

# **The Brighton and Hove Albion Football Club Limited**

Registered number 00081077

## **Directors' report and financial statements**

**For the year ended 30 June 2012**

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# **THE BRIGHTON AND HOVE ALBION FOOTBALL CLUB LIMITED**

## **COMPANY INFORMATION**

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**Directors**

P Barber  
A Bloom  
R A Bloom  
D L Chapman  
R F Comer  
A Franks  
D Jones  
P W Godfrey  
D Jones  
M J Perry  
M Sugarman

**Company secretary**

R F Comer

**Company number**

00081077

**Registered office**

Maria House  
35 Millers Road  
Brighton  
BN1 5NP

**Auditors**

Mazars LLP  
Chartered Accountants & Statutory Auditor  
37 Frederick Place  
Brighton  
BN1 4EA

# **THE BRIGHTON AND HOVE ALBION FOOTBALL CLUB LIMITED**

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# **THE BRIGHTON AND HOVE ALBION FOOTBALL CLUB LIMITED**

## **DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2012**

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The directors present their report and the financial statements for the year ended 30 June 2012

### **Directors' responsibilities statement**

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 the 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 judgments and estimates that are reasonable and prudent,
- 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.

### **Principal activities**

The principal activity of the company continues to be that of a professional football club as a member of the Football Association and the Football League.

### **Business review**

#### **Financial Summary**

The financial results for the year to 30 June 2012 reflect the first year's trading and football at the American Express Community Stadium ('The Amex'), following the move from the Withdean Stadium in May 2011.

The stadium move has given rise to a significant change in the financial results for the Club, with a substantial increase in turnover from £5.9m to £22.2m, as well as a substantial increase in costs from £12.5m to £30.8m. The combined effect is an increase in the loss for the financial year to £8.6m from £6.3m.

The financial highlights are as follows -

- Ticketing Income £7.9m (2011: £2.3m). The average attendance at The Amex was 20,028 for the 2011/12 season, this compares with the average attendance at the Withdean of 7,352 for the 2010/11 season. Season Ticket holders were 17,636 for the 2011/12 season and with further stadium expansion have increased to 21,835 for the 2012/13 season.
- Football League Income £5.7m (2011: £1.6m). Promotion from the Football League Division 1 to the Football League Championship has resulted in increased central distributions from the Football League and increased Solidarity payments from the Premier League.
- Commercial Income £3.9m (2011: £0.7m). Commercial and sponsorship opportunities have increased dramatically following the move to the Amex. New sponsorship deals together with 2,600 1901 Club members have seen a significant increase in income from commercial activities.

# **THE BRIGHTON AND HOVE ALBION FOOTBALL CLUB LIMITED**

## **DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2012**

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- Retail Income £2m (2011 £0.5m) Retail sales also increased dramatically following the opening of the megastore at the new stadium. During the year 16,000 home replica shirts and 5,600 away replica shirts were sold.
- Staff Costs £14.7m (2011 £6.9m) The move to the new stadium has seen a rise in staff costs and headcount. The average number of employees (including players) during the year was 178, increased from 115 in the prior year. The major increase has been in the number of operational and administrative staff, whilst at the same time the Club has substantially increased its playing Budget.
- Other Costs £16.1m (2011 £5.6m) Whilst the revenue increases from the move to the Amex have been impressive, the operational and administrative costs of running a state of the art stadium are significant, and the Club's cost base has risen significantly.

The Football League has introduced Financial Fair Play Rules for Championship clubs. These Rules come into play based on the 2011/12 reporting period. Whilst the first two seasons are monitoring periods only, with effect from the 2013/14 reporting period any Championship Club that fails to fulfil the Fair Play requirement may be subject to a transfer embargo. The Board welcomes these new rules and will ensure the Club is fully compliant.

### **Playing matters**

Following promotion as Champions from the Football League Division 1 the Club had a successful season in the Championship finishing a creditable 10th position with 66 points. The Club also had success in both cup competitions defeating Gillingham and Sunderland in the League Cup and Wrexham and Newcastle in the FA Cup, resulting in a lucrative 5th round away tie at Liverpool.

During the season the playing squad was strengthened with the addition of Craig Mackail-Smith, Will Buckley, Will Hoskins, Kazenga Lua Lua and Rodriguez Vicente.

Further new signings have been made for the 2012/13 season including Bruno Saltor, David Lopez, Andrea Orlandi, Andrew Crofts, Stephen Dobbie and Tomasz Kuszczak, and loan signings Wayne Bridge and Dean Hammond.

At the time of writing the Club is currently placed 7th in the Championship, just outside the play off positions. We thank Gus Poyet and his management team for their efforts to date and wish them the best of luck in our quest for promotion to the Premier League.

### **Academy**

For the 2011/12 season the Club ran its Youth Development Program as a 'Centre of Excellence'. It had funding of £160,000 from the Football League.

For the 2012/13 season the Club has taken the decision to massively increase its Youth Development activities and has applied for a Category 2 Academy Licence. This attracts funding of £480,000 per annum. In order to achieve Category 2 status the Club has had to undertake a huge increase in full-time staff in the areas of Coaching, Operations, Education, Sports Medicine, Physical Conditioning, Scouting and Performance Analysis.

A provisional licence has been granted to operate as a Category 2 Academy and subject to a Football League audit and progress on the proposed new training ground (see below) we anticipate being granted a full licence in the New Year. The result of this investment, in the long term, will be to develop our academy players in line with our Premiership aspirations at a state of the art new training facility.

### **Sponsors**

We are delighted with the long term stadium naming rights partnership with American Express. In addition we would like to thank Brighton and Hove Jobs and Donatello's for their shirt sponsorship, to our lounge sponsors BUPA, Profile, Chandlers BMW, Renault Lifestyle, Becks Peugeot and Mayo Wynne Baxter, and not forgetting our many match day sponsors and Friends of the Albion.

# **THE BRIGHTON AND HOVE ALBION FOOTBALL CLUB LIMITED**

## **DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2012**

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### **Albion in the Community**

Albion in the Community is the registered charitable arm of Brighton and Hove Albion Football Club – tasked with delivering its charitable activities. Overseen by 8 trustees, Albion in the Community employs 38 full-time staff and 126 casual community football coaches and tutors. An extensive network of volunteers supports the contracted staff.

By utilizing the power of football and the profile of the Club, Albion in the Community aims to improve and make a difference to people's lives by increasing participation, creating opportunities, tackling inequality and improving health. This is achieved through the delivery of a vast array of projects across health, education, sport, disability, environment, social inclusion and international work.

### **Supporters and Staff**

The Board is delighted with the fantastic response from its loyal supporters following the move to the Amex. The Club currently has the top average match day attendance in the Championship and has the 10th highest number of season ticket holders in the country.

The Board would also like to thank all of our staff for their hard work, loyalty and commitment.

### **Future Developments**

The Community Stadium Ltd (TCSL) is a wholly owned subsidiary of Brighton & Hove Albion Holdings Ltd and is responsible for the Development of all capital works undertaken by Brighton & Hove Albion Football Club.

TCSL has completed the initial construction of the AMEX, together with Phase 1 of the stadium expansion which was to add an extra 4,944 seats primarily in the East stand. This work was completed in July 2012 and increased the stadium capacity to 27,444. Phase 2 and the final Phase of the stadium expansion is currently underway with an expected completion early in the New Year. This will take the stadium capacity to 30,750.

Following identification of a site at Lancing, a planning application for a new training ground was submitted to Adur District Council in December 2011 and was approved by the planning committee in October 2012. The training ground will comply with Category 2 criteria set out in the Elite Player Performance Plan being published by the Premier League.

### **Risk management**

The board recognise that the business of running a football club has to be carefully managed. The management structures for the Club and for the Stadium Company are clearly defined and there is close liaison between them. The board continue to work toward developing a successful business both on and off the pitch, improvement of the club's playing status is the primary objective.

The Club has instituted a disaster recovery plan to ensure that all operational risks are mitigated as far as possible.

### **Results and dividends**

The loss for the year, after taxation, amounted to £8,598,281 (2011 - loss £6,304,303).

The directors are unable to recommend the payment of a dividend.

# THE BRIGHTON AND HOVE ALBION FOOTBALL CLUB LIMITED

## **DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2012**

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### **Directors**

The directors who served during the year were

P Barber (appointed 18 June 2012)  
A Bloom  
R A Bloom  
K Brown (resigned 21 March 2012)  
D L Chapman  
R F Comer  
A Franks  
P W Godfrey  
D Jones (appointed 16 March 2012)  
M J Perry  
M Sugarman

### **Charitable contributions**

During the year the company made donations to charity of £166,815

### **Provision of information to auditors**

Each of the persons who are directors at the time when this directors' report is approved has confirmed that

- so far as that director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any information needed by the company's auditors in connection with preparing their report and to establish that the company's auditors are aware of that information

### **Auditors**

The auditors, Mazars LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006

This report was approved by the board on 29 November 2012 and signed on its behalf



**R F Comer**  
Director

# **THE BRIGHTON AND HOVE ALBION FOOTBALL CLUB LIMITED**

## **INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF THE BRIGHTON AND HOVE ALBION FOOTBALL CLUB LIMITED**

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We have audited the financial statements of The Brighton and Hove Albion Football Club Limited for the year ended 30 June 2012 which comprise the profit and loss account, the balance sheet, the cash flow statement (including reconciliation of net cash flow to movement in net funds/debt) and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

### **Respective responsibilities of directors and auditors**

As explained more fully in the Directors' Responsibilities Statement set out on page 1, 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 and express an opinion on 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. 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.

### **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 website at [www.frc.org.uk/apb/scope/private.cfm](http://www.frc.org.uk/apb/scope/private.cfm).

### **Opinion on the 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 2012 and of its loss for the year 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.

### **Emphasis of matter - going concern**

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosures made in note 1.2 to the financial statements concerning the company's ability to continue as a going concern. The company incurred a net loss of £8,598,281 during the year ended 30 June 2012 and at that date, the company's total liabilities exceeded its total assets by £37,450,617.

The financial statements have been prepared on a going concern basis and the validity of this depends on the ability of the directors to generate sufficient further funding and the continued support of the directors in providing adequate loan facilities as explained in note 1.2 to the financial statements.

The financial statements do not include any adjustments that would result from a failure to obtain such funding and support.



# **THE BRIGHTON AND HOVE ALBION FOOTBALL CLUB LIMITED**

## **INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF THE BRIGHTON AND HOVE ALBION FOOTBALL CLUB LIMITED**

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### **Opinion on the 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



Richard Hopkins (Senior Statutory Auditor)

for and on behalf of Mazars LLP

Chartered Accountants and Statutory Auditor

37 FREDENCK PLACE  
BRIGHTON  
BN1 4EA

30 November 2012

# THE BRIGHTON AND HOVE ALBION FOOTBALL CLUB LIMITED

## PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30 JUNE 2012

	Note	2012 £	2011 £
Turnover	1,2	22,192,554	5,925,822
Administrative expenses		(30,783,978)	(12,546,984)
<b>Operating loss</b>	<b>3</b>	<b>(8,591,424)</b>	<b>(6,621,162)</b>
<b>Exceptional items</b>			
Other exceptional items	7	-	(89,275)
<b>Loss on ordinary activities before interest</b>		<b>(8,591,424)</b>	<b>(6,710,437)</b>
Interest receivable and similar income		645	160,282
Interest payable and similar charges	6	(7,502)	(23)
<b>Loss on ordinary activities before taxation</b>		<b>(8,598,281)</b>	<b>(6,550,178)</b>
Tax on loss on ordinary activities	8	-	245,875
<b>Loss for the financial year</b>	<b>16</b>	<b>(8,598,281)</b>	<b>(6,304,303)</b>

All amounts relate to continuing operations

There were no recognised gains and losses for 2012 or 2011 other than those included in the profit and loss account

The 2011 comparative figures for 'Other operating income' have been adjusted downwards by £509,208, turnover and administrative expenses have been adjusted upwards by £420,468 and £88,740 respectively. There is no impact on 'Operating loss'.

The notes on pages 10 to 21 form part of these financial statements

# THE BRIGHTON AND HOVE ALBION FOOTBALL CLUB LIMITED

Registered number 00081077

## BALANCE SHEET AS AT 30 JUNE 2012

	Note	£	2012 £	£	2011 £
<b>Fixed assets</b>					
Intangible assets	9		4,423,682		2,018,241
Tangible assets	10		540,254		244,498
			<u>4,963,936</u>		<u>2,262,739</u>
<b>Current assets</b>					
Stocks	11	951,689		73,143	
Debtors	12	3,226,707		2,585,486	
Cash at bank and in hand		4,892,317		1,006,341	
		<u>9,070,713</u>		<u>3,664,970</u>	
<b>Creditors' amounts falling due within one year</b>	13	(8,678,115)		(5,174,264)	
<b>Net current assets/(liabilities)</b>			<u>392,598</u>		<u>(1,509,294)</u>
<b>Total assets less current liabilities</b>			<u>5,356,534</u>		<u>753,445</u>
<b>Creditors' amounts falling due after more than one year</b>	14		42,807,151		29,605,781
<b>Capital and reserves</b>					
Called up share capital	15	105,233		105,233	
Capital redemption reserve	16	7,941		7,941	
Profit and loss account	16	(37,563,791)		(28,965,510)	
	17		<u>(37,450,617)</u>		<u>(28,852,336)</u>
			<u>5,356,534</u>		<u>753,445</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 29 November 2012



**D Jones**  
Director

The notes on pages 10 to 21 form part of these financial statements

# THE BRIGHTON AND HOVE ALBION FOOTBALL CLUB LIMITED

## CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2012

	Note	2012 £	2011 £
Net cash flow from operating activities	18	6,793,390	2,675,967
Returns on investments and servicing of finance	19	153,332	70
Taxation		245,875	-
Capital expenditure and financial investment	19	(3,306,621)	(2,275,007)
<b>Cash inflow before financing</b>		<b>3,885,976</b>	<b>401,030</b>
Financing	19	-	(4,000)
<b>Increase in cash in the year</b>		<b>3,885,976</b>	<b>397,030</b>

## RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS/DEBT FOR THE YEAR ENDED 30 JUNE 2012

	2012 £	2011 £
Increase in cash in the year	3,885,976	397,030
Cash outflow from decrease in debt and lease financing	-	4,000
<b>Movement in net debt in the year</b>	<b>3,885,976</b>	<b>401,030</b>
Net funds at 1 July 2011	772,459	371,429
<b>Net funds at 30 June 2012</b>	<b>4,658,435</b>	<b>772,459</b>

The notes on pages 10 to 21 form part of these financial statements

# THE BRIGHTON AND HOVE ALBION FOOTBALL CLUB LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

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### 1. Accounting Policies

#### 1.1 Basis of preparation of financial statements

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

#### 1.2 Going concern

The financial statements have been prepared on the going concern basis on the grounds that the Chairman of the ultimate holding company, Brighton and Hove Albion Holdings Limited has indicated his willingness to support the company by providing adequate loan facilities to enable the company to meet its financial obligations as they fall due for a period of at least twelve months from the date on which these financial statements are signed

The financial statements make no provision for any adjustment should the going concern basis not be appropriate

#### 1.3 Turnover

Turnover comprises revenue recognised by the company in respect of goods and services supplied during the year, exclusive of Value Added Tax and trade discounts

Match day revenue is recognised over the period of the football season as games are played Sponsorship and similar commercial income is recognised over the duration of the respective contracts Facility fees for live television coverage of games are taken when earned Fees receivable in respect of the loan of players are included in turnover over the period of the loan

#### 1.4 Intangible fixed assets and amortisation

In accordance with FRS 10 player registrations are capitalised and written off over the period of the player's contract Under the conditions of certain transfer agreements, further fees will be payable in the event of the players concerned making a certain number of First Team appearances or on the occurrence of certain other specified future events These extra fees are capitalised and written off over the remaining period of the contract once the conditions have been met

Profits or losses on the sale of players represent the transfer fee receivable, net of any transaction costs, less the unamortised cost of the applicable player's registration

#### 1.5 Tangible fixed assets and depreciation

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

Motor vehicles	-	25% straight line
Fixtures, fittings & equipment	-	20-33% straight line
Training ground improvements	-	20% straight line

#### 1.6 Stocks

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks Cost includes all direct costs and an appropriate proportion of fixed and variable overheads

# **THE BRIGHTON AND HOVE ALBION FOOTBALL CLUB LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012**

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### **1 Accounting Policies (continued)**

#### **1.7 Deferred taxation**

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation

A net 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

Deferred tax assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse

Deferred tax assets and liabilities are not discounted

#### **1.8 Operating leases**

Rentals under operating leases are charged to the profit and loss account on a straight line basis over the lease term

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the period until the date the rent is expected to be adjusted to the prevailing market rate

#### **1.9 Pensions**

The company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the company to the fund in respect of the year

#### **1.10 Player remuneration**

Signing on fees in respect of players contracts are expensed to the profit and loss account over the length of the contract. Remuneration of players is charged in accordance with the terms of the applicable contractual arrangements and any discretionary bonuses when there is a legal or constructive obligation

# THE BRIGHTON AND HOVE ALBION FOOTBALL CLUB LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

### 2. Turnover

All turnover arose within the United Kingdom

	2012 £	2011 £
Ticketing	7,868,722	2,253,063
Football League and central distributions	5,694,728	1,643,601
Commercial sponsorship/ advertising	3,941,071	743,593
Retail	2,020,631	524,888
Media	551,462	271,785
Catering Commission	1,251,906	34,834
Loan players	103,388	201,875
Operations and transport	404,421	3,772
Centre of Excellence grant	194,400	174,243
Young seagulls	34,716	13,689
Other income	127,109	60,479
	<u>22,192,554</u>	<u>5,925,822</u>

### 3. Operating loss

The operating loss is stated after charging/(crediting)

	2012 £	2011 £
Amortisation - intangible fixed assets	2,132,324	801,394
Depreciation of tangible fixed assets		
- owned by the company	162,302	102,232
Auditors' remuneration	15,000	19,000
Operating lease rentals		
- plant and machinery	64,383	25,320
Profit/loss on sale of intangible assets	(511,500)	(1,336,661)
	<u></u>	<u></u>

# THE BRIGHTON AND HOVE ALBION FOOTBALL CLUB LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

### 4. Staff costs

Staff costs, including directors' remuneration, were as follows

	2012 £	2011 £
Wages and salaries	13,227,093	6,245,528
Social security costs	1,359,685	666,475
Other pension costs	95,315	32,550
	<u>14,682,093</u>	<u>6,944,553</u>

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

	2012 No.	2011 No.
Players (including youth players)	56	51
Management and administration	122	64
	<u>178</u>	<u>115</u>

During the year, an average of 495 part-time staff (2011 - 389) were employed by the company for match days

### 5 Directors' remuneration

	2012 £	2011 £
Emoluments	<u>333,963</u>	<u>99,855</u>
Company pension contributions to defined contribution pension schemes	<u>56,089</u>	<u>8,500</u>
Compensation for loss of office	<u>74,880</u>	<u>-</u>

During the year retirement benefits were accruing to 4 directors (2011 - 1) in respect of defined contribution pension schemes

The highest paid director received remuneration of £142,887 (2011 - £99,855)

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £38,309 (2011 - £8,500)



# THE BRIGHTON AND HOVE ALBION FOOTBALL CLUB LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

### 6. Interest payable

	2012 £	2011 £
On bank loans and overdrafts	31	23
On other loans	7,471	-
	<u>7,502</u>	<u>23</u>

### 7 Exceptional items

	2012 £	2011 £
Dilapidations at Withdean Stadium	-	89,275
	<u>-</u>	<u>89,275</u>

The club moved to Falmer at the end of the 2010/11 season and consequently an amount for dilapidations at the Withdean Stadium was included as an exceptional item in the prior year

### 8. Taxation

	2012 £	2011 £
<b>Analysis of tax charge/(credit) in the year</b>		
UK corporation tax charge on loss for the year	-	-
Recovery in respect of prior periods	-	(245,875)
	<u>-</u>	<u>(245,875)</u>
<b>Tax on loss on ordinary activities</b>	<u>-</u>	<u>(245,875)</u>

# THE BRIGHTON AND HOVE ALBION FOOTBALL CLUB LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

### 8 Taxation (continued)

#### Factors affecting tax charge for the year

The tax assessed for the year is higher than (2011 - higher than) the standard rate of corporation tax in the UK of 20% (2011 - 20%) The differences are explained below

	2012 £	2011 £
Loss on ordinary activities before tax	(8,598,281)	(6,550,178)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2011 - 20%)	(1,719,656)	(1,310,036)
<b>Effects of:</b>		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	33,756	34,246
Capital allowances for year in excess of depreciation	8,391	24,952
Recovery of tax charge in respect of prior periods	-	(245,875)
Short term timing difference leading to an increase (decrease) in taxation	890	414
Unrelieved tax losses carried forward	1,676,619	1,250,424
<b>Current tax charge/(credit) for the year</b>	<b>-</b>	<b>(245,875)</b>

#### Factors that may affect future tax charges

At 30 June 2012, the company had approximately £45,500,000 (2011 £35,000,000) of trading losses to carry forward

The company has a potential deferred tax asset of £9,165,624 (2011 £7,058,961) calculated at the tax rate of 20% (2011 20%) The deferred tax asset is represented by the total of tax losses of £9,100,000 (2011 £7,000,000), depreciation in excess of capital allowances of £62,854 (2011 £57,081) and other short term differences of £2,770 (2011 £1,880) The deferred tax asset has not been recognised as the directors cannot prudently forecast utilisation of the tax losses in the foreseeable future

# THE BRIGHTON AND HOVE ALBION FOOTBALL CLUB LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

### 9. Intangible fixed assets

	Player Registrations £
<b>Cost</b>	
At 1 July 2011	2,191,000
Additions	4,537,765
At 30 June 2012	<u>6,728,765</u>
<b>Amortisation</b>	
At 1 July 2011	172,759
Charge for the year	2,132,324
At 30 June 2012	<u>2,305,083</u>
<b>Net book value</b>	
At 30 June 2012	<u><u>4,423,682</u></u>
At 30 June 2011	<u><u>2,018,241</u></u>

The figures for cost of player registrations are historical cost figures for purchased players only. Accordingly the net book value shown for player registrations will not reflect, nor is it intended to, the current market value of these players nor does it take any account of players developed through the club's youth system.

The directors consider the net realisable value of intangible assets to be significantly greater than their book value.

### 10 Tangible fixed assets

	Motor vehicles £	Fixtures & fittings £	Training ground improvements £	Total £
<b>Cost</b>				
At 1 July 2011	10,450	290,557	110,587	411,594
Additions	-	420,357	37,701	458,058
At 30 June 2012	<u>10,450</u>	<u>710,914</u>	<u>148,288</u>	<u>869,652</u>
<b>Depreciation</b>				
At 1 July 2011	2,613	121,672	42,811	167,096
Charge for the year	2,613	132,610	27,079	162,302
At 30 June 2012	<u>5,226</u>	<u>254,282</u>	<u>69,890</u>	<u>329,398</u>
<b>Net book value</b>				
At 30 June 2012	<u><u>5,224</u></u>	<u><u>456,632</u></u>	<u><u>78,398</u></u>	<u><u>540,254</u></u>
At 30 June 2011	<u><u>7,837</u></u>	<u><u>168,885</u></u>	<u><u>67,776</u></u>	<u><u>244,498</u></u>

# THE BRIGHTON AND HOVE ALBION FOOTBALL CLUB LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

### 11 Stocks

	2012 £	2011 £
Goods for resale	951,689	73,143

### 12. Debtors

	2012 £	2011 £
Trade debtors	2,354,934	1,843,324
Amounts owed by group undertakings	-	28,316
Other debtors	94,245	21,872
Prepayments and accrued income	777,528	285,910
Tax recoverable	-	406,064
	3,226,707	2,585,486

### 13. Creditors: Amounts falling due within one year

	2012 £	2011 £
Other loans	233,882	233,882
Payments received on account	2,906,313	2,555,148
Trade creditors	2,636,704	1,283,817
Amounts owed to group undertakings	352,444	112,711
Amounts owed to associates	-	58,819
Social security and other taxes	1,131,431	401,982
Other creditors	625,095	113,585
Accruals and deferred income	792,246	414,320
	8,678,115	5,174,264

The Co-Operative Bank and Barclays Bank plc hold a debenture over the company's assets

### 14. Creditors: Amounts falling due after more than one year

	2012 £	2011 £
Amounts owed to group undertakings	42,807,151	29,605,781

# THE BRIGHTON AND HOVE ALBION FOOTBALL CLUB LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

### 15 Share capital

	2012 £	2011 £
<b>Allotted, called up and fully paid</b>		
320,932 Ordinary shares of £0.25 each	80,233	80,233
25,000 Ordinary A shares of £1 each	25,000	25,000
	<u>105,233</u>	<u>105,233</u>

### 16. Reserves

	Capital redemption reserve £	Profit and loss account £
At 1 July 2011	7,941	(28,965,510)
Loss for the year	-	(8,598,281)
At 30 June 2012	<u>7,941</u>	<u>(37,563,791)</u>

### 17 Reconciliation of movement in shareholders' deficit

	2012 £	2011 £
Opening shareholders' deficit	(28,852,336)	(22,548,033)
Loss for the year	(8,598,281)	(6,304,303)
Closing shareholders' deficit	<u>(37,450,617)</u>	<u>(28,852,336)</u>

### 18. Net cash flow from operating activities

	2012 £	2011 £
Operating loss	(8,591,424)	(6,621,162)
Exceptional items	-	(89,275)
Amortisation of intangible fixed assets	2,132,324	801,394
Depreciation of tangible fixed assets	162,302	102,232
(Increase)/decrease in stocks	(878,546)	89,182
(Increase)/decrease in debtors	(1,454,957)	16,708
Increase in creditors	15,935,191	9,682,728
Profit on disposal of intangible fixed assets	(511,500)	(1,305,840)
<b>Net cash inflow from operating activities</b>	<u>6,793,390</u>	<u>2,675,967</u>

# THE BRIGHTON AND HOVE ALBION FOOTBALL CLUB LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

### 19 Analysis of cash flows for headings netted in cash flow statement

	2012 £	2011 £
<b>Returns on investments and servicing of finance</b>		
Interest received	160,834	93
Interest paid	(7,502)	(23)
<b>Net cash inflow from returns on investments and servicing of finance</b>	<u>153,332</u>	<u>70</u>
	2012 £	2011 £
<b>Capital expenditure and financial investment</b>		
Purchase of intangible fixed assets (players)	(3,973,563)	(2,237,000)
Sale of intangible fixed assets (players)	1,125,000	129,574
Purchase of tangible fixed assets	(458,058)	(167,581)
<b>Net cash outflow from capital expenditure</b>	<u>(3,306,621)</u>	<u>(2,275,007)</u>

Trade debtors includes £1,029,000 (2011 £1,642,500) from the sale of players, trade creditors includes £814,202 (2011 £250,000) for the purchase of players. The figures above take into account these movements.

	2012 £	2011 £
<b>Financing</b>		
Repayment of other loans	-	(4,000)

### 20 Analysis of changes in net debt

	1 July 2011 £	Cash flow £	Other non-cash changes £	30 June 2012 £
Cash at bank and in hand	1,006,341	3,885,976	-	4,892,317
<b>Debt</b>				
Loans due within one year	(233,882)	-	-	(233,882)
<b>Net funds</b>	<u>772,459</u>	<u>3,885,976</u>	<u>-</u>	<u>4,658,435</u>

### 21 Pension commitments

The pension costs charged in the financial statements represent the contributions payable by the company to employees' personal pension plans during the year in accordance with FRS17.

# THE BRIGHTON AND HOVE ALBION FOOTBALL CLUB LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

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### 22 Operating lease commitments

At 30 June 2012 the company had annual commitments under non-cancellable operating leases as follows

	2012 £	2011 £
<b>Expiry date:</b>		
Within 1 year	2,411	1,760
Between 2 and 5 years	55,535	34,923
After more than 5 years	-	-
	<hr/>	<hr/>

### 23 Contingencies - Transfer fees receivable/payable

Under the terms of contracts with other football clubs in regard to player transfers, additional fees could become receivable and payable if certain defined performance criteria are fulfilled. The maximum that could be receivable is £380,000 (2011 - £720,000) and the maximum that could become payable is £815,000 (2011 - £350,000).

### 24. Related party transactions

#### Group

The company has taken advantage of the exemption in Financial Reporting Standard number 8 from the requirement to disclose transactions with group companies on the grounds that consolidated financial statements are prepared by the ultimate parent company and are publicly available.

The company presently uses the Amex Community Stadium without charge from a fellow subsidiary company, the Community Stadium Limited. There is no formal contract between the two companies.

#### Other

In the year under review, Adenstar Developments Limited, the holding company of which D L Chapman and R F Comer are directors, invoiced the company £95,117 (2011 - £110,042) for various building and construction work. During the year the company made payments to Adenstar Developments Limited of £153,936 (2011 - £55,977). At the year end, the company owed Adenstar Developments Limited an amount of £nil (2011 - £58,819).

During the year the company invoiced Albion In The Community, a company in which D L Chapman and M Sugarman are trustees and directors, £6,267 (2011 - £21,895) for rent, stock and sponsorship. The company also made purchases of £320 (2011 - £10,258) from Albion In The Community. The company received monies in the amount of £144 (2011 - £22,806) and made payments in the amount of £258 (2011 - £15,000) and made additional donations of £155,201. At the year end the company was owed an amount of £6,268 (2011 - £144) by Albion In The Community and owed an amount of £320 (2011 - £258) to Albion In The Community.

# **THE BRIGHTON AND HOVE ALBION FOOTBALL CLUB LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012**

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### **25 Ultimate parent undertaking and controlling party**

The immediate and ultimate parent company is Brighton and Hove Albion Holdings Limited, a company incorporated in England and Wales, by virtue of its 100% holding of the Company's issued share capital. As at 30 June 2012 the ultimate controlling party was A Bloom by virtue of his 77% shareholding. Subsequent to the year end, his holding has increased to 91%.

The financial statements of the group (including the results of this company), may be obtained from the Registrar of Companies, Companies House, Crown Way, Cardiff, CF14 3UZ.