80,168	4,108,299
Creditors: amounts falling due after more than one year	11	-	57,000
Net assets		80,168	4,051,299
Capital and reserves			
Called up share capital	13	578,739	578,739
Ground safety reserve	14	314,171	628,343
Revaluation reserve	14	277,003	4,417,948
Profit and loss account	14	(1,089,745)	(1,573,731)
Shareholders funds	15	80,168	4,051,299

The financial statements were approved by the board of directors on 20th March 1997 and signed on its behalf by:

P. COATES

K. A. HUMPHREYS

Directors

The notes on pages 9 to 14 and the cash flow statement on page 15 form part of these financial statements.

Stoke City Football Club Limited

Notes to the financial statements

1. Accounting policies

(a) Accounting convention

The financial statements have been prepared under the historical cost convention, adjusted to include the revaluation of certain assets, on a going concern basis as set out in note 17 and in accordance with applicable Accounting Standards.

The financial statements incorporate the results of the principal activity which is described in the report of the directors.

(b) Turnover

Turnover, exclusive of value added tax, comprises net match receipts and other income arising from the club's activities.

(c) Tangible fixed assets

Tangible fixed assets, except freehold land, are depreciated on a straight line basis calculated to write off the assets over their expected useful lives by equal instalments.

The rates normally applied are as follows:-

Freehold buildings	2% p.a.
Plant and equipment	6% - 10% p.a.
Vehicles	25% p.a.

The normal rates, as stated above, have been amended where necessary in order to write off the net book amount of certain plant and equipment over the revised remaining useful economic life as a result of the Club's intention to relocate by the beginning of season 1997/98.

(d) Leased assets

Assets acquired under hire purchase agreements are capitalised as tangible assets at fair value and are depreciated over their useful lives. The corresponding obligation is included as a creditor and the interest element is charged to the profit and loss account over the term of the agreement.

Rentals payable under operating leases are charged to the profit and loss account as incurred.

(e) Stocks

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

(f) Transfer fees

Fees payable to and receivable from other football clubs on the transfer of players' registrations, together with associated costs, are dealt with through the profit and loss account in the accounting period in which the transfer takes place. Payments or receipts which are contingent on the performance of team or player are not recognised until the events crystallising such payments or receipts have taken place. No amount is included in assets in respect of the company's interest in players' registrations.

(g) Signing on fees

Signing on fees are charged to profit and loss account in the accounting period in which they are payable.

(h) Deferred taxation

Provision is made for deferred taxation in respect of timing differences to the extent that a liability may become payable in the foreseeable future.

(i) Ground safety grants

Ground safety grants received are credited to reserve account and released to profit and loss account over the expected useful lives of the related assets. The expected remaining useful lives of the related assets have been adjusted to reflect the Club's intention to relocate by the beginning of season 1997/98.

When a facility which has attracted a grant ceases to be used or is sold, The Football Trust reserves the right to call for repayment of all or a proportion of a grant.

(j) Pensions and retirement benefits

Eligible employees participate in a multi employer, funded, defined benefit scheme operated by The Football League Limited.

Contributions are based on pension costs across member clubs as a whole and are based on professional actuarial advice. Full actuarial valuations are carried out triennially.

2. Turnover

Match receipts
Executive boxes
Other income

Year to 31/5/96 £	13 months to 31/5/95 £
2,387,602	2,436,316
144,270	137,013
1,211,222	1,107,535
<u>3,743,094</u>	<u>3,680,864</u>

Stoke City Football Club Limited

Notes to the financial statements - continued

	Year to 31/5/96 £	13 months to 31/5/95 £
3. Players and staff		
(a) Employment costs:		
Wages and salaries	2,318,401	2,592,225
Social security costs	186,771	216,375
Other pension costs	18,081	19,090
	<u>2,523,253</u>	<u>2,827,690</u>
(b) The average number of persons employed during the year, excluding directors, was as follows:-	Number	Number
Full time playing staff and apprentices	50	46
Other staff	44	43
No remuneration was paid to the directors.		
4. Directors contracts or arrangements		
There were no contracts or arrangements, other than the loans disclosed in note 11, subsisting with the company during the year in which any director was materially interested and which were significant in relation to the company's business.		
5. Interest payable	£	£
On loans fully repayable within five years		
Bank	124,652	73,887
Hire purchase	-	102
Others	51,345	28,029
	<u>175,997</u>	<u>102,018</u>
6. Profit (loss) on ordinary activities is stated after charging (crediting)	£	£
Operating lease rentals:		
Property	9,219	-
Plant, equipment and vehicles	63,183	50,921
Auditors remuneration:		
Audit fees	4,700	4,500
Other fees	7,702	8,765
Depreciation of tangible fixed assets (note 8)	323,652	212,040
Release of ground safety reserve (note 14)	(314,172)	(21,996)
Payments due during next year in respect of operating leases for which the commitment expires:		
Property:		
In 2nd to 5th year	20,000	-
Plant, equipment and vehicles:		
Within one year	4,836	10,433
In 2nd to 5th year	-	12,492
7. Taxation credit	£	£
Corporation tax at 25%/24% on interest received	2,022	-
Consortium loss relief arising in prior years	(44,164)	-
	<u>(42,142)</u>	<u>-</u>

The company has computed tax losses at 31st May 1996 of approximately £2.4m which are available to offset against future profits of the same trade.

Stoke City Football Club Limited

Notes to the financial statements - continued

8. Tangible fixed assets	Freehold land and buildings	Plant, equipment and vehicles	Total
Cost or valuation:	£	£	£
At beginning of year	6,617,917	735,873	7,353,790
Additions	29,123	74,371	103,494
Disposals	-	(6,250)	(6,250)
At end of year	6,647,040	803,994	7,451,034
At valuation 1992	6,414,572	150,000	6,564,572
At cost	232,468	653,994	886,462
Depreciation:			
At beginning of year	380,173	349,967	730,140
Charge for year	124,940	198,712	323,652
Disposals	-	(4,817)	(4,817)
Provision for permanent diminution in value	4,040,910	-	4,040,910
At end of year	4,546,023	543,862	5,089,885
Net book value:			
31st May 1996	2,101,017	260,132	2,361,149
31st May 1995	6,237,744	385,906	6,623,650

The depreciation charge for the year reflects the revised remaining useful economic lives of certain plant and equipment arising as a result of the Club's intention to relocate by the beginning of season 1997/98. If the remaining useful economical lives had not been adjusted the depreciation charge would have been £119,288 lower at £204,364.

The provision for permanent diminution in value of freehold land and buildings reflects the reduction in value attributed to the Victoria Ground to its estimated recoverable amount. This provision has been deducted from the revaluation reserve. Freehold land and buildings includes land at valuation £400,000 (1995: £400,000) which is not depreciated.

The stadium was valued on the basis of depreciated replacement cost and the other properties and certain plant at open market value on an existing use basis.

If land and buildings and certain plant had not been revalued the depreciation charge for the year would have been £100,035 lower at £223,617.

Comparable amounts on the historical cost basis:

	Freehold land and buildings	Plant, equipment and vehicles	Total
Cost	£	£	£
Accumulated depreciation	2,712,779	800,144	3,512,923
	861,125	567,652	1,428,777
Net book value:			
31st May 1996	1,851,654	232,492	2,084,146
31st May 1995	1,875,076	330,626	2,205,702

9. Stocks	1996	1995
Goods for resale	£	£
	97,269	90,154
10. Debtors		
Due within one year:	£	£
Trade debtors	278,936	85,234
Other debtors	291,806	154,368
Prepayments	1,345	780
Corporation tax recoverable	11	11
Provision for receipt in respect of surrender of consortium loss relief	47,489	3,325
Due after more than one year:		
Trade debtor	-	50,000
	619,587	293,718

Notes to the financial statements - continued

	1996	1995
	£	£
11. Creditors: Amounts falling due within one year		
Bank loan and overdraft (secured)	1,553,753	1,597,500
Directors loans	325,000	200,000
Associated companies loans (secured)	391,000	266,000
Brewery loans (1995: £20,152 secured)	15,500	27,632
Trade creditors	618,596	730,444
Taxation and social security	123,836	97,561
Accruals	26,722	26,750
Corporation tax	2,022	-
	<u>3,056,429</u>	<u>2,945,887</u>

	£	£
Creditors: Amounts falling due after more than one year		
Bank loan (secured)	-	57,000

The aggregate amount of secured borrowings amounted to £1,944,753 (1995: £1,940,652). The securities granted were fixed and floating charges over the company's assets. Preference share dividends amounting to £419 are in arrear for the eight accounting periods to 31st May 1996.

	£	£
12. Deferred taxation		
Accelerated capital allowances	57,730	121,087
Short term timing differences	(2,334)	(1,250)
	<u>55,396</u>	<u>119,837</u>
Less: covered by losses (note 7)	(55,396)	(119,837)
	<u>-</u>	<u>-</u>
Total potential liability		

It is considered unlikely that a charge for capital gains tax would arise if the company's land and freehold buildings were sold for the revalued amount less the provision for permanent diminution in value.

	£	£
13. Called up share capital		
Authorised:		
5.25% Cumulative preference shares of £1 each	1,000	1,000
Ordinary shares of £1 each	649,000	649,000
	<u>650,000</u>	<u>650,000</u>
Allotted and fully paid:		
5.25% Cumulative preference shares of £1 each	1,000	1,000
Ordinary shares of £1 each	577,739	577,739
	<u>578,739</u>	<u>578,739</u>

	£	£
14. Reserves:		
Ground safety reserve:		
Balance at beginning of year	628,343	619,634
Grant received	-	30,705
Transfer to profit and loss account	(314,172)	(21,996)
	<u>314,171</u>	<u>628,343</u>
Balance at end of year		

Stoke City Football Club Limited

Notes to the financial statements - continued

14. Reserves (continued)	1996	1995
Revaluation reserve:	£	£
Balance at beginning of year	4,417,948	4,503,662
Transfer profit and loss account	(100,035)	(85,714)
Provision for permanent diminution in value of stadium	(4,040,910)	-
Balance at end of year	<u>277,003</u>	<u>4,417,948</u>
Profit and loss account:	£	£
Accumulated profit (loss) at beginning of year	(1,573,731)	237,739
Profit (loss) for year	383,951	(1,897,184)
Transfer revaluation reserve	100,035	85,714
Adverse balance at end of year	<u>(1,089,745)</u>	<u>(1,573,731)</u>

The transfer to profit and loss account from ground safety reserve reflects the revision of remaining useful economic lives of related assets arising as a result of the Club's intention to relocate by the beginning of season 1997/98. If the remaining useful economic lives had not been so adjusted the release to profit and loss account would have been £293,868 lower at £20,304.

15. Reconciliation of movements in shareholders funds	£	£
Profit (loss) on ordinary activities after taxation	383,951	(1,897,184)
Grants receivable	-	30,705
Ground safety reserve credited to profit and loss account	(314,172)	(21,996)
Provision for permanent diminution in value of stadium	(4,040,910)	-
Opening shareholders funds	<u>4,051,299</u>	<u>5,939,774</u>
Closing shareholders funds	<u>80,168</u>	<u>4,051,299</u>

16. Commitments and contingent liabilities	£	£
Capital expenditure:		
Contracted for but not provided in the accounts	<u>-</u>	<u>20,000</u>

Contracts with employees and other clubs:

In common with normal practice, certain employees are entitled to future payments, mainly dependent on the success of the team and/or individuals. Similar terms exist in contracts for the purchase and sale of players' registrations. The directors consider that any such payments will have no material impact on future accounts.

17. Going concern

The directors consider that the financial statements are appropriately prepared on a going concern basis in view of the continuing financial support provided by themselves and associated companies, which together with available banking facilities will provide the company with sufficient resources to sustain its activities for the foreseeable future.

18. Post balance sheet event

The Club will be relocating from the Victoria Ground to a new purpose built 28,000 seater stadium at the Trentham Lakes site in Stoke-on-Trent. The board believe that the move to a new stadium is in the best interests of the Club and business. The cost of the new stadium will amount to £14.74m and the Board feel that this money can be raised more easily compared to the money necessary to redevelop the Victoria Ground. Given the fact that a new stadium will also provide much better facilities for the Club and its supporters, the Board feel that it is appropriate the relocation project be pursued with confidence and vigour.

Stoke City Football Club Limited

Notes to the financial statements - continued

19. Notes to the cash flow statement

a) Reconciliation of operating profit (loss) to net cash inflow from operating activities:

	Year to 31/5/96 £	13 months to 31/5/95 £
Operating profit (loss) before interest payable	517,806	(1,795,166)
Depreciation	323,652	212,040
Loss (profit) on disposal of fixed assets	(367)	1,435
Transfer from ground safety reserve	(314,172)	(21,996)
Decrease (increase) in stocks	(7,115)	20,886
Decrease (increase) in debtors	(281,705)	429,202
Increase (decrease) in creditors	(85,573)	355,116
Amount adjusted on Brewery loan	(14,544)	-
Net cash inflow (outflow) from operating activities	<u>137,982</u>	<u>(798,483)</u>

b) Analysis of balances of cash and cash equivalents as shown in the balance sheet:

	31/5/96 £	31/5/95 £	Change in year (net cash inflow) £
Cash at bank and in hand	58,592	46,664	11,928
Bank overdraft	(1,496,753)	(1,540,500)	43,747
	<u>(1,438,161)</u>	<u>(1,493,836)</u>	<u>55,675</u>

c) Analysis of changes in financing during the year:

	Bank loan £	Directors loans £	Associated companies loans £	Brewery loans £
Balance at 31st May 1995	114,000	200,000	266,000	27,632
Cash inflow (outflow) from financing:				
Advances	-	150,000	150,000	2,412
Repayments	(57,000)	(25,000)	(25,000)	-
Amount written off	-	-	-	(14,544)
Balance at 31st May 1996	<u>57,000</u>	<u>325,000</u>	<u>391,000</u>	<u>15,500</u>

Stoke City Football Club Limited

Cash flow statement

For the year to 31st May 1996

		Year to 31/5/96	13 months to 31/5/95
	Note	£	£
Net Cash Inflow (Outflow) from Operating Activities	19(a)	137,982	(798,483)
Servicing of Finance:			
Interest paid		(176,025)	(78,777)
Taxation paid		-	(11)
Investing Activities			
Payments to acquire tangible fixed assets		(103,494)	(61,186)
Receipts from sales of tangible fixed assets		1,800	-
Net Cash Outflow from Investing Activities		(101,694)	(61,186)
Net Cash Outflow before Financing		(139,737)	(938,457)
Financing:			
Bank loan	19(c)	(57,000)	(57,000)
Directors loans	19(c)	125,000	-
Associated companies loans	19(c)	125,000	-
Brewery loan	19(c)	2,412	(7,810)
Ground safety grants received		-	30,705
Other creditors		-	(100,000)
Net Cash Inflow (Outflow) from Financing		195,412	(134,105)
Increase (Decrease) in Cash and Cash Equivalents	19(b)	55,675	(1,072,562)

Report of the auditors

To the members of Stoke City Football Club Limited.

We have audited the financial statements on pages 7 to 15 which have been prepared under the accounting policies set out on page 9.

Respective responsibilities of directors and auditors

As described on page 6 the company's directors have responsibility 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 the company's affairs as at 31st May 1996 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

F. GEEN & CO.

Chartered Accountants and Registered Auditors.
Stoke-on-Trent.

20th March 1997.