Registered number: 07326155

BATON 2010 LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

BATON 2010 LIMITED

COMPANY INFORMATION

Directors	R Duchâtelet K Meire R A Murray
Registered number	07326155
Registered office	The Valley Floyd Road London SE7 8BL
Independent auditors	Nyman Libson Paul Chartered Accountants & Registered Auditors Regina House 124 Finchley Road London NW3 5JS

BATON 2010 LIMITED

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GROUP STRATEGIC REPORT
FOR THE YEAR ENDED 30 JUNE 2016

Introduction

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

Football review

Youth Academy

The 2015/16 season was another highly productive season for player development, progression and team performance at Academy level.

There were 5 Academy debutants over the course of the season. One of these, Ademola Lookman went on to make 24 appearances during the campaign. Ademola was also selected for England and later played in the UEFA U19 Championships in July 2016.

For the third consecutive season, two Academy graduates received notable achievements at the end of season Supporters Awards evening. Jordan Cousins was voted 'Player of the Year' and Ademola Lookman was voted 'Young Player of the Year'. In addition Ademola also achieved the Football League 'Apprentice of the Year ' at the annual Football League Awards at Manchester in May.

The Academy have been very pleased and proud of the 'player progression to first team' pathway for some years now and this was confirmed statistically at national level with the Premier League publicising the Productivity Data for all 92 League clubs. The data for 12 seasons was impressive enough with the Academy never being below 6th out of 72 Football League Clubs. The last 3 season statistics were even better as seen below:

- All 92 professional clubs - 7th
- All 72 EFL clubs - 4th
- 19 Category 2 clubs - 3rd

These figures inform many staff, past and present, of the Charlton player development model working successfully. An immensely satisfying achievement with a new challenge ahead – to maintain and build further the transition of an Academy player into professional football and establish himself at first team level for the Football Club.

The Under 18 team retained the National Title with a thrilling penalty shoot-out victory over Sheffield United, but had to be content with a second placed finish in the league. The Under 21 team did the reverse, winning the Development League South title, but going out in the National Play Off Semi Final to Sheffield United. They also reached the National League Cup Quarter Final and the Kent Senior Cup Final, losing to Huddersfield and Dartford respectively. So honours once again for both teams, achieving the best set of overall results and trophies amongst Category 2 clubs.

The ambition of the Academy is still to gain a Category 1 licence. The Academy will undergo a Category 2 audit in November 2016. It is hoped that with a high achieving pass mark we will be in a position to apply for a re-audit for Cat 1 status in the 2017/18 season. The completion of the first phase of pitch reconstruction has seen the installation of two new 3G Floodlit/ Full Size Artificial Pitches. These pitches have given the Academy increased flexibility in the structuring of the Academy coaching programme and opened the door to increased contact time for players. They have been outstanding additions to our facilities.

1st team

The 1st team continued to compete in the Football League Championship for the fourth successive season, having finished twelfth in the 2014/15 season. The 15/16 season saw a promising start in August however the performances and results that followed were immensely disappointing and the team battled within and around the relegation zone for the majority of the year, culminating in relegation in 22nd position with 40 points.

The disappointing performances on the pitch led to a 6% decrease in average attendances at the Valley, an average decrease of 1,076 to 15,632 (2014/15 – 16,708). Consistent with previous years, the season's highest attendance of the year was the "Football For A Fiver" game, on this occasion against Reading, with a crowd of 21,506.

The Board takes full responsibility for last season's failure. Since May 2016, the club's number one priority has been securing a return to the Championship at the earliest opportunity. Significant changes were made to the coaching and playing staff, recruitment, medical and sports science departments over the summer to achieve this objective.

However, with the club occupying 15th place after the first third of the season, the Board reluctantly parted company with first team manager Russell Slade. After a thorough selection process, the club appointed Karl Robinson, who led previous club MK Dons to the Championship just 18 months previous. At the time of writing, CAFC occupied 11th position in League One, just 2 points away from a play-off position with a game in hand.

Ownership

Throughout the year the club was owned by Staprix NV, a company registered in Belgium, which is beneficially owned by Roland Duchâtelet.

Financial review

Bank loans

The remaining bank loan balance of £0.9m was fully repaid by 31 December 2015 meaning that the Club is completely free of bank debt, a very positive development.

Turnover

	2016 (£000)	2015 (£000)	Variance (£000)	Variance (%)
Central income	4,984	4,179	805	19
Match day	4,758	5,248	(490)	(9)
Commercial	1,269	1,146	123	11
Other	1,095	1,197	(102)	(9)
Total	**12,106**	**11,770**	**336**	**3**

Central income consists of English Football League (EFL) and Premier League (PL) central distributions. There was a 19% increase on the previous year as a result of the 2015/16 season being the first year of the new TV deal for the EFL. Furthermore, the Addicks saw four home games being televised in 2015/16 as opposed to just one in the previous year, generating a £360,000 increase in revenue. Solidarity distributions (£2.3m) are made to those clubs throughout the EFL who are not in receipt of parachute payments and this income was consistent with the previous year.

Match-day income consists primarily of ticket income, match-day hospitality, advertising and programmes. The 9% decrease on prior year arises due to the decrease in attendances from the 14/15 season and fan discontent leading to reduced purchases at the Valley on matchdays.

Commercial income comprises primarily of sponsorship, non-matchday events and retail. The 11% increase on prior year arises mainly as a result of new sponsorship agreements achieved.

Other income principally comprises youth academy grant income arising from the Elite Player Performance Plan. The level of grant is determined by the category status of the club's youth academy. Other income also includes significant contributions from Valley Gold, the independent lottery organisation linked to the Club, which further supports the development of players in our successful Youth Academy. The 9% decrease in 2015/16 is primarily due to the business rates rebate received in 14/15 not being replicated in 15/16.

Operating expenses

Operating expenses, excluding depreciation and player amortisation, were £21.2m (2015 - £16.8m), the £4.4m increase on prior year primarily reflecting the significant additional player wages and associated costs incurred in an attempt to remain in the Championship, alongside renegotiated contracts for certain key players - total staff costs were £14.1m (2015 - £11.5m).

Profit on disposal of players' registrations

Profit on disposal of players' registrations amounted to £0.0m (2015 – £4.4m). The transfers of Gomez (Liverpool) and Poyet (West Ham Utd) in the prior year were not replicated in the year to 30 June 2016 in order to give the club the best possible chance of staying in the Championship. It is noted however that significant player sales did occur after the year-end – as set out in note 23 to the financial statements.

GROUP STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2016

Loss before taxation

Once interest, depreciation and amortisation are taken into account the retained loss for the year was £14.0m (2015 - £4.5m), this financial result being reflective of the disappointing season on the pitch.

These levels of losses are clearly unsustainable and the lessons learned in the 2015/16 season will ensure that they are not repeated. That said, losses of this level are not unusual in the Championship and reflect the immensely competitive nature of the League as teams strive for promotion to the 'Promised Land' of the Premier League.

Fixed Asset revaluation

During the year, in accordance with FRS 102, land and buildings at the Valley and Sparrows Lane Training Ground were revalued in order to reflect current market conditions. This revaluation generated an increase in value of £12.8m (2015: £nil), with an associated tax charge of £2.6m (2015: £nil), both of which are reflected in the Statement of Comprehensive Income. Once the revaluation has been taken into account it means that the total comprehensive loss for the year was £3.8m (2015: loss of £4.5m).

Key Performance Indicators

The key performance indicators discussed above are further detailed in Notes 4 and 6 to the financial statements. These revenue and cost centres are monitored regularly by the Board against detailed budgets.

Impact of FRS102

These financial statements reflect the first year of adoption of Financial Reporting Standard 102 (FRS102) issued by the Financial Reporting Council. The prior year financial statements have been restated for material adjustments on adoption of FRS 102 in the current year – for more information, refer to note 25 to the financial statements.

This report was approved by the board on 28/11/16 and signed on its behalf.

K Meire
Director

DIRECTORS' REPORT
FOR THE YEAR ENDED 30 JUNE 2016

The directors present their report and the financial statements for the year ended 30 June 2016.

Results and dividends

The loss for the year, after taxation, amounted to £14,029,000 (2015 - loss £4,548,000).

Total comprehensive loss for the year was £3,776,000 (2015 - loss £4,548,000).

Directors

The directors who served during the year were:

R Duchâtelet
K Meire
R A Murray

Directors' responsibilities statement

The directors are responsible for preparing the Group Strategic Report, the Directors' Report and the consolidated 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 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 for the Group's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the 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.

Charitable contributions

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 material and have not been quantified. The group also facilitated fundraising for a variety of charitable organisations on matchdays at the Valley, including specifically Charlton Athletic Community Trust. There were no political donations. The group made charitable contributions of £nil (2015: £nil) during the year.

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2016

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 order will be paid in accordance with the terms agreed. Trade creditors represented 69 days (2015: 69 days) of annual purchases, when the effect of major capital works and player purchases are excluded.

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 group. 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, sexual orientation, marital status, nationality, pregnancy, 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.

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.

Auditors

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

Disclosure of information to auditors

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

- so far as the director is aware, there is no relevant audit information of which the Company and the Group's auditors are 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 Company and the Group's auditors are aware of that information.

This report was approved by the board on 28/11/16 and signed on its behalf.

K Meire
Director

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF BATON 2010 LIMITED

We have audited the financial statements of Baton 2010 Limited for the year ended 30 June 2016, set out on pages 9 to 31. The relevant financial reporting framework that has been applied in their preparation is the Companies Act 2006 and the 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'.

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 on page 5, 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 Financial Reporting Council'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 Group Strategic Report and the Directors' Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. 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 2016 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 Group Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with those financial statements.

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF BATON 2010 LIMITED (CONTINUED)

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.

Nyman Libson Paul

Richard Paul (Senior Statutory Auditor)

for and on behalf of
Nyman Libson Paul

Chartered Accountants
Registered Auditors

Regina House
124 Finchley Road
London
NW3 5JS
Date: 28 NOVEMBER 2016

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2016

	Note	2016 £000	2015 £000
Turnover	4	12,106	11,770
Gross profit		12,106	11,770
Administrative expenses		(24,001)	(19,364)
Exceptional administrative expenses		(623)	(162)
Operating loss	5	(12,518)	(7,756)
Profit on disposal of players		39	4,406
Interest payable and similar charges	7	(1,550)	(1,198)
Loss before taxation		(14,029)	(4,548)
Tax on loss	8	-	-
Loss for the year		(14,029)	(4,548)
Unrealised surplus on revaluation of tangible fixed assets net of deferred taxation		10,253	-
Other comprehensive income for the year		10,253	-
Total comprehensive loss for the year		(3,776)	(4,548)

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2016

	Note	£000	2016 £000	£000	2015 £000
Fixed assets					
Intangible assets	11		5,951		4,598
Tangible assets	12		54,389		40,275
			60,340		44,873
Current assets					
Debtors: amounts falling due after more than one year	14	-		1,500	
Debtors: amounts falling due within one year	14	2,473		1,136	
Cash at bank and in hand		640		2,817	
		3,113		5,453	
Creditors: amounts falling due within one year	15	(4,976)		(6,823)	
Net current liabilities			(1,863)		(1,370)
Total assets less current liabilities			58,477		43,503
Creditors: amounts falling due after more than one year	16		(63,709)		(47,523)
Provisions for liabilities					
Deferred tax	17	(6,688)		(4,124)	
			(6,688)		(4,124)
Net assets			(11,920)		(8,144)
Capital and reserves					
Share premium account			3,000		3,000
Revaluation reserve			19,873		9,620
Other reserves			9,075		9,075
Profit and loss account			(43,868)		(29,839)
			(11,920)		(8,144)

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 28/11/16.

K Meire
Director

COMPANY STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2016

	Note	£000	2016 £000	£000	2015 £000
Current assets					
Debtors: amounts falling due within one year	14	55,651		40,114	
		55,651		40,114	
Creditors: amounts falling due within one year	15	(7)		(8)	
Net current assets			55,644		40,106
Total assets less current liabilities			55,644		40,106
Creditors: amounts falling due after more than one year	16		(54,094)		(37,970)
Net assets			1,550		2,136
Capital and reserves					
Share premium account			3,000		3,000
Profit and loss account			(1,450)		(864)
			1,550		2,136

The financial statements were approved and authorised for issue by the board and were signed on its behalf on
28/11/16

K Meire
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2016

	Share premium account	Revaluation reserve	Other reserves	Profit and loss account	Total equity
	£000	£000	£000	£000	£000
At 1 July 2015	3,000	9,620	9,075	(29,839)	(8,144)
Comprehensive income for the year					
Loss for the year	-	-	-	(14,029)	(14,029)
Surplus on revaluation of freehold property	-	1,080	-	-	1,080
Surplus on revaluation of leasehold property	-	9,173	-	-	9,173
Other comprehensive income for the year	-	10,253	-	-	10,253
Total comprehensive income/(loss) for the year	-	10,253	-	(14,029)	(3,776)
At 30 June 2016	3,000	19,873	9,075	(43,868)	(11,920)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2015

	Share premium account	Revaluation reserve	Other reserves	Profit and loss account	Total equity
	£000	£000	£000	£000	£000
At 1 July 2014	3,000	9,620	9,075	(25,291)	(3,596)
Comprehensive income for the year					
Loss for the year	-	-	-	(4,548)	(4,548)
Total comprehensive income/(loss) for the year	-	-	-	(4,548)	(4,548)
At 30 June 2015	3,000	9,620	9,075	(29,839)	(8,144)

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

COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2016

	Share premium account	Profit and loss account	Total equity
	£000	£000	£000
At 1 July 2015	3,000	(864)	2,136
Comprehensive income for the year			
Loss for the year	-	(586)	(586)
Other comprehensive income for the year	-	-	-
Total comprehensive income/(loss) for the year	-	(586)	(586)
At 30 June 2016	3,000	(1,450)	1,550

COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2015

	Share premium account	Profit and loss account	Total equity
	£000	£000	£000
At 1 July 2014	3,000	(297)	2,703
Comprehensive income for the year			
Loss for the year	-	(567)	(567)
Other comprehensive income for the year	-	-	-
Total comprehensive income/(loss) for the year	-	(567)	(567)
At 30 June 2015	3,000	(864)	2,136

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

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2016

	2016 £000	2015 £000
Cash flows from operating activities		
Loss for the financial year	(14,029)	(4,548)
Adjustments for:		
Amortisation of intangible assets	1,988	1,388
Depreciation of tangible assets	1,481	1,384
Decrease in stocks	-	22
Decrease/(increase) in debtors	164	(1,122)
(Decrease)/increase in creditors	(836)	762
Interest payable	1,549	1,196
HP interest payable	1	2
Net cash generated from operating activities	(9,682)	(916)
Cash flows from investing activities		
Purchase of intangible fixed assets	(4,119)	(1,747)
Sale of intangible assets	778	64
Purchase of tangible fixed assets	(2,779)	(1,225)
HP interest paid	(1)	(2)
Net cash from investing activities	(6,121)	(2,910)
Cash flows from financing activities		
Repayment of loans	(949)	(1,774)
New loans from parent company	16,124	9,456
Interest paid	(1,549)	(1,196)
Net cash used in financing activities	13,626	6,486
Cash and cash equivalents at beginning of year	2,817	157
Cash and cash equivalents at the end of year	640	2,817
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	640	2,817
	640	2,817

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

1. General information

Baton 2010 Limited ("the Company") and its subsidiaries (together "the Group") conduct the operation of a professional football club and related commercial activities.

The Company is a private company limited by shares and is incorporated in England. The address of the registered office 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 in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland and the Companies Act 2006.

Information on the impact of first-time adoption of FRS 102 is given in note 25.

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

2.2 Basis of consolidation

The consolidated financial statements present the results of the Group and its own subsidiaries ("the Group") as if they form a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

In accordance with the transitional exemption available in FRS 102, the group has chosen not to retrospectively apply the standard to business combinations that occurred before the date of transition to FRS 102, being 01 July 2014.

2.3 Going concern

The group meets its day to day liabilities using funding from its ultimate parent company, Staprix NV. The board of directors has reviewed the future cash flow projections of the company and in their opinion, 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, due to receiving a letter of support from Staprix NV for the period. Accordingly the accounts have been prepared on a going concern basis.

2.4 Revenue

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

2. Accounting policies (continued)

2.5 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 the statement of comprehensive income.

2.6 Tangible fixed assets

Freehold buildings

Freehold buildings comprise of the Valley stadium and the Sparrows Lane training ground. Freehold buildings are inititally recognised at cost. Other costs include leasehold improvements, interior fitouts to the stadium and training ground which are initially recognised at cost. After recognition, under the revaluation model, they are carried at fair value determined with sufficient regularity so as to ensure that the carrying value does not differ materially from that which would be determined using fair value at the end of each reporting period.

Such fair values are determined every five years, with an interim valuation three years in to the five years, by external valuers and derived using the depreciated cost approach because the specialised nature of the asset means that there are no market transactions of this type of asset except as part of the business or entity.

From a group perspective, the properties are freehold properties as they are owned by the group and used for the group's trading activities. The properties are held by Charlton Athletic Holdings Ltd but as there is no trade in this company, they are held as investment properties in the single entity accounts to comply with the requirements of FRS 102. Charlton Athletic Football Company Ltd leases the properties from Charlton Athletic Holdings Ltd.

Other tangible fixed assets

Other tangible fixed assets comprise ground and office equipment and motor vehicles. These assets 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.

2. Accounting policies (continued)

2.6 Tangible fixed assets (continued)

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives.

Depreciation is provided on the following basis:

Freehold buildings	- 2%
Leasehold improvements	- 2%
Ground and office equipment	- 20 - 33.33%
Motor vehicles	- 20%
Interior fit outs	- 10 - 20%

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.

Derecognition
Tangible assets are derecognised on disposal or when no future economic benefits are expected. On disposal, the difference between the net disposal proceeds and the carrying amount is recognised through profit or loss.

2.7 Goodwill

Negative goodwill arising on the acquisition of subsidiaries in the period ending 30 June 2011 is credited to other reserves. This is not in accordance with FRS 102, which requires that negative goodwill should be presented as a negative asset immediately below the goodwill heading on the statement of financial position. Since the negative goodwill materially relates to assets which are neither depreciated or held for resale, the negative goodwill could remain on the statement of financial position as a negative asset indefinitely. The directors consider that the treatment required by FRS 102 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 consistent with the requirements of the Companies Act 2006.

2.8 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.9 Debtors

Short term debtors are measured at transaction price, less any impairment.

2.10 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours.

2. Accounting policies (continued)

2.11 Financial instruments

The group only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties and loans to related parties.

2.12 Creditors

Short term creditors are measured at the transaction price.

2.13 Grants received

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

2.14 Foreign currency translation

Functional and presentation currency

The group's functional and presentational currency is GB pounds.

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.

2.15 Finance costs

Bank overdrafts
Finance costs incurred on bank overdrafts are recognised through profit or loss in the period in which they are charged.

Other debt
Finance costs are charged through profit or loss over the term of the debt using the effective interest rate method so that the amount charged is at a constant rate on the carrying amount.

2.16 Pensions

The group operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the group pays fixed contributions into a separate entity. Once the contributions have been paid the group has no further payments obligations. The contributions are recognised as an expense in the Profit and Loss Account when they fall due. Amounts not paid are shown in accruals as a liability in the Balance Sheet. The assets of the plan are held separately from the group in independently administered funds.

2. Accounting policies (continued)

2.17 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised through profit or loss, except that a change 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 company operates and generates income.

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation.

Deferred tax is provided on timing differences arising from the revaluation of fixed assets in the financial statements.

A net deferred tax asset is not recognised only if it can be regarded as more likely than not that there will be suitable taxable profits from which the future reveral of the underlying timing differences can be deducted.

Deferred tax assets and liabilities are calculated at the tax rates expected to effective at the time the timing differences are expected to reverse.

Deferred tax assets and liabilities are not discounted.

2.18 Long term season ticket schemes

The net amount received by the company 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 investors receive their season ticket.

2.19 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.

2.20 Leasing and hire purchase

Leases of assets that transfer substantially all risks and rewards incidental to ownership are classified as finance leases.

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 through profit or loss over the terms of the relevant agreements.

Leases that do not transfer all of the risks and rewards of ownership are classified as operating leases. Rentals payable under operating leases are charged through profit or loss on a straight line basis.

2. Accounting policies (continued)

2.21 Exceptional items

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

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

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the reporting date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates.

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 assumptions used, it is assumed that promotion to the Premier League is gained at the earliest possibility (i.e. 2 years from 30 June 2016). Should this not be achieved the present value of the loans will differ materially from the value currently presented.

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 representative players' contracts. The market value of a player could differ significantly from its net book value in the financial statements.

4. Turnover

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

	2016 £000	2015 £000
Television and broadcast	4,984	4,180
Ticket income and match day activities	4,758	5,110
Commercial	1,269	1,283
Other	1,095	1,197
	12,106	11,770

All turnover arose within the United Kingdom.

5. Operating loss

The operating loss is stated after charging:

	2016 £000	2015 £000
Depreciation of tangible fixed assets	1,481	1,383
Amortisation of intangible assets, including goodwill	1,988	1,388
Hire of plant and machinery	43	110
Other operating lease rentals	188	177
Auditors' remuneration	30	30
Auditors' remuneration - other services	8	8

6. Staff costs

Staff costs were as follows:

	2016 £000	2015 £000
Wages and salaries	12,480	10,203
Social security costs	1,558	1,253
Other pension costs	26	24
	14,064	11,480

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

	2016 No.	2015 No.
Full time playing, training and football management	100	99
Administration, commercial and stadium maintenance	46	45
	146	144

In addition, the company employs on average 113 (2015: 121) temporary staff on match days.

During the year, no director received any emoluments (2015: £nil) in respect of their services as a director.

Key management compensation

Key management comprises members of senior management across all areas of the business. The compensation paid or payable to key management for employee services was £838,761 (2015: £685,030).

7. Interest payable and similar charges

	2016 £000	2015 £000
Bank interest payable	6	70
Loans from group undertakings	1,367	955
Unwinding of ex-director loans	176	171
Finance leases and hire purchase contracts	1	2
	1,550	1,198

8. Taxation

	2016 £000	2015 £000
Total current tax	-	-

Factors affecting tax charge for the year

The tax assessed for the year is the same as (2015 - the same as) the standard rate of corporation tax in the UK of 20% (2015 - 20%) as set out below:

	2016 £000	2015 £000
Loss on ordinary activities before tax	(14,029)	(4,548)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2015 - 20%)	(2,806)	(910)
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	38	37
Capital allowances for year in excess of depreciation	91	119
Non-taxable income	(41)	(43)
Tax losses arising in the period	2,718	797
Total tax charge for the year	-	-

Factors that may affect future tax charges

The group has tax losses of approximately £88 million (2015: £74 million) available to carry forward against future trading profits.

9. Exceptional items

	2016 £000	2015 £000
Staff restructuring	623	162
	623	162

10. Parent company profit for the year

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of Comprehensive Income in these financial statements. The loss after tax of the parent Company for the year was £586,000 (2015 - loss £567,000).

11. Intangible assets

Group and Company

	Players' registrations £000
Cost	
At 1 July 2015	7,657
Additions	4,119
Disposals	(3,095)
At 30 June 2016	8,681
Amortisation	
At 1 July 2015	3,059
Charge for the year	1,988
On disposals	(2,317)
At 30 June 2016	2,730
Net book value	
At 30 June 2016	5,951
At 30 June 2015	4,598

Additions related primarily to the acquisitions of Naby Sarr, Nicky Ajose, Jorge Avelino Teixeira and Zakarya Bergdich. Disposals (including contract terminations) related primarily to Piotr Parzyszek, Rhoys Wiggins and Loic Nego.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

12. Tangible fixed assets

Group

	Freehold properties £000	Leasehold improvements £000	Ground and office equipment £000	Motor vehicles £000	Total £000
Cost or valuation					
At 1 July 2015	10,350	32,147	3,800	41	46,338
Additions	-	2,125	637	17	2,779
Revaluations	1,350	7,313	-	-	8,663
At 30 June 2016	11,700	41,585	4,437	58	57,780
Depreciation					
At 1 July 2015	-	3,010	3,012	41	6,063
Charge for period on owned assets	-	1,143	336	2	1,481
On revalued assets	-	(4,153)	-	-	(4,153)
At 30 June 2016	-	-	3,348	43	3,391
Net book value					
At 30 June 2016	11,700	41,585	1,089	15	54,389
At 30 June 2015	10,350	29,137	788	-	40,275

Cost or valuation at 30 June 2016 is as follows:

	Land and buildings £000
At cost	28,171
At valuation:	
Revalued at 30 June 2016 by Cushman and Wakefield under Existing Use Value	25,114
	53,285

12. Tangible fixed assets (continued)

If the land and buildings had not been included at valuation they would have been included under the historical cost convention as follows:

	2016 £000	2015 £000
Group		
Cost	28,171	28,171
Net book value	28,171	28,171

13. Fixed asset investments

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Country of incorporation	Class of shares	Holding	Principal activity
Charlton Athletic Football Company Limited	England	Ordinary	100 %	Operation of a professional football club and related commercial activities
Charlton Athletic Holdings Limited	England	Ordinary	100 %	Property investment

The aggregate of the share capital and reserves as at 30 June 2016 and of the total comprehensive profit or loss for the year ended on that date for the subsidiary undertakings were as follows:

	Aggregate of share capital and reserves £000	Profit/(loss) £000
Charlton Athletic Football Company Limited	(24,538)	(4,324)
Charlton Athletic Holdings Limited	11,054	1,134
	(13,484)	(3,190)

14. Debtors

	Group 2016 £000	Group 2015 £000	Company 2016 £000	Company 2015 £000
Due after more than one year				
Trade debtors	-	1,500	-	-
	-	1,500	-	-

14. Debtors (continued)

	Group 2016 £000	Group 2015 £000	Company 2016 £000	Company 2015 £000
Due within one year				
Trade debtors	1,812	581	-	-
Amounts owed by group undertakings	-	-	55,651	40,114
Other debtors	18	23	-	-
Prepayments and accrued income	643	532	-	-
	2,473	1,136	55,651	40,114

15. Creditors: Amounts falling due within one year

	Group 2016 £000	Group 2015 £000	Company 2016 £000	Company 2015 £000
Bank loans	-	949	-	-
Trade creditors	1,714	1,389	-	-
Taxation and social security	682	1,289	-	-
Other creditors	18	14	-	-
Accruals and deferred income	2,562	3,182	7	8
	4,976	6,823	7	8

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

	Group 2016 £000	Group 2015 £000	Company 2016 £000	Company 2015 £000
Amounts owed to parent company	54,094	37,970	54,094	37,970
Other loans	6,044	5,868	-	-
Grants received	3,482	3,589	-	-
Accruals and deferred income	89	96	-	-
	63,709	47,523	54,094	37,970

Amounts owed to the parent company consists of £18.6m acquired at the date of acquisition by Staprix NV (4 January 2014), with the balance consisting of cash funds injected into the Company since 4 January 2014, along with capitalised interest at 3% on those funds. There is no fixed repayment date for the amounts owed to Baton 2010 Ltd.

Other loans are loans from R A Murray and other former directors of the company totalling £7,000,000 (2015: £7,000,000) which are interest free and repayments only commence on promotion of the football club to the Premier League. In accordance with FRS 102 these loans have been discounted to present value using a discount factor of 3%, giving a net present value of £6,043,538 (2015: £5,867,513). The unwinding of interest of £176,025 (2015: £170,898) is included within interest payable (note 7).

17. Deferred taxation

Group

	2016 £000	2015 £000
At beginning of year	(4,124)	(4,124)
Charged to the statement of comprehensive income	(2,564)	-
At end of year	(6,688)	(4,124)

The provision for deferred taxation is made up as follows:

	Group 2016 £000	Group 2015 £000
Revaluation of tangible fixed assets	(6,688)	(4,124)
	(6,688)	(4,124)

18. Share capital

	2016 £	2015 £
Shares classified as equity		
Authorised, allotted, called up and fully paid		
1,000 Ordinary shares of £0.10 each	100	100

19. Contingent liabilities and assets

Additional transfer and agents fees of £1,961,185 (2015: £1,729,607) 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 £4,650,000 (2015: £6,245,000) where players sold make specific numbers of appearances, gain international honours or achieve on field success.

20. Revaluation reserve

The revaluation reserve arose on the revaluation of the Valley Stadium and Sparrows Lane Training Ground and is stated net of deferred tax of £4,753,000 (2015: £2,459,000).

21. Commitments under operating leases

At 30 June 2016 the Group had future minimum lease payments under non-cancellable operating leases as follows:

	Group 2016 £000	Group 2015 £000
Land and building leases		
Not later than 1 year	156	128
Later than 1 year and not later than 5 years	54	50
Later than 5 years	225	238
	435	416

	Group 2016 £000	Group 2015 £000	Company 2016 £000	Company 2015 £000
Other leases				
Not later than 1 year	118	111	-	-
Later than 1 year and not later than 5 years	167	155	-	-
Later than 5 years	-	2	-	-
	285	268	-	-

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

22. Related party transactions

Staprix NV charged interest on loans in the period to the group at 3%, resulting in an interest charge of £1,367,000 (2015: £955,000). This interest is not paid by the group, instead it is capitalised and added to the loan capital amount.

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.

23. Post balance sheet events

Since the year end the disposal of players' registrations has generated income of £6,057,000.

In addition, transfer costs, termination payments and agency fees totalling £359,359 were paid.

24. Controlling party

The company's parent company and ultimate controlling party is Staprix NV, a company registered in Belgium, which is 95% owned by Roland Duchâtelet.

25. First time adoption of FRS 102

The Group and Company transitioned to FRS 102 from previously extant UK GAAP as at 1 July 2014. The impact of the transition to FRS 102 is as follows:

Group

	See number below	As previously stated 1 July 2014 £000	Effect of transition 1 July 2014 £000	FRS 102 (as restated) 1 July 2014 £000	As previously stated 30 June 2015 £000	Effect of transition 30 June 2015 £000	FRS 102 (as restated) 30 June 2015 £000
Fixed assets		44,738	-	44,738	44,873	-	44,873
Current assets		1,693	-	1,693	5,453	-	5,453
Creditors: amounts falling due within one year		(6,951)	-	(6,951)	(6,822)	-	(6,822)
Net current liabilities		(5,258)	-	(5,258)	(1,369)	-	(1,369)
Total assets less current liabilities		39,480	-	39,480	43,504	-	43,504
Creditors: amounts falling due after more than one year	1	(40,254)	1,303	(38,951)	(48,655)	1,132	(47,523)
Provisions for liabilities	2	-	(4,124)	(4,124)	-	(4,124)	(4,124)
Net liabilities		(774)	(2,821)	(3,595)	(5,151)	(2,992)	(8,143)
Capital and reserves		(774)	(2,821)	(3,595)	(5,151)	(2,992)	(8,143)

25. First time adoption of FRS 102 (continued)

	See number below	As previously stated 30 June 2015 £000	Effect of transition 30 June 2015 £000	FRS 102 (as restated) 30 June 2015 £000
Turnover		11,770	-	11,770
		11,770	-	11,770
Administrative expenses		(19,526)	-	(19,526)
Operating profit		(7,756)	-	(7,756)
Profit on disposal of players		4,406	-	4,406
Interest payable and similar charges	1	(1,027)	(171)	(1,198)
Loss on ordinary activities after taxation and for the financial year		(4,377)	(171)	(4,548)

Explanation of changes to previously reported profit and equity:

1 Under FRS 102, loans to former directors must be discounted to present value. As the discount is unwound, the finance cost is being released through profit or loss.

2 The adoption of FRS 102 has resulted in deferred tax liabilities arising on revaluation of tangible fixed assets.

Company

There were no reported material differences affecting the company on adoption of FRS 102.