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**BATON 2010 LIMITED**

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**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2018**

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**BATON 2010 LIMITED**

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**COMPANY INFORMATION**

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<b>Directors</b>	R Duchâtelet K Meire (resigned 31 December 2017) R A Murray
<b>Registered number</b>	07326155
<b>Registered office</b>	The Valley Floyd Road London SE7 8BL
<b>Independent auditors</b>	Nyman Libson Paul Chartered Accountants & Registered Auditors Regina House 124 Finchley Road London NW3 5JS

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**BATON 2010 LIMITED**

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**CONTENTS**

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	Page
<b>Group Strategic Report</b>	<b>1 - 3</b>
<b>Directors' Report</b>	<b>4 - 5</b>
<b>Independent Auditors' Report</b>	<b>6 - 8</b>
<b>Consolidated Statement of Comprehensive Income</b>	<b>9</b>
<b>Consolidated Statement of Financial Position</b>	<b>10</b>
<b>Company Statement of Financial Position</b>	<b>11</b>
<b>Consolidated Statement of Changes in Equity</b>	<b>12</b>
<b>Company Statement of Changes in Equity</b>	<b>13</b>
<b>Consolidated Statement of Cash Flows</b>	<b>14</b>
<b>Notes to the Financial Statements</b>	<b>15 - 30</b>

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## BATON 2010 LIMITED

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### GROUP STRATEGIC REPORT FOR THE YEAR ENDED 30 JUNE 2018

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#### Introduction

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

#### Football review

##### First team

The first team competed in Sky Bet League One of the EFL after finishing 13th the year prior. The primary objective was promotion back to the Championship under manager Karl Robinson and his newly appointed coaching staff of assistant manager Lee Bowyer and player/coach Johnnie Jackson.

The Addicks began the season well and were in and around the play-off spots for much of the opening third of the season. CEO Katrien Meire resigned from the club at the end of 2017 and it was announced at that point that the club was for sale.

After a poor December and February, the club slipped out of the play-off spots. On March 22nd Karl Robinson left the club by mutual consent with Lee Bowyer appointed Caretaker Manager and Johnnie Jackson his assistant.

The club went on a fine run of form to make it into the play-offs, finishing the season in sixth place before losing to Shrewsbury Town in the play-off semi-finals.

The average home league attendance was 11,846, a small increase on 11,162 the previous season. The highest home attendance of the year was the annual "Football For A Fiver" game against Shrewsbury Town (17,581) and the final home league game of the season saw an attendance of 17,310 at The Valley against Blackburn Rovers.

During the close season in Summer 2018 the first team squad was added to with key first team players. Since then Lee Bowyer has been appointed permanent manager and at the time of writing the side currently sits in the play-off positions, hopeful of securing promotion in May 2019 to the Championship.

##### Youth Academy

Academy performance for 2017/18 continued to deliver and further consolidate the intentions, beliefs and values in the Academy Performance Plan. The season began with the knowledge that the Academy had been awarded Category Two status for the next three years as a result of a successful audit in the preceding season.

The phase two pitch improvements were completed and along with the two new 3G floodlit all weather surfaces now functional and almost exclusively used by the Academy, there are high quality training and playing areas at the training ground.

All Heads of Department have been tasked with drawing up realistic and achievable targets and action plans for the 2018/19 season. In the Quality Appraisal of 2017/18 (report submitted to TCB) Talent Identification, Player Progression and Productivity along with Leadership, Management and Education feature highly in the outcomes.

There were seven Academy debutants in the first team over the course of 2017/18. By the end of the season (May 2018) there were nine Academy graduates in the first team squad of 26 (34%). Five of these players had been in the Academy for five years or more, good evidence that long term player development strategy does succeed.

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## BATON 2010 LIMITED

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### GROUP STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2018

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Some notable individual successes.

Ezri Konsa continued to grow at First Team and England Under 20 level. He reached 86 appearances for Charlton before his summer transfer to Brentford on a three-year contract.

The Academy Manager Steve Avory was honoured and humbled to receive the 2018 Eamon Dolan Award at the Premier League Youth Development Conference for recognition and service to youth development.

At Academy team level, the 17 -23 age group remain a talented and successful cohort. The Under 18s became National champions for the third time in five years and the Under 23s were League runners-up and National semi-finalists. These two age bands now have a total of five League Championships and four national titles between them since the inception of the EPPP in 2012 /13. Finally, one of our younger groups, the U13s reached the inaugural National competition at that age group before narrowly losing to Liverpool in the final.

#### 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

##### Capital Investment

The development of the Addicks' training facility at Sparrows Lane continued with investment in the training ground of £2.2m in the financial year, mainly comprising:

- Reconstruction of first team natural turf training pitches
- Charlton Athletic Community Trust ("CACT") building renovation and extension
- New artificial football pitch for CACT
- New services including new electrical substation to support future new building
- New access road and car-parking facilities to support future new building

##### Turnover

	2018 (£000)	2017 (£000)	Variance (£000)	Variance (%)
Central income	1,420	1,803	(383)	(21)
Match day	3,402	3,176	226	7
Commercial	1,344	1,241	103	8
Other	1,144	1,396	(252)	(18)
<b>Total</b>	<b>7,310</b>	<b>7,616</b>	<b>(306)</b>	<b>(4)</b>

Central income consists of English Football League (EFL) and Premier League (PL) central distributions. The EFL distributions dropped from £1.2m to £0.7m, PL solidarity payment increased from £0.6m to £0.7m.

Match-day income consists primarily of ticket income, match-day hospitality, advertising and programmes.

Commercial income comprises primarily of sponsorship, non-matchday events and retail. Income in this area has been helped by our run in to the play-offs. The YouTube commercial venture was repeated this season with the game held at The Valley in early June 2018 for "Sidemen FC vs YouTube Allstars". Continued growth in Commercial Income is essential for the long-term sustainability of the Football Club.

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## BATON 2010 LIMITED

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### GROUP STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2018

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Other income principally comprises youth academy grant income arising from the Elite Player Performance Plan. Other income also includes significant contributions from Valley Gold, the lottery organisation directly linked to the Club, which further supports the development of players in our successful Youth Academy. The 18% decrease from 2017 is primarily due to benefit payments from UEFA for Johann Gudmundsson's appearance at the Summer 2016 Euro Finals not being repeated.

#### Operating expenses

Operating expenses, excluding depreciation and player amortisation, were £17.1m (2017 - £18.3m), the £1.2m decrease on prior year primarily reflecting the contractual reduction in player wages following the disposal of some players - total staff costs were £10.2m (2017 - £11.1m).

#### Profit on disposal of players' registrations

The 2017/18 financial year did not see a repeat of the level of profit generated on player sales during 2016/17. Profit on disposal of players' registrations amounted to £4m (2017 - £16.2m). Several previous player contingent clauses triggered during this financial year from these historical player sales, e.g. Gudmundsson, Joe Gomez, Ademola Lookman appearances, as well as player sales namely Konsa and Ricky Holmes.

#### Profit/ (loss) before taxation

Once interest, depreciation and amortisation are taken into account the loss before taxation for the year was £10.4m (2017 - Profit of £1.1m).

#### Key Performance Indicators

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.

This report was approved by the board on

14/03/19

and signed on its behalf.



.....  
R A Murray  
Director

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## BATON 2010 LIMITED

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### DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2018

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The directors present their report and the financial statements for the year ended 30 June 2018.

#### Results and dividends

The loss for the year, after taxation, amounted to £10,447 thousand (2017 - profit £827 thousand).

#### Directors

The directors who served during the year were:

R Duchâtelet  
K Meire (resigned 31 December 2017)  
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 to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Group's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements and other information included in Directors' Reports may differ from legislation in other jurisdictions.

#### 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 (2017: £nil) during the year.

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## BATON 2010 LIMITED

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### DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2018

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#### 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 77 days (2017: 48 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.

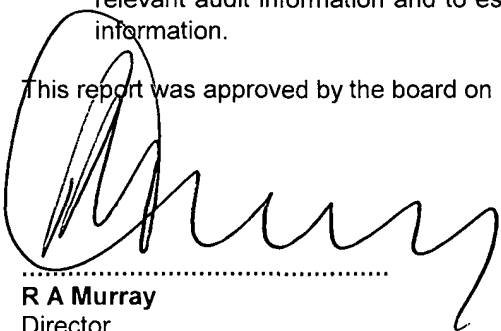
#### Disclosure of information to auditors

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 14/03/19

and signed on its behalf.



.....  
R A Murray  
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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#### Opinion

We have audited the financial statements of Baton 2010 Limited (the 'parent Company') and its subsidiaries (the 'Group') for the year ended 30 June 2018, which comprise the Group Statement of Comprehensive Income, the Group and Company Statements of Financial Position, the Group Statement of Cash Flows, the Group and Company Statement of Changes in Equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and of the parent Company's affairs as at 30 June 2018 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.

#### Basis for opinion

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

#### Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Group's or the parent Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

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## BATON 2010 LIMITED

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

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#### Other information

The directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Auditors' Report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

#### Opinion on other matters prescribed by the Companies Act 2006

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

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

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

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

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

- adequate accounting records have not been kept 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.

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## BATON 2010 LIMITED

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

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#### Responsibilities of directors

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

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

#### Auditors' responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our Auditors' Report.

#### Use of our report

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.



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: 14 MARCH 2019

**BATON 2010 LIMITED**

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 30 JUNE 2018**

	Note	2018 £000	2017 £000
Turnover	4	7,310	7,616
<b>Gross profit</b>		<u>7,310</u>	<u>7,616</u>
Administrative expenses		(20,230)	(21,076)
Exceptional administrative expenses		(374)	(779)
<b>Operating loss</b>	5	<u>(13,294)</u>	<u>(14,239)</u>
Profit on disposal of players		4,022	16,160
Interest payable and similar charges	7	(1,175)	(1,094)
<b>(Loss)/profit before taxation</b>		<u>(10,447)</u>	<u>827</u>
<b>(Loss)/profit for the financial year</b>		<u>(10,447)</u>	<u>827</u>
Unrealised surplus on revaluation of tangible fixed assets net of deferred tax	17	-	238
<b>Other comprehensive income for the year</b>		<u>-</u>	<u>238</u>
<b>Total comprehensive income for the year</b>		<u>(10,447)</u>	<u>1,065</u>

The notes on pages 15 to 30 form part of these financial statements.

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

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 JUNE 2018**

	Note	2018 £000	2017 £000
<b>Fixed assets</b>			
Intangible assets	11	2,193	4,019
Tangible assets	12	54,824	54,047
		<u>57,017</u>	<u>58,066</u>
<b>Current assets</b>			
Debtors: amounts falling due after more than one year	14	-	200
Debtors: amounts falling due within one year	14	2,566	5,021
Cash at bank and in hand		360	2,072
		<u>2,926</u>	<u>7,293</u>
Creditors: amounts falling due within one year	15	(4,229)	(3,715)
<b>Net current (liabilities)/assets</b>		<u>(1,303)</u>	<u>3,578</u>
<b>Total assets less current liabilities</b>		<u>55,714</u>	<u>61,644</u>
Creditors: amounts falling due after more than one year	16	(70,566)	(66,049)
<b>Provisions for liabilities</b>			
Deferred taxation	17	(6,450)	(6,450)
		<u>(6,450)</u>	<u>(6,450)</u>
<b>Net liabilities</b>		<u>(21,302)</u>	<u>(10,855)</u>
<b>Capital and reserves</b>			
Share premium account		3,000	3,000
Revaluation reserve		20,111	20,111
Other reserves		9,075	9,075
Profit and loss account		(53,488)	(43,041)
		<u>(21,302)</u>	<u>(10,855)</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 14/3/19

.....  
**R A Murray**  
 Director

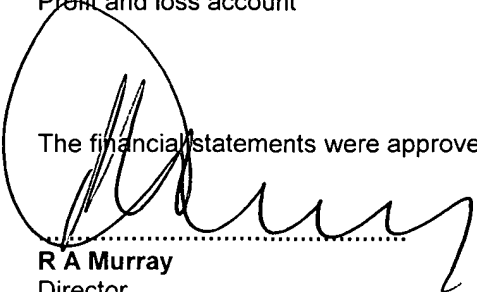
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**BATON 2010 LIMITED**  
**REGISTERED NUMBER: 07326155**

**COMPANY STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 JUNE 2018**

	Note	2018 £000	2017 £000
<b>Current assets</b>			
Debtors: amounts falling due within one year	14	61,929	57,704
		<u>61,929</u>	<u>57,704</u>
Creditors: amounts falling due within one year	15	(7)	(7)
		<u>(7)</u>	<u>(7)</u>
<b>Net current assets</b>		<u>61,922</u>	<u>57,697</u>
<b>Total assets less current liabilities</b>		<u>61,922</u>	<u>57,697</u>
Creditors: amounts falling due after more than one year	16	(61,176)	(56,546)
		<u>(61,176)</u>	<u>(56,546)</u>
<b>Net assets</b>		<u><u>746</u></u>	<u><u>1,151</u></u>
<b>Capital and reserves</b>			
Share premium account		3,000	3,000
Profit and loss account		(2,254)	(1,849)
		<u>746</u>	<u>1,151</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 14/3/19

  
 R A Murray  
 Director

The notes on pages 15 to 30 form part of these financial statements.

**BATON 2010 LIMITED**

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30 JUNE 2018**

	Share premium account £000	Revaluation reserve £000	Other reserves £000	Profit and loss account £000	Total equity £000
At 1 July 2017	3,000	20,111	9,075	(43,041)	(10,855)
<b>Comprehensive income for the year</b>					
Loss for the year	-	-	-	(10,447)	(10,447)
<b>Other comprehensive income for the year</b>	-	-	-	-	-
<b>Total comprehensive income/(loss) for the year</b>	-	-	-	(10,447)	(10,447)
<b>At 30 June 2018</b>	<b>3,000</b>	<b>20,111</b>	<b>9,075</b>	<b>(53,488)</b>	<b>(21,302)</b>

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30 JUNE 2017**

	Share premium account £000	Revaluation reserve £000	Other reserves £000	Profit and loss account £000	Total equity £000
At 1 July 2016	3,000	19,873	9,075	(43,868)	(11,920)
<b>Comprehensive income for the year</b>					
Profit for the year	-	-	-	827	827
Surplus on revaluation of leasehold property	-	238	-	-	238
<b>Total comprehensive income/(loss) for the year</b>	-	238	-	827	1,065
<b>At 30 June 2017</b>	<b>3,000</b>	<b>20,111</b>	<b>9,075</b>	<b>(43,041)</b>	<b>(10,855)</b>

The notes on pages 15 to 30 form part of these financial statements.

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**BATON 2010 LIMITED**

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**COMPANY STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30 JUNE 2018**

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	Share premium account £000	Profit and loss account £000	Total equity £000
At 1 July 2017	3,000	(1,849)	1,151
<b>Comprehensive income for the year</b>			
Loss for the year	-	(405)	(405)
<b>Other comprehensive income for the year</b>	-	-	-
<b>Total comprehensive income/(loss) for the year</b>	-	(405)	(405)
<b>At 30 June 2018</b>	<b>3,000</b>	<b>(2,254)</b>	<b>746</b>

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**COMPANY STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30 JUNE 2017**

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	Share premium account £000	Profit and loss account £000	Total equity £000
At 1 July 2016	3,000	(1,450)	1,550
<b>Comprehensive income for the year</b>			
Loss for the year	-	(399)	(399)
<b>Other comprehensive income for the year</b>	-	-	-
<b>Total comprehensive income/(loss) for the year</b>	-	(399)	(399)
<b>At 30 June 2017</b>	<b>3,000</b>	<b>(1,849)</b>	<b>1,151</b>

The notes on pages 15 to 30 form part of these financial statements.



**BATON 2010 LIMITED**

**CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 30 JUNE 2018**

	2018 £000	2017 £000
<b>Cash flows from operating activities</b>		
(Loss)/profit for the financial year	(10,447)	827
<b>Adjustments for:</b>		
Amortisation of intangible assets	1,730	1,888
Depreciation of tangible assets	1,794	1,738
Decrease/(increase) in debtors	2,659	(2,749)
Increase/(decrease) in creditors	398	(1,372)
Interest payable	1,175	1,094
<b>Net cash generated from operating activities</b>	<u>(2,691)</u>	<u>1,426</u>
<b>Cash flows from investing activities</b>		
Purchase of intangible fixed assets	(310)	(421)
Sale of intangible assets	405	465
Purchase of tangible fixed assets	(2,571)	(1,396)
<b>Net cash from investing activities</b>	<u>(2,476)</u>	<u>(1,352)</u>
<b>Cash flows from financing activities</b>		
New loans from group companies	4,630	2,452
Interest paid	(1,175)	(1,094)
<b>Net cash used in financing activities</b>	<u>3,455</u>	<u>1,358</u>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<u>(1,712)</u>	<u>1,432</u>
Cash and cash equivalents at beginning of year	2,072	640
<b>Cash and cash equivalents at the end of year</b>	<u>360</u>	<u>2,072</u>
<b>Cash and cash equivalents at the end of year comprise:</b>		
Cash at bank and in hand	360	2,072
	<u>360</u>	<u>2,072</u>

The notes on pages 15 to 30 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 2018

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#### 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.

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.

##### 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.

##### 2.5 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.

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## BATON 2010 LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

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## 2. Accounting policies (continued)

### 2.6 Tangible fixed assets

#### Freehold buildings

Freehold buildings comprise the Valley stadium and the Sparrows Lane training ground. Freehold buildings are initially 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.

#### 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.

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.

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## BATON 2010 LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

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## 2. Accounting policies (continued)

### 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.

### 2.11 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.

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## BATON 2010 LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

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#### 2. Accounting policies (continued)

##### 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 through profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the statement of financial position. The assets of the plan are held separately from the group in independently administered funds.

The club participates in the Football League Pension and Life Assurance Scheme ('the Scheme') which is a defined benefit scheme. As the club is unable to identify its share of the assets and liabilities of the Scheme, it therefore accounts for its contributions as if they were paid to a defined contribution scheme.

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## BATON 2010 LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

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#### 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 reversal of the underlying timing differences can be deducted.

Deferred tax assets and liabilities are calculated at the tax rates expected to be 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 group 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 statement of financial position 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.

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**BATON 2010 LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2018**

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**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 2018). 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.

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**BATON 2010 LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2018**

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**4. Turnover**

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

	2018 £000	2017 £000
Television and broadcast	1,420	1,803
Ticket income and match day activities	3,402	3,176
Commercial	1,344	1,241
Other	1,144	1,396
	<u>7,310</u>	<u>7,616</u>

All turnover arose within the United Kingdom.

**5. Operating loss**

The operating loss is stated after charging:

	2018 £000	2017 £000
Depreciation of tangible fixed assets	1,794	1,739
Amortisation of intangible assets, including goodwill	1,730	1,888
Hire of plant and machinery	37	20
Other operating lease rentals	134	159
Auditors' remuneration	23	25
Auditors' remuneration - other services	8	8
	<u>          </u>	<u>          </u>



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**BATON 2010 LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2018**

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**6. Staff costs**

Staff costs were as follows:

	Group 2018 £000	Group 2017 £000	Company 2018 £000	Company 2017 £000
Wages and salaries	9,100	9,870	-	-
Social security costs	1,039	1,150	-	-
Cost of defined contribution scheme	60	107	-	-
	<u>10,199</u>	<u>11,127</u>	<u>-</u>	<u>-</u>

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

	2018 No.	2017 No.
Full time playing, training and football management	102	102
Administration, commercial and stadium maintenance	46	44
	<u>148</u>	<u>146</u>

In addition, the company employs on average 98 (2017: 91) temporary staff on match days.

During the year, no director received any emoluments (2017: £nil) in respect of their services as a director.

K Meire received remuneration for her services as Chief Executive. This amount is included within staff costs above and in the key management compensation below.

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 £1,059,039 (2017: £965,748).

**7. Interest payable and similar expenses**

	2018 £000	2017 £000
Bank interest payable	16	-
Loans from group undertakings	1,157	1,094
Finance leases and hire purchase contracts	2	-
	<u>1,175</u>	<u>1,094</u>

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**BATON 2010 LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2018**

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**8. Taxation**

	2018 £000	2017 £000
<b>Total current tax</b>	-	-

**Factors affecting tax charge for the year**

The tax assessed for the year is higher than (2017 - lower than) the standard rate of corporation tax in the UK of 19% (2017 - 19%). The differences are explained below:

	2018 £000	2017 £000
(Loss)/profit on ordinary activities before tax	(10,447)	827
(Loss)/profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2017 - 19%)	(1,985)	157
<b>Effects of:</b>		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	1	15
Depreciation for year in excess of capital allowances	102	146
Utilisation of tax losses	-	(357)
Non-taxable income	(20)	(26)
Tax losses arising in the period	1,902	65
<b>Total tax charge for the year</b>	-	-

**Factors that may affect future tax charges**

The group has tax losses of approximately £97 million (2017: £87 million) available to carry forward against future trading profits.

**9. Exceptional items**

	2018 £000	2017 £000
Staff restructuring	374	779
	374	779

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**BATON 2010 LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2018**

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**10. Parent company loss 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 £405 thousand (2017 - loss £399 thousand).

**11. Intangible assets****Group and Company**

	Players' registrations £000
<b>Cost</b>	
At 1 July 2017	7,639
Additions	310
Disposals	(837)
At 30 June 2018	<u>7,112</u>
<b>Amortisation</b>	
At 1 July 2017	3,620
Charge for the year	1,730
On disposals	(431)
At 30 June 2018	<u>4,919</u>
<b>Net book value</b>	
At 30 June 2018	<u><u>2,193</u></u>
At 30 June 2017	<u><u>4,019</u></u>

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

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

Additions primarily related to the acquisitions of Ben Reeves, Anfernee Dijksteel and Tariqe Fosu.

Disposals (including contract terminations) related primarily to Tony Watt, Jorge Teixeira, Ricky Holmes, Dimitar Mitov and Lee Novak.

**BATON 2010 LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2018**

**12. Tangible fixed assets**

**Group**

	Freehold properties £000	Leasehold improvements £000	Ground and office equipment £000	Motor vehicles £000	Total £000
<b>Cost or valuation</b>					
At 1 July 2017	11,700	42,707	4,697	73	59,177
Additions	-	2,228	323	20	2,571
At 30 June 2018	11,700	44,935	5,020	93	61,748
<b>Depreciation</b>					
At 1 July 2017	-	1,395	3,678	57	5,130
Charge for the year on owned assets	-	1,366	413	15	1,794
At 30 June 2018	-	2,761	4,091	72	6,924
<b>Net book value</b>					
At 30 June 2018	11,700	42,174	929	21	54,824
At 30 June 2017	11,700	41,312	1,019	16	54,047

Cost or valuation at 30 June 2018 is as follows:

	Land and buildings £000
<b>At cost</b>	31,521
<b>At valuation:</b>	
Revalued at 30 June 2018 by the directors	25,114
	56,635

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**BATON 2010 LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2018**

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**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:

	2018 £000	2017 £000
<b>Group</b>		
Cost	31,521	29,293
<b>Net book value</b>	<u>31,521</u>	<u>29,293</u>

**13. Fixed asset investments****Subsidiary undertakings**

The following were subsidiary undertakings of the Company:

<b>Name</b>	<b>Class of shares</b>	<b>Holding</b>	<b>Principal activity</b>
Charlton Athletic Football Company Limited	Ordinary	100 %	Operation of a professional football club and related commercial activities
Charlton Athletic Holdings Limited	Ordinary	100 %	Property investment

The aggregate of the share capital and reserves as at 30 June 2018 and of the 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	(33,222)	(10,095)
Charlton Athletic Holdings Limited	11,259	54
	<u>(21,963)</u>	<u>(10,041)</u>

**BATON 2010 LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2018**

**14. Debtors**

	Group 2018 £000	Group 2017 £000	Company 2018 £000	Company 2017 £000
<b>Due after more than one year</b>				
Trade debtors	-	200	-	-
	-	200	-	-
	Group 2018 £000	Group 2017 £000	Company 2018 £000	Company 2017 £000
<b>Due within one year</b>				
Trade debtors	842	3,518	-	-
Amounts owed by group undertakings	-	-	61,929	57,704
Other debtors	960	-	-	-
Prepayments and accrued income	764	1,503	-	-
	2,566	5,021	61,929	57,704

**15. Creditors: Amounts falling due within one year**

	Group 2018 £000	Group 2017 £000	Company 2018 £000	Company 2017 £000
Trade creditors	1,463	1,013	-	-
Amounts owed to parent company	253	-	-	-
Other taxation and social security	1,235	648	-	-
Other creditors	28	32	-	-
Accruals and deferred income	1,250	2,022	7	7
	4,229	3,715	7	7

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**BATON 2010 LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2018**

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

	Group 2018 £000	Group 2017 £000	Company 2018 £000	Company 2017 £000
Amounts owed to parent company	61,176	56,546	61,176	56,546
Other loans	6,044	6,044	-	-
Grants received	3,272	3,378	-	-
Accruals and deferred income	74	81	-	-
	<u>70,566</u>	<u>66,049</u>	<u>61,176</u>	<u>56,546</u>

Other loans are historic loans from R A Murray and other former directors of the company totalling £7,000,000 (2017: £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 (2017: £6,043,538). The unwinding of interest of £nil (2017: £nil) is included within interest payable (note 7).

**17. Deferred taxation**

**Group**

	2018 £000	2017 £000
At beginning of year	(6,450)	(6,688)
Charged to the statement of comprehensive income	-	238
<b>At end of year</b>	<u>(6,450)</u>	<u>(6,450)</u>

The provision for deferred taxation is made up as follows:

	Group 2018 £000	Group 2017 £000
Revaluation of tangible fixed assets	(6,450)	(6,450)
	<u>(6,450)</u>	<u>(6,450)</u>

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**BATON 2010 LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2018**

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**18. Share capital**

	2018 £	2017 £
<b>Authorised, allotted, called up and fully paid</b>		
1,000 (2017 - 1,000) Ordinary shares of £0.10 each	100	100

**19. Contingent liabilities and assets**

Additional transfer and agents fees of £1,930,654 (2017: £1,150,875) 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 £7,658,750 (2017: £8,578,125) 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 £6,450,000 (2017: £6,450,000).

**21. Pension commitments**

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

The accrual of benefits ceased within the Scheme on 31 August 1999, therefore there are no contributions relating to current accrual. The Club pays monthly contributions based on a notional split of the total expenses and deficit contributions of the Scheme. At 30 June 2018 the Club's notional share of the deficit was £83,105 (£108,761 as at 30 June 2017).

The Club currently pays total contributions of £25,860 per annum which increases at 5.0% per annum (first increase at 1 September 2016) and based on the actuarial valuation assumptions used in the scheme, will be sufficient to pay off the deficit by 31 August 2022.



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**BATON 2010 LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2018**

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**22. Commitments under operating leases**

At 30 June 2018 the Group had future minimum lease payments under non-cancellable operating leases as follows:

	Group 2018 £000	Group 2017 £000
<b>Land and building leases</b>		
Not later than 1 year	274	324
Later than 1 year and not later than 5 years	105	108
Later than 5 years	240	213
	<u>619</u>	<u>645</u>
	Group 2018 £000	Group 2017 £000
<b>Other leases</b>		
Not later than 1 year	124	134
Later than 1 year and not later than 5 years	130	177
	<u>254</u>	<u>311</u>

**23. Related party transactions**

Staprix NV charged interest on loans in the period to the group at 2% (2017: 2%), resulting in an interest charge of £1,157,000 (2017: £1,094,000). 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.

**24. Post balance sheet events**

Since the year end the disposal of players' registrations has generated income of £1,079,970 (2017: £337,600).

In addition, transfer costs, termination payments and agency fees totalling £135,050 (2017: £497,771) were paid.

**25. 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.