Registered number: 07326155

BATON 2010 LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2014

COMPANY INFORMATION

Directors	R Duchâtelet (appointed 3 January 2014) K Meire (appointed 3 January 2014) R A Murray M R Slater (resigned 28 January 2014) T M Jimenez (resigned 3 January 2014) M C Prothero (resigned 3 January 2014)
Registered number	07326155
Registered office	The Valley Floyd Road London SE7 8BL
Independent auditors	Nyman Libson Paul Chartered Accountants & Statutory Auditors Regina House 124 Finchley Road London NW3 5JS

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DIRECTORS' REPORT
FOR THE YEAR ENDED 30 JUNE 2014

The directors present their report and the financial statements for the year ended 30 June 2014.

Results and dividend

The loss for the year, after taxation, amounted to £5,670,000 (2013 - £5,985,000).

The directors do not recommend the payment of a dividend.

Directors

The directors who served during the year were:

R Duchâtelet (appointed 3 January 2014)
K Meire (appointed 3 January 2014)
R A Murray
M R Slater (resigned 28 January 2014)
T M Jimenez (resigned 3 January 2014)
M C Prothero (resigned 3 January 2014)

Directors' responsibilities statement

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with 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.

Charitable contributions

There were no charitable donations (2013: £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. The company also facilitated fundraising for a variety of charitable organisations on matchdays at the Valley. There were no political donations (2013: £nil).

DIRECTORS' REPORT
FOR THE YEAR ENDED 30 JUNE 2014

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.

Disclosure of information to auditors

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

- so far as that director is aware, there is no relevant audit information of which the company 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 relevant audit information and to establish that the company and the group's auditors are aware of that information.

Auditors

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

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

This report was approved by the board on 21 November 2014 and signed on its behalf.

K Meire
Director

GROUP STRATEGIC REPORT
FOR THE YEAR ENDED 30 JUNE 2014

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

Ownership

The ownership of the club changed hands on 3 January 2014 with CAFC Holdings Ltd (90%) and Richard Murray (10%) selling their shares to Staprix NV, a company registered in Belgium, which is beneficially owned by Roland Duchâtelet.

Football review

1st team

The 1st team continued to compete in the Football League Championship for the second successive season, having finished 9th in the prior season. Significant challenges were faced during this period with no significant playing squad investment in summer 2013, a poor playing surface at The Valley caused by collapsed drainage and uncertainty off the pitch ahead of the takeover.

The League season culminated with the club finishing in 18th position, eight points clear of relegation. This result was down to some positive performances over the last couple of months that lifted the club from bottom of the Championship in March 2014. In spite of what was a disappointing League campaign the FA Cup provided significant positivity with away wins at Oxford Utd, Huddersfield Town and Sheffield Wednesday, leading to a live televised quarter-final against Sheffield Utd at Bramall Lane. Unfortunately a 2-0 defeat meant that the club did not progress to a Wembley semi-final, which would have been the club's first appearance at the revamped national stadium.

The disappointing League season, meant that average attendances at the Valley decreased by 2,350 on the previous season to 16,130 (2013 – 18,480). Despite this decrease the club retained its position in the top half of the Championship attendance rankings in 11th position, which is a testament to the loyal support the club continues to receive from its fans. It is a priority of the Board to grow the current attendance levels to a target of 20,000 in the Championship.

Youth Academy

2013/14 was the second year of the implementation of the Elite Player Performance Plan ("EPPP"), with the Club's Youth Academy continuing to compete as a Category 2 club. The Board strongly aspires to achieve Category 1 status as soon as possible, which will require a significant development of our Training Ground facilities in New Eltham as well as further investment in coaching and medical staff.

Both the U21 and U18 teams had successful seasons, with the U18's winning their respective regional league, thereby qualifying for the national play-offs. They played Crewe Alexandra in the semi-finals, narrowly losing on penalties. The U21s finished their first season under Jason Euell comfortably in mid table. They picked up some good results along the way including a 5-2 victory over eventual winners of the league, Cardiff City.

Financial review

Turnover

	2014 (£000)	2013 (£000)	Variance (£000)	Variance (%)
Central income	4,208	4,096	112	3%
Match-day	6,315	5,633	682	12%
Commercial	1,547	1,429	118	8%
Other	674	757	(83)	(11%)
Total	**12,744**	**11,915**	**829**	**7%**

Central income consists of Football League and Premier League central distributions. The 3% increase in revenue is driven by the increase in the Premier League 'solidarity' distributions, arising from the new 3 year TV deal struck by the Premier League with UK and overseas broadcasters. Solidarity distributions (£2.3m) are made to those clubs throughout the Football League who are not in receipt of parachute payments. Parachute payments are made to those clubs recently relegated from the Premier League and are significantly greater in value (up to £24m). 2013/14 was the second year of the Football League TV deal so no increase was expected in this area.

Match-day income consists primarily of ticket income, match-day hospitality, advertising and programmes. This category also includes cup-related income which explains the significant increase in revenue of 12% on prior year due to the FA Cup run to the quarter-finals in March 2014. Excluding the FA Cup, match-day revenues were marginally down on 2013, driven by decreased attendances at the Valley.

Commercial income comprises primarily of sponsorship, non-matchday events and retail. The 8% increase on prior year arises mainly as a result of new sponsorship and preferred supplier contracts, as well as new initiatives such as Addicks Place.

Other income principally comprises youth academy grant income arising from the EPPP. The level of grant is determined by the category status of the club's youth academy. Other income also includes significant contributions from Valley Gold, the charitable organisation directly linked to the Club, which further supports the development of players in our Youth Academy.

Administrative expenses

Administrative expenses, excluding depreciation and player amortisation, were £17.8m (2013 - £17.3m), the increase on prior year primarily reflecting non-recurring exceptional costs as a result of the company re-organisation, termination of football management contracts and pitch cover costs.

Staff costs of £11.5m (2013 - £12.0m) includes £0.3m of severance costs. Once these exceptional costs are excluded staff costs represent 88% (2013 – 101%) of turnover. This is a significant positive reduction on prior season, and the Board will continue to monitor this ratio closely.

Profit on disposal of players' registrations

Profit on disposal of players' registrations amounted to £1.7m (2013 – £1.7m). This arose primarily from the following:

- Transfer of Stephens (Brighton & Hove Albion), Kermorgant (AFC Bournemouth), Button (Brentford) and Smith (Swindon Town); and
- Shelvey (Liverpool) sell-on to Swansea City plus contingent appearances.

GROUP STRATEGIC REPORT (continued)
FOR THE YEAR ENDED 30 JUNE 2014

Retained loss

Once interest, depreciation and amortisation are taken into account the retained loss for the year was £5.9m. Excluding exceptional costs, the loss for the year was £5.5m. This represents an 8% reduction in losses in comparison with the previous year (2013 - £6.0m). It is the Board's strategy to continue to reduce these levels of losses over time and move towards a 'break-even' position whilst remaining highly competitive on the pitch.

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

Bank loans

Bank loans continued to be repaid during the year at a significant rate, resulting in a £1.5m reduction in the bank loan balance over the year. As at 30 June 2014 the loan balance is £2.7m, which will be fully repaid by 31 December 2015.

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.

This report was approved by the board on 21 November 2014 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 2014, set out on pages 8 to 27. 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 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 2014 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 the financial statements.

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF BATON 2010 LIMITED

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept 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
Statutory Auditors

Regina House
124 Finchley Road
London
NW3 5JS

21 November 2014

CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30 JUNE 2014

	Note	2014 £000	2013 £000
TURNOVER	1,2	12,744	11,915
Administrative expenses		(19,400)	(19,265)
Exceptional administrative expenses	7	(454)	-
Total administrative expenses		(19,854)	(19,265)
OPERATING LOSS	3	(7,110)	(7,350)
Profit on disposal of players		1,718	1,736
Interest payable and similar charges	6	(554)	(371)
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(5,946)	(5,985)
Tax on loss on ordinary activities	8	-	-
LOSS FOR THE FINANCIAL YEAR		(5,946)	(5,985)

All amounts relate to continuing operations.

The notes on pages 13 to 27 form part of these financial statements.

CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES FOR THE YEAR ENDED 30 JUNE 2014

	Note	2014 £000	2013 £000
LOSS FOR THE FINANCIAL YEAR		(5,946)	(5,985)
Unrealised surplus on revaluation of tangible fixed assets		-	9,620
TOTAL RECOGNISED GAINS AND LOSSES RELATING TO THE YEAR		(5,946)	3,635

The notes on pages 13 to 27 form part of these financial statements.

CONSOLIDATED BALANCE SHEET
AS AT 30 JUNE 2014

	Note	£000	2014 £000	£000	2013 £000
FIXED ASSETS					
Intangible assets	9		4,304		1,034
Tangible assets	10		40,434		40,837
			44,738		41,871
CURRENT ASSETS					
Stocks	12	22		28	
Debtors	13	1,514		1,066	
Cash at bank and in hand		157		43	
		1,693		1,137	
CREDITORS: amounts falling due within one year	14	(6,951)		(8,173)	
NET CURRENT LIABILITIES			(5,258)		(7,036)
TOTAL ASSETS LESS CURRENT LIABILITIES			39,480		34,835
CREDITORS: amounts falling due after more than one year	15		(40,254)		(29,663)
NET (LIABILITIES)/ASSETS			(774)		5,172
CAPITAL AND RESERVES					
Called up share capital	17		-		-
Share premium account	18		3,000		3,000
Revaluation reserve	18		9,620		9,620
Other reserves	18		9,075		9,075
Profit and loss account	18		(22,469)		(16,523)
SHAREHOLDERS' (DEFICIT)/FUNDS	19		(774)		5,172

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 21 November 2014.

K Meire
Director

The notes on pages 13 to 27 form part of these financial statements.

COMPANY BALANCE SHEET
AS AT 30 JUNE 2014

	Note	£000	2014 £000	£000	2013 £000
FIXED ASSETS					
Investments	11		-		-
CURRENT ASSETS					
Debtors	13	31,225		18,373	
CREDITORS: amounts falling due within one year	14	(8)		-	
NET CURRENT ASSETS			31,217		18,373
TOTAL ASSETS LESS CURRENT LIABILITIES			31,217		18,373
CREDITORS: amounts falling due after more than one year	15		(28,514)		(15,387)
NET ASSETS			2,703		2,986
CAPITAL AND RESERVES					
Called up share capital	17		-		-
Share premium account	18		3,000		3,000
Profit and loss account	18		(297)		(14)
SHAREHOLDERS' FUNDS	19		2,703		2,986

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 21 November 2014.

K Meire
Director

The notes on pages 13 to 27 form part of these financial statements.

CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 2014

	Note	2014 £000	2013 £000
Net cash flow from operating activities	20	(4,757)	(4,636)
Returns on investments and servicing of finance	21	(554)	(371)
Capital expenditure and financial investment	21	(4,921)	(923)
CASH OUTFLOW BEFORE FINANCING		(10,232)	(5,930)
Financing	21	10,961	5,932
INCREASE IN CASH IN THE YEAR		729	2

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS/(DEBT)
FOR THE YEAR ENDED 30 JUNE 2014

	2014 £000	2013 £000
Increase in cash in the year	729	2
Cash inflow from increase in debt and lease financing	(10,960)	(5,932)
MOVEMENT IN NET DEBT IN THE YEAR	(10,231)	(5,930)
Net debt at 1 July 2013	(27,849)	(21,919)
NET DEBT AT 30 JUNE 2014	(38,080)	(27,849)

The notes on pages 13 to 27 form part of these financial statements.

1. ACCOUNTING POLICIES

1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention as modified by the revaluation of land and buildings and in accordance with applicable accounting standards.

1.2 Going concern

On 3 January 2014 Staprix NV, a company incorporated in Belgium, acquired Baton 2010 Limited.

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 Staprix NV, 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 Revaluation of tangible fixed assets

Freehold property and leasehold improvements are fully revalued every five years with an interim valuation carried out three years into every five year period. Leasehold improvements at The Valley stadium are carried out at depreciated replacement cost, other freehold properties are carried at existing use value and other leasehold improvements are included at cost.

1.6 Tangible fixed assets and depreciation

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

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

1. ACCOUNTING POLICIES (continued)

1.7 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 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.

1.8 Investments

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

1.9 Stocks

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

1.10 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.

1.11 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.

1.12 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 occurence 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.

1.13 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.

1. ACCOUNTING POLICIES (continued)

1.14 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.

Deferred tax is not provided on timing differences arising from the revaluation of fixed assets in the financial statements.

1.15 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.

1.16 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.

1.17 Pensions

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

2. TURNOVER

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

	2014	2013
	£000	£000
Television and broadcast	4,208	4,096
Ticket income and match day activities	6,315	5,633
Commercial	1,547	1,429
Other	674	757
	12,744	11,915

3. OPERATING LOSS

The operating loss is stated after charging:

	2014 £000	2013 £000
Amortisation - intangible fixed assets	896	1,006
Depreciation of tangible fixed assets:		
- owned by the group	1,158	1,002
Auditors' remuneration	23	23
Auditors' remuneration - non-audit	10	10
Operating lease rentals:		
- plant and machinery	79	74
- other operating leases	188	160

Auditors' remuneration for the company was £5,000 (2013 - £5,000).

4. STAFF COSTS

Staff costs were as follows:

	2014 £000	2013 £000
Wages and salaries	10,358	10,693
Social security costs	1,143	1,274
Other pension costs	18	10
	11,519	11,977

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

	2014 No.	2013 No.
Full time playing, training and football management	101	90
Administration, commercial and stadium maintenance	60	56
	161	146

In addition, the group employs approximately 306 (2013: 352) temporary staff on match days.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

5. DIRECTORS' REMUNERATION

	2014 £000	2013 £000
Emoluments	-	13
Fees	113	150
Pension contributions	-	1
	113	164

During the year, there were no retirement benefits accruing to directors (2013: 1) in respect of money purchase schemes.

The highest paid director received fees of £112,500 (2013: £150,000).

The value of the group's contributions paid to a defined contribution scheme in respect of the highest paid director amounted to £nil (2013: £1,000).

6. INTEREST PAYABLE

	2014 £000	2013 £000
On bank loans and overdrafts	199	360
On finance leases and hire purchase contracts	4	11
On loans from parent company	351	-
	554	371

7. EXCEPTIONAL ITEMS

	2014 £000	2013 £000
Staff restructuring	324	-
Pitch cover costs	89	-
Other	41	-
	454	-

8. TAXATION

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2013 - lower than) the standard rate of corporation tax in the UK of 23% (2013 - 24%). The differences are explained below:

	2014	2013
	£000	£000
Loss on ordinary activities before tax	(5,946)	(5,985)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 23% (2013 - 24%)	(1,368)	(1,436)
Effects of:		
Expenses not deductible for tax purposes	3	-
Depreciation for year in excess of capital allowances	150	174
Non-taxable income	(49)	(55)
Tax losses arising in the period	1,275	1,317
Group relief	(11)	-
Current tax charge for the year (see note above)	-	-

Factors that may affect future tax charges

The group has tax losses of approximately £70 million (2013: £65 million) available to carry forward against future trading profits.

9. INTANGIBLE FIXED ASSETS

Group	Players' registrations £000
Cost	
At 1 July 2013	2,156
Additions	4,360
Disposals	(950)
At 30 June 2014	5,566
Amortisation	
At 1 July 2013	1,122
Charge for the year	896
On disposals	(756)
At 30 June 2014	1,262
Net book value	
At 30 June 2014	4,304
At 30 June 2013	1,034

Additions related primarily to the acquisitions of Igor Vetokele, Piotr Parzyszek, Loic Nego and Reza Goochannejhad.

Disposals related to Dale Stephens, Yann Kermorgant, Michael Smith and David Button.

10. TANGIBLE FIXED ASSETS

Group	Freehold properties £000	Leasehold improvements £000	Ground and office equipment £000	Total £000
Cost or valuation				
At 1 July 2013	10,350	30,266	407	41,023
Additions	-	618	137	755
At 30 June 2014	10,350	30,884	544	41,778
Depreciation				
At 1 July 2013	-	-	186	186
Charge for the year	-	1,069	89	1,158
At 30 June 2014	-	1,069	275	1,344
Net book value				
At 30 June 2014	10,350	29,815	269	40,434
At 30 June 2013	10,350	30,266	221	40,837

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

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

Group	2014 £000	2013 £000
Ground and office equipment	-	69

Cost or valuation at 30 June 2014 is as follows:

Group	Land and buildings £000
At cost	-
At valuation:	
30 June 2014	41,234
	41,234

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

11. FIXED ASSET INVESTMENTS

Subsidiary undertakings

The following were subsidiary undertakings of the company:

Name	Class of shares	Holding
Charlton Athletic Football Company Limited	Ordinary	100%
Charlton Athletic Holdings Limited	Ordinary	100%

	2014 £
Cost or valuation	
At 1 July 2013	151
At 30 June 2014	151

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

12. STOCKS

	Group		Company	
	2014 £000	2013 £000	**2014 £000**	2013 £000
Goods for resale	22	28	-	-

13. DEBTORS

	Group		Company	
	2014 £000	2013 £000	**2014 £000**	2013 £000
Trade debtors	906	378	-	-
Amounts owed by group undertakings	-	-	31,225	18,373
Prepayments and accrued income	608	688	-	-
	1,514	1,066	31,225	18,373

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

14. CREDITORS:
Amounts falling due within one year

	Group		Company	
	2014	2013	**2014**	2013
	£000	£000	**£000**	£000
Bank loans and overdrafts	1,774	2,209	-	-
Net obligations under finance leases and hire purchase contracts	-	42	-	-
Trade creditors	1,096	1,184	-	-
Other taxation and social security	592	936	-	-
Other creditors	68	47	-	-
Accruals and deferred income	3,421	3,755	8	-
	6,951	8,173	8	-

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

15. CREDITORS:
Amounts falling due after more than one year

	Group		Company	
	2014	2013	**2014**	2013
	£000	£000	**£000**	£000
Bank loans	949	2,584	-	-
Other loans	7,000	7,670	-	-
Amounts owed to parent company	28,514	15,387	28,514	15,387
Grants received	3,695	3,801	-	-
Accruals and deferred income	96	221	-	-
	40,254	29,663	28,514	15,387

Oher loans are loans from R A Murray and former directors of Charlton Athletic Football Company Limited of £7,000,000 (2013: £7,000,000) which are interest free and repayments commence only on promotion of the football club to the Premier League.

At 30 June 2014 the group had the following bank loans:

- £1,118,272 at a floating rate of 2.5% above LIBOR base rate per annum
- £1,224,877 at a floating rate of 2.5% above LIBOR base rate per annum
- £380,000 at a a floating rate of 3.0% above LIBOR base rate per annum

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

	2014	**2013**
	£000	**£000**
Between one and two years	949	1,593
Between two and five years	-	990
	949	2,583
Within 1 year	1,774	1,594
	2,723	4,177

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 £12,380,000 (2013: £12,877,000) has not been recognised in respect of timing differences relating to tax losses as there is insufficient evidence that this asset will be recovered. The asset will be recovered if there are taxable profits arising in the future.

No liability for deferred taxation of £1,665,000 (2013: £1,665,000) has been provided which would arise if the freehold properties are disposed of at the revalued amounts as there is no intention to dispose of the properties for the foreseeable future.

	Group		Company	
	2014	2013	**2014**	2013
	£000	£000	**£000**	£000
At beginning and end of year	-	-	-	-

17. SHARE CAPITAL

	2014	2013
	£	£
Allotted called up and fully paid		
1,000 ordinary shares of £0.10 each	100	100

18. RESERVES

Group	Share premium account £000	Revaluation reserve £000	Other reserves £000	Profit and loss account £000
At 1 July 2013	3,000	9,620	9,075	(16,523)
Loss for the financial year	-	-	-	(5,946)
At 30 June 2014	3,000	9,620	9,075	(22,469)

Other reserves arises from negative goodwill in subsidiaries acquired.

Company	Share premium account £000	Profit and loss account £000
At 1 July 2013	3,000	(14)
Loss for the financial year	-	(283)
At 30 June 2014	3,000	(297)

19. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' (DEFICIT)/FUNDS

Group	2014 £000	2013 £000
Opening shareholders' funds	5,172	1,537
Loss for the financial year	(5,946)	(5,985)
Other recognised gains and losses during the year	-	9,620
Closing shareholders' (deficit)/funds	(774)	5,172

Company	2014 £000	2013 £000
Opening shareholders' funds	2,986	2,993
Loss for the financial year	(283)	(7)
Closing shareholders' funds	2,703	2,986

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 for the year dealt with in the accounts of the company was £282,255 (2013 - £7,000).

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

20. NET CASH FLOW FROM OPERATING ACTIVITIES

	2014 £000	2013 £000
Operating loss	(7,110)	(7,350)
Amortisation of intangible fixed assets	896	1,006
Depreciation of tangible fixed assets	1,158	1,002
Profit on disposal of players	1,718	1,736
Decrease in stocks	6	12
Increase in debtors	(449)	(13)
Decrease in creditors	(976)	(1,029)
Net cash outflow from operating activities	(4,757)	(4,636)

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

	2014 £000	2013 £000
Returns on investments and servicing of finance		
Interest paid	(550)	(360)
Hire purchase interest	(4)	(11)
Net cash outflow from returns on investments and servicing of finance	(554)	(371)

	2014 £000	2013 £000
Capital expenditure and financial investment		
Purchase of intangible fixed assets	(4,360)	(813)
Sale of intangible fixed assets	194	45
Purchase of tangible fixed assets	(755)	(155)
Net cash outflow from capital expenditure	(4,921)	(923)

	2014 £000	2013 £000
Financing		
Repayment of loans	(1,454)	(1,593)
New parent company loans	13,127	8,444
Repayment of other loans	(670)	(880)
Repayment of finance leases	(42)	(39)
Net cash inflow from financing	10,961	5,932

22. ANALYSIS OF CHANGES IN NET DEBT

	1 July 2013 £000	Cash flow £000	Other non-cash changes £000	30 June 2014 £000
Cash at bank and in hand	43	114	-	157
Bank overdraft	(615)	615	-	-
	(572)	729	-	157
Debt:				
Finance leases	(42)	42	-	-
Debts due within one year	(1,594)	(11,002)	10,822	(1,774)
Debts falling due after more than one year	(25,641)	-	(10,822)	(36,463)
Net debt	(27,849)	(10,231)	-	(38,080)

23. CONTINGENT LIABILITIES

Additional transfer and agents fees of £382,500 (2013: £724,341) 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 £4,170,000 (2013: £2,965,000) where players sold make specific numbers of appearances, gain international honours or achieve on field success.

24. OPERATING LEASE COMMITMENTS

At 30 June 2014 the group had annual commitments under non-cancellable operating leases as follows:

	Land and buildings		Other	
	2014	2013	**2014**	2013
Group	**£000**	£000	**£000**	£000
Expiry date:				
Within 1 year	-	-	80	127
Between 2 and 5 years	50	64	114	42
After more than 5 years	13	-	-	-
Total	63	64	194	169

25. RELATED PARTY TRANSACTIONS

At 30 June 2014, R Murray personally guaranteed the bank overdraft facility up to £650,000.

From 3 January 2014, Staprix NV charged interest on loans in the period to group at 3%, resulting in an interest charge of £351,000 (2013: £Nil).

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 the disposal of players' registrations including loan fees has generated income of £890,964.

In addition, agency fees totalling £327,100 were paid on the registration of new players.

27. 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.