

AFCW PLC - MANAGEMENT ACCOUNTS as at 31 DECEMBER 2003

	ACTUALS FOR 6m TO 31/12/03			BUDGET FOR 6m TO 31/12/03			Better/(worse) than budget
	Income	Expenditure	Profit	Budgeted Income	Budgeted Costs	Budgeted Profit	
Football gate & prize money	177,841		177,841	183,525		183,525	(5,684)
Football Costs		106,435	<u>106,435</u>		102,680	<u>102,680</u>	<u>(3,755)</u>
FOOTBALL PROFITS			71,406			80,845	(9,439)
Programme	31,647	36,876	(5,229)	35,124	36,302	(1,178)	(4,051)
Merchandise	58,404	28,539	29,865	31,617	15,809	15,808	14,057
Bar	118,419	73,176	45,243	89,627	61,889	27,738	17,505
Teabar	14,220	9,180	5,040	14,540	9,357	5,183	(143)
Functions	27,800	16,252	11,548	7,951		7,951	3,597
Commercial	47,097	11,187	35,910	60,247	12,064	48,183	(12,273)
Donations	25,932		25,932	27,500		27,500	(1,568)
Sundry income	4,285		4,285	6,200		6,200	(1,915)
Total income	<u>505,645</u>	<u>281,645</u>	<u>224,000</u>	<u>456,331</u>	<u>238,101</u>	<u>218,230</u>	<u>5,770</u>
Overheads & salaries		126,339	126,339		135,335	135,335	8,996
Profit before dep'n and fin costs	505,645	407,984	97,661	456,331	373,436	82,895	14,766
Depreciation		9,000	9,000		5,433	5,433	(3,567)
Finance costs		66,593	66,593		65,788	65,788	(805)
PROFIT BEFORE TAX	<u>505,645</u>	<u>483,577</u>	<u>22,068</u>	<u>456,331</u>	<u>444,657</u>	<u>11,674</u>	<u>10,394</u>

AFCW PLC

UNAUDITED MANAGEMENT ACCOUNTS

6 MONTHS TO 31 DECEMBER 2003

Status

The attached profit and loss account sets out the results of the PLC to December 2003. Although the accounts have not been audited they have, in line with good practice, been reviewed by our auditor. The accounts have also have been reviewed and approved by the PLC board.

Significant matter affecting the accounts

The attached results for the period contain a comparison with the budget, which was discussed at the recent AFCW open meeting. The budget assumed that by 31 December 2003 we would have played 13 home league matches; in fact, we had only played 11, with two matches deferred into the second half of the season. In terms of our results for the year, this is likely to be good news because the income from those two matches has not been lost; instead, it has been postponed into the second half of the year. Given the postponement of the matches and the related income, we are very pleased with the overall result which is still slightly better than budgeted.

Looking forward, the budget for the second half of the year projects a small loss of about £3,000 after interest charges, thereby slightly reducing the profit shown in the P&L account. A major cause of this budgeted loss is that there continue to be significant expenses in May and June but there will be little or no income from football in that period.

The budget becomes more demanding in the second half, because management predicted that they would be able to increase sales in a number of areas after the initial settling-in period. Nonetheless, the directors believe that the PLC is on track to meet, and possibly exceed, its total budget for the year and they are currently looking at bringing forward some essential repairs into the current period, if it is prudent to do so.

Shareholders and DT members may recall that the prospectus for the share issue forecast a profit before depreciation and interest of £171,000 for the year. The directors are pleased to report that the half year profit of £97,661 (before depreciation and interest) is over half way towards to achieving the full year forecast.

Commentary on the accounts

The following commentary covers major highlights in the accounts. For those shareholders and DT members who wish to understand the results in more depth, there will be an open meeting of the Finance Working Group in April. The date of the meeting will be announced on the Dons Trust and AFC Wimbledon web sites and in a matchday programme.

Overall, the profit before tax is £22,068, being £10,394 better than budget, despite the two deferred games. Some areas have done extremely well, namely the bar and merchandise, which are both well ahead of budget. The excellent bar profits reflect the increasing use of the facilities as new ideas to increase the use of the bar and function rooms stadium have been implemented.

The principal shortfalls against budget arise in “programmes” and in “commercial”.

Programmes

The budget for programmes takes no account of the advertisements that are offered for composite commercial deals where a sponsor pays a lump sum and, in return, gets various benefits including (for example) a hoarding, an advertisement in every league programme and a match sponsorship. For simplicity, all the income from such deals is accounted for as “commercial”. As a result, the programme looks less profitable than it really is.

Nonetheless, we were over optimistic in our estimates of programme sales and, as a result, the loss for the period is about £4,000 more than budgeted.

Commercial

Much of our commercial income relates to sponsorship over an entire season. Therefore, for accounting purposes, we account for 1/23 of (for example) the shirt sponsorship income after each game. If we had played the scheduled 13 league games by 31 December we would have released over £8,000 additional income, reducing the budget shortfall from £12,273 to approximately £4,000. Strenuous efforts are being put into getting commercial income back in line with budget by the end of the year.

Overheads and salaries

Salaries are on target while overheads are almost £9,000 under budget. The board has carried out a review of planned expenditure and believes that some of the underspend has been caused by delaying some repair projects. As a result, the relevant expenditure has been deferred into the second half of the financial year.

One reason that the result is better than budget is that we have obtained an acceptable level of insurance cover for significantly less than the budgeted cost. Our thanks go to the Stadium Working Group for their excellent work on our behalf in this area.

One substantial piece of unplanned spending was £9,000 in respect of costs for the advertisement that was used to promote the share issue. To summarise, as the advertisement approached completion, it transpired that the producers had incurred more cash costs than they budgeted and asked us to make a contribution towards them. The total costs of an advert of this nature would normally be in the range £250,000 - £400,000 and we felt that, in the circumstances, we were getting an essential contributor to the share issue for a small overall cost and that we should contribute this sum.

Finance costs

These are broadly in line with budget. Although interest costs are lower than budgeted because we have repaid more of the Khosla loan than expected, this has been offset by higher than expected bank charges, mainly arising from charges for handling cash. We have recently renegotiated these charges and obtained a substantial reduction. In the end, however, our ability to continue our progress on and off the pitch depends on reducing the loan as fast as possible.

Dividend

In the light of the projected results for the year and the need to focus our attention on reducing the cost of financing the Khosla loan, the directors currently do not expect to make a dividend payment to shareholders in respect of the current financial year.

Questions

Any questions about the results should be addressed to erik.samuelson@afcwimbledon.co.uk or brought to the finance working group open meeting in April, as described earlier in this note.