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**BATON 2010 LIMITED**

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**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 30 JUNE 2012**



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**BATON 2010 LIMITED**

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**COMPANY INFORMATION**

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<b>Directors</b>	T M Jimenez R A Murray M R Slater M C Prothero (appointed 31 July 2012) S Kavanagh (resigned 26 July 2012) P D Varney (resigned 13 July 2012) A R S Newall (appointed 9 February 2012 & resigned 22 June 2012)
<b>Company number</b>	07326155
<b>Registered office</b>	The Valley Floyd Road London SE7 8BL
<b>Auditors</b>	Nyman Libson Paul Chartered Accountants & Statutory Auditors Regina House 124 Finchley Road London NW3 5JS

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**BATON 2010 LIMITED**

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## BATON 2010 LIMITED

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

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The directors present their report and the financial statements for the year ended 30 June 2012. In respect of the comparative period, the company acquired the entire share capital of Charlton Athletic Football Company Limited and Charlton Athletic Holdings Limited on 23 August 2010. Therefore the comparative period approximates to 10 months of trading for the group.

#### Principal activities

The principal activity of the group comprises the operation of a professional football club, together with related commercial activities.

#### Business review

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

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

As a result of the increased attendances, turnover increased by £1,385,000 to £8,552,000 (2011 – £7,167,000), primarily due to an increase in match-day ticket and hospitality sales.

Operating expenses were £15,976,000 (2011 – £12,087,000), the increase on prior year reflecting the squad investment in summer 2011 and contractual bonuses due to players and management of £658,000 as a result of gaining promotion to the Championship. The operating loss was £7,424,000 (2011 – £4,920,000).

Profit on disposal of players' registration amounted to £1,013,000 (2011 – £1,531,000). This arose primarily from the transfer of Elliott and the contingent appearance fees for Shelvey and Richardson.

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

#### Principal risks and uncertainties

The key performance indicators detailed above are linked to the on-field performance and therefore the principal risk facing the group 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 group and its ability to trade profitably.

#### Results and dividend

The loss for the year, after taxation, amounted to £6,816,000 (2011 – loss £3,722,000).

The directors do not recommend the payment of a dividend.

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## **BATON 2010 LIMITED**

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

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#### **Directors**

The directors who served during the year were

T M Jimenez

R A Murray

M R Slater

M C Prothero (appointed 31 July 2012)

S Kavanagh (resigned 26 July 2012)

P D Varney (resigned 13 July 2012)

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

#### **Directors' responsibilities statement**

The directors are responsible for preparing the directors' report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and the group and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and accounting estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and the group 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 the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

#### **Directors' and officers' liability insurance**

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

#### **Payments policy**

The group 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 the order will be paid in accordance with the terms agreed. Trade creditors represented 77 days of annual purchases, when the effect of major capital works and player purchases are excluded.

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**BATON 2010 LIMITED**

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

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**Political and charitable contributions**

There were no charitable donations (2011 £nil) The group provides match tickets, hospitality and signed memorabilia for numerous charitable organisations, local schools and youth teams The group 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 (2011 £nil)

**Employee involvement**

The group 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 group's website The group operates an equal opportunity policy for recruitment and training development which gives equal opportunities to all employees regardless of age, gender, colour, race, religion or ethnic origin The group 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 group's policy wherever practicable, to provide continuing employment under normal terms and conditions and to provide training, career development and promotion to disabled employees where appropriate The group has a committee which is responsible for all aspects of its health, safety and environmental policies which meets regularly to discharge the group's responsibilities in these areas

**Auditors**

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

**Provision of information to auditors**

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

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

This report was approved by the board on

27/11/12

and signed on its behalf



**M R Slater**  
Director

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## **BATON 2010 LIMITED**

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### **INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF BATON 2010 LIMITED**

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We have audited the financial statements of Baton 2010 Limited for the year ended 30 June 2012, set out on pages 6 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 more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

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

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

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

In our opinion the financial statements

- give a true and fair view of the state of the group's and the parent company's affairs as at 30 June 2012 and of the group's loss for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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

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

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**BATON 2010 LIMITED**

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**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF BATON 2010 LIMITED**

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**Matters on which we are required to report by exception**

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

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us, or
- the parent 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



Richard Paul (Senior statutory auditor)

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

Chartered Accountants  
Statutory Auditors

Regina House  
124 Finchley Road  
London  
NW3 5JS

27 November 2012



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**BATON 2010 LIMITED**

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

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		<b>30 June 2012 £000</b>	<b>Period ended 30 June 2011 £000</b>
	<b>Note</b>		
<b>TURNOVER</b>	1,2	8,552	7,167
Administrative expenses		(15,976)	(12,087)
<b>OPERATING LOSS</b>	3	(7,424)	(4,920)
Profit on disposal of players		1,013	1,531
Interest receivable and similar income	6	-	1
Interest payable and similar charges	7	(405)	(334)
<b>LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		(6,816)	(3,722)
Tax on loss on ordinary activities	8	-	-
<b>LOSS FOR THE FINANCIAL YEAR</b>		(6,816)	(3,722)

All amounts relate to continuing operations

The notes on pages 11 to 26 form part of these financial statements

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**BATON 2010 LIMITED**

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**CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES  
FOR THE YEAR ENDED 30 JUNE 2012**

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		<b>30 June 2012 £000</b>	<b>Period ended 30 June 2011 £000</b>
<b>LOSS FOR THE FINANCIAL YEAR</b>	<b>Note</b>	<b>(6,816)</b>	<b>(3,722)</b>
Realisation of negative goodwill on acquisition of subsidiaries		-	9,075
<b>TOTAL RECOGNISED GAINS AND LOSSES RELATING TO THE YEAR</b>		<b>(6,816)</b>	<b>5,353</b>

The notes on pages 11 to 26 form part of these financial statements

**BATON 2010 LIMITED**  
**REGISTERED NUMBER 07326155**

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

	Note	£000	2012 £000	£000	2011 £000
<b>FIXED ASSETS</b>					
Intangible assets	9		1,272		1,198
Tangible assets	10		32,064		32,920
			<u>33,336</u>		<u>34,118</u>
<b>CURRENT ASSETS</b>					
Stocks	12	40		123	
Debtors	13	1,053		1,209	
Cash at bank and in hand		49		42	
		<u>1,142</u>		<u>1,374</u>	
<b>CREDITORS</b> amounts falling due within one year	14	(9,226)		(8,271)	
<b>NET CURRENT LIABILITIES</b>			<u>(8,084)</u>		<u>(6,897)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u>25,252</u>		<u>27,221</u>
<b>CREDITORS</b> amounts falling due after more than one year	15		(23,715)		(18,868)
<b>NET ASSETS</b>			<u>1,537</u>		<u>8,353</u>
<b>CAPITAL AND RESERVES</b>					
Called up share capital	17		-		-
Share premium account	18		3,000		3,000
Other reserves	18		9,075		9,075
Profit and loss account	18		(10,538)		(3,722)
<b>SHAREHOLDERS' FUNDS</b>	19		<u>1,537</u>		<u>8,353</u>

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

27/11/12.

  
M R Slater  
Director

The notes on pages 11 to 26 form part of these financial statements

**BATON 2010 LIMITED**  
**REGISTERED NUMBER 07326155**

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

	Note	£000	2012 £000	£000	2011 £000
<b>FIXED ASSETS</b>					
Investments	11		-		-
<b>CURRENT ASSETS</b>					
Debtors	13	9,943		3,000	
<b>CREDITORS</b> amounts falling due within one year	14	(7)		-	
<b>NET CURRENT ASSETS</b>			9,936		3,000
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			9,936		3,000
<b>CREDITORS</b> amounts falling due after more than one year	15		(6,943)		-
<b>NET ASSETS</b>			2,993		3,000
<b>CAPITAL AND RESERVES</b>					
Called up share capital	17		-		-
Share premium account	18		3,000		3,000
Profit and loss account	18		(7)		-
<b>SHAREHOLDERS' FUNDS</b>	19		2,993		3,000

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

27/11/12.

M R Slater  
Director

The notes on pages 11 to 26 form part of these financial statements

**BATON 2010 LIMITED**

**CONSOLIDATED CASH FLOW STATEMENT  
FOR THE YEAR ENDED 30 JUNE 2012**

		<b>30 June 2012 £000</b>	<b>Period ended 30 June 2011 £000</b>
Net cash flow from operating activities	20	(4,763)	(2,669)
Returns on investments and servicing of finance	21	(405)	(333)
Capital expenditure and financial investment	21	(784)	(1,067)
Acquisitions and disposals	21	-	203
<b>CASH OUTFLOW BEFORE FINANCING</b>		<b>(5,952)</b>	<b>(3,866)</b>
Financing	21	5,767	3,476
<b>DECREASE IN CASH IN THE YEAR</b>		<b>(185)</b>	<b>(390)</b>

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

	<b>30 June 2012 £000</b>	<b>Period ended 30 June 2011 £000</b>
Decrease in cash in the year	(185)	(390)
Cash inflow from increase in debt and lease financing	(5,767)	(876)
<b>CHANGE IN NET DEBT RESULTING FROM CASH FLOWS</b>	<b>(5,952)</b>	<b>(1,266)</b>
New finance lease	(115)	-
Loans acquired with subsidiaries	-	(14,587)
<b>MOVEMENT IN NET DEBT IN THE YEAR</b>	<b>(6,067)</b>	<b>(15,853)</b>
Net debt at 1 July 2011	(15,853)	-
<b>NET DEBT AT 30 JUNE 2012</b>	<b>(21,920)</b>	<b>(15,853)</b>

The notes on pages 11 to 26 form part of these financial statements

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## BATON 2010 LIMITED

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

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#### 1. ACCOUNTING POLICIES

##### 1.1 Basis of preparation of financial statements

The financial statements have been prepared in accordance with applicable United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and under the historical cost convention, as modified by the revaluation of land and buildings

##### 1.2 Going concern

The board of directors has reviewed the future cash flow projections of the group and in their opinion, subject to the ongoing support of the group's bankers and CAFC Holdings Limited, the group 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 Basis of consolidation

The financial statements consolidate the accounts of Baton 2010 Limited and all of its subsidiary undertakings ('subsidiaries')

The results of subsidiaries acquired during the year are included from the effective date of acquisition

##### 1.4 Turnover

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

##### 1.5 Tangible fixed assets and depreciation

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

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

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## BATON 2010 LIMITED

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

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#### 1. ACCOUNTING POLICIES (continued)

##### 1.6 Goodwill

Negative goodwill arising on the acquisition of subsidiaries in the period ending 30 June 2011 is included in the statement of total recognised gains and losses and is credited to other reserves. This is not in accordance with FRS 10, which requires that negative goodwill should be presented as a negative asset immediately below the goodwill heading on the balance sheet. Since the negative goodwill materially relates to assets which are neither depreciated or held for resale, the negative goodwill could remain on the balance sheet as a negative asset indefinitely. The directors consider that the treatment required by FRS 10 would not show a true and fair view, as it would not properly reflect the particular transaction or correctly state the net assets of the group. The treatment adopted is not inconsistent with the requirements of the Companies Act 2006.

##### 1.7 Investments

Investments in subsidiaries are valued at cost less provision for impairment.

##### 1.8 Stocks

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

##### 1.9 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.

##### 1.10 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.

##### 1.11 Players' registrations

The cost 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.

##### 1.12 Signing on 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.

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## BATON 2010 LIMITED

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

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#### 1 ACCOUNTING POLICIES (continued)

##### 1.13 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 the 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 tax is not provided on timing differences arising from the revaluation of assets.

##### 1.14 Leasing and hire purchase

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

##### 1.15 Foreign currencies

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

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

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

##### 1.16 Pensions

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



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**BATON 2010 LIMITED**

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

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**2 TURNOVER**

An analysis of turnover by class of business is as follows

	<b>30 June 2012 £000</b>	<b>Period ended 30 June 2011 £000</b>
Television and broadcast	1,146	979
Ticket income and match day activities	5,120	4,479
Commercial	1,851	1,376
Other	435	333
	<u>8,552</u>	<u>7,167</u>

All turnover arose within the United Kingdom

**3. OPERATING LOSS**

The operating loss is stated after charging

	<b>30 June 2012 £000</b>	<b>Period ended 30 June 2011 £000</b>
Amortisation - intangible fixed assets	672	324
Depreciation of tangible fixed assets		
- owned by the group	1,009	832
Auditors' remuneration	23	19
Auditors' remuneration - non-audit	5	2
Operating lease rentals		
- plant and machinery	54	52
- other operating leases	178	252
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**BATON 2010 LIMITED**

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

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**4. STAFF COSTS**

Staff costs, including directors' remuneration, were as follows

	<b>30 June 2012 £000</b>	<b>Period ended 30 June 2011 £000</b>
Wages and salaries	7,985	5,820
Social security costs	859	587
Other pension costs	26	42
	<u>8,870</u>	<u>6,449</u>

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

	<b>30 June 2012 No.</b>	<b>Period ended 30 June 2011 No</b>
Full time playing, training and football management	73	62
Administration, commercial and stadium maintenance	55	59
	<u>128</u>	<u>121</u>

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

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**BATON 2010 LIMITED**

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

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**5. DIRECTORS' REMUNERATION**

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

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

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

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

**6. INTEREST RECEIVABLE**

	<b>30 June</b>	<b>Period ended</b>
	<b>2012</b>	<b>30 June</b>
	<b>£000</b>	<b>2011</b>
Other interest receivable	-	1
	<u>-</u>	<u>1</u>

**7. INTEREST PAYABLE**

	<b>30 June</b>	<b>Period ended</b>
	<b>2012</b>	<b>30 June</b>
	<b>£000</b>	<b>2011</b>
On bank loans and overdrafts	384	318
Discounting costs on acceleration of transfer payments and television and broadcast income	-	16
On finance leases and hire purchase contracts	21	-
	<u>405</u>	<u>334</u>

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**BATON 2010 LIMITED**

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

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**8. TAXATION****Factors affecting tax charge for the year/period**

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

	<b>30 June 2012 £000</b>	<b>Period ended 30 June 2011 £000</b>
Loss on ordinary activities before tax	<u>(6,816)</u>	<u>(3,722)</u>
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 26% (2011 - 28%)	(1,772)	(1,042)
<b>Effects of</b>		
Expenses not deductible for tax purposes	-	3
Depreciation for year in excess of capital allowances	194	223
Non-taxable income	(64)	(66)
Tax losses arising in the period	<u>1,642</u>	<u>882</u>
<b>Current tax charge for the year/period (see note above)</b>	<u>-</u>	<u>-</u>

**Factors that may affect future tax charges**

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

**BATON 2010 LIMITED**

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

**9. INTANGIBLE FIXED ASSETS**

<b>Group</b>	<b>Players' registrations £000</b>
<b>Cost</b>	
At 1 July 2011	1,512
Additions	818
Disposals	(875)
At 30 June 2012	<u>1,455</u>
<b>Amortisation</b>	
At 1 July 2011	314
Charge for the year	672
On disposals	(803)
At 30 June 2012	<u>183</u>
<b>Net book value</b>	
At 30 June 2012	<u><u>1,272</u></u>
At 30 June 2011	<u><u>1,198</u></u>

**10 TANGIBLE FIXED ASSETS**

<b>Group</b>	<b>Freehold properties £000</b>	<b>Leasehold improvements £000</b>	<b>Ground and office equipment £000</b>	<b>Total £000</b>
<b>Cost</b>				
At 1 July 2011	5,810	27,821	121	33,752
Additions	-	2	151	153
At 30 June 2012	<u>5,810</u>	<u>27,823</u>	<u>272</u>	<u>33,905</u>
<b>Depreciation</b>				
At 1 July 2011	-	760	72	832
Charge for the year	-	965	44	1,009
At 30 June 2012	<u>-</u>	<u>1,725</u>	<u>116</u>	<u>1,841</u>
<b>Net book value</b>				
At 30 June 2012	<u><u>5,810</u></u>	<u><u>26,098</u></u>	<u><u>156</u></u>	<u><u>32,064</u></u>
At 30 June 2011	<u><u>5,810</u></u>	<u><u>27,061</u></u>	<u><u>49</u></u>	<u><u>32,920</u></u>

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**BATON 2010 LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
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**10. TANGIBLE FIXED ASSETS (continued)**

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

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

**11 FIXED ASSET INVESTMENTS**

	<b>2012 £</b>
<b>Cost or valuation</b>	
At 1 July 2011	151
At 30 June 2012	151

<b>Company name</b>	<b>Country</b>	<b>Percentage Shareholding</b>	<b>Description</b>
Charlton Athletic Football Company Limited	United Kingdom	100%	Professional football club
Charlton Athletic Holdings Limited	United Kingdom	100%	Property investment

**12. STOCKS**

	<b>Group</b>		<b>Company</b>	
	<b>2012 £000</b>	<b>2011 £000</b>	<b>2012 £000</b>	<b>2011 £000</b>
Goods for resale	40	123	-	-

**BATON 2010 LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
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**13. DEBTORS**

	<u>Group</u>		<u>Company</u>	
	<b>2012</b>	<b>2011</b>	<b>2012</b>	<b>2011</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Trade debtors	531	274	-	-
Amounts owed by group undertakings	-	-	9,943	2,600
Amounts owed by parent company	-	400	-	400
Prepayments and accrued income	522	535	-	-
	<u>1,053</u>	<u>1,209</u>	<u>9,943</u>	<u>3,000</u>

**14 CREDITORS**

**Amounts falling due within one year**

	<u>Group</u>		<u>Company</u>	
	<b>2012</b>	<b>2011</b>	<b>2012</b>	<b>2011</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Bank loans and overdrafts	2,217	1,518	-	-
Football League loan	-	128	-	-
Other loans	250	-	-	-
Net obligations under finance leases and hire purchase contracts	39	-	-	-
Trade creditors	1,523	2,266	-	-
Social security and other taxes	1,009	753	-	-
Other creditors	83	90	-	-
Accruals and deferred income	4,105	3,516	7	-
	<u>9,226</u>	<u>8,271</u>	<u>7</u>	<u>-</u>

Other loans are loans from R A Murray of £250,000 which is due for repayment within one year. This forms part of the loan totalling £1,550,000 disclosed in further detail in note 15.

For details of security on bank loans and overdrafts see note 15.

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

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**15. CREDITORS**

Amounts falling due after more than one year

	<u>Group</u>		<u>Company</u>	
	<b>2012</b>	2011	<b>2012</b>	2011
	<b>£000</b>	£000	<b>£000</b>	£000
Bank loans	4,177	5,699	-	-
Other loans	8,300	8,550	-	-
Amounts owed to parent company	6,943	-	6,943	-
Net obligations under finance leases and hire purchase contracts	42	-	-	-
Grants received	3,907	4,013	-	-
Accruals and deferred income	346	606	-	-
	<u>23,715</u>	<u>18,868</u>	<u>6,943</u>	<u>-</u>

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

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

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

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

At 30 June the group had the following bank loans

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



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

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

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

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

The bank loans and overdrafts are secured by fixed and floating charges over the assets of the company and its subsidiaries

**16. DEFERRED TAXATION**

The deferred tax asset of £12,060,083 (2011 £11,365,427) has not been recognised in respect of timing differences relating to tax losses as there is insufficient evidence that this asset will be recovered. The asset will be recovered if there are taxable profits arising in the future.

No liability for deferred taxation of £757,000 which would arise if the freehold properties are disposed of at the revalued amounts has been provided as there is no intention to dispose of the properties for the foreseeable future.

**17. SHARE CAPITAL**

	<b>2012 £</b>	<b>2011 £</b>
<b>Allotted called up and fully paid</b>		
1,000 ordinary shares of £0.10 each	100	100
	<hr/>	<hr/>

**BATON 2010 LIMITED**

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

**18. RESERVES**

	Share premium account £000	Other reserves £000	Profit and loss account £000
<b>Group</b>			
At 1 July 2011	3,000	9,075	(3,722)
Loss for the year	-	-	(6,816)
At 30 June 2012	<u>3,000</u>	<u>9,075</u>	<u>(10,538)</u>

Other reserves arises from negative goodwill in subsidiaries acquired

	Share premium account £000	Profit and loss account £000
<b>Company</b>		
At 1 July 2011	3,000	-
Loss for the year	-	(7)
At 30 June 2012	<u>3,000</u>	<u>(7)</u>

**19. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS**

	2012 £000	2011 £000
<b>Group</b>		
Opening shareholders' funds	8,353	-
Loss for the year/period	(6,816)	(3,722)
Share premium on shares issued (net of expenses)	-	3,000
Other recognised gains and losses during the year/period	-	9,075
Closing shareholders' funds	<u>1,537</u>	<u>8,353</u>

	2012 £000	2011 £000
<b>Company</b>		
Opening shareholders' funds	3,000	-
(Loss)/profit for the year/period	(7)	-
Share premium on shares issued (net of expenses)	-	3,000
Closing shareholders' funds	<u>2,993</u>	<u>3,000</u>

The company has taken advantage of the exemption contained within section 408 of the Companies Act 2006 not to present its own profit and loss account.

The (loss)/profit for the year/period dealt with in the accounts of the company was £7,000 (2011 - £nil)

**BATON 2010 LIMITED**

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

**20. NET CASH FLOW FROM OPERATING ACTIVITIES**

	<b>30 June 2012 £000</b>	<b>Period ended 30 June 2011 £000</b>
Operating loss	(7,424)	(4,920)
Amortisation of intangible fixed assets	672	324
Depreciation of tangible fixed assets	1,009	832
Profit on disposal of players	1,013	1,531
Decrease in stocks	83	81
Decrease/(increase) in debtors	156	(89)
Decrease in creditors	(272)	(428)
<b>Net cash outflow from operating activities</b>	<b>(4,763)</b>	<b>(2,669)</b>

**21. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN CASH FLOW STATEMENT**

	<b>30 June 2012 £000</b>	<b>Period ended 30 June 2011 £000</b>
<b>Returns on investments and servicing of finance</b>		
Interest received	-	1
Interest paid	(384)	(334)
Hire purchase interest	(21)	-
<b>Net cash outflow from returns on investments and servicing of finance</b>	<b>(405)</b>	<b>(333)</b>

	<b>30 June 2012 £000</b>	<b>Period ended 30 June 2011 £000</b>
<b>Capital expenditure and financial investment</b>		
Purchase of intangible fixed assets	(818)	(1,089)
Sale of intangible fixed assets	72	22
Purchase of tangible fixed assets	(38)	-
<b>Net cash outflow from capital expenditure</b>	<b>(784)</b>	<b>(1,067)</b>

	<b>30 June 2012 £000</b>	<b>Period ended 30 June 2011 £000</b>
<b>Acquisitions and disposals</b>		
Purchase of fixed asset investments	-	-
Net cash acquired with subsidiaries	-	203

**BATON 2010 LIMITED**

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

**21 ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN CASH FLOW STATEMENT (continued)**

	30 June 2012 £000	Period ended 30 June 2011 £000
<b>Financing</b>		
Issue of ordinary shares	-	2,600
New secured loans	-	876
Repayment of bank loans	(1,014)	-
New parent company loans	6,943	-
Repayment of other loans	(128)	-
Repayment of finance leases	(34)	-
<b>Net cash inflow from financing</b>	<u>5,767</u>	<u>3,476</u>

**22. ANALYSIS OF CHANGES IN NET DEBT**

	1 July 2011 £000	Cash flow £000	Other non-cash changes £000	30 June 2012 £000
Cash at bank and in hand	42	7	-	49
Bank overdraft	(432)	(192)	-	(624)
	<u>(390)</u>	<u>(185)</u>	<u>-</u>	<u>(575)</u>
<b>Debt.</b>				
Finance leases	-	34	(115)	(81)
Debts due within one year	(1,214)	1,142	(1,772)	(1,844)
Debts falling due after more than one year	(14,249)	(6,943)	1,772	(19,420)
<b>Net debt</b>	<u>(15,853)</u>	<u>(5,952)</u>	<u>(115)</u>	<u>(21,920)</u>

**23 CONTINGENT LIABILITIES**

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

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

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

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**BATON 2010 LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
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**24. OPERATING LEASE COMMITMENTS**

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

	Land and buildings		2012 £000	Other 2011 £000
	2012 £000	2011 £000		
Group				
Expiry date				
Within 1 year	-	11	54	63
Between 2 and 5 years	64	159	87	60

**25. RELATED PARTY TRANSACTIONS**

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

Included in other loans is an amount of £4,150,000 (2011 £4,150,000) owed to R A Murray, a director of the company

During the year transactions took place between the football 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.

**26. POST BALANCE SHEET EVENTS**

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

**27. CONTROLLING PARTY**

The company's parent company and ultimate controlling party is CAFC Holdings Limited, a company registered in the British Virgin Islands