The Burnley Football & Athletic Company Limited

Directors' report and financial statements

Registered number 054222

30 June 2010

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Officers and professional advisers

Directors	BC Kilby (Chairman) CJ Holt M Garlick B Flood J Banaszkiewicz
Manager	Brian Laws
Registered office	Turf Moor Harry Potts Way BURNLEY BB10 4BX
Registered number	054222
Auditor	KPMG LLP Edward VII Quay Navigation Way PRESTON PR2 2YF
Bankers	Lloyds TSB Group plc Manchester Road BURNLEY BB11 1EN

Chairman's report

On behalf of the Board of Directors I am pleased to present the annual accounts and report for the year ending 30 June 2010

Our first season in the top flight of English football for over 30 years proved to be all too brief resulting in relegation back to the Championship We were not disgraced, achieving a 30 point total and a position in the league just one place from safety Experiencing the glamour and worldwide recognition the Premier League bestows on its members has made your Board determined to give our club every chance to return to its ranks

The situation was not helped by the sudden departure of our manager Owen Coyle in mid-season The disruption and its timing caused a serious blow to our planning and our new manager, Brian Laws, made a gallant effort to retrieve the situation However, Brian now has his own team and playing staff in place and I am confident that we are in good hands for the challenges of the future

Since the end of the financial year there has been a significant change in the personnel of your Board of Directors Mr C J Duckworth, Mr M J Hobbs, Mr R S Ingleby, Mr J Sullivan and Mr J S Turkington have all resigned and I offer them my sincere thanks for all the help and assistance that they have given me during their years as Directors of the Company At the other side of the equation we have, in John Banaszkiewicz, gained a new Director who I am sure will prove to be a valuable addition to your Board

As predicted last year our exposure to the increased revenues of the Premier League has enabled the Club to achieve a record profit of £14 4 million This has been used to good effect to correct the losses incurred over previous years repaying debt and strengthening the balance sheet

In closing, I would like to record my appreciation for all the people - shareholders, staff and supporters - who combine to make this club one of the most respected in the football world

Barry Kilby

Directors' report

The directors present their annual report and the audited financial statements for the year ended 30 June 2010

Principal activities

The principal activity of the Company continues to be the operation of a professional football club

Business review

On the pitch, the 2009/10 season may ultimately be judged as a disappointing one, especially after our great start, but if we look at our key business performance indicators they tell us that, in commercial terms, it was a successful year Our turnover increased by over 400%, average home attendances were over 20,000 and we generated an operating profit of over £10 million

Of course the key driver of the increase in turnover was the broadcasting rights payment from the FA Premier League, but in addition to this, membership of the Premier League gave our club world-wide recognition This meant that we generated much more international business for our retail and media departments in addition to greatly enhanced domestic interest The result was a 50% year on year increase in internet related income and a 43% increase in retail turnover on what were record sales the previous year

The international recognition also meant we have an overseas shirt sponsor for the first time for season 2010/11 and domestically we have a much expanded contact database for sponsorship and advertising sales for the coming year In 2009/10 however, we tried to ensure we rewarded the companies and individuals who loyally supported us over the years, so that our executive box revenues for the season were relatively stable In contrast, match day corporate hospitality package revenue doubled in comparison to season 2008/09 and ground advertising revenues increased by 40%

In the stadium on match days, the increased crowds and an almost tangible match day "feel-good factor" gave our catering operations season-long average takings which were higher than our previous record for any individual match, and on a wider plane, we believe the same factors meant that East Lancashire and the town of Burnley in particular also gained in many ways from our participation in the Premier League

This participation came at a cost though Under the terms of the loan agreements in place last year, all of these loans become due for repayment when we gained our Premier League place and, of possibly more interest to our loyal fan base, we had pledged to refund those season ticket holders who bought season tickets for the 2009/10 season, which we gladly did in November These repayments were a significant drain on our cash resources and, in order to be able to provide maximum support to the manager, we securitised certain future revenues and took out new commercial loans to replace those repaid, incurring interest charges of £1 million

The above-noted support for the manager is identified in the accounts as over £9 million in transfer fees and a further £9 million increase in payroll costs over 2009 It is worth noting that the 2009 figure was inflated by some very substantial success-related bonuses, so the underlying increase in payroll was appreciably more than £9 million

In addition to the investment in playing staff, we allocated over £1 million to improve the facilities at Turf Moor and, in the current closed season, we are replacing the pitch at Turf Moor and the artificial pitch at Gawthorpe in the knowledge that these investments will be beneficial to the club in the longer term

These infrastructure developments will not detract from our efforts to return to the Premier League at the first time of asking and the sale of Steven Fletcher to Wolves, which generated the bulk of the almost £5 million gain on sale of assets in the year, has given us added resources to attempt this feat As a result, we have been able to add further players to an already strong first team squad

We believe that this progress is a reflection of the club as a whole and that we go into the coming season a strong and stable organisation We plan to eliminate borrowings within three years and we are confident that the club will be able to operate within the funds available to it Thus, we will continue to adopt the going concern basis in preparing the financial accounts

Directors' report *(continued)*

Business review (continued)

After the year end, Ray Ingleby, Chris Duckworth, Martin Hobbs, John Sullivan and John Turkington resigned from the board and John Banaszkiewicz was appointed to the board following an offer of new finance and to better reflect the shareholdings of the company in the board

Post balance sheet events review

Following the year end, the club acquired the player registrations of Ross Wallace and Lee Grant on permanent playing contracts and Jack Cork on a long term loan agreement

Proposed dividend

The directors do not recommend the payment of a dividend *(2009 £nil)*

Directors

The directors who held office since the previous financial year were as follows

Mr BC Kilby (Chairman)
Mr RS Ingleby (Vice Chairman) (resigned 24/08/10)
Mr CJ Duckworth (resigned 01/11/10)
Mr MJ Hobbs (resigned 01/11/10)
Mr CJ Holt
Mr JF Turkington (resigned 01/11/10)
Mr J Sullivan (resigned (01/11/10)
Mr M Garlick
Mr B Flood
Mr R Griffiths (deceased 14/07/09)
Mr J Banaszkiewicz (appointed 01/11/10)

In accordance with the Company's Articles of Association, Mr BC Kilby retires by rotation and, being eligible, offer himself for re-election Mr J Banaszkiewicz, who was appointed a director since the last annual general meeting, retires in accordance with the Articles of Association and, being eligible, also offers himself for re-election

Disclosure of information to auditors

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information

Auditors

In accordance with Section 485 of the Companies Act 2006 a resolution to reappoint KPMG LLP as the Company's auditor will be proposed at the forthcoming Extraordinary General Meeting

By order of the board

BC Kilby
Director

Turf Moor
Harry Potts Way
BURNLEY
BB10 4BX

1st Nov 2010

Registered number 054222

Statement of directors' responsibilities in respect of the Directors' Report and the financial statements

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

Company law requires the directors to prepare financial statements for each financial year Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice)

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 of the profit or loss of the Company for that period In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and 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, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company 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 enable them to ensure that the financial statements comply with the Companies Act 2006 They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities

KPMG LLP
Edward VII Quay
Navigation Way
Preston
PR2 2YF
United Kingdom

Independent auditor's report to the members of The Burnley Football & Athletic Company Limited

We have audited the financial statements of The Burnley Football & Athletic Company Limited for the year ended 30 June 2010 which comprise the Profit and Loss Account, the Balance Sheet, the Cash Flow Statement, the Statement of Total Recognised Gains and Losses, the Reconciliation of Movements in Shareholders' Funds and the related notes The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice)

This report is made solely to the Company's members, as a body, in accordance with sections 495 and 496 of the Companies Act 2006 Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditors' report and for no other purpose To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's web-site at www frc org uk/apb/scope/UKNP

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the Company's affairs as at 30 June 2010 and of the Company's profit for the year then ended,
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements

Independent auditor's report to the members of The Burnley Football & Athletic Company Limited *(continued)*

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the 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

Stephen Dunn (Senior Statutory Auditor)
for and on behalf of KPMG LLP,
Statutory Auditor
Chartered Accountants
Preston

9 - 11 - 2010

Profit and loss account

for the year ended 30 June 2010

	Note	**Year ended 30 June 2010 £000**	Year ended 30 June 2009 £000
Turnover	*2*	**45,377**	11,192
Other operating income		**461**	274
Staff costs	*4*	**(22,372)**	(13,427)
Depreciation and amortisation of player registrations	*3*	**(5,457)**	(2,259)
Other operating charges		**(7,225)**	(4,694)
Operating profit/(loss)		**10,784**	(8,914)
Profit/(loss) on sale of fixed assets	*6*	**4,781**	(55)
Interest receivable and similar income	*7*	**-**	-
Interest payable and similar charges	*8*	**(1,118)**	(2,745)
Profit/(Loss) on ordinary activities before taxation	*3*	**14,447**	(11,714)
Tax on profit/(loss) on ordinary activities	*9*	**(4,200)**	4,200
Retained profit/(loss) for the financial period		**10,247**	(7,514)

All amounts relate to continuing operations

Statement of total recognised gains and losses

for the year ended 30 June 2010

The Company has no recognised gains and losses other than those reflected in the profit and loss account

Balance sheet
at 30 June 2010

	Note	2010		2009	
		£000	£000	£000	£000
Fixed assets					
Intangible assets	*10*		8,302		6,144
Tangible assets	*11*		2,098		730
			10,400		6,874
Current assets					
Stocks	*12*	158		131	
Debtors	*13*	8,980		5,463	
Cash at bank and in hand		2,167		675	
		11,305		6,269	
Creditors amounts falling due within one Year	*14*	(23,193)		(24,807)	
Net current liabilities			(11,888)		(18,538)
Total assets less current liabilities			(1,488)		(11,664)
Creditors amounts falling due after more than one year	*15*		(156)		(329)
Net liabilities			(1,644)		(11,993)
Capital and reserves					
Called up share capital	*16*		69		69
Share premium account	*17*		9,987		9,885
Profit and loss account	*17*		(11,700)		(21,947)
Equity shareholders' deficit	*18*		(1,644)		(11,993)

These financial statements were approved by the board of directors on 1st Nov 2010 and were signed on its behalf by

BC Kilby
Director

C J Holt
Company Secretary

Registered number 054222

Cash flow statement

for the year ended 30 June 2010

	Note	**Year ended 30 June 2010 £000**	Year ended 30 June 2009 £000
Net cash inflow from operating activities	*19*	**6,671**	5,415
Returns on investments and servicing of finance	*20*	**(1,118)**	(2,745)
Capital expenditure	*20*	**(4,203)**	(5,300)
Cash inflow/(outflow) before financing		**1,350**	(2,630)
Financing	*20*	**142**	3,488
Increase in cash in the period		**1,492**	858

All amounts relate to continuing operations

Reconciliation of net cash flow to movement in net debt

for the year ended 30 June 2010

	Note	**2010 £000**	2009 £000
Increase in cash in the period		**1,492**	858
Cash inflow/(outflow) from change in debt		**2,702**	(6,075)
Non-cash movement		**(126)**	(20)
Movement in net debt in the period		**4,068**	(5,237)
Net debt at beginning of period		**(11,867)**	(6,630)
Net debt at end of period	*21*	**(7,799)**	(11,867)

Notes

(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Company's financial statements

a) ***Basis of preparation***

The financial statements have been prepared on a going concern basis which the directors believe to be appropriate given the Company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Business Review on page 3 and 4

As a consequence, the directors believe that the Company is well placed to manage its business risks successfully despite the current economic climate The directors have a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements

b) ***Player registrations and signing on fees***

Transfer fees and amounts paid to third parties for player registrations are capitalised as intangible fixed assets and are amortised on a straight line basis over the period of the respective players' contracts Any transfer fees payable as a result of the occurrence of one or more uncertain future events are capitalised when it is probable such an event will occur

Player registrations 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 as wages and salaries on a straight line basis over the period of the respective players' contracts

c) ***Tangible fixed assets and depreciation***

Tangible fixed assets are written off over their estimated useful economic lives on a straight line basis at the following annual rates

Leasehold Improvements	10% per annum
Synthetic pitch and accessories	7% to 10% per annum
Plant, fixtures and vehicles	12 5% to 25% per annum
Floodlighting and equipment	2% to 10% per annum

d) ***Stocks***

Stocks are stated at the lower of cost and net realisable value

e) ***Turnover***

Turnover represents income from television rights, gate receipts, catering, club shop sales and other commercial activities, exclusive of value added tax

f) ***Grants***

Grants in respect of capital expenditure are included within accruals and deferred income in the balance sheet and credited to the operating result over the estimated useful economic lives of the assets to which they relate Grants are recognised in the financial statements when they are received

g) ***Leases***

Assets acquired under finance leases are capitalised and the outstanding future lease obligations are shown in creditors Operating lease rentals are charged to the profit and loss account on a straight line basis over the period of the lease

Notes *(continued)*

1 Accounting policies *(continued)*

h) ***Pension costs***
The Company pays contributions to personal money purchase schemes for eligible employees and accounts for the amount due in each year as a cost to the profit and loss account

i) ***Taxation***
The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes Provision is made in full for deferred tax without discounting in accordance with FRS 19

2 Turnover

Turnover arises wholly within the UK and comprises the following

	2010 £000	2009 £000
Match income (including television rights)	**40,558**	7,333
Catering sales	**1,122**	1,104
Other commercial activities	**2,086**	1,631
Shop sales	**1,611**	1,124
	45,377	11,192

3 Loss on ordinary activities before taxation

This is stated after charging

	2010 £000	2009 £000
Auditor's remuneration		
Audit of these financial statements	**16**	16
Corporation tax compliance services	**3**	3
Operating leases land and buildings	**340**	335
Amortisation of player registrations (note 10)	**5,188**	2,106
Depreciation (note 11)		
Owned assets	**205**	76
Assets held under finance lease	**64**	77

Notes *(continued)*

4 Staff numbers and costs

The average number of persons employed by the Company during the year, including directors, was as follows

	2010 Number	2009 Number
Players, managerial and training staff	**93**	75
Sales, administration and ancillary staff		
Full-time	**41**	36
Part-time	**20**	30
	154	141

In addition to the above, the Company employed an average of 152 *(2009 181)* match-day staff during the year The aggregate payroll costs were as follows

	2010 £000	2009 £000
Wages and salaries	**19,953**	12,307
Social security costs	**2,411**	1,102
Other pension costs	**8**	18
	22,372	13,427

5 Directors' emoluments

None of the directors received any remuneration from the Company during the year *(2009 £nil)*

6 Profit/(loss) on sale of fixed assets

The profit on sale of intangible fixed assets is the net amount received from the transfer of contracts less the net book value of players and management released during the year

7 Interest receivable and similar income

Interest receivable and similar income of £nil *(2009 £nil)* represents interest receivable on bank deposits

8 Interest payable and similar charges

	2010 £000	2009 £000
On bank loans and overdrafts	**-**	11
Finance charges on finance leases and similar hire purchase contracts	**20**	20
On other loans	**114**	295
Other interest payable	**984**	2,419
	1,118	2,745

Notes *(continued)*

9 Taxation

	2010	2009
	£000	£000
UK corporation tax at 28 % *(2009 28%)* on the profit/(loss) for the year on ordinary activities	-	-
Deferred taxation asset recognised	-	4,200
Deferred taxation charge for the year	(4,200)	-
	(4,200)	4,200

Tax reconciliation

	2010	2009
	£000	£000
Profit/(loss) on ordinary activities before taxation	**14,447**	(11,714)
Profit/(loss) on ordinary activities multiplied by the standard rate of corporation tax in the UK of 28 % *(2009 28%)*	**4,045**	(3,280)
Effects of		
Expenses permanently disallowed	**62**	43
Other timing differences	**(365)**	-
Difference between depreciation and capital allowances for the period	**(135)**	40
Non taxable credits	**(50)**	(205)
Carried forward tax losses	-	3,402
Utilisation of tax losses	**(3,557)**	-
Current tax charge for the period	-	-

Estimated tax losses available for set-off against future trading profits amount to approximately £14 6m million *(2009 £27 6 million)* This estimate is subject to the agreement of the current year corporation tax computation with the Inland Revenue A deferred tax asset of £nil *(2009 £4 2 million recognised)* has been recognised in respect of available tax losses due to the uncertainty surrounding future profits

10 Intangible fixed assets

	Player Registrations
	£000
Cost	
At 1 July 2009	9,253
Additions	9,671
Disposals	(5,671)
At 30 June 2010	**13,253**

Notes *(continued)*

10 Intangible fixed assets *(continued)*

	Player Registrations £000
Amortisation	
At 1 July 2009	3,109
Charge for the year	5,188
Disposals	(3,346)
At 30 June 2010	**4,951**
Net book value	
At 30 June 2010	**8,302**
At 30 June 2009	6,144

11 Tangible fixed assets

	Freehold Land and Buildings £000	Leasehold Improv'ts £000	Plant and vehicles £000	Fixtures & Fittings £000	Total £000
Cost					
At 1 July 2009	32	264	1,197	839	2,332
Additions	-	1,358	226	96	1,680
Disposals	-	-	(113)	-	(113)
At 30 June 2010	32	1,622	1,310	935	3,899
Depreciation					
At 1 July 2009	9	52	807	734	1,602
Charge for year	-	137	97	35	269
Disposals	-	-	(70)	-	(70)
At 30 June 2010	9	189	834	769	1,801
Net book value					
At 30 June 2010	**23**	**1,433**	**476**	**166**	**2,098**
At 30 June 2009	23	212	390	105	730

Included in the total net book value of plant and vehicles, fixtures and fittings is £342,000 *(2009 £282,000)* in respect of assets held under finance leases and similar hire purchase contracts Depreciation charged for the year on these assets was £64,000 *(2009 £77,000)*

Notes *(continued)*

12 Stocks

	2010 £000	2009 £000
Goods for resale	**158**	131

13 Debtors

	2010 £000	2009 £000
Trade debtors	**8,420**	835
Other debtors	**1**	4,202
Prepayments and accrued income	**559**	426
	8,980	5,463

14 Creditors: amounts falling due within one year

	2010 £000	2009 £000
Directors' loans (see note 23)	**1,000**	3,740
Other loans (see note 15)	**8,731**	5,780
Obligations under finance leases and hire purchase contracts	**79**	76
Trade creditors	**5,142**	2,935
Other taxation and social security	**2,686**	646
Other creditors	**968**	4,413
Accruals and deferred income	**4,587**	7,217
	23,193	24,807

Notes *(continued)*

15 Creditors: amounts falling due after more than one year

	2010 £000	2009 £000
Other loans	91	265
Obligations under finance leases and hire purchase contracts (due within five years)	65	64
	156	329

Other loans

Included in other loans is a loan of £210,000 *(2009 £269,000)* secured by a charge over certain of the assets of the Company Providing the terms of the loan are adhered to, the loan is interest free The loan is repayable by way of write-off against future purchases from the loan provider

16 Called up share capital

	2010 £000	2009 £000
Authorised		
100,000 *(2009 100,000)* ordinary shares of £1 each	100	100
Allotted, issued and paid		
69,160 *(2009 68,650)* ordinary shares of £1 each	69	69

During the year the Company issued 510 ordinary shares of £1 each for a total consideration of £102,000

Notes *(continued)*

17 Reserves

	Share premium account £000	Profit and loss account £000
At 1 July 2009	9,885	(21,947)
Retained profit for year	-	10,247
Premium arising on the issue of shares (net of expenses)	102	-
At 30 June 2010	9,987	**(11,700)**

18 Reconciliation of movements in shareholders' funds

	2010 £000	2009 £000
Profit/(Loss) for the financial year	**10,247**	(7,514)
New share capital subscribed (net of expenses)	**102**	9
Net increase/(decrease) arising in year	**10,349**	(7,505)
Opening shareholders' deficit	**(11,993)**	(4,488)
Closing shareholders' deficit	**(1,644)**	(11,993)

19 Reconciliation of operating profit/(loss) to net cash flow from operating activities

	2010 £000	2009 £000
Operating profit/(loss)	**10,784**	(8,914)
Depreciation	**270**	153
Amortisation of player registrations	**5,188**	2,106
(Increase)/decrease in stocks	**(26)**	68
(Increase)/decrease in debtors	**(7,717)**	3,366
(Decrease)/increase in creditors	**(1,828)**	8,636
Net cash inflow from operating activities	**6,671**	5,415

Notes *(continued)*

20 Analysis of cash flows for headings netted in the cash flow statement

	2010 £000	2009 £000
Returns on investments and servicing of finance		
Interest received	-	-
Interest paid	**(1,118)**	(2,745)
Net cash outflow from returns on investments and servicing of finance	**(1,118)**	(2,745)
Capital expenditure		
Payments to acquire intangible fixed assets	**(9,671)**	(5,203)
Payments to acquire tangible fixed assets	**(1,680)**	(123)
Receipts from sales of intangible fixed assets	**7,114**	26
Receipts from sale of tangible fixed assets	**34**	-
Net cash (outflow) from capital expenditure	**(4,203)**	(5,300)
Financing		
Issue of ordinary share capital	**102**	9
Loans received	**10,976**	3,658
Loans repaid	**(10,939)**	(93)
Capital element of finance lease and hire purchase payments	**3**	(86)
Net cash inflow from financing	**142**	3,488

21 Analysis of changes in net debt

	At 30 June 2009 £000	Cash Flow £000	Other non-cash changes £000	**At 30 June 2010 £000**
Cash at bank and in hand	675	1,492	-	**2,167**
Debt due within 1 year	(12,137)	2,406	-	**(9,731)**
Debt due after 1 year	(265)	174	-	**(91)**
Finance leases and hire purchase contracts	(140)	122	(126)	**(144)**
	(11,867)	4,194	(126)	**(7,799)**

Notes *(continued)*

22 Related party transactions

Loans due to related parties

At 30 June 2010, the following balances were outstanding as loans advanced to the Company in this and the previous year

	2010	2009
	£000	£000
Mr BC Kilby	**1,000**	1,706
Mr CJ Holt	-	236
Mr CJ Duckworth	-	151
Mr MJ Hobbs	-	151
Mr RS Ingleby	-	151
Mr R Griffiths	-	1,000
Mr J Sullivan	-	245
Mr M Garlick	-	100

Loan balances from Directors at 30 June 2009, including those advanced from Modus Ventures Limited, were repaid following promotion to the FA Premier League

Further loans were advanced by Mr Kilby and Mr Garlick during the year Mr Garlick's new loan and one of Mr Kilby's new loans were repaid during the year

Interest has been charged on directors' loans at rates comparable to those available to the Company from commercial lenders

Interest charged on loans

The interest charged on each loan during the year was as follows

	£000
Mr BC Kilby	101
Mr CJ Holt	5
Mr CJ Duckworth	3
Mr MJ Hobbs	5
Mr RS Ingleby	-
Mr J Sullivan	5
Mr R Griffiths	19
Mr M Garlick	15

Notes *(continued)*

23 Related party transactions *(continued)*

Transactions with related parties

BC Kilby, J Sullivan and M Hobbs are also trustees of the Community Sports Trust ('CST') The CST operates the gym adjacent to Turf Moor, and also operates Sport in the Community and, up to the cessation of the scheme, the Local Enterprise Growth Initiative

At the year end there was a trade debtor totalling £266,000, and a loan account totalling £211,000 Total expenses paid on behalf of CST by The Burnley Football & Athletic Company Limited ('BFC') totalled £117,000 The balance within trade debtors reflects the normal trading activities between BFC and the CST, which includes charges for utilities etc The loan account balance has arisen as BFC have paid other items on behalf of the CST, which include items such as VAT, payroll and some trade items A provision of £456,000 has been made against these outstanding balances

During the year, management of BFC's lottery activities was taken over by Total Gaming Solutions Limited ('TGSL'), of which BC Kilby is a director TGSL provides BFC with management of the lottery department and operations The total consideration paid to TGSL in respect of these services was £18,000 in the year of which £nil remained payable at year end

23 Commitments

Annual commitments under non-cancellable operating leases are as follows

	Land and buildings	
	2010	2009
	£000	£000
Operating leases which expire after more than 5 years	**340**	340

At 30 June 2010, the Company had commitments of £700,000 in capital and revenue expenditure for ground improvements *(2009 £1,122,000)*

24 Contingent liabilities

There is a potential liability in respect of VAT claimed on agents' fees amounting to approximately £180,000 In common with other football clubs, the Company is awaiting the outcome of an HMRC tribunal to determine whether VAT claimed on agents fees will need to be repaid to HMRC Consequently, it has yet to be confirmed whether the Company has a present obligation that could lead to a settlement with HMRC

25 Post balance sheet events

Following the year end, the club acquired the player registrations of Ross Wallace and Lee Grant on permanent playing contracts and Jack Cork on a long term loan agreement