

COLCHESTER COMMUNITY STADIUM LIMITED
REPORT OF THE DIRECTORS AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2012

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FOR THE YEAR ENDED 31 MARCH 2012

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COLCHESTER COMMUNITY STADIUM LIMITED

**COMPANY INFORMATION
FOR THE YEAR ENDED 31 MARCH 2012**

DIRECTORS:

C M Gilham
G P Leaf
D C Murthwaite
A R Pritchard
Cllr A Turrell
R A Cowling
Cllr C M C Hunt
Mrs L E Bamford

REGISTERED OFFICE:

PO Box 885 Town Hall
High Street
Colchester
Essex
CO1 1ZE

REGISTERED NUMBER:

06867951 (England and Wales)

AUDITORS:

Baker Chapman & Bussey
Statutory Auditor
3 North Hill
Colchester
Essex
CO1 1DZ

COLCHESTER COMMUNITY STADIUM LIMITED

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 MARCH 2012

The directors present their report with the financial statements of the company for the year ended 31 March 2012.

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of providing strategic management oversight and overall management of the Weston Homes Community Stadium. The company also acts as landlord to the two principle tenants, Colchester United Football Club and Colchester United Community Sports Trust.

The company is managed by its board of directors who meet regularly throughout the financial year. The board of directors consists of five representatives from key stakeholders in the community stadium together with three independents, including the Chair and Chief Executive. Specifically, the stakeholders represented are from Colchester Borough Council (CBC), Colchester United Football Club ("the Club") and Colchester United Community Sports Trust ("the Trust").

REVIEW OF BUSINESS

The directors are pleased with the continued development of the Weston Homes Community Stadium which has been used throughout the year for a wide variety of community activities and commercial events in addition to providing an excellent 10,000 seat football stadium for the Club.

The stadium also provides office accommodation for the Club and Sports Trust including a separate dedicated community space and two 5-aside football pitches.

The directors are constantly working towards improving the activity levels and utilisation of the stadium and, as such, are currently reviewing a number of community and business opportunities to further enhance the stadium's use.

The directors consider the stadium to be an excellent facility for the residents of Colchester and the wider community.

During the year the company invested £120,000 to improve the surface and drainage of the car park which was funded by drawing loans of the same amount. This has resulted in depreciation charges for the first time and increased financing costs.

DIRECTORS

The directors shown below have held office during the whole of the period from 1 April 2011 to the date of this report.

C M Gilham
G P Leaf
D C Murthwaite
A R Pritchard
Cllr A Turrell
R A Cowling
Cllr C M C Hunt

Other changes in directors holding office are as follows:

A B Barton - resigned 29 August 2011
M J Springett - resigned 19 March 2012
Mrs L E Bamford - appointed 19 March 2012

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Report of the Directors 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 International Financial Reporting Standards as adopted by the European Union. Under company law the directors must not approve the financial statements unless they are satisfied that they 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 these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting 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 adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. 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.

COLCHESTER COMMUNITY STADIUM LIMITED

REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 MARCH 2012

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

This report has been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small companies.

ON BEHALF OF THE BOARD:

C M Gilham - Director

10 May 2012

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
COLCHESTER COMMUNITY STADIUM LIMITED

We have audited the financial statements of Colchester Community Stadium Limited for the year ended 31 March 2012 on pages five to fifteen. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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 a Report of the Auditors 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 explained more fully in the Statement of Directors' Responsibilities set out on page two, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Report of the Directors to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2012 and of its profit for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to take advantage of the small companies' exemption in preparing the Report of the Directors.

Jacqueline Frost (Senior Statutory Auditor)
for and on behalf of Baker Chapman & Bussey
Statutory Auditor
3 North Hill
Colchester
Essex
CO1 1DZ

11 May 2012

COLCHESTER COMMUNITY STADIUM LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2012**

	Notes	2012 £	2011 £
CONTINUING OPERATIONS			
Revenue	3	363,750	362,590
Administrative expenses		(340,489)	(337,857)
OPERATING PROFIT		23,261	24,733
Finance costs	5	(4,964)	(1,987)
PROFIT BEFORE INCOME TAX	6	18,297	22,746
Income tax	7	(5,659)	(2,355)
PROFIT FOR THE YEAR		12,638	20,391
OTHER COMPREHENSIVE INCOME		-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		12,638	20,391

The notes form part of these financial statements

COLCHESTER COMMUNITY STADIUM LIMITED

STATEMENT OF FINANCIAL POSITION
31 MARCH 2012

	Notes	2012 £	2011 £
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	8	110,000	-
CURRENT ASSETS			
Trade and other receivables	9	175,803	190,236
Cash and cash equivalents	10	53,207	28,085
		<u>229,010</u>	<u>218,321</u>
TOTAL ASSETS		<u><u>339,010</u></u>	<u><u>218,321</u></u>
EQUITY			
SHAREHOLDERS' EQUITY			
Called up share capital	11	1	1
Retained earnings	12	21,498	8,860
TOTAL EQUITY		<u>21,499</u>	<u>8,861</u>
LIABILITIES			
NON-CURRENT LIABILITIES			
Financial liabilities - borrowings			
Interest bearing loans and borrowings	14	115,011	21,000
CURRENT LIABILITIES			
Trade and other payables	13	179,331	179,105
Financial liabilities - borrowings			
Interest bearing loans and borrowings	14	17,510	7,000
Tax payable		5,659	2,355
		<u>202,500</u>	<u>188,460</u>
TOTAL LIABILITIES		<u>317,511</u>	<u>209,460</u>
TOTAL EQUITY AND LIABILITIES		<u><u>339,010</u></u>	<u><u>218,321</u></u>

The financial statements were approved by the Board of Directors on 10 May 2012 and were signed on its behalf by:

G P Leaf - Director

C M Gilham - Director

The notes form part of these financial statements

COLCHESTER COMMUNITY STADIUM LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2012**

	Called up share capital £	Profit and loss account £	Total equity £
Balance at 1 April 2010	1	(11,531)	(11,530)
Changes in equity			
Total comprehensive income	-	20,391	20,391
Balance at 31 March 2011	<u>1</u>	<u>8,860</u>	<u>8,861</u>
Changes in equity			
Total comprehensive income	-	12,638	12,638
Balance at 31 March 2012	<u><u>1</u></u>	<u><u>21,498</u></u>	<u><u>21,499</u></u>

The notes form part of these financial statements

COLCHESTER COMMUNITY STADIUM LIMITED

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2012**

		2012	2011
		£	£
Cash flows from operating activities			
Cash generated from operations	1	47,920	14,139
Interest paid		(4,964)	(1,987)
Tax paid		(2,355)	-
Net cash from operating activities		40,601	12,152
Cash flows from investing activities			
Purchase of tangible fixed assets		(120,000)	-
Net cash from investing activities		(120,000)	-
Cash flows from financing activities			
New loans in year		120,000	-
Loan repayments in year		(15,479)	(7,000)
Net cash from financing activities		104,521	(7,000)
Increase in cash and cash equivalents			
Cash and cash equivalents at beginning of year	2	28,085	22,933
Cash and cash equivalents at end of year	2	53,207	28,085

The notes form part of these financial statements

COLCHESTER COMMUNITY STADIUM LIMITED

NOTES TO THE STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2012

1. RECONCILIATION OF PROFIT BEFORE INCOME TAX TO CASH GENERATED FROM OPERATIONS

	2012	2011
	£	£
Profit before income tax	18,297	22,746
Depreciation charges	10,000	-
Finance costs	4,964	1,987
	<u>33,261</u>	<u>24,733</u>
Decrease/(increase) in trade and other receivables	14,433	(12,439)
Increase in trade and other payables	226	1,845
	<u>47,920</u>	<u>14,139</u>

2. CASH AND CASH EQUIVALENTS

The amounts disclosed on the statement of cash flow in respect of cash and cash equivalents are in respect of these statement of financial position amounts:

Year ended 31 March 2012	31.3.12	1.4.11
	£	£
Cash and cash equivalents	<u>53,207</u>	<u>28,085</u>
Year ended 31 March 2011	31.3.11	1.4.10
	£	£
Cash and cash equivalents	<u>28,085</u>	<u>22,933</u>

The notes form part of these financial statements

1. **STATEMENT OF COMPLIANCE WITH IFRS'S**

The company's financial statements for the year were authorised for issue on 10th May 2012 and the statement of financial position signed on the board's behalf by Graham Leaf and Clive Gilham.

Colchester Community Stadium Limited is a limited company incorporated and domiciled in England & Wales.

2. **ACCOUNTING POLICIES**

Basis of preparation

The company's financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006.

The financial statements are presented in sterling, not rounded and are prepared under the historical cost convention.

Revenue recognition

Revenue represents net invoiced rents, excluding value added tax and net of discounts. Rents are taken to revenue for the period to which they relate.

Property, plant and equipment

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Improvements to property - 10% on cost

Taxation

Current taxes are based on the results shown in the financial statements and are calculated according to local tax rules, using tax rates enacted or substantially enacted by the balance sheet date.

Hire purchase and leasing commitments

Rentals paid under operating leases are charged to the profit and loss account on a straight line basis over the period of the lease.

Interest expense & borrowing costs

All borrowing costs are recognised in the profit or loss in the period in which they are incurred.

Interest expense is recognised as interest accrues, using the effective interest rate method, to the net carrying amount of the financial liability.

Effective interest method

The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments through the expected life of the financial asset or liability to that asset or liability's net carrying amount.

Loan and other receivables

Loans and other receivables (including trade and other receivables, and bank balances) are initially recognised at original invoice amount (subsequently measured at amortised cost using the effective interest method) less any allowances for any uncollectible or impaired amounts.

Trade and other payables

Trade and other payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

3. **SEGMENTAL REPORTING**

The company has one main business segment, that of providing strategic management oversight and overall management of Weston Homes Community Stadium, including acting as landlord to the two principle tenants. As a result, no additional business segment information is required to be provided. It operates in one geographical segment, and accordingly no geographical segment information is required to be provided.

4. **EMPLOYEES AND DIRECTORS**

COLCHESTER COMMUNITY STADIUM LIMITED

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2012**

Included with in the profit/(loss) before income tax is:

	Year ended 31.3.11 £	Period 2.4.09 to 31.3.10 £
Directors' remuneration and other benefits etc	35,250	29,250

Other than the above costs the company had no wages and salaries.

5. NET FINANCE COSTS

	2012 £	2011 £
Finance costs:		
Other loan interest	4,964	1,987

6. PROFIT BEFORE INCOME TAX

The profit before income tax (2011 - loss before income tax) is stated after charging/(crediting):

	Year Ended 31.3.12 £	Year ended 31.3.11 £
Auditors' remuneration	1,775	1,700

7. INCOME TAX

Analysis of tax expense

	2012 £	2011 £
Current tax:		
Tax	5,659	2,355
Total tax expense in statement of comprehensive income	5,659	2,355

Factors affecting the tax expense

The tax assessed for the year is higher (2011 - lower) than the standard rate of corporation tax in the UK. The difference is explained below:

	2012 £	2011 £
Profit on ordinary activities before income tax	18,297	22,746
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 20% (2011 - 21%)	3,659	4,777
Effects of:		
Depreciation in excess of capital allowances	2,000	-
Losses (brought)/carried forward	-	(2,422)
Tax expense	5,659	2,355

COLCHESTER COMMUNITY STADIUM LIMITED

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2012**

8. PROPERTY, PLANT AND EQUIPMENT

	Improvements to property £
COST	
Additions	120,000
At 31 March 2012	120,000
DEPRECIATION	
Charge for year	10,000
At 31 March 2012	10,000
NET BOOK VALUE	
At 31 March 2012	110,000

9. TRADE AND OTHER RECEIVABLES

	2012 £	2011 £
Current:		
Trade debtors	105,747	120,180
Called up share capital not paid	1	1
Prepayments	70,055	70,055
	175,803	190,236

10. CASH AND CASH EQUIVALENTS

	2012 £	2011 £
Bank deposit account	1,002	1,002
Bank accounts	52,205	27,083
	53,207	28,085

11. CALLED UP SHARE CAPITAL

Allotted and issued:			2012 £	2011 £
Number:	Class:	Nominal value:		
1	Ordinary	£1	1	1

12. RESERVES

	Retained earnings £
At 1 April 2011	8,860
Profit for the year	12,638
At 31 March 2012	21,498

COLCHESTER COMMUNITY STADIUM LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2012

13. TRADE AND OTHER PAYABLES

	2012 £	2011 £
Current:		
Trade creditors	91,200	91,200
Accruals and deferred income	85,544	85,318
VAT	2,587	2,587
	<u>179,331</u>	<u>179,105</u>

14. FINANCIAL LIABILITIES - BORROWINGS

	2012 £	2011 £
Current:		
Other loans	<u>17,510</u>	<u>7,000</u>
Non-current:		
Other loans	<u>115,011</u>	<u>21,000</u>

Terms and debt repayment schedule

	1 year or less £	1-2 years £	2-5 years £	More than 5 years £	Totals £
Other loans	<u>17,510</u>	<u>17,882</u>	<u>42,024</u>	<u>55,105</u>	<u>132,521</u>

Included in other loans is a loan in respect of an agreement dated 1 July 2009 and repayable over 5 years. The initial interest rate was 6% until 29 January 2010, to be reviewed annually thereafter. The current interest rate is 6%.

Also included in other loans are two loans in respect of agreements dated 16 May 2011 and repayable over ten years. Interest is chargeable on the loan at 3% above UK base rates.

COLCHESTER COMMUNITY STADIUM LIMITED

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2012**

15. OTHER FINANCIAL COMMITMENTS

Commitments under operating leases the company as lessee:

	Year ended 31.3.12 £	Period 2.4.09 to 31.3.11 £
Minimum lease payments under operating leases recognised as an expenses during the year	300,000	300,000

The agreement above is in respect of a 125 year lease initially at £300,000 per annum. The lease is drafted but currently unsigned, however, the stadium is currently being operated under license on the same terms as the draft leases.

Commitments under operating leases the company as lessor:

	Year ended 31.3.12 £	Year ended 31.3.11 £
Minimum lease receipts under operating leases recognised as revenue during the year	363,750	362,500

All the leases are currently drafted but unsigned, however, the stadium is currently being operated under license on the same terms as the draft leases. The draft lease commitments are as follows:

	Term	Initial Annual rent
Colchester United Football Club	125 years	£300,000
Colchester United Community Sports Trust - offices	125 years	£15,000
Colchester United Community Sports Trust - 'Imagine Centre'	20 years	£18,750

16. RELATED PARTY DISCLOSURES

During the period the company paid £12,000 (2011: £15,000) to Straight Bat (UK) Limited, a company controlled by Clive Gilham, in respect of the supply of services of the Chief Executive. At the period end the company owed Straight Bat (UK) Ltd £1,200 (2011: 1,200).

The other independent directors, Tony Barton, Graham Leaf and David Murthwaite have been paid fees of £3,000, £6,000 and £7,500 (2011: £6,000, £6,000 and £8,250) respectively.

Included in other creditors is a working capital loan of £21,000 (2011: £28,000) from Colchester Borough Council. The loan is interest bearing and is repayable in instalments of £7,000. Interest of £1,575 (2011: £1,987) has been charged in the year.

Also included in other creditors is a loan of £55,760 from Colchester Borough Council. The loan is interest bearing at 3% above UK base rate and is repayable in instalments of £594. Interest of £1,694 has been charged in the year.

In addition, Colchester Borough Council charged the company rent of £300,000 (2011: £300,000). At the year end the company owed Colchester Borough Council £90,000 (2011: £90,000).

During the period the company charged Colchester United Football Club, an entity controlled by Robbie Cowling, rent of £300,000 (2011: £300,000) and non match day income of £30,000 (2011: £27,500). At the year end the company was owed £99,000 (2011: £99,000) by Colchester United Football Club.

Included in other creditors is a loan of £55,760 from Colchester United Football Club. The loan is interest bearing at 3% above base rate and is repayable in instalments of £594. Interest of £1,694 has been charged in the year.

In addition, during the period the company charged Colchester United Community Sports Trust, a company whose directors include Mike Springett, £15,000 and £18,750 (2011: £15,000 and £18,750) for hire of community space and premises respectively. At the period end the company was owed £6,747 (2011: £10,125) by Colchester United Community Sports Trust.

17. **ULTIMATE CONTROLLING PARTY**

The company's ultimate controlling party is Colchester Borough Council.

18. **RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS**

	2012	2011
	£	£
Profit for the financial year	12,638	20,391
Share capital issued in period		
Net addition to shareholders' funds	12,638	20,391
Opening shareholders' funds	8,861	(11,530)
Closing shareholders' funds	21,499	8,861

19. **FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES**

The company is exposed through its operations to the following risks:

Credit risk

Credit risk arises principally from the company's trade and other receivables and cash at bank.

The company uses a reputable bank and trades only with recognised, credit worthy customers. Balances are regularly checked to ensure risk of exposure to bad debts is minimised.

Interest rate risk

Interest rate risk is the risk that the value of financial instruments will fluctuate due to changes in market interest rates. The only risks are in respect of the loans from Colchester Borough Council and Colchester United Football Club and any risks are considered immaterial.

Liquidity risk

Liquidity risk arises from the company's management of working capital and repayments of its liabilities. Management of risks is managed by monitoring budgets and actual cash flows.

Capital management

The objective of the company's capital management is to safeguard the entity's ability to continue as a going concern.

20. **FAIR VALUES**

The fair values of the financial assets and liabilities as at 31 March 2012 and 31 March 2011 are not materially different from their book values.

21. **ACCOUNTING ESTIMATES AND JUDGEMENTS**

Certain critical accounting judgements made in applying the company's accounting policies are described below:

Useful life of property, plant and equipment

Property, plant and equipment are amortised or depreciated over their useful lives. Useful lives are based on management estimates that the assets will generate revenue, which are periodically reviewed for continued appropriateness.