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**CHARLTON ATHLETIC FOOTBALL COMPANY LIMITED**

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**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 30 JUNE 2012**



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## CHARLTON ATHLETIC FOOTBALL COMPANY LIMITED

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### COMPANY INFORMATION

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<b>Directors</b>	T M Jimenez R A Murray M R Slater M C Prothero (appointed 31 July 2012) S Kavanagh (resigned 26 July 2012) P D Varney (resigned 13 July 2012) A R S Newall (appointed 9 February 2012 & resigned 22 June 2012)
<b>Company number</b>	01788466
<b>Registered office</b>	The Valley Floyd Road Charlton London SE7 8BL
<b>Auditors</b>	Nyman Libson Paul Chartered Accountants & Statutory Auditors Regina House 124 Finchley Road London NW3 5JS

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**CHARLTON ATHLETIC FOOTBALL COMPANY LIMITED**

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## CHARLTON ATHLETIC FOOTBALL COMPANY LIMITED

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### 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

#### Principal activities

The company's principal activity continues to be the operation of a professional football club, together with related commercial activities

#### Business review

The football club continued to play in Division 1 of the Football League during season 2011/12 having finished in 13th position in the prior season. The 11/12 season was one of enormous on-field success, being crowned league champions and amassing a total of 101 points. This points tally significantly exceeded the club's previous best of 91 and the amount is a joint record for the English third tier. The team broke 21 club records during the course of the season in what was a truly historic campaign.

The impact of the on-field success meant that the average home league attendance increased by 1,846 on the previous season to 17,428 (2011 – 15,582), again a club record in the third tier.

As a result of the increased attendances, turnover increased by £202,000 to £8,549,000 (2011 - £8,347,000), primarily due to an increase in match-day ticket and hospitality sales.

Operating expenses were £16,016,000 (2011 - £14,476,000), the increase on prior year reflecting the squad investment in summer 2011 and contractual bonuses due to players and management of £658,000 (2011 - £nil) as a result of gaining promotion to the Championship. The operating loss was £7,467,000 (2011 - £6,129,000).

Profit on disposal of players' registration amounted to £1,013,000 (2011 – £2,809,000). This arose primarily from the transfer of Elliott and the contingent appearance fees for Shelvey and Richardson.

Key performance indicators derive from ticket income, match day activities, commercial activities and staff costs and these are detailed in Notes 2 and 4 to the financial statements. These revenue and cost centres are monitored regularly by the Board against detailed budgets.

#### Principal risks and uncertainties

The key performance indicators detailed above are linked to the on-field football performance and therefore the principal risk facing the company is the performance and divisional status of Charlton Athletic Football Club. This has a significant impact on the level of revenue streams generated by the company and its ability to trade profitably.

#### Dividends

The directors do not recommend the payment of a dividend.

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## CHARLTON ATHLETIC FOOTBALL COMPANY LIMITED

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

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#### Directors

The directors who served during the year were

T M Jimenez

R A Murray

M R Slater

M C Prothero (appointed 31 July 2012)

S Kavanagh (resigned 26 July 2012)

P D Varney (resigned 13 July 2012)

A R S Newall (appointed 9 February 2012 & resigned 22 June 2012)

#### Directors' and officers' liability insurance

During the year the company has maintained cover for its directors and officers under a directors' and officers' liability insurance policy

#### Statement of directors' responsibilities

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.

#### Payments policy

The company does not have a standard creditor payment policy. Payment terms are normally agreed with suppliers at the time of placing orders. All suppliers fulfilling the conditions of order will be paid in accordance with the terms agreed. Trade creditors represented 77 days of annual purchases, when the effect of major capital works and player purchases are excluded.

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## CHARLTON ATHLETIC FOOTBALL COMPANY LIMITED

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

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#### Political and charitable contributions

There were no charitable donations (2011 £nil) The company provides match tickets, hospitality and signed memorabilia for numerous charitable organisations, local schools and youth teams The company also provides certain administrative resources to the South of England Foundation, a registered charity that trades as the Charlton Athletic Community Trust These resources are not material and have not been quantified There were no political donations

#### Employee involvement

The company places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on the various factors affecting the performance of the company This is achieved through formal and informal meetings and the company's website The company operates an equal opportunity policy for recruitment and training development which gives equal opportunities to all employees regardless of age, gender, colour, race, religion or ethnic origin The company gives full consideration to applications for employment from disabled persons where the requirements of the job can be adequately fulfilled by a disabled person Where existing employees become disabled it is the company's policy wherever practicable, to provide continuing employment under normal terms and conditions and to provide training, career development and promotion to disabled employees where appropriate The company has a committee which is responsible for all aspects of its health, safety and environmental policies which meets regularly to discharge the company's responsibilities in these areas

#### Auditors

The auditors, Nyman Libson Paul, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006

#### 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

This report was approved by the board on

27/11/12

and signed on its behalf

  
M R Slater  
Director

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## CHARLTON ATHLETIC FOOTBALL COMPANY LIMITED

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### INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF CHARLTON ATHLETIC FOOTBALL COMPANY LIMITED

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We have audited the financial statements of Charlton Athletic Football Company Limited for the year ended 30 June 2012, set out on pages 6 to 19. 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).

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

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

As explained more fully in the statement of directors' responsibilities, 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 Ethical Standards for Auditors.

#### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the directors' report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

#### **Opinion on financial statements**

In our opinion the financial statements

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

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

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

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**CHARLTON ATHLETIC FOOTBALL COMPANY LIMITED**

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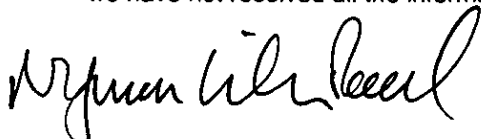
**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF CHARLTON ATHLETIC FOOTBALL  
COMPANY LIMITED**

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**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 Paul (Senior statutory auditor)

for and on behalf of  
**Nyman Libson Paul**

Chartered Accountants  
Statutory Auditors

Regina House  
124 Finchley Road  
London  
NW3 5JS

27 November 2012



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**CHARLTON ATHLETIC FOOTBALL COMPANY LIMITED**

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

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		Operations excluding player amortisation and trading	Player amortisation and trading	2012	2011
	Note	£000	£000	£000	£000
Turnover	2	8,549	-	8,549	8,347
Operating expenses		(15,344)	(672)	(16,016)	(14,476)
<b>Operating loss</b>	3	(6,795)	(672)	(7,467)	(6,129)
Profit on disposal of players		-	1,013	1,013	2,809
<b>Loss before interest and taxation</b>		(6,795)	341	(6,454)	(3,320)
Interest receivable	6			-	1
Interest payable	7			(405)	(449)
<b>Loss on ordinary activities before taxation</b>				(6,859)	(3,768)
Taxation	8			-	-
<b>Loss for the financial year</b>				(6,859)	(3,768)

All amounts derive from continuing operations

There are no material differences between the results reported above and the results on an unmodified historical cost basis

There are no recognised gains and losses other than those passing through the profit and loss account

**CHARLTON ATHLETIC FOOTBALL COMPANY LIMITED**  
**REGISTERED NUMBER 01788466**

**BALANCE SHEET**  
**AS AT 30 JUNE 2012**

	Note	£000	2012 £000	2011 £000
<b>FIXED ASSETS</b>				
Intangible assets	9		1,272	1,198
Tangible assets	10		26,254	27,110
			<u>27,526</u>	<u>28,308</u>
<b>CURRENT ASSETS</b>				
Stocks	11	40		123
Debtors	12	1,053		809
Cash in hand		31		28
		<u>1,124</u>		<u>960</u>
<b>CREDITORS</b> amounts falling due within one year	13	(9,205)	(8,257)	
<b>NET CURRENT LIABILITIES</b>			<u>(8,081)</u>	<u>(7,297)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u>19,445</u>	<u>21,011</u>
<b>CREDITORS</b> , amounts falling due after more than one year	14		(27,791)	(22,498)
<b>NET LIABILITIES</b>			<u>(8,346)</u>	<u>(1,487)</u>
<b>CAPITAL AND RESERVES</b>				
Called up share capital	16		4,983	4,983
Revaluation reserve	17		7,217	7,217
Profit and loss account	17		(20,546)	(13,687)
<b>SHAREHOLDERS' DEFICIT</b>	18		<u>(8,346)</u>	<u>(1,487)</u>

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

27/11/12.

  
**M R Slater**  
 Director

The notes on pages 8 to 19 form part of these financial statements

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## CHARLTON ATHLETIC FOOTBALL COMPANY LIMITED

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### 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 in accordance with applicable United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and under the historical cost convention, as modified by the revaluation of land and buildings

##### 1.2 Going concern

On 31 December 2010 CAFC Holdings Limited, a company incorporated in the British Virgin Islands, acquired a controlling interest in Baton 2010 Limited

The board of directors has reviewed the future cash flow projections of the company and in their opinion, subject to the ongoing support of the company's bankers and CAFC Holdings Limited, the company is able to continue its normal day to day operations for at least 12 months from the date of approval of these financial statements. Accordingly the accounts have been prepared on a going concern basis

##### 1.3 Turnover

Turnover represents income receivable from football and related commercial activities excluding transfer fees receivable and value added tax. Broadcast and match day income is recognised when related matches are played. Advance season tickets are included within deferred income and released to turnover in the relevant season.

##### 1.4 Revaluation of tangible fixed assets

Freehold property and leasehold improvements are fully revalued every five years with an interim valuation carried out three years into every five year period. Leasehold improvements at The Valley stadium are carried at depreciated replacement cost, freehold properties are carried at existing use value and other leasehold improvements are included at cost.

##### 1.5 Tangible fixed assets and depreciation

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

Freehold buildings	-	2%
Leasehold improvements - group assets	-	2%
Leasehold improvements - other	-	terms of the lease
Interior fit outs	-	10% - 20%
Ground and office equipment	-	20% - 33 33%
Motor vehicles	-	33 33%

##### 1.6 Stocks

Stocks which comprise goods for resale are valued at the lower of cost and net realisable value.

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## CHARLTON ATHLETIC FOOTBALL COMPANY LIMITED

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

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#### **1 ACCOUNTING POLICIES (continued)**

##### **1.7 Grants received**

Grants received in respect of safety work and ground improvements are treated as deferred income and released to the profit and loss account over the estimated useful life of the assets to which they relate

##### **1.8 Long term season ticket schemes**

The net amount received by the company through long term season ticket schemes is treated as deferred income in the balance sheet and is released to the profit and loss account over the period in which the investors receive their season ticket

##### **1.9 Players' registrations**

The costs of obtaining players' registrations are capitalised as intangible assets and amortised evenly over the period of the respective players' contracts. These costs include transfer fees, transfer levies and agents' fees. Payments contingent on the occurrence of uncertain future events are recognised when the event takes place. Players' registrations are written down for impairment when the individual player's carrying value exceeds the amount recoverable through use or sale.

##### **1.10 Signing on fees and loyalty payments**

Signing on fees are recognised in the profit and loss account evenly over the period covered by the players' contract. Loyalty payments are accrued to the profit and loss account for the period to which they relate.

##### **1.11 Deferred taxation**

Deferred taxation is provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted. Deferred taxation is not provided on timing differences arising from the revaluation of assets.

##### **1.12 Leasing and hire purchase**

Assets acquired under finance leases and hire purchase contracts are capitalised in the balance sheet and are depreciated over their estimated useful economic lives. The outstanding liabilities under the agreements less interest not yet due are amortised evenly over the term of the debt. The interest element of these obligations is charged to the profit and loss account over the terms of the relevant agreements. Rentals payable under operating leases are charged to the profit and loss account as incurred.

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CHARLTON ATHLETIC FOOTBALL COMPANY LIMITED

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

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**1 ACCOUNTING POLICIES (continued)**

**1.13 Foreign currencies**

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date

Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction

Exchange gains and losses are recognised in the profit and loss account

**1.14 Pensions**

Defined contribution pension payments are made for certain employees and are charged to the profit and loss account as they are incurred

**1.15 Cash flow statement**

The cash flows of the company are included in the consolidated group cash flow statement of Baton 2010 Limited, the holding company. Consequently, the company is exempt under the terms of Financial Reporting Standard No 1 (revised 1996) from preparing a cash flow statement

**2. TURNOVER**

Turnover, all of which arises in the United Kingdom, is stated net of value added tax and comprises

	<b>2012</b>	<b>2011</b>
	<b>£000</b>	<b>£000</b>
Television and broadcast	1,146	1,153
Ticket income and match day activities	5,120	4,944
Commercial	1,851	1,861
Other	432	389
	<hr/>	<hr/>
	8,549	8,347
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CHARLTON ATHLETIC FOOTBALL COMPANY LIMITED

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

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3. OPERATING LOSS

The loss is stated after charging

	2012 £000	2011 £000
Amortisation - intangible fixed assets	672	383
Depreciation of tangible fixed assets		
- owned by the company	1,009	1,014
Hire of plant and machinery	54	62
Other operating lease rentals	178	213
Auditors' remuneration	16	16
	<u>          </u>	<u>          </u>

4. STAFF COSTS

	2012 £000	2011 £000
Wages and salaries	7,985	6,788
Social security costs	859	705
Other pension costs	26	38
	<u>          </u>	<u>          </u>
	8,870	7,531
	<u>          </u>	<u>          </u>

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

	2012 No.	2011 No.
Full time playing, training and football management	73	62
Administration, commercial and stadium maintenance	55	59
	<u>          </u>	<u>          </u>
	128	121
	<u>          </u>	<u>          </u>

In addition, the company employs approximately 367 (2011 363) temporary staff on match days

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CHARLTON ATHLETIC FOOTBALL COMPANY LIMITED

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

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5 DIRECTORS' REMUNERATION

	2012 £000	2011 £000
Emoluments	150	121
Fees	129	75
Pension contributions to money purchase schemes	15	12
	<u>294</u>	<u>208</u>

During the year, retirement benefits were accruing to 1 directors (2011 1) in respect of money purchase schemes

The highest paid director received remuneration of £150,000 (2011 £121,000)

The value of the company's contributions paid to a defined contribution scheme in respect of the highest paid director amounted to £15,000 (2011 £12,000)

6. INTEREST RECEIVABLE

	2012 £000	2011 £000
Other interest receivable	<u>-</u>	<u>1</u>

7. INTEREST PAYABLE

	2012 £000	2011 £000
On bank loans and overdrafts	384	374
Discounting costs on acceleration of transfer payments and television and broadcast income	-	75
On finance leases and hire purchase contracts	21	-
	<u>405</u>	<u>449</u>

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**CHARLTON ATHLETIC FOOTBALL COMPANY LIMITED**

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

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**8. TAXATION**

**Factors affecting tax charge for the year**

The tax assessed for the year is lower than (2011 - lower than) the standard rate of corporation tax in the UK of 26% (2011 - 28%). The differences are explained below

	<b>2012 £000</b>	<b>2011 £000</b>
Loss on ordinary activities before tax	(6,859)	(3,768)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 26% (2011 - 28%)	(1,783)	(1,055)
<b>Effects of.</b>		
Expenses not deductible for tax purposes	-	3
Depreciation for year in excess of capital allowances	194	223
Non-taxable income	(64)	(66)
Tax losses arising in the period	1,653	895
<b>Current tax charge for the year (see note above)</b>	<b>-</b>	<b>-</b>

**Factors that may affect future tax charges**

The company has tax losses of approximately £59 million (2011 £53 million) available to carry forward against future trading profits

**9. INTANGIBLE FIXED ASSETS**

	<b>Players' registrations £000</b>
<b>Cost</b>	
At 1 July 2011	1,974
Additions	818
Disposals	(875)
At 30 June 2012	1,917
<b>Amortisation</b>	
At 1 July 2011	776
Charge for the year	672
On disposals	(803)
At 30 June 2012	645
<b>Net book value</b>	
At 30 June 2012	1,272
At 30 June 2011	1,198



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**CHARLTON ATHLETIC FOOTBALL COMPANY LIMITED**

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

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**10. TANGIBLE FIXED ASSETS**

	Leasehold improvements £000	Ground and office equipment £000	Motor vehicles £000	Total £000
<b>Cost or valuation</b>				
At 1 July 2011	30,284	2,635	41	32,960
Additions	2	151	-	153
At 30 June 2012	<u>30,286</u>	<u>2,786</u>	<u>41</u>	<u>33,113</u>
<b>Depreciation</b>				
At 1 July 2011	3,223	2,586	41	5,850
Charge for the year	965	44	-	1,009
At 30 June 2012	<u>4,188</u>	<u>2,630</u>	<u>41</u>	<u>6,859</u>
<b>Net book value</b>				
At 30 June 2012	<u>26,098</u>	<u>156</u>	<u>-</u>	<u>26,254</u>
At 30 June 2011	<u>27,061</u>	<u>49</u>	<u>-</u>	<u>27,110</u>

Leasehold improvements were valued as at 30 June 2008 by Latham Yeomans, Chartered Surveyors, on the basis of existing use using the depreciated replacement cost method of valuation in the case of The Valley stadium and existing use value for the training ground. Other leasehold improvements and additions since that date are included at cost.

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows:

	2012 £000	2011 £000
Ground and office equipment	<u>92</u>	<u>-</u>

Leasehold improvements comprise:

	£000
Improvements at valuation	29,550
Other improvements at cost	736
Total	<u>30,286</u>

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CHARLTON ATHLETIC FOOTBALL COMPANY LIMITED

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

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11. STOCKS

	2012 £000	2011 £000
Goods for resale	40	123

12. DEBTORS

	2012 £000	2011 £000
Trade debtors	531	274
Prepayments and accrued income	522	535
	1,053	809

13. CREDITORS

Amounts falling due within one year

	2012 £000	2011 £000
Bank loans and overdrafts	2,217	1,518
Net obligations under finance leases and hire purchase contracts	39	-
Trade creditors	1,523	2,266
Social security and other taxes	1,009	753
Football League loan	-	128
Other creditors	332	90
Accruals and deferred income	4,085	3,502
	9,205	8,257

Included within other creditors is a loan from R A Murray of £250,000 which is due for repayment within one year. This forms part of the loan totalling £1,550,000 disclosed in further detail in note 14.

For details of security on bank loans and overdrafts see note 14.

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CHARLTON ATHLETIC FOOTBALL COMPANY LIMITED

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

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14. CREDITORS.

Amounts falling due after more than one year

	2012 £000	2011 £000
Bank loans	4,177	5,699
Net obligations under finance leases and hire purchase contracts	42	-
Amounts owed to parent company	9,943	2,600
Amounts owed to fellow subsidiary	1,076	1,030
Other loans	8,300	8,550
Grants received	3,907	4,013
Accruals and deferred income	346	606
	<u>27,791</u>	<u>22,498</u>

Obligations under finance leases and hire purchase contracts, included above, are payable as follows

	2012 £000	2011 £000
Between one and five years	<u>42</u>	<u>-</u>

On 23 August 2010 CA 2010 plc (formerly Charlton Athletic plc) waived payment of the outstanding debt due at that date of £8,925,807

In the current year, an amount of £9,943,075 (2011 £2,600,000) is owed to Baton 2010 Limited, the parent company

The amount due to fellow subsidiary Charlton Athletic Holdings Limited has no fixed repayment terms Charlton Athletic Holdings Limited has confirmed that it does not intend to seek repayment of its debt within one year

Included in other loans are loans from former directors of the company of £4,400,000 (2011 £4,400,000) which are interest free and repayments commence only on promotion of the football club to the Premier League

Also included in other loans are loans from R A Murray totalling £4,150,000 (2011 £4,150,000) Repayment of £1,550,000 will commence following the promotion of the football club to the Championship Repayment of the other loan commences only on promotion of the football club to the Premier League

At 30 June 2012 the company had the following bank loans

- £2,222,910 at a fixed rate of 7.2% per annum
- £2,707,623 at a floating rate of 2.5% above LIBOR base rate per annum
- £840,000 at a floating rate of 3.0% above LIBOR base rate per annum

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**CHARLTON ATHLETIC FOOTBALL COMPANY LIMITED**

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

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**14. CREDITORS**

**Amounts falling due after more than one year (continued)**

The loans are repayable by 31 December 2015 in instalments, repayments having commenced on 30 November 2011, as follows

	2012 £000	2011 £000
Between one and two years	1,593	1,628
Between two and five years	2,584	4,071
Over five years	-	-
	<hr/>	<hr/>
Within 1 year	4,177	5,699
	1,594	1,086
	<hr/>	<hr/>
	5,771	6,785
	<hr/>	<hr/>

The bank loans and overdrafts are secured by fixed and floating charges over the assets of the company, its fellow subsidiary and parent company

**15 DEFERRED TAXATION**

	2012 £000	2011 £000
At beginning and end of year	-	-
	<hr/>	<hr/>

The deferred taxation asset of £12,044,169 (2011 £11,336,097) has not been recognised in respect of timing differences relating to tax losses as there is insufficient evidence that this asset will be recovered. The asset will be recovered if there are taxable profits arising in the future.

**16. SHARE CAPITAL**

	2012 £000	2011 £000
Allotted, called up and fully paid		
4,982,564 Ordinary shares of £1 each	4,983	4,983
	<hr/>	<hr/>

**17. RESERVES**

	Revaluation reserve £000	Profit and loss account £000
At 1 July 2011	7,217	(13,687)
Loss for the year	-	(6,859)
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At 30 June 2012	7,217	(20,546)
	<hr/>	<hr/>

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**CHARLTON ATHLETIC FOOTBALL COMPANY LIMITED**

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

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**18. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' DEFICIT**

	<b>2012 £000</b>	<b>2011 £000</b>
Opening shareholders' deficit	(1,487)	(6,645)
Loss for the year	(6,859)	(3,768)
Capital contribution	-	8,926
	<hr/>	<hr/>
Closing shareholders' deficit	<u>(8,346)</u>	<u>(1,487)</u>

**19. CONTINGENT LIABILITIES**

Additional transfer and agent fees of £777,500 (2011 £512,500) will become payable depending on players making specific numbers of appearances, gaining international honours and on field playing success

Additional fees are receivable of £3,840,000 (2011 £4,490,000) where players sold make specific numbers of appearances, gain international honours or achieve on field success

The company has guaranteed the bank overdrafts of its parent company and fellow subsidiary. At the year end the liability was £nil (2011 £nil).

In the prior year, the receipt of transfer fees due in respect of certain players were accelerated by discounting the fees with financial institutions. At 30 June 2012 the financial institutions had full recourse to the company for £nil (2011 £1,550,000) in the event of non-payment of these transfer fees.

**20. OPERATING LEASE COMMITMENTS**

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

	<b>Land and buildings</b>		<b>Other</b>	
	<b>2012 £000</b>	<b>2011 £000</b>	<b>2012 £000</b>	<b>2011 £000</b>
<b>Expiry date:</b>				
Within 1 year	-	11	54	63
Between 2 and 5 years	64	70	87	60
	<hr/>	<hr/>	<hr/>	<hr/>
Total	<u>64</u>	<u>81</u>	<u>141</u>	<u>123</u>

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## CHARLTON ATHLETIC FOOTBALL COMPANY LIMITED

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

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#### 21 RELATED PARTY TRANSACTIONS

The following directors and former directors, related organisations of the directors and family members of the directors of the company had the following loan transactions with the company

	2012 £000	2011 £000
DG Chappell	1,200	1,200
Sir M Hatter	1,000	1,000
D J Hughes	500	500
R A Murray	4,150	4,150
D C Sumners	250	250
D White	250	250
56 Developments LLP	1,200	1,200
	<u>8,550</u>	<u>8,550</u>

The loans are secured over the fixed and floating charges of the company's assets. On 23 August 2010 these loans were novated to the company from CA 2010 plc (formerly Charlton Athletic plc), the former holding company.

R C Whitehand, a former director of the company, is the controlling member of 56 Developments LLP.

Sir M Hatter is the father of R M Hatter, a former director of the company.

DG Chappell is a former director of the company.

During the year professional fees of £nil (2011 £30,758) were paid to Vertex Law LLP. S Butler-Gallie, a former director of the company, was a member of Vertex Law LLP.

At 30 June 2012, R A Murray personally guaranteed the bank overdraft facility up to £800,000.

During the year Charlton Athletic Holdings Limited, a fellow subsidiary, charged the company rent of £50,000 (2011 £50,000). At 30 June 2012, Charlton Athletic Holdings Limited was owed £1,075,719 (2011 £1,029,719).

During the year transactions took place between the company and certain directors in relation to match tickets and commercial packages. These transactions were on normal commercial terms and were not significant to any of the parties.

#### 22 POST BALANCE SHEET EVENTS

Since the year end players' registrations have been acquired for a cost amounting to £661,590.

#### 23. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The company's ultimate holding company is CAFC Holdings Limited, a company registered in the British Virgin Islands.

The company's immediate parent company is Baton 2010 Limited, a company registered in England which is the only company in the group required to prepare group financial statements. Copies of these are available at Companies House.