
BATON 2010 LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020

BATON 2010 LIMITED

COMPANY INFORMATION

Directors	R Duchâtelet R A Murray (resigned 7 December 2020)
Registered number	07326155
Registered office	The Valley Floyd Road London SE7 8BL
Independent auditors	Nyman Libson Paul LLP Chartered Accountants & Registered Auditors 124 Finchley Road London NW3 5JS

BATON 2010 LIMITED

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BATON 2010 LIMITED

GROUP STRATEGIC REPORT FOR THE YEAR ENDED 30 JUNE 2020

Introduction

The principal activity of the group is now that of property investment following the sale of Charlton Athletic Football Company Limited which operates a professional football club, together with related commercial activities.

Ownership

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

Financial review

On 23 January 2020, the company sold its shareholding in Charlton Athletic Football Company Limited. These financial statements include the results of that company up to the date of disposal together with the results of the whole year from the remaining subsidiary Charlton Athletic Holdings Limited. Following the sale, new lease agreements for the use of the Valley Stadium and the Charlton Athletic Training Ground were entered into by Charlton Athletic Holdings Limited and Charlton Athletic Football Company Limited.

Turnover

	2020	2019
	£000	£000
Central income	4,378	1,515
Match day	3,132	4,151
Commercial	1,166	1,308
Other	498	902
Rent receivable	87	-
Total turnover	9,261	7,876

Central income consists of English Football League (EFL) and Premier League (PL) central distributions as well as revenue from television broadcasts. The EFL and PL solidarity distributions increased as a result of the club being promoted to the Championship for the 2019-20 season. The club also had several televised matches resulting in increased income from broadcasts.

Match day income consists primarily of ticket income, match day hospitality, advertising and programmes. Season ticket income is deferred and released to income over the course of the season which would result in lower amounts of income being recognised up to January 2020 with many games still to be played. The 2019 figures also included the increased revenue generated by the Playoff Semi Final and the Final at Wembley.

Commercial income comprises sponsorship, non-matchday events and retail. The fall in income reflects the shorter period in the 2020 accounts compared to the previous year.

Other income principally comprises youth academy grant income arising from the Elite Player Performance Plan. This is received over the course of the season resulting in lower income in the 2020 accounts compared to the previous year.

Rent receivable is for the use of the Valley Stadium and Charlton Athletic Training Ground after 23 January 2020.

BATON 2010 LIMITED

GROUP STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2020

Operating expenses

Operating expenses, excluding depreciation and player amortisation, for the period to 23 January 2020 were £9.6m (year ended 30 June 2019 - £15.7m). Total staff costs, including players, for those periods were £5.7m (2019 - £10.4m).

Profit on disposal of players' registrations

Profit on disposal of players' registrations amounted to £3.9m (2019 – £2.9m). Several player contingent clauses were triggered during this financial year from historical player sales, e.g. Lookman, Pope, Gomez, Palmer, as well as the sale of Dijksteel.

Profit/ (loss) before taxation

Details of the profit arising on the sale of Charlton Athletic Football Company Limited are disclosed in note 14. Once this profit, interest, depreciation and amortisation are taken into account the profit before taxation for the year was £19.9m (2019 – loss of £10.4m).

Key Performance Indicators

Following the sale of Charlton Athletic Football Company Limited, the directors consider that there are no relevant key performance indicators.

This report was approved by the board on 30 June 2021 and signed on its behalf.

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R Duchâtelet

Director

**DIRECTORS' REPORT
FOR THE YEAR ENDED 30 JUNE 2020**

The directors present their report and the financial statements for the year ended 30 June 2020.

Results and dividends

The profit for the year, after taxation, amounted to £19.868m (2019 - £10.442m loss for the period).

Directors

The directors who served during the year were:

R Duchâtelet

R A Murray (resigned 7 December 2020)

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.

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2020**

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 54 days (2019: 67 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. Following the sale of Charlton Athletic Football Company Limited in January 2020, the group has no employees other than the directors.

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 LLP, 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 30 June 2021 and signed on its behalf.

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R Duchâtelet

Director

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF BATON 2010 LIMITED

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 2020, 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 2020 and of the Group's profit 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.

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

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.

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

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement on page 3, 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. This description forms part of our Auditors' Report.

Use of our report

This report is made solely to the Company's members 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 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 LLP

Chartered Accountants

Registered Auditors

124 Finchley Road

London

NW3 5JS

30 June 2021

BATON 2010 LIMITED

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2020**

		Continuing operations 2020 £000	Discontin'd operations 2020 £000	Total 2020 £000	Continuing operations 2019 £000	Discontinued operations 2019 £000	Total 2019 £000
	Note						
Turnover	4	87	9,174	9,261	3	7,873	7,876
Gross profit		87	9,174	9,261	3	7,873	7,876
Administrative expenses		80	(10,975)	(10,895)	50	(19,703)	(19,653)
Exceptional admin expenses	9	-	(83)	(83)	-	(67)	(67)
Operating loss	5	167	(1,884)	(1,717)	53	(11,897)	(11,844)
Amounts written on/(off) investments	14	-	18,652	18,652	-	-	-
Profit on disposal of players		-	3,944	3,944	-	2,864	2,864
Interest payable and expenses	7	(636)	(375)	(1,011)	(422)	(1,040)	(1,462)
Profit/(loss) before taxation		(469)	20,337	19,868	(369)	(10,073)	(10,442)
Profit/(loss) for the financial year		<u>(469)</u>	<u>20,337</u>	<u>19,868</u>	<u>(369)</u>	<u>(10,073)</u>	<u>(10,442)</u>
Profit/(loss) for the year attributable to:							
Owners of the parent Company		(469)	20,337	19,868	(369)	(10,073)	(10,442)
		<u>(469)</u>	<u>20,337</u>	<u>19,868</u>	<u>(369)</u>	<u>(10,073)</u>	<u>(10,442)</u>

The notes on pages 16 to 32 form part of these financial statements.

BATON 2010 LIMITED
REGISTERED NUMBER: 07326155

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2020

	Note	2020 £000	2019 £000
Fixed assets			
Intangible assets	11	-	829
Tangible assets	12	11,700	53,014
		<u>11,700</u>	<u>53,843</u>
Current assets			
Debtors: amounts falling due after more than one year	15	-	500
Debtors: amounts falling due within one year	15	92	2,001
Cash at bank and in hand		8	482
		<u>100</u>	<u>2,983</u>
Creditors: amounts falling due within one year	16	(22)	(6,108)
Net current assets/(liabilities)		<u>78</u>	<u>(3,125)</u>
Total assets less current liabilities		<u>11,778</u>	<u>50,718</u>
Creditors: amounts falling due after more than one year	17	(21,719)	(76,012)
Provisions for liabilities			
Deferred taxation	18	(1,935)	(6,450)
		<u>(1,935)</u>	<u>(6,450)</u>
Net liabilities		<u><u>(11,876)</u></u>	<u><u>(31,744)</u></u>
Capital and reserves			
Share premium account		3,000	3,000
Revaluation reserve		5,620	20,111
Other reserves		6,798	9,075
Profit and loss account		(27,294)	(63,930)
		<u><u>(11,876)</u></u>	<u><u>(31,744)</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 30 June 2021.

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R Duchâtelet

Director

The notes on pages 16 to 32 form part of these financial statements.

BATON 2010 LIMITED
REGISTERED NUMBER: 07326155

COMPANY STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2020

	Note	2020 £000	2019 £000
Current assets			
Debtors: amounts falling due within one year	15	-	66,886
		-	66,886
Creditors: amounts falling due within one year	16	(7)	(7)
Net current (liabilities)/assets		(7)	66,879
Total assets less current liabilities		(7)	66,879
Creditors: amounts falling due after more than one year	17	(21,719)	(66,555)
Net (liabilities)/assets		(21,726)	324
Capital and reserves			
Share premium account		3,000	3,000
Profit and loss account		(24,726)	(2,676)
		(21,726)	324

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 30 June 2021.

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R Duchâtelet

Director

The notes on pages 16 to 32 form part of these financial statements.

BATON 2010 LIMITED

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2020**

	Share premium account	Revaluation reserve	Other reserves	Profit and loss account	Total equity
	£000	£000	£000	£000	£000
At 1 July 2019	3,000	20,111	9,075	(63,930)	(31,744)
Comprehensive income for the year					
Profit for the year	-	-	-	19,868	19,868
Other comprehensive income for the year	-	-	-	-	-
Total comprehensive income for the year	-	-	-	19,868	19,868
Transfer to/from profit and loss account	-	(14,491)	(2,277)	16,768	-
Total transactions with owners	-	(14,491)	(2,277)	16,768	-
At 30 June 2020	<u>3,000</u>	<u>5,620</u>	<u>6,798</u>	<u>(27,294)</u>	<u>(11,876)</u>

The notes on pages 16 to 32 form part of these financial statements.

BATON 2010 LIMITED

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2019**

	Share premium account	Revaluation reserve	Other reserves	Profit and loss account	Total equity
	£000	£000	£000	£000	£000
At 1 July 2018	3,000	20,111	9,075	(53,488)	(21,302)
Comprehensive income for the year					
Loss for the year	-	-	-	(10,442)	(10,442)
Other comprehensive income for the year	-	-	-	-	-
Total comprehensive income for the year	-	-	-	(10,442)	(10,442)
Total transactions with owners	-	-	-	-	-
At 30 June 2019	<u>3,000</u>	<u>20,111</u>	<u>9,075</u>	<u>(63,930)</u>	<u>(31,744)</u>

The notes on pages 16 to 32 form part of these financial statements.

BATON 2010 LIMITED

**COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2020**

	Share premium account	Profit and loss account	Total equity
	£000	£000	£000
At 1 July 2019	3,000	(2,676)	324
Comprehensive income for the year			
Loss for the year	-	(22,050)	(22,050)
Other comprehensive income for the year	-	-	-
Total comprehensive income/(loss) for the year	-	(22,050)	(22,050)
At 30 June 2020	<u>3,000</u>	<u>(24,726)</u>	<u>(21,726)</u>

**COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2019**

	Share premium account	Profit and loss account	Total equity
	£000	£000	£000
At 1 July 2018	3,000	(2,254)	746
Comprehensive income for the year			
Loss for the year	-	(422)	(422)
Other comprehensive income for the year	-	-	-
Total comprehensive income/(loss) for the year	-	(422)	(422)
At 30 June 2019	<u>3,000</u>	<u>(2,676)</u>	<u>324</u>

The notes on pages 16 to 32 form part of these financial statements.

BATON 2010 LIMITED

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2020**

	2020 £000	2019 £000
Cash flows from operating activities		
Profit/(loss) for the financial year	19,868	(10,442)
Adjustments for:		
Amortisation of intangible assets	241	1,797
Depreciation of tangible assets	1,092	2,201
(Increase)/decrease in debtors	(1,854)	65
Increase in creditors	837	1,631
Profit on disposal of subsidiary	(18,652)	-
Net cash generated from operating activities	<u>1,532</u>	<u>(4,748)</u>
Cash flows from investing activities		
Purchase of intangible fixed assets	(236)	(543)
Sale of intangible assets	37	110
Purchase of tangible fixed assets	(388)	(391)
Disposal of subsidiary net of cash disposed of	(1,419)	-
Net cash from investing activities	<u>(2,006)</u>	<u>(824)</u>
Cash flows from financing activities		
New loans from group companies	-	5,694
Net cash used in financing activities	<u>-</u>	<u>5,694</u>
Net (decrease)/increase in cash and cash equivalents	(474)	122
Cash and cash equivalents at beginning of year	482	360
Cash and cash equivalents at the end of year	<u><u>8</u></u>	<u><u>482</u></u>
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	8	482
	<u><u>8</u></u>	<u><u>482</u></u>

The notes on pages 16 to 32 form part of these financial statements.

BATON 2010 LIMITED

**CONSOLIDATED ANALYSIS OF NET DEBT
FOR THE YEAR ENDED 30 JUNE 2020**

	At 1 July 2019 £000	Cash flows £000	Disposal of subsidiaries £000	Other non-cash changes £000	At 30 June 2020 £000
Cash at bank and in hand	482	945	(1,419)	-	8
Debt due after 1 year	(66,555)	-	45,847	(1,011)	(21,719)
	<u>(66,073)</u>	<u>945</u>	<u>44,428</u>	<u>(1,011)</u>	<u>(21,711)</u>

The notes on pages 16 to 32 form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020**

1. General information

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

These financial statements include the results of Charlton Athletic Football Company Limited up to the date it was sold by the group in January 2020. This sale was before the lockdowns caused by the Covid-19 pandemic which resulted in the temporary postponement of the 2019-20 season and the Valley Stadium being closed to fans. The Covid-19 pandemic has had little impact on the financial results of the group as a consequence.

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. Following the sale of the football club, turnover arises from rent receivable.

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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020**

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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020**

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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

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 operated a defined contribution plan for its employees through its former subsidiary company Charlton Athletic Football Company Limited. 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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020**

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 supporters utilise 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

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.

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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

4. Turnover

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

	2020 £000	2019 £000
Rent receivable	87	-
Television and broadcast	4,378	1,515
Ticket income and match day activities	3,132	4,151
Commercial	1,166	1,308
Other	498	902
	<u>9,261</u>	<u>7,876</u>

All turnover arose within the United Kingdom.

5. Operating loss

The operating loss is stated after charging:

	2020 £000	2019 £000
Depreciation of tangible fixed assets	1,092	2,201
Amortisation of intangible fixed assets	241	1,797
Hire of plant and machinery	6	23
Other operating lease rentals	66	166
Auditors' remuneration	16	23
Auditors' remuneration - other services	<u>-</u>	<u>5</u>

BATON 2010 LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020**

6. Employees

Staff costs were as follows:

	Group 2020 £000	Group 2019 £000	Company 2020 £000	Company 2019 £000
Wages and salaries	5,113	9,477	-	-
Social security costs	606	909	-	-
Cost of defined contribution scheme	31	46	-	-
	<u>5,750</u>	<u>10,432</u>	<u>-</u>	<u>-</u>

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

	Group 2020 No.	Group 2019 No.	Company 2020 No.	Company 2019 No.
Full time playing, training and football management	78	96	-	-
Administration, commercial and stadium maintenance	45	40	2	2
	<u>123</u>	<u>136</u>	<u>2</u>	<u>2</u>

During the year, no director of Baton 2010 Limited received any emoluments (2019: £nil) in respect of their services as a director.

Key management compensation

Key management comprises members of senior management across all areas of the business in the former subsidiary company Charlton Athletic Football Company Limited. The compensation paid or payable to key management for employee services in the period ended 23 January 2020 was £1,008,178 (year ended 30 June 2019 £1,166,438).

7. Interest payable and similar expenses

	2020 £000	2019 £000
On loans from ultimate parent company	1,011	1,281
On unwinding of discounting on ex-directors loans	-	181
	<u>1,011</u>	<u>1,462</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

8. Taxation

	2020 £000	2019 £000
Total current tax	-	-

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2019 - lower than) the standard rate of corporation tax in the UK of 19% (2019 - 19%). The differences are explained below:

	2020 £000	2019 £000
Profit/(loss) on ordinary activities before tax	19,868	(10,442)
Profit/(loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2019 - 19%)	3,775	(1,984)
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	33	6
Depreciation for year in excess of capital allowances	(1)	179
Non-taxable income	(3,554)	(20)
Tax losses (utilised) / arising in the period	(253)	1,819
Total tax charge for the year	-	-

Factors that may affect future tax charges

The group has tax losses of approximately £3 million (2019: £103 million) available to carry forward against future trading profits.

9. Exceptional items

	2020 £000	2019 £000
Staff restructuring	83	67
	83	67

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

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 £22,050,000 (2019 - loss £422,000).

11. Intangible assets

Group and Company

	Players' registrations £000
At 1 July 2019	7,139
Additions	236
Disposals	(127)
On disposal of subsidiaries	(7,248)
At 30 June 2020	-
At 1 July 2019	6,310
Charge for the year on owned assets	241
On disposals	(6,551)
At 30 June 2020	-
Net book value	
At 30 June 2020	-
At 30 June 2019	829

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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

12. Tangible fixed assets

Group

	Freehold properties £000	Leasehold improvements £000	Ground and office equipment £000	Motor vehicles £000	Total £000
Cost or valuation					
At 1 July 2019	11,700	45,232	5,114	93	62,139
Additions	-	125	263	-	388
Disposal of subsidiary	-	(45,357)	(5,377)	(93)	(50,827)
At 30 June 2020	11,700	-	-	-	11,700
At 1 July 2019	-	4,501	4,533	91	9,125
Charge for the year on owned assets	-	878	212	2	1,092
Disposal of subsidiary	-	(5,379)	(4,745)	(93)	(10,217)
At 30 June 2020	-	-	-	-	-
Net book value					
At 30 June 2020	11,700	-	-	-	11,700
At 30 June 2019	11,700	40,731	581	2	53,014

Cost or valuation at 30 June 2020 is as follows:

	Land and buildings £000
At cost	6,080
At valuation:	
Revalued at 30 June 2020 by the directors	5,620
	11,700

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

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:

	2020 £000	2019 £000
Group		
Cost	6,080	31,818
Net book value	<u>6,080</u>	<u>31,818</u>

Properties were revalued to fair value at 30 June 2020 based on a valuation undertaken by the directors. It is the opinion of the directors that the valuation of properties has not changed materially from the valuation carried out at 30 June 2016 by Cushman and Wakefield Chartered Surveyors.

13. Fixed asset investments

Company

	Investments in subsidiary companies £000
Additions	21,495
Disposals	(21,495)
At 30 June 2020	<u>-</u>

On 27 December 2019, the company's principal subsidiary, Charlton Athletic Football Company Limited, issued 21,494,704 ordinary shares at par to capitalise the same amount of debt owed to the company. On 23 January 2020 the company disposed of its shareholding in Charlton Athletic Football Company Limited. Details of the disposal are set out in note 14.

Subsidiary undertaking

As at 30 June 2020, the following was a subsidiary undertaking of the Company:

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

Subsidiary undertaking (continued)

The aggregate of the share capital and reserves as at 30 June 2020 and the profit or loss for the year ended on that date in £'000 for the subsidiary undertaking were as follows:

	Aggregate of share capital and reserves	Profit/(Loss)
Charlton Athletic Holdings Limited	9,945	(1,367)

14. Discontinued operations

On 23 January 2020 the company sold its shareholding in Charlton Athletic Football Company Limited to East Street Investments Limited for an initial consideration of £1. No contingent consideration has become payable since the disposal.

The assets and liabilities at the date of disposal were as follows:

		£000
Net assets disposed of:		
Tangible fixed assets	40,610	
Intangible assets	787	
Debtors	4,263	
Cash at bank and in hand	1,419	
Creditors	(61,216)	
Provisions for liabilities and charges	(4,515)	
Net liabilities disposed of		(18,652)
Profit on disposal before tax		<u>18,652</u>

The net outflow of cash in respect of the sale of Charlton Athletic Football Company Limited is as follows:

	£000
Cash at bank and in hand transferred on disposal	(1,419)
Net outflow of cash	<u>(1,419)</u>

During the period to 23 January 2020, Charlton Athletic Football Company Limited contributed £470,000 to the group's net decrease in cash and cash equivalents (2019: £118,000 contribution to the group's net increase in cash and cash equivalents).

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

15. Debtors

	Group 2020 £000	Group 2019 £000	Company 2020 £000	Company 2019 £000
Due after more than one year				
Trade debtors	-	500	-	-
	<u>-</u>	<u>500</u>	<u>-</u>	<u>-</u>
	Group 2020 £000	Group 2019 £000	Company 2020 £000	Company 2019 £000
Due within one year				
Trade debtors	56	1,293	-	-
Amounts owed by group undertakings	-	-	-	66,886
Other debtors	-	60	-	-
Prepayments and accrued income	36	648	-	-
	<u>92</u>	<u>2,001</u>	<u>-</u>	<u>66,886</u>

16. Creditors: Amounts falling due within one year

	Group 2020 £000	Group 2019 £000	Company 2020 £000	Company 2019 £000
Trade creditors	-	1,726	-	-
Amounts owed to parent company	-	568	-	-
Other taxation and social security	9	842	-	-
Other creditors	-	37	-	-
Accruals and deferred income	13	2,935	7	7
	<u>22</u>	<u>6,108</u>	<u>7</u>	<u>7</u>

BATON 2010 LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020**

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

	Group 2020 £000	Group 2019 £000	Company 2020 £000	Company 2019 £000
Amounts owed to parent company	21,719	66,555	21,719	66,555
Other loans	-	6,225	-	-
Government grants received	-	3,166	-	-
Accruals and deferred income	-	66	-	-
	<u>21,719</u>	<u>76,012</u>	<u>21,719</u>	<u>66,555</u>

Other loans in the former subsidiary Charlton Athletic Football Company Limited are historic loans from R A Murray and other former directors of the company totalling £7,000,000 (2019: £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 £6,224,845 at 30 June 2019. The unwinding of discounting of £181,306 in the year to 30 June 2019 was included within interest payable and similar expenses (see note 7). Details of the net present value of the loans at 30 June 2020 are disclosed in the financial statements of Charlton Athletic Football Company Limited. These loans are secured by fixed and floating charges over the property and assets of Baton 2010 Limited and Charlton Athletic Holdings Limited.

18. Deferred taxation

Group

	2020 £000	2019 £000
At beginning of year	(6,450)	(6,450)
On disposal of subsidiary	4,515	-
At end of year	<u>(1,935)</u>	<u>(6,450)</u>

The provision for deferred taxation is made up as follows:

	Group 2020 £000	Group 2019 £000
Revaluation of tangible fixed assets	(1,935)	(6,450)
	<u>(1,935)</u>	<u>(6,450)</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

19. Share capital

	2020 £	2019 £
Authorised, allotted, called up and fully paid		
1,000 (2019 - 1,000) Ordinary shares of £0.10 each	<u>100</u>	<u>100</u>

20. Contingent liabilities and assets

There are no contingent liabilities and assets at 30 June 2020.

At 30 June 2019 there were additional transfer and agent fees of £872,579 payable depending on players making specific numbers of appearances, gaining international honours and on-field playing success.

At 30 June 2019 there were additional fees receivable of £5,015,000 depending on players sold making specific numbers of appearances, gaining international honours or achieving on-field playing success.

21. 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 £1,935,000 (2019: £6,450,000).

22. Pension commitments

The group has no pension commitments following the sale of the former subsidiary company Charlton Athletic Football Company Limited.

The football 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. Details of the Club's notional share of the deficit at 30 June 2020 are disclosed in the financial statements of Charlton Athletic Football Company Limited for that period.

23. Commitments under operating leases

The Group and the Company had no commitments under the non-cancellable operating leases as at the reporting date.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020**

24. Related party transactions

Staprix NV charged interest on loans in the period to the group at 2% (2019: 2%), resulting in an interest charge of £1,011,000 (2019: £1,281,000). 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.

25. Post balance sheet events

In September 2020, Charlton Athletic Football Company Limited transferred the short term leasehold assets held by the club to Charlton Athletic Holdings Limited in settlement of an outstanding liability to Staprix NV, the parent company. Deeds of variation were entered into by Charlton Athletic Holdings Limited and Charlton Athletic Football Company Limited to amend the existing lease agreements between the two companies to increase the rent payable by the club for the use of these assets.

26. 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.

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