The Burnley Football & Athletic Company Limited

Directors' report and financial statements

Registered number 054222

30 June 2009

Contents

Officers and professional advisers

Directors	BC Kilby (Chairman) RS Ingleby (Vice Chairman) CJ Duckworth MJ Hobbs CJ Holt JF Turkington J Sullivan R Griffiths M Garlick B Flood
Company Secretary	Mr CJ Holt
Manager	Owen Coyle
Registered office	Turf Moor Harry Potts Way BURNLEY BB10 4BX
Registered number	054222
Auditor	KPMG LLP Edward VII Quay Navigation Way PRESTON PR2 2YF
Bankers	Lloyds TSB Group plc Manchester Road BURNLEY BB11 1EN

Chairman's report

On behalf of the board of directors I am pleased to present the annual accounts and report for the year ending 30 June, 2009.

Well, we did it!

Last season saw us achieve our dream of reaching the Premier League and I was delighted that after 10 years as Chairman of the club we finally achieved our goal in the best circumstances possible.

If you are going to earn promotion, then winning in a Wembley final is the best way to go about it.

To do so in conjunction with two stunning cup runs makes the achievement even greater and I believe that helped to endear us to the public at large.

It has been a long hard road since the Orient game in 1987 but together, shareholders, fans and management of the club have all done it together.

Immense credit must go to Owen Coyle and his team. Appointing Owen as manager in November 2007 was probably one of the best Management decisions the board of directors have ever made.

That decision had already been vindicated had we not achieved promotion, but to do so showed the leadership skills Owen clearly possesses in abundance.

Now we are here, it is the intention of the directors to do all we can to stay in the elevated company in which we find ourselves.

The promotion was gained at a cost, in a financial year that saw the club suffer a record loss before tax of £11.7m, although this figure was inflated by bonuses paid on achieving promotion.

However, the increase in turnover from being in the Premier League this season should help to compensate for the losses incurred over the past few years and I expect to report a significant profit for this financial year to bring our balance sheet back into a healthier position.

In closing I would like to thank my fellow directors for their support, club staff for their hard work and the fans for continuing to turn out in force.

We face this season with great optimism and I am sure I speak for everyone when I say how good it is to see Burnley back where this great club belongs.

Barry Kilby

3·11·09

Directors' report

The directors present their annual report and the audited financial statements for the year ended 30th June 2009.

Principal activities

The principal activity of the Company continues to be the operation of a professional football club.

Business review

As has been noted in previous reports, the club's principal key performance indicators are very much driven by performances and results on the field of play. Consequently, our business performed very well last year on the back of a long and successful season for the team.

In all, the first team played a total of 61 competitive games during the season, including progress to the semi-finals of the Carling Cup and the fifth round of the FA Cup.

These cup runs generated the majority of the 47% increase in match related income in the year. In particular, the matches at Stamford Bridge, The Emirates Stadium and White Hart Lane gave us a much needed boost in revenue in mid-season due to the bigger crowds and higher ticket prices charged by Premier League clubs, from which we benefitted as a result of the gate share arrangements in place in cup competitions.

Thirty of the matches played in the season were at Turf Moor, and this volume increase, and an accompanying increase in league attendances towards the end of the season, contributed not only to increased match related income, but also to increased commercial and retail income. The play-off matches, especially the Wembley final, contributed greatly to the 36% increase in retail sales.

The underlying performance of the catering area of the business also reflects the increased activity of the business as a whole but we are reporting a fall in catering income as a result of an outsourcing agreement we entered into from 1st January 2009.

The cost of the above noted success was two-fold. To achieve the success, we invested in the playing squad which increased staff costs and amortisation costs substantially and, once the success was gained, very significant success related bonuses were triggered which have further inflated payroll costs and interest charges.

As a result of these costs and despite the success on the field, our accounts show an operating loss of £8.9 millions and a loss before taxation of £11.7 millions.

These losses are being funded in a number of ways. Once again we are indebted to certain directors who have increased their loans to the company and to our season ticket holders, both new ones and those renewing, whose money helps us through the summer months.

Overall, though, there is an increase in net debt from £6.6 millions to £11.9 millions.

Going forward, the directors feel that this debt is manageable in the context of the considerable increase in revenues which will accrue to the company as a result of the achievement of Premier League status for the 2009/10 season.

However, there is no doubt that we will need to continue to manage the finances of the club with great care in the coming 12 months while still striving to maximise the resources available to Owen Coyle in order to preserve the hard won prize of a place among English football's elite clubs.

Directors' report *(continued)*

Post balance sheet events review

Following the year end, the club acquired the player registrations of Tyrone Mears, David Edgar, Richard Eckersley, Brian Easton and Andre Bikey on permanent contracts and Fernando Guerrero and David Nugent on long term loan agreements.

Proposed dividend

The directors do not recommend the payment of a dividend *(2008: £nil)*.

Directors

The directors who held office at the end of the year were as follows:

Mr BC Kilby (Chairman)
Mr RS Ingleby (Vice Chairman)
Mr CJ Duckworth
Mr MJ Hobbs
Mr CJ Holt
Mr JF Turkington
Mr J Sullivan
Mr R Griffiths
Mr M Garlick
Mr B Flood

In accordance with the Company's Articles of Association, Mr M Garlick and Mr R Ingleby retire by rotation and, being eligible, offer themselves for re-election.

Disclosure of information to auditors

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 auditors are 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 auditors are aware of that information.

Auditors
In accordance with Section 485 of the Companies Act 2006 a resolution to reappoint KPMG LLP as the Company's auditor will be proposed at the forthcoming Extraordinary General Meeting.

By order of the board

BC Kilby
Director

Turf Moor
Harry Potts Way
BURNLEY
BB10 4BX

3 November 2009

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

The directors are responsible for preparing 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).

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.

KPMG

KPMG LLP
Edward VII Quay
Navigation Way
Preston
PR2 2YF
United Kingdom

Independent auditor's report to the members of The Burnley Football & Athletic Company Limited

We have audited the financial statements of The Burnley Football Club Limited for the year ended 30 June 2009 which comprise the Profit and Loss Account, the Balance Sheet, the Cash Flow Statement, the Statement of Total Recognised Gains and Losses, the Reconciliation of Movements in Shareholders' Funds and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with sections 495 and 496 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 auditors' 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.

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's web-site at www.frc.org.uk/apb/scope/UKNP

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 June 2009 and of the company's 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.

Opinion on other matter prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

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

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

Stephen Dunn

S Dunn (Senior Statutory Auditor), for and on behalf of KPMG LLP, Statutory Auditor

3 December 2009

Reg no. 054222

Profit and loss account

for the year ended 30 June 2009

	Note	**Year ended 30 June 2009 £000**	Year ended 30 June 2008 £000
Turnover	2	**11,192**	8,570
Other operating income		**274**	267
Staff costs	4	**(13,427)**	(9,763)
Depreciation and amortisation of player registrations	3	**(2,259)**	(1,671)
Other operating charges		**(4,694)**	(4,142)
Operating loss		**(8,914)**	(6,739)
(Loss)/profit on sale of fixed assets	6	**(55)**	5,532
Interest receivable and similar income	7	**-**	9
Interest payable and similar charges	8	**(2,745)**	(562)
Loss on ordinary activities before taxation	3	**(11,714)**	(1,760)
Tax on loss on ordinary activities	9	**4,200**	-
Retained loss for the financial period		**(7,514)**	(1,760)

All amounts relate to continuing operations.

Statement of total recognised gains and losses

for the year ended 30 June 2009

The Company has no recognised gains and losses other than those reflected in the profit and loss account.

Balance sheet
at 30 June 2009

	Note	2009		2008	
		£000	£000	£000	£000
Fixed assets					
Intangible assets	*10*		6,144		3,128
Tangible assets	*11*		730		760
			6,874		3,888
Current assets					
Stocks	*12*	131		199	
Debtors	*13*	5,463		4,629	
Cash at bank and in hand		675		11	
		6,269		4,839	
Creditors: amounts falling due within one year	*14*	(24,807)		(12,805)	
Net current liabilities			(18,538)		(7,966)
Total assets less current liabilities			(11,664)		(4,078)
Creditors: amounts falling due after more than one year	*15*		(329)		(410)
Net liabilities			(11,993)		(4,488)
Capital and reserves					
Called up share capital	*17*		69		69
Share premium account	*18*		9,885		9,876
Profit and loss account	*18*		(21,947)		(14,433)
Equity shareholders' deficit	*19*		(11,993)		(4,488)

These financial statements were approved by the board of directors on 3rd November 2009 and were signed on its behalf by:

BC Kilby
Director

C J Holt
Company Secretary

Cash flow statement

for the year ended 30 June 2009

	Note	**Year ended 30 June 2009 £000**	Year ended 30 June 2008 £000
Net cash inflow/(outflow) from operating activities	*20*	**5,415**	(4,100)
Returns on investments and servicing of finance	*21*	**(2,745)**	(454)
Capital expenditure	*21*	**(5,300)**	1,411
Cash outflow before financing		**(2,630)**	(3,143)
Financing	*21*	**3,488**	2,838
Increase/(decrease) in cash in the period		**858**	(305)

All amounts relate to continuing operations.

Reconciliation of net cash flow to movement in net debt

for the year ended 30 June 2009

	Note	**2009 £000**	2008 £000
Increase/(decrease) in cash in the period		**858**	(305)
Cash outflow from change in debt		**(6,075)**	(2,833)
Non-cash movement		**(20)**	(435)
Movement in net debt in the period		**(5,237)**	(3,573)
Net debt at beginning of period		**(6,630)**	(3,057)
Net debt at end of period	*22*	**(11,867)**	(6,630)

Notes

(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Company's financial statements.

a) ***Basis of preparation***

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards.

The company is reliant on the financial support of its directors. The directors have indicated their continued financial support of the company for at least the next twelve months. As a result, the financial statements have been prepared on a going concern basis.

b) ***Player registrations and signing on fees***

Transfer fees and amounts paid to third parties for player registrations are capitalised as intangible fixed assets and are amortised on a straight line basis over the period of the respective players' contracts. Any transfer fees payable as a result of the occurrence of one or more uncertain future events are capitalised when it is probable such an event will occur.

Player registrations are assessed on an annual basis and impairment losses arising are charged to the profit and loss account in the period in which they arise. Player signing on fees are expensed to the profit and loss account as wages and salaries on a straight line basis over the period of the respective players' contracts.

c) ***Tangible fixed assets and depreciation***

Tangible fixed assets are written off over their estimated useful economic lives on a straight line basis at the following annual rates:

Leasehold Improvements	10% per annum
Synthetic pitch and accessories	7% to 10% per annum
Plant, fixtures and vehicles	12.5% to 25% per annum
Floodlighting and equipment	2% to 10% per annum

d) ***Stocks***

Stocks are stated at the lower of cost and net realisable value.

e) ***Turnover***

Turnover represents income from television rights, gate receipts, catering, club shop sales and other commercial activities, exclusive of value added tax.

f) ***Grants***

Grants in respect of capital expenditure are included within accruals and deferred income in the balance sheet and credited to the operating result over the estimated useful economic lives of the assets to which they relate. Grants are recognised in the financial statements when they are received.

g) ***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.

Notes *(continued)*

1 Accounting policies *(continued)*

h) ***Pension costs***
The Company pays contributions to personal money purchase schemes for eligible employees and accounts for the amount due in each year as a cost to the profit and loss account.

i) ***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. Provision is made in full for deferred tax without discounting in accordance with FRS 19.

2 Turnover

Turnover arises wholly within the UK and comprises the following:

	2009	2008
	£000	£000
Match income (including television rights)	**7,333**	4,965
Catering sales	**1,104**	1,327
Other commercial activities	**1,631**	1,454
Shop sales	**1,124**	824
	11,192	8,570

3 Loss on ordinary activities before taxation

This is stated after charging:

	2009	2008
	£000	£000
Auditor's remuneration:		
Audit of these financial statements	**16**	11
Corporation tax compliance services	**3**	3
Operating leases: land and buildings	**335**	335
Amortisation of player registrations (note 10)	**2,106**	1,493
Depreciation (note 11):		
Owned assets	**76**	99
Assets held under finance lease	**77**	79

Notes *(continued)*

4 Staff numbers and costs

The average number of persons employed by the Company during the year, including directors, was as follows:

	2009 Number	2008 Number
Players, managerial and training staff	**75**	73
Sales, administration and ancillary staff:		
Full-time	**36**	44
Part-time	**30**	42
	141	159

In addition to the above, the Company employed an average of 181 *(2008: 241)* match-day staff during the year. The aggregate payroll costs were as follows:

	2009 £000	2008 £000
Wages and salaries	**12,307**	8,770
Social security costs	**1,102**	962
Other pension costs	**18**	31
	13,427	9,763

5 Directors' emoluments

None of the directors received any remuneration from the Company during the year *(2008: £nil)*

6 (Loss)/profit on sale of fixed assets

The (loss)/profit on sale of intangible fixed assets is the net amount received from the transfer of players contracts less the net book value of players released during the year.

7 Interest receivable and similar income

Interest receivable and similar income of £nil *(2008: £9,000)* represents interest receivable on bank deposits.

8 Interest payable and similar charges

	2009 £000	2008 £000
On bank loans and overdrafts	**11**	12
Finance charges on finance leases and similar hire purchase contracts	**20**	22
On other loans	**295**	376
Other interest payable	**2,419**	152
	2,745	562

Notes *(continued)*

9 Taxation

	2009 £000	2008 £000
UK corporation tax at 28% *(2008: 30%)* on the loss for the year on ordinary activities	-	-
Deferred taxation asset recognised	4,200	-
	4,200	-

Tax reconciliation

	2009 £000	2008 £000
Loss on ordinary activities before taxation	(11,714)	(1,760)
Loss on ordinary activities multiplied by the standard rate of corporation tax in the UK of 28% *(2008: 30%)*	(3,280)	(528)
Effects of:		
Expenses permanently disallowed	43	10
Difference between depreciation and capital allowances for the period	40	32
Non taxable credits	(205)	(45)
Carried forward tax losses	3,402	531
Current tax charge for the period	-	-

Estimated tax losses available for set-off against future trading profits amount to approximately £27.6m million *(2008: £16.9 million)*. This estimate is subject to the agreement of the current year corporation tax computation with the Inland Revenue. An analysis of the amounts in respect of deferred tax is given in note 16. A deferred tax asset of £4.2 million *(2008: £5 million not recognised)* has been recognised in respect of available tax losses (see note 16).

Notes *(continued)*

10 Intangible fixed assets

	Player Registrations £000
Cost	
At 1 July 2008	5,188
Additions	5,203
Disposals	(1,138)
At 30 June 2009	**9,253**
Amortisation	
At 1 July 2008	2,060
Charge for the year	2,106
Disposals	(1,057)
At 30 June 2009	**3,109**
Net book value	
At 30 June 2009	**6,144**
At 30 June 2008	3,128

11 Tangible fixed assets

	Freehold Land and Buildings £000	Leasehold Improv'ts £000	Plant and vehicles £000	Fixtures & Fittings £000	Total £000
Cost					
At 1 July 2008	32	201	1,172	804	2,209
Additions	-	63	25	35	123
At 30 June 2009	32	264	1,197	839	2,332
Depreciation					
At 1 July 2008	8	32	719	690	1,449
Charge for year	1	20	88	44	153
At 30 June 2009	9	52	807	734	1,602
Net book value					
At 30 June 2009	**23**	**212**	**390**	**105**	**730**
At 30 June 2008	24	169	453	114	760

Notes *(continued)*

11 Tangible fixed assets *(continued)*

Included in the total net book value of freehold land and buildings is £nil *(2008: £nil)* in respect of land which is not depreciated.

Included in the total net book value of plant and vehicles, fixtures and fittings is £282,000 *(2008: £359,000)* in respect of assets held under finance leases and similar hire purchase contracts. Depreciation charged for the year on these assets was £77,000 *(2008: £79,000).*

12 Stocks

	2009 £000	2008 £000
Goods for resale	**131**	199

13 Debtors

	2009 £000	2008 £000
Trade debtors	**835**	4,262
Other debtors	**4,202**	122
Prepayments and accrued income	**426**	245
	5,463	4,629

Other debtors includes a deferred tax asset of £4.2m, see note 16.

14 Creditors: amounts falling due within one year

	2009 £000	2008 £000
Bank overdraft	**-**	194
Directors' loans (see note 23)	**3,740**	5,857
Other loans (see note 15)	**5,780**	94
Obligations under finance leases and hire purchase contracts	**76**	86
Trade creditors	**2,935**	1,099
Other taxation and social security	**646**	2,116
Other creditors	**4,413**	1,335
Accruals and deferred income	**7,217**	2,024
	24,807	12,805

Notes *(continued)*

15 Creditors: amounts falling due after more than one year

	2009 **£000**	2008 £000
Other loans	**265**	269
Obligations under finance leases and hire purchase contracts (due within five years)	**64**	141
	329	410

Other loans

Included in other loans is a loan of £269,000 *(2008: £274,000)* secured by a charge over certain of the assets of the Company. Providing the terms of the loan are adhered to, the loan is interest free. The loan is repayable by way of write-off against future purchases from the loan provider. See note 23 for details of a loan owed to Modus Ventures (In Administration) Limited, also now included under 'Other Loans'.

Other creditors

Included within other creditors is a provision of £1,750,000 *(2008: nil)* for refunds to be made to certain season ticket holders following the club's promotion to the FA Premier League.

16 Provisions for liabilities and charges

The amounts analysed in respect of deferred tax are as follows:

	2009 **£000**	2008 £000
Accelerated capital allowances	**-**	-
Tax losses	-	-
	-	-

A deferred tax asset of £4.2 million *(2008: £5 million not recognised)* has been recognised in respect of available tax losses, and is included within "other debtors" in note 13. The directors regard it as more likely than not that there will be suitable tax profits from which the future reversal of the underlying timing differences can be deducted. A further deferred tax asset in respect of further tax losses of £3.8m has not been recognised in the current period. A deferred tax asset of £0.4m in respect of accelerated capital allowances has not been recognised.

17 Called up share capital

	2009 **£000**	2008 £000
Authorised		
100,000 *(2008: 100,000)* ordinary shares of £1 each	**100**	100
Allotted, issued and paid		
68,650 *(2008: 68,607)* ordinary shares of £1 each	**69**	69

During the year the Company has issued ordinary shares of £1 each for a total consideration of £8,600

Notes *(continued)*

18 Reserves

	Share premium account £000	Profit and loss account £000
At 1 July 2008	9,876	(14,433)
Retained loss for year	-	(7,514)
Premium arising on the issue of shares (net of expenses)	9	-
At 30 June 2009	**9,885**	**(21,947)**

19 Reconciliation of movements in shareholders' funds

	2009 £000	2008 £000
Loss for the financial year	(7,514)	(1,760)
New share capital subscribed (net of expenses)	9	5
Net decrease arising in year	**(7,505)**	(1,755)
Opening shareholders' deficit	(4,488)	(2,733)
Closing shareholders' deficit	**(11,993)**	(4,488)

20 Reconciliation of operating loss to net cash flow from operating activities

	2009 £000	2008 £000
Operating loss	(8,914)	(6,739)
Depreciation	153	178
Amortisation of player registrations	2,106	1,493
Decrease/(increase) in stocks	68	(129)
Decrease/(increase) in debtors	3,366	(740)
Increase in creditors	8,636	1,837
Net cash inflow/(outflow) from operating activities	5,415	(4,100)

Notes *(continued)*

21 Analysis of cash flows for headings netted in the cash flow statement

	2009 £000	2008 £000
Returns on investments and servicing of finance		
Interest received	-	9
Interest paid	(2,745)	(463)
Net cash outflow from returns on investments and servicing of finance	(2,745)	(454)
Capital expenditure		
Payments to acquire intangible fixed assets	(5,203)	(1,313)
Payments to acquire tangible fixed assets	(123)	(135)
Receipts from sales of intangible fixed assets	26	2,676
Receipts from sale of tangible fixed assets	-	183
Net cash (outflow)/inflow from capital expenditure	(5,300)	1,411
Financing		
Issue of ordinary share capital	9	5
Loans received	3,658	3,253
Loans repaid	(93)	(93)
Capital element of finance lease and hire purchase payments	(86)	(327)
Net cash inflow from financing	3,488	2,838

22 Analysis of changes in net debt

	At 30 June 2008 £000	Cash Flow £000	Other non-cash changes £000	**At 30 June 2009 £000**
Cash at bank and in hand	(183)	858	-	**675**
Debt due within 1 year	(5,951)	(6,186)	-	**(12,137)**
Debt due after 1 year	(269)	4	-	**(265)**
Finance leases and hire purchase contracts	(227)	107	(20)	**(140)**
	(6,630)	(5,217)	(20)	**(11,867)**

Notes *(continued)*

23 Related party transactions

Loans due to related parties

At 30 June 2009, the following balances were outstanding as loans advanced to the company in this and the previous year.

	2009	2008
	£000	£000
Mr BC Kilby	**1,706**	1,487
Mr CJ Holt	**236**	237
Mr CJ Duckworth	**151**	151
Mr MJ Hobbs	**151**	151
Mr RS Ingleby	**151**	151
Mr R Griffiths	**1,000**	750
Mr J Sullivan	**245**	248
Mr B Flood	**-**	2,682
Mr M Garlick	**100**	-

Following the year end, additional loans were received from Mr BC Kilby and Mr M Garlick.

Loans advanced from the Directors prior to the year end, including those advanced from Modus Ventures Limited, are repayable following promotion to the FA Premier League.

The loans advanced from Modus Ventures Limited, controlled by Mr B Flood prior to administration in May 2009, subsequently became payable to Modus Ventures (in Administration) Limited at 30th June 2009 and have been recognised in these financial statements as 'Other Loans' and totalled £3,246,000.

Interest is been charged on all directors' loans at the Bank of England base rate plus 2%. Some loans have additional interest payments based on promotion to the Premier League.

Interest charged on loans

The interest charged on each loan during the year was as follows:

	£000
Mr BC Kilby	297
Mr CJ Holt	10
Mr CJ Duckworth	7
Mr MJ Hobbs	7
Mr RS Ingleby	7
Mr J Sullivan	11
Mr R Griffiths	71
Mr M Garlick	15

Notes *(continued)*

23 Related party transactions *(continued)*

Transactions with related parties

Since March 2006, the company has occupied Turf Moor and Gawthorpe under 99 year leases with Longside Properties Limited, a company owned until March 2009 by BC Kilby and J Sullivan. Mr Kilby and Mr Sullivan are both directors of The Burnley Football & Athletic Company Limited. From 1 July 2008 to 31 March 2009, the company paid rent of £251,000 to Longside Properties Limited. £330,000 was payable for the year ended 30 June 2008.

BC Kilby and J Sullivan are also trustees of the Community Sports Trust ('CST'). The CST operates the gym adjacent to Turf Moor, and also operates Sport in the Community and the Local Enterprise Growth Initiative.

At the year end there was a trade debtor at the year end totalling £242,000, and a loan account within other debtors totalling £94,000. The balance within trade debtors reflects the normal trading activities between BFC and the CST, which includes charges for utilities etc. The balance within other debtors is a loan account, which has arisen as BFC have paid other items on behalf of the CST, which include items such as VAT, payroll and some trade items. A provision of £270,000 has been made against these outstanding balances.

24 Commitments

Annual commitments under non-cancellable operating leases are as follows:

	Land and buildings	
	2009	2008
	£000	£000
Operating leases which expire after more than 5 years	**340**	335

At 30th June 2009, the company had commitments of £1,122,000 in capital and revenue expenditure for ground improvements (2008: £nil)

25 Contingent liabilities

There is a potential liability in respect of VAT claimed on agents' fees amounting to approximately £180,000. In common with other football clubs, the company is awaiting the outcome of an HMRC tribunal to determine whether VAT claimed on agents fees will need to be repaid to HMRC. Consequently, it has yet to be confirmed whether the Company has a present obligation that could lead to a settlement with HMRC.

The terms of a contract in respect of the transfer of a certain player's registration gives rise to contingent liability of £625,000 based on appearances.

26 Post balance sheet events

Following the year end, the club acquired the player registrations of Tyrone Mears, David Edgar, Richard Eckersley, Brian Easton and Andre Bikey on permanent contracts and Fernando Guerrero and David Nugent on long term loan agreements.