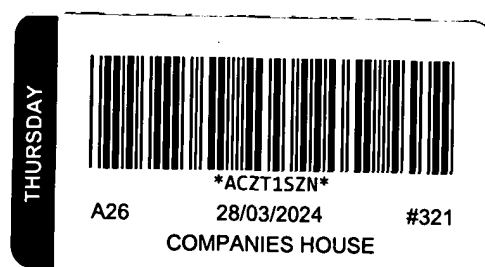

CHARLTON ATHLETIC FOOTBALL COMPANY LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023



CHARLTON ATHLETIC FOOTBALL COMPANY LIMITED

CLUB INFORMATION

Directors	J R Rodwell (appointed 21 July 2023) E M Warrick (appointed 21 July 2023)
Registered number	01788466
Registered office	The Valley Floyd Road London SE7 8BL
Independent auditor	CLA Evelyn Partners Limited Chartered Accountants & Statutory Auditor 45 Gresham Street London EC2V 7BG

CHARLTON ATHLETIC FOOTBALL COMPANY LIMITED

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CHARLTON ATHLETIC FOOTBALL COMPANY LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 30 JUNE 2023

Introduction

The directors present their Strategic Report for Charlton Athletic Football Company Limited ("the Club" or "the Company") for the year ended 30 June 2023.

Principal activity

The principal activity of the Company continues to be the operation of a professional football club, together with related commercial activities.

Review of Business

The financial results for the year ended 30 June 2023 show a change in turnover to £9,802k (2022 - £9,799k) and a loss before taxation to £9,580k (2022 - £6,317k). Shortly after the end of the 2022-2023 financial year, the company was sold by Clear Ocean Capital to SE7 Partners, on 21st July 2023. As a result of the sale of the club to SE7 Partners, new directors have been appointed post year-end, and therefore the current directors do not feel in a position to provide a detailed commentary on the activities in the financial year ending 30 June 2023.

Principal Risks and Uncertainties

There are a number of potential and uncertainties which could have a material impact on the club's long term performance. These are monitored by the Board on a regular basis. These risks include, but are not limited to:

- Performance and success of the playing team and related supporter engagement;
- Recruitment and retention of key employees;
- Rules and regulations of relevant football governing bodies;
- Negotiation and pricing of commercial contracts;
- Cost inflation.

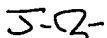
Key Performance Indicators (KPIs)

The new directors consider the KPIs of the business to be the on-pitch performance, revenue levels, average attendance, and operating costs.

Financial risk management

The Company's activities expose it to a wide variety of financial risks. Financial reports are produced regularly and monitored by Board, alongside regularly updated budgeting and forecasts.

This report was approved by the board and signed on its behalf.


James Rodwell (Mar 28, 2024 13:21 GMT)

J R Rodwell
Director

Date: 28/03/2024

CHARLTON ATHLETIC FOOTBALL COMPANY LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2023

The directors present their report and the financial statements for the year ended 30 June 2023.

Results and dividends

The loss for the year, after taxation, amounted to £9,559k (2022 - £6,321k).

No dividends were paid or proposed during the year (2022 - £Nil).

Directors

The directors who served during the year were:

L Rifkind (resigned 21 July 2023)
T Sandgaard (resigned 21 July 2023)

Future Developments

The short term objective is to be competitive in League One and target play off places to regain Championship status as soon as possible. The Company will continue to monitor and control operating costs and maximise revenue opportunities to further invest into the First Team squad and further develop the Youth Academy.

Employees

The Company is committed to employment policies, which follow best practice, base on equal opportunities for all employees, irrespective of sex, race, colour disability or marital status.

Disclosure of information to auditor

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

- so far as the director is aware, there is no relevant audit information of which the club's auditor is unaware, and
- the 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 club's auditor is aware of that information.

This information is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

Post statement of financial position events

On July 21, 2023, it was announced that SE7 Partners Ltd, backed by Global Football Partners, acquired Charlton Athletic Football Company Limited (CAFC), from Clear Ocean Capital. Upon the completion of this transaction, Thomas Sandgaard and Leo Rifkind ceased being Directors of CAFC, at which point James Rodwell and Ed Warrick took over as Directors (see also note 25).

CHARLTON ATHLETIC FOOTBALL COMPANY LIMITED

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2023

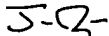
Matters covered in the Strategic Report

Where necessary, disclosures relating to principal risks & uncertainties and future developments have been made in the Strategic Report and have not been repeated here in accordance with Section 414C of the Companies Act 2006.

Auditor

The auditor, CLA Evelyn Partners Limited, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board and signed on its behalf.



James Rodwell (Mar 28, 2024 13:21 GMT)

J R Rodwell
Director

Date: 28/03/2024

CHARLTON ATHLETIC FOOTBALL COMPANY LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 30 JUNE 2023

The directors are responsible for preparing the Strategic Report, 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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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 club and of the profit or loss of the club for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies for the club's financial statements and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the club will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the club's transactions and disclose with reasonable accuracy at any time the financial position of the club and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the club 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 club's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

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

Opinion

We have audited the financial statements of Charlton Athletic Football Company Limited (the 'club') for the year ended 30 June 2023 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, the Statement of Cash Flows, the Analysis of Net Debt and the notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the club's affairs as at 30 June 2023 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the club in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the club's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

CHARLTON ATHLETIC FOOTBALL COMPANY LIMITED

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

Other information

The other information comprises the information included in the Annual Report and Financial Statements, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the Annual Report and Financial Statements. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the club and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

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

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

CHARLTON ATHLETIC FOOTBALL COMPANY LIMITED

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

Auditor's responsibilities for the audit of the financial statements

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

We obtained an understanding of the club's legal and regulatory framework through enquiry of management concerning their understanding of relevant laws and regulations and of the club's policies and procedures regarding compliance. We also drew on our existing understanding of the club's industry and regulation. We understand that the club comply with the framework through:

- Updating operating procedures, manuals and internal controls as legal and regulatory requirements change;
- The directors' close involvement in the day-to-day running of the business, meaning that any litigation or claims would come to their attention directly; and
- The engagement of external experts to ensure ongoing tax compliance.

In the context of the audit, we considered those laws and regulations which determine the form and content of the financial statements and which are central to the club's ability to conduct its business and where failure to comply could result in material penalties. We identified the following laws and regulations as being of significance in the context of the club:

Those that have a direct effect on the determination of material amounts and disclosures in the financial statements. These include:

- Health and safety regulations, including building and fire safety;
- The UK Companies Act 2006 and FRS 102 in respect of the preparation and presentation of the financial statements; and
- Tax legislation.

Those that do not have a direct effect on the financial statements but compliance with which may be fundamental to the club's ability to operate or to avoid a material penalty. These include:

- The Football Association (FA), English Football League (EFL) and FIFA regulations.

We performed the following specific procedures to gain evidence about compliance with the significant laws and regulations above:

- Discussion with senior management including consideration of known or suspected non-compliance with the above regulations;
- We communicated with the club's management regarding existing litigation;
- We have reviewed legal correspondence throughout the year; and
- We obtained written management representations about any potential or ongoing legal disputes.

The senior statutory auditor led a discussion with members of the engagement team regarding the susceptibility of the club's and financial statements to material misstatement, including how fraud might occur.

CHARLTON ATHLETIC FOOTBALL COMPANY LIMITED

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

The areas identified in this discussion were:

- Revenue recognition, specifically around cut-off;
- Journal entries; and
- Going concern.

The procedures that we carried out in order to gain evidence in the above area included:

- Testing of revenue transactions to underlying documentation; and
- Testing journal entries, selected based on specific risk assessments applied based on the club's processes and controls surrounding manual journals.
- Review of Management Forecasts for the period of 12 months from signing, including cash flow forecasts.

The senior statutory auditor was satisfied that the engagement team collectively had the appropriate competence and capabilities to identify or recognise irregularities.

A further description of our responsibilities is available on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the club'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 club's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the club and the club's members as a body, for our audit work, for this report, or for the opinions we have formed.

Andrew Bond

Andrew Bond (Mar 28, 2024 15:02 GMT)

Andrew Bond (Senior Statutory Auditor)

for and on behalf of
CLA Evelyn Partners Limited

Chartered Accountants
Statutory Auditor

45 Gresham Street
London
EC2V 7BG
Date: 28/03/2024

CHARLTON ATHLETIC FOOTBALL COMPANY LIMITED

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2023

	Note	2023 £000	2022 £000
Turnover	4	9,802	9,799
Gross profit		9,802	9,799
Administrative expenses		(19,877)	(19,826)
Exceptional items	5	(148)	(565)
Other operating income	6	363	469
Operating loss	7	(9,860)	(10,123)
Profit on disposal of players		352	3,306
Interest payable and similar expenses	9	(51)	(600)
Loss before tax		(9,559)	(7,417)
Tax on loss	10	-	1,096
Loss for the financial year		(9,559)	(6,321)

There was no other comprehensive income for 2023 (2022 - £Nil).

The notes on pages 15 to 31 form part of these financial statements.

CHARLTON ATHLETIC FOOTBALL COMPANY LIMITED
REGISTERED NUMBER:01788466

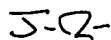
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2023

	Note	2023 £000	2022 £000
Fixed assets			
Intangible assets	11	894	1,847
Tangible assets	12	1,209	1,430
		<u>2,103</u>	<u>3,277</u>
Current assets			
Debtors: amounts falling due after more than one year	13	1,381	2,264
Debtors: amounts falling due within one year	13	2,439	2,214
Cash at bank and in hand	14	11	1,286
		<u>3,831</u>	<u>5,764</u>
Creditors: amounts falling due within one year	15	(27,104)	(20,469)
Net current liabilities		<u>(23,273)</u>	<u>(14,705)</u>
Total assets less current liabilities		<u>(21,170)</u>	<u>(11,428)</u>
Creditors: amounts falling due after more than one year	16	(8,758)	(8,941)
Provisions for liabilities			
Other provisions	18	(130)	(130)
Net liabilities		<u>(30,058)</u>	<u>(20,499)</u>
Capital and reserves			
Called up share capital	19	26,477	26,477
Capital contribution	20	1,038	1,038
Profit and loss account	20	(57,573)	(48,014)
Shareholders' deficit		<u>(30,058)</u>	<u>(20,499)</u>

CHARLTON ATHLETIC FOOTBALL COMPANY LIMITED
REGISTERED NUMBER:01788466

STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS AT 30 JUNE 2023

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



James Rodwell (Mar 28, 2024 13:21 GMT)

J R Rodwell
Director

Date: 28/03/2024

The notes on pages 15 to 31 form part of these financial statements.

CHARLTON ATHLETIC FOOTBALL COMPANY LIMITED

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2023

	Called up share capital £000	Capital contribution £000	Profit and loss account £000	Total equity £000
At 1 July 2021	26,477	4,192	(41,693)	(11,024)
Comprehensive loss for the year				
Loss for the year	-	-	(6,321)	(6,321)
Capital contribution reversed	-	(3,154)	-	(3,154)
At 1 July 2022	26,477	1,038	(48,014)	(20,499)
Comprehensive loss for the year				
Loss for the year	-	-	(9,559)	(9,559)
At 30 June 2023	26,477	1,038	(57,573)	(30,058)

CHARLTON ATHLETIC FOOTBALL COMPANY LIMITED

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2023

	2023 £000	2022 £000
Cash flows from operating activities		
Loss for the financial year	(9,559)	(6,321)
Adjustments for:		
Amortisation of intangible assets	751	786
Depreciation of tangible assets	414	267
Impairments of fixed assets	102	-
Interest payable and similar expenses	51	600
Taxation charge	-	(1,096)
Decrease in debtors	657	1,393
(Decrease)/increase in creditors	(1,287)	1,296
Corporation tax paid	(1)	-
Net cash used in operating activities	(8,872)	(3,075)
Cash flows from investing activities		
Purchase of intangible fixed assets	(113)	(1,748)
Sale of intangible assets	212	462
Purchase of tangible fixed assets	(193)	(1,304)
Net cash used in investing activities	(94)	(2,590)
Cash flows from financing activities		
Loan advanced	8,500	3,490
Repayment of other loans	(809)	-
Net cash generated from financing activities	7,691	3,490
Net (decrease) in cash and cash equivalents	(1,275)	(2,175)
Cash and cash equivalents at beginning of year	1,286	3,461
Cash and cash equivalents at the end of year	11	1,286
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	11	1,286

CHARLTON ATHLETIC FOOTBALL COMPANY LIMITED

ANALYSIS OF NET DEBT
FOR THE YEAR ENDED 30 JUNE 2023

	At 1 July 2022 £000	Cash flows £000	At 30 June 2023 £000
Cash at bank and in hand	1,286	(1,275)	11
Debt due after 1 year	(6,394)	-	(6,394)
Debt due within 1 year	(13,640)	(7,691)	(21,331)
 Total	 (18,748)	 (8,966)	 (27,714)

CHARLTON ATHLETIC FOOTBALL COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

1. General information

Charlton Athletic Football Company Limited (the 'club') is a private company, limited by shares, domiciled and incorporated in England and Wales (registered number: 01788466). The registered office address is The Valley, Floyd Road, London, SE7 8BL.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the club's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 Going concern

As at 30 June 2023, the club had net current liabilities of £23,273k (2022 - £14,705k) and a total comprehensive loss for the financial year of £9,559k (2022 - £6,321k).

The following events relevant to the solvency of the club occurred in the year:

Clear Ocean Capital Limited, a company controlled by T Sandgaard, provided the club with further loan funding of £7,691k during the year as detailed within note 17. Since the year end Clear Ocean Capital Limited waived the loan in its entirety, as part of the sale to SE7 Partners, a company controlled by Global Football Partners, who have since provided the club with additional cash injections.

The directors have prepared forecasts which estimate that the club has sufficient cash to continue as a going concern and pay its liabilities as they fall due for the foreseeable future, being a period of at least one year from the date of approval of the accounts. The forecasts include additional funding to be provided by SE7 Partners, who have confirmed that, if necessary, they will provide additional funding above that envisaged in the base projections. SE7 Partners have provided the club with a letter of financial support for a period of not less than 12 months from the date of signing these financial statements.

As part of the July transaction, SE7 Partners were approved by the EFL after an intensive scrutiny process, and signed up to EFL regulations and provided information relating to the source and sufficiency of funding. The directors believe that the club will be able to meet its liabilities as they fall due for the foreseeable future being a period of not less than one year from the approval of these financial statements. Accordingly, it is appropriate to prepare the accounts on a going concern basis and the accounts do not include any adjustments that would be required if the club was unable to continue as a going concern.

CHARLTON ATHLETIC FOOTBALL COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

2. Accounting policies (continued)

2.3 Turnover

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

2.4 Players' registrations

The cost of obtaining players' registrations with the FA 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. Players are derecognised as intangible assets when they are sold, or if their contracts run out. Any profit or loss on disposal is recognised through profit or loss.

2.5 Foreign currency translation

Functional and presentation currency

The club's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in profit or loss within 'finance income or costs'. All other foreign exchange gains and losses are presented in profit or loss within 'other operating income'.

CHARLTON ATHLETIC FOOTBALL COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

2. Accounting policies (continued)

2.6 Pensions

Defined contribution pension plan

The club operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the club pays fixed contributions into a separate entity. Once the contributions have been paid the club has no further payment obligations.

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of Financial Position. The assets of the plan are held separately from the club in independently administered funds.

Defined benefit scheme

The club is a member of the Football League Pension and Life Assurance Scheme ('the Scheme'). The Scheme is a multi-employer defined benefit pension scheme, where it is unable to identify its share of the underlying assets and liabilities on a consistent and reasonable basis. Therefore, as required by FRS 102, the club accounts for the Scheme as if it were a defined contribution scheme. As a result, the amounts charged to Administrative expenses represent the contributions payable to the Scheme. Where material, contributions payable under an agreement with the Scheme to fund past deficits are recognised as a liability in the club's financial statements.

2.7 Government grants

Grants are accounted under the accruals model as permitted by FRS 102. Grants relating to expenditure on tangible fixed assets are credited to profit or loss at the same rate as the depreciation on the assets to which the grant relates. The deferred element of grants is included in creditors as deferred income.

Grants of a revenue nature are recognised in profit or loss in the same period as the related expenditure.

CHARLTON ATHLETIC FOOTBALL COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

2. Accounting policies (continued)

2.8 Taxation

Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the club operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the reporting date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

2.9 Finance costs

Finance costs are charged to profit or loss over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.10 Borrowing costs

All borrowing costs are recognised in profit or loss in the year in which they are incurred.

2.11 Signing on fees and loyalty payments

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

2.12 Long-term season ticket schemes

The net amount received by the club through long-term season ticket schemes is treated as deferred income within creditors and is released through profit or loss over the period in which the supporters utilise their season ticket.

CHARLTON ATHLETIC FOOTBALL COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

2. Accounting policies (continued)

2.13 Barter transaction

Exchange of goods or services are recognised as revenue when goods are sold or services are exchanged for dissimilar goods or services in a transaction that has commercial substance.

Turnover is recognised at the fair value of the good or services received adjusted by the amount of any cash or cash equivalents transferred.

2.14 Exceptional items

Exceptional items are transactions that fall within the ordinary activities of the club but are presented separately due to their size or incidence.

2.15 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Motor vehicles	- 25%
Fixtures and fittings	- 20 - 33%

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

2.16 Provisions for liabilities

Provisions are made where an event has taken place that gives the club a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to profit or loss in the year that the club becomes aware of the obligation, and are measured at the best estimate at the reporting date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Statement of Financial Position.

CHARLTON ATHLETIC FOOTBALL COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

2. Accounting policies (continued)

2.17 Financial instruments

Financial assets and financial liabilities are recognised in the Statement of Financial Position when the club becomes a party to the contractual provisions of the instrument.

Trade and other debtors and creditors are classified as basic financial instruments and measured on initial recognition at transaction price. Debtors and creditors are subsequently measured at amortised cost using the effective interest rate method. A provision is established when there is objective evidence that the club will not be able to collect all amounts due.

Cash and cash equivalents are classified as basic financial instruments and comprise cash in hand and at bank, short-term bank deposits with an original maturity of three months or less and bank overdrafts which are an integral part of the club's cash management.

Financial liabilities and equity instruments issued by the club are classified in accordance with the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument. An equity instrument is any contract that evidences a residual interest in the assets of the club after deducting all of its liabilities. Equity instruments issued by the club are recorded at the proceeds received, net of direct issue costs.

Interest bearing bank loans, overdrafts and other loans which meet the criteria to be classified as basic financial instruments are initially recorded at the present value of cash payable to the bank, which is ordinarily equal to the proceeds received net of direct issue costs. These liabilities are subsequently measured at amortised cost, using the effective interest rate method.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

3. Judgements in applying accounting policies and key sources of estimation uncertainty

The judgements, estimates and assumptions are evaluated at each reporting date and are based on historical experience as adjusted for current market conditions and other factors. Management makes estimates and assumptions concerning the future in preparing the financial statements and the actual results will not always reflect the accounting estimates made. The estimates and assumptions that had a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities of the club are outlined below.

Bad debt provision

The trade debtors balance of £1,381k (2022 - £2,264k) recorded in the Company's balance sheet comprises a relatively small number of large balances. A full line by line review of these balances is carried out and a provision is applied based on adjudged recoverability. At the year-end a bad debt provision of £29k (2022 - £22k) was included within trade debtors.

Provisions and contingent liabilities

Creditors and provisions contain allowances for certain contingent amounts payable to players and to other clubs based on management's best estimate of certain future events, such as the number of player appearances, and the amount that will become payable as a result. Actual future costs may differ from the amounts provided.

Ex-director loans

Under FRS 102, these loans have to be recognised at their present value which differs from the original transaction value. In calculating the present value, given the highly subjective nature of any assumption used, it is assumed that promotion to the Premier League is gained at the earliest possibility (i.e. 1 year from 30 June 2025). Should this not be achieved the present value of the loans will differ materially from the value currently presented.

Operating leases

On 25 September 2020 the lease agreements relating to the Valley Stadium and Training Ground were amended following Clear Ocean Capital Limited's acquisition of the club, including revised rents and lease terms of 15 years, respectively. The directors have assessed that these leases represent operating leases in accordance with FRS 102 Section 20.5.

Depreciation of tangible fixed assets

Tangible fixed assets are depreciated over their useful life taking into account residual value where appropriate. The actual useful lives of the assets and residual values may vary depending upon a number of factors, including technological innovation and maintenance programmes.

Players' registrations

The cost of obtaining players' registrations are amortised evenly over the period of the respective players' contracts. The market value of a player could differ significantly from its net book value in the financial statements.

CHARLTON ATHLETIC FOOTBALL COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

4. Turnover

An analysis of turnover by class of business is as follows:

	2023 £000	2022 £000
Television and broadcast	2,278	2,309
Ticket income and match day activities	5,020	5,174
Commercial	1,505	1,008
Other	999	1,308
	<u>9,802</u>	<u>9,799</u>

All revenue arose within the United Kingdom.

Elements of the prior year turnover have been reclassified to present an updated consistent comparison year on year. Total comparative turnover is unchanged.

5. Exceptional items

	2023 £000	2022 £000
Severance pay	<u>148</u>	<u>565</u>

6. Other operating income

	2023 £000	2022 £000
Grant income	211	212
Other income	152	257
	<u>363</u>	<u>469</u>

CHARLTON ATHLETIC FOOTBALL COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

7. Operating loss

The operating loss is stated after charging:

	2023 £000	2022 £000
Amortisation of intangible assets	751	786
Depreciation of tangible fixed assets	414	267
Hire of plant and machinery	8	13
Fees payable to the club's auditor for the audit of the club's annual financial statements	50	39
Non-audit fees	5	5
Other operating lease rentals	678	601
	<u> </u>	<u> </u>

8. Employees

Staff costs, including directors' remuneration, were as follows:

	2023 £000	2022 £000
Wages and salaries	9,249	9,982
Social security costs	959	1,039
Cost of defined contribution scheme	71	122
	<u> </u>	<u> </u>
	10,279	11,143
	<u> </u>	<u> </u>

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

	2023 No.	2022 No.
Full time playing, training and football management	113	113
Administration, commercial and stadium maintenance	57	50
Casual staff	16	20
	<u> </u>	<u> </u>
	186	183
	<u> </u>	<u> </u>

9. Interest payable and similar expenses

	2023 £000	2022 £000
Other loan interest	51	600
	<u> </u>	<u> </u>

CHARLTON ATHLETIC FOOTBALL COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

10. Taxation

	2023 £000	2022 £000
Corporation tax		
Current tax on loss for the year	-	(1,096)
	<hr/>	<hr/>
Taxation on profit/(loss) on ordinary activities	-	(1,096)
	<hr/>	<hr/>

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2022 - *higher than*) the standard rate of corporation tax in the UK of 20.5% (2022 - 19%). The differences are explained below:

	2023 £000	2022 £000
Loss on ordinary activities before tax	(9,559)	(7,417)
	<hr/>	<hr/>
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 20.5% (2022 - 19%)	(1,781)	(1,409)
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	6	2
Capital allowances for year in excess of depreciation	14	34
Non-taxable income	(43)	(40)
Unrelieved tax losses carried forward	2,217	1,727
Remeasurement of deferred tax for changes in tax rates recognised in other comprehensive income	(413)	(415)
Adjustments to tax charge in respect of prior years	-	(1,096)
Group relief surrendered	-	101
	<hr/>	<hr/>
Total tax charge/(credit) for the year	-	(1,096)
	<hr/>	<hr/>

CHARLTON ATHLETIC FOOTBALL COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

10. Taxation (continued)

Factors that may affect future tax charges

Finance Act 2021 includes legislation to increase the main rate of corporation tax from 19% to 25% from 1 April 2023. The full anticipated effect of these changes is reflected in the above deferred tax balances.

The club has tax losses of approximately £120 million (2022 - £110 million) available to carry forward against future trading profits.

11. Intangible assets

	Players' registrations £000
Cost	
At 1 July 2022	2,789
Additions	113
Disposals	(362)
Impairment	(102)
At 30 June 2023	2,438
Amortisation	
At 1 July 2022	942
Charge for the year	751
On disposals	(149)
At 30 June 2023	1,544
Net book value	
At 30 June 2023	894
At 30 June 2022	1,847

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

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

CHARLTON ATHLETIC FOOTBALL COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

12. Tangible fixed assets

	Motor vehicles £000	Fixtures and fittings £000	Total £000
Cost			
At 1 July 2022	93	6,799	6,892
Additions	-	193	193
Disposals	(93)	(4,628)	(4,721)
At 30 June 2023	-	2,364	2,364
Depreciation			
At 1 July 2022	93	5,369	5,462
Charge for the year	-	414	414
Disposals	(93)	(4,628)	(4,721)
At 30 June 2023	-	1,155	1,155
Net book value			
At 30 June 2023	-	1,209	1,209
At 30 June 2022	-	1,430	1,430

CHARLTON ATHLETIC FOOTBALL COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

13. Debtors

	2023 £000	2022 £000
Due after more than one year		
Trade debtors	1,381	2,264
	<u>1,381</u>	<u>2,264</u>
Due within one year		
Trade debtors	2,037	1,523
Bad debt provision	(29)	(22)
Amounts owed by group undertakings	107	140
Other debtors	169	149
Prepayments and accrued income	155	424
	<u>2,439</u>	<u>2,214</u>

14. Cash and cash equivalents

	2023 £000	2022 £000
Cash at bank and in hand	11	1,286
	<u>11</u>	<u>1,286</u>

15. Creditors: Amounts falling due within one year

	2023 £000	2022 £000
Bank loans and overdrafts	93	-
Amounts owed to group companies	21,331	13,640
Trade creditors	1,961	2,506
Corporation tax	3	4
Other taxation and social security	508	813
Other creditors	669	652
Accruals and deferred income	2,539	2,854
	<u>27,104</u>	<u>20,469</u>

CHARLTON ATHLETIC FOOTBALL COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

16. Creditors: Amounts falling due after more than one year

	2023 £000	2022 £000
Other loans	6,394	6,394
Other creditors	46	49
Grants received	2,318	2,530
Accruals and deferred income	-	(32)
	<u>8,758</u>	<u>8,941</u>

On 25 September 2020, the previous owners Clear Ocean Capital Limited acquired the club, as part of the change in ownership of the club, a deed of waiver and release was signed on 25 September 2020 in respect of obligations owed by the club to Staprix NV. The loan owed to Staprix NV of £44,247k was waived in consideration for certain fixtures within leasehold improvement assets which were owned by the club as at 25 September 2020 and contingent consideration being payable by the club to Staprix NV if the club is promoted to the Premier League before 25 September 2030 (note 23). The details of which have not been disclosed as they are considered to be prejudicial to the arrangements entered into by the club as part of the 25 September 2020 transaction.

17. Loans

Analysis of the maturity of loans is given below:

	2023 £000	2022 £000
Amounts falling due within one year		
Amounts owed to group companies	21,331	13,640
Amounts falling due 2-5 years		
Other loans	3,715	3,715
Amounts falling due after more than 5 years		
Other loans	2,679	2,679
	<u>27,725</u>	<u>20,034</u>

CHARLTON ATHLETIC FOOTBALL COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

18. Provisions

	Dilapidation Provision £000
At 1 July 2022	130
At 30 June 2023	<u>130</u>

Dilapidations provision is required at the training ground & stadium for the carpet and wall redecoration.

19. Share capital

	2023 £000	2022 £000
Allotted, called up and fully paid		
26,477,268 Ordinary shares of £1.00 each	<u>26,477</u>	<u>26,477</u>

The Ordinary shares each have full voting, dividend and distribution rights.

20. Reserves

Capital contribution

This reserve relates to capital contributions arising on financing transactions with the club's parent company, Clear Ocean Capital Limited.

Profit and loss account

This reserve relates to the cumulative retained earnings less amounts distributed to shareholders.

21. Contingent assets and liabilities

Additional transfer and agent fees £367k (2022 - £679k) will become payable depending on players making specific numbers of appearances, gaining international honours and on-field playing success.

Additional fees are receivable of £200k (2022 - £250k) where players sold make specific numbers of appearances, gain international honours or achieve on-field success.

Contingent consideration may be payable by the club to Staprix NV if the club is promoted to the Premier League before 25 September 2030. This contingent consideration payable by the club is considered to be a contingent liability as at 30 June 2023. The details of which have not been disclosed as they are considered to be prejudicial to the arrangements entered into by the club as part of the 25 September 2020 transaction.

CHARLTON ATHLETIC FOOTBALL COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

22. Pension commitment

The club participates in the Football League Pension and Life Assurance Scheme ('the Scheme'). The Scheme is a funded multi-employer defined benefit scheme, with 92 participating employers, and where members may have periods of service attributable to several participating employers. The club is unable to identify its share of assets and liabilities of the Scheme and therefore accounts for its contributions as if they were paid to a defined contribution scheme.

The accrual of benefits ceased within the Scheme on 31 August 1999, therefore there are no contributions relating to current accruals. The club pays monthly contributions based on a notional split of the total expenses and deficit contributions of the Scheme. At 30 June 2023 the club's share of the deficit was £110k (2022 - £143k).

The club currently pays total contributions of £33k (2022 - £31k), per annum which increases at 5.0% per annum (first increase at 1 September 2016) and based on the actuarial valuation assumptions used in the Scheme, will be sufficient to pay off the deficit by 1 July 2026.

23. Commitments under operating leases

At 30 June the club had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2023 £000	2022 £000
Land and building leases		
Not later than 1 year	578	582
Later than 1 year and not later than 5 years	2,304	2,350
Later than 5 years	3,478	4,010
	<u>6,360</u>	<u>6,942</u>
	2023 £000	2022 £000
Other leases		
Not later than 1 year	19	25
Later than 1 year and not later than 5 years	29	45
	<u>48</u>	<u>70</u>

24. Related party transactions

The Company has taken advantage of the exemption in FRS 102 Section 33.1A to not disclose transactions with wholly owned group entities.

The total amount of remuneration paid to key management personnel during the year was £1,148k (2022 - £2,093k).

CHARLTON ATHLETIC FOOTBALL COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

25. Post statement of financial position events

On July 21, 2023, it was announced that SE7 Partners Ltd, backed by Global Football Partners, acquired Charlton Athletic Football Company Limited (CAFC), from Clear Ocean Capital. Upon the completion of this transaction, Thomas Sandgaard and Leo Rifkind ceased being Directors of CAFC, at which point James Rodwell and Ed Warrick took over as Directors.

Since the year-end, the disposal of players' registrations has generated income of £843k (2022 - £400k), and transfer costs totalling £630k (2022 - £95k) were paid.

Since the year-end, additional loan funding was provided by the previous controlling party, Clear Ocean Capital Limited, and the loan was waived in its entirety as part of the sale of the club to SE7 Partners, a company controlled by Global Football Partners, who have since provided the club with additional cash injections of £8.9m.

26. Controlling party

The immediate parent undertaking was Clear Ocean Capital Limited. As at 21 July 2023 there was a change of ownership and SE7 Partners Ltd became the immediate parent undertaking, a company registered in England and Wales.

The ultimate parent undertaking is Global Football Partners Limited, a company incorporated in the Cayman Islands.

The smallest and largest group of undertakings for which group accounts for the year ending 30 June 2023 have been drawn up is that headed by Global Football Partners Limited. The registered office address of Global Football Partners Limited is PO Box 309, Maples Corporate Services Limited, Ugland House, KY1-1104, Grand Cayman, Cayman Islands. Copies of the group accounts are available from PO Box 309, Maples Corporate Services Limited, Ugland House, KY1-1104, Grand Cayman, Cayman Islands.

Prior to 27 July 2024, Thomas Sandgaard was considered to be the ultimate controlling party. From that date, the Directors do not consider there to be an ultimate controlling party.