

Strategic Report,  
Report of the Directors and  
Audited Financial Statements  
for the Year Ended 30 June 2022  
for  
BIRMINGHAM CITY FOOTBALL CLUB PLC



BIRMINGHAM CITY FOOTBALL CLUB PLC

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for the year ended 30 June 2022

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**BIRMINGHAM CITY FOOTBALL CLUB PLC**

**Company Information**  
**for the year ended 30 June 2022**

<b>Directors:</b>	G Zheng W Zhao C K Yiu Y Wang
<b>Registered office:</b>	St Andrews Stadium Small Heath Birmingham B9 4NH
<b>Registered number:</b>	00027318 (England and Wales)
<b>Auditors:</b>	Haines Watts Birmingham LLP 5-6 Greenfield Crescent Edgbaston Birmingham B15 3BE
<b>Bankers:</b>	HSBC Bank Plc 130 New Street Birmingham B2 4JU

## BIRMINGHAM CITY FOOTBALL CLUB PLC

### Strategic Report for the year ended 30 June 2022

The Directors present their Strategic Report and Financial Statements for the year ended 30 June 2022.

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 £24.8m (2021 - £5.5m restated) primarily as a result of profits from player trading in the prior year.

For the eleventh consecutive year the Club played in the Championship Division of the English Football League (EFL). Following a finish of 18th position in the EFL Championship for the season 20/21, the squad were able to make a relatively good start to the 2021/22 season. Despite the good start to the season, results in the second half of the campaign saw the team in the bottom half of the table, ultimately finishing 20th.

The Birmingham City Football Academy continued to operate at Category 1 status under the Elite Player Performance Plan during the 2021/22 season. Unfortunately, the club announced on 19 May 2022 that the Academy had been demoted to Category 2 status. Several academy trained players continued to participate in the first team squad throughout the 2021/22 season.

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:

	<b>2022</b>	<b>2021</b>
		<b>Restated</b>
	<b>£'000</b>	<b>£'000</b>
Revenue levels (football related and other)	17,550	13,112
Loss from operations	23,823	4,482
Staff costs (player related and other)	31,112	30,950
	<b>No.</b>	<b>No.</b>
Average attendance levels	16,152	N/A

On 13 March 2020, the English football authorities suspended professional football leagues in response to the COVID-19 pandemic that had hit a number of participants. On 23 March 2020, the UK Prime Minister announced a national lockdown in response to the global pandemic. As a result of continued lockdowns and social distancing rules throughout the 2020/21 season, all EFL Championship games for Birmingham City Football Club were played behind closed doors.

For the 21/22 season, fans were allowed to return to football stadiums.

Prior to the beginning of the 21/22 season, it was announced that major repair works were needed to bring St Andrews stadium back to a fit state to meet health and safety regulations. This has resulted in the lower tiers in the Tilton Road stand and Kop stand being closed for the whole season.

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.

#### **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.

## BIRMINGHAM CITY FOOTBALL CLUB PLC

### Strategic Report for the year ended 30 June 2022

#### **Funding and going concern**

The company does not have an overdraft facility and meets its day to day funding requirements with support from Birmingham City Plc ("BCP") and the ultimate parent undertakings, Birmingham Sports Holdings Limited ("BSHL") and Oriental Rainbow Investments Limited ("ORIL").

At the balance sheet date funding of £58.7m has been provided by Birmingham City Plc ("BCP") to Birmingham City Football Club Plc ("BCFC") this amount is shown as due to the parent undertaking within one year. The directors have received written confirmation from the parent that the £58.7m total debt owed to BCP 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 2023 as part of the longer term forecasts prepared for the company. The forecasts show that BCFC needs additional funding of around £23m from BCP, BSHL and ORIL for the period from July 2022 to December 2023.

The directors of the ultimate parent/parent 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.

#### Extracts from BSHL financial statements for the year ended 30 June 2022

*The Group incurred a loss attributable to owners of the Company of approximately HK\$40,661,000 for the year ended 30 June 2022 and as at 30 June 2022 the Group had net current liabilities of approximately HK\$88,044,000. These conditions indicate the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern. Therefore, the Group may be unable to realise its assets and discharge its liabilities in the normal course of business.*

*The Directors are of the opinion that the Group will have sufficient working capital to meet its financial obligations as and when they fall due for the next twelve months after taking into consideration that (i) the Group has a loan facility from a substantial shareholder of the Company, Trillion Trophy Asia Limited ("Trillion Trophy") under which an unsecured revolving loan facility up to HK\$250,000,000 has been granted to the Company; (ii) the Group has a loan facility from Oriental Rainbow Investments Limited ("Oriental Rainbow"), a non-controlling shareholder of subsidiaries of the Company and a wholly-owned subsidiary of a substantial shareholder of the Company under which an unsecured revolving loan facility up to HK\$300,000,000 has been granted to the Company; (iii) the Group has a loan facility from Great Summit Ventures Limited ("Great Summit"), a wholly-owned subsidiary of a substantial shareholder of the Company under which an unsecured revolving loan facility up to HK\$100,000,000 has been granted to the Company; and (iv) the Group has a loan facility with aggregate amount of approximately HK\$23,396,000 from a third party lender.*

*As at 30 June 2022, the total carrying amount of the borrowings under the above facilities of the Group was approximately HK\$246,783,000. As at 30 June 2022, the Group had approximately HK\$426,613,000 undrawn borrowing facilities available.*

*Accordingly, the Directors are of the opinion that it is appropriate to prepare the consolidated financial statements on a going concern basis. Should the Group be unable to continue as a going concern, adjustments would have to be made to the consolidated financial statements to adjust the value of the Group's assets to their recoverable amounts, to provide for any further liabilities which might arise and to reclassify non-current assets and liabilities as current assets and liabilities, respectively.*

#### **Profitability and sustainability rules**

During the year under review, the Club has complied in all material respects with the relevant laws and regulations that have a significant impact on the business and operation of the Club, and there was no material breach of or non-compliance with the applicable laws and regulations by the Club.

**On behalf of the board:**



.....  
Director: Gannan Zheng

Date: 30 December 2022

## BIRMINGHAM CITY FOOTBALL CLUB PLC

### Report of the Directors for the year ended 30 June 2022

The directors present their report with the financial statements of the company for the year ended 30 June 2022.

#### **Dividends**

No dividends will be distributed for the year ended 30 June 2022.

#### **Directors**

The directors shown below have held office during the whole of the period from 1 July 2021 to the date of this report.

G Zheng  
W Zhao  
C K Yiu  
Y Wang

#### **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 and 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.

#### **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.

## BIRMINGHAM CITY FOOTBALL CLUB PLC

### Report of the Directors for the year ended 30 June 2022

#### **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**

Transfers of player registrations subsequent to 30 June 2022, taking into account applicable costs, resulted in a net £1,318,875 payable by the Club (2021 - £1,675,000 payable to the club).

On 14 June 2022, the company's ultimate parent undertaking BSHL announced they had been informed that Mr. Vong Pech, a substantial shareholder of BSHL, had in an agreement dated 12 June 2022, agreed to dispose of approximately 21.64% of the issued share capital of Birmingham City PLC ("BCP") beneficially owned by him.

On 7 December 2022, the club announced the proposed deal for investment by Maxco Capital Co Ltd had come to an end.

During this period, working capital of £7,970,000 was provided to the club by Maxco Capital Co Ltd as part of the Master Sale and Purchase Agreement relating to the sale of Oriental Rainbow Investments Limited (ORIL) by its beneficial owners.

#### **Statement of directors' responsibilities**

The directors are responsible for preparing the Strategic Report, the Report of the Directors and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with UK-adopted International Financial Reporting Standards and applicable UK 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 that the financial statements comply with IFRS;
- 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.

#### **Statement as to disclosure of information to auditors**

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

BIRMINGHAM CITY FOOTBALL CLUB PLC

Report of the Directors  
for the year ended 30 June 2022

**Auditors**

The auditors, Haines Watts Birmingham LLP, are deemed to be re-appointed under section 487(2) of the Companies Act 2006.

**On behalf of the board:**

*Gannan Zheng*

.....  
Director: Gannan Zheng

Date: 30 December 2022



Report of the Independent Auditors to the Members of  
Birmingham City Football Club Plc

**Opinion**

We have audited the financial statements of Birmingham City Football Club Plc (the 'company') for the year ended 30 June 2022 which comprise the Statement of Profit or Loss and Other Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, the Statement of Cash Flows and Notes to the Statement of Cash Flows, 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 UK-adopted international accounting standards.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 June 2022 and of its loss for the year then ended;
- have been properly prepared in accordance with UK-adopted international accounting standards; 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 Auditors' 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 relating to going concern**

We draw attention to note 1 on page 15 and 16 of the financial statements, which indicates that the company incurred a net loss of £24.8m during the year ended 30 June 2022 and, as of that date, the company's current liabilities exceeded the total assets by £41.7m and its total liabilities exceeded total assets by £54.0m. As stated in note 1, funding of around £23m is required to December 2023 from Birmingham City Plc (BCP) the parent company, the ultimate parent company, Birmingham Sports Holdings Limited (BSHL) and Oriental Rainbow Investments Limited (ORIL). 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. Our opinion is not modified in respect of this matter.

In auditing the financial statements, we have concluded that the director's use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the director's assessment of the entity's ability to continue to adopt the going concern basis of accounting included a review of the commitments they have received from BCP, and/or BSHL and ORIL.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

**Other information**

The directors are responsible for the other information. The other information comprises the information in the Strategic Report and the Report of the Directors, but does not include the financial statements and our Report of the Auditors 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 this gives rise to a material misstatement in the financial statements themselves. 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.

**Opinions on other matters 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 Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Report of the Directors have been prepared in accordance with applicable legal requirements.

Report of the Independent Auditors to the Members of  
Birmingham City Football Club Plc

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

In the light of the 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 or the Report of the Directors.

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

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

**Responsibilities of directors**

As explained more fully in the Statement of Directors' Responsibilities set out on page five, 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 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.

**Auditors' 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 a Report of the Auditors 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.

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

We obtained an understanding of the legal and regulatory framework applicable to both the company itself and the industry in which it operates. We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our sector experience and through discussion with the directors and other management. The most significant were identified as the Companies Act 2006, IFRS, relevant tax legislation and EFL regulations.

We considered the extent of compliance with those laws and regulations as part of our procedures on the related financial statements. Our audit procedures included:

- making enquires of directors and management as to where they consider there to be a susceptibility to fraud and whether they have any knowledge or suspicion of fraud;
- obtaining an understanding of the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations;
- assessing the design effectiveness of the controls in place to prevent and detect fraud;
- assessing the risk of management override including identifying and testing journal entries;
- challenging the assumptions and judgements made by management in its significant accounting estimates.

Whilst our audit did not identify any significant matters relating to the detection of irregularities including fraud, and despite the audit being planned and conducted in accordance with ISAs (UK), there remains an unavoidable risk that material misstatements in the financial statements may not be detected owing to inherent limitations of the audit, and that by their very nature, any such instances of fraud or irregularity would likely involve collusion, forgery, intentional misrepresentations, or the override of internal controls.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our Report of the Auditors.

Report of the Independent Auditors to the Members of  
Birmingham City Football Club Plc

**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 a Report of the Auditors and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Andrew Hughes FCA (Senior Statutory Auditor)  
for and on behalf of Haines Watts Birmingham LLP  
5-6 Greenfield Crescent  
Edgbaston  
Birmingham  
B15 3BE

Date: .....30/12/2022.....

**BIRMINGHAM CITY FOOTBALL CLUB PLC**

**Statement of Profit or Loss and Other Comprehensive Income**  
**for the year ended 30 June 2022**

		<b>Club operations</b>	<b>Player amortisation impairment and trading costs</b>	<b>Total 2022</b>	<b>Total 2021 Restated</b>
	<b>Notes</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>Continuing operations</b>					
Revenue	3	17,550,213	-	17,550,213	13,112,188
Operating expenses		(42,187,110)	(6,277,062)	(48,464,172)	(45,947,894)
Other operating income		3,979,758	-	3,979,758	1,843,222
		<hr/>	<hr/>	<hr/>	<hr/>
<b>Operating loss</b>	6	(20,657,139)	(6,277,062)	(26,934,201)	(30,992,484)
Net profit on sale of players' registrations				3,110,992	26,510,238
				<hr/>	<hr/>
<b>Loss from operations</b>				(23,823,209)	(4,482,246)
Finance income	5			746,596	1,257,468
Finance costs	5			(1,755,382)	(2,265,743)
				<hr/>	<hr/>
<b>Loss before taxation</b>				(24,831,995)	(5,490,521)
Taxation	7			-	-
				<hr/>	<hr/>
<b>Total comprehensive loss attributable to equity shareholders</b>				<b><u>(24,831,995)</u></b>	<b><u>(5,490,521)</u></b>

All activities are from continuing operations.

The notes form part of these financial statements

**BIRMINGHAM CITY FOOTBALL CLUB PLC (REGISTERED NUMBER: 00027318)**

**Statement of Financial Position**  
**30 June 2022**

		<b>2022</b>	<b>2021</b>
		<b>£</b>	<b>Restated</b>
	<b>Notes</b>		<b>£</b>
<b>Assets</b>			
<b>Non-current assets</b>			
Intangible assets	8	6,380,199	11,830,202
Property, plant and equipment	9	10,790,203	10,965,916
Investments	10	1	1
Trade and other receivables	12	<u>1,785,643</u>	<u>7,044,128</u>
		<u>18,956,046</u>	<u>29,840,247</u>
<b>Current assets</b>			
Inventories	11	-	33,986
Trade and other receivables	12	16,436,690	22,785,988
Cash and cash equivalents	13	<u>1,451,254</u>	<u>1,335,413</u>
		<u>17,887,944</u>	<u>24,155,387</u>
<b>Total assets</b>		<u><u>36,843,990</u></u>	<u><u>53,995,634</u></u>
<b>Equity</b>			
<b>Shareholders' equity</b>			
Called up share capital	14	58,830,838	6,252,838
Share premium	15	207,096	207,096
Capital redemption reserve	15	750	750
Other reserves	15	14,731,066	14,731,066
Accumulated deficit	15	<u>(127,750,231)</u>	<u>(102,918,236)</u>
<b>Total deficit</b>		<u>(53,980,481)</u>	<u>(81,726,486)</u>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Trade and other payables	16	2,340,489	4,186,249
Financial liabilities - borrowings			
Interest bearing loans and borrowings	17	<u>9,965,216</u>	<u>16,955,727</u>
		<u>12,305,705</u>	<u>21,141,976</u>
<b>Current liabilities</b>			
Trade and other payables	16	8,918,463	10,292,453
Contract liabilities		2,507,118	4,103,016
Financial liabilities - borrowings			
Interest bearing loans and borrowings	17	<u>67,093,185</u>	<u>100,184,675</u>
		<u>78,518,766</u>	<u>114,580,144</u>
<b>Total liabilities</b>		<u>90,824,471</u>	<u>135,722,120</u>
<b>Net liabilities</b>		<u><u>53,980,481</u></u>	<u><u>81,726,486</u></u>

The financial statements were approved by the Board of Directors and authorised for issue on 30 December 2022 and were signed on its behalf by:

*Gannan Zheng*

.....  
Director: Gannan Zheng

The notes form part of these financial statements

**BIRMINGHAM CITY FOOTBALL CLUB PLC**

**Statement of Changes in Equity  
for the year ended 30 June 2022**

	<b>Called up share capital £</b>	<b>Profit and loss £</b>	<b>Share premium £</b>
<b>Balance at 1 July 2020</b>	6,252,838	(97,427,715)	207,096
<b>Changes in equity</b>			
Total comprehensive expense	-	(4,692,589)	-
<b>Balance at 30 June 2021</b>	<u>6,252,838</u>	<u>(102,120,304)</u>	<u>207,096</u>
Prior year adjustment	-	(797,932)	-
<b>Balance at 30 June 2021 - restated</b>	<u>6,252,838</u>	<u>(102,918,236)</u>	<u>207,096</u>
<b>Changes in equity</b>			
Total comprehensive expense	-	(24,831,995)	-
Issued share capital	52,578,000	-	-
<b>Balance at 30 June 2022</b>	<u>58,830,838</u>	<u>(127,750,231)</u>	<u>207,096</u>
	<b>Capital redemption reserve £</b>	<b>Other reserves £</b>	<b>Total equity £</b>
<b>Balance at 1 July 2020</b>	750	14,731,066	(76,235,965)
<b>Changes in equity</b>			
Total comprehensive expense	-	-	(4,692,589)
<b>Balance at 30 June 2021</b>	<u>750</u>	<u>14,731,066</u>	<u>(80,928,554)</u>
Prior year adjustment	-	-	(797,932)
<b>Balance at 30 June 2021 - restated</b>	<u>750</u>	<u>14,731,066</u>	<u>(81,726,486)</u>
<b>Changes in equity</b>			
Total comprehensive expense	-	-	(24,831,995)
Issued share capital	-	-	52,578,000
<b>Balance at 30 June 2022</b>	<u>750</u>	<u>14,731,066</u>	<u>(53,980,481)</u>

The notes form part of these financial statements

**BIRMINGHAM CITY FOOTBALL CLUB PLC**

**Statement of Cash Flows**  
**for the year ended 30 June 2022**

	<b>Notes</b>	<b>2022</b> <b>£</b>	<b>2021</b> <b>£</b>
<b>Cash flows used in operating activities</b>			
Cash used in operations	1	(20,847,587)	(34,873,067)
Interest paid		(772,649)	(1,014,564)
Lease interest paid		(982,733)	(1,244,179)
<b>Net cash used in operating activities</b>		<b>(22,602,969)</b>	<b>(37,131,810)</b>
<b>Cash flows from investing activities</b>			
Purchase of intangible fixed assets		(4,264,276)	(7,607,685)
Purchase of tangible fixed assets		(1,235,438)	(131,447)
Sale of intangible fixed assets		14,975,929	21,881,594
Interest received		746,596	1,257,468
<b>Net cash from investing activities</b>		<b>10,222,811</b>	<b>15,399,930</b>
<b>Cash flows from financing activities</b>			
New loans in year		24,255,471	24,388,781
Other new loans in year		230,000	-
Loan repayments in year		(11,439,339)	(2,545,630)
Payment of lease liabilities		(569,741)	(356,706)
New finance leases		19,608	-
<b>Net cash from financing activities</b>		<b>12,495,999</b>	<b>21,486,445</b>
<b>Increase/(decrease) in cash and cash equivalents</b>		<b>115,841</b>	<b>(245,435)</b>
<b>Cash and cash equivalents at beginning of year</b>	2	<b>1,335,413</b>	<b>1,580,848</b>
<b>Cash and cash equivalents at end of year</b>	2	<b>1,451,254</b>	<b>1,335,413</b>

The notes form part of these financial statements

**BIRMINGHAM CITY FOOTBALL CLUB PLC**

Notes to the Statement of Cash Flows  
for the year ended 30 June 2022

**1. Reconciliation of loss before income tax to cash used in operations**

	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>Restated £</b>
Loss before income tax	(24,831,995)	(5,490,521)
Depreciation charges	1,379,101	1,235,371
Profit on sale of players' registrations	(3,110,992)	(26,510,238)
Amortisation charges	6,277,062	7,168,317
Gain on change of lease term	-	(655,083)
Finance costs	1,755,382	2,265,743
Finance income	<u>(746,596)</u>	<u>(1,257,468)</u>
	(19,278,038)	(23,243,879)
Decrease in inventories	33,986	55,672
(Increase)/decrease in trade and other receivables	(167,314)	14,626,231
(Decrease) in trade and other payables	<u>(1,436,221)</u>	<u>(26,311,091)</u>
<b>Cash used in operations</b>	<u><b>(20,847,587)</b></u>	<u><b>(34,873,067)</b></u>

**2. Cash and cash equivalents**

The amounts disclosed on the Statement of Cash Flows in respect of cash and cash equivalents are in respect of these Statement of Financial Position amounts:

**Year ended 30 June 2022**

	<b>30/6/22</b>	<b>1/7/21</b>
	<b>£</b>	<b>£</b>
Cash and cash equivalents	<u>1,451,254</u>	<u>1,335,413</u>

**Year ended 30 June 2021**

	<b>30/6/21</b>	<b>1/7/20</b>
	<b>£</b>	<b>£</b>
Cash and cash equivalents	<u>1,335,413</u>	<u>1,580,848</u>

The notes form part of these financial statements



## BIRMINGHAM CITY FOOTBALL CLUB PLC

### Notes to the Financial Statements for the year ended 30 June 2022

#### 1. **Accounting policies**

##### **Statutory information**

Birmingham City Football Club Plc is a public 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, Small Heath, Birmingham, B9 4NH which is also the company's principal place of business.

##### **Basis of preparation**

The financial statements have been prepared in accordance with UK-adopted International Accounting Standards (UK-adopted IFRS).

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 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 on 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 Birmingham City Plc ("BCP") and the ultimate parent undertakings, Birmingham Sports Holdings Limited ("BSHL") and Oriental Rainbow Investments Limited ("ORIL").

At the balance sheet date funding of £58.7m has been provided by Birmingham City Plc ("BCP") to Birmingham City Football Club Plc ("BCFC") this amount is shown as due to the ultimate parent undertaking within one year. The directors have received written confirmation from BCP that the £58.7m total debt owed to BCP 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 2023 as part of the longer term forecasts prepared for the company. The forecasts show that BCFC needs additional funding of around £23m from BSHL and ORIL for the period from July 2022 to December 2023.

The directors of the ultimate parent/parent 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.

##### **Extracts from BSHL financial statements for the year ended 30 June 2022**

*The Group incurred a loss attributable to owners of the Company of approximately HK\$40,661,000 for the year ended 30 June 2022 and as at 30 June 2022 the Group had net current liabilities of approximately HK\$88,044,000. These conditions indicate the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern. Therefore, the Group may be unable to realise its assets and discharge its liabilities in the normal course of business.*

## **BIRMINGHAM CITY FOOTBALL CLUB PLC**

### **Notes to the Financial Statements - continued** **for the year ended 30 June 2022**

#### **1. Accounting policies – continued**

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

##### **Extracts from BSHL financial statements for the year ended 30 June 2022 (continued)**

*The Directors are of the opinion that the Group will have sufficient working capital to meet its financial obligations as and when they fall due for the next twelve months after taking into consideration that (i) the Group has a loan facility from a substantial shareholder of the Company, Trillion Trophy Asia Limited ("Trillion Trophy") under which an unsecured revolving loan facility up to HK\$250,000,000 has been granted to the Company; (ii) the Group has a loan facility from Oriental Rainbow Investments Limited ("Oriental Rainbow"), a non-controlling shareholder of subsidiaries of the Company and a wholly-owned subsidiary of a substantial shareholder of the Company under which an unsecured revolving loan facility up to HK\$300,000,000 has been granted to the Company; (iii) the Group has a loan facility from Great Summit Ventures Limited ("Great Summit"), a wholly-owned subsidiary of a substantial shareholder of the Company under which an unsecured revolving loan facility up to HK\$100,000,000 has been granted to the Company; and (iv) the Group has a loan facility with aggregate amount of approximately HK\$23,396,000 from a third party lender.*

*As at 30 June 2022, the total carrying amount of the borrowings under the above facilities of the Group was approximately HK\$246,783,000. As at 30 June 2022, the Group had approximately HK\$426,613,000 undrawn borrowing facilities available.*

*Accordingly, the Directors are of the opinion that it is appropriate to prepare the consolidated financial statements on a going concern basis. Should the Group be unable to continue as a going concern, adjustments would have to be made to the consolidated financial statements to adjust the value of the Group's assets to their recoverable amounts, to provide for any further liabilities which might arise and to reclassify non-current assets and liabilities as current assets and liabilities, respectively.*

The Club recorded a loss of approximately £24.8m for the year ended 30 June 2022, and has net liabilities of approximately £54m as at 30 June 2022. 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 the future funding available at a level sufficient to finance the working capital requirements of the club. The directors have considered the forecast of BCFC carefully and also considered with the directors of ultimate parent, the company's ability to obtain funding required as shown by the forecasts. The directors do however remain in the view that company can obtain the required funding from the parent and/or ultimate parent and as a result, the directors consider it is appropriate to prepare the financial statements on a going concern basis.

##### **New and revised IFRSs not yet adopted**

The Company has not yet applied the new IFRSs that have been issued but are not yet effective. The Company has already commenced an assessment of the impact of these new IFRSs but is not yet in a position to state whether these new IFRSs would have a material impact on its results and financial position.

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.

Revenue is measured based on the consideration to which the company expects to be entitled in a contract with a customer and excludes amounts collected on behalf of third parties. The company recognises revenue when it transfers control of a product or service to a customer. Depending on the terms of a contract and the laws that apply to that contract, a performance obligation can be satisfied over time or at a point in time.

(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 Premier League broadcasting contracts are recognised on a time basis over the duration of the football season. 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.

## **BIRMINGHAM CITY FOOTBALL CLUB PLC**

### **Notes to the Financial Statements - continued** **for the year ended 30 June 2022**

#### **1. Accounting policies - continued**

##### **Revenue recognition - continued**

(vi) Sales of players' 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. Contingent fees are only recognised upon the crystallisation of the contingent event.

##### **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:

Right of use asset - leasehold property	- Over the term of the lease
Right of use asset - fixtures and equipment	- Over the term of the lease
Right of use asset - motor vehicles	- Over the term of the lease
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

##### **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.

##### **Foreign currencies**

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the statement of financial position date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

##### **Employee benefit costs**

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.

## **BIRMINGHAM CITY FOOTBALL CLUB PLC**

### **Notes to the Financial Statements - continued** **for the year ended 30 June 2022**

#### **1. Accounting policies - continued**

##### **Leases**

At inception, the company assesses whether a contract is, or contains, a lease within the scope of IFRS 16. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Where a tangible asset is acquired through a lease, the company recognises a right-of-use asset and a lease liability at the lease commencement date. Right-of-use assets are included within tangible fixed assets, apart from those that meet the definition of investment property.

The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date plus any initial direct costs and an estimate of the cost obligations to dismantle, remove, refurbish or restore the underlying asset and the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of the right-of-use assets are determined on the same basis as those of other tangible fixed assets. The right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are unpaid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the company's incremental borrowing rate. Lease payments included in the measurement of the lease liability comprise fixed payments, variable lease payments that depend on an index or a rate, amounts expected to be payable under a residual value guarantee, and the cost of any options that the company is reasonably certain to exercise, such as the exercise price under a purchase option, lease payments in an option renewal period, or penalties for early termination of a lease.

The lease liability is measured at amortised cost using the effective interest method. It is re-measured when there is a change in: future lease payments arising from a change in an index or rate; the company's estimate of the amount expected to be payable under a residual value guarantee; or the company's assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is re-measured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The company has elected not to recognise right-of-use assets and lease liabilities for short-term leases of machinery that have a lease term of 12 months or less, or for leases of low-value assets including IT equipment. The payments associated with these leases are recognised in profit or loss on a straight-line basis over the lease term.

##### **Leased assets**

Where assets are financed by leasing arrangements 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 that 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.

##### **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 of the customer.

##### **Goodwill**

Goodwill arising on acquisition of a subsidiary undertaking is the difference between the fair value of the consideration paid and the fair value of the assets and liabilities acquired. Goodwill is capitalised and amortised through the statement of comprehensive income over the directors estimate of its useful economic life.

## **BIRMINGHAM CITY FOOTBALL CLUB PLC**

### **Notes to the Financial Statements - continued** **for the year ended 30 June 2022**

#### **1. Accounting policies - continued**

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

The costs associated with the acquisition of players' registrations are initially recorded at 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 amounts payable is disclosed as a contingent liability (note 23). 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 consolidated 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 compare 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 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 clubs best estimate of their fair value less costs to sell.

Further details are given in note 8.

##### **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.

##### **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 and this is charged to finance costs.

##### **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.

## **BIRMINGHAM CITY FOOTBALL CLUB PLC**

### **Notes to the Financial Statements - continued** **for the year ended 30 June 2022**

#### **1. Accounting policies – continued**

##### **Government 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 as the related expenditure is incurred.

Grants of a revenue nature are recognised in other operating income within profit or loss in the same period as the related expenditure. This includes the Government Coronavirus Job Retention Scheme ('Furlough').

##### **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.

##### **Contract liabilities/deferred income**

Contract liabilities/deferred income represent the unrecognised income in relation to match receipts.

##### **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 expected credit loss. 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 unless the effect of discounting would be immaterial, in which case they are stated at cost. Finance charges are accounted for on an accruals basis in the statement of comprehensive income using the effective interest method.

#### **2. Critical accounting judgements and key sources of estimation uncertainty**

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 consolidated 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 23 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 to the Financial Statements - continued**  
**for the year ended 30 June 2022**

**3. Revenue**

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.

	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
Match receipts	4,188,984	-
Broadcasting	8,375,292	9,320,037
Other commercial income	<u>4,985,937</u>	<u>3,792,151</u>
	<u><b>17,550,213</b></u>	<u><b>13,112,188</b></u>

Revenue from contracts with customers recognised at a point in time

	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
Match receipts	1,414,909	-
Other commercial income	<u>923,519</u>	<u>651,711</u>
	<u><b>2,338,428</b></u>	<u><b>651,711</b></u>

Revenue from contracts with customers recognised over time

	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
Match receipts	2,774,075	-
Broadcasting	8,375,292	9,320,037
Other commercial income	<u>2,265,472</u>	<u>2,588,422</u>
	<u><b>13,414,839</b></u>	<u><b>11,908,459</b></u>

Revenue from other sources

	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
Other commercial income	<u><b>1,796,946</b></u>	<u><b>552,018</b></u>

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.

**4. Employees and directors**

	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>Restated £</b>
Wages and salaries	27,609,196	27,398,009
Social security costs	3,410,627	3,476,481
Other pension costs	<u>92,357</u>	<u>75,306</u>
	<u><b>31,112,180</b></u>	<u><b>30,949,796</b></u>

**BIRMINGHAM CITY FOOTBALL CLUB PLC**

**Notes to the Financial Statements - continued**  
**for the year ended 30 June 2022**

**4. Employees and directors - continued**

The average number of employees during the year was as follows:

	<b>2022</b>	<b>2021</b>
Playing staff	67	73
Training staff	64	62
Training ground	12	14
Commercial and fund-raising staff	26	35
Shop staff	-	1
Administration and other staff	<u>23</u>	<u>32</u>
	<u><b>192</b></u>	<u><b>217</b></u>

During the year, the company also employed approximately 115 temporary staff on match days (2021 - 55), 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:

	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
Remuneration for qualifying services	1,060,409	672,154
Pension costs	<u>9,617</u>	<u>8,383</u>
	<u><b>1,070,026</b></u>	<u><b>680,537</b></u>

**Directors' remuneration**

	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
Remuneration for qualifying services	<u>456,203</u>	<u>749,237</u>
	<u><b>456,203</b></u>	<u><b>749,237</b></u>

No directors (2021 - none) are accruing benefits under defined contribution schemes.

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

	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
Remuneration for qualifying services	<u>177,974</u>	<u>365,966</u>

**5. Net finance costs**

	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
Finance income:		
Notional interest on transfer fee receivables due after 1 year	495,266	1,257,468
Other interest receivable	<u>251,330</u>	<u>-</u>
	<u><b>746,596</b></u>	<u><b>1,257,468</b></u>



**BIRMINGHAM CITY FOOTBALL CLUB PLC**

**Notes to the Financial Statements – continued  
for the year ended 30 June 2022**

**5. Net finance costs – continued**

	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
Finance costs:		
Notional interest payable on transfer fee liabilities due after 1 year	274,972	331,907
Bank interest	295,422	623,146
Other interest	202,255	66,511
Interest on lease liabilities	<u>982,733</u>	<u>1,244,179</u>
	<u><b>1,755,382</b></u>	<u><b>2,265,743</b></u>
 Net finance costs	 <u><b>1,008,786</b></u>	 <u><b>1,008,275</b></u>

**6. Operating loss**

Operating loss is stated after charging/(crediting) the following:

	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
Cost of inventories recognised as an expense	33,986	59,391
Depreciation – owned assets	498,400	541,483
Depreciation – leased assets	880,703	693,890
Income from subleasing right of use assets	-	449,772
Players' registrations amortisation	6,277,062	7,168,317
Grant income received	(238,974)	(729,546)
COVID-19 grant income	(46,597)	(659,041)
EFL imputed loan interest, (net)	(239,000)	(388,000)
Gain on change of lease term *	-	(655,083)
Insurance compensation arising on business interruption caused by COVID-19	(2,763,727)	-
Foreign exchange retranslation	74,109	5,124
Auditors' remuneration	40,000	42,000
Auditors' remuneration - non-audit fees	<u>5,000</u>	<u>5,000</u>

\* On 31 March 2021, the company entered into a deed of variation in relation to the stadium lease, this variation included reduction to the lease term which in turn has resulted in a fixed asset revaluation of £2,321,451 to leasehold land and buildings right of use asset and a reduction in lease liability of £2,976,534. The company has therefore recognised a gain on change of lease term of £655,083.

**BIRMINGHAM CITY FOOTBALL CLUB PLC**

**Notes to the Financial Statements - continued**  
**for the year ended 30 June 2022**

**7. Income tax**

**Analysis of tax expense**

No liability to UK corporation tax arose for the year ended 30 June 2022 nor for the year ended 30 June 2021.

	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>Restated £</b>
Loss before income tax	<u>(24,831,995)</u>	<u>(5,490,521)</u>
Loss multiplied by the standard rate of corporation tax in the UK of 19% (2020 - 19%)	(4,718,079)	(1,043,199)
Effects of:		
Expenses not deductible for tax purposes	15,217	1,297
Depreciation in excess of capital allowances	-	40,636
Capital allowances in excess of depreciation	(31,106)	-
Tax losses generated	<u>4,733,968</u>	<u>1,001,266</u>
Tax expense	<u>-</u>	<u>-</u>

**Factors that may effect future tax charges**

At 30 June 2022, the company has trading losses of £129,923,536 (2021 - £105,981,536) 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.

**8. Intangible assets**

	<b>Players registrations £</b>
<b>Cost</b>	
At 1 July 2021	31,079,300
Additions	884,847
Disposals	<u>(1,522,400)</u>
At 30 June 2022	<u>30,441,747</u>
<b>Amortisation</b>	
At 1 July 2021	19,249,098
Amortisation for year	6,277,062
Eliminated on disposal	<u>(1,464,612)</u>
At 30 June 2022	<u>24,061,548</u>
<b>Net book value</b>	
At 30 June 2022	<u>6,380,199</u>
At 30 June 2021	<u>11,830,202</u>

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 2023/24 season.

**BIRMINGHAM CITY FOOTBALL CLUB PLC**

**Notes to the Financial Statements - continued**  
**for the year ended 30 June 2022**

**9. Property, plant and equipment**

	<b>Right of use asset Leasehold land and buildings £</b>	<b>Right of use asset Motor vehicles £</b>	<b>Right of use asset Fixtures and equipment £</b>
<b>Cost</b>			
At 1 July 2021	8,969,144	114,862	262,931
Additions	-	19,608	-
Disposals	-	-	(32,047)
At 30 June 2022	<u>8,969,144</u>	<u>134,470</u>	<u>230,884</u>
<b>Depreciation</b>			
At 1 July 2021	921,662	47,015	104,663
Charge for year	746,289	44,823	89,591
Eliminated on disposal	-	-	-
At 30 June 2022	<u>1,667,951</u>	<u>91,838</u>	<u>194,254</u>
<b>Net book value</b>			
At 30 June 2022	<u>7,301,193</u>	<u>42,632</u>	<u>36,630</u>
At 30 June 2021	<u>8,047,482</u>	<u>67,847</u>	<u>158,268</u>

  

	<b>Leasehold land and buildings £</b>	<b>Fixtures &amp; equipment £</b>	<b>Motor vehicles £</b>	<b>Totals £</b>
<b>Cost</b>				
At 1 July 2021	4,150,547	2,099,197	190,933	15,787,614
Additions	838,984	361,267	15,576	1,235,435
Disposals	-	-	-	(32,047)
At 30 June 2022	<u>4,989,531</u>	<u>2,460,464</u>	<u>206,509</u>	<u>16,991,002</u>
<b>Depreciation</b>				
At 1 July 2021	1,925,717	1,634,415	188,226	4,821,698
Charge for year	156,516	335,320	6,562	1,379,101
Eliminated on disposal	-	-	-	-
At 30 June 2022	<u>2,082,233</u>	<u>1,969,735</u>	<u>194,788</u>	<u>6,200,799</u>
<b>Net book value</b>				
At 30 June 2022	<u>2,907,298</u>	<u>490,729</u>	<u>11,721</u>	<u>10,790,203</u>
At 30 June 2021	<u>2,224,830</u>	<u>464,782</u>	<u>2,707</u>	<u>10,965,916</u>

**BIRMINGHAM CITY FOOTBALL CLUB PLC**

**Notes to the Financial Statements - continued**  
**for the year ended 30 June 2022**

**10. Investments**

	<b>Shares in group undertakings £</b>
<b>Cost</b>	
At 1 July 2021 and 30 June 2022	<u>1</u>
<b>Net book value</b>	
At 30 June 2022	<u>1</u>
At 30 June 2021	<u>1</u>

The company's investments at the Statement of Financial Position date in the share capital of companies include the following:

**Birmingham City Women Football Club Limited**

Registered office: St Andrew's Stadium, Birmingham, United Kingdom, B9 4RL

Nature of business: Football club

Class of shares:	%
Ordinary	holding 100.00

**11. Inventories**

	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
Goods for resale	<u>-</u>	<u>33,986</u>

The amount of inventories recognised as an expense and included in operating expenses amounted to £33,986 (2021 - £59,391).

**12. Trade and other receivables**

	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
Current:		
Trade debtors	7,427,901	12,918,965
Other debtors	6,246,805	7,953,379
Prepayments and accrued income	<u>2,761,984</u>	<u>1,913,644</u>
	<u>16,436,690</u>	<u>22,785,988</u>
Non-current:		
Trade debtors	636,924	4,941,837
Prepayments and accrued income	<u>1,148,719</u>	<u>2,102,291</u>
	<u>1,785,643</u>	<u>7,044,128</u>
Aggregate amounts	<u>18,222,333</u>	<u>29,830,116</u>

**BIRMINGHAM CITY FOOTBALL CLUB PLC**

**Notes to the Financial Statements - continued**  
**for the year ended 30 June 2022**

**12. Trade and other receivables - continued**

Included within trade receivables is £6,277,277 (2021 - £15,795,137) in respect of transfer fees receivable, of which £636,924 (2021 - £4,941,837) is receivable after more than one year. Included within prepayments is £2,515,924 (2021 - £3,617,392) in respect of agent fees and signing on fees, of which £1,148,719 (2021 - £2,102,291) 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 145 days (2021 - 193 days).

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

	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
30 - 90 days	49,827	230,594
90 - 120 days	55,272	169,033
120 - 180 days	-	31,901
180 days +	<u>1,831,135</u>	<u>1,536,947</u>
Total	<u><u>1,936,234</u></u>	<u><u>1,968,475</u></u>

**Movement in bad and doubtful debt provisions**

	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
Balance brought forward	191,918	368,923
Amounts recovered	(127,474)	(166,361)
Written off	-	(20,445)
Amounts provided	<u>180,570</u>	<u>9,801</u>
Balance carried forward	<u><u>245,014</u></u>	<u><u>191,918</u></u>

The company applies the simplified approach under IFRS 9 to provide expected credit losses using the lifetime expected loss provision for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The expected credit losses also incorporate forward looking information.

<b>At 30 June 2022</b>	<b>Current</b>	<b>Less than 90 days past due</b>	<b>Over 90 days past due</b>	<b>Totals</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Expected loss rate	-	-	11.5%	-
Receivables amount	6,128,591	49,827	2,131,421	8,309,839
Loss allowance	<u>-</u>	<u>-</u>	<u>(245,014)</u>	<u>(245,014)</u>
Total	<u><u>6,128,591</u></u>	<u><u>49,827</u></u>	<u><u>1,886,407</u></u>	<u><u>8,064,825</u></u>

<b>At 30 June 2021</b>	<b>Current</b>	<b>Less than 90 days past due</b>	<b>Over 90 days past due</b>	<b>Totals</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Expected loss rate	-	-	9.9%	-
Receivables amount	15,892,327	230,594	1,929,799	18,052,720
Loss allowance	<u>-</u>	<u>-</u>	<u>(191,918)</u>	<u>(191,918)</u>
Total	<u><u>15,892,327</u></u>	<u><u>230,594</u></u>	<u><u>1,737,881</u></u>	<u><u>17,860,802</u></u>

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

**BIRMINGHAM CITY FOOTBALL CLUB PLC**

**Notes to the Financial Statements - continued  
for the year ended 30 June 2022**

**13. Cash and cash equivalents**

	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
Cash in hand	99,099	127,090
Bank accounts	<u>1,352,155</u>	<u>1,208,323</u>
	<u><b>1,451,254</b></u>	<u><b>1,335,413</b></u>

**14. Called up share capital**

**Allotted, issued and fully paid:**

Number:	Class:	<b>2022</b>	<b>2021</b>
		<b>£</b>	<b>£</b>
222,817,676	(2021: 117,661,676) Ordinary shares of 50p each	<u>58,830,838</u>	<u>6,252,838</u>
		<u><b>58,830,838</b></u>	<u><b>6,252,838</b></u>

On 3 August 2021, the company issued 105,156,000 ordinary shares at par value in consideration for the release of the company's liability to Birmingham City Plc in respect of a debt.

**15. Reserves**

	<b>Profit and loss</b>	<b>Share premium</b>	<b>Capital redemption reserve</b>	<b>Other reserves</b>	<b>Totals</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
At 1 July 2021	(102,120,304)	207,096	750	14,731,066	(87,181,392)
Prior year adjustment	(797,932)	-	-	-	(797,932)
Deficit for the year	(24,831,995)	-	-	-	(24,831,995)
	<u>(127,750,231)</u>	<u>207,096</u>	<u>750</u>	<u>14,731,066</u>	<u>(112,811,319)</u>

**16. Trade and other payables**

	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>Restated £</b>
Current:		
Trade creditors	5,652,921	5,566,475
Social security and other taxes	1,004,885	1,944,494
Other creditors	20,476	101,105
Accruals and deferred income	<u>2,240,181</u>	<u>2,680,379</u>
	<u><b>8,918,463</b></u>	<u><b>10,292,453</b></u>
Non-current:		
Trade creditors	1,602,557	2,198,233
Accruals and deferred income	<u>737,932</u>	<u>1,988,016</u>
	<u><b>2,340,489</b></u>	<u><b>4,186,249</b></u>
Aggregate amounts	<u><b>11,258,952</b></u>	<u><b>14,478,701</b></u>

**BIRMINGHAM CITY FOOTBALL CLUB PLC**

**Notes to the Financial Statements - continued**  
**for the year ended 30 June 2022**

**16. Trade and other payables - continued**

Included within trade payables is £3,512,672 (2021 - £5,324,465) in respect of actual and probable transfer fees payable and agent's fees payable, of which £1,198,935 (2021 - £2,198,233) is payable after more than one year. Included within accruals is £1,546,864 (2021 - £2,540,330) in respect of signing on fees payable, of which £737,932 (2021 - £1,568,531) is payable after more than one year.

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

	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
0 - 30 days	1,224,253	375,040
30 - 90 days	814,346	750,748
90 - 180 days	849,374	1,241,065
180 days +	<u>2,764,948</u>	<u>3,199,622</u>
Total	<u><u>5,652,921</u></u>	<u><u>5,566,475</u></u>

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 55 days (2021 - 87 days).

**17. Financial liabilities - borrowings**

	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
Current:		
Bank loans	4,673,209	9,674,189
Other loans	3,229,178	2,971,111
Amounts owed to parent company	58,651,276	86,973,805
Leases (see note 18)	<u>539,522</u>	<u>565,570</u>
	<u><u>67,093,185</u></u>	<u><u>100,184,675</u></u>
Non-current:		
Bank loans - 1-2 years	-	4,672,852
Other loans - 1-2 years	2,720,425	4,513,999
Preference shares	18,500	18,500
Leases (see note 18)	<u>7,226,291</u>	<u>7,750,376</u>
	<u><u>9,965,216</u></u>	<u><u>16,955,727</u></u>

Terms and debt repayment schedule

	<b>1 year or less</b>	<b>1-2 years</b>	<b>2-5 years</b>	<b>More than 5 years</b>	<b>Totals</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Bank loans	4,673,209	-	-	-	4,673,209
Other loans	3,229,178	2,720,425	-	-	5,949,603
Amounts owed to parent company	58,651,276	-	-	-	58,651,276
Preference shares	-	-	-	18,500	18,500
Leases	<u>539,522</u>	<u>474,368</u>	<u>2,051,316</u>	<u>4,700,607</u>	<u>7,765,813</u>
	<u><u>67,093,185</u></u>	<u><u>3,194,793</u></u>	<u><u>2,051,316</u></u>	<u><u>4,719,107</u></u>	<u><u>77,058,401</u></u>

# **BIRMINGHAM CITY FOOTBALL CLUB PLC**

## **Notes to the Financial Statements - continued for the year ended 30 June 2022**

### **17. Financial liabilities - borrowings - continued**

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.

On 20 March 2020, the Company and the EFL entered into a loan facility agreement, pursuant to which the lender provided a loan facility of £584,000 to the Company. The loan is unsecured, and repayable in half-yearly instalments ending on 1 October 2023 and bears interest at a rate of 0% per annum. The loan becomes repayable on demand in the event of; a breach in the conditions, promotion to the Premier League or relegation to EFL Football League 1.

On 29 March 2021, the company and the Football League entered into a loan agreement, pursuant to which the Football League will provide a loan up to £8,330,000 (the "2021 Football Loan"). During the year ended 30 June 2022, £1,041,250 was advanced to the company from the 2021 Football Loan, which were used for operating expenses. The 2021 Football Loan is unsecured and interest-free, pursuant to the loan agreement, the company has agreed to repay the 2021 Football Loan by six equal instalments in cash from August 2021 to January 2024. The fair value of the 2021 Football Loan was measured by computing the present value of estimate future cash flows at the effective interest rate of 5%. As at 30 June 2022, the fair value of the 2021 Football Loan was £5,330,203. The loan becomes repayable on demand in the event of; a breach in the conditions, promotion to the Premier League or relegation to EFL Football League 1.

On 23 September 2020, the company obtained new bank borrowings amounting to £17,312,671. The bank borrowings are bearing fixed interest at the rates ranging from 4.29% to 5.56% per annum. The bank borrowings and interest payable are secured by the company's transfer fee receivables from other football clubs.

On 20 January 2022, the company obtained new borrowings from a third party amounting to £230,000. The borrowings bear interest of 6% per annum and is repayable in full on 20 January 2023.

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 (2020 - £800,000).

The directors have received formal confirmation from the ultimate parent company Birmingham Sports Holdings Limited and its non-controlling shareholder Oriental Rainbow Investments Limited 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 and non-controlling shareholder 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 and non-controlling shareholder 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 and non-controlling shareholder 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.

### **18. Lease liability**

	2022 £	2021 £
Current	539,522	565,570
Non current	7,226,291	7,750,376
	<u>7,765,813</u>	<u>8,315,946</u>

#### **Maturity analysis**

	2022 £	2021 £
Not later than one year	539,522	565,570
Later than one year and not more than five years	2,525,684	2,304,370
Later than five years	4,700,607	5,446,006
	<u>7,765,813</u>	<u>8,315,946</u>



**BIRMINGHAM CITY FOOTBALL CLUB PLC**

**Notes to the Financial Statements - continued  
for the year ended 30 June 2022**

**19. Deferred taxation**

	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
Deferred tax comprises:		
Depreciation in excess of capital allowances	479,344	106,018
Losses carried forward	32,480,884	20,136,492
Assets not recognised	<u>(32,960,228)</u>	<u>(20,242,510)</u>
	<u>-</u>	<u>-</u>

The potential asset is based on a corporation tax rate of 25% (2021 – 19%). No deferred tax asset has been recognised at 30 June 2022 on the basis that future recoverability of such an asset is uncertain.

**20. 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 17, 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

	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
Financial assets:		
Cash and cash equivalents	1,451,254	1,335,413
Trade and other receivables (note 12)	<u>18,222,333</u>	<u>29,830,116</u>
	<u>19,673,587</u>	<u>31,165,529</u>
Financial liabilities:		
Trade and other payables held at amortised cost	8,280,839	9,810,307
Borrowings at amortised costs (note 17)	<u>77,058,401</u>	<u>117,140,402</u>
	<u>85,339,240</u>	<u>126,950,709</u>

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.

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.

# **BIRMINGHAM CITY FOOTBALL CLUB PLC**

## **Notes to the Financial Statements - continued** **for the year ended 30 June 2022**

### **20. Financial instruments - continued**

#### **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 January 2024.

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

<b>30 June 2022</b>	<b>Current within 1 year £</b>	<b>Non-current 1 to 5 £</b>	<b>Over 5 years £</b>
Preference shares	-	-	18,500
Other loans	3,229,178	2,720,425	-
Bank loans	4,673,209	-	-
Due to group undertakings	58,651,276	-	-
Leases	539,521	3,483,334	3,742,958
Trade and other payables and social security and taxes	6,678,282	1,602,557	-
	<u>73,771,466</u>	<u>7,806,316</u>	<u>3,761,458</u>
<b>30 June 2021</b>	<b>Current within 1 year £</b>	<b>Non-current 1 to 5 £</b>	<b>Over 5 years £</b>
Preference shares	-	-	18,500
Other loans	2,971,111	4,513,999	-
Bank loans	9,674,189	4,672,852	-
Due to parent company	86,973,805	-	-
Leases	565,570	3,735,961	4,765,510
Trade and other payables and social security and taxes	7,612,074	2,198,233	-
	<u>107,796,749</u>	<u>15,121,045</u>	<u>4,784,010</u>

#### **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 2022 would not be materially affected.

### **21. Pension commitments**

	<b>2022 £</b>	<b>2021 £</b>
<b>Defined contribution schemes</b>		
Charge to the statement of comprehensive income in respect of defined contribution schemes	<u>92,357</u>	<u>75,306</u>

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.

## **BIRMINGHAM CITY FOOTBALL CLUB PLC**

### **Notes to the Financial Statements - continued** **for the year ended 30 June 2022**

#### **22. 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 Stock Exchange of Hong Kong Limited. The consolidated accounts of this company are available to the public and may be obtained from the website of The Stock Exchange of Hong Kong Limited. The smallest group accounts available is that headed by Birmingham City Plc.

#### **23. 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 2022. 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 £7,320,864 (2021 - £7,700,638). Since the year end and to the date of approval of these financial statements £Nil of these amounts have crystallised.

#### **24. 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.

On 9 October 2020, the Birmingham Sports Holdings Limited ("BSHL") and Oriental Rainbow Investments Limited ("ORIL") entered into a sale and purchase agreement in relation to the disposal of 21.64% of the total issued capital of Birmingham City PLC ("BCP"), 25% of the total issued capital of Birmingham City Stadium Ltd ("BCSL"), and the assignment of 21.64% of the loan as outstanding and owing by BCP to the BSHL to ORIL as at completion.

ORIL is beneficially wholly owned by Mr. Vong Pech, a substantial shareholder of BSHL. The sale and purchase agreement was approved by the independent shareholders of BSHL on 8 December 2020 and the disposal was completed on 31 December 2020.

During the year, the company paid rent to BCSL amounting to £1,250,000 and included in other debtors at 30 June 2022 is an amount of £4,893,180 due to the company. Interest is charged at a rate of 4.5% per annum from 1 April 2021 resulting in £251,330 being receivable within the year to 30 June 2022.

**BIRMINGHAM CITY FOOTBALL CLUB PLC**

**Notes to the Financial Statements - continued**  
**for the year ended 30 June 2022**

**25. 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.

**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.

**26. Events after the balance sheet date**

Transfers of player registrations subsequent to 30 June 2022, taking into account applicable costs, resulted in a net £1,318,875 payable by the company (2021 - £1,675,000 payable to the company).

On 14 June 2022, the company's ultimate parent undertaking BSHL announced they had been informed that Mr. Vong Pech, a substantial shareholder of BSHL, had in an agreement dated 12 June 2022, agreed to dispose of approximately 21.64% of the issued share capital of Birmingham City PLC ("BCP") beneficially owned by him.

On 7 December 2022, the club announced the proposed deal for investment by Maxco Capital Co Ltd had come to an end.

During this period, working capital of £7,970,000 was provided to the club by Maxco Capital Co Ltd as part of the Master Sale and Purchase Agreement relating to the sale of Oriental Rainbow Investments Limited (ORIL) by its beneficial owners.

**27. Prior year adjustment**

A prior period adjustment has been made to include a payroll accrual which was omitted in the prior period financial statements. The result of the payroll accrual has increased the wages charge in the prior year accounts by £797,932 and therefore increased the loss for the year to £5,490,521 from £4,692,589. The impact on the Statement of Financial Position has increased trade and other payables within one year by £797,932 and therefore increased the current liabilities overall to £114,580,144 from £113,782,212. The increase to the company's overall net liabilities was £797,932 increasing to £81,726,486 from £80,928,554 and a reduction to the company's equity reducing by £797,932 to £81,726,486 from £80,928,554.