

DRAFT

WREXHAM FOOTBALL CLUB (2006) LIMITED
FINANCIAL STATEMENTS
For the Year ended 30th June 2008

Contents

DRAFT

Page No.	
1	Company Information
2	Chairman's Statement
3	Report of the Directors
4	Statement of Directors' Responsibilities
5	Independent Auditor's Report
6	Profit and Loss Account
7	Balance Sheet
8	Cash-flow Statement
9 - 15	Notes to the Financial Statements

Company Information

DRAFT

Directors	Geoffrey Moss Paul Retout Paul Atkinson Neville Dickens Ian Roberts	Appointed 02 July 2008 Appointed 02 July 2008 Resigned 02 July 2008 Appointed 13 March 2009
Company Secretary	Paul Atkinson	
Registered Office	The Racecourse Ground Mold Road Wrexham LL11 2AH	
Registered Auditors	Baker Tilly UK Audit LLP The Steam Mill Chester CH3 5AN	

DRAFT

G. Moss - Director

20th Dec 2008

Report of the Directors

The Directors have pleasure in presenting their annual report and financial statements for the year ended 30 June 2008

Principal activities and business review

The company was incorporated on 28 April 2006, and commenced trading on 1 July 2006.
The principal activity of the company in the year under review was that of a professional football league club.

Results and dividends

The profit/(loss) on ordinary activities before taxation was:

year to 30 June 2008	£ (940,482)
----------------------	----------------

The profit/(loss) on ordinary activities after taxation was:

year to 30 June 2008	£ (940,482)
----------------------	----------------

Risks and Uncertainties

In common with most clubs, the income received is largely dependent on gate receipts and this in turn is principally correlated with performance on the pitch. Obviously, our continued presence in the Conference, or not, will be a major determinant of our future income. All the Company debts are on a fixed basis; therefore we see no major risk from interest rate fluctuations.

Directors and their interests

The directors during the period under review and the shares in the company in which they were beneficially interested in at the beginning and end of the year were:

At 30th June 2007 and 30th June 2008

Ordinary shares of £100 each

G. Moss (Chairman)

500

N Dickens

500

The company's Articles of Association do not require the directors to retire by rotation.

Donations

Charitable donations of £0 were made during the accounting period (2007 = £1,931).

Statement as to disclosure of information to Auditors

The directors who were in office on the date of approval of these financial statements have confirmed, as far as they are aware, that there is no relevant audit information of which the auditors are unaware. Each of the directors have confirmed that they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

Auditors

The auditors, Baker Tilly UK Audit LLP will be proposed for re-appointment in accordance with Section 385 of the Companies Act 1985.

On Behalf Of The Board

DRAFT

G. Moss - Director

Date: 20th Dec 2008

Statement of Directors' Responsibilities

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing those financial statements we are required to:

- a. select suitable accounting policies and then apply them consistently;
- b. make judgements and estimates that are reasonable and prudent;
- c. state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- d. 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.

DRAFT

DRAFT

Profit and Loss Account
For the Year ended 30th June 2008

	Notes	For the Year Ended 30 June 2008	For the 14 months ended 30 June 2007	£
TURNOVER	2			
Centre of Excellence turnover		497,521	233,222	
Income received post administration but pre trading		0	36,439	
Staff restructuring		0	0	
Football turnover		<u>2,363,308</u>	<u>2,477,638</u>	
		2,860,829		2,747,299
Cost of Sales				
Centre of Excellence		(559,058)	(248,327)	
Post administration but pre trading		0	0	
Staff restructuring		0	(58,558)	
Football costs		<u>(2,194,994)</u>	<u>(1,838,748)</u>	
		(2,754,052)		(2,145,633)
Gross profit		106,777		601,666
Overheads				
Centre of Excellence		0	0	
Expenditure incurred post administration but pre trading		0	(146,432)	
Staff restructuring		0	0	
Football overheads		<u>(846,254)</u>	<u>(630,364)</u>	
		(846,254)		(776,796)
Operating Profit / (Loss)				
Centre of Excellence		(61,537)	(15,105)	
Post administration but pre trading		0	(109,993)	
Staff restructuring		0	(58,558)	
Football Activities		<u>(677,940)</u>	<u>8,525</u>	
OPERATING LOSS	3	(739,477)		(175,130)
Interest receivable and similar income		<u>(739,477)</u>		<u>6,064</u>
				(169,066)
Interest payable and similar charges		<u>(201,005)</u>		<u>(29,713)</u>
Profit/(Loss) on ordinary activities before tax		(940,482)		(198,779)
Taxation on profit/(loss) on ordinary activities				0
Profit/(Loss) on ordinary activities after tax		<u>(940,482)</u>		<u>(198,779)</u>

The company did not have any recognised gains or losses other than the loss for the period.
All of the above result has been earned from continuing operations

DRAFT

Balance Sheet
As at 30th June 2007

	Notes	As at 30th June 2008 £	As at 30th June 2007 £
Fixed Assets			
Tangible Assets	8	<u>3,880,117</u>	<u>3,860,445</u>
		3,880,117	3,860,445
Long Term Assets			
Debtors due after 1 year	9	0	1,000
Current Assets			
Stock		12,419	5,683
Debtors due within 1 year	10	392,902	220,742
Cash at Bank and in Hand	11	<u>94,537</u>	<u>33,381</u>
		499,858	259,806
Creditors			
Amounts falling due within 1 year	12	<u>(1,408,457)</u>	<u>(1,403,017)</u>
Net Current Liabilities			
		<u>(908,599)</u>	<u>(1,143,211)</u>
Total Assets Less Current Liabilities			
		2,971,518	2,718,234
Long Term Liabilities			
Creditors			
Amounts falling due after more than one year	13	(4,010,779)	(2,817,013)
Net Assets			
		<u>(1,039,261)</u>	<u>(98,778)</u>
Capital And Reserves			
Called up share capital	14	100,000	100,000
Profit and loss account		(1,139,261)	(198,779)
Shareholders' Funds			
	15	<u>(1,039,261)</u>	<u>(98,779)</u>

The financial statements on pages 6 to 15 were approved and authorised for issue by the Board of Directors on and signed on their behalf by:

G. Moss - Director

DRAFT

DRAFT

1 Accounting Policies

(a) Basis of accounting

These financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules.

(b) Revenue

Revenue derives from the ordinary activities, net of Trade discounts and excluding value added tax. Turnover principally comprises income from gate receipts and other associated football income, including Football League Central Distribution payments and sponsorship.

(c) Depreciation

Other than freehold land and building, depreciation is calculated to write off the cost or valuation, less estimated residual values, of tangible fixed assets over their estimated useful lives to the business. The minimum annual depreciation rates and methods are as follows:

Freehold buildings	- 2.0% straight line
Plant and machinery	- 12.5% straight line
Office equipment	- 12.5% straight line
Furniture and fixtures	- 12.5% straight line
Motor vehicles	- 12.5% straight line

Depreciation is only provided on assets acquired during the current year where this took place within the first 6 months of that year.

There has been a change of accounting policy during the year in relation to Freehold land and buildings. We now feel it appropriate to write down 2% of the cost each year, on a straight line basis. Previously we had considered the non depreciation of property to be immaterial. We do not consider this change to have resulted in any material change to the Balance Sheet or the Loss for the Year.

Should a permanent diminution or impairment of value occur for any asset, then provision will be made in the accounts for such.

(d) Stocks

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

(e) Hire Purchase and Leasing Commitments

Assets obtained under hire purchase contracts or finance leases are capitalised in the balance sheet. Those held under hire purchase agreements are depreciated over their estimated useful lives. Those held under finance leases are depreciated over their estimated useful lives or the lease term, whichever is the shorter.

The interest element of these obligations is charged to the profit and loss account over the relevant period. The capital payment of the future payments is treated as a liability.

(f) Contributions to pension funds

The company makes contributions for certain employees, into the Football League Pension and Life Assurance money purchase pension scheme.

1 Accounting Policies (Cont)

(g) Deferred Income

Income from matchday activity, media and commercial contracts, which has been received prior to the year end in respect of future football seasons is treated as deferred income.

(h) Deferred Taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantially enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

Any deferred tax assets are only recognised to the extent that they are regarded as recoverable with relative certainty.

(i) Grants Received

Grants received in respect of operating costs are dealt with in the profit and loss account in the period in which the relevant expenditure is incurred.

(j) Going concern

The company is currently reliant on the support of the directors. Cashflow forecasts prepared, show that, with or without the external sale of land for redevelopment, the Company can continue to operate within its current facilities, until at least 30 June 2010.

2 Turnover

Turnover is analysed as follows:

	Year ended 30th June 2008	14 months ended 30th June 2007 £
Season Ticket Sales	319,239	250,025
Match Receipts	744,071	949,388
Football Related Income	444,737	463,214
Commercial	283,939	296,448
Club Shop	107,484	77,275
Prize Money	15,000	55,000
Other	727,988	384,121
Lottery	33,490	44,437
Centenary Club	20,827	1,434
Pre trading, post administration income	0	36,439
Miscellaneous	2,134	20,676
Grants	161,920	168,842
	<u>2,860,829</u>	<u>2,747,299</u>

3 Operating loss on ordinary activities before taxation

The operating loss on ordinary activities before taxation is stated after charging/(crediting):

	Year ended 30th June 2008	14 months ended 30th June 2007 £
Depreciation - owned assets	56,145	20,231
Depreciation - assets on hire purchase contracts	2,051	0
Profit / (Loss) on disposal of fixed assets	0	(13,900)
Auditors remuneration - audit services	10,000	10,000
Auditors remuneration - other services	0	0
Pension costs	0	3,900
Directors' remuneration	0	0
Exceptional trading loss during the Administration period	0	76,993
	<u>0</u>	<u>76,993</u>

**Notes to the Financial Statements
For the Year ended 30th June 2008**

	Year ended 30th June 2008 £	14 months ended 30th June 2007 £
4 Staff Costs		
Footballers	1,268,318	1,101,690
Football management	348,111	254,419
Other staff	524,911	455,856
	2,141,339	1,811,965
The cost of employing staff, including directors was:		
Wages and Salaries	1,956,756	1,661,742
Social security costs	176,809	146,323
Pension costs	7,774	3,900
	2,141,339	1,811,965
The average monthly number of employees during the period was:		
Footballers	37	37
Football management	4	4
Other staff	36	34
	77	75
No emoluments (including benefits in kind) were paid to the directors in the accounting period.		
5 Interest receivable and similar income	Year ended 30th June 2008 £	14 months ended 30th June 2007 £
Bank interest		6,064
	0	6,064
6 Interest payable and similar charges	Year ended 30th June 2008 £	14 months ended 30th June 2007 £
Bank overdraft interest	27,678	1,488
Loan interest	173,327	28,225
	201,005	29,713

DRAFT

**Notes to the Financial Statements
For the Year ended 30th June 2008**

7 Taxation

DRAFT

	12 months ended 30th June 2008 £	14 months ended 30th June 2007 £
Current tax:		
UK corporation tax on profits of period	-	-
Adjustments in respect of previous periods	-	-
Total current tax	-	-
Deferred tax:		
Origination and reversal of timing differences	-	-
Effect of increased tax rate on opening liability	-	-
Total deferred tax	-	-
Tax on profit on ordinary activities	-	-
Factors affecting tax charge for the period:		
The tax assessed for the period is higher than the standard rate of corporation tax for small companies(20%) as explained below:		
Loss on ordinary activities before tax	(940,482)	(198,779)
Loss on ordinary activities multiplied by the standard rate of corporation tax for small companies (21%)	(197,501)	(39,756)
Effects of:		
Expenses not deductible for tax purposes	3,630	8,458
Capital allowances less than / (in excess of) depreciation	12,221	2,804
Profit on disposal of fixed assets	0	2,780
Un-utilised tax losses carried forward	181,650	25,714
Adjustment to tax charge in respect of previous period	-	-
Current tax charge for period	0	0

Factors that may affect future tax charges

No deferred tax asset has been provided based on tax losses sustained in the year as the directors are unable to confirm when these losses will be relieved. The unprovided deferred tax asset amounts to £204,939.

WREXHAM FOOTBALL CLUB (2006) LIMITED

Page 12

**Notes to the Financial Statements
For the Year ended 30th June 2008**

8 Tangible fixed assets

	Freehold Property £	Plant and Machinery £	Office Equipment £	Furniture and Fixtures £	Motor Vehicles £	TOTAL £
COST						
As at 1 July 2007	3,482,724	14,526	38,890	322,671	21,865	3,880,676
Additions	0	2,703	33,966	17,399	23,800	77,868
Disposals						0
As at 30 June 2008	<u>3,482,724</u>	<u>17,229</u>	<u>72,856</u>	<u>340,070</u>	<u>45,665</u>	<u>3,958,544</u>
DEPRECIATION						
As at 1 July 2007	0	1,406	4,768	12,901	1,156	20,231
Charge for year	1,600	2,154	6,191	42,418	5,833	58,196
Released by disposals	0	0	0	0	0	0
As at 30 June 2008	<u>1,600</u>	<u>3,560</u>	<u>10,959</u>	<u>55,319</u>	<u>6,989</u>	<u>78,427</u>
NET BOOK VALUE						
As at 1 July 2007	<u>3,482,724</u>	<u>13,120</u>	<u>34,122</u>	<u>309,771</u>	<u>20,709</u>	<u>3,860,445</u>
As at 30 June 2008	<u>3,482,724</u>	<u>13,669</u>	<u>61,896</u>	<u>284,752</u>	<u>38,676</u>	<u>3,880,117</u>

Fixed assets, included in the above, which are held under hire purchase contracts or finance leases are as follows:

	Motor Vehicles £
COST as at 30 June 2007	10,995
Additions	13,500
Disposals	
As at 30 June 2008	<u>24,495</u>
DEPRECIATION as at 30 June 2007	
Charge for year	2,051
Released by disposals	<u>(10,995)</u>
As at 30 June 2008	<u>13,046</u>
NET BOOK VALUE as at 30 June 2007	10,995
NET BOOK VALUE as at 30 June 2008	<u>11,449</u>

**Notes to the Financial Statements
For the Year ended 30th June 2008**

9 Debtors - due after one year

	30th June 2008	30th June 2007
	£	£
Other debtors	<u>0</u>	<u>1,000</u>

DRAFT

10 Debtors - due within one year

	30th June 2008	30th June 2007
	£	£
Trade debtors	224,519	108,671
Other debtors	14,659	74,356
Prepayments and accrued income	<u>153,724</u>	<u>37,715</u>
	<u>392,902</u>	<u>220,742</u>

11 Cash and Bank

	30th June 2008	30th June 2007
	£	£
Cash and bank balances	<u>94,537</u>	<u>33,381</u>

12 Creditors- Amounts falling due within one year

	30th June 2008	30th June 2007
	£	£
Bank overdraft	0	296,063
Trade creditors	286,672	132,435
Hire purchase	8,631	3,665
Other creditors	212,968	79,923
Deferred income	199,806	261,104
Tax and Social Security	71,448	92,320
Employment costs	440	865
Accruals and deferred income	61,575	36,642
Loans	566,917	500,000
Corporation Tax	0	0
	<u>1,408,457</u>	<u>1,403,017</u>

Loans

John Marek	500,000	500,000
------------	---------	---------

Interest is payable at the rate of 6% on the above loan.

The loan is repayable given six months notice from the lender.

The loan is secured as follows:

Mortgage on all freehold and leasehold property

Fixed and floating charge on all other company property

On 6 October 2008 £300,000 of the total £500,000 debt was repaid.

13 Creditors - Amounts falling due after more than one year

	30th June 2008	30th June 2007
	£	£
Hire purchase	6,710	7,025
Loans	<u>4,004,069</u>	<u>2,809,988</u>
	<u>4,010,779</u>	<u>2,817,013</u>

Hire Purchase Contracts

The net obligation of £15,125 is payable between 2 and 5 years and the liability is secured on the underlying asset.

Loans

The loans above are made up as follows:

(1) N & G Dickens Limited	145,000	1,404,994
(2) Geoff Moss - Director	<u>3,859,069</u>	<u>1,404,994</u>
	<u>4,004,069</u>	<u>2,809,988</u>

Loans (1) and (2) are provided interest free, until 30th June 2007; and at 6% per annum, thereafter.

Loans (1) and (2) are repayable, should the proposed sale of land at The Racecourse Ground, Mold Road, Wrexham take place.

Both of the above loans are secured as follows:

Mortgage on all freehold and leasehold property

Fixed and floating charge on all other company property

A deed of priority stipulates that loans (1) and (2) take priority over the loan from John Marek as regards repayment.

**Notes to the Financial Statements
For the Year ended 30th June 2008**

DRAFT

14 Share Capital

	Number 30th June 2008	Value	Number 30th June 2007	Value £
Authorised: Ordinary shares of £100	50,000	£5,000,000	50,000	£5,000,000
Allotted called up and fully paid:				
Ordinary shares of £100 issued upon incorporation of the company			2	£200
Ordinary shares of £100 issued during the year			998	£99,800
Ordinary shares of £100; allotted, issued, and fully paid	1,000	£100,000	1,000	£100,000

15 Reconciliation of movements in shareholders' funds

	12 months ended 30th June 2008 £	14 months ended 30th June 2007 £
Brought forward	(98,779)	0
Loss for financial year	(940,482)	(198,779)
New share capital issued	0	100,000
Equity interest	<u>(1,039,261)</u>	<u>(98,779)</u>

16 Related Party Transactions

Mr.G.Moss, a director and shareholder of the company, is also a director and shareholder of Elegant Resorts Ltd. During the year, Elegant Resorts purchased goods on behalf of the club totalling £76,256 (2007 = £30,996). At 30th June 2008, amounts were included in other creditors and accruals relating to amounts due to Elegant Resorts Ltd totalling £58,502 (2007 = £9,907).

Mr. N. Dickens a director and shareholder of the company, is also a director and shareholder of N & G Dickens Limited - As at 30th June 2008, amounts were included in other creditors and accruals relating to amounts due to N & G Dickens Ltd totalling £145,000 ((2007 = £145,000).

During the year Mr Moss donated to the Club £145,000.

17 Contingent Liabilities

The Football Trust, the predecessor to The Football Foundation, awarded a grant of £1million to Wrexham Association Football Club (Old Co). The terms and conditions of the grant were accepted by the Old Co on 7th October 1998. Wrexham Football Club (2006) Ltd has agreed to assume all the obligations of Old Co, pursuant to the grant in accordance with the Terms and Conditions. If the grant aided facility is sold or transferred or leased or otherwise disposed of, or its ownership changes, or control passes from the Club to a third party, or club assets are offered for public subscription through flotation on the stock market, or the facility ceases to be used for the purpose for which the grant was given, the Trust reserves the contractual right to demand repayment of the grant or (at the Trust's discretion) a proportion of the market value, whichever is the greater. Normally the Trust would not seek repayment if the facility has been in use for more than ten years. If at any time within 20 years, the operation of the grant-aided facility realises a distributable profit or contributes to the club's overall distributable profit, an appropriate proportion (to be determined in its sole discretion by the Trust) of this profit must be paid to the Trust. The Trust reserves the right to monitor compliance with the condition.

18 Post Balance Sheet Event

On 6th April 2009 full planning permission was granted to develop 500 units on land owned by the Club at Mold Road Wrexham.

19 Ultimate Controlling Parties

The ultimate controlling party is Mr.G.Moss, who owns 50% of the share capital of the company and is the largest creditor being due of £4,339,069 Mr Moss acquired from Mr N. Dickens the other 50% of share capital on 02 July 2008