

**THE HULL CITY ASSOCIATION
FOOTBALL CLUB (TIGERS) LIMITED
(formerly RUNGAMES LIMITED)**

Report and Financial Statements

31 July 2002

**Deloitte & Touche
Leeds**



REPORT AND FINANCIAL STATEMENTS 2002

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**THE HULL CITY ASSOCIATION
FOOTBALL CLUB (TIGERS) LIMITED
(formerly RUNGAMES LIMITED)**

**Deloitte
& Touche**

REPORT AND FINANCIAL STATEMENTS 2002

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

A F Pearson (Chairman)
M Brannigan
J S Holmes
R M James

SECRETARY

R M James

REGISTERED OFFICE

Kingston Communications Stadium
Walton Street
Anlaby Road
Hull
HU3 6HU

BANKERS

Lloyds TSB Bank plc
2 Silver Street
Hull
HU1 1HX

SOLICITORS

Walker Morris
Kings Court
12 King Street
Leeds
LS1 2HL

AUDITORS

Deloitte & Touche
Chartered Accountants
Leeds

**THE HULL CITY ASSOCIATION
FOOTBALL CLUB (TIGERS) LIMITED
(formerly RUNGAMES LIMITED)**

**Deloitte
& Touche**

DIRECTORS' REPORT

The directors present their annual report and audited financial statements for the 17 months ended 31 July 2002.

ACTIVITIES

The company's principal activity is that of professional football.

REVIEW OF DEVELOPMENTS AND FUTURE PROSPECTS

The company was originally incorporated on 12 July 2000 under the name Rungames Limited. On 12 March 2001 the company changed its name to The Hull City Association Football Club (Tigers) Limited.

The company commenced trading on 15 March 2001 when it purchased the trade and certain assets from Hull City Association Football Club Limited (in Administration). Prior to this date the company had not traded.

On 18 July 2001, the accounting reference period was extended from 28 February 2002 to 31 July 2002.

The directors acknowledge the loss for the period, and note that the period of account represents 17 months of expenditure but only one football season. The directors look forward to profitable trading in the medium term future.

DIVIDENDS AND TRANSFERS TO RESERVES

The directors do not recommend the payment of a dividend leaving a retained loss of £2,443,759 to be treated as a profit and loss account deficit.

DIRECTORS AND THEIR INTERESTS

The directors who served during the period, together with their interests in the share capital of the company, are as follows:

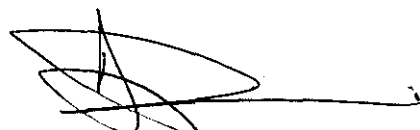
| | £1 Ordinary shares | |
|---|--------------------|------------------|
| | 31 July 2002 | 28 February 2001 |
| York Place Company Nominees Limited (appointed 12 July 2000, resigned 21 February 2001) | - | 1 |
| R M James (appointed 21 February 2001) | - | - |
| J Fenn (appointed 21 February 2001, resigned 12 March 2001) | - | - |
| A F Pearson (appointed 12 March 2001) | 1,316,001 | - |
| M Brannigan (appointed 18 July 2001) | - | - |

J S Holmes was appointed as a director of the company on 27 September 2002.

AUDITORS

Deloitte & Touche have expressed their willingness to continue in office as auditors and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors
and signed on behalf of the Board



Director

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for the system of internal control, safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
THE HULL CITY ASSOCIATION
FOOTBALL CLUB (TIGERS) LIMITED
(formerly RUNGAMES LIMITED)**

We have audited the financial statements of The Hull City Association Football Club (Tigers) Limited for the 17 months ended 31 July 2002 which comprise the profit and loss account, the balance sheet, the cash flow statement, and the related notes 1 to 24. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As described in the statement of directors' responsibilities, the company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and auditing standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the directors' report for the above period and consider the implications for our report if we become aware of any apparent misstatements.

Basis of opinion

We conducted our audit in accordance with United Kingdom auditing standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. 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 31 July 2002 and of its loss for the 17 months then ended and have been properly prepared in accordance with the Companies Act 1985.

Deloitte Touche

Deloitte & Touche
Chartered Accountants
and Registered Auditors
Leeds

30 May 2003

**THE HULL CITY ASSOCIATION
FOOTBALL CLUB (TIGERS) LIMITED
(formerly RUNGAMES LIMITED)**

**Deloitte
& Touche**

**PROFIT AND LOSS ACCOUNT
Period ended 31 July 2002**

| | Note | Period from 1 March 2001 to 31 July 2002 £ | Period from 12 July 2000 to 28 February 2001 £ |
|--|------|---|---|
| TURNOVER: continuing operations | 2 | 4,845,031 | - |
| Cost of sales | | (4,818,343) | - |
| Gross profit | | <u>26,688</u> | <u>-</u> |
| Administrative expenses | | <u>(2,457,096)</u> | <u>-</u> |
| OPERATING LOSS: continuing operations | 4 | (2,430,408) | - |
| Interest receivable and similar income | 5 | 7,502 | - |
| Interest payable and similar charges | 6 | <u>(20,853)</u> | <u>-</u> |
| LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION | | (2,443,759) | - |
| Tax on loss for the period | 7 | <u>-</u> | <u>-</u> |
| RETAINED LOSS FOR THE FINANCIAL PERIOD | | (2,443,759) | - |
| RETAINED LOSS BROUGHT FORWARD | | <u>-</u> | <u>-</u> |
| RETAINED LOSS CARRIED FORWARD | | <u>(2,443,759)</u> | <u>-</u> |

There are no recognised gains and losses for the current financial period and previous financial period other than as stated in the profit and loss account. Accordingly, no statement of total recognised gains and losses has been presented.

**THE HULL CITY ASSOCIATION
FOOTBALL CLUB (TIGERS) LIMITED
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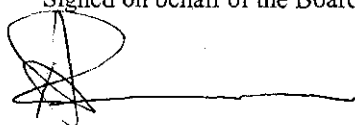
**Deloitte
& Touche**

**BALANCE SHEET
31 July 2002**

| | Note | 31 July 2002 £ | 28 February 2001 £ |
|--|------|---------------------------|-----------------------|
| FIXED ASSETS | | | |
| Intangible assets | 8 | 968,012 | - |
| Tangible assets | 9 | 95,258 | - |
| | | <u>1,063,270</u> | <u>-</u> |
| CURRENT ASSETS | | | |
| Stocks | 10 | 66,634 | - |
| Debtors | 11 | 378,808 | - |
| Cash at bank and in hand | | 22,117 | 1 |
| | | <u>467,559</u> | <u>1</u> |
| CREDITORS: amounts falling due within one year | 12 | <u>(2,576,561)</u> | <u>-</u> |
| NET CURRENT (LIABILITIES)/ASSETS | | <u>(2,109,002)</u> | <u>1</u> |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | <u>(1,045,732)</u> | <u>1</u> |
| CREDITORS: amounts falling due after more than one year | 13 | <u>(82,026)</u> | <u>-</u> |
| NET (LIABILITIES)/ASSETS | | <u><u>(1,127,758)</u></u> | <u><u>1</u></u> |
| CAPITAL AND RESERVES | | | |
| Called up share capital | 16 | 1,316,001 | 1 |
| Profit and loss account | | <u>(2,443,759)</u> | <u>-</u> |
| TOTAL EQUITY SHAREHOLDERS' (DEFICIT)/FUNDS | 17 | <u><u>(1,127,758)</u></u> | <u><u>1</u></u> |

These financial statements were approved by the Board of Directors on

Signed on behalf of the Board of Directors



Director

30.05.2003,

**THE HULL CITY ASSOCIATION
FOOTBALL CLUB (TIGERS) LIMITED
(formerly RUNGAMES LIMITED)**

**Deloitte
& Touche**

**CASH FLOW STATEMENT
Period ended 31 July 2002**

| | Note | 31 July 2002 £ | 28 February 2001 £ |
|--|-------|----------------------|--------------------------|
| Net cash outflow from operating activities | 18 | (160,864) | - |
| Returns on investments and servicing of finance | | | |
| Interest received | | 7,502 | - |
| Bank overdraft interest paid | | (14,099) | - |
| Interest element of hire purchase repayments | | (6,754) | - |
| | | <u> </u> | <u> </u> |
| Net cash outflow from returns on investments and servicing of finance | | (13,351) | - |
| Capital expenditure | | | |
| Payment to acquire intangible fixed assets | | (1,434,449) | - |
| Payments to acquire tangible fixed assets | | (128,637) | - |
| | | <u> </u> | <u> </u> |
| Net cash outflow from capital expenditure | | (1,563,086) | - |
| Net cash outflow before financing | | (1,737,301) | - |
| Financing | | | |
| Issue of ordinary share capital | | 1,316,000 | 1 |
| Receipt of other loan | | 134,000 | - |
| Capital element of hire purchase repayments | | (14,232) | - |
| | | <u> </u> | <u> </u> |
| Net cash inflow from financing | | 1,435,768 | 1 |
| (Decrease)/increase in cash | 19/20 | <u>(301,533)</u> | <u>1</u> |

**NOTES TO THE ACCOUNTS
Period ended 31 July 2002**

1. ACCOUNTING POLICIES

The financial statements are prepared in accordance with applicable United Kingdom accounting standards. The particular accounting policies adopted are described below.

Accounting convention

The financial statements are prepared under the historical cost convention.

Intangible fixed assets

Players' transfer fees and associated costs related to player registrations are capitalised as intangible fixed assets and are amortised over the period of the players' contracts including subsequent agreed extensions.

Purchased goodwill is amortised over a period of ten years.

Tangible fixed assets

Depreciation is provided on cost in equal annual instalments over the estimated useful lives of the assets. The rates of depreciation are as follows:

| | |
|-----------------------|---------------|
| Fixtures and fittings | 50% per annum |
| Motor vehicles | 33% per annum |

Stocks

Stocks which consist of goods for resale, are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving stock.

Cost is defined as the purchase price of the goods plus the cost of carriage. Net realisable value is based on estimated selling price less all further costs to completion and all relevant marketing, selling and distribution costs.

Deferred taxation

Deferred taxation is provided on in full on timing differences which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements. Deferred tax is not provided on timing differences arising from the revaluation of fixed assets where there is no commitment to sell the asset. Deferred tax assets and liabilities are not discounted.

Leases

Assets obtained under hire purchase contracts are capitalised at their fair value on acquisition and depreciated over their estimated useful lives. The finance charges are allocated over the period of the lease in proportion to the capital element outstanding.

Operating lease rentals are charged to income in equal annual amounts over the lease term.

Pension costs

The company operates a money purchase scheme for the benefit of its employees. Contributions are charged to the profit and loss account in the period in which they are payable.

Grants

Grants receivable by the company are recognised in the period in which the related expenditure occurs.

2. TURNOVER

Income represents amounts derived from the provision of goods and services which fall within the company's ordinary activities after deduction of trade discounts and Value Added Tax. The turnover and pre-tax loss, all of which arises in the United Kingdom, are attributable to the company's principal activity.

**THE HULL CITY ASSOCIATION
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**Deloitte
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**NOTES TO THE ACCOUNTS
Period ended 31 July 2002**

3. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

| | Period from 1 March 2001 to 31 July 2002 £ | Period from 12 July 2000 to 28 February 2001 £ |
|---|---|---|
| Directors' emoluments | | |
| Emoluments | 210,526 | - |
| Pension contributions | 20,250 | - |
| | <u>230,776</u> | <u>-</u> |
| | No. | No. |
| Average number of persons employed: | | |
| Players and coaching staff | 50 | - |
| Office and administration | 16 | - |
| Sales and marketing | 5 | - |
| | <u>71</u> | <u>-</u> |
| | £ | £ |
| Staff costs during the period (including directors): | | |
| Wages and salaries | 3,555,062 | - |
| Social security costs | 310,043 | - |
| Pension costs | 26,629 | - |
| | <u>3,891,734</u> | <u>-</u> |

4. OPERATING LOSS

| | Period from 1 March 2001 to 31 July 2002 £ | Period from 12 July 2000 to 28 February 2001 £ |
|---|---|---|
| Operating loss is after charging: | | |
| Depreciation | 144,124 | - |
| Amortisation of players and goodwill | 394,937 | - |
| Loss on disposal on intangible fixed assets | 71,500 | - |
| Rentals under operating leases | | |
| - plant and machinery | 44,835 | - |
| - other | 315,457 | - |
| Auditors' remuneration | 4,500 | - |
| | <u></u> | <u></u> |

5. INTEREST RECEIVABLE AND SIMILAR INCOME

| | Period from 1 March 2001 to 31 July 2002 £ | Period from 12 July 2000 to 28 February 2001 £ |
|---------------|---|---|
| Bank interest | <u>7,502</u> | <u>-</u> |

**THE HULL CITY ASSOCIATION
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& Touche**

NOTES TO THE ACCOUNTS

Period ended 31 July 2002

6. INTEREST PAYABLE AND SIMILAR CHARGES

| | Period from 1 March 2001 to 31 July 2002 £ | Period from 12 July 2000 to 28 February 2001 £ |
|----------------|---|---|
| Bank overdraft | 14,099 | - |
| Hire purchase | 6,754 | - |
| | <u>20,853</u> | <u>-</u> |

7. TAX ON LOSS ON ORDINARY ACTIVITIES

| | Period from 1 March 2001 to 31 July 2002 £ | Period from 12 July 2000 to 28 February 2001 £ |
|---|---|---|
| Current corporation tax charge for the period | - | - |

The standard rate of tax for the year, based on the UK standard small company rate of corporation tax is 20%.
The actual tax charge varies from the standard rate due to the reasons set out in the following reconciliation.

| | Period from 1 March 2001 to 31 July 2002 £ | Period from 12 July 2000 to 28 February 2001 £ |
|---|---|---|
| Loss on activities before taxation | (2,443,759) | - |
| Tax on loss on ordinary activities at standard rate | (488,752) | - |
| <i>Factors affecting charge for the year:</i> | | |
| Expenses not allowable for corporation tax purposes | 23,072 | - |
| Other timing differences | 4,008 | - |
| Depreciation in excess of capital allowances | 14,361 | - |
| Losses not provided | 447,311 | - |
| Total amount of current tax | - | - |

Deferred tax assets have not been recognised in respect of timing differences relating to tax losses available for offset against future profits of the same trade, accelerated capital allowances, provisions and capital losses. Deferred tax assets have not been recognised in respect of these items as the directors are of the opinion it would not be prudent to do so.

**THE HULL CITY ASSOCIATION
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**NOTES TO THE ACCOUNTS
Period ended 31 July 2002**

8. INTANGIBLE FIXED ASSETS

| | Players transfer fees and related costs £ | Goodwill £ | Total £ |
|---------------------------------|--|---------------|------------|
| Cost | | | |
| At 1 March 2001 | - | - | - |
| Additions | 1,137,635 | 296,814 | 1,434,449 |
| Disposals | (71,500) | - | (71,500) |
| At 31 July 2002 | 1,066,135 | 296,814 | 1,362,949 |
| Accumulated depreciation | | | |
| At 1 March 2001 | - | - | - |
| Charge for the period | 352,888 | 42,049 | 394,937 |
| Disposals | - | - | - |
| At 31 July 2002 | 352,888 | 42,049 | 394,937 |
| Net book value | | | |
| At 31 July 2002 | 713,247 | 254,765 | 968,012 |
| At 28 February 2001 | - | - | - |

Transfer agreements sometimes involve additional payments or receipts depending on the future performance of the player. At 31 July 2002, possible further payments amounting to £87,500 exist under such agreements. These are not provided for in the financial statements

9. TANGIBLE FIXED ASSETS

| | Fixtures and fittings £ | Motor vehicles £ | Total £ |
|---------------------------------|-------------------------------|------------------------|------------|
| Cost | | | |
| At 1 March 2001 | - | - | - |
| Additions | 128,637 | 110,745 | 239,382 |
| At 31 July 2002 | 128,637 | 110,745 | 239,382 |
| Accumulated depreciation | | | |
| At 1 March 2001 | - | - | - |
| Charge for the period | 95,494 | 48,630 | 144,124 |
| At 31 July 2002 | 95,494 | 48,630 | 144,124 |
| Net book value | | | |
| At 31 July 2002 | 33,143 | 62,115 | 95,258 |
| At 28 February 2001 | - | - | - |

The net book value of tangible fixed asset includes £62,115 (2001: £nil) in respect of assets held under hire purchase contracts.

**THE HULL CITY ASSOCIATION
FOOTBALL CLUB (TIGERS) LIMITED
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**NOTES TO THE ACCOUNTS
Period ended 31 July 2002**

10. STOCKS

| | 31 July 2002 £ | 28 February 2001 £ |
|------------------|-------------------|-----------------------|
| Goods for resale | 66,634 | - |

11. DEBTORS

| | 31 July 2002 £ | 28 February 2001 £ |
|--------------------------------|-------------------|-----------------------|
| Trade debtors | 171,908 | - |
| Other debtors | 17,593 | - |
| Prepayments and accrued income | 189,307 | - |
| | 378,808 | - |

12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

| | 31 July 2002 £ | 28 February 2001 £ |
|---|-------------------|-----------------------|
| Bank overdraft (note 14) | 323,649 | - |
| Other loan (note 14) | 134,000 | - |
| Obligations under hire purchase contracts (note 14) | 14,487 | - |
| Trade creditors | 331,211 | - |
| Other taxes and social security | 112,716 | - |
| Other creditors | 303,810 | - |
| Accruals and deferred income | 1,356,688 | - |
| | 2,576,561 | - |

13. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

| | 31 July 2002 £ | 28 February 2001 £ |
|---|-------------------|-----------------------|
| Obligations under hire purchase contracts (note 14) | 82,026 | - |

**THE HULL CITY ASSOCIATION
FOOTBALL CLUB (TIGERS) LIMITED
(formerly RUNGAMES LIMITED)**

**Deloitte
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**NOTES TO THE ACCOUNTS
Period ended 31 July 2002**

14. BORROWINGS

| | 31 July 2002 £ | 28 February 2001 £ |
|---|-------------------|-----------------------|
| Bank overdraft | 323,649 | - |
| Other loan | 134,000 | - |
| Obligations under finance leases and hire purchase contracts | 96,513 | - |
| | <u>554,162</u> | <u>-</u> |
| The maturity of the above amounts is as follows: | | |
| In one year or less, or on demand | 472,136 | - |
| Within one to two years | 25,487 | - |
| Within two to five years | 56,539 | - |
| | <u>1,006,802</u> | <u>-</u> |

The bank overdraft is secured by a personal guarantee.

15. PROVISIONS FOR LIABILITIES AND CHARGES

The amounts provided in the accounts and the amounts not provided are as follows:

| | Provided | | Not provided | |
|--|----------------------|-----------------------------|----------------------|-----------------------------|
| | 31 July 2002 £ | 28 February 2001 £ | 31 July 2002 £ | 28 February 2001 £ |
| Other timing differences | - | - | 4,008 | - |
| Depreciation in excess of capital allowances | - | - | 14,361 | - |
| Trading losses | - | - | 447,311 | - |
| | <u>-</u> | <u>-</u> | <u>465,680</u> | <u>-</u> |

The adoption of FRS19 Deferred Tax has required changes in the method of accounting for deferred tax assets and liabilities. There has been no need to restate the comparative figures as there were no undisclosed deferred tax liabilities as at 28 February 2001.

16. CALLED UP SHARE CAPITAL

| | 31 July 2002 £ | 28 February 2001 £ |
|---|-------------------|-----------------------|
| Authorised | | |
| 2,500,000 (2001: 1,000) ordinary shares of £1 each | <u>2,500,000</u> | <u>1,000</u> |
| Called up, allotted and fully paid | | |
| 1,316,001 (2001: 1) ordinary shares of £1 each | <u>1,316,001</u> | <u>1</u> |

**THE HULL CITY ASSOCIATION
FOOTBALL CLUB (TIGERS) LIMITED
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**Deloitte
& Touche**

**NOTES TO THE ACCOUNTS
Period ended 31 July 2002**

16. CALLED UP SHARE CAPITAL (CONTINUED)

£1 ordinary shares

| | No. | £ |
|-----------------------|------------------|------------------|
| At 1 March 2001 | 1 | 1 |
| Issued in the period: | | |
| - On 12 March 2001 | 1,116,000 | 1,116,000 |
| - On 17 July 2001 | 200,000 | 200,000 |
| | <u>1,316,001</u> | <u>1,316,001</u> |
| At 31 July 2002 | <u>1,316,001</u> | <u>1,316,001</u> |

On 12 March 2001, the company passed an ordinary resolution to increase its authorised share capital to £2,500,000 divided into 2,500,000 ordinary shares of £1 each by the creation of £2,499,000 ordinary shares of £1 each ranking pari passu with the existing ordinary shares.

All the allotted shares were issued at par and have been fully paid up.

17. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS FUNDS/(DEFICIT)

| | 31 July 2002 £ | 28 February 2001 £ |
|---|--------------------|-----------------------|
| Opening shareholders' funds | 1 | 1 |
| Loss attributable to members of the company | (2,443,759) | - |
| Share capital issued in the period | 1,316,000 | - |
| | <u>(1,127,758)</u> | <u>1</u> |
| Closing shareholders' (deficit)/funds | <u>(1,127,758)</u> | <u>1</u> |

18. RECONCILIATION OF OPERATING LOSS TO NET CASH OUTFLOW FROM OPERATING ACTIVITIES

| | 31 July 2002 £ | 28 February 2001 £ |
|--|-------------------|-----------------------|
| Operating loss | (2,430,408) | - |
| Depreciation | 144,124 | - |
| Amortisation | 394,937 | - |
| Loss on disposal of intangible assets | 71,500 | - |
| Increase in stock | (66,634) | - |
| Increase in debtors | (378,808) | - |
| Increase in creditors | 2,104,425 | - |
| | <u>(160,864)</u> | <u>-</u> |
| Net cash outflow from operating activities | <u>(160,864)</u> | <u>-</u> |

**THE HULL CITY ASSOCIATION
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**Deloitte
& Touche**

NOTES TO THE ACCOUNTS

Period ended 31 July 2002

19. RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

| | 31 July 2002 £ | 28 February 2001 £ |
|--|-------------------|-----------------------|
| (Decrease)/increase in cash in the period | (301,533) | 1 |
| Net cash inflow from increase in debt and lease financing | (119,768) | - |
| Change in net debt resulting from cash flows | (421,301) | - |
| New hire purchase contracts | (110,745) | - |
| Opening net funds | 1 | - |
| Closing net (debt)/funds | (532,045) | 1 |

20. ANALYSIS OF NET (DEBT)/FUNDS

| | 1 March 2001 £ | Cash flows £ | Non-cash movements £ | 31 July 2002 £ |
|---|----------------------|-----------------|----------------------------|----------------------|
| Cash in hand and at bank | 1 | 22,116 | - | 22,117 |
| Overdraft | - | (323,649) | - | (323,649) |
| | 1 | (301,533) | - | (301,532) |
| Other loan | - | (134,000) | - | (134,000) |
| Obligations under hire purchase contracts | - | 14,232 | (110,745) | (96,513) |
| | - | (119,768) | (110,745) | (230,513) |
| | 1 | (421,301) | (110,745) | (532,045) |

21. NON-CASH TRANSACTIONS

During the year, the company entered into hire purchase contracts in respect of assets with a total capital value at the inception of the lease of £110,745 (2001: £nil).

22. OPERATING LEASE COMMITMENTS

At 31 July 2002, the company was committed to making the following payments during the next year in respect of operating leases.

| | Land and buildings £ | Other £ |
|---|----------------------------|------------|
| Leases which expire: Within one year | 150,000 | 30,834 |

NOTES TO THE ACCOUNTS

Period ended 31 July 2002

23. RELATED PARTY TRANSACTIONS

Mr A F Pearson is the company's controlling party.

During the period, the company collected income, and incurred expenditure, on behalf of Superstadium Management Company Limited, a company for which Mr A F Pearson is also a director and the sole shareholder. At 31 July 2002, the company owed an amount of £298,775 (included in other creditors in note 12) to Superstadium Management Company Limited.

24. PENSIONS

The company operates a money purchase pension scheme. Company contributions to the scheme amounted to £26,629 in the period (2001: £nil). There were accrued pension contributions of £5,034 at 31 July 2002 (28 February 2001: Nil).