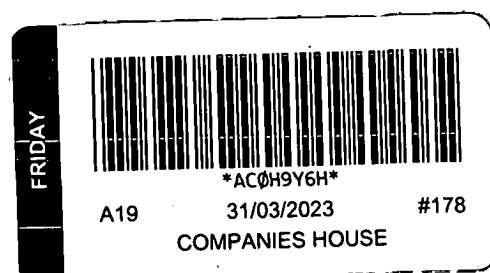


**THE BLACKBURN ROVERS FOOTBALL AND ATHLETIC LIMITED**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**YEAR ENDED 30 JUNE 2022**

**(Registered no. 53482)**



**THE BLACKBURN ROVERS FOOTBALL AND ATHLETIC LIMITED**

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**YEAR ENDED 30 JUNE 2022**

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COMPANY INFORMATION

YEAR ENDED 30 JUNE 2022

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<b>DIRECTORS:</b>	<b>S Waggott (Chief Executive Officer)</b> <b>M Cheston (Finance Director)</b> <b>R Gandhi Babu</b> <b>R D Coar</b>
<b>SECRETARY:</b>	<b>I D Silvester</b>
<b>PRESIDENT:</b>	<b>K C Lee</b>
<b>VICE PRESIDENTS:</b>	<b>G R Root</b> <b>I R Stanners</b>
<b>HON VICE PRESIDENTS:</b>	<b>Rt Hon J Straw</b>
<b>REGISTERED OFFICE:</b>	<b>Ewood Park</b> <b>Blackburn</b> <b>BB2 4JF</b>
<b>COMPANY NUMBER:</b>	<b>53482</b>
<b>BANKERS:</b>	<b>State Bank of India Limited</b> <b>15 King Street</b> <b>London</b> <b>EC2V 8EA</b>
<b>AUDITORS:</b>	<b>PM+M Solutions for Business LLP</b> <b>New Century House</b> <b>Greenbank Technology Park</b> <b>Challenge Way</b> <b>Blackburn</b> <b>BB1 5QB</b>

**FOOTBALL REVIEW**

**YEAR ENDED 30 JUNE 2022**

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**First team**

With a new name and number on the back of his shirt, Ben Brereton Diaz became a global star, but his goal scoring exploits weren't quite enough, as Rovers narrowly missed out on a play-off place, which they had occupied for much of the Championship campaign.

Following Adam Armstrong's £15m departure to Southampton, Brereton Diaz was the man tasked with stepping into his scoring boots and the red-hot Chilean international didn't disappoint – becoming the first Rovers player in 57 years, since Andy McEvoy in 1964/65, to score 20 league goals for the club by the turn of the year.

Rovers approached their fourth successive season back in the Championship looking to improve on the previous campaign's 11th-place finish and were boosted by the return of supporters to the stadium following a year of behind-closed-doors football due to the Covid pandemic.

Manager Tony Mowbray utilised the loan market to good effect during the summer transfer window, bringing in promising Brighton & Hove Albion duo Jan Paul van Hecke and Reda Khadra, along with Liverpool and Leeds United youngsters Leighton Clarkson and Ian Poveda.

The versatile Tayo Edun was our only permanent addition of the summer window, joining on a three-year deal from Lincoln City, whilst Harry Pickering would start the season as a fully-fledged Rovers player, having spent the previous six months back on loan at former club Crewe Alexandra.

Mowbray's side made a solid start to the season, losing just one of their opening nine league fixtures, but it was a remarkable run of results from late October to late December which propelled the team towards the top of the table, as Rovers recorded nine wins in 11 games, keeping six clean sheets, whilst also suffering a record home defeat to high-flying Fulham.

Brereton Diaz was in fine form during this sparkling spell, netting 10 goals, with his second-half winner in the 2-1 victory over Barnsley at Ewood Park on December 29th his 20th league goal of the campaign.

Rovers remained in a promising position thanks to January victories over Cardiff City and Middlesbrough, and strengthened the squad with the signings of Ryan Hedges, Dilan Markanday, Ryan Gilles, Deyovaisio Zeefuik and James Brown, however an injury to Brereton Diaz in early February derailed Rovers' promotion push, with the side slipping out of the play-off picture following a run of just two wins in 15 league games.

An impressive 4-1 victory away to local rivals Preston North End in late April gave the Rovers faithful faint hope, but a 3-0 defeat at home to AFC Bournemouth in the final Ewood encounter dashed those dreams, before Rovers signed off with a 2-1 win away to Birmingham City on the final day thanks to sensational strikes from Brereton Diaz and John Buckley.

After over five years and 250 games in charge, Mowbray departed the club, with head coach Jon Dahl Tomasson and Director of Football Gregg Broughton arriving at Rovers, as a new era dawned at Ewood Park.

**Under-23s**

Jack Vale returned from a loan spell at Halifax to score three hat-tricks during the second half of the 2021/22 season to help secure Rovers Under-23s' Premier League 2 status for a fifth consecutive campaign.

Following a frustrating first half of the season, which saw Rovers record just one win from their opening nine league fixtures, new head coach Mike Sheron guided the side to a ninth-place finish courtesy of seven wins from their last 11 league games.

In the cup competitions, Rovers were knocked out of the Premier League Cup in the group stage following a dramatic defeat to QPR, whilst Accrington Stanley advanced when the two teams met in the first round of the Lancashire FA Senior Cup.

**FOOTBALL REVIEW – continued**

**YEAR ENDED 30 JUNE 2022**

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**Under-18s**

Ryan Kidd's side enjoyed an encouraging 2021/22 season, looking like genuine title contenders during the early months of the campaign, whilst also reaching the quarter-finals of the FA Youth Cup.

The Under-18s won six of their opening seven league games – scoring 24 goals in the process – as they challenged Manchester City at the top of the table up until Christmas, but the team ultimately finished fifth after a number of Rovers' rising stars, including midfielder Adam Wharton and prolific striker Harry Leonard, made the step up to the Under-23s and both were rewarded with their first professional contracts.

In the FA Youth Cup, Rovers recorded impressive victories over Birmingham City, Stoke City and Sheffield Wednesday, before bowing out to Nottingham Forest at Ewood Park in the last eight.

**Ladies**

Rovers Ladies' third successive season in the Women's Championship saw the team finish 10th in the table, having earned 17 points from 22 games.

The 2021/22 season saw Gemma Donnelly's side pick up their most wins in a single Championship campaign, including a memorable opening day triumph over Sheffield United and a five-goal thriller against Coventry United. Rovers also recorded their first ever FA Women's Continental Tyres League Cup group stage victories, beating both Sheffield United and Super League side Aston Villa 1-0.

Long-serving Rover Chelsey Jukes reached 100 appearances for the club, while Centre of Excellence graduates Natasha Fenton and Helen Seed wore the captain's armband during the campaign.

**EXECUTIVE REPORT**

**YEAR ENDED 30 JUNE 2022**

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Following the reduction in the threat level and impact of Covid-19 in the spring and early summer of 2021, we returned to some sort of normality being restored to our personal lives and in the footballing world with supporters being able to return to Ewood Park for the start of the 2021-22 season.

What a difference in atmosphere by having supporters singing and producing an explosion of emotion inside Ewood when we scored a goal. Compare that to the dark days of the final part of the 2019-20 season and the entire 2020-21 season when games were played behind closed doors with no fans inside eerie empty stadia across the UK.

A big thank you to our Covid team, spearheaded by Lynsey Talbot and Ian Silvester, whose meticulous management saw us being able to fulfil all our fixtures without any home game postponements relating to Covid-19.

The final whistle of the last game of the 2021-22 season saw the end of the Tony Mowbray era after a reign of five years. An era that brought about stability and steady development of the footballing side of the club. Over his tenure he built the platform and foundations for his successor to take forward and from everyone connected to the club we can only thank Tony for all his hard work and commitment and to wish him well in the future.

His final season saw the first team finish eighth in the Championship with 69 points - six points short of securing a play-off spot in a real rollercoaster campaign. A campaign that saw us suffer an historic 7-0 home defeat to Fulham, followed by a 10-match unbeaten run that carried us through to the top two, before our form deserted us in the second half of the season.

Can we also take this opportunity to thank all of the players who served the club over a number of years before leaving at the end of the season and we also wish them well in their future careers.

The Under-23s, under the guidance of lead Coach Mike Sheron, had an incredibly strong finish to the season that saw them finish in ninth position in Premier League 2 Division One, with a total of 35 points.

With some of our developing players being included in the first team squad it resulted in Mike having to work with a very young group of players, but this exposure will accelerate their progress by playing up to a higher level.

Ladies' manager Gemma Donnelly had to use her vast coaching experience and knowledge to navigate her senior squad to maintain their Championship status in a very competitive league and against full-time professional players and squads.

They eventually finished 10th with a total of 17 points from 22 games and with more coaching contact time planned with the group Gemma is hoping for further progress to be made in the 2022-23 season.

Our Category One Academy programme continued to develop and produce talented young players aligned to Tony Mowbray's philosophy. Player development was at the forefront and absolutely key to the future growth of the club so the focus was based around creating the opportunities and pathway into the first team from the emerging young talent pool throughout the 2021-22 season.

During the 2021-22 season seven Academy players contributed over 100 appearances for the first team and continued the theme of an Academy player being named on the team sheet for the last 611 league games, dating back to January 2009.

We continue to have a very strong and exciting pipeline of young players at Under-18 and Under-21 levels that highlights further encouraging signs of the ongoing string of emerging talent coming out of our Category One Academy. We would like to thank the staff for the exceptional work associated with our youth set-up, led by Academy Manager Stuart Jones.

Immediately after the culmination of the 2021-22 season the intensive recruitment search for Tony Mowbray's successor began, based on a new strategic approach of employing a Head Coach and Director of Football.

## EXECUTIVE REPORT - continued

YEAR ENDED 30 JUNE 2022

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With over eighty applicants for the Head Coach role the due diligence process led us to interview 12 strong candidates before filtering it down to the final four face-to-face presentations. From these outstanding four people the job was offered and accepted by Jon Dahl Tomasson, who was a free agent having recently left Malmo FF as first team Head Coach.

Jon was the perfect fit for the development of a predominantly very young group players and for continuing the culture of accelerated pathways in to the first team squad for our emerging talented Academy players.

We retained three of the backroom staff in David Lowe, Damien Johnson and Ben Benson as they had extensive English football league knowledge and experience, with Jon Dahl bringing with him his assistant manager Remy Reynierse and Head of Performance Ben Rosen. The integrated and open approach by all coaching staff has been a real success with the players embracing the change in training methods and matchday preparation.

At the same time an expansive search took place to bring in a Director of Football to spearhead this change of direction in the footballing side of the club and we were delighted to secure the services of Gregg Broughton from FK Bodo/Glimt (Norway).

Gregg brought with him extensive experience around the importance of producing Academy players and the development of players within a high-performance culture and environment, and he has also settled in well into his new role working closely with myself, the Executive and the Board.

Amongst other changes to the football staffing structure, we also secured the services of Gus Williams from the Welsh FA to head up the key area of recruitment and he brings a wealth of high level experience and knowledge that will be vital in this critical aspect of the club.

Off the pitch the club continued to emerge from the global and national impact of Covid-19. As the UK Government business support schemes began to be gradually withdrawn, we were then suddenly stunned by Russia invading Ukraine in February 2022 that saw energy and food prices sharply increase, with inflation also rapidly rising. More economic turbulence was injected to all aspects of our lives just as we were entering a post-pandemic era.

The direct impact of all the above factors has resulted in the club incurring more costs right across the business, just as revenue streams were beginning to return to previous levels. We continue to carefully manage the club to remain compliant within the current Financial Fair Play rules and the Profit and Sustainability parameters.

A wide ranging programme of refurbishment and renovation of all sites was undertaken during the year, including work at Ewood on increasing the pitch lighting rigs, the cleaning of the roofs and metal structures on the top of the stands, plus further uplifts to the lounges.

The Senior Training Centre had work carried out on both external areas and internal rooms, whilst our Academy also underwent some internal improvements.

Looking to the future, the emphasis and focus for the club continues to be on trying to increase commercial revenue streams. Key to any growth plan will be the introduction of a Business Club; improving match day experience and attendance levels where and whenever possible; continued fan engagement through cutting edge community integration work, whilst attracting new Next Generation supporters via increased links with schools and youth organisations across the region.

The remit of the club's Integration & Development Manager, Yasir Sufi, working closely with our award-winning Community Trust, is to continue to widen our reach into relatively untapped community groups and business networks across the area. These combined efforts are starting to pick up a pace due to the introduction of the Ewood Express and Next Gen Initiatives under the great work of Yasir.

Special praise must also be given to our Community Trust who, under the leadership of CEO Gary Robinson, continually demonstrates outstanding community commitment through a range of critical projects, which are aimed at supporting the most vulnerable members of our community. We should commend them for their inspiring efforts and achievements throughout the year.

EXECUTIVE REPORT - continued

YEAR ENDED 30 JUNE 2022

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The Owners and the Board would like to place on record our thanks and appreciation to all those who have supported the club, be they shareholders, corporate clients and partners.

A particular mention should go to our staff for their hard work, loyalty and dedication to the club.

Finally we must thank the Owners for their continued support of the club throughout these financially challenging and unsettling times.

A handwritten signature in black ink, appearing to read 'Waggott', with a long horizontal stroke extending to the right.

Steve Waggott  
Chief Executive Officer  
28<sup>th</sup> November 2022



## STRATEGIC REPORT

## YEAR ENDED 30 JUNE 2022

## Principal activities

The principal activity of the company throughout the year continues to be that of a professional football club with related commercial activities.

## Business review

For the year to 30 June 2022 the company recorded an operating loss before trading of intangible/tangible assets of £17.4m (2021 - loss £15.6m). A profit on trading of intangible assets of £6.0m (2021 - loss £3.5m) and an exceptional profit on trading of tangible assets of £0m (2021 profit £13.0m) brought the pre-tax loss to £11.2m (2021 - loss £6.6m). The key performance indicators are as shown in the table below;

	<u>2021/22</u> £m	<u>2020/21</u> £m	<u>2019/20</u> £m	<u>2018/19</u> £m	<u>2017/18</u> £m
Turnover	16.6	14.5	13.5	16.7	9.0
Other operating income	0.3	3.3	0.6	0.0	0.0
Wages & salaries	24.4	25.7	25.6	22.4	16.8
Other operating expenses	9.9	7.7	8.6	10.4	8.9
Operating loss before trading of intangible/tangible assets	(17.4)	(15.6)	(20.1)	(16.1)	(16.7)
Interest payable/(receivable)	(0.2)	0.5	0.6	0.5	0.4
Loss before trading of intangible/tangible assets	(17.2)	(16.1)	(20.7)	(16.6)	(17.1)
Tangible fixed asset trading	0	13.0	0	0	0
Intangible fixed asset trading	6.0	(3.5)	(1.2)	(1.6)	0.3
(Loss) / Profit before tax	(11.2)	(6.6)	(21.9)	(18.2)	(16.8)
Net cash movements in / (out)	1.6	0.7	0.4	(3.0)	0.5
Closing cash and cash equivalent	(11.5)	(13.1)	(13.9)	(14.3)	(11.2)
Finishing position in the:					
EFL League 1	-	-	-	-	2nd -
Championship	8th	15th	11th	15th	-
Average league attendance	13,501	0	13,836	14,508	12,832
Wage to turnover %	147.0%	177.2%	189.6%	134.1%	186.7%
Number of live TV games	11	7	5	7	4

The loss for the year increased by £4.6m (2021 £6.6m). Turnover increased by £2.1m which was offset by an increase in operating expenses of £2.2m. Other operating income fell by £3.0m to £0.3m due to the previous year including £2.6m insurance claim receipt and £0.7m Furlough income) Player trading produced a profit of £6.0m (2021 loss £3.5m). Wages and salaries reduced by £1.3m during the year.

**STRATEGIC REPORT - continued**

**YEAR ENDED 30 JUNE 2022**

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Average league attendance for 2021/22 was 13,501 (2020/21 nil due to the Covid-19 pandemic).

**Turnover**

Turnover has increased to £16.6m (2021 - £14.5m); match day income has increased by £2.6m (2022 £3.4m : 2021 - £0.8m), media income has decreased by £0.5m (2022 £8.4m : 2021 £8.9m), and commercial and other income have increased by £0.1m (2022 £4.9m : 2021 £4.8m).

**Operating expenses**

Operating expenses reflected a decrease in wages and salaries of £1.3m (2022 £24.4m : 2021 - £25.7m). Other operating expenses increased by £2.2m to £9.9m, (2021 - £7.7m).

**Trading of intangible fixed assets**

Net intangible fixed asset trading profit was £6.0m (2021 - loss £3.5m), an increase of £9.5m. Included in this was amortisation of players' transfer costs which decreased by £0.1m to £4.0m (2021 - £4.1m). Profit on sale of players during the year totalled £10.0m (2021 - £0.6m).

**Exceptional trading of tangible fixed assets**

Exceptional profit on sale of tangible fixed assets was £0m (2021 - £13.0m wholly due to the sale of the Senior training ground and houses).

**Cash flow**

The company expended cash of £14.5m on operating activities compared to £20.9m in 2021. Receipts from player sales of £6.1m (2021 - £0.3m) were offset by £2.4m (2021 - £4.2m) for the acquisition and cost of disposal of player registrations and tangible fixed assets. There was a decrease of £0.1m in interest charges, which has resulted in a net inflow in cash of £1.6m in the year (2021 - inflow £0.7m).

**Principal risks and uncertainties**

The board constantly assesses the threats to the business, by close monitoring of the football sector at its level, and via communication with the company's owners.

Business risks identified include reduced income arising from uncertainty as to progress of the company in the various competitions it participates in. During the year under review, the company has traded without restriction under Championship Profit and Sustainability rules.

The company is regulated by the rules of the FA, Football League, Premier League, UEFA and FIFA. Any change to the regulations of these bodies could have an impact on the company as they cover areas such as; competition format, distribution of media income, player eligibility and operation of the transfer market. The board ensures compliance with all relevant rules and regulations, and monitors the impact of any potential changes.



**M Cheston**  
**Finance Director**  
**28<sup>th</sup> November 2022**

**DIRECTORS' REPORT****YEAR ENDED 30 JUNE 2022**

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**Directors**

S Waggott (Chief Executive Officer)  
M Cheston (Finance Director)  
R Gandhi Babu  
R D Coar

The directors present their report and financial statements for the year ended 30 June 2022.

**Statement of directors' responsibilities in respect of the Strategic Report, the Directors' Report and the financial statements**

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

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including Financial Reporting Standard 102 (The Financial Reporting Standard in the UK and Republic of Ireland).

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 judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- 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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

**Proposed dividends**

The directors do not recommend the payment of a dividend (2021 - nil).

**Employees and environmental policies**

The company is committed to ensuring that it complies with all relevant legislation, in connection with unlawful or unfair discrimination of any kind in its business. The company's employment policies are designed to retain and motivate staff at all levels. During the year to 31 December 2021, the group maintained its 100% waste management recycle percentage, reducing its impact on the environment by handling 142 tonnes less waste and saving over £13,000 in landfill tax. The company constantly monitors energy saving opportunities, and continues to implement policies.

**DIRECTORS' REPORT- continued**

**YEAR ENDED 30 JUNE 2022**

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**Provision of information to auditor**

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditor is unaware; and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

**Auditor**

Pursuant to section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and PM+M Solutions for Business LLP will therefore continue in office.

This report was approved by the board on 28<sup>th</sup> November 2022 and signed on its behalf by



**M Cheston**  
**Finance Director**

**REGISTERED OFFICE**

Ewood Park  
Blackburn  
BB2 4JF

## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE BLACKBURN ROVERS FOOTBALL AND ATHLETIC LIMITED**

### **Opinion**

We have audited the financial statements of The Blackburn Rovers Football and Athletic Limited (the 'company') for the year ended 30 June 2022 which comprise the statement of comprehensive income, the balance sheet, the statement of changes in equity and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102, The Financial Reporting Standard in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

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 Generally Accepted Accounting Practice; 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 Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Conclusions relating to going concern**

In auditing the financial statements, we have concluded that directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue. 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 other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. 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. 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 course of our 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.

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

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

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

## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE BLACKBURN ROVERS FOOTBALL AND ATHLETIC LIMITED - continued**

### **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 and the Directors' Report.

We have nothing to report in respect of the following matters in relation to which 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 Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation 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 relating 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.

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

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

### **Extent to which the audit was considered capable of detecting irregularities, including fraud**

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

We identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and then design and perform audit procedures responsive to those risks, including obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion.

### **Identifying and assessing potential risks related to irregularities**

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, we have considered the following:

- the nature of the industry and sector, control environment and business performance including the design of the company's remuneration policies, key drivers for directors' remuneration, bonus levels and performance targets;
- results of our enquiries of management about their own identification and assessment of the risks of irregularities;
- the matters discussed among the audit engagement team and relevant specialists regarding how and where fraud might occur in the financial statements and any potential indicators of fraud;

# **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE BLACKBURN ROVERS FOOTBALL AND ATHLETIC LIMITED - continued**

- any matters we identified having obtained and reviewed the company's documentation of their policies procedures relating to:
  - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
  - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud;
  - the internal controls established to mitigate risks of fraud or non-compliance with laws and regulations.

As a result of these procedures, we considered the opportunities and incentives that may exist within the organisation for fraud and identified the greatest potential for fraud in the following areas: timing of recognition of commercial income, posting of unusual journals and complex transactions; and manipulating the company's performance profit measures and other key performance indicators to meet remuneration targets and externally communicated targets. In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override.

We also obtained an understanding of the legal and regulatory frameworks that the company operates in, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements. The key laws and regulations we considered in this context included UK Companies Act, employment law, health and safety, pensions legislation and tax legislation.

## **Audit response to risks identified**

Our procedures to respond to risks identified included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- enquiring of management concerning actual and potential litigation and claims;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- reading minutes of meetings of those charged with governance and reviewing correspondence with HMRC; and
- In addressing the identified risks of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations (irregularities) is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it. In addition, as with any audit, there remained a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

A further description of our responsibilities is available on the Financial Reporting Councils website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE BLACKBURN ROVERS FOOTBALL AND ATHLETIC LIMITED - continued**

**Use of our report**

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

*PM+M Solutions for Business LLP*

**David Gorton FCA CTA (Senior Statutory Auditor)**  
**for and on behalf of PM+M Solutions for Business LLP**  
**Statutory Auditors**  
28<sup>th</sup> November 2022  
New Century House  
Greenbank Technology Park  
Challenge Way  
Blackburn  
Lancashire  
BB1 5QB



## STATEMENT OF COMPREHENSIVE INCOME

YEAR ENDED 30 JUNE 2022

	Note	2022 £ Operations excluding trading of tangible/ intangible fixed assets	2022 £ Trading of tangible/ Intangible fixed assets	2022 £ Total	2021 £ Total
<b>TURNOVER</b>	<b>4</b>	<b>16,649,527</b>	<b>-</b>	<b>16,649,527</b>	<b>14,488,375</b>
Other operating income		252,572	-	252,572	3,287,417
Operating expenses - non exceptional		34,338,355	4,041,251	38,379,606	37,531,893
<b>OPERATING LOSS</b>	<b>5</b>	<b>( 17,436,256)</b>	<b>( 4,041,251)</b>	<b>( 21,477,507)</b>	<b>( 19,756,101)</b>
Exceptional profit on disposal of tangible fixed assets	29	-	-	-	13,029,270
Profit on disposal of intangible fixed assets	8	-	10,051,128	10,051,128	622,448
<b>LOSS BEFORE INTEREST AND TAXATION</b>		<b>( 17,436,256)</b>	<b>6,009,877</b>	<b>( 11,426,379)</b>	<b>( 6,104,383)</b>
Interest payable	9			( 575,509)	( 500,692)
Interest receivable	9			761,361	13,616
<b>LOSS BEFORE TAXATION</b>				<b>( 11,240,527)</b>	<b>( 6,591,459)</b>
Taxation	10			-	9,352
<b>LOSS FOR THE YEAR</b>				<b>( 11,240,527)</b>	<b>( 6,582,107)</b>

The notes on pages 19 to 32 form an integral part of these financial statements.

## BALANCE SHEET

AS AT 30 JUNE 2022

	Note	2022 £	2022 £	2021 £	2021 £
<b>FIXED ASSETS</b>					
Intangible fixed assets	11		2,865,285		6,151,583
Tangible fixed assets	12		24,089,201		24,788,470
Investments	13		100		100
			26,954,586		30,940,153
<b>CURRENT ASSETS</b>					
Stock	14	510,036		69,567	
Debtors - amounts falling due within one year	15	23,105,210		3,151,957	
- amounts falling due after one year	16	-		17,300,355	
Cash at bank and in hand	17	608,665		370,302	
		24,223,911		20,892,181	
<b>CREDITORS:</b>					
- amounts falling due within one year	18	169,094,307		156,397,062	
<b>NET CURRENT LIABILITIES</b>			( 144,870,396)		( 135,504,881)
<b>TOTAL CURRENT ASSETS LESS CURRENT LIABILITIES</b>			( 117,915,810)		( 104,564,728)
<b>CREDITORS:</b>					
- amounts falling due after one year	19		3,595,298		5,609,193
<b>DEFERRED GRANTS</b>	22		714,439		811,099
<b>NET LIABILITIES</b>			( 122,225,547)		( 110,985,020)
<b>CAPITAL AND RESERVES</b>					
Called up share capital	23		176,571,484		176,571,484
Revaluation reserve	24		1,295,825		1,295,825
Profit and loss account	24		( 300,092,856)		( 288,852,329)
<b>SHAREHOLDERS' DEFICIT</b>			( 122,225,547)		( 110,985,020)

The financial statements were approved by the board on 28th November 2022 and signed on its behalf by:



M Cheston, Director

The Blackburn Rovers Football and Athletic Limited (Registered no. 53482)

The notes on pages 19 to 32 form an integral part of these financial statements.

## STATEMENT OF CHANGES IN EQUITY

## YEAR ENDED 30 JUNE 2022

	Note	Share capital £	Revaluation reserve £	Retained earnings £	Total equity £
At 1 July 2021		176,571,484	1,295,825	( 288,852,329)	( 110,985,020)
Comprehensive loss for the year					
Loss for the year		-	-	( 11,240,527)	( 11,240,527)
Issue of share capital	23	-	-	-	-
At 30 June 2022		176,571,484	1,295,825	( 300,092,856)	( 122,225,547)

		Share capital £	Revaluation reserve £	Retained earnings £	Total equity £
At 1 July 2020		146,988,484	1,295,825	( 282,270,222)	( 133,985,913)
Comprehensive loss for the year					
Loss for the year		-	-	( 6,582,107)	( 6,582,107)
Issue of share capital	23	29,583,000	-	-	29,583,000
At 30 June 2021		176,571,484	1,295,825	( 288,852,329)	( 110,985,020)

The notes on pages 19 to 32 form an integral part of these financial statements.

## STATEMENT OF CASH FLOWS

## YEAR ENDED 30 JUNE 2022

	2022	2021
	£	£
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Loss for the financial year	( 11,240,527)	( 6,582,107)
Adjustments for:		
Amortisation of intangible fixed assets	4,041,251	4,141,587
Profit on sale of intangible fixed assets	( 10,051,128)	( 622,448)
Depreciation of tangible fixed assets	1,173,332	1,237,516
Profit on sale of tangible fixed assets	( 6,920)	( 13,029,270)
Release of deferred grants	( 96,660)	( 96,660)
Interest received	( 761,361)	( 13,616)
Interest paid	575,509	500,692
(Increase) / decrease in stock	( 440,469)	51,859
Decrease / (increase) decrease in amounts owed by group undertaking	1,909,272	( 801,776)
(Increase) in debtors	( 178,154)	( 347,941)
Increase / (decrease) in creditors	566,113	( 5,349,714)
Net cash outflow from operations	( 14,509,742)	( 20,911,878)
Net Interest received / (paid)	185,852	( 487,076)
Net cash outflow from operating activities	( 14,323,890)	( 21,398,954)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Payments to acquire intangible fixed assets	( 2,199,703)	( 4,039,355)
Payments to acquire tangible fixed assets	( 185,546)	( 178,119)
Receipts from disposal of intangible fixed assets	6,097,159	334,510
Receipts from disposal of tangible fixed assets	6,920	-
Net cash inflow from investing activities	3,718,830	( 3,882,964)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Increase in amounts owed to group undertakings	14,272,555	18,823,932
Increase in other loans	1,041,250	7,288,750
Repayment of other loans and hire purchase creditor	( 3,061,327)	( 93,931)
Net cash inflow from financing activities	12,252,478	26,018,751
Increase in cash and cash equivalents	1,647,418	736,833
<b>MOVEMENT IN CASH AND CASH EQUIVALENTS IN THE YEAR</b>		
Increase in cash and cash equivalents	1,647,418	736,833
At 1 July 2021	( 13,139,957)	( 13,876,790)
At 30 June 2022	( 11,492,539)	( 13,139,957)

The notes on pages 19 to 32 form an integral part of these financial statements.

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2022

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**1 COMPANY INFORMATION**

The company is a private company, limited by shares and incorporated in England and Wales. The registered office is Ewood Park, Blackburn, BB2 4JF. The principal activity is that of a professional football club with related commercial activities.

**2 ACCOUNTING POLICIES****Basis of preparation of the financial statements**

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of freehold property and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland and the Companies Act 2006.

The financial statements are prepared in sterling which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the company's accounting policies (see note 3).

The financial statements contain information about The Blackburn Rovers Football and Athletic Limited as an individual company and do not contain consolidated financial information as the parent company of a group. The company has taken advantage of the exemption available to it under s400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements as it and its subsidiary undertaking are included within the consolidated financial statements of Venkys London Limited.

The principal accounting policies applied by the company are described below.

**Going concern**

At 30 June 2022 the company had net current liabilities of £144,870,396 and reported an operating loss, before changes in tangible and intangible fixed assets, of £21,477,507 for the year. In common with many football clubs, the company may continue to make operating losses and incur net cash outflows depending on a number of variables including the success of the team in league and cup competitions and the level of transfer activity. The company is funded through a bank overdraft facility, and shareholder loans, and in view of the current financial position the company remains reliant on its ability to maintain existing and obtain additional funding as necessary.

In managing the finances of the company the directors remain mindful of the need to ensure the company will comply with the Championship Profitability and Sustainability rules.

The bank facility with SBI is due to expire on 20 May 2023. The directors believe the facility will be renewed. As part of the directors' assessment of going concern they have prepared detailed cash flow forecasts for the period to the end of June 2024. These forecasts indicate that the company will require significant funding in addition to the current facilities available to the company.

The amount of additional funding required will be dependent on the net proceeds of any player trading, on field performance, and availability of bank facilities. In view of this the directors have received confirmation from the ultimate parent company (Venkateshwara Hatcheries Pvt. Ltd) that it has sufficient funds and is willing to provide such additional financing as may be required to fund the company, to the extent necessary for the company to continue to trade and to pay its liabilities as and when they become due, for the twelve months following approval of these accounts and thereafter for the foreseeable future, even in the event of the bank facility not being renewed.

## NOTES TO THE FINANCIAL STATEMENTS - continued

YEAR ENDED 30 JUNE 2022

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**2 ACCOUNTING POLICIES - continued**

On the basis of the assessment outlined above the directors have a reasonable expectation that the company will have adequate resources to continue in operational existence for the foreseeable future. Accordingly they adopt the going concern basis in preparing these financial statements.

**Foreign currencies**

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

**Turnover and income recognition**

Turnover is stated net of Value Added Tax and amounts due to the Premier League, Football League, Football Association and visiting football clubs. It includes gate receipts, executive boxes, sponsorships, merchandising, advertising, television fees, Football / Premier League pool and sundry related income.

Gate receipts and other match day revenue is recognised over a football season as the matches occur. Merchandising income is recognised at the point of sale. Other revenue comprising media and commercial income is apportioned evenly over the football season or contract term as appropriate.

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

**Intangible fixed assets**

The costs associated with the acquisition of new players' registrations are capitalised as intangible fixed assets. These costs are fully amortised, in equal annual instalments, over the period of the player's initial contract. The external costs of securing the extension or renewal of an existing contract both for internally produced and externally purchased players are capitalised and amortised over the period of the players' new contract.

Signing on fees and other contingent fees payable to players as a result of the occurrence of one or more uncertain future events are expensed when they occur.

**Impairment**

The carrying amounts of the company's assets are reviewed for impairment when events or changes in circumstances indicate that the carrying amount of the asset may not be recoverable. If any such indication exists, the asset's recoverable amount is estimated.

An impairment loss is recognised whenever the carrying amount of an asset or its income-generating unit exceeds its recoverable amount. Impairment losses are recognised in the profit and loss account.

Impairment losses recognised in respect of income-generating units are allocated to the carrying amount of the intangible fixed assets in the unit on a pro rata or more appropriate basis. An income generating unit is the smallest identifiable group of assets that generates income that is largely independent of the income streams from other assets or groups of assets.

The recoverable amount of fixed assets is the greater of their net realisable value and value in use. In assessing value in use, the expected future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the rate of return expected on an equally risky investment. For an asset that does not generate largely independent income streams, the recoverable amount is determined for the income-generating unit to which the asset belongs.

## NOTES TO THE FINANCIAL STATEMENTS - continued

YEAR ENDED 30 JUNE 2022

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**2 ACCOUNTING POLICIES - continued****Tangible fixed assets and depreciation**

Tangible fixed assets are stated at cost or valuation less depreciation. Depreciation is provided at rates calculated to write off the cost or valuation of fixed assets, less their estimated residual value, over their expected useful economic lives on the following bases:

Motor vehicles	-	25% per annum on cost
Fixtures and fittings	-	10% per annum on cost
Computer equipment	-	20% per annum on cost
Freehold buildings	-	2% per annum on cost

No depreciation has been provided on freehold land.

**Revaluation of tangible fixed assets**

As permitted by the provisions of FRS 102 the company has elected not to adopt a policy of revaluation of tangible fixed assets. The company will retain the book value of land and buildings, previously revalued in 1995 and will not update that valuation.

**Fixed asset investments**

Investment in subsidiary is measured at cost less any accumulated impairment losses. A subsidiary is an entity controlled by the group. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

**Stock**

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

**Debtors**

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

**Cash and cash equivalents**

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the statement of cash flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the company's cash management.

**Creditors**

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

## NOTES TO THE FINANCIAL STATEMENTS - continued

YEAR ENDED 30 JUNE 2022

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**2 ACCOUNTING POLICIES - continued****Financial Instruments**

The company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade payables or receivables, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, such as the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an out-right short-term loan not at market rate, the financial asset or liability is measured initially at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the profit and loss account.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate, which is an approximation of the amount that the company would receive for the asset if it were to be sold at the balance sheet date.

**Leases**

Assets acquired under finance leases are capitalised and the outstanding future lease obligations are shown in creditors. Operating lease rentals are charged to the profit and loss account on a straight line basis over the period of the lease.

**Grants**

Grants are accounted for under the accruals model as permitted by FRS 102.

Revenue grants are credited to profit and loss account in the same period in which the revenue expenditure to which they relate is charged. Capital based grants are credited to revenue over the life of the asset to which they relate. The deferred element of grants is included as deferred income.

The useful lives are as follows:

Freehold buildings	50 years
Fixtures and fittings	10 years



## NOTES TO THE FINANCIAL STATEMENTS - continued

YEAR ENDED 30 JUNE 2022

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**2 ACCOUNTING POLICIES - continued****Taxation**

The charge for taxation is based on the loss for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 102.

A deferred tax asset is recognised only if it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

**Pensions**

The company is making contributions in respect of its share of the deficit of the defined benefit section of the Football League Pension and Life Assurance Scheme (the "Scheme").

Under the provisions of FRS 102 the Scheme is treated as a defined benefit multi-employer scheme. The financial statements provide for the company's estimated share of the Football League Limited Pension and Life Assurance deficit. The value provided is based on the current actuarial valuation dated 31 August 2020. Contributions are made as advised by the scheme actuary.

The company also makes contributions to defined contribution pension schemes for certain employees. The employer's contributions are charged to the profit and loss account in the year in which the liability to pay arises.

Differences between contributions payable in the year and contributions actually paid are shown as accruals or prepayments in the balance sheet.

**Borrowing costs**

All borrowing costs are recognised in the profit and loss account in the year in which they are incurred.

**Operating Costs**

The directors consider that all operating costs incurred can most accurately be categorised as administration costs.

**3 JUDGMENT IN APPLYING ACCOUNTING POLICIES AND KEY SOURCES OF ESTIMATION UNCERTAINTY**

In the process of applying the company's accounting policies, which are described above, management has made some judgments that have significant effect on the amounts recognised in the financial statements. These also include key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date. The main areas of judgement that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are in relation to revenue recognition of central distributions from football authorities and impairment of fixed assets.

## NOTES TO THE FINANCIAL STATEMENTS - continued

YEAR ENDED 30 JUNE 2022

**4 TURNOVER**

An analysis of turnover by class of business is given below:

	2022	2021
	£	£
Matchday	3,353,477	776,363
Media	8,419,000	8,910,744
Commercial	4,796,738	4,793,384
Other	80,312	7,884
	<u>16,649,527</u>	<u>14,488,375</u>

**5 OPERATING LOSS**

The operating loss is stated after charging / (crediting):

	2022	2021
	£	£
Amortisation of intangible fixed assets	4,041,251	4,141,587
Depreciation of tangible fixed assets:		
owned by the company	1,087,288	1,189,051
under hire purchase	86,044	48,465
Profit on disposal of tangible fixed assets	( 6,920)	( 13,029,270)
Auditors' remuneration:		
audit work	38,350	34,250
non audit work	6,974	23,348
Operating lease payments	374,391	33,146
Furlough income	( 32,563)	( 730,417)
Insurance claim receivable	( 220,009)	( 2,557,000)
Deferred grants release	<u>( 96,660)</u>	<u>( 96,660)</u>

**6 STAFF COSTS**

	2022	2021
	£	£
Wages and salaries	21,368,017	22,401,329
Social security costs	2,870,586	2,751,222
Other pension costs	117,606	499,711
	<u>24,356,209</u>	<u>25,652,262</u>

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

	2022	2021
	No.	No.
Senior football players and management	75	82
Academy football players and management	64	60
Commercial, sponsorship, media and merchandising	19	22
Administration	22	22
Building, ground and pitch maintenance	29	31
	<u>209</u>	<u>217</u>

## NOTES TO THE FINANCIAL STATEMENTS - continued

## YEAR ENDED 30 JUNE 2022

## 7 DIRECTORS' REMUNERATION

## Emoluments for services as directors:

	<u>No. of</u> <u>directors</u>	<u>Salaries</u>	<u>Pension</u>	<u>Benefits</u>	<u>Total</u>
		£	£	£	£
Executive directors:					
2022	3	468,266	10,321	12,446	491,033
2021	3	489,450	17,514	7,882	514,846

During the year 2 (2021 - 2) directors were members of a money purchase pension scheme.

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

	2022	2021
	£	£
Remuneration for qualifying services	271,413	290,413
Company pension contributions	1,321	1,314

## 8 TRANSFER FEES AND ASSOCIATED COSTS

	2022	2021
	£	£
Amortisation of intangible fixed assets	( 4,041,251)	( 4,141,587)
Profit on disposal of intangible fixed assets	10,051,128	622,448
	6,009,877	( 3,519,139)

## 9 NET INTEREST PAYABLE

	2022	2021
	£	£
Interest receivable		
Short term deposits and other interest	761,361	13,616
Interest payable		
On bank overdrafts and other loans	( 560,948)	( 471,679)
Hire purchase interest	( 14,561)	( 29,013)
	( 575,509)	( 500,692)
Net interest payable	185,852	( 487,076)

## NOTES TO THE FINANCIAL STATEMENTS - continued

## YEAR ENDED 30 JUNE 2022

## 10 TAXATION

	2022	2021
	£	£
<b>The tax credit comprises:</b>		
UK corporation tax		
Adjustment in respect of prior year	-	9,352
<b>Tax on loss on ordinary activities</b>	-	9,352
The actual tax charge for the current year differs from the standard rate of 19% (2021 - 19%) for the reasons set out in the following reconciliation:		
<b>Loss on ordinary activities before tax</b>	<b>( 11,240,527)</b>	<b>( 6,591,459)</b>
Tax on loss on ordinary activities at 19% (2021 - 19%)	( 2,135,700)	( 1,252,377)
Effects of :		
Expenses not deductible for corporation tax purposes	9,301	57,886
Non-taxable income	( 18,365)	( 18,365)
Adjustment in respect of prior years	-	( 9,352)
Chargeable gain Indexation	-	( 796,173)
Deferred tax not recognised	2,144,764	2,077,165
Other permanent difference	-	( 68,135)
<b>Total amount of tax</b>	<b>-</b>	<b>( 9,352)</b>

Taxable losses from previous years are available for offset against future taxable profits. A deferred tax asset has not been recognised in respect of those losses as the company does not anticipate taxable profits to arise within the foreseeable future. The estimated value of the deferred tax asset not recognised, measured at a standard rate of 25% (2021 - 25%) is £70m (2021 - £66m). The standard rate of corporation tax in the UK will change to 25% for periods commencing 1st April 2023.

## 11 INTANGIBLE FIXED ASSETS

		Player registrations £
<b>Cost</b>	<b>At 1 July 2021</b>	<b>16,387,995</b>
	Additions	1,185,000
	Disposals	( 2,540,482)
	<b>At 30 June 2022</b>	<b>15,032,513</b>
<b>Amortisation</b>	<b>At 1 July 2021</b>	<b>10,236,412</b>
	Charge for the year	4,041,251
	On disposals	( 2,110,435)
	<b>At 30 June 2022</b>	<b>12,167,228</b>
<b>Net book value</b>	<b>At 30 June 2022</b>	<b>2,865,285</b>
	<b>At 1 July 2021</b>	<b>6,151,583</b>

## NOTES TO THE FINANCIAL STATEMENTS - continued

## YEAR ENDED 30 JUNE 2022

## 12 TANGIBLE FIXED ASSETS

	Freehold land and buildings £	Fixtures, fittings and computer equipment £	Motor vehicles £	Total £
<b>Cost or valuation</b>				
At 1 July 2021	39,334,955	9,594,831	295,138	49,224,924
Additions	38,038	354,544	81,481	474,063
Disposals	-	( 80,546)	( 46,885)	( 127,431)
<b>At 30 June 2022</b>	<b>39,372,993</b>	<b>9,868,829</b>	<b>329,734</b>	<b>49,571,556</b>
<b>At cost</b>	<b>4,297,993</b>	<b>9,868,829</b>	<b>329,734</b>	<b>14,496,556</b>
<b>At valuation - 1995</b>	<b>35,075,000</b>	<b>-</b>	<b>-</b>	<b>35,075,000</b>
	<b>39,372,993</b>	<b>9,868,829</b>	<b>329,734</b>	<b>49,571,556</b>
<b>Depreciation</b>				
At 1 July 2021	15,961,502	8,247,923	227,029	24,436,454
Charge for the year	743,508	393,290	36,534	1,173,332
On disposals	-	( 80,546)	( 46,885)	( 127,431)
<b>At 30 June 2022</b>	<b>16,705,010</b>	<b>8,560,667</b>	<b>216,678</b>	<b>25,482,355</b>
<b>Net book value</b>				
<b>At 30 June 2022</b>	<b>22,667,983</b>	<b>1,308,162</b>	<b>113,056</b>	<b>24,089,201</b>
<b>At 1 July 2021</b>	<b>23,373,453</b>	<b>1,346,908</b>	<b>68,109</b>	<b>24,788,470</b>

The net book value of assets held under hire purchase contracts is £337,015 (2021 - £315,514), depreciation for the year on assets held under hire purchase contracts was £86,044 (2021 - £48,465). Included within freehold land and buildings is land at a value of £2,645,000 which has not been depreciated.

On the historical cost basis, land and buildings included at valuation would have been included as follows:

	2022 £	2021 £
Deemed historical cost of revalued assets	34,099,059	34,099,059
Cumulative depreciation based on deemed historical cost	( 15,642,744)	( 14,983,590)
<b>Deemed historical cost net book value</b>	<b>18,456,315</b>	<b>19,115,469</b>

## NOTES TO THE FINANCIAL STATEMENTS - continued

## YEAR ENDED 30 JUNE 2022

## 13 FIXED ASSET INVESTMENT

	Shares in Group Undertakings £
Cost	100
At 30 June 2022	100

The investment represents 100% of the ordinary share capital of Blackburn Rovers Ladies Football Club Limited, registered in the UK. The subsidiary is a professional football club.

## 14 STOCK

	2022 £	2021 £
Goods held for resale	510,036	69,567

The difference between purchase price or production cost of stocks and their replacement cost is not material.

Stock recognised in cost of sales during the year as an expense was £600,436 (2021 - £651,431).

## 15 DEBTORS - amounts falling due within one year

	2022 £	2021 £
Trade debtors	400,557	952,418
Football related debtors	5,292,192	907,821
Amounts owed by group undertaking	16,192,504	801,776
Other debtors	52,678	102,990
Social security and other taxes	9,352	63,969
Prepayments and accrued income	1,157,927	322,983
	23,105,210	3,151,957

See note 29 for details of repayment terms attaching to amounts owed by group undertaking.

## 16 DEBTORS - amounts falling due after more than one year

	2022 £	2021 £
Amounts owed by group undertaking	-	17,300,000
Football related debtors	-	355
	-	17,300,355

See note 29 for details of repayment terms attaching to amounts owed by group undertaking.

## 17 CASH AND CASH EQUIVALENTS

	2022 £	2021 £
Cash at bank and in hand	608,665	370,302
Bank overdraft	(12,101,204)	(13,510,259)
	(11,492,539)	(13,139,957)

## NOTES TO THE FINANCIAL STATEMENTS - continued

## YEAR ENDED 30 JUNE 2022

## 18 CREDITORS - amounts falling due within one year

	2022	2021
	£	£
Bank overdraft	12,101,204	13,510,259
Amounts owed to parent undertaking	144,442,358	130,169,803
Other Loan	2,971,266	2,972,366
Trade creditors	2,023,706	990,970
Football related creditors	2,688,789	3,603,492
Social security and other taxes	1,698,990	3,534,257
Other creditors	235,864	141,301
Pension deficit	130,096	123,906
Hire purchase creditors	79,840	53,039
Accruals and deferred income	2,722,194	1,297,669
	<u>169,094,307</u>	<u>156,397,062</u>

The amounts due to the parent company of £144,442,358 (2021 - £130,169,803) have been treated as falling due within one year as this is the technical legal status of the loans at the balance sheet date. As described in note 2, subsequent to the year end the parent company has confirmed that, as in previous years, it will provide sufficient financing to support the company for the twelve months following approval of these accounts.

The amounts owed to the parent undertaking above are interest free with no fixed date for repayment.

The bank overdraft facility expires on 20 May 2023. The directors believe the facility will be renewed on acceptable terms and conditions.

The bank overdraft is secured by a corporate guarantee from the holding company, Venkys London Limited. Interest is paid upon the facility at 2.65% over SONIA.

Hire purchase creditors are secured by the assets to which they relate.

## 19 CREDITORS - amounts falling due after more than one year

	2022	2021
	£	£
Pension deficit	284,339	414,435
Other Loans	2,971,468	4,900,384
Hire purchase creditors	214,491	69,374
Football related creditors	125,000	225,000
	<u>3,595,298</u>	<u>5,609,193</u>

Other loans are interest free advances secured against future distributions from the EFL, part of which is disclosed within creditors - amounts falling due within one year. There are two loans.

The first loan of £389,400 is repayable in 4 equal half yearly instalments from October 2022.

The second loan of £5,553,334 is repayable in 4 equal half yearly instalments from August 2022.

Hire purchase creditors are secured by the assets to which they relate.

## NOTES TO THE FINANCIAL STATEMENTS - continued

## YEAR ENDED 30 JUNE 2022

## 20 FINANCIAL INSTRUMENTS

	2022	2021
	£	£
Financial assets measured at fair value through profit or loss	608,665	370,302
Financial assets that are debt instruments measured at amortised cost	<u>21,937,931</u>	<u>2,765,360</u>
	<u>22,546,596</u>	<u>3,135,662</u>
Financial liabilities measured at amortised cost	<u>167,735,010</u>	<u>155,085,197</u>

Financial assets measured at fair value through profit or loss comprise cash and bank balances.

Financial assets measured at amortised cost comprise trade and other debtors.

Financial liabilities measured at amortised cost comprise creditors, excluding deferred government grants and tax and social security.

## 21 HIRE PURCHASE CREDITORS

Minimum lease payments under hire purchase fall due as follows:

	2022	2021
	£	£
Within 1 year	79,840	53,039
Between 1 and 2 years	67,211	33,551
Between 2 and 5 years	<u>147,280</u>	<u>35,823</u>
	<u>294,331</u>	<u>122,413</u>

## 22 DEFERRED GRANTS

	2022	2021
	£	£
Outstanding at beginning of year	811,099	907,759
Released to profit and loss account in the year	<u>96,660</u>	<u>96,660</u>
Outstanding at end of year	<u>714,439</u>	<u>811,099</u>
Amount to be released within one year	<u>96,660</u>	<u>96,660</u>

## 23 CALLED UP SHARE CAPITAL

	2022	2021
	£	£
Allotted, called up - fully paid		
176,571,484 ordinary shares of £1 each	<u>176,571,484</u>	<u>176,571,484</u>



## NOTES TO THE FINANCIAL STATEMENTS - continued

## YEAR ENDED 30 JUNE 2022

## 24 RESERVES

**Profit and loss reserve:**

The profit and loss reserve represents cumulative profits or losses. The current year profit and loss reserve amounts to a deficit of £300,092,856 (2021 - £288,852,329)

**Revaluation reserve:**

The revaluation reserve represents the cumulative effect of revaluations of freehold land and buildings. The current year revaluation reserve amounts to £1,295,825 (2021 - £1,295,825)

## 25 PENSIONS

Pension contributions are paid by the company into the personal pension schemes of certain employees. The assets of their schemes are held separately from those of the company in independently administered funds. The contributions paid during the year amounted to £117,606 (2021 - £499,711), of which £22,971 (2021 - £30,640) was outstanding at year end.

The company is a participating employer in the Football League Limited Pension and Life Assurance Scheme (the "Scheme"). Accrual of benefits under a final salary basis was suspended with effect from 31 August 1999 following an actuarial review, which revealed a substantial deficit. The company was advised of its share of the deficit in the Scheme and the contributions required to make good that deficit, based on the latest actuarial valuation at 1 September 2020. The increase in the deficit in the year, which has been charged as an expense, amounted to £NIL (2021 - £358,605). The company's share of this deficit is currently estimated to be £414,435 (2021 - £538,341). This deficit has been provided for in these accounts and is included in creditors.

## 26 POTENTIAL FUTURE PLAYER REGISTRATION PAYMENTS

Under the terms of certain contracts for the purchase of players' registrations, future payments may be due, dependent upon the success of the team and/or the individual players. Similar terms exist in contracts for sales of players' registrations.

Any amount payable in relation to playing appearance and team performances are recognised when the event occurs. The maximum potential payment for amounts due to football clubs and other third parties for first team players is £5.3m (2021 - £4.8m).

## 27 CAPITAL COMMITMENTS

At 30 June 2022 the company had capital commitments as follows:

	2022	2021
	£	£
Contracted for but not provided in these accounts		
net of grants receivable	<u>129,233</u>	<u>264,261</u>

## NOTES TO THE FINANCIAL STATEMENTS - continued

## YEAR ENDED 30 JUNE 2022

**28 OTHER COMMITMENTS**

At 30 June 2022 the company had future minimum lease payments under non cancellable operating leases as follows:

	2022	2021
	£	£
Within 1 year	<u>357,927</u>	<u>398,123</u>
Between 1 and 5 years	<u>32,597</u>	<u>483,055</u>

**29 RELATED PARTY TRANSACTIONS**

During the year the company entered into the following transactions with related parties:

The company received rent and other income of £217,999 (2021 - £135,110) from Blackburn Rovers Community Trust. In addition certain expenses were incurred and recharged to Blackburn Rovers Community Trust. At the balance sheet date an amount of £885 was owed by the Trust to the company (2021 - £24,558) in respect of these transactions, and is disclosed within other creditors / debtors. At 30 June 2022 Blackburn Rovers Community Trust had seven trustees, of which two were directors of The Blackburn Rovers Football and Athletic Limited.

In June 2021 the company sold the Senior training ground and related property for £17,300,000 to Venkateshwara London Limited, a subsidiary of the ultimate parent company, Venkateshwara Hatcheries Pvt. Ltd. The proceeds are due for settlement by 30 June 2023 and carry interest at 4% above the State Bank of India base rate and interest arising on the loan in the period was £761,247 (2021 £13,603). The company has entered into a lease to continue to use the Senior training ground and rent of £356,004 arose for the period to 30 June 2022 (2021 £6,827).

**30 PARENT COMPANY**

The company is a subsidiary undertaking of Venkys London Limited, with Venkateshwara Hatcheries Pvt. Ltd. being the ultimate parent company, which is incorporated in India. Ultimate control is held by Mrs Anuradha J Desai, Mr B Venkatesh Rao and Mr B Balaji Rao.

The largest group in which the results of the company are consolidated is that headed by Venkys London Limited, incorporated in the United Kingdom. The consolidated financial statements of this group are available to the public and obtainable from Companies House.

**31 POST BALANCE SHEET EVENTS**

Since the balance sheet date the company has entered into transfer agreements amounting to net transfer fees payable of £4.4m (2021 - £9.2m receivable).