

**COMPANIES HOUSE
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CHARLTON ATHLETIC FOOTBALL COMPANY LIMITED

Company registration number 1788466

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2006**

NUNN HAYWARD

Chartered Accountants

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COMPANIES HOUSE

CHARLTON ATHLETIC FOOTBALL COMPANY LIMITED

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CHARLTON ATHLETIC FOOTBALL COMPANY LIMITED

DIRECTORS' REPORT

The directors present herewith their annual report together with the audited financial statements of the Company for the year ended 30 June 2006

Principal activity, review of the business and future developments

The Company's principal activity continues to be the operation of a professional football club, together with related commercial activities. Further information regarding the performance and prospects of the business are disclosed in the Chairman's Statement of the parent company, Charlton Athletic plc.

Results and dividends

The loss for the year after taxation was £11,316,596. This mainly reflects the higher squad related costs incurred in the year. The football team retained its FA Premier League status and the financial results are in line with the Company's forecasts.

The directors do not recommend the payment of a dividend.

Directors and their interests

The directors who served during the year were as follows

R N Alwen
G P Bone
N E Capelin
D G Chappell (appointed on 8 July 2005)
R D Collins
G B C Franklin
D J Hughes
R A Murray
M A Simons
M C Stevens
D C Sumners
S M Townsend (resigned on 30 June 2006)
D G Ufton
P D Varney
D White
R C Whitehand

B Hayes was appointed a director on 1 July 2006.

No director held any beneficial interest in the share capital of the Company at 30 June 2006. The interest of the directors in the share capital of the parent company are disclosed in the financial statements of that company other than those shown below.

	Ordinary shares of 50p each	
	30 June 2006	30 June 2005
R N Alwen	300,776	810,776
N E Capelin	6,500	7,000
R D Collins	200,000	200,000
D Hughes	2,083,923	2,059,765
D G Ufton	-	-
P D Varney	39,089	39,089
D White	2,110,526	2,084,378

CHARLTON ATHLETIC FOOTBALL COMPANY LIMITED

DIRECTORS' REPORT *(continued)*

R N Alwen's interest at 30 June 2005 included a non-beneficial interest in 510,000 shares owned by the Alwen Family Children Trust of which he is a trustee

Principal risk

The directors consider the principal risk to the Company would be the Football Club's loss of its FA Premier League status due to the significant reduction in TV and broadcasting income that would result

Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year which 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 those financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- state whether applicable accounting standards have been followed, 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 proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

The directors confirm, so far as each director is aware, there is no relevant audit information of which the Company's auditors are unaware. Each director has taken all the steps that he ought to have taken in his duty as a director in order to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information

Payments Policy

The Company 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 34 days of annual purchases, when the effect of major capital works and player purchases are excluded

Charitable and Political Donations

Charitable donations made in the year amounted to £8,585. The Company also provides match tickets, hospitality and signed memorabilia for numerous charitable organisations, local schools and youth teams. There were no political donations

Employees

The Company places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on the various factors affecting the performance of the Company. This is achieved through formal and informal meetings and the Company's website. The Company operates an equal opportunities policy for recruitment and training development which gives equal opportunities to all employees regardless of gender, colour, race, religion or ethnic origin. The Company 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 Company's policy wherever practicable, to provide continuing employment under normal terms and conditions and to provide training, career development and promotion to disabled employees wherever appropriate. The Company has a committee which is responsible for all aspects of its health, safety and environmental policies which meets regularly to discharge the Company's responsibilities in these areas

Going concern

The directors are satisfied that the Company has adequate resources to continue in operation for the foreseeable future. For this reason they continue to adopt the going concern basis in preparing the financial statements

CHARLTON ATHLETIC FOOTBALL COMPANY LIMITED

DIRECTORS' REPORT *(continued)*

Auditors

The auditors, Nunn Hayward, will be proposed for reappointment in accordance with Section 385 of the Companies Act 1985

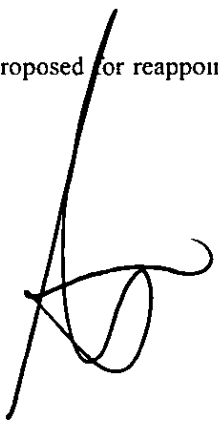
By Order of the Board

Nigel Capelin
Director

Registered Office

The Valley
Floyd Road
Charlton
London SE7 8BL

16 October 2006

A handwritten signature in black ink, appearing to be 'Nigel Capelin', is written over the company address. The signature is stylized with a large, sweeping 'N' and a circular flourish.

CHARLTON ATHLETIC FOOTBALL COMPANY LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CHARLTON ATHLETIC FOOTBALL COMPANY LIMITED

We have audited the financial statements of Charlton Athletic Football Company Limited for the year ended 30 June 2006 set out on pages 5 to 15 which have been prepared under the accounting policies set out therein

This report is made solely to the Company's members, as a body, in accordance with section 235 of the Companies Act 1985. 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.

Respective responsibilities of the directors and auditors

As described in the statement of directors' responsibilities, the Company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and United Kingdom Accounting Standards.

Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and International Standards of Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether, in our opinion, the information given in the directors' report is consistent with the financial statements. We also report to you if in our opinion, the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the directors' report and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of audit opinion


We conducted our audit in accordance with International Standards of Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the circumstances of the Company, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion

- the financial statements give a true and fair view in accordance with United Kingdom Generally Accepted Accounting Practice of the state of affairs of the Company as at 30 June 2006 and of the results of the Company for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the directors' report is consistent with the financial statements.


NUNN HAYWARD
Chartered Accountants
Registered Auditor

66/70 Coombe Road
New Malden
Surrey
KT3 4QW

CHARLTON ATHLETIC FOOTBALL COMPANY LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 30 JUNE 2006

		2006		2005	
	Notes	Operations excluding player amorti- sation and trading £	Player amorti- sation and trading £	Total £	Total £
Turnover	2	41,924,994	-	41,924,994	40,714,228
Operating expenses	3	(49,988,075)	(4,785,658)	(54,773,733)	(42,848,434)
Exceptional items	5	487,500	-	487,500	2,762,500
Operating (loss) / profit		(7,575,581)	(4,785,658)	(12,361,239)	628,294
Profit on disposal of players		-	1,384,776	1,384,776	1,137,383
(Loss) / profit before interest and taxation		(7,575,581)	(3,400,882)	(10,976,463)	1,765,677
Net interest payable	6			(340,133)	(364,978)
(Loss) / profit on ordinary activities before taxation				(11,316,596)	1,400,699
Taxation	7			-	-
(Loss) / profit for the financial year	16			£ (11,316,596)	£1,400,699

All amounts derive from continuing operations

STATEMENT OF TOTAL RECOGNISED (LOSSES) AND GAINS

	2006 £	2005 £
(Loss) / Profit for the year	(11,316,596)	1,400,699
Unrealised surplus on revaluation of freehold property and leasehold improvements	-	1,995,609
Total recognised (losses) and gains for the year	£ (11,316,596)	£3,396,308

The accompanying notes form part of these financial statements

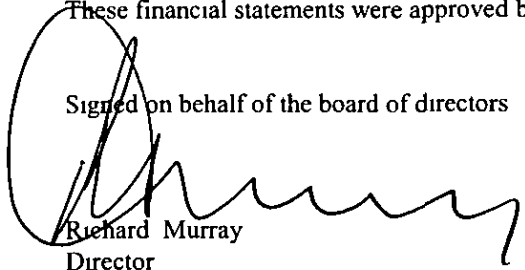
CHARLTON ATHLETIC FOOTBALL COMPANY LIMITED

BALANCE SHEET AT 30 JUNE 2006

	Notes	£	2006 £	£	2005 £
Fixed assets					
Intangible	8		7,965,778		10,862,811
Tangible	9		29,771,169		30,444,620
			<u>37,736,947</u>		<u>41,307,431</u>
Current assets					
Stock	10	109,936		97,775	
Debtors	11	3,836,593		5,791,979	
Cash at bank and in hand		4,428,738		7,848,751	
		<u>8,375,267</u>		<u>13,738,505</u>	
Creditors: Amounts falling due within one year	12	(15,599,253)		(17,695,919)	
		<u></u>		<u></u>	
Net current liabilities			(7,223,986)		(3,957,414)
			<u></u>		<u></u>
Total assets less current liabilities			30,512,961		37,350,017
Creditors: Amounts falling due after more than one year	13		(33,666,107)		(28,718,476)
Deferred income	14		(5,002,347)		(5,470,438)
			<u></u>		<u></u>
Net (liabilities) / assets			<u>£ (8,155,493)</u>		<u>£3,161,103</u>
Capital and reserves					
Called up share capital	15		4,982,564		4,982,564
Profit and loss account	16		(17,766,037)		(6,444,473)
Revaluation reserve	16		4,627,980		4,623,012
			<u></u>		<u></u>
Equity shareholders' funds	17		<u>£ (8,155,493)</u>		<u>£3,161,103</u>

These financial statements were approved by the board of directors on 16 October 2006

Signed on behalf of the board of directors


Richard Murray
Director

The accompanying notes form part of these financial statements

CHARLTON ATHLETIC FOOTBALL COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2006

1 Accounting policies

The principal accounting policies, which have been consistently applied are as follows

1.1 Basis of accounting

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

Going concern

The parent company has confirmed that it will continue to provide financial support for the foreseeable future. In the opinion of the directors this support together with current and future sources of funding are sufficient to enable the Company to trade for at least twelve months from the date of approval of the financial statements. Accordingly the financial statements have been prepared on a going concern basis.

1.2 Turnover

Turnover represents income receivable from commercial activities excluding transfer fees and value added tax.

1.3 Revaluation of freehold property and leasehold improvements

Freehold property and leasehold improvements are fully revalued every five years with an interim valuation carried out three years into every five year period.

1.4 Depreciation

Depreciation is provided using the straight line method, to write down the cost of tangible fixed assets over their estimated useful lives as follows:

Freehold buildings	2%
Leasehold improvements	2%
Interior fit outs	10% - 20%
Ground and office equipment	20% - 33 3%
Motor vehicles	33 3%

1.5 Stocks

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

1.6 Grants received

Grants received in respect of safety work and ground improvements are treated as deferred income and released to the profit and loss account over the life of the assets to which they relate.

1.7 Long term season ticket schemes

The net amount received by the company through long term season ticket schemes is treated as deferred income in the balance sheet and is released to the profit and loss account over the period in which the investors receive their season ticket.

1.8 Intangible Assets

The costs of obtaining players' registrations are capitalised and amortised evenly over the period of the respective players' contracts. Provision is made, where in the opinion of the directors, an impairment of the carrying value of the players' registrations has occurred.

1.9 Signing on fees

Signing on fees are recognised in the profit and loss account evenly over the period covered by the players' contracts.

CHARLTON ATHLETIC FOOTBALL COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2006 (continued)

1 10 Deferred taxation

Deferred taxation is provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

1 11 Leasing and hire purchase commitments

Assets acquired under finance leases and hire purchase contracts are capitalised in the balance sheet and are depreciated over their estimated useful lives. The interest element of these obligations is charged to the profit and loss account over the terms of the relevant agreements. Rentals payable under operating leases are charged to the profit and loss account as incurred.

1 12 Pension costs

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

2 Turnover

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

	2006	2005
	£	£
Television and broadcast	22,414,201	23,481,370
Match day	12,629,370	11,007,738
Marketing and sponsorship	3,960,942	3,943,879
Conference and banqueting	1,512,361	1,054,384
Retail and other	1,408,120	1,226,857
	<u>£41,924,994</u>	<u>£40,714,228</u>

3 Operating expenses

	2006	2005
	£	£
Auditors' remuneration - audit	28,000	25,000
- non audit	14,300	19,180
Staff costs (note 4)	33,399,593	28,288,188
Depreciation	1,288,143	1,292,179
Amortisation of players' registrations	4,785,658	4,135,433
Hire of plant and machinery	230,574	165,576
Other operating lease rentals	402,103	327,188
Grants released	(108,860)	(108,860)
Other operating charges	14,734,222	8,704,550
	<u>£54,773,733</u>	<u>£42,848,434</u>

4 Staff costs

4 1 Staff costs

	2006	2005
	£	£
Wages and salaries	29,732,336	25,274,018
Social security costs	3,422,839	2,918,877
Other pension costs	244,418	95,293
	<u>£33,399,593</u>	<u>£28,288,188</u>

CHARLTON ATHLETIC FOOTBALL COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2006 *(continued)*

4 Staff costs (continued)

4 2 Average number of employees	2006	2005
	Number	Number
Full-time playing, training and football management	106	103
Administration commercial and stadium maintenance	121	109
	<u>227</u>	<u>212</u>

In addition, the company employs approximately 533 temporary staff on match days (2005 - 483)

4 3 Directors' emoluments

	2006	2005
	£	£
Remuneration for management services	666,439	529,493
Pension contributions to money purchase schemes on behalf of two directors	142,185	73,040
	<u>£808,624</u>	<u>£602,533</u>

	2006	2005
	£	£
Highest paid director	596,076	416,912

5 Exceptional items

	2006	2005
	£	£
Gross amounts receivable from insurance claims for injured players	487,500	2,762,500
	<u>£487,500</u>	<u>£2,762,500</u>

6 Net interest payable

	2006	2005
	£	£
Interest on bank loans and overdrafts	(555,245)	(641,711)
Interest under finance leases	(2,049)	(2,854)
	<u>(557,294)</u>	<u>(644,565)</u>
Interest receivable	217,161	279,587
	<u>£ (340,133)</u>	<u>£ (364,978)</u>

CHARLTON ATHLETIC FOOTBALL COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2006 *(continued)*

7	Taxation on ordinary activities		
7 1	Analysis of tax charge on ordinary activities		
		2006	2005
		£	£
	Tax charge	-	-
		<hr/>	<hr/>
7 2	Factors affecting the tax charge for the year		
	(Loss) / Profit on ordinary activities before taxation	(11,316,596)	1,400,699
		<hr/>	<hr/>
	(Loss) / Profit on ordinary activities before taxation at the standard rate of UK corporation tax of 30% (2005 - 30%)	(3,394,979)	420,210
	Factors affecting charge		
	Expenses not deductible for tax purposes	269,423	301,169
	Non taxable income	(187,123)	(87,559)
	Capital allowances in excess of depreciation	(52,434)	(90,830)
	Utilisation of tax losses	3,365,113	(542,990)
		<hr/>	<hr/>
	Current tax charge	-	-
		<hr/>	<hr/>
8	Intangible fixed assets		
			£
	Cost of players' registrations		
	At 1 July 2005		29,967,499
	Additions		3,678,849
	Disposals		(10,334,765)
			<hr/>
	At 30 June 2006		23,311,583
			<hr/>
	Amortisation of players' registrations		
	At 1 July 2005		19,104,688
	Charged in year		4,785,658
	Disposals		(8,544,541)
			<hr/>
	At 30 June 2006		15,345,805
			<hr/>
	Net book value of players' registrations		
	At 30 June 2006		£7,965,778
			<hr/>
	At 30 June 2005		£10,862,811
			<hr/>

CHARLTON ATHLETIC FOOTBALL COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2006 (continued)

9 Tangible fixed assets

	Freehold property £	Leasehold improve- ments £	Ground and office equipment £	Motor vehicles £	Total £
Cost or valuation					
At 1 July 2005	190,000	29,916,294	2,087,407	44,426	32,238,127
Additions	-	222,677	374,418	26,593	623,688
Disposals	-	-	(11,669)	-	(11,669)
At 30 June 2006	190,000	30,138,971	2,450,156	71,019	32,850,146
Depreciation					
At 1 July 2005	-	260,149	1,508,374	24,984	1,793,507
Charge for year	3,800	931,323	329,350	23,670	1,288,143
Disposals	-	-	(2,673)	-	(2,673)
At 30 June 2006	3,800	1,191,472	1,835,051	48,654	3,078,977
Net book value					
At 30 June 2006	£186,200	£28,947,499	£615,105	£22,365	£29,771,169
At 30 June 2005	£190,000	£29,656,145	£579,033	£19,442	£30,444,620

Freehold property and leasehold improvements at The Valley stadium were valued as at 30 June 2005 by Latham Yeomans, Chartered Surveyors, on the basis of existing use using the depreciated replacement cost method of valuation in the case of leasehold improvements at The Valley stadium and existing use value in the case of freehold property. Other leasehold improvements are included at cost.

Leasehold improvements comprise

	£
Improvements at valuation	29,145,000
Other improvements at cost	993,971
	<u>£30,138,971</u>

The original cost of freehold property was £94,190 and leasehold improvements was £29,583,353 (2005 - £29,360,675)

The net book value of assets held under finance leases at 30 June 2006 was £11,787 (2005 - £44,250). The depreciation charge relating to these assets amounted to £17,193 (2005 - £24,829).

CHARLTON ATHLETIC FOOTBALL COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2006 (continued)

10 Stocks

	2006	2005
	£	£
Goods for resale	£109,936	£97,775

11 Debtors

	2006	2005
	£	£
Trade debtors	2,404,718	1,171,222
Amounts owed by group undertakings	90,015	243,015
Other debtors	6,102	44,954
Prepayments and accrued income	1,335,758	4,332,788
	£3,836,593	£5,791,979

12 Creditors: Amounts falling due within one year

	2006	2005
	£	£
Bank loans (Note 13 1)	959,851	2,084,056
Obligations under finance leases (Note 13 2)	12,027	24,465
Trade creditors	2,506,780	3,297,885
Social security and other taxes	3,520,514	3,285,609
Other creditors	108,121	166,451
Accruals	3,066,100	3,179,952
Deferred income (Note 12 1)	5,425,860	5,657,501
	£15,599,253	£17,695,919

12 1 Deferred income

Deferred income consists of season ticket, sponsorship and other elements of income which have been received prior to the year end

13 Creditors. Amounts falling due after more than one year

	2006	2005
	£	£
Bank loans (Note 13 1)	7,703,353	6,762,332
Obligations under finance leases (Note 13 2)	2,826	14,853
Amounts owed to parent company	25,959,928	21,941,291
	£33,666,107	£28,718,476

The amounts due to parent company have no fixed repayment terms. The parent company has indicated that it does not intend to seek repayment of its debt within one year.

CHARLTON ATHLETIC FOOTBALL COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2006 (continued)

13 Creditors Amounts falling due after more than one year (continued)

13.1 Bank loans

At 30 June 2006 the company had the following bank loans

- £3,758,484 at a fixed rate of 6.4016% per annum, repayable in instalments by 30 September 2013,
- £4,904,720 at a floating rate of 1.7% above base rate per annum, repayable in instalments by 30 September 2013

Repayment terms of the bank loans are as follows

	2006 £	2005 £
Between one and two years	1,020,741	1,802,358
Between two and five years	3,479,840	4,329,067
Over five years	3,202,772	630,907
	<hr/>	<hr/>
	7,703,353	6,762,332
Within one year	959,851	2,084,056
	<hr/>	<hr/>
	£8,663,204	£8,846,388
	<hr/>	<hr/>

The bank loans and overdrafts are secured by fixed and floating charges over the assets of the company, its fellow subsidiary and parent company

13.2 Obligations under finance leases

Obligations under finance leases, which are all repayable within five years, are secured by related leased assets

14 Deferred income

	2006			2005		
	Grants receivable	Long term Season ticket Schemes	Total	Grants receivable	Long term Season ticket Schemes	Total
	£	£	£	£	£	£
At 1 July 2005	4,765,491	704,947	5,470,438	4,874,351	1,065,859	5,940,210
Repaid in year	-	-	-	-	(1,915)	(1,915)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	4,765,491	704,947	5,470,438	4,874,351	1,063,944	5,938,295
Released to profit & loss account	(108,860)	(359,231)	(468,091)	(108,860)	(358,997)	(467,857)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 30 June 2006	£4,656,631	£345,716	£5,002,347	£4,765,491	£704,947	£5,470,438
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

CHARLTON ATHLETIC FOOTBALL COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2006 (continued)

15 Called up share capital

	2006	2005
Authorised		
5,500,000 ordinary shares of £1 each	£5,500,000	£5,500,000
	<hr/>	<hr/>
Allotted, called up and fully paid		
4,982,564 ordinary shares of £1 each	£4,982,564	£4,982,564
	<hr/>	<hr/>

16 Reserves

	Profit and loss account £	Revaluation surplus £
At 1 July 2005	(6,444,473)	4,623,012
Loss for year	(11,316,596)	-
Amortisation of revaluation reserve	(4,968)	4,968
	<hr/>	<hr/>
At 30 June 2006	£ (17,766,037)	£4,627,980
	<hr/>	<hr/>

17 Reconciliation of movement in equity shareholders' funds

	2006 £	2005 £
Equity shareholders' funds at 1 July 2005	3,161,103	(235,205)
(Loss) / profit for the year	(11,316,596)	1,400,699
Revaluation surplus	-	1,995,609
	<hr/>	<hr/>
Equity shareholders' funds at 30 June 2006	£ (8,155,493)	£3,161,103
	<hr/>	<hr/>

18 Operating lease commitments

At 30 June 2006 the company was committed to making the following payments during the next year in respect of operating leases

	Land and buildings	Other
Leases which expire		
Within 1 year	5,138	131,736
Within 2 - 5 years inclusive	60,000	164,874
After 5 years	104,000	-
	<hr/>	<hr/>
	£169,138	£296,610
	<hr/>	<hr/>

CHARLTON ATHLETIC FOOTBALL COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2006 (continued)

19 Deferred taxation

	2006		2005	
	Provided	Not provided	Provided	Not provided
	£	£	£	£
Accelerated capital allowances	-	2,257,279	-	2,205,515
Losses carried forward	-	(4,910,161)	-	(2,454,976)
	<u>-</u>	<u>(2,652,882)</u>	<u>-</u>	<u>(249,461)</u>

The deferred taxation asset of £2,652,882 has not been recognised in respect of the timing differences relating to tax losses as there is insufficient evidence that this asset will be recovered. The asset will be recovered if there are suitable profits arising in the future.

20 Capital commitments

At 30 June 2006 the company had capital commitments totalling £166,000 (2005 - £210,147)

21 Contingent liabilities

At 30 June 2006 additional transfer fees payable of £1,701,393 (2005 - £3,349,750) will arise upon players making specific numbers of appearances and gaining international honours.

Additional fees are receivable of £1,900,000 (2005 - £600,000) where players sold make specific numbers of appearances or gain international honours.

The company has guaranteed the bank overdrafts of its parent company and fellow subsidiary. At 30 June 2006 there was no liability.

22 Post balance sheet events

Since the year end players' registrations have been acquired for a cost including transfer levy, agents' fees and other associated costs amounting to £11,454,000 and £476,000 is receivable in respect of the disposal of players' registrations.

23 Related party transactions

Advantage has been taken of the exemption under FRS 8 not to separately disclose transactions with the company's parent company and fellow subsidiary on the grounds that the company is a wholly owned subsidiary.

There were no other material transactions with related parties as defined by FRS 8 'Related Party Transactions'.

24 Ultimate parent company

The ultimate parent company is Charlton Athletic plc, a company incorporated in England. The consolidated accounts of this group are available to the public and can be obtained from The Valley, Floyd Road, Charlton, London, SE7 8BL.