

Registered number: 104194

**THE WATFORD
ASSOCIATION FOOTBALL CLUB LIMITED**

**90th Annual Report
and
Financial Statements
30 June 1999**

Chantrey Vellacott DFK



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Report and financial statements for the year ended 30 June 1999

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Chantrey Vellacott DFR

Company information

Directors

Sir Elton John CBE - Chairman
B Anderson
C D Lissack
D Meller
H Oundjian

Honorary Life Presidents

Sir Elton John CBE
G A Smith

Chief Executive

H Wells

Secretary and registered office

J Alexander
Vicarage Road Stadium
Watford
Herts
WD1 8ER

Football Manager

G Taylor

Incorporation details

Incorporated in the United Kingdom
on 22 July 1909 under Certificate of
Incorporation number 104194

Auditors

Chantrey Vellacott DFK
Chartered Accountants
Gresham House
53 Clarendon Road
Watford
Herts
WD1 1LR

Bankers

Barclays Bank plc
32 Clarendon Road
Watford
Herts
WD1 1LD

Solicitors

Matthew Arnold & Baldwin
20 Station Road
Watford
Herts
WD1 1JH

Chantrey Vellacott DFK

90th report of the directors for the year ended 30 June 1999

The directors present their report on the affairs of the company, together with the financial statements and auditors' report for the year ended 30 June 1999.

Principal activities and business review

The principal activity of the company continues to be that of a professional football league club.

The directors are pleased to note the successful playing season culminating in promotion to the Premier League.

The company reported a loss before taxation for the year of £1,819,695 (1998 - £43,334). The company benefitted from the ground sharing agreement with Saracens and looks forward to a continuing relationship with the rugby club.

The directors are unable to recommend the payment of a dividend. Accordingly, the loss for the year has been added to the accumulated deficit brought forward as shown in note 16 to the financial statements.

Year 2000 compliance

The directors have identified the key risks to the business arising from errors in processing dates in the year 2000 and beyond. The directors have developed and implemented a plan to minimise the impact. Although no organisation can guarantee that no year 2000 problems will arise, the directors believe that, having identified and removed the major risks to the business, it will be possible to quickly resolve any such problems as may arise without significant additional costs.

Directors and their interests

The directors at 30 June 1999 together with their beneficial interests in the shares of the company are as follows:

	Ordinary shares of £1 each	
	1999	1998
Sir Elton John	200	200
B Anderson	-	-
C D Lissack	200	200
D Meller	-	-
H Oundjian	-	-

Sir Elton John also has an interest in 10 ordinary shares of £1 each in the parent company, Watford Association Football Club (Holdings) Limited, which were held throughout the year, together with an interest in £250,000 non interest bearing loan stock 2002, also held throughout the year. Mr H B Oundjian, who is also a director of the parent company, has no disclosable interests in other group companies. Mr D Meller has an interest in £106,000 non interest bearing loan stock 2002, issued by the parent company, which has been unchanged throughout the year.

90th report of the directors for the year ended 30 June 1999

Directors' responsibilities

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

- 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.

Charitable contributions

During the year the company made charitable donations amounting to £365.

Post balance sheet events

Details of post balance sheet events are given in note 21 to the financial statements.

Auditors

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

Signed on behalf of the Board



J ALEXANDER
Secretary

Approved by the Board on 18.9.99

Auditors' report to the shareholders of The Watford Association Football Club Limited

We have audited the financial statements on pages 6 to 19 which have been prepared under the historical cost convention, as modified by the revaluation of the long leasehold property, and the accounting policies set out on pages 9 and 10.

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 the company's affairs as at 30 June 1999 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



CHANTREY VELLACOTT DFK

Chartered Accountants and Registered Auditors

WATFORD

18 September 1999

THE WATFORD ASSOCIATION FOOTBALL CLUB LIMITED

Profit and loss account for the year ended 30 June 1999

	Notes	1999 £	1998 £ (restated)
Turnover	1(g) & 2	5,845,454	3,964,599
Cost of sales		6,297,415	4,489,801
Gross loss		(451,961)	(525,202)
Administrative expenses		1,447,797	1,059,163
		(1,899,758)	(1,584,365)
Amortisation of players' registrations	8	(427,976)	(387,262)
Other operating income	3	440,409	273,277
Operating loss		(1,887,325)	(1,698,350)
Profit on disposal of players' registrations		255,698	1,859,083
Interest receivable	4	11,641	7,914
Interest payable and similar charges	4	(199,709)	(125,313)
(Loss) / profit on ordinary activities before taxation	5	(1,819,695)	43,334
Tax on (loss) / profit on ordinary activities	7	-	-
(Loss) / profit for the financial year	16	£(1,819,695)	£43,334

Statement of total recognised gains and losses

	Notes	1999 £	1998 £ (restated)
(Loss) / profit for the financial year		(1,819,695)	43,334
Unrealised surplus on revaluation of leasehold property	9	1,319,219	-
		(500,476)	43,334
Prior year adjustments	16	906,779	
Total recognised gains and losses since last report		£406,303	

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

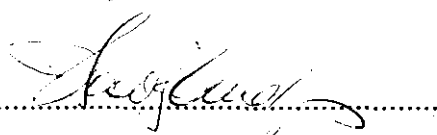
The notes on pages 9 to 19 form part of these financial statements.

THE WATFORD ASSOCIATION FOOTBALL CLUB LIMITED

Balance sheet at 30 June 1999

	Notes	£	1999 £	1998 £ (restated)
Fixed assets				
Intangible assets	1 (c), 8 & 16		903,066	1,075,504
Tangible assets	1 (e) & 9		6,233,528	4,701,296
			<u>7,136,594</u>	<u>5,776,800</u>
Current assets				
Stocks	1 (f) & 10	125,832		90,000
Debtors	11	430,935		1,175,592
Cash at bank and in hand		1,239,470		44,402
		<u>1,796,237</u>		<u>1,309,994</u>
Creditors: amounts falling due within one year	12	9,638,086		7,396,001
Net current liabilities			<u>(7,841,849)</u>	<u>(6,086,007)</u>
Total assets less current liabilities			<u>(705,255)</u>	<u>(309,207)</u>
Creditors: amounts falling due after more than one year	13		(15,389)	(23,327)
Deferred income	14		(2,026,649)	(1,914,283)
			<u>£(2,747,293)</u>	<u>£(2,246,817)</u>
Capital and reserves				
Called up share capital	15		1,072,722	1,072,722
Other reserves	16		-	-
Revaluation reserve	9 & 16		1,319,219	-
Profit and loss account - accumulated deficit	16		(5,139,234)	(3,319,539)
Shareholders' funds	17		<u>£(2,747,293)</u>	<u>£(2,246,817)</u>

Approved by the Board of Directors on 18/9/99 and signed on its behalf.

 H OUNDJIAN - Director

The notes on pages 9 to 19 form part of these financial statements.

THE WATFORD ASSOCIATION FOOTBALL CLUB LIMITED

Cash flow statement for the year ended 30 June 1999

	Notes	£	1999 £	£	1998 £ (restated)
Operating activities					
Net cash inflow / (outflow) from operating activities	18 (a)		421,169		(428,086)
Returns on investments and servicing of finance					
Net interest received		11,641		7,914	
Interest paid		(2,378)		(1,046)	
			9,263		6,868
Capital expenditure					
Payments to acquire intangible fixed assets		(534,575)		(1,025,537)	
Payments to acquire tangible fixed assets		(578,256)		(419,541)	
Capital contributions received	14	243,503		181,226	
Capital grants received		46,400		-	
Receipts from sales of intangible fixed assets		1,000,500		1,334,083	
Receipts from sales of tangible fixed assets		6,501		1,500	
			184,073		71,731
Net cash inflow / (outflow) before financing			614,505		(349,487)
Financing					
Receipts from group companies	18 (b)	540,836		620,127	
Advances / (repayments) of bank and other loans		44,171		(38,330)	
Capital element of hire purchase		(4,444)		-	
Net cash inflow from financing			580,563		581,797
Increase in cash in the year	18 (c)		£1,195,068		£232,310

The notes on pages 9 to 19 form part of these financial statements.

Notes to the financial statements for the year ended 30 June 1999

1 Accounting policies

The principal accounting policies are as follows :

a) **Basis of accounting**

The financial statements are prepared under the historical cost convention, modified by the *revaluation of the long leasehold property*.

The directors have reconsidered the application of the company's accounting policies relating to players' registrations and turnover following the issue of Financial Reporting Standard No. 10 relating to intangible fixed assets. They have also reconsidered the treatment of certain capital grants received in prior years. A summary of the financial effects are given in note 16 to the financial statements.

b) **Going concern**

During the year ended 30 June 1999 the company incurred a loss of £1,819,695. At the year end the company had net liabilities of £2,747,293.

In estimating the future financial position of the company, the directors have considered projections of the income and expenditure until the end of the present football season and the facilities available to it, in particular the availability of finance from the parent company, which is summarised in note 22 to the financial statements. The directors have also considered provision of normal credit facilities by trade and other creditors. Neither the parent company, nor any of the company's other creditors have indicated any intention to demand repayment or payment of their present level of indebtedness on other than established terms.

Having regard to the foregoing the directors consider it appropriate to prepare the financial statements on a going concern basis. The financial statements do not include any adjustments that would result from the withdrawal of any of the aforementioned facilities.

c) **Players' registrations**

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

Players' registrations are amortised over the period of their initial contract, and any subsequent extensions, on a straight line basis.

d) **Signing on fees**

Signing on fees are charged in the year of payment.

e) **Tangible fixed assets, capital grants and depreciation**

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

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

Notes to the financial statements for the year ended 30 June 1999

1 Accounting policies (continued)

e) Tangible fixed assets, capital grants and depreciation (continued)

The company's lease of the ground, premises and ground improvements are depreciated at a rate of 5% of the written down value per annum. The pitch is depreciated over its expected useful life of seven years. Depreciation of motor vehicles, equipment, fixtures and fittings is calculated at 25% on written down value, a rate calculated to write off cost less estimated residual value of each asset over its expected useful life. No depreciation is provided on assets under construction which have not been brought into use before the relevant accounting date.

f) Stocks

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

g) Deferred revenue

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

h) Leasing

The costs of operating leases are expensed as incurred.

i) Pensions

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

j) Deferred taxation

Provision is made for deferred taxation under the liability method where a liability is likely to crystallise the foreseeable future.

2 Turnover

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

3 Other operating income	1999 £	1998 £ (restated)
Donations	551	5,746
Rent receivable	226,631	140,856
Contributions to capital expenditure	60,634	12,092
Release of capital grants	116,903	114,583
Other	35,690	-
	<u>£440,409</u>	<u>£273,277</u>

Notes to the financial statements for the year ended 30 June 1999

4	Interest	1999	1998
		£	£
	Interest receivable :		
	Bank deposit interest	£11,641	£7,914
	Interest payable and similar charges :		
	Group interest	197,331	124,267
	Other interest charges	2,378	1,046
		£199,709	£125,313
5	(Loss) / profit on ordinary activities before taxation	1999	1998
		£	£
	This is stated after charging :		(restated)
	Amortisation of intangible fixed assets	427,976	387,262
	Depreciation of tangible fixed assets	380,772	295,441
	Staff costs (note 6)	5,226,103	3,357,799
	Directors' remuneration	-	-
	Auditors' remuneration	14,000	12,000
	Operating leases - vehicles and equipment	29,683	45,125
	Operating leases - other	40,000	-
	Employee information	1999	1998
		£	£
	Staff costs:		
	Wages and salaries	4,568,465	2,969,487
	Social security costs	465,522	294,477
	Other pension costs	192,116	93,835
		£5,226,103	£3,357,799
	The average monthly number of persons employed by the company was as follows :	1999	1998
		Number	Number
	Players	53	47
	Coaching staff	13	9
	Commercial staff	11	9
	Administration	14	8
	Ground staff	6	4
		97	77

Notes to the financial statements for the year ended 30 June 1999

7 Tax on loss on ordinary activities

No liability to corporation tax arises in view of the adjusted loss for tax purposes in the two years.

Tax losses at 30 June 1999 available for offset against future trading profits or transfer as group relief, subject to Inland Revenue agreement, are in excess of £4,000,000.

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

8 Intangible fixed assets

	Players' registrations £
Cost :	
At 1 July 1998	1,777,012
Additions	475,340
Disposals	(354,000)
	<hr/>
At 30 June 1999	1,898,352
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Amortisation :	
At 1 July 1998	701,508
Charge for the year	427,976
Disposals	(134,198)
	<hr/>
At 30 June 1999	995,286
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Net Book Value :	
At 30 June 1999	£903,066
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At 30 June 1998	£1,075,504
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Players registrations were previously written off to the profit and loss account in the year of purchase (see note 16).

Notes to the financial statements for the year ended 30 June 1999

9	Tangible fixed assets	Assets	Lease	Motor	Total
		under construction £	of ground, premises and ground improvements £	vehicles, equipment, fixtures and fittings £	
	Cost or valuation :				
	At 1 July 1998	261,779	5,262,326	515,672	6,039,777
	Additions	-	336,211	268,545	604,756
	Transfer	(261,779)	458,339	(196,560)	-
	Disposals	-	-	(28,152)	(28,152)
	Revaluation		(56,876)		(56,876)
	At 30 June 1999	-	6,000,000	559,505	6,559,505
	Depreciation :				
	At 1 July 1998	-	1,042,860	295,621	1,338,481
	Charge for the year	-	291,632	89,140	380,772
	Transfer	-	41,603	(41,603)	-
	Disposals	-	-	(17,181)	(17,181)
	Revaluation	-	(1,376,095)		(1,376,095)
	At 30 June 1999	-	-	325,977	325,977
	Net Book Value :				
	At 30 June 1999	£Nil	£6,000,000	£233,528	£6,233,528
	At 30 June 1998	£261,779	£4,219,466	£220,051	£4,701,296

The leasehold property was revalued as at 30 June 1999, by DTZ Debenham Thorpe Chartered Surveyors, on the basis of existing use value. It is not practical to provide an analysis of the cost or valuation of the stadium at 30 June 1999 in view of the nature of additions and disposals in recent years. No taxation liability arises in respect of the revaluation.

The leasehold interest in Vicarage Road expires on 25 March 2118.

A motor vehicle was held under hire purchase with net book value at 30 June 1999 of £26,500 and depreciation charge during the year of £4,417

10	Stocks	1999	1998
		£125,832	£90,000
	Goods for resale		

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

THE WATFORD ASSOCIATION FOOTBALL CLUB LIMITED

Notes to the financial statements for the year ended 30 June 1999

11 Debtors	1999 £	1998 £
Trade debtors	35,996	396,451
Transfer fees receivable	150,000	675,000
Income tax recoverable	-	2,457
Prepayments and accrued income	244,939	101,684
	<u>£430,935</u>	<u>£1,175,592</u>

12 Creditors: amounts falling due within one year	1999 £	1998 £ (restated)
Bank loan	6,000	-
Other loans (note 13)	30,513	50,515
Hire purchase	6,667	-
Trade creditors	41,653	161,335
Transfer fees payable	233,240	292,475
Amount owed to parent company (see note 22)	5,197,937	4,957,101
Amount owed to ultimate parent company	300,000	-
Director's loan	75,000	-
Other taxes and social security	595,143	437,532
Accruals and deferred revenue	3,151,933	1,497,043
	<u>£9,638,086</u>	<u>£7,396,001</u>

The director's loan represent amounts loaned to the company by Sir Elton John.

13 Creditors: amounts falling due after more than one year	1999 £	1998 £
Bank loan	6,500	-
Other loans	-	23,327
Hire purchase	8,889	-
	<u>£15,389</u>	<u>£23,327</u>

The bank loan is repayable by monthly capital repayments of £500.

The bank loan and hire purchase balance are secured over the assets to which they relate and are repayable in less than five years.

Other loans include an advance from the Football Trust which amounted to £19,998 at 30 June 1999 (1998 - £63,327). This loan is unsecured, interest free and repayable by instalments, within one year.

Notes to the financial statements for the year ended 30 June 1999

14 Deferred income

	Capital grants £	Contributions to capital expenditure £	Total £
At 1 July 1998 as previously stated	-	169,134	169,134
Prior year adjustment (note 16)	1,745,149	-	1,745,149
At 1 July 1998 as restated	1,745,149	169,134	1,914,283
Received during the year	46,400	243,503	289,903
Credited to the profit and loss account	1,791,549 (116,903)	412,637 (60,634)	2,204,186 (177,537)
At 30 June 1999	£1,674,646	£352,003	£2,026,649

Capital grants comprise grants received (principally from the Football Trust) towards the costs of stadium re-development and were previously included in other reserves (see note 16).

15 Called up share capital

	1999	1998
Authorised :		
Ordinary shares of £1 each	£1,250,000	£1,250,000
Allotted and fully paid :		
Ordinary shares of £1 each	£1,072,722	£1,072,722

16 Reserves

	Revaluation reserve £	Other reserves £	Profit and loss account £
At 1 July 1998 as previously stated	-	1,745,149	(4,226,318)
Prior year adjustments			
Players' registrations	-	-	1,075,504
Accrued costs of players' registrations	-	-	(168,725)
Capital grants	-	(1,745,149)	-
At 1 July 1998 as restated	-	-	(3,319,539)
Revaluation during the year	1,319,219	-	-
Loss for the year	-	-	(1,819,695)
At 30 June 1999	£1,319,219	£Nil	£(5,139,234)

Notes to the financial statements for the year ended 30 June 1999

16 Reserves (continued)

The company has modified its treatment of capital grants received to conform with that recommended under Financial Reporting Standard No. 3. Accordingly, capital grants previously included in other reserves, have been restated as deferred income (see note 14). There is no change to the gains and losses previously recognised in the statement of total recognised gains and losses.

The company has changed its accounting policy for the cost of players registrations following the issue of Financial Reporting Standard No. 10. Under the new policy the company capitalises, as an intangible asset, costs associated with the transfer of a player's registration. The costs are amortised over the period of the player's contract including any subsequent agreed extensions. No costs are recognised in relation to players developed within the company.

Previously, fees payable and receivable on the transfer of players' registrations were accounted for within cost of sales and turnover. Amortisation and profit on disposal of players' registrations are disclosed separately in the profit and loss account on page 6.

The effect on (loss) / profit before taxation is shown below:	1999 £	1998 £
Under previous accounting policies	(1,749,645)	(723,274)
Add: Grants credited	116,903	114,583
Add: Purchased players' registrations now capitalised	460,825	1,039,287
Less: Amortisation of player's registrations	(427,976)	(387,262)
Less: Net book value of players registrations sold	(219,802)	-
As restated	<u>£(1,819,695)</u>	<u>£43,334</u>

17 Reconciliation of movements on shareholders' funds

	1999 £	1998 £ (restated)
(Loss) / profit for the financial year	(1,819,695)	43,334
Surplus on revaluation of leasehold property (note 9)	1,319,219	-
	<u>(500,476)</u>	<u>43,334</u>
Opening shareholders' funds (originally £(1,408,447) before deducting prior year adjustments of £838,370).	(2,246,817)	(2,290,151)
Closing shareholders' funds	<u>£(2,747,293)</u>	<u>£(2,246,817)</u>

Shareholders' funds are fully attributable to equity interests.

Notes to the financial statements for the year ended 30 June 1999

18 Notes to the cash flow statement

a) Reconciliation of operating loss to net cash inflow / (outflow) from operating activities:	1999 £	1998 £
Operating loss	(1,887,325)	(1,698,350)
Amortisation of intangible fixed assets	427,976	387,262
Depreciation of tangible fixed assets	380,772	295,441
Capital contribution released	(60,634)	(12,092)
Capital grant released	(116,903)	(114,583)
Net (profit) / loss on disposal of sundry fixed assets	(2,030)	2,478
Increase in stocks	(35,832)	(8,394)
Decrease / (increase) in debtors	219,657	(178,005)
Increase in creditors	1,495,488	898,157
Net cash inflow / (outflow) from operating activities	£421,169	£(428,086)

b) Analysis of changes in net debt

	At 1 July 1998 £	Cash flows £	Other changes £	At 30 June 1999 £
Cash at bank and in hand	44,402	1,195,068	-	1,239,470
Intergroup balance	(4,957,101)	(540,836)	-	(5,497,937)
Bank loans due within 1 year	-	(6,000)	-	(6,000)
Other loans due within 1 year	(50,515)	20,002	-	(30,513)
Director's loan	-	(75,000)	-	(75,000)
Bank loans due after 1 year	-	(6,500)	-	(6,500)
Other loans due after 1 year	(23,327)	23,327	-	-
	(5,030,943)	(585,007)	-	(5,615,950)
	£(4,986,541)	£610,061	£Nil	£(4,376,480)

c) Reconciliation of net cash flows to movement in net debt.

	1999 £	1998 £
Increase in cash in the year	1,195,068	232,310
Cash inflow from increase in debt	(585,007)	(581,797)
Movement in net debt in the year	610,061	(349,487)
Net debt at 1 July 1998	(4,986,541)	(4,637,054)
Net debt at 30 June 1999	£(4,376,480)	£(4,986,541)

Notes to the financial statements for the year ended 30 June 1999

19 Financial commitments

The annual amount of payments due in respect of loyalty bonuses and deferred signing on fees for playing staff under contract with the company as at 30 June 1999, which have not been provided for in the financial statements, are as follows :

	£
On contracts expiring :	
Within one year	119,500
Within two to five years	410,525
	<hr/>
	£530,025
	<hr/>

Subsequent to 30 June 1999, a large number of players contracts have been renegotiated following the club's promotion to the Premier League.

The company also has a commitment in respect of a property lease to pay a rental of £40,000 per annum until 2002.

20 Contingent liabilities

The company has liabilities under transfer agreements to pay additional sums dependent on players attainment and subsequent transfer value. Provision has been made for such liabilities to the extent that it is probable that the amounts will become payable and they are included within players' registration costs capitalised (note 8).

21 Post balance sheet events

Subsequent to the year end the company has purchased players with registration costs amounting to £47,500. These amounts will be capitalised in the financial statements for the next financial year.

22 Parent company

The parent company is Watford Association Football Club (Holdings) Limited.

The company's indebtedness to the parent company is as follows :

	1999 £	1998 £
Account balance	5,197,937	4,957,101
Accrued interest	337,843	140,512
	<hr/>	<hr/>
	£5,535,780	£5,097,613
	<hr/>	<hr/>

The amount owed to the parent company bears interest at 2% over Midland Bank plc base rate. The balance is secured by a floating charge over all the undertaking and assets of the company.

Notes to the financial statements for the year ended 30 June 1999

23 Ultimate parent company and control

The ultimate parent company is Penguin Overseas Associates Limited, which is incorporated in the Isle of Man. The ultimate controlling party is Sawyer Trust.

24 Related party transactions

During the course of the year all directors contributed financially to the Club through interest free loans. The loans were all repaid during the year except as shown in note 12. Two of the directors have executive boxes that are paid for on a commercial basis.