
CHARLTON ATHLETIC FOOTBALL COMPANY LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2014

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CHARLTON ATHLETIC FOOTBALL COMPANY LIMITED

COMPANY INFORMATION

Directors	R Duchâtelet (appointed 3 January 2014) K Meire (appointed 3 January 2014) R A Murray M R Slater (resigned 28 January 2014) T M Jimenez (resigned 3 January 2014) M C Prothero (resigned 3 January 2014)
Registered number	01788466
Registered office	The Valley Floyd Road Charlton London SE7 8BL
Independent 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 2014

The directors present their report and the financial statements for the year ended 30 June 2014.

Directors

The directors who served during the year were:

R Duchâtelet (appointed 3 January 2014)
K Meire (appointed 3 January 2014)
R A Murray
M R Slater (resigned 28 January 2014)
T M Jimenez (resigned 3 January 2014)
M C Prothero (resigned 3 January 2014)

Directors' responsibilities statement

The directors are responsible for preparing the strategic report, 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 accounting 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.

Results and dividends

The loss for the year, after taxation, amounted to £5,718,000 (2013 - £6,033,000).

The directors do not recommend the payment of a dividend.

Charitable contributions

The company made charitable donations of £nil (2013: £nil) during the year. 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. The company also facilitated fundraising for a variety of charitable organisations on matchdays at the Valley. There were no political donations.

CHARLTON ATHLETIC FOOTBALL COMPANY LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2014

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

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

Disclosure of information to auditors

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

- so far as 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 relevant audit information and to establish that the company's auditors are aware of that information.

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.

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

This report was approved by the board on 21 November 2014 and signed on its behalf.



K Meire
Director

CHARLTON ATHLETIC FOOTBALL COMPANY LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 30 JUNE 2014

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

Ownership

The ownership of the club changed hands on 3 January 2014 with CAFC Holdings Ltd (90%) and Richard Murray (10%) selling their shares to Staprix NV, a company registered in Belgium, which is beneficially owned by Roland Duchâtelet.

Football review

1st team

The 1st team continued to compete in the Football League Championship for the second successive season, having finished 9th in the prior season. Significant challenges were faced during this period with no significant playing squad investment in summer 2013, a poor playing surface at The Valley caused by collapsed drainage and uncertainty off the pitch ahead of the takeover.

The League season culminated with the club finishing in 18th position, eight points clear of relegation. This result was down to some positive performances over the last couple of months that lifted the club from bottom of the Championship in March 2014. In spite of what was a disappointing League campaign the FA Cup provided significant positivity with away wins at Oxford Utd, Huddersfield Town and Sheffield Wednesday, leading to a live televised quarter-final against Sheffield Utd at Bramall Lane. Unfortunately a 2-0 defeat meant that the club did not progress to a Wembley semi-final, which would have been the club's first appearance at the revamped national stadium.

The disappointing League season, meant that average attendances at the Valley decreased by 2,350 on the previous season to 16,130 (2013 – 18,480). Despite this decrease the club retained its position in the top half of the Championship attendance rankings in 11th position, which is a testament to the loyal support the club continues to receive from its fans. It is a priority of the Board to grow the current attendance levels to a target of 20,000 in the Championship.

Youth Academy

2013/14 was the second year of the implementation of the Elite Player Performance Plan ("EPPP"), with the Club's Youth Academy continuing to compete as a Category 2 club. The Board strongly aspires to achieve Category 1 status as soon as possible, which will require a significant development of our Training Ground facilities in New Eltham as well as further investment in coaching and medical staff.

Both the U21 and U18 teams had successful seasons, with the U18's winning their respective regional league, thereby qualifying for the national play-offs. They played Crewe Alexandra in the semi-finals, narrowly losing on penalties. The U21s finished their first season under Jason Euell comfortably in mid table. They picked up some good results along the way including a 5-2 victory over eventual winners of the league, Cardiff City.

CHARLTON ATHLETIC FOOTBALL COMPANY LIMITED

STRATEGIC REPORT (continued) FOR THE YEAR ENDED 30 JUNE 2014

Financial review

Turnover

	2014 (£000)	2013 (£000)	Variance (£000)	Variance (%)
Central income	4,208	4,096	112	3%
Match-day	6,315	5,633	682	12%
Commercial	1,547	1,429	118	8%
Other	670	753	(83)	(11%)
Total	12,740	11,911	829	7%

Central income consists of Football League and Premier League central distributions. The 3% increase in revenue is driven by the increase in the Premier League 'solidarity' distributions, arising from the new 3 year TV deal struck by the Premier League with UK and overseas broadcasters. Solidarity distributions (£2.3m) are made to those clubs throughout the Football League who are not in receipt of parachute payments. Parachute payments are made to those clubs recently relegated from the Premier League and are significantly greater in value (up to £24m). 2013/14 was the second year of the Football League TV deal so no increase was expected in this area.

Match-day income consists primarily of ticket income, match-day hospitality, advertising and programmes. This category also includes cup-related income which explains the significant increase in revenue of 12% on prior year due to the FA Cup run to the quarter-finals in March 2014. Excluding the FA Cup, match-day revenues were marginally down on 2013, driven by decreased attendances at the Valley.

Commercial income comprises primarily of sponsorship, non-matchday events and retail. The 8% increase on prior year arises mainly as a result of new sponsorship and preferred supplier contracts, as well as new initiatives such as Addicks Place.

Other income principally comprises youth academy grant income arising from the EPPP. The level of grant is determined by the category status of the club's youth academy. Other income also includes significant contributions from Valley Gold, the charitable organisation directly linked to the Club, which further supports the development of players in our Youth Academy.

Administrative expenses

Administrative expenses, excluding depreciation and player amortisation, were £17.8m (2013 - £17.3m), the increase on prior year primarily reflecting non-recurring exceptional costs as a result of the company re-organisation, termination of football management contracts and pitch cover costs.

Staff costs of £11.5m (2013 - £12.0m) includes £0.3m of severance costs. Once these exceptional costs are excluded staff costs represent 88% (2013 - 101%) of turnover. This is a significant positive reduction on prior season, and the Board will continue to monitor this ratio closely.

Profit on disposal of players' registrations

Profit on disposal of players' registrations amounted to £1.7m (2013 - £1.7m). This arose primarily from the following:

- Transfer of Stephens (Brighton & Hove Albion), Kermorgant (AFC Bournemouth), Button (Brentford) and Smith (Swindon Town); and
- Shelvey (Liverpool) sell-on to Swansea City plus contingent appearances.

CHARLTON ATHLETIC FOOTBALL COMPANY LIMITED

STRATEGIC REPORT (continued) FOR THE YEAR ENDED 30 JUNE 2014

Retained loss

Once interest, depreciation and amortisation are taken into account the retained loss for the year was £5.7m. Excluding exceptional costs, the loss for the year was £5.3m. This represents a 12% reduction in losses in comparison with the previous year (2013 - £6.0m). It is the Board's strategy to continue to reduce these levels of losses over time and move towards a 'break-even' position whilst remaining highly competitive on the pitch.

The key performance indicators discussed above are further detailed in Notes 2 and 4 to the financial statements. These revenue and cost centres are monitored regularly by the Board against detailed budgets.

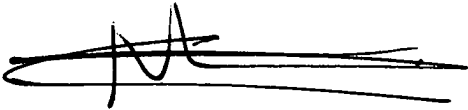
Bank loans

Bank loans continued to be repaid during the year at a significant rate, resulting in a £1.5m reduction in the bank loan balance over the year. As at 30 June 2014 the loan balance is £2.7m, which will be fully repaid by 31 December 2015.

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.

This report was approved by the board on 21 November 2014 and signed on its behalf.



K Meire
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 2014, set out on pages 8 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 directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. 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 strategic report and the directors' report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

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 2014 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 strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

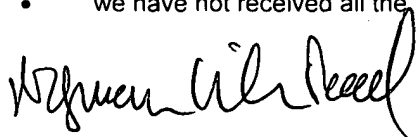
CHARLTON ATHLETIC FOOTBALL COMPANY LIMITED

**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

21 November 2014

CHARLTON ATHLETIC FOOTBALL COMPANY LIMITED

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30 JUNE 2014**

		Operations excluding player amortisation and trading	Player amortisation and trading	2014	2013
	Note	£000	£000	£000	£000
Turnover	2	12,740	-	12,740	11,911
Operating expenses		(18,548)	(896)	(19,444)	(19,309)
Exceptional items	7	(454)	-	(454)	-
Operating loss	3	(6,262)	(896)	(7,158)	(7,398)
Profit on disposal of players		-	1,718	1,718	1,736
Loss before interest and taxation		(6,262)	822	(5,440)	(5,662)
Interest receivable				-	-
Interest payable	6			(278)	(371)
Loss on ordinary activities before taxation				(5,718)	(6,033)
Taxation	8			-	-
Loss for the financial year				(5,718)	(6,033)

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.

CHARLTON ATHLETIC FOOTBALL COMPANY LIMITED

**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
FOR THE YEAR ENDED 30 JUNE 2014**

	Note	2014 £000	2013 £000
LOSS FOR THE FINANCIAL YEAR		(5,718)	(6,033)
Unrealised surplus on revaluation of tangible fixed assets		-	5,080
TOTAL RECOGNISED LOSSES RELATING TO THE YEAR		<u>(5,718)</u>	<u>(953)</u>

The notes on pages 11 to 21 form part of these financial statements.

CHARLTON ATHLETIC FOOTBALL COMPANY LIMITED
REGISTERED NUMBER: 01788466

BALANCE SHEET
AS AT 30 JUNE 2014

	Note	£000	2014 £000	2013 £000
FIXED ASSETS				
Intangible assets	9		4,304	1,034
Tangible assets	10		30,084	30,487
			<u>34,388</u>	<u>31,521</u>
CURRENT ASSETS				
Stocks	11	22		28
Debtors	12	1,514		1,066
Cash at bank and in hand		153		21
		<u>1,689</u>		<u>1,115</u>
CREDITORS: amounts falling due within one year	13	<u>(6,948)</u>		<u>(8,177)</u>
NET CURRENT LIABILITIES			<u>(5,259)</u>	<u>(7,062)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>29,129</u>	<u>24,459</u>
CREDITORS: amounts falling due after more than one year	14		<u>(44,146)</u>	<u>(33,758)</u>
NET LIABILITIES			<u><u>(15,017)</u></u>	<u><u>(9,299)</u></u>
CAPITAL AND RESERVES				
Called up share capital	16		4,983	4,983
Revaluation reserve	17		12,297	12,297
Profit and loss account	17		<u>(32,297)</u>	<u>(26,579)</u>
SHAREHOLDERS' DEFICIT	18		<u><u>(15,017)</u></u>	<u><u>(9,299)</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 21 November 2014.



K Meire
Director

The notes on pages 11 to 21 form part of these financial statements.

CHARLTON ATHLETIC FOOTBALL COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

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 3 January 2014 Staprix NV, a company incorporated in Belgium, acquired a controlling interest in Baton 2010 Limited.

The 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 Staprix NV, 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 out 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	-	2%
Interior fit outs	-	10% - 20%
Ground and office equipment	-	20% - 33.33%

1.6 Stocks

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

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.

CHARLTON ATHLETIC FOOTBALL COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

1. ACCOUNTING POLICIES (continued)

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.

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.

CHARLTON ATHLETIC FOOTBALL COMPANY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014**

1. ACCOUNTING POLICIES (continued)

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:

	2014	2013
	£000	£000
Television and broadcast	4,208	4,096
Ticket income and match day activities	6,315	5,633
Commercial	1,547	1,429
Other	670	753
	<u>12,740</u>	<u>11,911</u>

3. OPERATING LOSS

The loss is stated after charging:

	2014	2013
	£000	£000
Amortisation - intangible fixed assets	896	1,006
Depreciation of tangible fixed assets:		
- owned by the company	1,158	1,002
Hire of plant and machinery	79	74
Other operating lease rentals	188	160
Auditors' remuneration	16	16
Auditors' remuneration - other services	10	10
	<u> </u>	<u> </u>

During the year, no director received any emoluments (2013 - £NIL).

CHARLTON ATHLETIC FOOTBALL COMPANY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014**

4. STAFF COSTS

	2014 £000	2013 £000
Wages and salaries	10,358	10,693
Social security costs	1,143	1,274
Other pension costs	18	10
	<u>11,519</u>	<u>11,977</u>

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

	2014 No.	2013 No.
Full time playing, training and football management	101	90
Administration, commercial and stadium maintenance	60	56
	<u>161</u>	<u>146</u>

In addition, the company employs approximately 306 (2013: 352) temporary staff on match days.

5. DIRECTORS' REMUNERATION

	2014 £000	2013 £000
Emoluments	-	13
Fees	113	150
Pension contributions to money purchase schemes	-	1
	<u>113</u>	<u>164</u>

During the year, there were no retirement benefits accruing to directors (2013: 1) in respect of money purchase schemes.

The highest paid director received fees of £112,500 (2013: £150,000).

The value of the company's contributions paid to a defined contribution scheme in respect of the highest paid director amounted to £nil (2013: £1,000).

CHARLTON ATHLETIC FOOTBALL COMPANY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014**

6. INTEREST PAYABLE

	2014	2013
	£000	£000
On bank loans and overdrafts	199	360
On loans from ultimate parent company	75	-
On finance leases and hire purchase contracts	4	11
	<u>278</u>	<u>371</u>

7. EXCEPTIONAL ITEMS

	2014	2013
	£000	£000
Staff restructuring	324	-
Pitch cover costs	89	-
Other	41	-
	<u>454</u>	<u>-</u>

8. TAXATION

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2013 - lower than) the standard rate of corporation tax in the UK of 23% (2013 - 24%). The differences are explained below:

	2014	2013
	£000	£000
Loss on ordinary activities before tax	<u>(5,718)</u>	<u>(6,033)</u>
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 23% (2013 - 24%)	(1,315)	(1,448)
Effects of:		
Expenses not deductible for tax purposes	3	-
Depreciation for year in excess of capital allowances	150	174
Non-taxable income	(49)	(55)
Tax losses arising in the period	1,211	1,329
Current tax charge for the year (see note above)	<u>-</u>	<u>-</u>

Factors that may affect future tax charges

The company has tax losses of approximately £70 million (2013: £65 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 2014

9. INTANGIBLE FIXED ASSETS

	Players' registrations £000
Cost	
At 1 July 2013	2,618
Additions	4,360
Disposals	(950)
At 30 June 2014	6,028
Amortisation	
At 1 July 2013	1,584
Charge for the year	896
On disposals	(756)
At 30 June 2014	1,724
Net book value	
At 30 June 2014	4,304
At 30 June 2013	1,034

Additions related primarily to the acquisitions of Igor Vetokele, Piotr Parzyszek, Loic Nego and Reza Ghoochannejhad.

Disposals related to Dale Stephens, Yann Kermorgant, Michael Smith and David Button.

CHARLTON ATHLETIC FOOTBALL COMPANY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014**

10. TANGIBLE FIXED ASSETS

	Leasehold improvements £000	Ground and office equipment £000	Motor vehicles £000	Total £000
Cost or valuation				
At 1 July 2013	31,046	2,921	41	34,008
Additions	618	137	-	755
At 30 June 2014	<u>31,664</u>	<u>3,058</u>	<u>41</u>	<u>34,763</u>
Depreciation				
At 1 July 2013	780	2,700	41	3,521
Charge for the year	1,069	89	-	1,158
At 30 June 2014	<u>1,849</u>	<u>2,789</u>	<u>41</u>	<u>4,679</u>
Net book value				
At 30 June 2014	<u>29,815</u>	<u>269</u>	<u>-</u>	<u>30,084</u>
At 30 June 2013	<u>30,266</u>	<u>221</u>	<u>-</u>	<u>30,487</u>

Freehold properties were valued as at 30 June 2013 by DTZ Debenham Tie Leung Limited, Chartered Surveyors, on the existing use basis.

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows:

	2014 £000	2013 £000
Ground and office equipment	<u>-</u>	<u>69</u>

Leasehold improvements comprise:

	£000
Improvements at valuation	<u>29,815</u>

11. STOCKS

	2014 £000	2013 £000
Goods for resale	<u>22</u>	<u>28</u>

CHARLTON ATHLETIC FOOTBALL COMPANY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014**

12. DEBTORS

	2014	2013
	£000	£000
Trade debtors	906	378
Prepayments and accrued income	608	688
	<u>1,514</u>	<u>1,066</u>

**13. CREDITORS:
Amounts falling due within one year**

	2014	2013
	£000	£000
Bank loans and overdrafts	1,774	2,209
Net obligations under finance leases and hire purchase contracts	-	42
Trade creditors	1,096	1,184
Other taxation and social security	592	936
Other creditors	70	51
Accruals and deferred income	3,416	3,755
	<u>6,948</u>	<u>8,177</u>

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

**14. CREDITORS:
Amounts falling due after more than one year**

	2014	2013
	£000	£000
Bank loans	949	2,584
Amounts owed to parent company	31,225	18,373
Amounts owed to fellow subsidiary	1,181	1,109
Other loans	7,000	7,670
Grants received	3,695	3,801
Accruals and deferred income	96	221
	<u>44,146</u>	<u>33,758</u>

CHARLTON ATHLETIC FOOTBALL COMPANY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014**

14. CREDITORS:

Amounts falling due after more than one year (continued)

In the current year, an amount of £31,225,010 (2013: £18,372,973) is owed to Baton 2010 Limited, the parent company.

At 30 June 2014, Charlton Athletic Holdings Limited, a fellow subsidiary, was owed £1,180,619 (2013: £1,108,619). 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.

Other loans are loans from R A Murray and former directors of the company totalling £7,000,000 (2013: £7,000,000) which are interest free and repayments commence only on promotion of the football club to the Premier League.

At 30 June 2014 the company had the following bank loans:

- £1,118,272 at a floating rate of 2.5% above LIBOR base rate per annum
- £1,224,877 at a floating rate of 2.5% above LIBOR base rate per annum
- £380,000 at a floating rate of 3.0% above LIBOR base rate per annum

The loans are repayable by 31 December 2015 in instalments, repayments having commenced on 30 November 2011, as follows:

	2014	2013
	£000	£000
Between one and two years	949	1,593
Between two and five years	-	990
	<hr/>	<hr/>
	949	2,583
Within 1 year	1,774	1,594
	<hr/>	<hr/>
	2,723	4,177
	<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

	2014	2013
	£000	£000
At beginning and end of year	-	-
	<hr/>	<hr/>

The deferred taxation asset of £12,380,000 (2013: £12,873,000) 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 2014**

16. SHARE CAPITAL

	2014 £000	2013 £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 2013	12,297	(26,579)
Loss for the financial year	-	(5,718)
At 30 June 2014	12,297	(32,297)

18. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' DEFICIT

	2014 £000	2013 £000
Opening shareholders' deficit	(9,299)	(8,346)
Loss for the financial year	(5,718)	(6,033)
Other recognised gains and losses during the year	-	5,080
Closing shareholders' deficit	(15,017)	(9,299)

19. CONTINGENT LIABILITIES AND ASSETS

Additional transfer and agent fees of £382,500 (2013: £724,341) will become payable depending on players making specific numbers of appearances, gaining international honours and on-field playing success.

Additional fees are receivable of £4,170,000 (2013: £2,965,000) 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 (2013: £nil).

CHARLTON ATHLETIC FOOTBALL COMPANY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014**

20. OPERATING LEASE COMMITMENTS

At 30 June 2014 the company had annual commitments under non-cancellable operating leases as follows:

	Land and buildings		Other	
	2014	2013	2014	2013
	£000	£000	£000	£000
Expiry date:				
Within 1 year	-	-	80	127
Between 2 and 5 years	50	64	114	42
After more than 5 years	13	-	-	-
Total	<u>63</u>	<u>64</u>	<u>194</u>	<u>169</u>

21. RELATED PARTY TRANSACTIONS

During the year Charlton Athletic Holdings Limited, a fellow subsidiary, charged the company rent of £50,000 (2013: £50,000).

At 30 June 2014, R Murray personally guaranteed the bank overdraft facility up to £650,000.

From 3 January 2014, Staprix NV charged interest on loans in the period to CAFC at 3%, resulting in an interest charge of £75,000 (2013: £Nil).

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.

22. POST BALANCE SHEET EVENTS

Since the year end the disposal of players' registrations including loan fees has generated income of £890,964.

In addition, agency fees totalling £327,100 were paid on the registration of new players.

23. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The company's ultimate holding company is Staprix NV, a company registered in Belgium, which is 95% owned by Roland Duchâtelet.

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.

CHARLTON ATHLETIC FOOTBALL COMPANY LIMITED

DETAILED ACCOUNTS

FOR THE YEAR ENDED 30 JUNE 2014

CHARLTON ATHLETIC FOOTBALL COMPANY LIMITED

**SCHEDULE TO THE DETAILED ACCOUNTS
FOR THE YEAR ENDED 30 JUNE 2014**

	£000	2014 £000	£000	2013 £000
Turnover				
Television and broadcast	4,208		4,096	
Match day	6,315		5,633	
Commercial	1,547		1,429	
Other	670		753	
		12,740		11,911
Operating expenses				
Match day costs	2,817		2,601	
Non match day commercial activities	726		683	
Site costs	2,231		2,009	
Administrative costs	1,395		1,056	
Football costs	10,780		11,058	
Release of grants	(106)		(106)	
Depreciation	1,159		1,002	
Amortisation of players' registrations	896		1,006	
		19,898		19,309
Operating loss		(7,158)		(7,398)
Profit on disposal of players		1,718		1,736
Financing costs				
Interest on loans from ultimate parent company	75		-	
Interest on finance leases and hire purchase contracts	4		11	
Interest on bank loans and overdrafts	199		360	
		(278)		(371)
Loss before taxation		(5,718)		(6,033)