

Company Registration No. 00054222 (England and Wales)

**THE BURNLEY FOOTBALL & ATHLETIC COMPANY LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 31 JULY 2020**



# THE BURNLEY FOOTBALL & ATHLETIC COMPANY LIMITED

## COMPANY INFORMATION

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<b>Directors</b>	A Pace	(Appointed 30 December 2020)
	M Smith	(Appointed 30 December 2020)
	S Hunt	(Appointed 30 December 2020)
	A Parra	(Appointed 30 December 2020)
	D Checketts	(Appointed 30 December 2020)
	M L Garlick	(Appointed 30 December 2020)
	J Banaszekiewicz	
<b>Company number</b>	00054222	
<b>Registered office</b>	Turf Moor Harry Potts Way Burnley Lancashire BB10 4BX	
<b>Auditor</b>	Azets Audit Services St Crispin House St Crispin Way Haslingden Rossendale Lancashire BB4 4PW	

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# **THE BURNLEY FOOTBALL & ATHLETIC COMPANY LIMITED**

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# **THE BURNLEY FOOTBALL & ATHLETIC COMPANY LIMITED**

## **STRATEGIC REPORT**

### **FOR THE PERIOD ENDED 31 JULY 2020**

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The directors present the strategic report with regard to the period ended 31 July 2020.

#### **Fair review of the business**

On behalf of the board of directors, we are pleased to present the annual report and financial statements for the period ended 31st July 2020.

The club entered its fourth successive season in the Premier League with two new faces joining the club, Erik Pieters from Stoke City and Bailey Peacock-Farrell from Leeds United, with home-town hero Jay Rodriguez re-joining from West Brom.

The club bade farewell to long serving Captain Tom Heaton, who joined Aston Villa in the summer, with Ben Mee taking on the Captain's arm band. Fans favourite Stephen Defour also left the club for pastures new.

The January transfer window also saw the Clarets add Josh Brownhill to the group, from Bristol City, with Nahki Wells leaving Burnley to Join Bristol City.

On the 13th March 2020, the emerging Coronavirus pandemic caused the Premier League season to be temporarily suspended for three months before resuming again with Project Restart on the 17th June 2020.

Burnley completed the season without any fans in the stadium for the final four Home games and the unwavering support and passion from fan presence at matches was sorely missed.

The lack of fan attendance and an £8.5m broadcaster rebate meant turnover decreased slightly, from £138m to £134m despite finishing in 10th place – the club's second highest Premier League finish – compared with 15th in season 18-19.

Wages again grew from £87m to £94m (adjusted to show a 12 month comparison period) partially due to the increased bonus paid to players for the higher Premier League finish.

Profit before tax declined from £5m to breakeven but this position takes account of the £8.5m broadcaster rebate and a further £9m of costs for the month of July 2020 for extending the financial period to incorporate the elongated 2019-20 Premier league season.

Overall the loss of income and additional costs associated with the Covid-19 pandemic for the subject period amounted to roughly £10.5m. The majority of this is made up of the £8.5m broadcaster rebate, mentioned above.

In what proved to be a turbulent season I would like to thank the fans for their continued support and passion and hope to be able to see you all soon in our Turf Moor home.

#### **Promoting the success of the company**

The directors of the Company are to act in accordance with a set of general duties. These duties are detailed in Section 172 of the Companies Act 2006, which is summarised as follows:

A director of a company is to act in the way they consider, in good faith, would be most likely to promote the success of the company for the benefit of shareholders as a whole and, in doing so have regard (amongst other matters) to:

- the likely consequences of any decision in the long term,
- the interests of the company's employees,
- the need to foster the company's business relationships with suppliers, customers and others,
- the impact of the company's operations on the community and the environment,
- the desirability of the company maintaining a reputation for high standards of business conduct, and
- the need to act fairly as between members of the company.

# **THE BURNLEY FOOTBALL & ATHLETIC COMPANY LIMITED**

## **STRATEGIC REPORT (CONTINUED)**

**FOR THE PERIOD ENDED 31 JULY 2020**

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### **Long term consequences**

It is understood the company has sought to ensure that it operates ethically, in a manner that helps foster strong relationships with its stakeholders. The Board of directors considers and takes steps where possible to mitigate and reduce the impact of adverse factors that may place unacceptable strain on relationships with company stakeholders.

The company's adherence to UEFA and Premier League Financial Fair Play rules ensures sustainable, responsible and transparent management of the company's finances.

### **Interest of employees**

The health, safety and well-being of our employees is one of the main considerations. The club actively promotes equality and diversity, to ensure employees are not discriminated against on the grounds of age, disability, ethnic origin, nationality, religion, race, gender or any other circumstances.

### **Interest of other stakeholders (fans, suppliers, others)**

Fans are the lifeblood of our football club and, as such, are always at the forefront when major decisions are made. Senior executives and key decision makers at the football club have regular meetings with the relevant supporters groups and we are proud to have a growing number of overseas supporters groups.

We value our suppliers, ensuring we pay them promptly and have longstanding relationships with many key suppliers.

### **Impact on the community**

The independent charitable body, Burnley FC In the Community, works with the company to inspire support and deliver positive change for those living in our local community and beyond.

The Charity has worked in partnership with the Club and partners across the area to deliver food parcels to those most in need via the Burnley Community Kitchen and BurnleyTogether.

During the COVID-19 pandemic, the stadium was used as an NHS testing site and regularly hosts blood donations.

### **Principal Risks and Uncertainties**

The company faces a number of risks and uncertainties and has measures in place to mitigate the impact of these risks.

The principal risk to the company is the possibility of the football club's relegation from the Premier League and the associated reduction in turnover this would bring. This risk is managed by incorporating clauses into player contracts which would lead to a significant reduction in player salaries in the event of relegation.

The club's finishing position in the Premier League also has a material impact on the club's turnover and operating costs, and the directors make prudent budget assumptions regarding the club's league position to manage this risk.

# THE BURNLEY FOOTBALL & ATHLETIC COMPANY LIMITED

## STRATEGIC REPORT (CONTINUED)

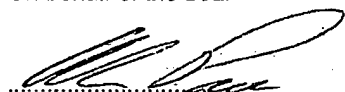
FOR THE PERIOD ENDED 31 JULY 2020

### Key performance indicators

	2019 / 2020	2018 / 2019
League Position	10th	15th
FA Cup	4th Round	4th Round
Carabao Cup	2nd Round	3rd Round
Average Home league gate	20,268	20,534
Wage: Turnover ratio	70.20%	62.86%

Wages adjusted to be comparable to the 12-month period in 2018/19. Average Home league gate does not include games played behind closed doors, due to Covid-19 pandemic.

On behalf of the board



A Pace  
Director

1/3/21

# THE BURNLEY FOOTBALL & ATHLETIC COMPANY LIMITED

## DIRECTORS' REPORT

### FOR THE PERIOD ENDED 31 JULY 2020

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The directors present their annual report and financial statements for the period ended 31 July 2020.

#### Principal activities

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

#### Results and dividends

The results for the period are set out on page 11.

No ordinary dividends were paid. The directors do not recommend payment of a final dividend.

#### Directors

The directors who held office during the period and up to the date of signature of the financial statements were as follows:

A Pace	(Appointed 30 December 2020)
M Smith	(Appointed 30 December 2020)
S Hunt	(Appointed 30 December 2020)
A Parra	(Appointed 30 December 2020)
D Checketts	(Appointed 30 December 2020)
M L Garlick	
J Banaszkiwicz	
B Flood	(Resigned 30 December 2020)
T A D Crabb	(Resigned 30 December 2020)
B C Kilby	(Resigned 30 December 2020)
B T Nelson	(Resigned 30 December 2020)

#### Financial instruments

##### Price risk, credit risk, liquidity risk and cash flow risk

The business' principal financial instruments comprise bank balances, trade debtors and trade creditors. The main purpose of these instruments is to finance the business' operations.

In respect of bank balances, the liquidity risk is managed by maintaining a balance between the continuity of funding and flexibility through the use of overdrafts at floating rates of interest. All of the business' cash balances are held in such a way that achieves a competitive rate of interest. The business makes use of money market facilities where funds are available.

Trade debtors are managed in respect of credit and cash flow risk by policies concerning the credit offered to customers and the regular monitoring of amounts outstanding for both time and credit limits. The amounts presented in the balance sheet are net of allowances for doubtful debtors.

Trade creditors' liquidity risk is managed by ensuring sufficient funds are available to meet amounts due.

#### Disabled persons

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

# THE BURNLEY FOOTBALL & ATHLETIC COMPANY LIMITED

## DIRECTORS' REPORT (CONTINUED)

**FOR THE PERIOD ENDED 31 JULY 2020**

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### Employee involvement

The company's policy is to consult and discuss with employees, including through any applicable unions, staff councils and at meetings, matters likely to affect employees' interests.

Information about matters of concern to employees is given through information bulletins and reports which seek to achieve a common awareness on the part of all employees of the financial and economic factors affecting the company's performance.

### Post reporting date events

Details of post balance sheet events are included in note 23 to the financial statements.

### Auditor

The auditor, Azets Audit Services, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

On 7 September 2020 Group Audit Services Limited, trading as Baldwins Audit Services, changed its name to Azets Audit Services Limited. The name they practice under is Azets Audit Services and accordingly they have signed their report in their new name.

### Energy and carbon report

The company has analysed part of its obligations as an industrial user and emitter of CO<sub>2</sub> greenhouse gases, and to reduce consumption and protect the environment. All new equipment purchases or stadium and facility upgrades are procured with energy reduction in mind. Existing infrastructure is under constant review to seek out opportunities for more energy efficient alternatives, with the understanding that this will reduce costs.

Recent improvements include replacing office space lighting with LED alternatives and replacing diesel fuelled company vehicles with hybrid vehicles, including the setting up of an electric recharging point in the stadium car park.

The total Kwh consumption across all our properties for the period was 4,033,428. Using the UK Government GHG Conversion Factors for Company Reporting advisory tables, to convert this energy consumption into tonnes of carbon dioxide equivalent (CO<sub>2</sub>e), equates to 875 tonnes. The CO<sub>2</sub>e emissions from travel equates to 125 tonnes. Therefore the company's total emissions in CO<sub>2</sub>e is 1,000 tonnes, which equates to 4 tonnes per employee.

### Strategic report

The company has chosen in accordance with Companies Act 2006, s. 414C(11) to set out in the company's strategic report information required by Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, Sch. 7 to be contained in the directors' report.

### Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.



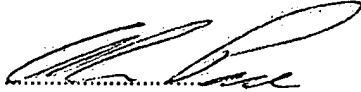
# THE BURNLEY FOOTBALL & ATHLETIC COMPANY LIMITED

## DIRECTORS' REPORT (CONTINUED)

**FOR THE PERIOD ENDED 31 JULY 2020**

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On behalf of the board



A Pace  
Director

Date: 1-3-21

# **THE BURNLEY FOOTBALL & ATHLETIC COMPANY LIMITED**

## **DIRECTORS' RESPONSIBILITIES STATEMENT**

***FOR THE PERIOD ENDED 31 JULY 2020***

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Directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires directors to prepare financial statements for each financial year. Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

# THE BURNLEY FOOTBALL & ATHLETIC COMPANY LIMITED

## INDEPENDENT AUDITOR'S REPORT

### TO THE MEMBER OF THE BURNLEY FOOTBALL & ATHLETIC COMPANY LIMITED

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#### Opinion

We have audited the financial statements of The Burnley Football & Athletic Company Limited (the 'company') for the period ended 31 July 2020 which comprise the profit and loss account, the balance sheet, the statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable 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 31 July 2020 and of its profit for the period then ended;
- have been properly prepared in accordance with United Kingdom 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 the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

#### 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. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

#### Opinions 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 period 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.

# **THE BURNLEY FOOTBALL & ATHLETIC COMPANY LIMITED**

## **INDEPENDENT AUDITOR'S REPORT (CONTINUED)**

### **TO THE MEMBER OF THE BURNLEY FOOTBALL & ATHLETIC COMPANY LIMITED**

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#### **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 where the Companies Act 2006 requires us to report to you if, in our opinion:

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

#### **Responsibilities of directors**

As explained more fully in the 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 of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

# THE BURNLEY FOOTBALL & ATHLETIC COMPANY LIMITED

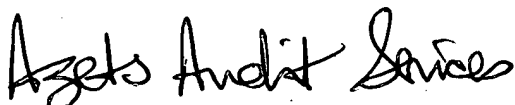
## INDEPENDENT AUDITOR'S REPORT (CONTINUED)

### TO THE MEMBER OF THE BURNLEY FOOTBALL & ATHLETIC COMPANY LIMITED

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#### Use of our report

This report is made solely to the company's member 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 member 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 member for our audit work, for this report, or for the opinions we have formed.



**Mr Nicholas Stockton (Senior Statutory Auditor)**  
**For and on behalf of Azets Audit Services**

1 March 2021

**Chartered Accountants**  
**Statutory Auditor**

St. Crispin House  
St. Crispin Way  
Haslingden  
Rossendale  
Lancashire  
United Kingdom  
BB4 4PW

# THE BURNLEY FOOTBALL & ATHLETIC COMPANY LIMITED

## PROFIT AND LOSS ACCOUNT

FOR THE PERIOD ENDED 31 JULY 2020

		13 month period ended 31 July 2020		Year ended 30 June 2019
		Operations excl player trading £'000	Player trading £'000	Total £'000
	Notes			
Turnover	3	133,813	-	133,813
Other operating income		1,177	-	1,177
Staff costs	6	(100,094)	-	(100,094)
Depreciation	4	(1,185)	-	(1,185)
Other operating expenses		(16,181)	-	(16,181)
<b>Operating profit excluding player trading</b>		<b>17,530</b>	<b>-</b>	<b>17,530</b>
Amortisation of player registrations	4	-	(32,315)	(32,315)
Profit on disposal of player registrations	4	-	14,746	14,746
<b>Operating (loss)/profit</b>	<b>4</b>	<b>17,530</b>	<b>(17,569)</b>	<b>(39)</b>
Interest receivable and similar income	8			84
Interest payable and similar expenses	9			-
<b>Profit before taxation</b>				<b>45</b>
Tax on profit	10			515
<b>Profit for the financial period</b>				<b>560</b>

The Profit And Loss Account has been prepared on the basis that all operations are continuing operations.

The company has no recognised gains or losses for the year other than the results shown above.

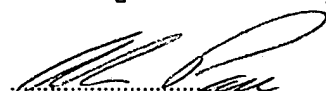
# THE BURNLEY FOOTBALL & ATHLETIC COMPANY LIMITED

## BALANCE SHEET

AS AT 31 JULY 2020

	Notes	2020 £'000	2019 £'000
<b>Fixed assets</b>			
Intangible assets	11	40,451	44,498
Tangible assets	12	4,476	4,755
		<u>44,927</u>	<u>49,253</u>
<b>Current assets</b>			
Stocks	13	886	414
Debtors	14	27,808	40,297
Cash at bank and in hand		80,606	41,647
		<u>109,300</u>	<u>82,358</u>
<b>Creditors: amounts falling due within one year</b>	15	<u>(75,991)</u>	<u>(46,357)</u>
<b>Net current assets</b>		<u>33,309</u>	<u>36,001</u>
<b>Total assets less current liabilities</b>		<u>78,236</u>	<u>85,254</u>
<b>Creditors: amounts falling due after more than one year</b>	16	(1,132)	(8,710)
<b>Provisions for liabilities</b>			
Deferred tax liability	17	250	250
		<u>(250)</u>	<u>(250)</u>
<b>Net assets</b>		<u>76,854</u>	<u>76,294</u>
<b>Capital and reserves</b>			
Called up share capital	19	77	77
Share premium account		11,219	11,219
Profit and loss reserves		65,558	64,998
<b>Total equity</b>		<u>76,854</u>	<u>76,294</u>

The financial statements were approved by the board of directors and authorised for issue on .....  
and are signed on its behalf by:



A Pace  
Director

1/3/21

Company Registration No. 00054222

# THE BURNLEY FOOTBALL & ATHLETIC COMPANY LIMITED

## STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31 JULY 2020

	Share capital £'000	Share premium account £'000	Profit and loss reserves £'000	Total £'000
<b>Balance at 1 July 2018</b>	77	11,219	60,481	71,777
<b>Period ended 30 June 2019:</b>				
Profit and total comprehensive income for the period	-	-	4,517	4,517
<b>Balance at 30 June 2019</b>	77	11,219	64,998	76,294
<b>Period ended 31 July 2020:</b>				
Profit and total comprehensive income for the period	-	-	560	560
<b>Balance at 31 July 2020</b>	77	11,219	65,558	76,854



# THE BURNLEY FOOTBALL & ATHLETIC COMPANY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

**FOR THE PERIOD ENDED 31 JULY 2020**

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### **1 Accounting policies**

#### **Company information**

The Burnley Football & Athletic Company Limited is a private company limited by shares incorporated in England and Wales. The registered office is Turf Moor, Harry Potts Way, Burnley, Lancashire, BB10 4BX.

#### **1.1 Accounting convention**

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of 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 £'000.

The financial statements have been prepared under the historical cost convention.

This company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of all applicable disclosure exemptions available under FRS 102 paragraph 1.12.

The financial statements of the company are consolidated in the financial statements of Burnley FC Holdings Limited. These consolidated financial statements may be obtained from Companies House, Crown Way, Maindy, Cardiff, CF14 3UZ.

#### **1.2 Going concern**

At the time of approving the financial statements, the directors consider that the company has adequate resources to continue in operational existence for the foreseeable future.

The spread of COVID-19 has severely impacted many economies around the globe. The company operates within a sector where measures taken based upon Government advice to contain the spread of the virus mean that operations have been severely impacted. The company has reduced costs and taken advantage of available incentives to manage the financial impact of the pandemic.

The COVID-19 pandemic has reduced several of the club's revenue streams significantly. Despite this, the club continues to receive a high percentage of budgeted broadcasting revenue, which is by far the largest revenue stream.

The directors have considered the financial stability of the company for the next 12 months from the date of signing these financial statements. They have assessed financial performance and ensured that the company has sufficient finance available to maintain its cashflow during this period.

The company prepares forecasts which take into consideration various scenarios, including the risk of the club's relegation from the Premier League. The nature of the football industry leads itself to a significant degree of uncertainty when preparing financial forecasts, however the directors remain confident that in all circumstances which could be reasonably anticipated, the club has adequate financial resources to remain a going concern.

Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

# THE BURNLEY FOOTBALL & ATHLETIC COMPANY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 JULY 2020

### 1 Accounting policies

(Continued)

#### 1.3 Reporting period

These financial statements reflect the company's results for the 13-month period ended 31 July 2020.

In light of the extension of the 2019/20 Premier League season into July 2020, this allows the full season to be reflected in one accounting period, which the directors consider provides more relevant information to a user of the financial statements than retaining a period end of 30 June.

Despite this, the results for the longer 13-month period ended 31 July 2020 are not directly comparable to the shorter 12-month period ended 30 June 2019, presented as comparative amounts in these financial statements.

#### 1.4 Turnover

Turnover represents income from television rights, gate receipts, catering, club shop sales and other commercial activities.

#### 1.5 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Leasehold improvements	2% to 10% straight line per annum
Plant and vehicles	12.5% to 25% straight line per annum
Fixtures and fittings	10% to 15% straight line per annum

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

#### Player registrations and signing on fees

Transfer fees and amounts paid to third parties for player registrations are capitalised as intangible assets and are amortised on a straight line basis over the period of the respective players' contracts. Where a contract life is renegotiated, the unamortised costs, together with the new costs relating to the contract extension, are amortised over the term of the new contract.

Any transfer fees payable as a result of the occurrence of one or more uncertain future events are capitalised when the event occurs.

When a player registration is disposed, profit or loss on disposal of the registration is recognised as the difference between the consideration received and the carrying value of the player registration at the date of disposal.

Intangible assets 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 on a straight line basis over the period of the respective players' contracts except in the circumstances of a player disposal. In that case, any remaining signing-on fees due are allocated in full against profit on disposal of players' registrations.

# THE BURNLEY FOOTBALL & ATHLETIC COMPANY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 JULY 2020

### 1 Accounting policies

(Continued)

#### 1.6 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of any impairment loss.

#### 1.7 Stocks

Stocks are stated at the lower of cost and estimated selling price.

#### 1.8 Cash at bank and in hand

Cash at bank and in hand are basic financial assets and include cash in hand and deposits held at call with banks.

#### 1.9 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

##### **Basic financial assets**

Basic financial assets, which include debtors and cash and bank balances, are measured at transaction price including transaction costs.

##### **Impairment of financial assets**

Financial assets are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

##### **Derecognition of financial assets**

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

##### **Classification of financial liabilities**

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

# THE BURNLEY FOOTBALL & ATHLETIC COMPANY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 JULY 2020

### 1 Accounting policies

(Continued)

#### **Basic financial liabilities**

Basic financial liabilities, including creditors and loans from fellow group companies, are recognised at transaction price. Debt instruments are subsequently carried at amortised cost, using the effective interest rate method. Financial liabilities classified as payable within one year are not amortised.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

#### **1.10 Equity instruments**

Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs.

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recognised in profit or loss immediately, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

#### **1.11 Taxation**

The tax expense represents the sum of the tax currently payable and deferred tax.

##### **Current tax**

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

##### **Deferred tax**

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

#### **1.12 Employee benefits**

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

#### **1.13 Retirement benefits**

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

# THE BURNLEY FOOTBALL & ATHLETIC COMPANY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 JULY 2020

### 1 Accounting policies

(Continued)

#### 1.14 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leases asset are consumed.

#### 1.15 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation in the period are included in profit or loss.

#### 1.16 Other operating income

Other operating income consists of government grant income receivable in relation to the Coronavirus Job Retention Scheme. Income is recognised once the company is entitled to the income, which is when the claim is submitted.

### 2 Judgements and key sources of estimation uncertainty

The preparation of financial statements requires management to make significant judgements, estimates and assumptions.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

The main area of judgement that has the most significant effect on the amounts recognised in the financial statements is in regard to any provision for impairment of player registrations.

Provision for impairment is made when it becomes clear that any diminution in the value is permanent. In certain circumstances there may be an individual player whom the company does not consider to be part of the first team squad going forward and whom management have decided is unlikely to play for the first team for a significant part of the remaining duration of the player's contract. In such situations the carrying value of the player will be assessed for impairment and considered against the best estimate of his fair value less costs to sell.

### 3 Turnover and other revenue

Turnover originates within the United Kingdom and comprises the following:

	2020 £'000	2019 £'000
<b>Turnover analysed by class of business</b>		
Match income	4,599	6,323
Television rights	113,491	114,988
Catering sales	2,099	2,593
Other commercial activities	11,803	12,054
Retail sales	1,821	1,833
	<u>133,813</u>	<u>137,791</u>

# THE BURNLEY FOOTBALL & ATHLETIC COMPANY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 JULY 2020

### 4 Operating (loss)/profit

	2020	2019
	£'000	£'000
Operating (loss)/profit for the period is stated after charging/(crediting):		
Exchange gains	-	(1)
Depreciation of tangible fixed assets	1,185	1,239
Amortisation of player registrations	32,315	37,516
Profit on disposal of player registrations	(14,746)	(7,017)
Operating lease charges	1,132	1,032
	<u>          </u>	<u>          </u>

### 5 Auditor's remuneration

	2020	2019
	£'000	£'000
Fees payable to the company's auditor and associates:		
<b>For audit services</b>		
Audit of the financial statements of the company	28	27
	<u>          </u>	<u>          </u>
	28	27
	<u>          </u>	<u>          </u>
<b>For other services</b>		
Audit-related assurance services	15	11
Taxation compliance services	15	15
All other non-audit services	15	14
	<u>          </u>	<u>          </u>
	45	40
	<u>          </u>	<u>          </u>

### 6 Employees

The average monthly number of persons employed by the company during the period was:

	2020	2019
	Number	Number
Players, managerial and training staff	156	160
Sales, administration and ancillary staff - full time	66	69
Sales, administration and ancillary staff - part time	29	26
	<u>          </u>	<u>          </u>
Total	251	255
	<u>          </u>	<u>          </u>

# THE BURNLEY FOOTBALL & ATHLETIC COMPANY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 JULY 2020

### 6 Employees

(Continued)

Their aggregate remuneration comprised:

	2020 £'000	2019 £'000
Wages and salaries	89,475	78,161
Social security costs	10,487	8,362
Pension costs	132	96
	<u>100,094</u>	<u>86,619</u>

In addition to the above, the company employed an average of 225 (2019 - 325) match-day staff during the year.

### 7 Directors' remuneration

None of the directors received remuneration from the company during the year (2019 - £nil).

### 8 Interest receivable and similar income

	2020 £'000	2019 £'000
Interest income		
Interest on bank deposits	84	41
	<u>84</u>	<u>41</u>

### 9 Interest payable and similar expenses

	2020 £'000	2019 £'000
Interest on finance leases and hire purchase contracts	-	2
	<u>-</u>	<u>2</u>

### 10 Taxation

	2020 £'000	2019 £'000
Current tax		
UK corporation tax on profits for the current period	(375)	600
Adjustments in respect of prior periods	(140)	(251)
Total current tax	<u>(515)</u>	<u>349</u>

# THE BURNLEY FOOTBALL & ATHLETIC COMPANY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 JULY 2020

### 10. Taxation

(Continued)

The actual (credit)/charge for the period can be reconciled to the expected charge for the period based on the profit or loss and the standard rate of tax as follows:

	2020 £'000	2019 £'000
Profit before taxation	45	4,866
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2019: 19.00%)	9	925
Tax effect of expenses that are not deductible in determining taxable profit	27	21
Tax effect of income not taxable in determining taxable profit	(36)	(65)
Utilisation of tax losses	(85)	-
Group relief	-	(81)
Research and development tax credit	(290)	(451)
Under/(over) provided in prior years	(140)	-
Taxation (credit)/charge for the period	(515)	349

### 11. Intangible fixed assets

	Player registrations £'000
<b>Cost</b>	
At 1 July 2019	124,772
Additions	29,222
Disposals	(32,097)
At 31 July 2020	121,897
<b>Amortisation and impairment</b>	
At 1 July 2019	80,274
Amortisation charged for the period	32,315
Disposals	(31,143)
At 31 July 2020	81,446
<b>Carrying amount</b>	
At 31 July 2020	40,451
At 30 June 2019	44,498



# THE BURNLEY FOOTBALL & ATHLETIC COMPANY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 JULY 2020

### 12 Tangible fixed assets

	Leasehold improvements £'000	Plant and vehicles £'000	Fixtures and fittings £'000	Total £'000
<b>Cost</b>				
At 1 July 2019	7,647	3,128	2,544	13,319
Additions	792	85	29	906
At 31 July 2020	8,439	3,213	2,573	14,225
<b>Depreciation and Impairment</b>				
At 1 July 2019	4,736	1,958	1,870	8,564
Depreciation charged in the period	707	260	218	1,185
At 31 July 2020	5,443	2,218	2,088	9,749
<b>Carrying amount</b>				
At 31 July 2020	2,996	995	485	4,476
At 30 June 2019	2,911	1,170	674	4,755

### 13 Stocks

	2020 £'000	2019 £'000
Finished goods and goods for resale	886	414

### 14 Debtors

	2020 £'000	2019 £'000
<b>Amounts falling due within one year:</b>		
Trade debtors	2,518	14,138
Corporation tax recoverable	2,793	2,278
Amounts owed by group undertakings	18,813	16,631
Prepayments and accrued income	3,684	7,250
	27,808	40,297

Included within trade debtors is £2,413,000 (2019 - £13,780,000) relating to amounts due from other football clubs.

Amounts owed by group undertakings is unsecured, accrues no interest and is classified as falling due within one year as the balance has no set repayment date. The directors anticipate, however, that it is probable most of this balance will be received after more than one year.

# THE BURNLEY FOOTBALL & ATHLETIC COMPANY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 JULY 2020

### 15 Creditors: amounts falling due within one year

	2020 £'000	2019 £'000
Trade creditors	3,533	15,975
Amounts owed to group undertakings	517	517
Taxation and social security	15,388	5,317
Accruals and deferred income	56,553	24,548
	<u>75,991</u>	<u>46,357</u>

Included within trade creditors is £2,056,000 (2019 - £14,119,000), which relate to amounts due to other football clubs.

### 16 Creditors: amounts falling due after more than one year

	2020 £'000	2019 £'000
Trade creditors	-	5,000
Accruals and deferred income	1,132	3,710
	<u>1,132</u>	<u>8,710</u>

Included within trade creditors is £nil (2019 - £5,000,000), which relate to amounts due to other football clubs.

Included within accruals and deferred income is £nil (2019 - £2,500,000), which relate to amounts due to other football clubs.

### 17 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the company and movements thereon:

	Liabilities 2020 £'000	Liabilities 2019 £'000
Balances:		
Accelerated capital allowances	<u>250</u>	<u>250</u>

There were no deferred tax movements in the period.

# THE BURNLEY FOOTBALL & ATHLETIC COMPANY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 JULY 2020

### 18 Retirement benefit schemes

	2020 £'000	2019 £'000
<b>Defined contribution schemes</b>		
Charge to profit or loss in respect of defined contribution schemes	132	96

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

Contributions totalling £22,000 (2019 - £28,000) were payable to the scheme at the end of the year and are included in creditors.

### 19 Share capital

	2020 £'000	2019 £'000
<b>Ordinary share capital</b>		
<b>Issued and fully paid</b>		
77,000 Ordinary shares of £1 each	77	77
	<u>77</u>	<u>77</u>

### 20 Contingent liabilities and assets

Under the terms of certain contracts for the purchase of players' registrations, future payments may be due to third parties, dependent on the success of the team and/or individual players. At the balance sheet date the maximum contingent liability which has not been provided for was £3,565,000 (2019 - £7,776,000).

Under the terms of certain contracts for the sale of players' registrations, future receipts may be receivable from third parties, dependent on the success of the team and/or individual players. At the balance sheet date the maximum contingent asset was £3,650,000 (2019 - £3,450,000), none of which has been recognised as an asset.

### 21 Operating lease commitments

#### Lessee

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2020 £'000	2019 £'000
Within one year	16	114
Between two and five years	17	130
	<u>33</u>	<u>244</u>

# THE BURNLEY FOOTBALL & ATHLETIC COMPANY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 JULY 2020

### 21 Operating lease commitments

(Continued)

The company is also party to a long term lease agreement with Longside Properties Limited, a fellow subsidiary of Burnley FC Holdings Limited, in respect of certain land and buildings. At 31 July 2020, the total future minimum lease payments under these agreements was £73,987,000 (2019 - £58,825,000), due in instalments over the next 84 years. Any future amendments to this agreement are at the discretion of the group's board of directors.

### 22 Capital commitments

The total amount contracted for but not provided in the financial statements was £nil.

### 23 Events after the reporting date

Following the period end the club acquired the player registrations of Dale Stephens and Will Norris on permanent playing contracts.

The player registrations of Jeff Hendrick, Joe Hart, Aiden O'Neil and Aaron Lennon have been disposed of after the year end.

The net expenditure arising on these transfers is £1,000,000.

On 30 December 2020, Calder Vale Holdings Limited acquired a majority shareholding of the immediate parent of the company, Burnley FC Holdings Limited. On this date, the company entered into agreements to provide financial support to other group companies. The company also provided security, by way of a fixed and floating charge over its assets, in relation to loan arrangements undertaken by other group companies.

### 24 Related party transactions

#### Transactions with related parties

During the year, the company entered into transactions with: Total Gaming Solutions Limited (a company in which Mr B C Kilby is a director), University College of Football Business (an entity in which Mr J Banaszkiwicz and Mr B Flood are directors) and Clarets in the Community Limited (an entity in which Mr B C Kilby and Mr B Nelson are directors).

During the year, the company purchased goods and services from these entities amounting to £235,000 (2019 - £310,000). At the balance sheet date the amount due to these entities was £1,000 (2019 - £2,000).

During the year, the company supplied goods and services to these entities amounting to £191,000 (2019 - £308,000). At the balance sheet date the amount due from these entities was £1,000 (2019 - £1,000).

During the year, the company made office space available to Clarets in the Community Limited with no rental charge.

# **THE BURNLEY FOOTBALL & ATHLETIC COMPANY LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE PERIOD ENDED 31 JULY 2020**

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### **25 Ultimate controlling party**

The company's immediate parent is Burnley FC Holdings Limited, a company incorporated in England and Wales.

The parent of the only group in which these financial statements are consolidated is Burnley FC Holdings Limited.

These financial statements are available upon request from Companies House, Crown Way, Maindy, Cardiff, CF14 3UZ.

On 30 December 2020, a majority shareholding in Burnley FC Holdings Limited was acquired by Calder Vale Holdings Limited. The ultimate parent company of the new group is Velocity Sports Limited, a company incorporated in Jersey, of which Alan Pace is considered to be an ultimate controlling party.