
CHARLTON ATHLETIC FOOTBALL COMPANY LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2013

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CHARLTON ATHLETIC FOOTBALL COMPANY LIMITED

COMPANY INFORMATION

Directors	R Duchâtelet (appointed 3 January 2014) K Meire (appointed 3 January 2014) R A Murray M R Slater T M Jimenez (resigned 3 January 2014) M C Prothero (appointed 31 July 2012 & resigned 3 January 2014) S Kavanagh (resigned 26 July 2012) P D Varney (resigned 13 July 2012)
Registered number	01788466
Registered office	The Valley Floyd Road Charlton London SE7 8BL
Independent auditors	Nyman Libson Paul Chartered Accountants & Statutory Auditors Regina House 124 Finchley Road London NW3 5JS

CHARLTON ATHLETIC FOOTBALL COMPANY LIMITED

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CHARLTON ATHLETIC FOOTBALL COMPANY LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2013

The directors present their report and the financial statements for the year ended 30 June 2013

Principal activities

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

Business review and key performance indicators

Football review

1st team

The 1st team moved back into the Football League Championship for the first time since 2009, having been crowned League 1 champions in the prior season. The season contained many ups and downs on the field of play, I am sure many fans were looking over their shoulder one week at the relegation zone and a couple of weeks later hopeful for a play-off spot. The season culminated in a 9th placed finish, just three points off a play-off position. Overall the 12/13 season was extremely pleasing, ensuring consolidation back into the second tier of English professional football after three seasons competing in League 1.

The step up to the Championship saw average League attendances at the Valley increase by 1,053 on the previous season to 18,481 (2011 – 17,428), representing 9th position in Championship home attendances for that season. This is great credit to the supporters of the Club considering Charlton's home performances were 'patchy' for the majority of the season, until the tremendous run in the last 5 weeks of the season.

One of the most memorable games was the 5-4 triumph at home in November against the eventual 12/13 Champions Cardiff City. Two-nil down after twenty-four minutes things looked bleak but then two quick goals from captain Johnnie Jackson meant it was level at half-time. Charlton were full of confidence going into the second half and scored three unanswered goals resulting in a 5-2 lead after 90 minutes. Unbelievably the fourth official signalled six minutes of additional time which rallied the Cardiff players, scoring one almost straight away before another a couple of minutes later. Fortunately Chris Powell's team held on to notch a famous victory, helped enormously by the very vocal home crowd that night.

Youth Academy

2012/13 was the first year of the implementation of the Elite Player Performance Plan ("EPPP"), with the Club's Youth Academy competing as a Category 2 club. This provisional status was confirmed in the summer of 2013 following the audit in February 2013. It should be noted that only a handful of clubs outside of the Premier League were awarded Category 1 status in the year of implementation and the Board strongly aspires to achieve Category 1 status as soon as possible, which will require a significant development of our Training Ground facilities in New Eltham.

Both the U21 and U18 teams had tremendously successful seasons, winning their respective regional leagues, thereby qualifying for the national play-offs. Both age groups played Huddersfield Town in the semi-finals, with the U18s narrowly losing on penalties. The U21s however claimed an emphatic 6-1 victory in their semi-final and followed that up with a 3-1 victory after extra-time against Cardiff City to claim the overall national title. Furthermore the U21s also won the Kent Senior Cup, winning the final 7-1, the first time Charlton have lifted the Kent Senior Cup since 1995.

CHARLTON ATHLETIC FOOTBALL COMPANY LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2013

Financial review

Turnover

	2012/13 (£000)	2011/12 (£000)	Variance (£000)	Variance (%)
Central income	4,096	1,146	2,950	257
Match-day	5,633	5,120	513	10
Commercial	1,429	1,851	(422)	(23)
Other	753	432	321	74
Total	11,911	8,549	3,362	39

One of the significant upsides of the 1st team returning to the Championship is the additional income arising from Football League and Premier League central distributions driven by the greater value placed on Championship games in respect of the Sky TV deal as opposed to League 1 games. Central income therefore increased by £2.95m on the prior year to £4.10m (2012 - £1.15m). It is worth noting that the 12/13 season represented the first year of the Football League's new three-year contract with Sky, the value of which is a 26% decrease on the previous three year deal.

Match-day income consists primarily of ticket income, match-day hospitality, advertising and programmes. Match-day income increased by 10% primarily as a result of increased attendances and ancillary spend. Programme income was the one area which saw a small decrease on 11/12, as more supporters turn to other 'new' media forms.

The decrease in commercial income can be explained by the fact that the Company's retail operation was outsourced to Just Sport in June 2012. Instead of the Company recognising turnover (and costs) from the retail operation, it receives a royalty from Just Sport based on a percentage of sales that they generate. If the retail turnover/royalty is removed from the 2011/12 Commercial results then this area saw turnover growth of 5% in 12/13.

Other income principally comprises youth academy grant income arising from the EPPP. The significant increase on 11/12 is due to 12/13 being the first year of implementation for EPPP. The level of grant is determined by the category status of the club's youth academy. Other income also includes significant contributions from Valley Gold, the charitable organisation directly linked to the Club, which further supports the development of players in our Youth Academy.

Operating expenses

Operating expenses, excluding depreciation and player amortisation, were £17.3m (2012 - £14.3m), the increase on prior year primarily reflecting the increase in player wages in order to compete in the Championship. Staff costs of £12.0m (2012 - £8.9m) represents 101% (2012 - 104%) of turnover which is clearly unsustainable in the long-term and something the Board will be addressing in forthcoming years. Once depreciation and amortisation are taken into account the operating loss was £7.4m, very much in line with the previous year (2012 - £7.5m).

Profit on disposal of players' registrations

Profit on disposal of players' registrations amounted to £1.7m (2012 - £1.0m). This arose primarily from the following:

- Shelvey (Liverpool), Elliott (Newcastle Utd), Jenkinson (Arsenal), Richardson (Southampton) contingent appearances
- Hudson (Cardiff City) and McCarthy (Crystal Palace) contingent promotion clauses
- Youth Academy player transfers of Palmer (Chelsea) and Huddart (Arsenal)

CHARLTON ATHLETIC FOOTBALL COMPANY LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2013

The key performance indicators discussed above are further detailed in Notes 2 and 4 to the financial statements. These revenue and cost centres are monitored regularly by the Board against detailed budgets.

Property valuation

As required by UK GAAP, the Valley stadium is re-valued every five years by a qualified chartered surveyor, with 2012/13 being the fifth year in that cycle. The valuation was performed by DTZ Debenham Tie Leung Ltd on the existing use basis (specifically Depreciated Replacement Cost) and it has resulted in a £5.1m increase. This increase in value is not recognised in the Profit and Loss Account as it does not represent a permanent, realised gain to the Company, instead it is reported through the Statement of Total Recognised Gains and Losses and recognised in the Balance Sheet as an increase in both Tangible Fixed Assets and Revaluation Reserve.

Bank loans

Bank loans continued to be repaid during the year at a significant rate, resulting in a £1.6m reduction in the bank loan balance. As at 30 June 13, the loan balance standing at £4.2m as at 30 June 12.

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.

Results and dividends

The loss for the year, after taxation, amounted to £6,033,000 (2012 - £6,859,000).

The directors do not recommend the payment of a dividend.

Directors

The directors who served during the year were

R Duchâtelet (appointed 3 January 2014)

K Meire (appointed 3 January 2014)

R A Murray

M R Slater

T M Jimenez (resigned 3 January 2014)

M C Prothero (appointed 31 July 2012 & resigned 3 January 2014)

S Kavanagh (resigned 26 July 2012)

P D Varney (resigned 13 July 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.

CHARLTON ATHLETIC FOOTBALL COMPANY LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2013

Post balance sheet event

On 3 January 2014 the ownership structure of the group (of which Charlton Athletic Football Company Limited is a member) changed. CAFC Holdings Limited disposed of its interest in Baton 2010 Limited to Staprix NV, a company that is 95% owned by Roland Duchâtelet.

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 accounting 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 75 days of annual purchases, when the effect of major capital works and player purchases are excluded.

Political and charitable contributions

There were no charitable donations (2012: £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. The company also facilitated fundraising for a variety of charitable organisations on matchdays at the Valley. There were no political donations.

CHARLTON ATHLETIC FOOTBALL COMPANY LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2013

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

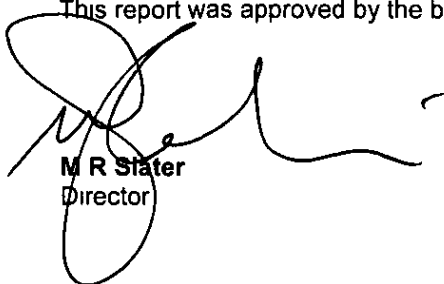
The auditors, Nyman Libson Paul, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

Disclosure 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 relevant audit information and to establish that the company's auditors are aware of that information.

This report was approved by the board on 17 January 2014 and signed on its behalf



M R Slater
Director

CHARLTON ATHLETIC FOOTBALL COMPANY LIMITED

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

We have audited the financial statements of Charlton Athletic Football Company Limited for the year ended 30 June 2013, set out on pages 8 to 22. 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 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. 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 2013 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.

CHARLTON ATHLETIC FOOTBALL COMPANY LIMITED

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

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

17 January 2014

CHARLTON ATHLETIC FOOTBALL COMPANY LIMITED

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30 JUNE 2013**

		Operations excluding player amortisation and trading	Player amortisation and trading	2013	2012
	Note	£000	£000	£000	£000
Turnover	2	11,911	-	11,911	8,549
Operating expenses		(18,303)	(1,006)	(19,309)	(16,016)
Operating loss	3	(6,392)	(1,006)	(7,398)	(7,467)
Profit on disposal of players		-	1,736	1,736	1,013
Loss before interest and taxation		(6,392)	730	(5,662)	(6,454)
Interest receivable				-	-
Interest payable	6			(371)	(405)
Loss on ordinary activities before taxation				(6,033)	(6,859)
Taxation	7			-	-
Loss for the financial year				(6,033)	(6,859)

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

CHARLTON ATHLETIC FOOTBALL COMPANY LIMITED

**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
FOR THE YEAR ENDED 30 JUNE 2013**

	Note	2013 £000	2012 £000
LOSS FOR THE FINANCIAL YEAR		(6,033)	(6,859)
Unrealised surplus on revaluation of tangible fixed assets		5,080	-
		<u> </u>	<u> </u>
TOTAL RECOGNISED LOSSES RELATING TO THE YEAR		<u><u>(953)</u></u>	<u><u>(6,859)</u></u>

The notes on pages 11 to 22 form part of these financial statements

CHARLTON ATHLETIC FOOTBALL COMPANY LIMITED
REGISTERED NUMBER. 01788466

BALANCE SHEET
AS AT 30 JUNE 2013

	Note	£000	2013 £000	2012 £000
FIXED ASSETS				
Intangible assets	8		1,034	1,272
Tangible assets	9		30,487	26,254
			<u>31,521</u>	<u>27,526</u>
CURRENT ASSETS				
Stocks	10	28		40
Debtors	11	1,066		1,053
Cash in hand		21		31
		<u>1,115</u>		<u>1,124</u>
CREDITORS: amounts falling due within one year	12	<u>(8,177)</u>	<u>(9,205)</u>	
NET CURRENT LIABILITIES			<u>(7,062)</u>	<u>(8,081)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>24,459</u>	<u>19,445</u>
CREDITORS. amounts falling due after more than one year	13		<u>(33,758)</u>	<u>(27,791)</u>
NET LIABILITIES			<u>(9,299)</u>	<u>(8,346)</u>
CAPITAL AND RESERVES				
Called up share capital	15		4,983	4,983
Revaluation reserve	16		12,297	7,217
Profit and loss account	16		<u>(26,579)</u>	<u>(20,546)</u>
SHAREHOLDERS' DEFICIT	17		<u>(9,299)</u>	<u>(8,346)</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 17 January 2014


M R Slater
 Director

The notes on pages 11 to 22 form part of these financial statements

CHARLTON ATHLETIC FOOTBALL COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

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 3 January 2014 Staprix NV, a company incorporated in Belgium, 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 Staprix NV, 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 out 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	-	2%
Interior fit outs	-	10% - 20%
Ground and office equipment	-	20% - 33 33%

1.6 Stocks

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

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

CHARLTON ATHLETIC FOOTBALL COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

1. ACCOUNTING POLICIES (continued)

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.

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.

CHARLTON ATHLETIC FOOTBALL COMPANY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013**

1. ACCOUNTING POLICIES (continued)

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

	2013 £000	2012 £000
Television and broadcast	4,096	1,146
Ticket income and match day activities	5,633	5,120
Commercial	1,429	1,851
Other	753	432
	<hr/>	<hr/>
	11,911	8,549
	<hr/>	<hr/>

3. OPERATING LOSS

The loss is stated after charging

	2013 £000	2012 £000
Amortisation - intangible fixed assets	1,006	672
Depreciation of tangible fixed assets		
- owned by the company	1,002	1,009
Hire of plant and machinery	74	54
Other operating lease rentals	160	178
Auditors' remuneration	16	16
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CHARLTON ATHLETIC FOOTBALL COMPANY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013**

4. STAFF COSTS

	2013 £000	2012 £000
Wages and salaries	10,693	7,985
Social security costs	1,274	859
Other pension costs	10	26
	<u>11,977</u>	<u>8,870</u>

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

	2013 No.	2012 No.
Full time playing, training and football management	90	73
Administration, commercial and stadium maintenance	56	55
	<u>146</u>	<u>128</u>

In addition, the company employs approximately 352 (2012 367) temporary staff on match days

5. DIRECTORS' REMUNERATION

	2013 £000	2012 £000
Emoluments	13	150
Fees	150	129
Pension contributions to money purchase schemes	1	15
	<u>164</u>	<u>294</u>

During the year, retirement benefits were accruing to 1 director (2012 1) in respect of money purchase schemes

The highest paid director received fees of £150,000 (2012 remuneration of £150,000)

The value of the company's contributions paid to a defined contribution scheme in respect of the highest paid director amounted to £1,000 (2012 £15,000)

CHARLTON ATHLETIC FOOTBALL COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

6. INTEREST PAYABLE

	2013 £000	2012 £000
On bank loans and overdrafts	360	384
On finance leases and hire purchase contracts	11	21
	<u>371</u>	<u>405</u>

7 TAXATION

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2012 - lower than) the standard rate of corporation tax in the UK of 24% (2012 - 26%) The differences are explained below

	2013 £000	2012 £000
Loss on ordinary activities before tax	<u>(6,033)</u>	<u>(6,859)</u>
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 24% (2012 - 26%)	(1,448)	(1,783)
Effects of:		
Depreciation for year in excess of capital allowances	174	194
Non-taxable income	(55)	(64)
Tax losses arising in the period	1,329	1,653
	<u>-</u>	<u>-</u>
Current tax charge for the year (see note above)	<u>-</u>	<u>-</u>

Factors that may affect future tax charges

The company has tax losses of approximately £65 million (2012 £59 million) available to carry forward against future trading profits

CHARLTON ATHLETIC FOOTBALL COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

8. INTANGIBLE FIXED ASSETS

	Players' registrations £000
Cost	
At 1 July 2012	1,917
Additions	813
Disposals	(112)
At 30 June 2013	2,618
Amortisation	
At 1 July 2012	645
Charge for the year	1,006
On disposals	(67)
At 30 June 2013	1,584
Net book value	
At 30 June 2013	1,034
At 30 June 2012	1,272

Additions related primarily to the acquisition of Lawrie Wilson and David Button

CHARLTON ATHLETIC FOOTBALL COMPANY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013**

9. TANGIBLE FIXED ASSETS

	Leasehold improvements £000	Ground and office equipment £000	Motor vehicles £000	Total £000
Cost or valuation				
At 1 July 2012	30,286	2,786	41	33,113
Additions	20	135	-	155
Disposals	(42)	-	-	(42)
Revaluation surplus	782	-	-	782
At 30 June 2013	<u>31,046</u>	<u>2,921</u>	<u>41</u>	<u>34,008</u>
Depreciation				
At 1 July 2012	4,188	2,630	41	6,859
Charge for the year	932	70	-	1,002
On disposals	(42)	-	-	(42)
On revalued assets	(4,298)	-	-	(4,298)
At 30 June 2013	<u>780</u>	<u>2,700</u>	<u>41</u>	<u>3,521</u>
Net book value				
At 30 June 2013	<u>30,266</u>	<u>221</u>	<u>-</u>	<u>30,487</u>
At 30 June 2012	<u>26,098</u>	<u>156</u>	<u>-</u>	<u>26,254</u>

Freehold properties were valued as at 30 June 2013 by DTZ Debenham Tie Leung Limited, Chartered Surveyors, on the existing use basis

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

	2013 £000	2012 £000
Ground and office equipment	<u>69</u>	<u>92</u>

Leasehold improvements comprise

	£000
Improvements at valuation	<u>30,266</u>

10. STOCKS

	2013 £000	2012 £000
Goods for resale	<u>28</u>	<u>40</u>

CHARLTON ATHLETIC FOOTBALL COMPANY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013**

11 DEBTORS

	2013	2012
	£000	£000
Trade debtors	378	531
Prepayments and accrued income	688	522
	<u>1,066</u>	<u>1,053</u>

12. CREDITORS:

Amounts falling due within one year

	2013	2012
	£000	£000
Bank loans and overdrafts	2,209	2,217
Net obligations under finance leases and hire purchase contracts	42	39
Trade creditors	1,184	1,523
Other taxation and social security	936	1,009
Other creditors	51	332
Accruals and deferred income	3,755	4,085
	<u>8,177</u>	<u>9,205</u>

For details of security on bank loans and overdrafts see note 13

13. CREDITORS.

Amounts falling due after more than one year

	2013	2012
	£000	£000
Bank loans	2,584	4,177
Net obligations under finance leases and hire purchase contracts	-	42
Amounts owed to parent company	18,373	9,943
Amounts owed to fellow subsidiary	1,109	1,076
Other loans	7,670	8,300
Grants received	3,801	3,907
Accruals and deferred income	221	346
	<u>33,758</u>	<u>27,791</u>

CHARLTON ATHLETIC FOOTBALL COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

13. CREDITORS.

Amounts falling due after more than one year (continued)

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

	2013 £000	2012 £000
Between one and five years	-	42

In the current year, an amount of £18,372,973 (2012 £9,943,075) is owed to Baton 2010 Limited, the parent company

At 30 June 2013, Charlton Athletic Holdings Limited, a fellow subsidiary, was owed £1,108,619 (2012 £1,075,719). 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 (2012 £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 £3,270,000 (2012 £4,150,000). Repayment of the other loan commences only on promotion of the football club to the Premier League.

At 30 June 2013 the company had the following bank loans

- £1,643,020 at a floating rate of 2.5% above LIBOR base rate per annum
- £1,934,017 at a floating rate of 2.5% above LIBOR base rate per annum
- £600,000 at a floating rate of 3.0% above LIBOR base rate per annum

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

	2013 £000	2012 £000
Between one and two years	1,593	1,593
Between two and five years	990	2,584
	<hr/>	<hr/>
	2,583	4,177
Within 1 year	1,594	1,594
	<hr/>	<hr/>
	4,177	5,771

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

CHARLTON ATHLETIC FOOTBALL COMPANY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013**

14. DEFERRED TAXATION

	2013 £000	2012 £000
At beginning and end of year	-	-

The deferred taxation asset of £12,873,000 (2012 £12,044,000) 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.

15. SHARE CAPITAL

	2013 £000	2012 £000
Allotted, called up and fully paid		
4,982,564 Ordinary shares of £1 each	4,983	4,983

16. RESERVES

	Revaluation reserve £000	Profit and loss account £000
At 1 July 2012	7,217	(20,546)
Loss for the financial year	-	(6,033)
Surplus on revaluation of leasehold property	5,080	-
At 30 June 2013	12,297	(26,579)

17. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' DEFICIT

	2013 £000	2012 £000
Opening shareholders' deficit	(8,346)	(1,487)
Loss for the financial year	(6,033)	(6,859)
Other recognised gains and losses during the year	5,080	-
Closing shareholders' deficit	(9,299)	(8,346)

CHARLTON ATHLETIC FOOTBALL COMPANY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013**

18. CONTINGENT LIABILITIES

Additional transfer and agent fees of £724,341 (2012 £777,500) will become payable depending on players making specific numbers of appearances, gaining international honours and on field playing success

Additional fees are receivable of £2,965,000 (2012 £3,840,000) 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 (2012 £nil)

19. OPERATING LEASE COMMITMENTS

At 30 June 2013 the company had annual commitments under non-cancellable operating leases as follows

	Land and buildings			Other
	2013	2012	2013	2012
	£000	£000	£000	£000
Expiry date:				
Within 1 year	-	-	127	54
Between 2 and 5 years	64	64	42	87
Total	<u>64</u>	<u>64</u>	<u>169</u>	<u>141</u>

20. RELATED PARTY TRANSACTIONS

During the year Charlton Athletic Holdings Limited, a fellow subsidiary, charged the company rent of £50,000 (2012 £50,000)

At 30 June 2013, R A Murray personally guaranteed the bank overdraft facility up to £800,000

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

21. POST BALANCE SHEET EVENTS

On 3 January 2014 the ownership structure of the group (of which Charlton Athletic Football Company Limited is a member) changed CAFC Holdings Limited disposed of its interest in Baton 2010 Limited to Staprix NV, a company that is 95% owned by Roland Duchâtelet

Since the year end the disposal of players' registrations including contingency fees has generated income of £570,000

CHARLTON ATHLETIC FOOTBALL COMPANY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013**

22. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The company's ultimate holding company is Staprix NV, a company registered in Belgium, which is 95% owned by Roland Duchâtelet

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