

Registered number 01788466

CHARLTON ATHLETIC FOOTBALL COMPANY LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

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CHARLTON ATHLETIC FOOTBALL COMPANY LIMITED

COMPANY INFORMATION

Directors

T M Jimenez (appointed 31 December 2010)
S Kavanagh (appointed 23 August 2010)
R A Murray
A R S Newall (appointed 9 February 2012)
M R Slater (appointed 31 December 2010)
P D Varney (appointed 31 December 2010)

S Butler-Gallie (resigned 31 December 2010)
D G Chappell (resigned 23 August 2010)
R M Hatter (resigned 31 December 2010)
D J Hughes (resigned 23 August 2010)
D C Sumners (resigned 23 August 2010)
D White (resigned 31 December 2010)
R C Whitehand (resigned 23 August 2010)

Company number

01788466

Registered office

The Valley
Floyd Road
Charlton
London
SE7 8BL

Auditors

Nyman Libson Paul
Chartered Accountants & Statutory Auditors
Regina House
124 Finchley Road
London
NW3 5JS

CHARLTON ATHLETIC FOOTBALL COMPANY LIMITED

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CHARLTON ATHLETIC FOOTBALL COMPANY LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2011

The directors present their report and the financial statements for the year ended 30 June 2011

Principal activities

The company's principal activity continues to be the operation of a professional football club, together with related commercial activities

Business review

The football club continued to play in Division 1 of the Football League during season 2010/11 having narrowly missed out on promotion in the play-offs in the prior season. The club finished mid-table in 13th position in 2010/11.

Turnover was £8,347,000 (2010 - £9,213,000) reflecting a reduction in ticket and hospitality income driven primarily by a decrease in attendances from the prior season. The average home league attendance was 15,582 (2010 - 17,425). Key performance indicators derive from ticket, match day and commercial activities and these are detailed in Note 2 to the financial statements. These revenue and cost centres are monitored against detailed budgets.

Operating expenses were £14,476,000 (2010 - £20,261,000) reflecting the continued cost reduction programme implemented after relegation from the Championship. The operating loss was £6,129,000 (2010 - £11,048,000).

Profit on disposal of players' registration amounted to £2,809,000 (2010 - £4,304,000). This principally arose from the transfers of Jenkinson, Bailey and Richardson.

On 23 August 2010 the entire issued share capital of the Company was acquired by Baton 2010 Limited, a company controlled by R A Murray. At the same date CA 2010 plc (formerly Charlton Athletic plc) waived payment by the Company of the outstanding debt due of £8,925,807. Furthermore director loans of £7,000,000 were novated from CA 2010 plc to the Company and R A Murray agreed to provide funding assistance of £3,000,000 for working capital. This was subsequently amended to £1,550,000 on 31 December 2010.

On 31 December 2010 CAFC Holdings Limited, a company incorporated in the British Virgin Islands, acquired a controlling interest in Baton 2010 Limited.

Principal risks and uncertainties

The key performance indicators detailed above are linked to the on-field football performance and therefore the principal risk facing the company is the performance and divisional status of Charlton Athletic Football Club. This has a significant impact on the level of revenue streams generated by the company and its ability to trade profitably.

Dividends

The directors do not recommend the payment of a dividend.

CHARLTON ATHLETIC FOOTBALL COMPANY LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2011

Directors

The directors who served during the year were

T M Jimenez (appointed 31 December 2010)
S Kavanagh (appointed 23 August 2010)
R A Murray
A R S Newall (appointed 9 February 2012)
M R Slater (appointed 31 December 2010)
P D Varney (appointed 31 December 2010)

S Butler-Gallie (resigned 31 December 2010)
D G Chappell (resigned 23 August 2010)
R M Hatter (resigned 31 December 2010)
D J Hughes (resigned 23 August 2010)
D C Sumners (resigned 23 August 2010)
D White (resigned 31 December 2010)
R C Whitehand (resigned 23 August 2010)

Directors' and officers' liability insurance

During the year the company has maintained cover for its directors and officers under a directors' and officers' liability insurance policy

Statement of directors' responsibilities

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 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 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,
- 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 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.

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 77 days of annual purchases, when the effect of major capital works and player purchases are excluded.

CHARLTON ATHLETIC FOOTBALL COMPANY LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2011

Political and charitable contributions

There were no charitable donations (2010 £nil). The company provides match tickets, hospitality and signed memorabilia for numerous charitable organisations, local schools and youth teams. The company also provides certain administrative resources to the South of England Foundation, a registered charity that trades as the Charlton Athletic Community Trust. These resources are not material and have not been quantified. There were no political donations.

Employee involvement

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 opportunity policy for recruitment and training development which gives equal opportunities to all employees regardless of age, 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 where 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.

Auditors

During the year, Nunn Hayward resigned as auditors and Nyman Libson Paul were appointed in their place.

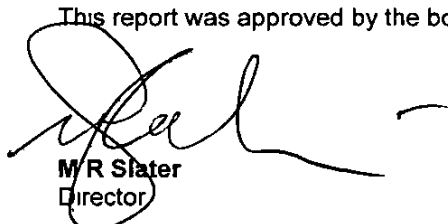
The auditors, Nyman Libson Paul, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

Provision of information to auditors

Each of the persons who are directors at the time when this directors' report is approved has confirmed that

- so far as that director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any information needed by the company's auditors in connection with preparing their report and to establish that the company's auditors are aware of that information.

This report was approved by the board on 25 February 2012 and signed on its behalf



M R Slater
Director

CHARLTON ATHLETIC FOOTBALL COMPANY LIMITED

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

We have audited the financial statements of Charlton Athletic Football Company Limited for the year ended 30 June 2011, set out on pages 6 to 21. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the statement of directors' responsibilities, 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 and express an opinion on 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 Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the directors' report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Unqualified 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 2011 and of its loss for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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.

CHARLTON ATHLETIC FOOTBALL COMPANY LIMITED

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

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



Richard Paul (Senior statutory auditor)

for and on behalf of
Nyman Libson Paul

Chartered Accountants
Statutory Auditors

Regina House
124 Finchley Road
London
NW3 5JS

25 February 2012

CHARLTON ATHLETIC FOOTBALL COMPANY LIMITED

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30 JUNE 2011**

		Operations excluding player amortisation and trading	Player amortisation and trading	2011	2010
	Note	£000	£000	£000	£000
Turnover	2	8,347	-	8,347	9,213
Operating expenses		(14,093)	(383)	(14,476)	(20,261)
Operating loss	3	(5,746)	(383)	(6,129)	(11,048)
Profit on disposal of players		-	2,809	2,809	4,304
Loss before interest and taxation		(5,746)	2,426	(3,320)	(6,744)
Interest receivable	6			1	613
Interest payable	7			(449)	(514)
Loss on ordinary activities before taxation				(3,768)	(6,645)
Taxation	8			-	-
Loss for the financial year				(3,768)	(6,645)

All amounts derive from continuing operations

There are no material differences between the results reported above and the results on an unmodified historical cost basis

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

CHARLTON ATHLETIC FOOTBALL COMPANY LIMITED
REGISTERED NUMBER: 01788466

BALANCE SHEET
AS AT 30 JUNE 2011

	Note	£000	2011 £000	£000	2010 £000
FIXED ASSETS					
Intangible assets	9		1,198		339
Tangible assets	10		27,110		28,124
			<u>28,308</u>		<u>28,463</u>
CURRENT ASSETS					
Stocks	11	123		78	
Debtors	12	809		897	
Cash in hand		28		34	
		<u>960</u>		<u>1,009</u>	
CREDITORS: amounts falling due within one year	13	(8,257)		(12,178)	
NET CURRENT LIABILITIES			<u>(7,297)</u>		<u>(11,169)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>21,011</u>		<u>17,294</u>
CREDITORS: amounts falling due after more than one year	14		(22,498)		(23,939)
NET LIABILITIES			<u>(1,487)</u>		<u>(6,645)</u>
CAPITAL AND RESERVES					
Called up share capital	16		4,983		4,983
Revaluation reserve	17		7,217		7,217
Profit and loss account	17		(13,687)		(18,845)
SHAREHOLDERS' DEFICIT	18		<u>(1,487)</u>		<u>(6,645)</u>

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

25 February 2012.


S Kavanagh
 Director

The notes on pages 8 to 21 form part of these financial statements

CHARLTON ATHLETIC FOOTBALL COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

1. ACCOUNTING POLICIES

1.1 Basis of preparation of financial statements

The financial statements have been prepared in accordance with applicable United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and under the historical cost convention, as modified by the revaluation of land and buildings

1.2 Going concern

On 31 December 2010 CAFC Holdings Limited, a company incorporated in the British Virgin Islands, acquired a controlling interest in Baton 2010 Limited

The new board of directors has reviewed the future cash flow projections of the company and in their opinion, subject to the ongoing support of the company's bankers and CAFC Holdings Limited, the company is able to continue its normal day to day operations for at least 12 months from the date of approval of these financial statements. Accordingly the accounts have been prepared on a going concern basis

1.3 Turnover

Turnover represents income receivable from football and related commercial activities excluding transfer fees receivable and value added tax. Broadcast and match day income is recognised when related matches are played. Advance season tickets are included within deferred income and released to turnover in the relevant season.

1.4 Revaluation of tangible fixed assets

Freehold property and leasehold improvements are fully revalued every five years with an interim valuation carried out three years into every five year period. Leasehold improvements at The Valley stadium are carried at depreciated replacement cost, freehold properties are carried at existing use value and other leasehold improvements are included at cost.

1.5 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost or valuation less depreciation. Depreciation is provided at rates calculated to write off the cost or valuation of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Freehold buildings	-	2%
Leasehold improvements - group assets	-	2%
Leasehold improvements - other	-	terms of the lease
Interior fit outs	-	10% - 20%
Ground and office equipment	-	20% - 33 33%
Motor vehicles	-	33 33%

1.6 Stocks

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

CHARLTON ATHLETIC FOOTBALL COMPANY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011**

1. ACCOUNTING POLICIES (continued)

1.7 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 estimated useful life of the assets to which they relate

1.8 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

1.9 Players' registrations

The costs of obtaining players' registrations are capitalised as intangible assets and amortised evenly over the period of the respective players' contracts. These costs include transfer fees, transfer levies and agents' fees. Payments contingent on the occurrence of uncertain future events are recognised when the event takes place. Players' registrations are written down for impairment when the individual player's carrying value exceeds the amount recoverable through use or sale.

1.10 Signing on fees and loyalty payments

Signing on fees are recognised in the profit and loss account evenly over the period covered by the players' contract. Loyalty payments are accrued to the profit and loss account for the period to which they relate.

1.11 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. Deferred taxation is not provided on timing differences arising from the revaluation of assets.

1.12 Leasing and hire purchase

Assets acquired under finance leases and hire purchase contracts are capitalised in the balance sheet and are depreciated over their estimated useful economic lives. The outstanding liabilities under the agreements less interest not yet due are amortised evenly over the term of the debt. The interest element of these obligations is charged 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.

CHARLTON ATHLETIC FOOTBALL COMPANY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011**

1. ACCOUNTING POLICIES (continued)

1 13 Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date

Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction

Exchange gains and losses are recognised in the profit and loss account

1 14 Pensions

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

1.15 Cash flow statement

The cash flows of the company are included in the consolidated group cash flow statement of Baton 2010 Limited, the holding company. Consequently, the company is exempt under the terms of Financial Reporting Standard No 1 (revised 1996) from preparing a cash flow statement

2 TURNOVER

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

	2011	2010
	£000	£000
Television and broadcast	1,153	1,207
Ticket income and match day activities	4,944	5,788
Commercial	1,861	1,823
Other	389	395
	<hr/>	<hr/>
	8,347	9,213
	<hr/>	<hr/>

CHARLTON ATHLETIC FOOTBALL COMPANY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011**

3. OPERATING LOSS

The loss is stated after charging

	2011	2010
	£000	£000
Amortisation - intangible fixed assets	383	1,163
Depreciation of tangible fixed assets		
- owned by the company	1,014	1,096
Hire of plant and machinery	62	78
Other operating lease rentals	213	316
Auditors' remuneration - Nunn Hayward	-	16
Auditors' remuneration - Nyman Libson Paul	16	-
Auditors' remuneration - other services	-	7
	<u> </u>	<u> </u>

4. STAFF COSTS

	2011	2010
	£000	£000
Wages and salaries	6,788	9,302
Social security costs	705	1,012
Other pension costs	38	27
	<u> </u>	<u> </u>
	<u>7,531</u>	<u>10,341</u>

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

	2011	2010
	No.	No.
Full time playing, training and football management	62	64
Administration, commercial and stadium maintenance	59	69
	<u> </u>	<u> </u>
	<u>121</u>	<u>133</u>

In addition, the company employs approximately 363 (2010 372) temporary staff on match days

CHARLTON ATHLETIC FOOTBALL COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

5. DIRECTORS' REMUNERATION

	2011 £000	2010 £000
Emoluments	121	288
Fees	75	-
Pension contributions to money purchase schemes	12	26
Compensation for loss of office	-	330
	<u>208</u>	<u>644</u>

During the year, retirement benefits were accruing to 1 directors (2010 2) in respect of money purchase schemes

The highest paid director received remuneration of £121,000 (2010 £391,000)

The value of the company's contributions paid to a defined contribution scheme in respect of the highest paid director amounted to £12,000 (2010 £20,000)

6. INTEREST RECEIVABLE

	2011 £000	2010 £000
Interest receivable from parent company	-	605
Other interest receivable	1	8
	<u>1</u>	<u>613</u>

7. INTEREST PAYABLE

	2011 £000	2010 £000
On bank loans and overdrafts	374	271
Discounting costs on acceleration of transfer payments and television and broadcast income	75	243
	<u>449</u>	<u>514</u>

CHARLTON ATHLETIC FOOTBALL COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

8. TAXATION

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2010 - lower than) the standard rate of corporation tax in the UK of 28% (2010 - 28%) The differences are explained below

	2011 £000	2010 £000
Loss on ordinary activities before tax	(3,768)	(6,645)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 28% (2010 - 28%)	(1,055)	(1,861)
Effects of:		
Expenses not deductible for tax purposes	3	20
Depreciation for year in excess of capital allowances	223	224
Non-taxable income	(66)	(63)
Chargeable gain not taxable	-	11
Group relief surrendered	-	19
Tax losses arising in the period	895	1,650
Current tax charge for the year (see note above)	-	-

Factors that may affect future tax charges

The company has tax losses of approximately £53 million (2010 £50 million) available to carry forward against future trading profits

CHARLTON ATHLETIC FOOTBALL COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

9. INTANGIBLE FIXED ASSETS

	Players' registrations £000
Cost	
At 1 July 2010	2,364
Additions	1,455
Disposals	(1,845)
At 30 June 2011	<u>1,974</u>
Amortisation	
At 1 July 2010	2,025
Charge for the year	383
On disposals	(1,632)
At 30 June 2011	<u>776</u>
Net book value	
At 30 June 2011	<u><u>1,198</u></u>
At 30 June 2010	<u><u>339</u></u>

CHARLTON ATHLETIC FOOTBALL COMPANY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011**

10. TANGIBLE FIXED ASSETS

	Leasehold improvements £000	Ground and office equipment £000	Motor vehicles £000	Total £000
Cost or valuation				
At 1 July 2010	30,284	2,789	41	33,114
Disposals	-	(154)	-	(154)
At 1 July 2010 and 30 June 2011	30,284	2,635	41	32,960
Depreciation				
At 1 July 2010	2,281	2,668	41	4,990
Charge for the year	942	72	-	1,014
On disposals	-	(154)	-	(154)
At 30 June 2011	3,223	2,586	41	5,850
Net book value				
At 30 June 2011	27,061	49	-	27,110
At 30 June 2010	28,003	121	-	28,124

Leasehold improvements were valued as at 30 June 2008 by Latham Yeomans, Chartered Surveyors, on the basis of existing use using the depreciated replacement cost method of valuation in the case of The Valley stadium and existing use value for the training ground. Other leasehold improvements and additions since that date are included at cost.

Leasehold improvements comprise

	£000
Improvements at valuation	29,550
Other improvements at cost	734
Total	30,284

11 STOCKS

	2011 £000	2010 £000
Goods for resale	123	78

CHARLTON ATHLETIC FOOTBALL COMPANY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011**

12. DEBTORS

	2011 £000	2010 £000
Trade debtors	274	322
Prepayments and accrued income	535	575
	<u>809</u>	<u>897</u>

13. CREDITORS.

Amounts falling due within one year

	2011 £000	2010 £000
Bank loans and overdrafts	1,518	5,251
Trade creditors	2,266	1,220
Social security and other taxes	753	973
Football League loan	128	127
Other creditors	90	81
Accruals and deferred income	3,502	4,526
	<u>8,257</u>	<u>12,178</u>

The Football League loan is an unsecured, interest free loan which is repayable in instalments by 1 April 2012

For details of security on bank loans and overdrafts see note 14

14. CREDITORS.

Amounts falling due after more than one year

	2011 £000	2010 £000
Bank loans	5,699	6,773
Football League loan	-	128
Trade creditors	-	23
Amounts owed to parent company	2,600	10,814
Amounts owed to fellow subsidiary	1,030	984
Other loans	8,550	-
Grants received	4,013	4,119
Accruals and deferred income	606	1,098
	<u>22,498</u>	<u>23,939</u>

CHARLTON ATHLETIC FOOTBALL COMPANY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011**

14. CREDITORS.

Amounts falling due after more than one year (continued)

On 23 August 2010 CA 2010 plc (formerly Charlton Athletic plc) waived payment of the outstanding debt due at that date of £8,925,807

In the current year, an amount of £2,600,000 is owed to Baton 2010 Limited, the parent company

The amount due to fellow subsidiary Charlton Athletic Holdings Limited has no fixed repayment terms Charlton Athletic Holdings Limited has confirmed that it does not intend to seek repayment of its debt within one year

Included in other loans are loans from ex directors of the company of £4,400,000 (2010 £nil) which are interest free and repayments commence only on promotion of the football club to the Premier League

Also included in other loans are loans from R A Murray totalling £4,150,000 (2010 £nil) Repayment of £1,550,000 commences only on promotion of the football club and is interest free until this event Repayment of the other loan commences only on promotion of the football club to the Premier League

At 30 June 2011 the company had the following bank loans

- £2,561,180 at a fixed rate of 7.2% per annum
- £3,223,361 at a floating rate of 2.5% above LIBOR base rate per annum
- £1,000,000 at a floating rate of 3.0% above LIBOR base rate per annum

The loans are repayable by 31 December 2015 in instalments commencing on 30 November 2011 as follows

	2011 £000	2010 £000
Between one and two years	1,628	1,084
Between two and five years	4,071	4,876
Over five years	-	813
	<hr/>	<hr/>
	5,699	6,773
Within 1 year	1,086	-
	<hr/>	<hr/>
	6,785	6,773
	<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

15. DEFERRED TAXATION

	2011 £000	2010 £000
At beginning and end of year	-	-

The deferred taxation asset of £11,336,097 (2010 £11,793,352) has not been recognised in respect of 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 taxable profits arising in the future.

CHARLTON ATHLETIC FOOTBALL COMPANY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011**

16 SHARE CAPITAL

	2011 £000	2010 £000
Allotted, called up and fully paid		
4,982,564 Ordinary shares of £1 each	4,983	4,983

17. RESERVES

	Revaluation reserve £000	Profit and loss account £000
At 1 July 2010	7,217	(18,845)
Loss for the year	-	(3,768)
Other movements	-	8,926
At 30 June 2011	7,217	(13,687)

18. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' DEFICIT

	2011 £000	2010 £000
Opening shareholders' deficit	(6,645)	-
Loss for the year	(3,768)	(6,645)
Capital contribution	8,926	-
Closing shareholders' deficit	(1,487)	(6,645)

19. CONTINGENT LIABILITIES

Additional transfer and agent fees of £512,500 (2010 £207,000) will become payable depending on players making specific numbers of appearances, gaining international honours and on field playing success

Additional fees are receivable of £4,490,000 (2010 £4,330,000) where players sold make specific numbers of appearances, gain international honours or achieve on field success

The company has guaranteed the bank overdrafts of its parent company and fellow subsidiary At the year end the liability was £nil (2010 £nil)

The receipt of transfer fees due in respect of certain players were accelerated by discounting the fees with financial institutions At 30 June 2011 the financial institutions had full recourse to the company for £1,550,000 (2010 £2,237,500) in the event of non-payment of these transfer fees Subsequent to the year end transfer fees of £1,550,000 relating to these transactions have been settled

CHARLTON ATHLETIC FOOTBALL COMPANY LIMITED

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20. OPERATING LEASE COMMITMENTS

At 30 June 2011 the company had annual commitments under non-cancellable operating leases as follows

	Land and buildings		Other	
	2011 £000	2010 £000	2011 £000	2010 £000
Expiry date:				
Within 1 year	11	-	63	76
Between 2 and 5 years	70	184	60	29
Total	<u>81</u>	<u>184</u>	<u>123</u>	<u>105</u>

CHARLTON ATHLETIC FOOTBALL COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS
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21. RELATED PARTY TRANSACTIONS

The following directors, related organisations of the directors and family members of the directors of the company had the following loan transactions with the company

	2011 £000	2010 £000
DG Chappell	1,200	1,200
Sir M Hatter	1,000	1,000
D J Hughes	500	500
R A Murray	4,150	2,600
D C Sumners	250	250
D White	250	250
56 Developments LLP	1,200	1,200
	<hr/> 8,550	<hr/> 7,000

The loans are secured over the fixed and floating charges of the company's assets. On 23 August 2010 these loans were novated to the company from CA 2010 plc (formerly Charlton Athletic plc), the former holding company.

R C Whitehand, a former director of the company, is the controlling member of 56 Developments LLP.

Sir M Hatter is the father of R M Hatter, a former director of the company.

DG Chappell, a former director of the company, is a shareholder of UK Private Healthcare Limited. During the year discounting and legal fees of £nil (2010 £109,500) were paid to UK Private Healthcare Limited under normal commercial terms.

During the year professional fees of £30,758 (2010 £28,802) were paid to Vertex Law LLP. S Butler-Gallie, a former director of the company, was a member of Vertex Law LLP.

During the year management fees of £nil (2010 £805,000) were paid to CA 2010 plc (formerly Charlton Athletic plc).

CA 2010 plc (formerly Charlton Athletic plc) has waived interest of £nil (2010 £605,118).

At 30 June 2011 £nil (2010 £10,813,565) was owed to CA 2010 plc (formerly Charlton Athletic plc). CA 2010 plc waived £8,926,151 (2010 £nil) of debt due from the company.

At 30 June 2011, R A Murray personally guaranteed the bank overdraft facility up to £840,000.

During the year Charlton Athletic Holdings Limited, a fellow subsidiary, charged the company rent of £50,000 (2010 £139,000). At 30 June 2011, Charlton Athletic Holdings Limited was owed £1,029,719 (2010 £983,749).

During the year transactions took place between the company and certain directors in relation to match tickets and commercial packages. These transactions were on normal commercial terms and were not significant to any of the parties.

CHARLTON ATHLETIC FOOTBALL COMPANY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011**

22. POST BALANCE SHEET EVENTS

Since the year end the disposal of players' registrations has generated income of £330,000 and players registrations have been acquired for a cost amounting to £466,260

23. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The company's ultimate holding company is CAFC Holdings Limited, a company registered in the British Virgin Islands

The company's immediate parent company is Baton 2010 Limited, a company registered in England which is the only company in the group required to prepare group financial statements. Copies of these are available at Companies House