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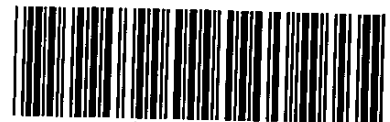
CHARLTON ATHLETIC FOOTBALL COMPANY LIMITED

Company registration number 01788466

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010**

NUNN HAYWARD
Chartered Accountants

TUESDAY



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CHARLTON ATHLETIC FOOTBALL COMPANY LIMITED
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FOR THE YEAR ENDED 30 JUNE 2010

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CHARLTON ATHLETIC FOOTBALL COMPANY LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2010

The directors present herewith their annual report together with the audited financial statements of the Company for the year ended 30 June 2010

Principal activity

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

The football club played in Division 1 of The Football League during season 2009/10 following relegation from The Championship in the previous year. The club finished 4th but was eliminated from the end of season play offs at the semi final stage

Turnover was £9,213,000 (2009 - £23,572,000) reflecting the loss of television and broadcast income from the change of divisional status and the loss of parachute payments from the English Premier League. Key performance indicators in Division 1 now derive from ticket, match day and commercial activities and these are detailed in Note 2 to the financial statements. The average home league attendance was 17,425 (2009 - 20,902). These revenue and cost centres are monitored against detailed budgets.

Operating expenses were £19,541,000 (2009 - £30,054,000) following the cost reduction programme implemented after relegation. The operating loss was £10,328,000 (2009 - £6,482,000 after adjusting for exceptional income).

Profit on disposal of players' registrations amounted to £4,304,000 (2009 - £1,372,000). This principally arose from the transfers of Shelvey, Hudson, Turner and McGinty.

Principal risks and uncertainties

The key performance indicators detailed above are linked to on the 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.

Future developments and going concern

On 23 August 2010 the entire issued share capital of the Company was acquired by Baton 2010 Limited, a company controlled by R A Murray. On 31 December 2010 CAFC Holdings Limited, a company incorporated in The British Virgin Islands, acquired a controlling interest in Baton 2010 Limited. Following this acquisition, as described in Note 1.2 to the financial statements, the directors are satisfied that the Company had adequate resources to continue in operation for the foreseeable future. For this reason they continue to adopt the going concern basis in preparing the financial statements.

Dividends

The directors do not recommend the payment of a dividend.

Directors and their interests

The following directors have held office since 1 July 2009

R N Alwen	(resigned 25 September 2009)
S Butler-Gallie	(appointed 25 September 2009 and resigned 31 December 2010)
N E Capelin	(resigned 4 December 2009)
D G Chappell	(resigned 23 August 2010)
R D Collins	(resigned 25 September 2009)
G B C Franklin	(resigned 25 September 2009)
R Hatter	(appointed 24 September 2009 and resigned 31 December 2010)
D J Hughes	(resigned 23 August 2010)
A Jimenez	(appointed 31 December 2010)
S Kavanagh	(appointed 23 August 2010)
R A Murray	

CHARLTON ATHLETIC FOOTBALL COMPANY LIMITED

DIRECTORS' REPORT (continued)

FOR THE YEAR ENDED 30 JUNE 2010

M A Simons	(resigned 21 September 2009)
M Slater	(appointed 31 December 2010)
M C Stevens	(resigned 25 September 2009)
D C Summers	(resigned 23 August 2010)
D G Ufton	(resigned 25 September 2009)
P Varney	(appointed 31 December 2010)
S Waggott	(resigned 30 June 2010)
D White	(resigned 31 December 2010)
R C Whitehand	(resigned 23 August 2010)

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 which 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. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Accounting Standards and applicable law (United Kingdom Generally Accepted Accounting Practice)

In preparing those financial statements

- select suitable accounting policies and then apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent,
- state whether applicable UK accounting standards have been followed, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business

The directors confirm that they have complied with the above requirements in preparing the financial statements

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website and any uncertainty arising as a result of the financial statements being available via the web in different legal and accounting jurisdictions

The directors who held office at the date of approval of this directors' report confirm, so far as each director is aware, there is no relevant audit information of which the Company's auditors are unaware and each director has taken all the steps that he ought to have taken in his duty as a director in order to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information

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 63 days of annual purchases, when the effect of major capital works and player purchases are excluded

Charitable and Political Donations

There were no charitable donations (2009 £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

CHARLTON ATHLETIC FOOTBALL COMPANY LIMITED

DIRECTORS' REPORT *(continued)*

FOR THE YEAR ENDED 30 JUNE 2010

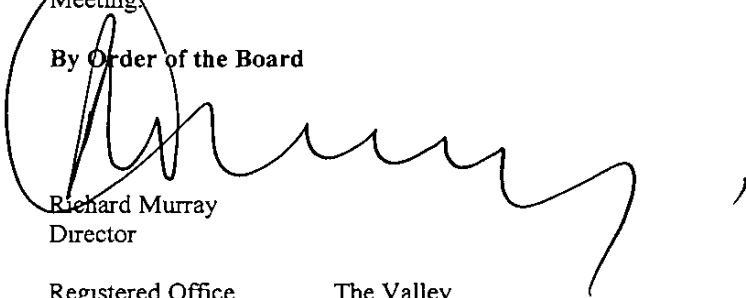
Employees

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 opportunities 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 wherever 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

A resolution for the reappointment of Nunn Hayward as auditors will be proposed at the forthcoming Annual General Meeting.

By Order of the Board



Richard Murray
Director

Registered Office

The Valley
Floyd Road
London SE7 8BL

14 March 2011

CHARLTON ATHLETIC FOOTBALL COMPANY LIMITED

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

We have audited the financial statements of Charlton Athletic Football Company Limited for the year ended 30 June 2010 which comprise the profit and loss account, the balance sheet, the cash flow statement and the related notes 1 to 26. 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 in the statement of directors' responsibilities set out in the directors' report, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's 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.

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 2010 and of the results 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.

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 by the Company or returns adequate for our audit have not been received from branches not visited by us, or
- the Company 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.



Peter Hayward (Senior Statutory Auditor)
For and on behalf of Nunn Hayward
Chartered Accountants
Statutory Auditor

66-70 Coombe Road
New Malden
Surrey KT3 4QW

14 March 2011

CHARLTON ATHLETIC FOOTBALL COMPANY LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 30 JUNE 2010

		2010		2009	
		Operations excluding player amortisation and trading £'000	Player amortisation and trading £'000	Total £'000	Total £'000
	Notes				
Turnover	2	9,213	-	9,213	23,572
Operating expenses	3	(19,098)	(1,163)	(20,261)	(30,054)
Exceptional items	5	-	-	-	33,236
Operating (loss)/profit		(9,885)	(1,163)	(11,048)	26,754
Profit on disposal of players		-	4,304	4,304	1,372
(Loss)/profit before interest and taxation		(9,885)	3,141	(6,744)	28,126
Net interest payable	6			99	(1,254)
(Loss)/profit on ordinary activities before taxation				(6,645)	26,872
Taxation	7			-	-
(Loss)/profit for the financial year	17			(6,645)	26,872

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

The accompanying notes form part of these financial statements

CHARLTON ATHLETIC FOOTBALL COMPANY LIMITED

BALANCE SHEET AT 30 JUNE 2010

	Notes	2010 £'000	2009 £'000
Fixed assets			
Intangible	8	339	1,439
Tangible	9	28,124	29,401
		<u>28,463</u>	<u>30,840</u>
Current assets			
Stock	10	78	91
Debtors			
due within one year	11	897	1,760
due after one year	12	-	108
Cash at bank and in hand		34	29
		<u>1,009</u>	<u>1,988</u>
Creditors: Amounts falling due within one year	13	(12,178)	(10,730)
		<u></u>	<u></u>
Net current liabilities		(11,169)	(8,742)
		<u></u>	<u></u>
Total assets less current liabilities		17,294	22,098
Creditors: Amounts falling due after more than one year	14	(19,191)	(17,699)
Deferred income	15	(4,748)	(4,399)
Net liabilities		<u>(6,645)</u>	<u>-</u>
		<u></u>	<u></u>
Capital and reserves			
Called up share capital	16	4,983	4,983
Profit and loss account	17	(18,845)	(12,335)
Revaluation reserve	17	7,217	7,352
		<u></u>	<u></u>
Equity shareholders' funds	18	(6,645)	-
		<u></u>	<u></u>

These financial statements were approved by the board of directors on 14 March 2011

Signed on behalf of the board of directors

Richard Murray
Director

Company Registration Number 01788466

The accompanying notes form part of these financial statements

CHARLTON ATHLETIC FOOTBALL COMPANY LIMITED

CASH FLOW STATEMENT

FOR THE YEAR ENDED 30 JUNE 2010

	Notes	£'000	2010 £'000	2009 £'000
Net cash outflow from operating activities	19		(6,733)	(1,090)
Returns on investments and servicing of finance				
Interest received		54		35
Interest paid		(247)		(349)
Discounting costs paid		(243)		(338)
Net cash outflow			(436)	(652)
Capital expenditure and financial investments				
Payments to acquire players' registrations		(206)		(3,733)
Proceeds from the sale of players' registrations		4,335		7,443
Payments resulting from the sale of players' registrations		(915)		(1,097)
Payments to acquire tangible fixed assets		(11)		(58)
Proceeds on sale of tangible fixed assets		167		-
Net cash inflow			3,370	2,555
Net cash (outflow)/inflow			(3,799)	813
Financing activities				
New bank loan		1,000		-
Bank loan repayments		(533)		(765)
New Football League loan		-		503
Football League loan repayment		(248)		-
Funding from parent company		-		3,450
Expenses paid on behalf of group undertakings		(1,131)		(263)
Net cash (outflow)/inflow			(912)	2,925
(Decrease)/increase in cash	19		(4,711)	3,738

The accompanying notes form part of these financial statements

CHARLTON ATHLETIC FOOTBALL COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2010

1 Accounting policies

The principal accounting policies, which have been consistently applied are as follows

1.1 Accounting convention

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 23 August 2010 the entire issued share capital of the Company was acquired by Baton 2010 Limited, a company controlled by R A Murray. The former parent company had continued to provide financial support to that date and agreed to waive the outstanding debt due to it of £8,925,807.

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

The new 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 ticket sales are included within deferred income and released to turnover in the relevant season.

1.4 Revaluation of freehold property and leasehold improvements

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 Depreciation

Depreciation is provided using the straight line method, to write down the cost of tangible fixed assets over their estimated useful lives as follows:

Freehold buildings	2%
Leasehold improvements - group assets	2%
- other	terms of the lease
Interior fit outs	10% - 20%
Ground and office equipment	20% - 33 3%
Motor vehicles	33 3%

1.6 Stocks

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

CHARLTON ATHLETIC FOOTBALL COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2010

(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 commitments

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 Pension costs

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

2 Turnover

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

	2010	2009
	£'000	£'000
Television and broadcast	1,207	13,631
Ticket income and match day activities	5,788	7,213
Commercial	1,823	2,310
Other	395	418
	<hr/>	<hr/>
	9,213	23,572
	<hr/>	<hr/>

CHARLTON ATHLETIC FOOTBALL COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2010 (continued)

3	Operating expenses	2010	2009
		£'000	£'000
	Auditors' remuneration - audit services	16	20
	- tax services - compliance	1	1
	- advisory	2	5
	- non audit services	4	1
	Staff costs (note 4)	10,341	16,289
	Depreciation	1,096	1,119
	Amortisation of players' registrations	1,163	3,402
	Hire of plant and machinery	78	100
	Other operating lease rentals	316	315
	Grants released	(106)	(116)
	Other operating charges	7,350	8,918
		<hr/>	<hr/>
		20,261	30,054
		<hr/>	<hr/>
4	Staff costs	2010	2009
		£'000	£'000
4.1	Staff costs		
	Wages and salaries	9,302	14,598
	Social security costs	1,012	1,659
	Other pension costs	27	32
		<hr/>	<hr/>
		10,341	16,289
		<hr/>	<hr/>
4.2	Average number of employees	2010	2009
		Number	Number
	Full-time playing, training and football management	64	73
	Administration commercial and stadium maintenance	69	84
		<hr/>	<hr/>
		133	157
		<hr/>	<hr/>
In addition, the company employs approximately 372 temporary staff on match days (2009 - 382)			
4.3	Directors' emoluments	2010	2009
		£'000	£'000
	Emoluments	288	400
	Pension contributions to money purchase schemes on behalf of two directors	26	33
	Compensation for loss of office	330	-
		<hr/>	<hr/>
		644	433
		<hr/>	<hr/>

CHARLTON ATHLETIC FOOTBALL COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2010 (continued)

4.3 Directors' emoluments (continued)		
	2009	2009
	£'000	£'000
Highest paid director		
Emoluments	391	210
	<hr/>	<hr/>
Pension scheme contributions	20	20
	<hr/>	<hr/>
5 Exceptional items		
	2010	2009
	£'000	£'000
Impairment loss on players' registrations	-	(1,458)
Waiver of debt due to parent company	-	34,694
	<hr/>	<hr/>
	-	33,236
	<hr/>	<hr/>
6 Net interest payable		
	2010	2009
	£'000	£'000
Interest on bank loans and overdrafts	(271)	(349)
Interest under finance leases	-	-
Interest to parent company waived/(payable)	605	(648)
Discounting costs on acceleration of transfer payments and television and broadcast income	(243)	(338)
	<hr/>	<hr/>
	91	(1,335)
Interest receivable	8	81
	<hr/>	<hr/>
	99	(1,254)
	<hr/>	<hr/>
7 Taxation on ordinary activities		
7.1 Analysis of tax charge on ordinary activities		
	2010	2009
	£'000	£'000
Tax charge	-	-
	<hr/>	<hr/>
7.2 Factors affecting the tax charge for the year		
(Loss)/profit on ordinary activities before taxation	(6,645)	26,872
	<hr/>	<hr/>
(Loss)/profit on ordinary activities before taxation at the standard rate of UK corporation tax of 28% (2009 - 28%)	(1,861)	7,524
Factors affecting charge		
Expenses not deductible for tax purposes	224	219
Non taxable income	(63)	(9,787)
Capital allowances in excess of depreciation	20	(5)
Chargeable gain not taxable	11	-
Group relief surrendered	19	-
Utilisation of tax losses	1,650	2,049
	<hr/>	<hr/>
Current tax charge	-	-
	<hr/>	<hr/>

CHARLTON ATHLETIC FOOTBALL COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2010 *(continued)*

8 Intangible fixed assets

	£'000
Cost of players' registrations	
At 1 July 2009	5,312
Additions	63
Disposals	(3,011)
	<hr/>
At 30 June 2010	2,364
	<hr/>
Amortisation of players' registrations	
At 1 July 2009	3,873
Charged in year	1,163
Impairment loss	-
Disposals	(3,011)
	<hr/>
At 30 June 2010	2,025
	<hr/>
Net book value of players' registrations	
At 30 June 2010	339
	<hr/>
At 30 June 2009	1,439
	<hr/>

CHARLTON ATHLETIC FOOTBALL COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2010 (continued)

9 Tangible fixed assets

	Freehold property £'000	Leasehold improve- ments £'000	Ground and office equipment £'000	Motor vehicles £'000	Total £'000
Cost or valuation					
At 1 July 2009	200	30,284	2,778	41	33,303
Additions	-	-	11	-	11
Disposals	(200)	-	-	-	(200)
At 30 June 2010	-	30,284	2,789	41	33,114
Depreciation					
At 1 July 2009	4	1,329	2,528	41	3,902
Charge for year	4	952	140	-	1,096
Disposals	(8)	-	-	-	(8)
At 30 June 2010	-	2,281	2,668	41	4,990
Net book value					
At 30 June 2010	-	28,003	121	-	28,124
At 30 June 2009	196	28,955	250	-	29,401

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.

Leasehold improvements comprise	£
Improvements at valuation	29,550,000
Other improvements at cost	733,860
	<u>£30,283,860</u>

The original cost of leasehold improvements was £29,506,838 (2009- £29,506,838)

10 Stocks

	2010 £'000	2009 £'000
Goods for resale	78	91

CHARLTON ATHLETIC FOOTBALL COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2010 *(continued)*

11	Debtors: Amounts falling due within one year	2010	2009
		£'000	£'000
	Trade debtors	322	547
	Other debtors	-	832
	Prepayments and accrued income	575	381
		<hr/>	<hr/>
		897	1,760
		<hr/>	<hr/>
 12	 Debtors: Amounts falling due after more than one year	 2010	 2009
		£'000	£'000
	Trade debtors	-	25
	Other debtors	-	83
		<hr/>	<hr/>
		-	108
		<hr/>	<hr/>
 13	 Creditors: Amounts falling due within one year	 2010	 2009
		£'000	£'000
	Bank loans (Note 14 1)	-	1,535
	Bank overdraft (Note 14 1)	5,251	535
	Football League loan (Note 14 2)	127	248
	Trade creditors	1,220	2,285
	Social security and other taxes	973	1,348
	Other creditors	81	81
	Accruals	2,360	2,212
	Deferred income	2,166	2,486
		<hr/>	<hr/>
		12,178	10,730
		<hr/>	<hr/>

Deferred income includes income in respect of season tickets and commercial sponsorships for the following year

CHARLTON ATHLETIC FOOTBALL COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2010 (continued)

14 Creditors: Amounts falling due after more than one year	2010	2009
	£'000	£'000
Bank loans (Note 14 1)	6,773	4,771
Football League loan (Note 14 2)	128	255
Trade creditors	23	83
Amounts owed to parent company	10,814	11,735
Amounts owed to fellow subsidiary	984	855
Accruals	469	-
	<hr/>	<hr/>
	19,191	17,699
	<hr/>	<hr/>

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

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

14.1 Bank loans

At 30 June 2010 the Company had the following bank loans

- £2,538,481 at a fixed rate of 6.4016% per annum, repayable in instalments by 30 September 2013,
- £3,234,639 at a floating rate of 1.7% above base rate per annum, repayable in instalments by 30 September 2013
- £1,000,000 at a floating rate of 3% above 1 month LIBOR base rate per annum repayable on 31 August 2010

On 31 December 2010 the terms of the bank loans were renegotiated. The revised interest rates are as follows

- £2,538,481 at a fixed rate of 7.2016% per annum
- £3,234,639 at a floating rate of 2.5% above LIBOR base rate per annum
- £1,000,000 at a floating rate of 3% above LIBOR base rate per annum

The loans are now repayable by 31 December 2015 in instalments commencing after 30 November 2011 as follows

	2010	2009
	£'000	£'000
Between one and two years	1,084	1,505
Between two and five years	4,876	3,266
Over five years	813	-
	<hr/>	<hr/>
	6,773	4,771
Within one year	-	1,535
	<hr/>	<hr/>
	6,773	6,306
	<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

CHARLTON ATHLETIC FOOTBALL COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2010 *(continued)*

14.2 Football League loan

At 30 June 2010 the Company had an unsecured interest free loan of £255,334 repayable in instalments by 1 April 2012

Repayment terms are as follows

	2010 £'000	2009 £'000
Between one and two years	128	128
Between two and five years	—	127
	128	255
Within one year	127	248
	255	503

15 Deferred income

	2010 Long term			2009 Long term		
	Grants Receivable £'000	Season ticket Schemes £'000	Total £'000	Grants Receivable £'000	Season ticket Schemes £'000	Total £'000
At 1 July 2009	4,225	174	4,399	4,341	202	4,543
Additions	-	470	470	-	-	-
	4,225	644	4,869	4,341	202	4,543
Released to profit & loss account	(106)	(15)	(121)	(116)	(28)	(144)
At 30 June 2010	4,119	629	4,748	4,225	174	4,399

16 Called up share capital

	2010 £'000	2009 £'000
Authorised 5,500,000 ordinary shares of £1 each	5,500	5,500
Allotted, called up and fully paid 4,982,564 ordinary shares of £1 each	4,983	4,983

17 Reserves

	Profit and loss account £'000	Revaluation surplus £'000
At 1 July 2009	(12,335)	7,352
(Loss) for the year	(6,645)	-
Realised revaluation surplus	115	(115)
Amortisation of revaluation reserve	20	(20)
At 30 June 2010	(18,845)	7,217

CHARLTON ATHLETIC FOOTBALL COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2010 *(continued)*

18 Reconciliation of movement in equity shareholders' funds

	2010	2009
	£'000	£'000
Equity shareholders' funds at 1 July 2009	-	(26,872)
(Loss)/profit for the year	(6,645)	26,872
	<hr/>	<hr/>
Equity shareholders' funds at 30 June 2010	(6,645)	-
	<hr/>	<hr/>

19 Cash flow statement

19.1 Cash flow from operating activities

	2010	2009
	£'000	£'000
Operating (loss)/profit	(11,048)	26,754
Depreciation	1,096	1,119
Amortisation of players' registrations	1,163	4,860
Other non cash changes	944	(34,025)
Loss on sale of tangible fixed assets	25	-
Release of deferred income	(121)	(144)
Decrease/(increase) in stocks	13	(12)
Decrease in debtors	905	2,572
Increase/(decrease) in creditors	290	(2,214)
	<hr/>	<hr/>
Net cash outflow from operating activities	(6,733)	(1,090)
	<hr/>	<hr/>

19.2 Reconciliation of net cash flow to movement in net debt

	Year ended
	30 June 2010
	£'000
(Decrease) in cash during the year	(4,711)
Cash outflow from decrease in debt	912
	<hr/>
Increase in net debt resulting from cash flows	(3,799)
Other non cash changes	(339)
	<hr/>
Increase in net debt during the year	(4,138)
Net debt at 1 July 2009	(19,905)
	<hr/>
Net debt at 30 June 2010	(24,043)
	<hr/>

CHARLTON ATHLETIC FOOTBALL COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2010 (continued)

19.3 Analysis of movement in net debt

	At 1 July 2009 £'000	Cash flow £'000	Other non-cash changes £'000	At 30 June 2010 £'000
Cash at bank and in hand	29	5	-	34
Bank overdraft	(535)	(4,716)	-	(5,251)
	(506)	(4,711)	-	(5,217)
Debt due within one year				
Bank loans	(1,535)	533	1,002	-
Football League loan	(248)	248	(127)	(127)
Debt due after one year				
Bank loans	(4,771)	(1,000)	(1,002)	(6,773)
Football League loan	(255)	-	127	(128)
Amounts due to parent company	(11,735)	1,121	(200)	(10,814)
Amounts due to fellow subsidiary	(855)	10	(139)	(984)
	(19,399)	912	(339)	(18,826)
	(19,905)	(3,799)	(339)	(24,043)

20 Operating lease commitments

At 30 June 2010 the company was committed to making the following payments during the next year in respect of operating leases

	Land and buildings £'000	Other £'000
Leases which expire		
Within 1 year	-	76
Within 2 - 5 years inclusive	184	29
	184	105

21 Deferred taxation

	2010 Provided £'000	2010 Not provided £'000	2009 Provided £'000	2009 Not provided £'000
Accelerated capital allowances	-	2,136	-	2,158
Losses carried forward	-	(13,929)	-	(12,280)
	-	(11,793)	-	(10,122)

The deferred taxation asset of £11,793,352 has not been recognised in respect of the 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 suitable profits arising in the future.

No liability for deferred taxation of £10,038 on the chargeable gain which would arise if the assets were disposed of at the revalued amounts has been provided as there is no intention to dispose of the assets for the foreseeable future.

CHARLTON ATHLETIC FOOTBALL COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2010 *(continued)*

22 Capital commitments

At 30 June 2010 the Company had no capital commitments (2009 - nil).

23 Contingent liabilities

Additional transfer and agent fees of £207,000 (2009 - £3,967,667) will become payable depending on players making specific numbers of appearances, gaining international honours and on field playing success

Additional fees are receivable of £4,330,000 (2009 - £3,665,000) 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 30 June 2010 there was no liability On 23 August 2010 the guarantee to the parent company was released

The Company's parent company has £14,664,110 (2009 - £14,664,110) of convertible secured corporate bonds issued which were secured by a fixed and floating charge over the Company's assets On 5 August 2010 this security was released

The Company's parent company has loans of £7,000,000 (2009 - £1,700,000) from directors which are secured by a fixed and floating charge over the Company's assets On 23 August 2010 these loans were novated to the Company

The receipt of the transfer fees due in respect of certain player sales were accelerated by discounting the fees with financial institutions At 30 June 2010 the financial institutions had full recourse to the Company for £2,237,500 in the event of non-payment of these transfer fees Subsequent to the year end transfer fees of £1,387,500 relating to these transactions have been settled

Additional severance payments of £225,000 (2009 - nil) will become payable depending on league promotion of the club and future change of control

HM Revenue & Customs have notified the Company that in their opinion the VAT input tax claimed on certain agent fees historically was not an allowable expense However in the opinion of the directors in conjunction with the general view of the football industry this is incorrect and no provision has been made in the accounts The directors estimate that the maximum liability arising from this claim would not exceed £500,000

24 Post balance sheet events

On 23 August 2010 the entire issued share capital of the Company was acquired by Baton 2010 Limited, a company controlled by R A Murray On 31 December 2010 CAFC Holdings Limited, a company incorporated in The British Virgin Islands, acquired a controlling interest in Baton 2010 Limited

Since the year end in the normal course of business CA 2010 plc (formerly Charlton Athletic plc) transferred funds of £5,160,000 to the Company

On 23 August 2010 directors' loans of £7 million were novated to the Company from CA 2010 plc (formerly Charlton Athletic plc) These loans are only repayable over a five year period in the event of the football club's promotion to the Premier League and are interest free unless the football club is promoted

On 23 August 2010, CA 2010 plc (formerly Charlton Athletic plc) waived the outstanding debt of £8,925,807 due from the Company

As set out in Note 14.1 the Company has renegotiated its bank loans since the year end No capital repayments of these loans fall due until after 30 November 2011 Capital repayments will commence on 31 August 2011 if the football club is promoted

CHARLTON ATHLETIC FOOTBALL COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2010 *(continued)*

24 Post balance sheet events (continued)

On 23 August 2010 R A Murray agreed to provide funding assistance of £3,000,000 for working capital. On 31 December 2010 this facility was amended to £1,550,000. The loan is only repayable on promotion of the football club and is interest free until this event.

Since the year end the disposal of players' registrations has generated income of £1,785,000 and players' registrations have been acquired for a cost amounting to £415,000.

25 Related party transactions

- 25.1 The following directors, related companies of the directors and family members of the directors of the Company held convertible secured corporate bonds by CA 2010 plc (formerly Charlton Athletic plc) at 30 June 2010 and 30 June 2009

	£
Bolstrom Limited	504,222
D G Chappell	4,105,850
R Hatter	3,088,723
R A Murray	3,601,628
D C Sumners	1,000,000
R C Whitehand	1,713,687

These bonds were secured by fixed and floating charges over the Company's assets. On 5 August 2010 the bonds were converted into ordinary shares of CA 2010 plc (formerly Charlton Athletic plc) and the security has been released.

R A Murray is a director and shareholder of Bolstrom Limited. R Hatter is the son of Sir M Hatter who holds the bonds.

- 25.2 The following directors, related organisations of the directors and family members of the directors of the Company had the following loan transactions with CA 2010 plc (formerly Charlton Athletic plc)

	Loans at 1 July 2009 £	New loans £	Loans at 30 June 2010 £
D G Chappell	500,000	700,000	1,200,000
R Hatter	250,000	750,000	1,000,000
D J Hughes	-	500,000	500,000
R A Murray	450,000	2,150,000	2,600,000
D C Sumners	-	250,000	250,000
D White	-	250,000	250,000
56 Developments LLP	500,000	700,000	1,200,000
	<hr/> 1,700,000 <hr/>	<hr/> 5,300,000 <hr/>	<hr/> 7,000,000 <hr/>

These loans are secured by fixed and floating charges over the Company's assets. As disclosed in Note 24 on 23 August 2010 CA 2010 plc (formerly Charlton Athletic plc) sold its interest in the Company and on that date these loans were novated to the Company.

R C Whitehand is the controlling member of 56 Developments LLP. R Hatter is the son of Sir M Hatter who has made the loans.

CHARLTON ATHLETIC FOOTBALL COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2010 *(continued)*

- 25.3 D G Chappell is a shareholder of UK Private Healthcare Limited. During the year discounting and legal fees of £109,500 were paid to UK Private Healthcare Limited under normal commercial terms.
- 25.4 During the year professional fees of £28,802 were paid to Vertex Law LLP. S Butler-Gallie was a member of Vertex Law LLP.
- 25.5 At 30 June 2010 certain directors being D G Chappell, R A Murray, M Simons, D Sumners and R C Whitehand have together personally guaranteed bank facilities in respect of the bank overdraft and the merchant card services up to £2 million. Since the year end these directors have been released from their guarantees. A Jimenez has now personally guaranteed the bank overdraft facility up to £1 million.
- 25.6 During the year management fees of £805,000 (2009 - £530,000) were charged by CA 2010 plc (formerly Charlton Athletic plc).
- CA 2010 plc (formerly Charlton Athletic plc) has waived interest of £605,118 (2009 - interest payable was £648,475).
- At 30 June 2010 £10,813,565 (2009 - £11,734,813) was owed to CA 2010 plc (formerly Charlton Athletic plc). During the year ended 30 June 2009 CA 2010 plc (formerly Charlton Athletic plc) waived £34,694,281 of debt due from the Company.
- 25.7 During the year fellow subsidiary, Charlton Athletic Holdings Limited, charged the Company rent of £139,000 (2009 - £139,000).
- At 30 June 2010 £983,749 (2009 - £854,968) was owed to Charlton Athletic Holdings Limited.
- 25.8 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.
- 25.9 There were no other material transactions with related parties as defined by FRS 8 'Related Party Transactions'.
- 26 **Ultimate parent company**
- The Company at 30 June 2010 was a wholly owned subsidiary of CA 2010 plc (formerly Charlton Athletic plc), which was also the ultimate parent undertaking and controlling party and is incorporated in England. On 23 August 2010 the entire issued share capital of the Company was acquired by Baton 2010 Limited, a company incorporated in England, controlled by R A Murray by virtue of his shareholdings. On 31 December 2010 CAFC Holdings Limited, a company incorporated in The British Virgin Islands, acquired a controlling interest in Baton 2010 Limited.