

Company Registration No. 08335231 (England and Wales)

BURNLEY FC HOLDINGS LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019



BURNLEY FC HOLDINGS LIMITED

COMPANY INFORMATION

Directors	C J Holt M L Garlick B C Kilby J Banaszkiewicz B T Nelson T A D Crabb B Flood
Company number	08335231
Registered office	Turf Moor Harry Potts Way Burnley Lancashire BB10 4BX
Auditor	Baldwins Audit Services St Crispin House St Crispin Way Rossendale BB4 4PW

BURNLEY FC HOLDINGS LIMITED

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BURNLEY FC HOLDINGS LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 30 JUNE 2019

The directors present the strategic report for the year ended 30 June 2019.

Chairman's report and fair review of the business

On behalf of the board of directors, we are pleased to present the annual report and financial statements for the year ended 30 June 2019.

Following our spectacular 7th place finish in the 2017/18 season, we embarked on our first season in Europe in over 50 years - something, which I'm sure most of us, a few years ago, thought we would never see again.

We witnessed some very exciting contests and memorable trips against Aberdeen and Istanbul Basaksehir, but following defeat against Olympiakos, we narrowly missed qualifying for the group stage.

Combining our European adventure with the weekly fixture program of the Premier league proved highly challenging, but following a highly successful second half of the season we managed to slowly but steadily climb up the table to a respectable finish and secure our 4th consecutive season of top flight football, for the first time in 50 years!

Financially our turnover decreased slightly from £139m to £137m, in part due to the decrease in "place monies" after finishing 15th instead of 7th the previous season.

Wages again grew from £82m to £87m mainly due to increased player, coaching and other football staff costs.

Profit before tax fell from £45m to £5m. The single largest reason for this change is the sale of both Andre Gray and Michael Keane, which boosted our player trading profitability considerably in 2017/18.

In the second half of the season we also invested heavily in our recruitment and scouting set up, more than tripling the number of full time staff.

We are confident that this increased investment will slowly but surely develop our ability to identify and sign players that can improve our first team squad, whilst at the same time helping to maintain our financial sustainability as a club for generations to come.

In closing I would like to thank all our staff for their continued hard work and commitment and all our fans for their unwavering support and passion. You all help to make a difference.

Indeed, the future is extremely bright for all of us.

Keep the faith.

Mike

Principal Risks and Uncertainties

The group faces a number of risks and uncertainties and has measures in place to mitigate the impact of these risks.

The principal risk to the group is the possibility of the football club's relegation from the Premier League and the associated reduction in turnover this would bring. This risk is managed by incorporating clauses into player contracts which would lead to a significant reduction in player salaries in the event of relegation.

The club's finishing position in the Premier League also has a material impact on the club's turnover and operating costs, and the directors' make prudent budget assumptions regarding the club's league position to manage this risk.

BURNLEY FC HOLDINGS LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2019

Key performance indicators

	2018/2019	2017/2018
League position	15th	7th
FA Cup	4th Round	3rd Round
Carabao Cup	3rd Round	3rd Round
Average Home league gate	20,534	20,688
Wage:Turnover ratio	62.86%	58.72%

On behalf of the board



M L Garlick

Chairman and Director

25 February 2020

BURNLEY FC HOLDINGS LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2019

The directors present their annual report and financial statements for the year ended 30 June 2019.

Principal activities

The principal activity of the company is that of a holding company for the group. The principal activity of the group is the operation of a professional football club.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

C J Holt
M L Garlick
B C Kilby
J Banaszkiewicz
B T Nelson
T A D Crabb
B Flood

Results and dividends

The results for the year are set out on page 9.

No ordinary dividends were paid. The directors do not recommend payment of a final dividend.

Financial instruments

Price risk, credit risk, liquidity risk and cash flow risk

The group's principal financial instruments comprise bank balances, trade debtors and trade creditors. The main purpose of these instruments is to finance the business' operations.

In respect of bank balances, the liquidity risk is managed by maintaining a balance between the continuity of funding and flexibility through the use of overdrafts at floating rates of interest. All of the business' cash balances are held in such a way that achieves a competitive rate of interest. The business makes use of money market facilities where funds are available.

Trade debtors are managed in respect of credit and cash flow risk by policies concerning the credit offered to customers and the regular monitoring of amounts outstanding for both time and credit limits. The amounts presented in the balance sheet are net of allowances for doubtful debtors.

Trade creditors' liquidity risk is managed by ensuring sufficient funds are available to meet amounts due.

Disabled persons

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment within the group continues and that the appropriate training is arranged. It is the policy of the group that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

Employee involvement

The group's policy is to consult and discuss with employees, through unions, staff councils and at meetings, matters likely to affect employees' interests.

Information about matters of concern to employees is given through information bulletins and reports which seek to achieve a common awareness on the part of all employees of the financial and economic factors affecting the group's performance.

BURNLEY FC HOLDINGS LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2019

Post reporting date events

Following the year end the club acquired the player registrations of Jay Rodriguez, Bailey Peacock-Farrell, Erik Pieters and Joshua Brownhill on permanent playing contracts.

The player registrations of Tom Heaton, Steven Defour, Stephen Ward and Nahki Wells have been disposed of after the year end.

The net expenditure arising on these transfers is £8,264,000.

Auditor

The auditor, Baldwins Audit Services, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the auditor of the company is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the auditor of the company is aware of that information.

On behalf of the board


B C Kilby
Director

25 February 2020

BURNLEY FC HOLDINGS LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 30 JUNE 2019

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

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

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

BURNLEY FC HOLDINGS LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF BURNLEY FC HOLDINGS LIMITED

Opinion

We have audited the financial statements of Burnley FC Holdings Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 30 June 2019 which comprise the group statement of comprehensive income, the group balance sheet, the company balance sheet, the group statement of changes in equity, the company statement of changes in equity, the group statement of cash flows and notes to the financial statements, 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 FRS 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 the parent company's affairs as at 30 June 2019 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 *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC'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.

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 auditor's 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.

BURNLEY FC HOLDINGS LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF BURNLEY FC HOLDINGS LIMITED

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the 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 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 strategic report and the directors' report.

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

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, 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.

Auditor's 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 auditor's 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: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

BURNLEY FC HOLDINGS LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF BURNLEY FC HOLDINGS LIMITED

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 auditor's 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.



Mr Nicholas Stockton (Senior Statutory Auditor)
for and on behalf of Baldwins Audit Services

26 February 2020

Statutory Auditor

St Crispin House
St Crispin Way
Rossendale
BB4 4PW

BURNLEY FC HOLDINGS LIMITED

GROUP STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2019

		Operations excl player trading £'000	2019 Player trading £'000	Total £'000	2018 Total £'000
	Notes				
Turnover	3	137,791	-	137,791	138,997
Other operating income		977	-	977	1,174
Staff costs	6	(86,619)	-	(86,619)	(81,616)
Depreciation	4	(1,908)	-	(1,908)	(1,824)
Other operating expenses		(14,782)	-	(14,782)	(14,577)
Operating profit excluding player trading		35,459	-	35,459	42,154
Amortisation of player registrations	4	-	(37,516)	(37,516)	(27,754)
Profit on disposal of player registrations	4	-	7,017	7,017	30,731
Operating profit	4	35,459	(30,499)	4,960	45,131
Interest receivable and similar income	7			41	34
Interest payable and similar expenses	8			(2)	(17)
Profit before taxation				4,999	45,148
Tax on profit	9			(654)	(8,500)
Profit for the financial year				4,345	36,648

The Group Statement of Comprehensive Income has been prepared on the basis that all operations are continuing operations.

There are no recognised gains and losses other than those passing through the profit and loss account.

BURNLEY FC HOLDINGS LIMITED

GROUP BALANCE SHEET

AS AT 30 JUNE 2019

	Notes	2019 £'000	2018 £'000
Fixed assets			
Intangible assets	10	44,498	49,181
Tangible assets	11	25,800	22,520
		<u>70,298</u>	<u>71,701</u>
Current assets			
Stocks	14	414	591
Debtors	15	24,220	32,929
Cash at bank and in hand		41,647	34,412
		<u>66,281</u>	<u>67,932</u>
Creditors: amounts falling due within one year	16	(46,158)	(52,322)
Net current assets		<u>20,123</u>	<u>15,610</u>
Total assets less current liabilities		<u>90,421</u>	<u>87,311</u>
Creditors: amounts falling due after more than one year	17	(8,710)	(10,250)
Provisions for liabilities	19	(682)	(377)
Net assets		<u><u>81,029</u></u>	<u><u>76,684</u></u>
Capital and reserves			
Called up share capital	21	122	122
Share premium account		4,676	4,676
Merger reserve		11,220	11,220
Profit and loss reserves		65,011	60,666
Total equity		<u><u>81,029</u></u>	<u><u>76,684</u></u>

The financial statements were approved by the board of directors and authorised for issue on 25 February 2020 and are signed on its behalf by:

B C Kilby
Director

BURNLEY FC HOLDINGS LIMITED

COMPANY BALANCE SHEET

AS AT 30 JUNE 2019

		2019		2018	
	Notes	£'000	£'000	£'000	£'000
Fixed assets					
Investments	12		1,391		1,391
Current assets					
Debtors	15	3,400		3,400	
Net current assets			3,400		3,400
Total assets less current liabilities			4,791		4,791
Capital and reserves					
Called up share capital	21		122		122
Share premium account			4,676		4,676
Profit and loss reserves			(7)		(7)
Total equity			4,791		4,791

As permitted by s408 Companies Act 2006, the company has not presented its own profit and loss account and related notes. The company's profit for the year was £nil (2018 - £nil).

The financial statements were approved by the board of directors and authorised for issue on 25 February 2020 and are signed on its behalf by:


B C Kilby
Director

Company Registration No. 08335231

BURNLEY FC HOLDINGS LIMITED

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

	Share capital £'000	Share premium account £'000	Merger reserve £'000	Profit and loss reserves £'000	Total £'000
Balance at 1 July 2017	122	4,676	11,220	24,018	40,036
Year ended 30 June 2018:					
Profit and total comprehensive income for the year	-	-	-	36,648	36,648
Balance at 30 June 2018	122	4,676	11,220	60,666	76,684
Year ended 30 June 2019:					
Profit and total comprehensive income for the year	-	-	-	4,345	4,345
Balance at 30 June 2019	122	4,676	11,220	65,011	81,029

BURNLEY FC HOLDINGS LIMITED

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

	Share capital £'000	Share premium account £'000	Profit and loss reserves £'000	Total £'000
Balance at 1 July 2017	122	4,676	(7)	4,791
	<hr/>	<hr/>	<hr/>	<hr/>
Year ended 30 June 2018:				
Profit and total comprehensive income for the year	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Balance at 30 June 2018	122	4,676	(7)	4,791
	<hr/>	<hr/>	<hr/>	<hr/>
Year ended 30 June 2019:				
Profit and total comprehensive income for the year	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Balance at 30 June 2019	122	4,676	(7)	4,791
	<hr/>	<hr/>	<hr/>	<hr/>

BURNLEY FC HOLDINGS LIMITED

GROUP STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2019

		2019	2018
	Notes	£'000	£'000
Cash flows from operating activities			
Cash generated from operations	28	33,724	53,397
Interest paid		(2)	-
Income taxes paid		(7,500)	(6,250)
Net cash inflow from operating activities		26,222	47,147
Investing activities			
Purchase of intangible assets		(32,465)	(41,395)
Proceeds on disposal of intangibles		19,422	14,649
Purchase of tangible fixed assets		(5,918)	(6,059)
Proceeds on disposal of tangible fixed assets		10	43
Interest received		41	34
Net cash used in investing activities		(18,910)	(32,728)
Financing activities			
Payment of finance leases obligations		(77)	(148)
Net cash used in financing activities		(77)	(148)
Net increase in cash and cash equivalents		7,235	14,271
Cash and cash equivalents at beginning of year		34,412	20,141
Cash and cash equivalents at end of year		41,647	34,412

BURNLEY FC HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

1 Accounting policies

Company information

Burnley FC Holdings Limited ("the company") is a private limited company domiciled and incorporated in England and Wales. The registered office is Turf Moor, Harry Potts Way, Burnley, Lancashire, BB10 4BX.

The group consists of Burnley FC Holdings Limited and all of its subsidiaries.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements have been prepared with early application of the FRS 102 Triennial Review 2017 amendments in full.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £'000.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

The company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has taken advantage of all applicable exemptions available in FRS 102 paragraph 1.12, from disclosure requirements of parent company information presented within the consolidated financial statements.

The consolidated financial statements incorporate those of Burnley FC Holdings Limited and all of its subsidiaries (ie entities that the group controls through its power to govern the financial and operating policies). All financial statements are made up to 30 June 2019.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

The group's investment in The Burnley Football & Athletic Company Limited is consolidated using the merger method of accounting, following a group reconstruction in February 2013. The group's investment in Longside Properties Limited is consolidated using the purchase method of accounting.

The group's equity is fully attributable to the shareholders of Burnley FC Holdings Limited.

1.2 Going concern

The directors consider that the group and company have adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

1.3 Turnover

Turnover represents income from television rights, gate receipts, catering, club shop sales and other commercial activities.

BURNLEY FC HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2019

1 Accounting policies

(Continued)

1.4 Intangible fixed assets - goodwill

Goodwill represents the excess of the cost of acquisition of a business over the fair value of net assets acquired. It is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is considered to have a finite useful life and is amortised on a systematic basis over its expected life.

1.5 Player registrations and signing on fees

Transfer fees and amounts paid to third parties for player registrations are capitalised as intangible assets and are amortised on a straight line basis over the period of the respective players' contract. Any transfer fees payable as a result of the occurrence of one or more uncertain future events are capitalised when the event occurs.

When a player registration is disposed, profit or loss on disposal of the registration is recognised as the difference between the consideration received and the carrying value of the player registration at the date of disposal.

Following the early adoption of FRS 102 Triennial Review 2017, profit or loss on the disposal of player registrations is now disclosed within operating profit. This is in accordance with FRS 102 (March 2018) paragraph 5.9B. The comparative year's profit and loss account has been amended to reflect this change in disclosure, however this has no impact on the group's overall profit for the year ended 30 June 2018.

Intangible assets are assessed on an annual basis and impairment losses arising are charged to the profit and loss account in the period in which they arise.

Player signing-on fees are expensed to the profit and loss account on a straight line basis over the period of the respective players' contract, except in the circumstances of a player disposal. In that case, any remaining signing-on fees due are allocated in full against profit or loss on disposal of players' registrations.

1.6 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Freehold land and buildings	2% to 7% straight line per annum
Plant and vehicles	12.5% to 25% straight line per annum
Fixtures and fittings	10% to 15% straight line per annum

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the profit and loss account.

1.7 Fixed asset investments

In the parent company financial statements, investments in subsidiaries are initially measured at cost and subsequently measured at cost less any accumulated impairment losses.

1.8 Impairment of fixed assets

At each reporting period end date, the group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss.

BURNLEY FC HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2019

1 Accounting policies

(Continued)

1.9 Stocks

Stocks are stated at the lower of cost and estimated selling price.

1.10 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand and deposits held at call with banks.

1.11 Financial instruments

The group has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the group's balance sheet when the group becomes party to the contractual provisions of the instrument.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the group transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including creditors and loans from fellow group companies are initially recognised at transaction price.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method. Financial liabilities classified as payable within one year are not amortised.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

BURNLEY FC HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2019

1 Accounting policies

(Continued)

1.12 Equity instruments

Equity instruments issued by the group are recorded at the proceeds received, net of transaction costs.

1.13 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

1.14 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.15 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.16 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the balance sheet as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to profit or loss so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

BURNLEY FC HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2019

1 Accounting policies

(Continued)

1.17 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation are included in the profit and loss account for the period.

2 Judgements and key sources of estimation uncertainty

The preparation of financial statements requires management to make significant judgements, estimates and assumptions.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

The main area of judgement that has the most significant effect on the amounts recognised in the financial statements is in regard to any provision for impairment of player registrations.

Provision for impairment is made when it becomes clear that any diminution in the value is permanent. In certain circumstances there may be an individual player whom the group does not consider to be part of the first team squad going forward and whom management have decided is unlikely to play for the first team for a significant part of the remaining duration of the player's contract. In such situations the carrying value of the player will be assessed for impairment and considered against the best estimate of his fair value less costs to sell.

3 Turnover and other revenue

Turnover originates within the United Kingdom and comprises the following:

	2019 £'000	2018 £'000
Turnover analysed by class of business		
Match income	6,323	5,604
Television rights	114,988	121,528
Catering sales	2,593	2,615
Other commercial activities	12,054	7,365
Retail sales	1,833	1,885
	<u>137,791</u>	<u>138,997</u>

4 Operating profit

	2019 £'000	2018 £'000
Operating profit for the year is stated after charging/(crediting):		
Exchange gains	(1)	(30)
Depreciation of tangible fixed assets	1,908	1,809
(Profit)/loss on disposal of tangible fixed assets	-	15
Amortisation of player registrations	37,516	27,754
Profit on disposal of player registrations	(7,017)	(30,731)
Operating lease charges	346	384
	<u></u>	<u></u>

BURNLEY FC HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2019

5 Auditor's remuneration

	2019 £'000	2018 £'000
Fees payable to the company's auditor and associates:		
For audit services		
Audit of the financial statements of the group and company	2	2
Audit of the financial statements of the company's subsidiaries	31	28
	<u>33</u>	<u>30</u>
For other services		
Audit-related assurance services	11	10
Taxation compliance services	15	9
All other non-audit services	14	16
	<u>40</u>	<u>35</u>

6 Employees

The average monthly number of persons (including directors) employed by the group and company during the year was:

	Group 2019 Number	2018 Number	Company 2019 Number	2018 Number
Players, managerial and training staff	160	120	-	-
Sales, administration and ancillary staff - full time	69	43	-	-
Sales, administration and ancillary staff - part time	26	21	-	-
	<u>255</u>	<u>184</u>	<u>-</u>	<u>-</u>

Their aggregate remuneration comprised:

	Group 2019 £'000	2018 £'000	Company 2019 £'000	2018 £'000
Wages and salaries	78,161	73,524	-	-
Social security costs	8,362	8,047	-	-
Pension costs	96	45	-	-
	<u>86,619</u>	<u>81,616</u>	<u>-</u>	<u>-</u>

BURNLEY FC HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2019

6 Employees

(Continued)

In addition to the above, the group employed an average of 325 (2018 - 295) match-day staff during the year.

Directors' and key management remuneration

The directors of Burnley FC Holdings Limited are considered to be the key management personnel of the group. None of the directors received remuneration from the group during the current or previous year.

7 Interest receivable and similar income

	2019 £'000	2018 £'000
Interest income		
Interest on bank deposits	41	34

8 Interest payable and similar expenses

	2019 £'000	2018 £'000
Other interest on financial liabilities	-	5
Interest on finance leases and hire purchase contracts	2	12
Total finance costs	2	17

9 Taxation

	2019 £'000	2018 £'000
Current tax		
UK corporation tax on profits for the current period	600	8,409
Adjustments in respect of prior periods	(251)	91
Total current tax	349	8,500
Deferred tax		
Origination and reversal of timing differences	305	-
Total tax charge	654	8,500

BURNLEY FC HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2019

9 Taxation

(Continued)

The actual charge for the year can be reconciled to the expected charge for the year based on the profit or loss and the standard rate of tax as follows:

	2019 £'000	2018 £'000
Profit before taxation	4,999	45,148
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2018: 19.00%)	950	8,578
Tax effect of expenses that are not deductible in determining taxable profit	220	11
Tax effect of income not taxable in determining taxable profit	(65)	(87)
Permanent capital allowances in excess of depreciation	-	(2)
Research and development tax credit	(451)	-
Taxation charge	654	8,500

10 Intangible fixed assets

Group	Goodwill £'000	Player registrations £'000	Total £'000
Cost			
At 1 July 2018	173	95,643	95,816
Additions - separately acquired	-	32,991	32,991
Disposals	-	(3,862)	(3,862)
At 30 June 2019	173	124,772	124,945
Amortisation and impairment			
At 1 July 2018	173	46,462	46,635
Amortisation charged for the year	-	37,516	37,516
Disposals	-	(3,704)	(3,704)
At 30 June 2019	173	80,274	80,447
Carrying amount			
At 30 June 2019	-	44,498	44,498
At 30 June 2018	-	49,181	49,181

The company had no intangible fixed assets at 30 June 2019 or 30 June 2018.

BURNLEY FC HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2019

11 Tangible fixed assets

Group	Freehold land and buildings £'000	Plant and vehicles £'000	Fixtures and fittings £'000	Total £'000
Cost				
At 1 July 2018	24,941	3,068	2,867	30,876
Additions	5,007	95	96	5,198
Disposals	-	(35)	-	(35)
At 30 June 2019	29,948	3,128	2,963	36,039
Depreciation and impairment				
At 1 July 2018	4,832	1,744	1,780	8,356
Depreciation charged in the year	1,407	239	262	1,908
Eliminated in respect of disposals	-	(25)	-	(25)
At 30 June 2019	6,239	1,958	2,042	10,239
Carrying amount				
At 30 June 2019	23,709	1,170	921	25,800
At 30 June 2018	20,109	1,324	1,087	22,520

The company had no tangible fixed assets at 30 June 2019 or 30 June 2018.

12 Fixed asset investments

	Notes	Group 2019 £'000	2018 £'000	Company 2019 £'000	2018 £'000
Investments in subsidiaries	13	-	-	1,391	1,391

Movements in fixed asset investments Company

	Shares in group undertakings £'000
Cost or valuation	
At 1 July 2018 and 30 June 2019	1,391
Carrying amount	
At 30 June 2019	1,391
At 30 June 2018	1,391

BURNLEY FC HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2019

13 Subsidiaries

Details of the company's subsidiaries at 30 June 2019 are as follows:

Name of undertaking	Nature of business	Class of shares held	% Held	
			Direct	Indirect
The Burnley Football & Athletic Company Limited	Professional football club	Ordinary	100.00	
Longside Properties Limited	Property letting	Ordinary	100.00	

The company's subsidiaries are registered in England & Wales and have the same registered office address as this company.

14 Stocks

	Group 2019 £'000	2018 £'000	Company 2019 £'000	2018 £'000
Finished goods and goods for resale	414	591	-	-

15 Debtors

	Group 2019 £'000	2018 £'000	Company 2019 £'000	2018 £'000
Amounts falling due within one year:				
Trade debtors	14,138	27,966	-	-
Corporation tax recoverable	2,278	-	-	-
Amounts owed by group undertakings	-	-	3,400	3,400
Other debtors	552	627	-	-
Prepayments and accrued income	7,252	4,336	-	-
	<u>24,220</u>	<u>32,929</u>	<u>3,400</u>	<u>3,400</u>

Group

Trade debtors includes amounts of £nil (2018 - £7,735,000) which are classified as non-current.

Included within trade debtors is £13,780,000 (2018 - £27,883,000) relating to amounts due from other football clubs.

BURNLEY FC HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2019

16 Creditors: amounts falling due within one year

		Group		Company	
	Notes	2019	2018	2019	2018
		£'000	£'000	£'000	£'000
Obligations under finance leases	18	-	77	-	-
Trade creditors		16,378	16,072	-	-
Corporation tax payable		-	4,873	-	-
Other taxation and social security		5,317	4,461	-	-
Accruals and deferred income		24,463	26,839	-	-
		<u>46,158</u>	<u>52,322</u>	<u>-</u>	<u>-</u>

Group

Included within trade creditors is £14,119,000 (2018 - £13,338,000), which relate to amounts due to other football clubs.

Included within accruals and deferred income is £nil (2018 - £281,000), which relate to amounts due to other football clubs.

17 Creditors: amounts falling due after more than one year

	Group		Company	
	2019	2018	2019	2018
	£'000	£'000	£'000	£'000
Trade creditors	5,000	9,246	-	-
Accruals and deferred income	3,710	1,004	-	-
	<u>8,710</u>	<u>10,250</u>	<u>-</u>	<u>-</u>

Group

Included within trade creditors is £5,000,000 (2018 - £9,246,000), which relate to amounts due to other football clubs.

Included within accruals and deferred income is £2,500,000 (2018 - £nil), which relate to amounts due to other football clubs.

18 Finance lease obligations

	Group		Company	
	2019	2018	2019	2018
	£'000	£'000	£'000	£'000
Future minimum lease payments due under finance leases:				
Within one year	-	77	-	-
	<u>-</u>	<u>77</u>	<u>-</u>	<u>-</u>

BURNLEY FC HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2019

19 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the group and company, and movements thereon:

	Liabilities 2019 £'000	Liabilities 2018 £'000
Group		
Accelerated capital allowances	682	377
	<u> </u>	<u> </u>

The company has no deferred tax assets or liabilities.

	Group 2019 £'000	Company 2019 £'000
Movements in the year:		
Liability at 1 July 2018	377	-
Charge to profit or loss	305	-
	<u> </u>	<u> </u>
Liability at 30 June 2019	682	-
	<u> </u>	<u> </u>

20 Retirement benefit schemes

	2019 £'000	2018 £'000
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	96	45
	<u> </u>	<u> </u>

A defined contribution pension scheme is operated for all qualifying employees. The assets of the scheme are held separately from those of the group in an independently administered fund. Contributions totalling £28,000 (2018 - £15,000) were payable to the scheme at the end of the year and are included in creditors.

21 Share capital

	Group and company 2019 £'000	2018 £'000
Ordinary share capital		
Issued and fully paid		
122,478 Ordinary shares of £1 each	122	122
	<u> </u>	<u> </u>

22 Financial commitments, guarantees and contingent liabilities

Contingent liabilities - Group

Additional transfer fees of up to £7,776,000 (2018 - £12,990,000), that may become payable upon achievement of certain conditions contained within transfer contracts if the respective players are still in service of the club on specific future dates, are accounted for in the year in which those conditions are satisfied.

BURNLEY FC HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2019

23 Operating lease commitments

Lessee

At the reporting end date the group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	Group		Company	
	2019	2018	2019	2018
	£'000	£'000	£'000	£'000
Within one year	114	113	-	-
Between two and five years	130	237	-	-
	<u>244</u>	<u>350</u>	<u>-</u>	<u>-</u>

24 Capital commitments

Amounts contracted for but not provided in the financial statements:

	Group		Company	
	2019	2018	2019	2018
	£'000	£'000	£'000	£'000
Acquisition of tangible fixed assets	1,000	6,800	-	-

25 Events after the reporting date

Following the year end the club acquired the player registrations of Jay Rodriguez, Bailey Peacock-Farrell, Erik Pieters and Joshua Brownhill on permanent playing contracts.

The player registrations of Tom Heaton, Steven Defour, Stephen Ward and Nahki Wells have been disposed of after the year end.

The net expenditure arising on these transfers is £8,264,000.

26 Related party transactions

During the year, the group entered into transactions with: Total Gaming Solutions Limited (a company in which Mr B C Kilby is a director), University College of Football Business (an entity in which Mr J Banaszkiwicz and Mr B Flood are directors) and Clarets in the Community Limited (an entity in which Mr B C Kilby and Mr B Nelson are directors).

During the year, the group purchased goods and services from these entities amounting to £310,000 (2018 - £198,000). At the balance sheet date the amount due to these entities was £2,000 (2018 - £12,000).

During the year, the group supplied goods and services to these entities amounting to £308,000 (2018 - £238,000). At the balance sheet date the amount due from these entities was £1,000 (2018 - £10,000).

During the year, the group made office space available to Clarets in the Community Limited with no rental charge.

BURNLEY FC HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2019

27 Controlling party

There is no overall controlling party of Burnley FC Holdings Limited.

28 Cash generated from group operations

	2019 £'000	2018 £'000
Profit for the year after tax	4,345	36,648
Adjustments for:		
Taxation charged	654	8,500
Finance costs	2	17
Investment income	(41)	(34)
(Gain)/loss on disposal of tangible fixed assets	-	15
Gain on disposal of intangible assets	(7,017)	(30,731)
Amortisation and impairment of intangible assets	37,516	27,754
Depreciation and impairment of tangible fixed assets	1,908	1,809
Movements in working capital:		
Decrease in stocks	177	38
Increase in debtors	(3,032)	(3,333)
(Decrease)/increase in creditors	(788)	12,714
Cash generated from operations	33,724	53,397

29 Analysis of changes in net funds - group

	1 July 2018 £'000	Cash flows £'000	30 June 2019 £'000
Cash at bank and in hand	34,412	7,235	41,647
Obligations under finance leases	(77)	77	-
	<u>34,335</u>	<u>7,312</u>	<u>41,647</u>