

# **Birmingham City Football Club PLC**

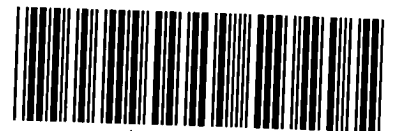
Annual report

For the year ended

30 June 2018

Company Number 00027318

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# **Birmingham City Football Club PLC**

## **Annual report and financial statements for the year ended 30 June 2018**

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### **Directors**

Gannan Zheng  
Wenqing Zhao  
Chun Kong Yiu  
Yao Wang  
Xuandong Ren

### **Secretary**

Roger Lloyd

### **Registered office**

St Andrew's Stadium, Birmingham, B9 4RL

### **Company number**

00027318

### **Auditors**

Edwards, 34 High Street, Aldridge, Walsall, West Midlands, WS9 8LZ

### **Bankers**

HSBC Bank Plc, 130 New Street, Birmingham, B2 4JU

# Birmingham City Football Club PLC

## Strategic report for the year ended 30 June 2018

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The directors present the strategic report and financial statements for the year ended 30 June 2018.

The principal and continuing activity of the company is that of a football club, namely Birmingham City Football Club.

### Financial and operating review

The loss for the year before tax increased to £37.5m (2017 - £16.4m) primarily as a result of increases to player wages and salaries, player amortisation and termination payments to football management staff.

For the seventh consecutive year the Club played in the Championship Division of the English Football League (EFL). The 2017/18 season started disappointingly with BCFC languishing in the bottom places of the EFL Championship during most of the season. Despite a number of new players being signed to strengthen the team for the season, the target result as envisaged by the management was not achieved. In order to turn around the situation, the Club appointed a new manager in March 2018 and with his refinement of the team's tactics and strategies, the squad demonstrated stability in performance gradually and overall improvement in game play was noted. The Club eventually finished the 2017/18 season at the 19th position (19th position in 2016/17 season).

Due to the reason that the accumulated loss of the Club had exceeded the allowable threshold pursuant to the Profitability & Sustainability Rules as set out by the EFL, the Club is currently working under an imposed arrangement that restricts transfer market activities without the consent of the EFL. The Board are still in negotiation with the EFL on the possible disciplinary actions that might be imposed and are not in a position to estimate the impact on the Club. Despite the above restriction, the Club maintained close communication with the EFL for potential player acquisitions. The directors are keen to improve the performance of the Club on and off the field so as to achieve a better position in the 2018/19 season. The directors have also received confirmation of the continued support of Birmingham Sports Holdings Limited (BSHL).

During the year the Academy was audited as part of the Elite Player Performance Plan. It was pleasing to learn that the Club came top of the Category 2 assessed Clubs and was awarded a 3 year licence. A number of academy developed players continued to feature in the first team squad and a number of academy graduates signed professional terms.

The players, football management team, staff and directors would like to thank the fans for their loyal and continued support.

### Acquisition of players

The acquisition of players and their related payroll costs are deemed the core activity risk and, whilst assisting the Manager in improving the playing squad, the Board is mindful of the pitfalls that are inherent in this area of the business. The aim is therefore to manage these costs whilst being as competitive as possible within the Club's financial constraints.

### Key performance indicators (KPIs)

Key performance indicators are used to measure and evaluate performance against targets and monitor various activities throughout the company. The main key performance indicators employed in the company are:

		2018	2017
Revenue levels (football related and other)	£'000	18,778	17,250
Loss from operations	£'000	36,583	16,267
Staff costs (player related and other)	£'000	37,989	22,199
Average attendance levels	No's	21,042	18,650

The Board monitor these key performance indicators on a monthly basis. Acceptable performance and target KPI's are set by the Company's budget and the Company's primary internal performance measure is against budgets.

# Birmingham City Football Club PLC

Strategic report (continued)  
for the year ended 30 June 2018

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## Principal risks and uncertainties

The directors of Birmingham City Football Club plc have carried out a robust assessment of the principal risks facing the company, including those that would threaten its business model, future performance, solvency or liquidity.

## Funding and going concern:

The company does not have an overdraft facility and meets its day to day funding requirements with support from the ultimate parent undertaking, Birmingham Sports Holdings Limited ("BSHL").

At the balance sheet date funding of £73.1M has been provided by BSHL to Birmingham City Football Club Plc ("BCFC") and this amount is shown as due to the ultimate parent undertaking within one year. The directors have received written confirmation from BSHL that the £73.1M debt owed to BSHL will not require repayment within 12 months from the date of approval of these financial statements unless BCFC is able to do so.

The directors have prepared detailed cash flow forecasts for the period to 31 December 2019 as part of the longer term forecasts prepared for the company. The forecasts show that BCFC needs additional funding of around £39.1M from BSHL for the period from July 2018 to December 2019.

The directors of BSHL have indicated that they expect that the group will have sufficient working capital to be able to advance funds for BCFC to meet its financial obligations as and when they fall due for the next twelve months following the resumption of trading described below.

On 21 December 2016, BSHL entered into a facility agreement ("Revolving Facility Agreement") with Trillion Trophy in respect of the provision of a revolving loan facility up to HK\$250 million for the period commencing 21 December 2016 and ending on the earlier of 31 December 2018 and the date on which the facility is cancelled or terminated pursuant to the Revolving Facility Agreement (or other date as agreed between BSHL and Trillion Trophy) ("Revolving Facility"). For details of the Revolving Facility, please refer to the announcement of BSHL dated 21 December 2016. As at 30 June 2018, a total of HK\$66,197,000 had been drawn from the Revolving Facility. Trillion Trophy have confirmed their intention to continue to provide financial support to BSHL.

On 2 August 2017, BSHL and Dragon Villa Limited ("Dragon Villa") entered into a standby loan facility, pursuant to which Dragon Villa provided a term loan facility of up to HK\$100,000,000 (the "Dragon Villa Facility") to BSHL. The Dragon Villa Facility is unsecured, for a term up to 31 July 2018 and bears interest at the rate of 4.5% per annum. On 14 December 2017, BSHL and Dragon Villa entered into a subscription agreement (the "Dragon Villa Subscription Agreement") whereby BSHL conditionally agreed to issue 714,286,000 new shares at the subscription price of HK\$0.14 per share to Dragon Villa or its nominee. The consideration for the issue of such 714,286,000 shares was set off against the outstanding principal amount of the Dragon Villa Facility. As at the date of entering into the Dragon Villa Subscription Agreement, the Dragon Villa Facility was fully utilised and the outstanding principal amount was HK\$100,000,000. The shares subscribed under the Dragon Villa Subscription Agreement were allotted and issued on 28 December 2017. As at 30 June 2018, all outstanding amount under the Dragon Villa Facility was fully settled.

On 10 October 2017, BSHL and Chigwell Holdings Limited ("Chigwell") entered into a standby loan facility, pursuant to which Chigwell provided a term loan facility of up to HK\$150,000,000 (the "Chigwell Facility") to BSHL. The Chigwell Facility is unsecured, for a term up to 31 December 2018 and bears interest at the rate of 6.5% per annum. On 14 December 2017, BSHL and Chigwell entered into a subscription agreement (the "Chigwell Subscription Agreement") whereby BSHL conditionally agreed to issue 500,000,000 new shares at the subscription price of HK\$0.14 per share to Chigwell or its nominee. The consideration for the issue of such 500,000,000 shares was set off against the outstanding principal amount of the Chigwell Facility. As at the date of entering into the Chigwell Subscription Agreement, the outstanding principal amount of the Chigwell Facility was HK\$70,000,000. The shares subscribed under the Chigwell Subscription Agreement were allotted and issued on 28 December 2017. As at 30 June 2018, all outstanding amount under the Chigwell Facility was fully settled.

# Birmingham City Football Club PLC

Strategic report (*continued*)  
for the year ended 30 June 2018

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## Principal risks and uncertainties (*continued*)

On 2 March 2018, BSHL and Dragon Villa entered into a standby loan facility, pursuant to which Dragon Villa provided a term loan facility up to HK\$150,000,000 (the "2nd Dragon Villa Facility") to BSHL. The 2nd Dragon Villa Facility is unsecured, for a term up to 30 June 2019 and bears interest at the rate of 8.0% per annum. On 14 June 2018, BSHL and Dragon Villa entered into a subscription agreement (the "2nd Dragon Villa Subscription Agreement") whereby BSHL conditionally agreed to issue 1,380,080,000 new shares at the subscription price of HK\$0.105 per share to Dragon Villa or its nominee. The consideration for the issue of such 1,380,080,000 shares was set off against the outstanding amount of the 2nd Dragon Villa Facility. As at the date of entering into the 2nd Dragon Villa Subscription Agreement, the outstanding principal amount and interest of the 2nd Dragon Villa Facility were approximately HK\$144,908,000. The shares subscribed under the 2nd Dragon Villa Subscription Agreement were allotted and issued on 26 June 2018. As at 30 June 2018, the outstanding principal amount under the 2nd Dragon Villa Facility was fully settled.

On 8 May 2018, BSHL and a third party entered into a standby loan facility, pursuant to which such third party provided a term loan facility up to HK\$150,000,000 (the "Facility") to BSHL. The Facility is unsecured, for a term up to 30 June 2020 and bears interest at the rate of 8.0% per annum. As at 30 June 2018, the amount of the outstanding principal amount and interest payable under the Facility were approximately HK\$95,000,000 and approximately HK\$519,000 respectively.

On 10 August 2018, BSHL and a third party lender entered into a loan facility pursuant to which such lender provides a term loan facility up to HK\$250,000,000 to BSHL (the "201808 Facility"). The 201808 Facility is unsecured, for a term up to 31 December 2020 and bears interest at the rate of 8% per annum.

The company recorded a loss of approximately £37.5M for the year ended 30 June 2018, and net liabilities of approximately £55.2M as at 30 June 2018. These conditions indicate the existence of a material uncertainty which may cast significant doubt about the company's ability to continue as a going concern, the validity of which is dependent upon future funding available at a level sufficient to finance the working capital requirements of the company. The directors have considered the forecasts of BCFC carefully and also considered, with the directors of BSHL, the company's ability to obtain the funding that is required as shown by the forecasts. The directors do however remain in the view that the company can obtain the required funding from BSHL and as a result, the directors consider that it is appropriate to prepare the financial statements on a going concern basis.

## Profitability & Sustainability Rules

On 14 August 2018, the Club received a notification from the EFL in connection with breaches of the Profitability and Sustainability Rules of Appendix 5 of the EFL regulations. The breaches were mainly associated with the Clubs financial performance. As a result of the breaches, the Club was placed under an imposed arrangement that restricts transfer market activities without the consent of the EFL and was referred to a disciplinary commission which is estimated to be held in February 2019. At the date of approval of these financial statements, the Club is still in negotiation with the EFL and the possible disciplinary actions that might be imposed. The directors are not in a position to estimate the impact on the company.

## By order of the board



Xuandong Ren  
Director

19 December 2018

# Birmingham City Football Club PLC

## Report of the directors' for the year ended 30 June 2018

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The directors present their report together with the audited financial statements for the year ended 30 June 2018.

### Results and dividends

The statement of comprehensive income is set out on page 11 and shows the loss for the year.

The company is unable to pay a dividend as it does not have available distributable reserves.

### Directors

The directors of the company during the year were:

Gannan Zheng  
Wenqing Zhao  
Chun Kong Yiu  
Yao Wang  
Xuandong Ren

### Financial instruments

The company's operations expose it to a variety of financial risks including the effects of changes in interest rates on debt, credit risk and liquidity risk.

The company does not have material exposures in any of the areas identified above but can use derivative instruments to manage these exposures.

The company's principal financial instruments comprise sterling cash and bank deposits, bank loans together with trade receivables and trade payables that arise directly from its operations.

The main risks arising from the company's financial instruments can be analysed as follows:

#### *Credit risk*

The company's principal financial assets are bank balances, cash, and trade receivables. The company's credit risk is primarily attributable to its trade receivables. The amounts presented in the statement of financial position are net of allowances for doubtful debts, estimated by the company's management based on prior experience and their assessment of the current economic environment.

The company has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers.

#### *Liquidity risk*

The company's policy has been to ensure continuity of funding through operating within its banking facilities and to match borrowing against the useful life of assets purchased.

#### *Foreign currency risk*

The company has no significant exposure in its trading operations to the risk of changes in foreign currency exchange rates.

# **Birmingham City Football Club PLC**

## **Report of the directors' (continued) for the year ended 30 June 2018**

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### **Employee involvement**

The company places considerable value on the involvement of its employees and recognises the importance of good communication within the workplace.

The quality and commitment of our people have played a major role in our business operations. This has been demonstrated in many ways. They have shown flexibility in adapting to changing business environments and new ways of working. Employees' performance is aligned to the company's goals through an annual performance review process that is carried out with all employees.

### **Disabled Persons**

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment within the company continues and that the appropriate training is arranged. It is the policy of the company that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

### **Environment**

The company's policy with regard to the environment is to ensure that we understand and effectively manage the actual and potential environmental impact of our activities. Our operations are conducted such that we comply with all legal requirements relating to the environment in all areas where we carry out our business. During the period covered by this report the company has not incurred any fines or penalties or been investigated for any breach of environmental regulations.

### **Events after the statement of financial position date**

On 14 August 2018, the company, received a notification from the EFL in connection with breaches of the Championship Profitability and Sustainability Rules of Appendix 5 of the EFL regulations. The breaches were mainly associated with company's financial performance. As a result of the breaches, the company was placed under an imposed arrangement that restricts transfer market activities without the consent of the EFL and was referred to a disciplinary commission, which is estimated to be held in February 2019. Up to the date of approval of these financial statements, the management of the company are still in negotiation with the EFL on the possible disciplinary actions that might be imposed to the company and is not in a position to estimate the impact.

Transfers of player registrations subsequent to 30 June 2018, taking into account applicable costs, resulted in a net £2,428,379 (2017 - £10,998,415) payable by the Club.

Additional costs subsequent to 30 June 2018 in respect of players impaired during the year have resulted in a net £225,000 (2017 - £Nil) payable by the Club.

# Birmingham City Football Club PLC

## Report of the directors' (*continued*) for the year ended 30 June 2018

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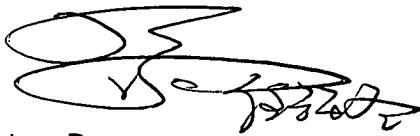
### Statement of disclosure to auditors

So far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware. Additionally, the directors have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditors are aware of that information.

### Auditors

The auditors, Edwards, have indicated their willingness to continue in office.

### By order of the board

A handwritten signature in black ink, appearing to be 'Xuandong Ren', written in a cursive style.

Xuandong Ren  
**Director**

19 December 2018



# **Birmingham City Football Club PLC**

## **Directors' responsibilities statement for the year ended 30 June 2018**

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### **Directors' responsibilities**

The directors are responsible for preparing the strategic report, directors' 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 International Financial Reporting Standards (IFRSs) as adopted by the EU and applicable law. 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;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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.

They are further responsible for ensuring that the strategic report, report of the directors and other information included in the annual report and financial statements is prepared in accordance with applicable law in the United Kingdom.

# Birmingham City Football Club PLC

## Independent auditor's report to the members of Birmingham City Football Club Plc

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### Opinion

We have audited the financial statements of Birmingham City Football Club Plc ("the company") for the year ended 30 June 2018 which comprise the primary statements such as the Statement of Comprehensive Income, Statement of Financial Position, Cash Flow Statement and Statement of Changes in Equity and notes to the financial statements, including a summary of significant accounting policies. 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.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 June 2018, and of its loss 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.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Material uncertainty related to going concern

We draw attention to note 1 in the financial statements, which indicates that the company incurred a net loss of £37.5m during the year ended 30 June 2018 and, as of that date, the company's current liabilities exceeded the total assets by £49.3m and its total liabilities exceeded total assets by £55.2m. As stated in note 1, these events or conditions, along with other matters as set forth in note 1, indicate that a material uncertainty exists that may cast significant doubt on the company's ability to continue as a going concern. We also draw your attention to note 24 in the financial statements, in relation to a notification from the EFL in connection with breaches of the Championship Profitability and Sustainability Rules. Our opinion is not modified in respect of these matters.

### Key audit matters

Key audit matters are those that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the Material uncertainty related to going concern section, we have determined the matter below to be the key audit matter to be communicated in our report

#### *Profitability & Sustainability Rules*

Through discussion with the directors and review of correspondence with the English Football League ("EFL") we are aware of the breach of the rules for the 2017/18 season. We have carried out additional audit procedures to fully understand the circumstances surrounding the breach, the potential sanctions available to the EFL, and the response submitted by the Club, in order to confirm the appropriateness of the disclosures in the financial statements.

# **Birmingham City Football Club PLC**

## **Independent auditor's report (*continued*) to the members of Birmingham City Football Club Plc**

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### **Other information**

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

### **Matters on which we are required to report by exception**

In the light of our knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the directors' report.

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 returns 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
- we have not received all the information and explanations we require for our audit.

### **Responsibilities of directors**

As explained more fully in the directors' responsibilities statement set out on page 7, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

# Birmingham City Football Club PLC

## Independent auditor's report (*continued*) to the members of Birmingham City Football Club Plc

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### Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <https://www.frc.org.uk/Our-Work/Audit/Audit-and-assurance/Standards-and-guidance/Standards-and-guidance-for-auditors/Auditors-responsibilities-for-audit/Description-of-auditors-responsibilities-for-audit.aspx>. This description forms part of our auditor's report.

### Use of our report

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 an auditor's 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.



Adrian Stevens FCCA (Senior Statutory Auditor)

Date 21 DECEMBER 2018

For and on behalf of  
Edwards,  
34 High Street,  
Aldridge  
Walsall,  
WS9 8LZ

# Birmingham City Football Club PLC

## Statement of comprehensive income for the year ended 30 June 2018

	Note	Club operations 2018	Player amortisation impairment and trading costs 2018	Total 2018	Total 2017
Continuing operations		£	£	£	£
Revenue	2	18,777,556	-	18,777,556	17,249,826
Other operating income		730,000	-	730,000	1,312,399
Operating expenses		(50,011,211)	(8,066,512)	(58,077,723)	(35,006,117)
<b>Operating loss</b>	3	(30,503,655)	(8,066,512)	(38,570,167)	(16,443,892)
Net profit on sale of players' registrations				1,987,527	176,791
<b>Loss from operations</b>				(36,582,640)	(16,267,101)
Finance income	5			180,600	146,741
Finance costs	6			(1,059,263)	(275,556)
<b>Loss before taxation</b>				(37,461,303)	(16,395,916)
Taxation	7			-	1,800,000
<b>Total comprehensive loss attributable to equity shareholders</b>				(37,461,303)	(14,595,916)

All activities are derived from continuing operations.

The notes on pages 16 to 39 form part of these financial statements.

# Birmingham City Football Club PLC

## Statement of financial position at 30 June 2018

Company number 00027318

	Note	2018 £	2017 £
<b>Assets</b>			
<b>Non-current assets</b>			
Investments	8	1	1
Intangible assets	9	16,389,942	11,108,852
Property, plant and equipment	10	11,126,445	11,446,355
Trade and other receivables	12	2,108,156	1,848,099
		<u>29,624,544</u>	<u>24,403,307</u>
<b>Current assets</b>			
Inventories	11	630,479	506,179
Trade and other receivables	12	8,496,519	6,394,029
Cash at bank and in hand		3,565,152	3,270,498
		<u>12,692,150</u>	<u>10,170,706</u>
<b>Total assets</b>		<u>42,316,694</u>	<u>34,574,013</u>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Financial liabilities	14	18,500	18,500
Trade and other payables	13	4,487,851	4,359,564
Capital grants (deferred income)	15	1,461,612	1,518,581
		<u>5,967,963</u>	<u>5,896,645</u>
<b>Current liabilities</b>			
Financial liabilities	14	73,083,086	33,380,404
Trade and other payables	13	14,987,714	9,474,445
Deferred income		3,460,291	3,543,575
Capital grants (deferred income)	15	56,968	56,969
		<u>91,588,059</u>	<u>46,455,393</u>
<b>Total liabilities</b>		<u>97,556,022</u>	<u>52,352,038</u>
<b>Net liabilities</b>		<u>(55,239,328)</u>	<u>(17,778,025)</u>

# Birmingham City Football Club PLC

## Statement of financial position (continued) at 30 June 2018

Company number 00027318

	Note	2018 £	2017 £
<b>Capital and reserves</b>			
Issued share capital	19	752,838	752,838
Share premium		207,096	207,096
Revaluation reserve		201,960	208,215
Capital redemption reserve		750	750
Other reserves		14,731,066	14,731,066
Accumulated deficit		(71,133,038)	(33,677,990)
<b>Total deficit</b>		<u>(55,239,328)</u>	<u>(17,778,025)</u>

The financial statements were approved by the board of directors and authorised for issue on 19 December 2018



Xuandong Ren  
Director

The notes on pages 16 to 39 form part of these financial statements.

# Birmingham City Football Club PLC

## Statement of changes in equity for the year ended 30 June 2018

	Share capital and share premium account £	Revaluation reserve £	Capital redemption reserve £	Other reserves £	Profit and loss account £	Total £
At 1 July 2016	959,934	214,470	750	14,731,066	(19,088,329)	(3,182,109)
Total comprehensive loss for the year	-	-	-	-	(14,595,916)	(14,595,916)
Depreciation transfer	-	(6,255)	-	-	6,255	-
At 1 July 2017	959,934	208,215	750	14,731,066	(33,677,990)	(17,778,025)
Total comprehensive loss for the year	-	-	-	-	(37,461,303)	(37,461,303)
Depreciation transfer	-	(6,255)	-	-	6,255	-
At 30 June 2018	959,934	201,960	750	14,731,066	(71,133,038)	(55,239,328)

Other reserves represent the waiver of a loan balance due to the Company's immediate parent company Birmingham City Plc.

The notes on pages 16 to 39 form part of these financial statements.



# Birmingham City Football Club PLC

## Statement of cash flows for the year ended 30 June 2018

	2018 £	2017 £
<b>Cash flows from operating activities</b>		
Loss for the year before taxation	(37,461,303)	(16,395,916)
Amortisation of intangible assets	7,625,731	2,601,250
Impairment of intangible assets	440,781	360,606
Profit on sale of players' registrations	(1,987,527)	(176,791)
Profit on disposal of property, plant and equipment	(2,861)	(11,312)
Depreciation on property, plant and equipment	878,165	665,335
Finance costs	1,059,263	275,556
Finance income	(180,600)	(146,741)
Amortisation of deferred grant	(56,970)	(56,969)
Increase in inventories	(124,300)	(249,012)
Increase in receivables	(1,229,853)	(2,359,500)
Increase in payables	2,285,928	3,607,961
<b>Cash used in operations</b>	<b>(28,753,546)</b>	<b>(11,885,533)</b>
Interest paid	(1,059,263)	(275,556)
Interest received	180,600	146,741
Tax paid	-	-
<b>Cash used in operating activities</b>	<b>(29,632,209)</b>	<b>(12,014,348)</b>
<b>Cash flows from investing activities</b>		
Acquisition of property, plant and equipment	(560,932)	(983,846)
Proceeds from sale of property, plant and equipment	5,538	17,189
Acquisition of players' registrations	(12,133,443)	(5,337,640)
Proceeds from sale of players' registrations	2,913,018	1,671,233
<b>Net cash used in investing activities</b>	<b>(9,775,819)</b>	<b>(4,633,064)</b>
<b>Cash flows from financing activities</b>		
New loans	39,704,760	17,411,614
Capital repayment of finance leases	(2,078)	(24,937)
<b>Net cash received from financing activities</b>	<b>39,702,682</b>	<b>17,386,677</b>
<b>Net increase in cash and cash equivalents</b>	<b>294,654</b>	<b>739,265</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>3,270,498</b>	<b>2,531,233</b>
<b>Cash and cash equivalents at the end of the year</b>	<b>3,565,152</b>	<b>3,270,498</b>

The notes on pages 16 to 39 form part of these financial statements.

# Birmingham City Football Club PLC

## Notes forming part of the financial statements for the year ended 30 June 2018

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### 1 Accounting policies

#### *Background information*

Birmingham City Football Club Plc is a private company, limited by shares, incorporated and domiciled in England and Wales. The address of Birmingham City Football Club Plc's registered office is St Andrews Stadium, Birmingham, B9 4RL which is also the company's principal place of business.

#### *Basis of preparation*

The financial statements of the company and parent entity have been prepared in accordance with International Financial Reporting Standards (IFRS) adopted by the European Union and IFRIC interpretations and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS. The financial statements have been prepared under the historical cost convention, subject to fair value adjustments. The company has prepared the financial statements on a going concern basis and the detailed going concern policy has been set out below.

The financial statements are presented in sterling which is the functional currency of the company and rounded to the nearest £.

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the date of the financial statements. If in the future such estimates and assumptions which are based on management's best judgement at the date of the financial statements, deviate from the actual circumstances, the original estimates and assumptions will be modified as appropriate in the year in which the circumstances change.

The company has taken advantage of the exemption under IFRS 10 not to prepare consolidated accounts. The financial statements present information about the company as an individual entity and not about its group.

Birmingham City Football Club Plc is a wholly owned subsidiary of Birmingham City Plc and the results of Birmingham City Football Club Plc are included in the consolidated financial statements of Birmingham City Plc which are available from Companies House.

#### *Basis of preparation: going concern*

The company does not have an overdraft facility and meets its day to day funding requirements with support from the ultimate parent undertaking, Birmingham Sports Holdings Limited ("BSHL").

At the balance sheet date funding of £73.1M has been provided by BSHL to Birmingham City Football Club Plc ("BCFC") and this amount is shown as due to the ultimate parent undertaking within one year. The directors have received written confirmation from BSHL that the £73.1M debt owed to BSHL will not require repayment within 12 months from the date of approval of these financial statements unless BCFC is able to do so.

The directors have prepared detailed cash flow forecasts for the period to 31 December 2019 as part of the longer term forecasts prepared for the company. The forecasts show that BCFC needs additional funding of around £39.1M from BSHL for the period from July 2018 to December 2019.

The directors of BSHL have indicated that they expect that the group will have sufficient working capital to be able to advance funds for BCFC to meet its financial obligations as and when they fall due for the next twelve months following the resumption of trading described below.

# Birmingham City Football Club PLC

## Notes forming part of the financial statements (*continued*) for the year ended 30 June 2018

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### 1 Accounting policies (*continued*)

#### *Basis of preparation: going concern (continued)*

On 21 December 2016, BSHL entered into a facility agreement ("Revolving Facility Agreement") with Trillion Trophy in respect of the provision of a revolving loan facility up to HK\$250 million for the period commencing 21 December 2016 and ending on the earlier of 31 December 2018 and the date on which the facility is cancelled or terminated pursuant to the Revolving Facility Agreement (or other date as agreed between BSHL and Trillion Trophy) ("Revolving Facility"). For details of the Revolving Facility, please refer to the announcement of BSHL dated 21 December 2016. As at 30 June 2018, a total of HK\$66,197,000 had been drawn from the Revolving Facility. Trillion Trophy have confirmed their intention to continue to provide financial support to BSHL.

On 2 August 2017, BSHL and Dragon Villa Limited ("Dragon Villa") entered into a standby loan facility, pursuant to which Dragon Villa provided a term loan facility of up to HK\$100,000,000 (the "Dragon Villa Facility") to BSHL. The Dragon Villa Facility is unsecured, for a term up to 31 July 2018 and bears interest at the rate of 4.5% per annum. On 14 December 2017, BSHL and Dragon Villa entered into a subscription agreement (the "Dragon Villa Subscription Agreement") whereby BSHL conditionally agreed to issue 714,286,000 new shares at the subscription price of HK\$0.14 per share to Dragon Villa or its nominee. The consideration for the issue of such 714,286,000 shares was set off against the outstanding principal amount of the Dragon Villa Facility. As at the date of entering into the Dragon Villa Subscription Agreement, the Dragon Villa Facility was fully utilised and the outstanding principal amount was HK\$100,000,000. The shares subscribed under the Dragon Villa Subscription Agreement were allotted and issued on 28 December 2017. As at 30 June 2018, all outstanding amount under the Dragon Villa Facility was fully settled.

On 10 October 2017, BSHL and Chigwell Holdings Limited ("Chigwell") entered into a standby loan facility, pursuant to which Chigwell provided a term loan facility of up to HK\$150,000,000 (the "Chigwell Facility") to BSHL. The Chigwell Facility is unsecured, for a term up to 31 December 2018 and bears interest at the rate of 6.5% per annum. On 14 December 2017, BSHL and Chigwell entered into a subscription agreement (the "Chigwell Subscription Agreement") whereby BSHL conditionally agreed to issue 500,000,000 new shares at the subscription price of HK\$0.14 per share to Chigwell or its nominee. The consideration for the issue of such 500,000,000 shares was set off against the outstanding principal amount of the Chigwell Facility. As at the date of entering into the Chigwell Subscription Agreement, the outstanding principal amount of the Chigwell Facility was HK\$70,000,000. The shares subscribed under the Chigwell Subscription Agreement were allotted and issued on 28 December 2017. As at 30 June 2018, all outstanding amount under the Chigwell Facility was fully settled.

On 2 March 2018, BSHL and Dragon Villa entered into a standby loan facility, pursuant to which Dragon Villa provided a term loan facility up to HK\$150,000,000 (the "2nd Dragon Villa Facility") to BSHL. The 2nd Dragon Villa Facility is unsecured, for a term up to 30 June 2019 and bears interest at the rate of 8.0% per annum. On 14 June 2018, BSHL and Dragon Villa entered into a subscription agreement (the "2nd Dragon Villa Subscription Agreement") whereby BSHL conditionally agreed to issue 1,380,080,000 new shares at the subscription price of HK\$0.105 per share to Dragon Villa or its nominee. The consideration for the issue of such 1,380,080,000 shares was set off against the outstanding amount of the 2nd Dragon Villa Facility. As at the date of entering into the 2nd Dragon Villa Subscription Agreement, the outstanding principal amount and interest of the 2nd Dragon Villa Facility were approximately HK\$144,908,000. The shares subscribed under the 2nd Dragon Villa Subscription Agreement were allotted and issued on 26 June 2018. As at 30 June 2018, the outstanding principal amount under the 2nd Dragon Villa Facility was fully settled.

On 8 May 2018, BSHL and a third party entered into a standby loan facility, pursuant to which such third party provided a term loan facility up to HK\$150,000,000 (the "Facility") to BSHL. The Facility is unsecured, for a term up to 30 June 2020 and bears interest at the rate of 8.0% per annum. As at 30 June 2018, the amount of the outstanding principal amount and interest payable under the Facility were approximately HK\$95,000,000 and approximately HK\$519,000 respectively.

# Birmingham City Football Club PLC

## Notes forming part of the financial statements (*continued*) for the year ended 30 June 2018

### 1 Accounting policies (*continued*)

#### *Basis of preparation: going concern (continued)*

On 14 August 2018, the Club received a notification from the EFL in connection with breaches of the Profitability and Sustainability Rules of Appendix 5 of the EFL regulations. The breaches were mainly associated with the Clubs financial performance. As a result of the breaches, the Club was placed under an imposed arrangement that restricts transfer market activities without the consent of the EFL and was referred to a disciplinary commission which is estimated to be held in February 2019. At the date of approval of these financial statements, the Club is still in negotiation with the EFL and the possible disciplinary actions that might be imposed. The directors are not in a position to estimate the impact on the company. Any financial impact will need to be considered alongside the other funding requirements of the company.

The company recorded a loss of approximately £37.5M for the year ended 30 June 2018, and net liabilities of approximately £55.2M as at 30 June 2018. These conditions indicate the existence of a material uncertainty which may cast significant doubt about the company's ability to continue as a going concern, the validity of which is dependent upon future funding available at a level sufficient to finance the working capital requirements of the company. The directors have considered the forecasts of BCFC carefully and also considered, with the directors of BSHL, the company's ability to obtain the funding that is required as shown by the forecasts. The directors do however remain in the view that the company can obtain the required funding from BSHL and as a result, the directors consider that it is appropriate to prepare the financial statements on a going concern basis.

#### *Accounting standards*

Standards that have been issued, but are not yet effective for the year ended 30 June 2018 include:

International Financial Reporting Standard issued but not yet EU approved –	Effective date (periods beginning on or after)
IFRS 9 Financial Instruments (2009)	None yet stated
IFRS 9 Financial Instruments (2010)	None yet stated
IFRS 9 Financial Instruments (Hedge Accounting and amendments to IFRS 9 & 7)	None yet stated
IFRS 16 Leases	1 Jan 2019
IFRS 17 Insurance Contracts	1 Jan 2021

The accounting policies set out below have, unless otherwise stated, been applied consistently for the company to all periods presented in these financial statements.

#### *Revenue recognition*

Revenue represents income arising from sales to third parties and excludes transfer fees receivable and value added tax.

(i) Season ticket and corporate hospitality revenue is recognised over the period of the football season as home matches are played.

(ii) Fixed elements of FA central broadcasting contracts are recognised over the duration of the football season on a time basis. Appearance fees are accounted for as earned.

(iii) Sponsorship contracts are recognised over the duration of the contract, either on a straight-line basis, or over the period of the football season, as appropriate, based on the terms of the contract.

(iv) Catering revenues are recognised on an earned basis.

(v) Revenue from the sale of branded products is recognised at the point of delivery when significant risks and rewards of ownership are deemed to have been transferred to the buyer.

(vi) Sales of player's registrations are recorded at the date of signing of the contract for sale. Any costs incurred directly related to the sale are written off against profit on sale of player registrations as incurred.

# Birmingham City Football Club PLC

## Notes forming part of the financial statements (*continued*) for the year ended 30 June 2018

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### 1 Accounting policies (*continued*)

#### *Property, plant and equipment*

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses.

Depreciation is charged to the statement of comprehensive income, to write off the cost of the property, plant and equipment less estimated residual value, on a straight-line basis, over their estimated useful lives as follows:

Freehold land	-	Not depreciated
Freehold buildings	-	Between 10 and 50 years
Long leasehold property improvements	-	Shorter of lease or between 10 and 50 years
Fixtures and equipment	-	Between 3 and 5 years
Motor vehicles	-	5 years

#### *Leased assets*

Where assets are financed by leasing agreements that give rights approximating to ownership (finance leases), the assets are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum lease payments payable over the term of the lease. The corresponding leasing commitments are shown as amounts payable to the lessor. Depreciation on the relevant assets is charged to the statement of comprehensive income over the shorter of estimated useful economic life and the period of the lease.

Lease payments are analysed between capital and interest components so that the interest element of the payment is charged to the statement of comprehensive income over the period of the lease and is calculated so that it represents a constant proportion of the balance of capital repayments outstanding. The capital part reduces the amounts payable to the lessor.

All other leases are treated as operating leases. Their annual rentals are charged to the statement of comprehensive income on a straight-line basis over the term of the lease.

#### *Net financing costs*

Net financing costs comprise interest payable on borrowings, calculated using the effective interest rate method and interest receivable on funds invested. The discounting of the deferred payments for the purchase of players' registrations produces a notional interest payable amount and this is charged to finance costs.

#### *Employee benefits – Pensions*

Eligible employees of the company are members of the Football League Limited Pensions and Life Assurance Scheme. The company does not make any contributions to this scheme. The assets and liabilities of the scheme are managed independently of the company and therefore do not form part of these financial statements.

#### *Loyalty and other incentives*

The cost of loyalty and other incentives is part of the fair value of the consideration received, is recognised in the period that the awards are earned and is treated as a deduction from revenue. The fair value of the points awarded is determined with reference to the fair value to the customer.

# Birmingham City Football Club PLC

## Notes forming part of the financial statements (*continued*) for the year ended 30 June 2018

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### 1 Accounting policies (*continued*)

#### *Taxation*

Tax on the result for each period comprises current and deferred tax. Tax is recognised in the statement of comprehensive income except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity. Current tax is the expected tax payable/income for the period, using tax rates enacted or substantively enacted at the statement of financial position date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amounts of assets and liabilities, using tax rates enacted or substantively enacted at the statement of financial position date. Deferred tax is not discounted.

#### *Intangible fixed assets: cost and amortisation of acquired players' registrations*

The costs associated with the acquisition of players' registrations are initially recorded at their fair value at the date of acquisition. These costs are fully amortised over the period of the respective players' contracts, being between 1 and 5 years. A provision is made in accruals, for additional payments where in management's opinion, the club or player is likely to achieve the requirements for these additional payments. Where the outcome of these requirements is uncertain, additional payments are not made as a provision but the maximum amount payable is disclosed as a contingent liability (note 21). Agent fees incurred relating to services provided to the club are capitalised as part of intangible assets.

Agent fees incurred in relation to services provided to the player but paid on their behalf by the club are treated as a prepayment and unwound over a period to match the length of the player's contract. This release is to the wages and salaries cost within the statement of comprehensive income rather than to player amortisation.

Amortisation of the costs of player registrations is charged to the statement of comprehensive income on a straight-line basis over the contract life of each individual player.

#### *Impairment of intangible and tangible fixed assets*

An impairment review on the intangible assets is undertaken if events or changes in circumstances indicate that the carrying amount of the player may not be recoverable. The club compares the carrying amount of the asset with its recoverable amount. The club does not consider that it is possible to determine the value in use of an individual football player in isolation as that player (unless via a sale or insurance recovery) cannot generate cash flows on his own. Furthermore, the club also considers that all of the players are unable to generate cash flows even when considered together. Accordingly, the club considers the smallest cash-generating unit to contain all first team players, the stadium and the training facilities.

The club calculates the value in use of this cash-generating unit by discounting estimated expected future cash flows relating to the club activities and compares this value with the value of the intangible assets, stadium and training facilities (including related assets). If the expected future cash flows are below the recorded value of assets the club will make an impairment adjustment of assets on a pro-rata basis.

In certain instances, there may be an individual player or group of players whom the club does not consider to be part of the First Team squad and who will therefore not contribute to the future cash flows earned by the cash-generating unit. This is normally due to a permanent career-threatening injury/condition or planned sale for proceeds below carrying value. In this situation, the carrying value of the player or group of players is removed from the carrying value of players assessed as part of the cash-generating unit referred to above and instead these players will be assessed for impairment in isolation by considering their carrying value with the club's best estimate of their fair value less costs to sell.

Further details on impairment are given in note 9.

# Birmingham City Football Club PLC

## Notes forming part of the financial statements (*continued*) for the year ended 30 June 2018

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### 1 Accounting policies (*continued*)

#### *Investments*

Investments in subsidiaries are initially measured at cost and subsequently measured at cost less impairment. The investments are assessed for impairment at each reporting date.

#### *Signing on fees*

Signing on fees are not recorded within the costs of acquired players' registrations but are held within prepayments on the statement of financial position and charged to results on a straight-line basis over the period of each player's contract.

#### *Inventories*

Inventories are recorded at the lower of cost and net realisable value. Cost is based on the expenditure incurred in acquiring the stocks and bringing them to their existing location and condition. Net realisable value is based on the estimated selling price in the ordinary course of business. Provision is made for obsolete, slow-moving or defective items where appropriate.

#### *Grants*

Grants and donations received in respect of safety work and ground developments are credited to deferred capital grants and are released to the statement of comprehensive income over the anticipated useful life of the assets to which they relate. Football Trust grants received towards revenue expenditure are released to the statement of comprehensive income as the related expenditure is incurred.

#### *Foreign currency*

Foreign currency transactions are translated into sterling at the rates ruling when they occurred. Foreign currency monetary assets and liabilities are translated at the rates ruling at the statement of financial position date. Any differences are taken to the statement of comprehensive income.

#### *Cash and equivalents*

Cash and equivalents comprise cash balances and call deposits and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the statement of financial position.

#### *Deferred income*

Deferred income comprises amounts received from capital grants, sponsorship and season ticket income. Capital grants are released to the statement of comprehensive income on a straight-line basis over the estimated useful lives of the assets to which they relate. Other deferred income is released to the statement of comprehensive income on a straight-line basis over the period to which it relates.

# Birmingham City Football Club PLC

## Notes forming part of the financial statements (*continued*) for the year ended 30 June 2018

---

### 1 Accounting policies (*continued*)

#### *Financial instruments*

Financial assets and liabilities are recognised on the company's statement of financial position when the company becomes party to the contractual provisions of the instrument.

#### *Financial assets*

The company's financial assets relate to trade and other receivables and cash and cash equivalents. Trade and other receivables are classified as loans and receivables and are measured initially at fair value plus transaction costs and are carried subsequently at amortised cost under the effective interest method, less provision for any impairment. Any change in their value through impairment or reversal of impairment is recognised in the statement of comprehensive income. There are no financial assets classified as fair value through the statement of comprehensive income or as held to maturity or available for sale.

All financial assets are assessed for indicators of impairment at each statement of financial position date. Financial assets are impaired where there is evidence that a loss has occurred and that estimated future cash flows of the financial asset have been impacted. Objective evidence of impairment for a portfolio of receivables could include a company's past experience of collecting payments, an increase in the delayed number of payments in the portfolio and the average credit period, as well as observed changes in the national or local economic conditions that correlate with default on receivables.

#### *Financial liabilities*

Financial liabilities which include bank loans, overdrafts and trade and other payables are measured initially at fair value net of transaction costs under the effective interest method and thereafter at amortised cost. Finance charges are accounted for on an accruals basis in the statement of comprehensive income using the effective interest method.

#### *Critical accounting estimates and judgements*

The preparation of the financial statements in accordance with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, income and expense and which may differ from actual results. The key critical judgements are considered to be: -

##### 1. *Player transfer costs*

Management have to make certain judgements as to whether a liability should be recognised under the terms of the contracts with other football clubs in respect of player transfers. These judgements include management's opinion, at the statement of financial position date, on the likely league status in the next season. It also requires certain judgements as to whether a player will continue to make the contractually agreed number of first team appearances. Based on these judgements, management decide on an individual player by player basis as to whether the liability is disclosed as a contingent liability in note 21 or whether it becomes recognised as a liability in trade payables in the statement of financial position.

##### 2. *Intangible assets, tangible assets and impairment*

Management are required to test whether intangible and tangible assets have suffered any impairment. The recoverable amount of cash generating units connected to the recorded value of these assets has been determined based on value in use estimates and compared to the book value to determine if an impairment provision is needed.



# Birmingham City Football Club PLC

## Notes forming part of the financial statements (continued) for the year ended 30 June 2018

### 2 Revenues

The company has one main business segment, that of professional football operations. As a result, no additional business segment information is required to be provided. It operates in one geographical segment, in the United Kingdom, and accordingly no additional geographical segmental information is required to be provided. A voluntary analysis of the revenue streams is given below to assist with an understanding of the business.

	2018 £	2017 £
Match receipts	4,908,361	4,350,520
Broadcasting	7,570,004	6,939,349
Other commercial income	6,299,191	5,959,957
	<hr/>	<hr/>
	18,777,556	17,249,826
	<hr/>	<hr/>

Revenue streams comprise:-

Match receipts	Season and match day tickets.
Broadcasting	Television and broadcasting income, including distributions from the FA broadcasting agreements, cup competitions and local radio.
Other commercial income	Sponsorship income, corporate hospitality, merchandising, conference and banqueting and other sundry revenue.

### 3 Operating loss

	2018 £	2017 £
Operating loss is stated after charging/(crediting) the following:		
Depreciation of tangible fixed assets	878,165	665,335
Amortisation of intangible fixed assets	7,625,731	2,601,250
Profit on disposal of tangible fixed assets	(2,861)	(11,312)
Amortisation of deferred capital grants	(56,970)	(56,969)
Equipment leased under operating leases	245,992	220,772
Premises leased under operating leases	84,000	84,000
Grant income received	(730,000)	(620,000)
Impairment of intangible assets	440,781	360,606
Loss on foreign exchange re-translation	-	538
	<hr/>	<hr/>
Fees receivable by the auditors in respect of:		
Audit of the company's financial statements	37,000	37,000
Other fees relating to taxation	4,000	4,000
	<hr/>	<hr/>
	41,000	41,000
	<hr/>	<hr/>

The impairment of intangible assets has been recognised to write down the assets to their recoverable amount.

# Birmingham City Football Club PLC

Notes forming part of the financial statements (*continued*)  
for the year ended 30 June 2018

## 4 Staff costs

	2018 £	2017 £
Wages and salaries	34,221,214	20,074,236
Social security costs	3,692,931	2,085,782
Pension costs	74,757	38,963
	<hr/>	<hr/>
	37,988,902	22,198,981
	<hr/>	<hr/>

The average monthly number of persons employed by the company, including directors was:

	2018 Number	2017 Number
Playing staff	79	72
Training staff	55	53
Training ground staff	11	9
Commercial and fund-raising staff	35	32
Shop staff	6	6
Administration and other staff	40	36
	<hr/>	<hr/>
	226	208
	<hr/>	<hr/>

During the year the company also employed approximately 549 temporary staff on match days (2017 - 520), the cost of which is included in the staff costs above.

### *Key management compensation*

The remuneration of senior management during the year was as follows:

	2018 £	2017 £
Remuneration for qualifying services	377,812	399,640
Pension costs	7,876	6,221
	<hr/>	<hr/>
	385,688	405,861
	<hr/>	<hr/>

# Birmingham City Football Club PLC

Notes forming part of the financial statements (*continued*)  
for the year ended 30 June 2018

## 4 Staff costs (continued)

### *Directors' remuneration*

	2018 £	2017 £
Remuneration for qualifying services	294,109	-
	<u>294,109</u>	<u>-</u>

No directors (2017 – none) are accruing benefits under defined contribution schemes.

Remuneration disclosed above include the following amounts paid to the highest paid director:

	2018 £	2017 £
Remuneration for qualifying services	165,566	-
	<u>165,566</u>	<u>-</u>

The directors' remuneration is being recharged to the company's ultimate parent, Birmingham Sports Holdings Limited.

## 5 Finance income

	2018 £	2017 £
Bank interest receivable	10,865	114,301
Other interest receivable	70	88
Notional interest on transfer fee receivables due after one year	169,665	32,352
	<u>180,600</u>	<u>146,741</u>

## 6 Finance costs

	2018 £	2017 £
Finance lease interest payable	237	2,843
Notional interest payable on transfer fee liabilities due after one year	1,059,026	272,713
	<u>1,059,263</u>	<u>275,556</u>

# Birmingham City Football Club PLC

Notes forming part of the financial statements (*continued*)  
for the year ended 30 June 2018

## 7 Taxation

	2018 £	2017 £
<b>Domestic current year tax</b>		
UK corporation tax	-	(1,800,000)
Adjustment in respect of previous years	-	-
	<hr/>	<hr/>
Total current tax	-	(1,800,000)
	<hr/>	<hr/>
<b>Deferred tax</b>		
Origination and reversal of timing differences	-	-
	<hr/>	<hr/>
<b>Total tax credit</b>	-	(1,800,000)
	<hr/>	<hr/>
<i>Factors affecting the tax credit for the year:-</i>		
	2018 £	2017 £
Loss before taxation	(37,461,303)	(16,395,916)
	<hr/>	<hr/>
Loss before taxation at the standard rate of corporation tax in the UK of 19% (2017 – 20%)	(7,117,648)	(3,279,183)
Effect of:		
Expenses not deductible for tax purposes	8,126	7,764
Income not taxable	(10,824)	(11,394)
Depreciation in excess of capital allowances	62,743	21,410
Tax losses surrendered for group relief	17,207	-
Tax losses generated	7,040,396	3,261,403
Capital contribution reversal	-	(1,800,000)
	<hr/>	<hr/>
Total tax credit	-	(1,800,000)
	<hr/>	<hr/>

The tax provision in the prior period was created on the parent company loan waiver in 2014 has been released as it is no longer required.

### *Factors that may affect future tax charges*

At 30 June 2018, the company has trading losses of £60,193,891 (2017 - £23,139,175) to carry forward and use against future trading profits. No deferred tax has been recognised in relation to these losses on the basis of uncertainty about the future taxable profits.

The Finance Act 2016, which was passed on 15 September 2016, provided that the main UK corporation tax rate was reduced to 19% from 1 April 2017 and will be reduced to 17% from 1 April 2020.

# Birmingham City Football Club PLC

Notes forming part of the financial statements (*continued*)  
for the year ended 30 June 2018

## 8 Investments

	Shares in group undertakings £
<i>Cost</i>	
At 1 July 2017	1
Additions	-
Disposals	-
	<hr/>
At 30 June 2018	1
	<hr/>
<i>Impairment</i>	
At 1 July 2017	-
Charge for the year	-
Disposals	-
	<hr/>
At 30 June 2018	-
	<hr/>
<i>Carrying value</i>	
At 30 June 2018	1
	<hr/>
At 30 June 2017	1
	<hr/>

The company owns the whole of the issued ordinary share capital of the following company, registered in England and Wales. The results for the subsidiary are included in the consolidated financial statements of Birmingham City Plc from the date of acquisition.

Subsidiary	Registered Office	Principal activity	Holding
Birmingham City Women Football Club Limited	St Andrew's Stadium, Birmingham, United Kingdom, B9 4RL	Football club	100%

# Birmingham City Football Club PLC

Notes forming part of the financial statements (*continued*)  
for the year ended 30 June 2018

## 9 Intangible fixed assets

	<b>Players' Registrations £</b>
<i>Cost</i>	
At 1 July 2016	3,618,931
Additions	11,634,531
Disposals	(365,199)
	<hr/>
At 1 July 2017	14,888,263
Additions	15,405,787
Disposals	(4,185,215)
	<hr/>
At 30 June 2018	26,108,835
	<hr/>
<i>Amortisation</i>	
At 1 July 2016	1,176,135
Charge for the year	2,601,250
Impairment loss	360,606
Disposals	(358,580)
	<hr/>
At 1 July 2017	3,779,411
Charge for the year	7,625,731
Impairment loss	440,781
Disposals	(2,127,030)
	<hr/>
At 30 June 2018	9,718,893
	<hr/>
<i>Net book value</i>	
At 30 June 2018	16,389,942
	<hr/>
At 30 June 2017	11,108,852
	<hr/>

Any players whom the company do not consider to be a long term part of the first team squad and who will therefore not contribute to future cash flows earned by the company are assessed for impairment by considering the carrying value with the company's best estimate of fair value (being post year-end sales proceeds or expected sales proceeds) less costs to sell. The directors are satisfied that no further provision is required, even in the circumstances of the company remaining in the Football League Championship for the 2018/2019 season.

# Birmingham City Football Club PLC

## Notes forming part of the financial statements (*continued*) for the year ended 30 June 2018

### 10 Property, plant and equipment

	Freehold land and buildings £	Leasehold land and buildings £	Motor vehicles £	Fixtures and equipment £	Total £
<i>Cost or valuation</i>					
At 1 July 2016	13,136,376	4,102,168	380,047	6,300,929	23,919,520
Additions	-	70,803	24,037	889,006	983,846
Disposals	-	-	-	(8,200)	(8,200)
At 1 July 2017	13,136,376	4,172,971	404,084	7,181,735	24,895,166
Additions	-	-	61,560	499,372	560,932
Disposals	-	-	(23,470)	-	(23,470)
At 30 June 2018	13,136,376	4,172,971	442,174	7,681,107	25,432,628
<i>Depreciation</i>					
At 1 July 2016	5,296,241	1,205,102	244,489	6,039,967	12,785,799
Charge for the year	275,381	160,734	53,628	175,592	665,335
Disposals	-	-	-	(2,323)	(2,323)
At 1 July 2017	5,571,622	1,365,836	298,117	6,213,236	13,448,811
Charge for the year	275,381	162,877	72,295	367,612	878,165
Disposals	-	-	(20,793)	-	(20,793)
At 30 June 2018	5,847,003	1,528,713	349,619	6,580,848	14,306,183
<i>Net book value</i>					
At 30 June 2018	7,289,373	2,644,258	92,555	1,100,259	11,126,445
At 30 June 2017	7,564,754	2,807,135	105,967	968,499	11,446,355

The net book value of tangible assets includes an amount of £Nil (2017 - £36,556) in respect of assets held under finance leases. The related depreciation charge on these assets for the year was £Nil (2017 - £16,872).

# Birmingham City Football Club PLC

## Notes forming part of the financial statements (*continued*) for the year ended 30 June 2018

### 11 Inventories

	2018 £	2017 £
Goods for resale	630,479	506,179

The replacement of stocks would not be significantly different from the values stated. The amount of inventories recognised as an expense and included in operating expenses amounted to £770,075 (2017 - £994,862).

### 12 Trade and other receivables

	2018 £	2017 £
<i>Current assets</i>		
Trade receivables	3,332,266	2,356,421
Other receivables	1,406,536	2,100,506
Prepayments	3,757,717	1,937,102
	<u>8,496,519</u>	<u>6,394,029</u>
<i>Non-current assets</i>		
Trade receivables	461,304	253,125
Prepayments	1,646,852	1,594,974
	<u>2,108,156</u>	<u>1,848,099</u>

Included within trade receivables is £2,381,519 (2017 - £1,248,825) in respect of transfer fees receivable, of which £461,304 (2017 - £253,125) is receivable after more than one year. Included within prepayments is £4,230,556 (2017 - £2,513,639) in respect of agent fees and signing on fees, of which £1,646,852 (2017 - £1,594,974) is receivable after more than one year.

Trade receivables are individually assessed based on estimated recoverable amounts.

The average credit period taken on sales is 39 days (2017 - 94 days).



# Birmingham City Football Club PLC

Notes forming part of the financial statements *(continued)*  
for the year ended 30 June 2018

## 12 Trade and other receivables *(continued)*

Ageing of past due but not impaired receivables, based on normal 30-day credit terms.

	2018 £	2017 £
30 – 90 days	205,537	166,720
90 – 120 days	51,033	73,140
120 – 180 days	39,456	59,540
180 days +	331,423	125,470
	<hr/>	<hr/>
Total	627,449	424,870
	<hr/>	<hr/>

Movement in bad and doubtful debt provisions

	2018 £	2017 £
Balance brought forward	56,198	146,775
Amounts recovered	(11,220)	(8,011)
Written off	(31,456)	(125,752)
Amounts provided	84,808	43,186
	<hr/>	<hr/>
Balance carried forward	98,330	56,198
	<hr/>	<hr/>

The directors believe that there is no further provision required in excess of the allowance for doubtful debts. Included in the allowance for doubtful debts are individually impaired receivables. The ageing of impaired trade receivables is as follows:

	2018 £	2017 £
0 – 90 days	-	-
90 – 120 days	12,000	-
120 – 180 days	6,000	-
180 days +	80,330	56,198
	<hr/>	<hr/>
	98,330	56,198
	<hr/>	<hr/>

The directors consider the carrying amount of trade and other receivables approximates to their fair value.

# Birmingham City Football Club PLC

## Notes forming part of the financial statements (*continued*) for the year ended 30 June 2018

### 13 Trade and other payables

	2018 £	2017 £
<i>Current liabilities</i>		
Trade payables	10,998,358	6,856,078
Taxation and social security	1,286,238	960,246
Other payables	37,120	16,925
Accruals	2,665,998	1,641,196
	<hr/>	<hr/>
	14,987,714	9,474,445
	<hr/>	<hr/>
<i>Non-current liabilities</i>		
Trade payables	3,762,851	3,541,964
Accruals	725,000	817,600
	<hr/>	<hr/>
	4,487,851	4,359,564
	<hr/>	<hr/>

Included within trade payables is £11,148,010 (2017 - £7,875,665) in respect of actual and probable transfer fees payable and agent's fees payable, of which £3,762,851 (2017 - £3,541,964) is payable after more than one year. Included within accruals is £2,497,100 (2017 - £1,247,033) in respect of signing on fees payable, of which £725,000 (2017 - £817,600) is payable after more than one year.

The ageing of trade payables included in current liabilities is set out below:

	2018 £	2017 £
0 – 30 days	3,497,337	5,949,982
30 – 90 days	991,474	811,443
90 – 180 days	140,713	79,179
180 days +	6,368,834	15,474
	<hr/>	<hr/>
	10,998,358	6,856,078
	<hr/>	<hr/>

Trade payables and accruals principally comprise amounts outstanding for trade purchases and ongoing costs and are payable within 2 months. The average credit period taken for trade purchases is 88 days (2017 - 88 days).

# Birmingham City Football Club PLC

Notes forming part of the financial statements (*continued*)  
for the year ended 30 June 2018

## 14 Financial liabilities

	2018 £	2017 £
<i>Current liabilities</i>		
Due to ultimate parent company	73,083,086	33,378,326
Finance leases	-	2,078
	<hr/>	<hr/>
Total current liabilities	73,083,086	33,380,404
	<hr/>	<hr/>
<i>Non-current liabilities</i>		
Finance leases	-	-
Preference shares	18,500	18,500
	<hr/>	<hr/>
Total non-current liabilities	18,500	18,500
	<hr/>	<hr/>
<i>Borrowings maturity</i>		
Within one year	73,083,086	33,380,404
More than one year but not more than two years	-	-
More than two years but not more than five years	-	-
After five years	18,500	18,500
	<hr/>	<hr/>
Total borrowings	73,101,586	33,398,904
	<hr/>	<hr/>

The commitments under finance lease liabilities are as follows:

	Within 1 year £	Within 1 - 2 years £	Within 2 - 5 years £	Total £
<b>30 June 2018</b>				
Payments	-	-	-	-
Discounting	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
<b>30 June 2017</b>				
Payments	2,315	-	-	2,315
Discounting	(237)	-	-	(237)
	<hr/>	<hr/>	<hr/>	<hr/>
	2,078	-	-	2,078
	<hr/>	<hr/>	<hr/>	<hr/>

# Birmingham City Football Club PLC

## Notes forming part of the financial statements (*continued*) for the year ended 30 June 2018

### 14 Financial liabilities (*continued*)

Obligations under finance leases are secured over the assets to which they relate.

The preference shares are shown as debt rather than equity. The Company may redeem cumulative preference shares at par at any time upon giving not less than three months previous notice in writing to the holders of the cumulative preference shares. On an earlier winding up, the cumulative preference shares carry priority over the ordinary shares to the extent of their par value plus any arrears of dividends (which are cumulative for a period of three years). The preference shares carry no votes except on a winding up or on variations of their rights.

The club's bankers have a fixed charge over a specific deposit account held with the bank. This security is required for certain credit facilities made available to the company from time to time. The balance on this account at the statement of financial position date was £800,000 (2017 - £800,000).

The directors have received formal confirmation from the ultimate parent company that, given the financial position of the Club, the amounts due (or at least a significant element of the amounts due) to the ultimate parent company will remain in place for at least the 12 months from the date of approval of these financial statements. However, as the amounts shown as payable to the ultimate parent company were advanced without formal documentation and there are no written terms for repayment, these amounts are considered technically repayable on demand. Amounts owed to the ultimate parent company are unsecured and are interest free. On this basis and given other factors connected to the funding arrangements of the Club the directors consider that these amounts payable should be recorded as being due in less than one year.

### 15 Deferred capital grant

Included within liabilities is £1,518,580 (2017 - £1,575,550) relating to a deferred capital grant of which £1,461,612 (2017 - £1,518,581) is due after more than one year.

The grant is in respect of the substantial redevelopment of the stadium. The grant has been treated as a deferred capital grant and is being amortised in line with the depreciable assets to which it relates.

### 16 Deferred taxation

	2018 £	2017 £
At 1 July	-	-
Amount (charged)/credited to statement of comprehensive income	-	-
Losses	-	-
	<hr/>	<hr/>
At 30 June	-	-
	<hr/>	<hr/>

# Birmingham City Football Club PLC

## Notes forming part of the financial statements (*continued*) for the year ended 30 June 2018

### 16 Deferred taxation (*continued*)

	2018 £	2017 £
Deferred taxation comprises:		
Depreciation in excess of capital allowances	54,097	72,437
Losses carried forward	11,450,794	4,399,066
Assets not recognised	(11,504,891)	(4,471,503)
Deferred tax asset	-	-

The potential asset is based on a corporation tax rate of 19% (2017 - 19%). No deferred tax asset has been recognised at 30 June 2018 on the basis that future recoverability of such an asset is uncertain.

### 17 Financial instruments

#### *Capital risk management*

The company manages its capital to ensure that the company will be able to continue as a going concern through the optimisation of the debt and equity balance. The capital structure of the company consists of debt, which includes the borrowings disclosed in note 14, cash and cash equivalents and equity attributable to equity holders of the parent, comprising issued share capital, reserves and retained earnings.

The company is not subject to externally imposed capital requirements, other than the minimum capital requirements and duties regarding reduction of capital, as imposed by the Companies Act 2006 on all public limited companies.

#### *Categories of financial instruments*

	2018 £	2017 £
<i>Financial assets</i>		
Cash and cash equivalents	3,565,152	3,270,498
Trade and other receivables (note 12)	10,604,675	8,242,128
	14,169,827	11,512,626
<i>Financial liabilities</i>		
Trade and other payables held at amortised cost	16,084,567	11,375,213
Borrowings at amortised cost (notes 13 & 14)	73,101,586	33,398,904
	89,186,153	44,774,117

The fair value of the financial instruments set out above is not different to the book value. The above financial liabilities do not include accruals.

# Birmingham City Football Club PLC

## Notes forming part of the financial statements (*continued*) for the year ended 30 June 2018

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### 17 Financial instruments (*continued*)

#### *Financial risk management objectives*

Management monitor and manage the financial risks relating to the operations of the company through internal risk reports. These risks include currency risk, interest rate risk, credit risk, liquidity risk and cash flow interest rate risk.

Where the company considers the impact arising from one or more of these risks to be potentially material to the company's financial position, derivative financial instruments are used to reduce risk exposure. The use of financial derivatives requires the prior approval of the board. The company does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

#### *Price risk*

The company has no significant exposure to securities price risk, as it holds no listed equity investments.

#### *Foreign currency risk*

The company has no significant exposure in its trading subsidiary to the risk of changes in foreign currency exchange rates.

#### *Credit risk*

The company's principal financial assets are bank balances, cash and trade receivables. The company's credit risk is primarily attributable to its trade receivables. Credit risk is managed by monitoring the aggregate amount and duration of exposure to any one customer depending upon their credit rating. The amounts presented in the statement of financial position are net of allowances for doubtful debts, estimated by the company's management based on prior experience and their assessment of the current economic environment.

The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies. The company has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers.

#### *Liquidity risk*

The company's policy has been to ensure continuity of funding through operating within its banking facilities and to match borrowing against the useful life of assets purchased. Longer term liquidity is achieved through funding provided by the ultimate holding company and the need for ongoing funding is confirmed in the Strategic Report and Accounting Policies (note 1). The directors manage liquidity risk through close and frequent discussions with the ultimate holding company and have received assurances that funding is in place at least until 31 December 2019.

# Birmingham City Football Club PLC

## Notes forming part of the financial statements (*continued*) for the year ended 30 June 2018

### 17 Financial instruments (*continued*)

The company's financial liabilities have contractual maturities summarised below.

30 June 2018	Current within 1 year £	Non-current 1 to 5 £	Over 5 years £
Preference shares	-	-	18,500
Due to parent company	73,083,086	-	-
Finance leases	-	-	-
Trade and other payables and social security and taxes	12,321,716	3,762,851	-
	<hr/>	<hr/>	<hr/>
At 30 June 2018	85,404,802	3,762,851	18,500
	<hr/>	<hr/>	<hr/>
30 June 2017	Current within 1 year £	Non-current 1 to 5 £	Over 5 years £
Preference shares	-	-	18,500
Due to parent company	33,378,326	-	-
Finance leases	2,078	-	-
Trade and other payables and social security and taxes	7,833,249	3,541,964	-
	<hr/>	<hr/>	<hr/>
At 30 June 2017	41,213,653	3,541,964	18,500
	<hr/>	<hr/>	<hr/>

#### *Interest rate sensitivity analysis*

If interest rates had been 1% higher/lower and all other variables were held constant, the company's result for the year ended 30 June 2018 would not be materially affected.

### 18 Retirement benefit schemes

	2018 £	2017 £
<b>Defined contribution schemes</b>		
Charge to the statement of comprehensive income in respect of defined contribution schemes	74,757	38,963
	<hr/>	<hr/>

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

### 19 Share capital

	2018 £	2017 £
<i>Allotted, called up and fully paid</i>		
1,505,676 Ordinary shares of 50p each	752,838	752,838
	<hr/>	<hr/>

# Birmingham City Football Club PLC

## Notes forming part of the financial statements (*continued*) for the year ended 30 June 2018

### 20 Related party disclosures

The company has taken advantage of the exemption conferred within IAS 24 not to disclose transactions between wholly owned members of the same group.

Any directors or senior employees who have authority and responsibility for controlling the activities of the company are considered to be key management personnel. Total remuneration in respect of these individuals is disclosed in note 4.

The key management for the company consider that Birmingham City Football Club Community Trust ("BCFCCT") is a related party of the company by the virtue of its significant influence.

The company recharges expenses to BCFCCT in relation to various day to day running costs, amounting to £120,412 (2017 - £19,560) and also provides financial support. At 30 June 2018, included within other debtors is an amount due to the company of £132,187 (2017 - £11,775).

### 21 Contingent liabilities

Under the terms of certain contracts with players and other football clubs, additional amounts would become payable if certain specific conditions arise after 30 June 2018. The directors have taken the view that these amounts are not certain enough to be recorded as a provision but note that the maximum that could be payable in respect of these items is £6,101,833 (2017 - £9,510,120). Since the year end and to the date of approval of these financial statements £266,500 of these amounts have crystallised.

The club has committed to an annual sponsorship up to £415,000 for Birmingham City Women Football Club Limited for the 2018/19 season.

### 22 Capital and other financial commitments

#### (a) Capital commitments

	2018 £	2017 £
At 30 June, the company had capital commitments as follows:		
Contracted for but not provided in the financial statements	-	-

#### (b) Lease commitments

The company had annual commitments under non-cancellable operating leases as set out below:

	Land and buildings		Other	
	2018 £	2017 £	2018 £	2017 £
Operating leases which expire:				
Within one year	84,000	84,000	101,254	143,640
In two to five years	336,000	336,000	45,735	88,866
After five years	6,258,000	6,342,000	-	-
	<u>6,678,000</u>	<u>6,762,000</u>	<u>146,989</u>	<u>232,506</u>



# Birmingham City Football Club PLC

## Notes forming part of the financial statements (*continued*) for the year ended 30 June 2018

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### 23 Notes supporting the statement of changes in equity

Share capital and share premium -

Share capital records the nominal value of shares in issue and the share premium records the receipts from issue of share capital above the nominal value of the shares, net of direct issue costs.

Revaluation reserve -

The revaluation reserve records the increase in the cost of assets that have been revalued from cost, net of depreciation or amortisation.

Capital redemption reserve -

Capital redemption reserves represents a non-distributable reserve in relation to shares which have been brought back by the company.

Other reserves -

Other reserves represent the waiver of a loan balance due to the club's immediate parent company Birmingham City Plc.

Profit and loss account -

The profit and loss account records the cumulative profits less losses recognised in the Statement of Comprehensive Income, net of any distributions and share-based payments made.

### 24 Events after the statement of financial position date

On 14 August 2018, the company, received a notification from the EFL in connection with breaches of the Championship Profitability and Sustainability Rules of Appendix 5 of the EFL regulations. The breaches were mainly associated with company's financial performance. As a result of the breaches, the company was placed under an imposed arrangement that restricts transfer market activities without the consent of the EFL and was referred to a disciplinary commission, which is estimated to be held in February 2019. Up to the date of approval of these financial statements, the management of the company are still in negotiation with the EFL on the possible disciplinary actions that might be imposed to the company and is not in a position to estimate the impact.

Transfers of player registrations subsequent to 30 June 2018, taking into account applicable costs, resulted in a net £2,428,379 (2017 - £10,998,415) payable by the Club.

Additional costs subsequent to 30 June 2018 in respect of players impaired during the year have resulted in a net £225,000 (2017 - £Nil) payable by the Club.

### 25 Ultimate parent company and parent undertaking of larger group

The immediate parent company of the club is Birmingham City Plc, a company incorporated in England and Wales.

The largest group in which the results of the company are consolidated is that headed by Birmingham Sports Holdings Limited a company incorporated in the Cayman Islands and listed on the Hong Kong Stock Exchange. The consolidated accounts of this company are available to the public and may be obtained from the company registrar. The smallest group accounts available is that headed by Birmingham City Plc.