

Brighton and Hove Albion Holdings Limited

Registered number 02849319

Directors' report and financial statements

For the year ended 30 June 2013

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BRIGHTON AND HOVE ALBION HOLDINGS LIMITED

COMPANY INFORMATION

Directors

A G Bloom (Chairman)
P J Barber (CEO)
R A Bloom
D L Chapman
R F Comer (Company Secretary)
A S Franks
P W Godfrey
D A Jones (Finance Director)
M J Perry
M L Sugarman

Company secretary

R F Comer

Registered number

02849319

Registered office

American Express Community Stadium
Village Way
Brighton
BN1 9BL

Independent auditors

Mazars LLP
Chartered Accountants & Statutory Auditor
37 Frederick Place
Brighton
BN1 4EA

BRIGHTON AND HOVE ALBION HOLDINGS LIMITED

CONTENTS

	Page
Directors' Report	1 - 4
Independent Auditors' Report	5 - 6
Consolidated Profit and Loss Account	7
Consolidated Balance Sheet	8
Company Balance Sheet	9
Consolidated Cash Flow Statement	10
Notes to the Financial Statements	11 - 25

BRIGHTON AND HOVE ALBION HOLDINGS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2013

The directors present their report and the financial statements for the year ended 30 June 2013

Directors' responsibilities statement

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

- select suitable accounting policies and then apply them consistently,
- make judgments and accounting estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group 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 the group 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 the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Principal activities

The principal activity of the group continues to be that of a professional football club as a member of the Football Association and the Football League.

Business review

Financial Summary	2013	2012
	£000	£000
Turnover	23,389	22,193
Administrative and Operational Costs	-17,717	-16,757
Operating profit before football costs	5,672	5,436
Football Costs	-20,974	-14,756
Operating loss	-15,302	-9,320

The financial results for the year to 30 June 2013 reflect the Club's second year at the American Express Community Stadium and show a reasonable increase in turnover from £22.1m to £23.4m, despite the central contribution from the Football League falling by close to £1m. However, operating losses increased from £9.3m to £15.3m.

BRIGHTON AND HOVE ALBION HOLDINGS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2013

The increased operating loss arises primarily due to a 42% increase in football costs from £14.8m to £21m. This was a result of new signings and an increase in player wages as the Club made a concerted effort to achieve promotion to the Premier League, in its second season back in the Championship. The result was that we narrowly missed out on automatic promotion finishing in fourth place in the Championship and subsequently losing in the playoff semi final.

The financial highlights are as follows -

- Ticketing Income £8.7m (2012 £7.9m) The average attendance was a very pleasing 26,236 (2012 20,028), the highest in the Championship. The capacity of the stadium was increased in two stages during the season. Following completion of the Upper tier of the East Stand in July 2012 the capacity increased from 22,500 to 27,444 and with the completion of all 4 corners in March 2013 the capacity further increased to 30,500.
- Football League Income £4.8m (2012 £5.7m) Central income has decreased following the reduced Football League deal with BSkyB.
- Commercial Income £4.2m (2012 £3.9m) The increase in commercial revenue was due to new sponsorship opportunities and increased 1901 membership in the South Lounge.
- Retail Income £1.4m (2012 £2.0m) Retail sales were down primarily due to reduced replica kit sales as the Club entered the second year of its kit cycle.
- Administrative and operational costs £17.7m (2012 £16.8m) These costs were reasonably in line with the previous period other than some exceptional costs which were losses incurred as a result of a staff redundancy programme.
- Football Costs £21m (2012 £14.8m) Football costs include player's wages, coaching and support staff wages, training ground costs, the academy and player trading costs.

This is the second year of the Football League's Financial Fair Play Rules for Championship clubs. In view of the size of the loss reported by the Club, we will be reporting a Financial Fair Play deficit for the 2012/13 season. There are however no sanctions based on the 2012/13 season. Sanctions in the form of transfer embargo's and financial penalties will be applicable for the 2013/14 season for Clubs that report a loss in excess of the Permitted Allowances. The maximum Permitted Allowance for the 2013/14 season is £8m. The Club has therefore been working hard to increase its revenues and reduce its costs so that it can report a positive Financial Fair Play result for the 2013/14 season, whilst at the same time ensuring it can provide as competitive a playing squad as possible.

These results demonstrate the significant cost of maintaining a competitive, promotion challenging squad in the Championship. They also show the significant work the Club still needs to do in the areas of revenue generation and cost reduction, in what remains a difficult economic environment for many.

Playing matters

The Club had a successful season in the Championship finishing in 4th position with 75 points, showing good progress from the previous season when the Club finished in 10th position with 66 points. In the FA Cup, the Club had a very good home win against Newcastle United before losing narrowly in the next round 3-2 against Arsenal.

During the season the playing squad was strengthened considerably with the addition of Bruno Saltor, David Lopez, Andrea Orlandi, Andrew Crofts, Stephen Dobbie, Tomasz Kuszczak, and Leonardo Ulloa together with loan signings Wayne Bridge and Dean Hammond.

At the end of the season a change to the football management team was made and Oscar Garcia, Juan Torrijo Navaro, Ruben Martinez and Nathan Jones were brought in.

BRIGHTON AND HOVE ALBION HOLDINGS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2013

Academy

During the 2012/13 season the Club was delighted to apply for and be awarded a Category 2 Academy Licence. Whilst this attracts funding of £480k per annum, the cost of running the academy increased from £560k to £1,386k. The academy continues to expand and gear up in preparation for the move to the new training ground in the summer of 2014.

Sponsors

We are delighted that with effect from the 2013/14 season American Express has entered into a multi-year agreement to sponsor the home and away shirts, of both men and women's teams to go alongside their commitment to the stadium naming rights sponsorship.

We would also like to thank Brighton and Hove Jobs and Donatello's for their shirt sponsorship, our lounge sponsors BUPA, Overline, Chandlers BMW, Renault Lifestyle, Becks Peugeot, Heineken, Harveys and Mayo Wynne Baxter and our many match day sponsors and Friends of the Albion members.

Supporters and staff

The Board would like to take this opportunity to thank the supporters for their continued fantastic support and would also like to thank all our staff for their hard work and commitment particularly during a difficult summer of cost reduction measures.

Future developments

The Community Stadium Limited ('TCSL'), a subsidiary of Brighton and Hove Albion Holdings Limited, completed the construction of the American Express Community Stadium during the financial year. The group is now engaged in the construction of a brand new state of the art training facility in Lancing. This project estimated at circa £30m will include 13 external pitches plus 1 indoor astro pitch, 1 futsal pitch, a fully equipped gym with rehabilitation and hydrotherapy area, as well as changing rooms, catering facilities and office accommodation. The facility will be home to the first team, the academy and all football operations staff, as well as being an asset for community use. It is anticipated the facility will be complete in time for the start of the 2014/15 season.

The group continues to explore new commercial opportunities and is currently considering the construction of a hotel on the AMEX (American Express) site and also student accommodation in the nearby area.

Funding

The Board would like to place on record its sincere thanks to its Chairman Tony Bloom for personally providing the funding to take the Club forward. Not only has Tony provided interest free funding to build the American Express Community stadium and the new training ground project, he has also covered the losses to date and is committed to funding future losses. The significant cost of running a Championship football club, challenging for a place in the Premier League, simply would not be possible without Tony's generous support.

Results and dividends

The loss for the year, after taxation, amounted to £15,278,862 (2012 - loss £9,115,106).

The directors are unable to recommend the payment of a dividend (2012 £nil).

BRIGHTON AND HOVE ALBION HOLDINGS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2013

Directors

The directors who served during the year were

A G Bloom (Chairman)
P J Barber (CEO)
R A Bloom
D L Chapman
R F Comer (Company Secretary)
A S Franks
P W Godfrey
D A Jones (Finance Director)
M J Perry
M L Sugarman

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 and the group'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 and the group's auditors are aware of that information

Auditors

The auditors, Mazars LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006

This report was approved by the board on *27 Nov 2013*

and signed on its behalf



R F Comer
Secretary

BRIGHTON AND HOVE ALBION HOLDINGS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF BRIGHTON AND HOVE ALBION HOLDINGS LIMITED

We have audited the financial statements of Brighton and Hove Albion Holdings Limited for the year ended 30 June 2013 which comprise the group profit and loss account, the group and company balance sheets, the group cash flow statement (including reconciliation of cash flow to net funds) and the related notes. 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).

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 1, 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. 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.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on the financial statements

In our opinion the financial statements

- give a true and fair view of the state of the group's and the parent company's affairs as at 30 June 2013 and of the group's 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.

Emphasis of matter - going concern

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosures made in note 1.3 to the financial statements concerning the group's ability to continue as a going concern. The group incurred a net loss of £15,278,862 during the year ended 30 June 2013 and at that date had net current liabilities of £9,759,949.

The financial statements have been prepared on a going concern basis and the validity of this depends on the ability of the directors to generate sufficient further funding and the continued support of the directors in providing adequate loan facilities as explained in note 1.3 to the financial statements.

The financial statements do not include any adjustments that would result from a failure to obtain such funding and support.

BRIGHTON AND HOVE ALBION HOLDINGS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF BRIGHTON AND HOVE ALBION HOLDINGS LIMITED

Opinion on the 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

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



Alistair Fraser (Senior Statutory Auditor)
for and on behalf of Mazars LLP
Chartered Accountants and Statutory Auditor
37 Frederick Place
Brighton
BN1 4EA

Date

29/11/11

BRIGHTON AND HOVE ALBION HOLDINGS LIMITED

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30 JUNE 2013

	Note	2013 £	2012 £
Turnover	1,2	23,389,185	22,192,554
Administrative expenses		(38,841,273)	(31,552,503)
Other operating income	3	149,671	40,000
Operating loss	4	(15,302,417)	(9,319,949)
Interest receivable and similar income		13,418	1,158
Interest payable and similar charges	7	(5,579)	(7,507)
Loss on ordinary activities before taxation		(15,294,578)	(9,326,298)
Tax on loss on ordinary activities	8	15,716	211,192
Loss for the financial year	17	(15,278,862)	(9,115,106)

All amounts relate to continuing operations

There were no recognised gains and losses for 2013 or 2012 other than those included in the profit and loss account

The notes on pages 11 to 25 form part of these financial statements

BRIGHTON AND HOVE ALBION HOLDINGS LIMITED

Registered number 02849319

**CONSOLIDATED BALANCE SHEET
AS AT 30 JUNE 2013**

	Note	£	2013 £	£	2012 £
Fixed assets					
Intangible assets	10		5,749,678		4,423,682
Tangible assets	11		122,470,843		104,864,068
			<u>128,220,521</u>		<u>109,287,750</u>
Current assets					
Stocks	12	235,747		951,689	
Debtors	13	3,995,406		4,878,638	
Cash at bank and in hand		1,099,820		10,208,656	
		<u>5,330,973</u>		<u>16,038,983</u>	
Creditors: amounts falling due within one year	14	(15,090,922)		(13,320,523)	
Net current (liabilities)/assets			<u>(9,759,949)</u>		<u>2,718,460</u>
Total assets less current liabilities			<u>118,460,572</u>		<u>112,006,210</u>
Creditors: amounts falling due after more than one year	15		107,049,330		125,316,106
Capital and reserves					
Called up share capital	16	64,962,380		24,962,380	
Profit and loss account	17	(53,551,138)		(38,272,276)	
	18		<u>11,411,242</u>		<u>(13,309,896)</u>
			<u>118,460,572</u>		<u>112,006,210</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on
27 Nov 2013



D A Jones (Finance Director)
Director

The notes on pages 11 to 25 form part of these financial statements

BRIGHTON AND HOVE ALBION HOLDINGS LIMITED

Registered number: 02849319

**COMPANY BALANCE SHEET
AS AT 30 JUNE 2013**

	Note	2013 £	2012 £
Fixed assets			
Investments	9	70,002	70,002
Current assets			
Debtors	13	167,095,349	144,897,672
Total assets less current liabilities		<u>167,165,351</u>	<u>144,967,674</u>
Creditors amounts falling due after more than one year	15	102,458,780	120,261,103
Capital and reserves			
Called up share capital	16	64,962,380	24,962,380
Profit and loss account	17	(255,809)	(255,809)
	18	<u>64,706,571</u>	<u>24,706,571</u>
		<u>167,165,351</u>	<u>144,967,674</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on
27 Nov 2013



D A Jones (Finance Director)
Director

The notes on pages 11 to 25 form part of these financial statements

BRIGHTON AND HOVE ALBION HOLDINGS LIMITED

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2013

	Note	2013 £	2012 £
Net cash flow from operating activities	19	(26,860,167)	19,868,320
Returns on investments and servicing of finance	20	7,839	153,561
Taxation		211,470	245,875
Capital expenditure and financial investment	20	(22,467,978)	(13,027,551)
Cash (outflow)/inflow before financing		(49,108,836)	7,240,205
Financing	20	40,000,000	-
(Decrease)/Increase in cash in the year		(9,108,836)	7,240,205

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS FOR THE YEAR ENDED 30 JUNE 2013

	2013 £	2012 £
(Decrease)/Increase in cash in the year	(9,108,836)	7,240,205
Movement in net debt in the year	(9,108,836)	7,240,205
Net funds at 1 July 2012	9,974,774	2,734,569
Net funds at 30 June 2013	865,938	9,974,774

The notes on pages 11 to 25 form part of these financial statements

BRIGHTON AND HOVE ALBION HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

1. Accounting Policies

1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards

1.2 Basis of consolidation

The financial statements consolidate the accounts of Brighton and Hove Albion Holdings Limited and all of its subsidiary undertakings ('subsidiaries')

The results of subsidiaries acquired during the year are included from the effective date of acquisition

1.3 Going concern

The financial statements have been prepared on the going concern basis on the grounds that the chairman of the group has indicated his willingness to support the group by providing adequate loan facilities to enable the group to meet its financial obligations as they fall due for a period of at least thirteen months from the date on which these financial statements are signed

The financial statements make no provision for any adjustment should the going concern basis not be appropriate

1.4 Turnover

Turnover comprises revenue recognised by the company in respect of goods and services supplied during the year, exclusive of Value Added Tax and trade discounts

Match day revenue is recognised over the period of the football season as games are played Sponsorship and similar commercial income is recognised over the duration of the respective contracts Facility fees for live television coverage of games are taken when earned Fees receivable in respect of the loan of players are included in turnover over the period of the loan

1.5 Intangible fixed assets and amortisation

In accordance with FRS 10 player registrations are capitalised and written off over the period of the player's contract Under the conditions of certain transfer agreements, further fees will be payable in the event of the players concerned making a certain number of First Team appearances or on the occurrence of certain other specified future events These extra fees are capitalised and written off over the remaining period of the contract once the conditions have been met

Profits or losses on the sale of players represent the transfer fee receivable, net of any transaction costs, less the unamortised cost of the applicable player's registration

BRIGHTON AND HOVE ALBION HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

1. Accounting Policies (continued)

1 6 Tangible fixed assets and depreciation

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

Land and buildings	-	see below
Motor vehicles	-	25% straight line
Fixtures, fittings & equipment	-	20-33% straight line
Assets under construction	-	not depreciated
Training ground improvements	-	20% straight line

Although the stadium was brought into use during the year, considerable construction costs continued to be incurred both during the financial year and after the year end. Accordingly the directors consider the stadium to have still been in the course of construction during the year and therefore no depreciation has been charged in these financial statements. The directors will review this policy in time for the preparation of financial statements to 30 June 2014.

1 7 Investments

Investments in subsidiaries are valued at cost less provision for impairment.

1 8 Stocks

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads.

1 9 Deferred taxation

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation.

A net deferred tax asset is recognised only if it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse.

Deferred tax assets and liabilities are not discounted.

1 10 Grants

Grants relating to tangible fixed assets are treated as deferred income and released to the profit and loss account over the expected useful lives of the assets concerned. Other grants are credited to the profit and loss account as the related expenditure is incurred.

1.11 Pensions

The group operates a defined contribution pension scheme and the pension charge represents the amounts payable by the group to the fund in respect of the year.

BRIGHTON AND HOVE ALBION HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

1. Accounting Policies (continued)

1 12 Player remuneration

Signing on fees in respect of players contracts are expensed to the profit and loss account over the length of the contract. Remuneration of players is charged in accordance with the terms of the applicable contractual arrangements and any discretionary bonuses when there is a legal or constructive obligation.

2 Turnover

All turnover arose within the United Kingdom

Analysis of turnover - group

	2013 £	2012 £
Sales		
Ticketing	8,707,788	7,868,722
Football League and central distributions	4,790,713	5,694,728
Commercial sponsorship / advertising	4,204,166	3,941,071
Retail	1,369,429	2,020,631
Media	672,548	551,462
Catering Income	1,775,086	1,251,906
Loan players	318,490	103,388
Operations and transport	789,613	404,421
Academy grant	523,096	194,400
Young seagulls	52,640	34,716
Other income	157,931	127,109
Women and girls	27,685	-
	<u>23,389,185</u>	<u>22,192,554</u>

3 Other operating income

	2013 £	2012 £
Other operating income	109,671	-
Government grants receivable	40,000	40,000
	<u>149,671</u>	<u>40,000</u>

BRIGHTON AND HOVE ALBION HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

4. Operating loss

The operating loss is stated after charging

	2013 £	2012 £
Amortisation - intangible fixed assets	2,671,137	2,132,324
Depreciation of tangible fixed assets		
- owned by the group	1,062,092	911,388
Auditors' remuneration	15,000	15,000

5. Staff costs

Staff costs, including directors' remuneration, were as follows

	2013 £	2012 £
Wages and salaries	18,926,659	13,227,093
Social security costs	2,056,869	1,359,685
Other pension costs	80,011	95,315
	21,063,539	14,682,093

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

	2013 No.	2012 No.
Players (including youth players)	59	56
Management and administration	180	122
	239	178

During the year, an average of 572 part-time staff (2012 - 495) were employed by the group for match days

BRIGHTON AND HOVE ALBION HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

6. Directors' remuneration

	2013 £	2012 £
Remuneration	721,007	333,963
Group pension contributions to money purchase pension schemes	80,011	56,089
Compensation for loss of office	-	74,880

During the year retirement benefits were accruing to 3 directors (2012 - 4) in respect of defined contribution pension schemes

The highest paid director received remuneration of £480,002 (2012 - £142,887)

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £32,500 (2012 - £38,309)

7. Interest payable

	2013 £	2012 £
On bank loans and overdrafts	-	36
On other loans	5,579	7,471
	5,579	7,507

8. Taxation

	2013 £	2012 £
Analysis of tax credit in the year		
UK corporation tax charge on loss for the year	-	-
Recovery in respect of prior periods	(15,716)	(211,192)
Tax on loss on ordinary activities	(15,716)	(211,192)

BRIGHTON AND HOVE ALBION HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

8. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2012 - higher than) the standard rate of corporation tax in the UK of 20% (2012 - 20%) The differences are explained below

	2013 £	2012 £
Loss on ordinary activities before tax	(15,294,578)	(9,326,298)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2012 - 20%)	(3,058,916)	(1,865,260)
Effects of.		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	1,743	33,756
Difference in tax treatment of depreciation and capital allowances	(830,000)	(870,777)
Recovery of tax charge in respect of prior periods	(15,716)	(211,192)
Short term timing difference leading to an increase (decrease) in taxation	1,939	890
Unrelieved tax losses carried forward	3,885,234	2,701,391
Current tax credit for the year (see note above)	(15,716)	(211,192)

Factors that may affect future tax charges

At 30 June 2013, the group had approximately £75,000,000 (2012 £56,500,000) of trading losses to carry forward

The group has a potential deferred tax asset of £12,118,320 (2012 £9,202,731) calculated at the tax rate of 20% (2012 20%) The deferred tax asset is represented by the total of tax losses of £15,000,000 (2012 £11,300,000), depreciation in excess of capital allowances of £2,886,389 (2012 £2,100,039) and other short term differences of £4,709 (2012 £2,770) The deferred tax asset has not been recognised as the directors do not anticipate utilisation of the tax losses in the foreseeable future

BRIGHTON AND HOVE ALBION HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

9 Fixed asset investments

	Investments in subsidiary companies £
Company	
Cost or valuation	
At 1 July 2012 and 30 June 2013	325,711
Impairment	
At 1 July 2012 and 30 June 2013	255,709
Net book value	
At 30 June 2013	70,002
At 30 June 2012	70,002

The subsidiaries are as follows

Company name	Country	Percentage Shareholding	Description
Brighton and Hove Sports and Leisure Limited	England and Wales	100% Ordinary	Intermediate holding company
Albion Sports and Leisure Limited	England and Wales	100% Ordinary	Dormant
Brighton and Hove Albion Football Club Limited	England and Wales	100% Ordinary	Professional member of Football League and Association
The Community Stadium Limited	England and Wales	100% Ordinary	Construction of a stadium

BRIGHTON AND HOVE ALBION HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

10 Intangible fixed assets

Group	Player registrations £
Cost	
At 1 July 2012	6,728,765
Additions	4,238,181
Disposals	(526,000)
At 30 June 2013	<u>10,440,946</u>
Amortisation	
At 1 July 2012	2,305,083
Charge for the year	2,671,137
On disposals	(284,952)
At 30 June 2013	<u>4,691,268</u>
Net book value	
At 30 June 2013	<u>5,749,678</u>
At 30 June 2012	<u>4,423,682</u>

The figures for cost of player registrations are historical cost figures for purchased players only. Accordingly the net book value shown for player registrations will not reflect, nor is it intended to, the current market value of these players nor does it take any account of players developed through the club's youth system.

The directors consider the net realisable value of intangible assets to be significantly greater than their book value.

BRIGHTON AND HOVE ALBION HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

11 Tangible fixed assets

Group	Land and Buildings £	Motor vehicles £	Fixtures, fittings and equipment £	Training ground improvements £
Cost				
At 1 July 2012	101,027,568	10,450	4,756,246	148,288
Additions	17,980,289	17,940	670,638	-
At 30 June 2013	119,007,857	28,390	5,426,884	148,288
Depreciation				
At 1 July 2012	-	5,226	1,003,368	69,890
Charge for the year	-	5,792	1,030,829	25,471
At 30 June 2013	-	11,018	2,034,197	95,361
Net book value				
At 30 June 2013	119,007,857	17,372	3,392,687	52,927
At 30 June 2012	101,027,568	5,224	3,752,878	78,398

Group	Total £
Cost	
At 1 July 2012	105,942,552
Additions	18,668,867
At 30 June 2013	124,611,419
Depreciation	
At 1 July 2012	1,078,484
Charge for the year	1,062,092
At 30 June 2013	2,140,576
Net book value	
At 30 June 2013	122,470,843
At 30 June 2012	104,864,068

Land and buildings includes the cost of a premium of £5,300,000 payable for the lease of the stadium land. This lease is for a 125 year period. The land and buildings were under construction during the year to 30 June 2013 and consequently no depreciation was charged. Included within land and buildings is cost and net book value of £7,809,185 (2012 £101,027,568) that relate to assets still under construction.

BRIGHTON AND HOVE ALBION HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

12. Stocks

	<u>Group</u>		<u>Company</u>	
	2013	2012	2013	2012
	£	£	£	£
Goods for resale	235,747	951,689	-	-

13 Debtors

	<u>Group</u>		<u>Company</u>	
	2013	2012	2013	2012
	£	£	£	£
Due after more than one year				
Amounts owed by group undertakings	-	-	167,095,349	144,897,672

	<u>Group</u>		<u>Company</u>	
	2013	2012	2013	2012
	£	£	£	£
Due within one year				
Trade debtors	2,365,069	2,617,716	-	-
Other debtors	650,029	1,171,924	-	-
Prepayments and accrued income	964,592	777,528	-	-
Tax recoverable	15,716	211,470	-	-
Grants receivable	-	100,000	-	-
	3,995,406	4,878,638	-	-

14 Creditors

Amounts falling due within one year

	<u>Group</u>		<u>Company</u>	
	2013	2012	2013	2012
	£	£	£	£
Other loans	233,882	233,882	-	-
Payments received on account	2,978,320	2,906,313	-	-
Trade creditors	6,002,631	6,976,189	-	-
Grants receivable	40,000	40,000	-	-
Other taxation and social security	1,420,856	1,131,431	-	-
Other creditors	417,442	644,753	-	-
Accruals and deferred income	3,997,791	1,387,955	-	-
	15,090,922	13,320,523	-	-

Barclays Bank plc and The Co-operative Bank plc hold charges over the company and group's assets
There were no outstanding liabilities at the year end

BRIGHTON AND HOVE ALBION HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

15 Creditors Amounts falling due after more than one year

	Group		Company	
	2013	2012	2013	2012
	£	£	£	£
Grants receivable	1,880,000	1,920,000	-	-
Other loans	160,000	-	160,000	-
Amounts owed to group undertakings	-	-	8,998	8,998
Directors loan account (note 27)	102,289,782	120,252,105	102,289,782	120,252,105
Accruals and deferred income	2,719,548	3,144,001	-	-
	<u>107,049,330</u>	<u>125,316,106</u>	<u>102,458,780</u>	<u>120,261,103</u>

Creditors include amounts not wholly repayable within 5 years as follows

	Group		Company	
	2013	2012	2013	2012
	£	£	£	£
Deferred income to be released	<u>2,781,531</u>	<u>3,186,713</u>	<u>-</u>	<u>-</u>

16 Share capital

	2013	2012
	£	£
Allotted, called up and fully paid		
64,962,380 (2012 - 24,962,380) Ordinary shares of £1 each	<u>64,962,380</u>	<u>24,962,380</u>

On 24 September 2012, 40,000,000 £1 ordinary shares were issued at par to A Bloom and paid for by a charge against his loan to the company

17. Reserves

	Profit and loss account £
Group	
At 1 July 2012	(38,272,276)
Loss for the financial year	(15,278,862)
	<u>(53,551,138)</u>
At 30 June 2013	
	<u>(53,551,138)</u>
Company	
At 1 July 2012 and 30 June 2013	<u>(255,809)</u>

BRIGHTON AND HOVE ALBION HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

18 Reconciliation of movement in shareholders' funds

	2013 £	2012 £
Group		
Opening shareholders' deficit	(13,309,896)	(4,194,790)
Loss for the financial year	(15,278,862)	(9,115,106)
Shares issued during the year	40,000,000	-
Closing shareholders' funds/(deficit)	11,411,242	(13,309,896)
	2013 £	2012 £
Company		
Opening shareholders' funds	24,706,571	24,706,571
Shares issued during the year	40,000,000	-
Closing shareholders' funds	64,706,571	24,706,571

The company has taken advantage of the exemption contained within section 408 of the Companies Act 2006 not to present its own profit and loss account

The profit for the year dealt with in the accounts of the company was £NIL (2012 - £nil)

19 Net cash flow from operating activities

	2013 £	2012 £
Operating loss	(15,302,417)	(9,319,949)
Amortisation of intangible fixed assets	2,671,137	2,132,324
Depreciation of tangible fixed assets	1,062,092	911,388
Profit on disposal of fixed assets	(1,582,952)	(511,500)
Government grants	-	718,200
Decrease/(increase) in stocks	715,943	(878,546)
Decrease/(increase) in debtors	486,474	(1,753,541)
(Decrease)/increase in creditors	(14,910,444)	28,569,944
Net cash (outflow)/inflow from operating activities	(26,860,167)	19,868,320

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

	2013 £	2012 £
Returns on investments and servicing of finance		
Interest received	13,418	161,069
Interest paid	(5,579)	(7,508)
Net cash inflow from returns on investments and servicing of finance	7,839	153,561

BRIGHTON AND HOVE ALBION HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

20 Analysis of cash flows for headings netted in cash flow statement (continued)

	2013 £	2012 £
Capital expenditure and financial investment		
Purchase of intangible fixed assets (players)	(4,701,945)	(3,973,563)
Sale of intangible fixed assets (players)	2,025,000	1,125,000
Purchase of tangible fixed assets	(19,791,033)	(10,178,988)
Net cash inflow/(outflow) from capital expenditure and financial investment	(22,467,978)	(13,027,551)

Trade debtors includes £828,000 (2012 £1,029,000) from the sale of players, trade creditors includes £350,438 (2012 £814,202) for the purchase of players. Neither of these figures is included in the above figures. Brought forward creditors included £2,850,956 in respect of tangible fixed assets and creditors for the year ended 30 June 2013 includes £1,228,790 in respect of tangible fixed assets. The figures above incorporate the adjustment required for non cash flow movements.

	2013 £	2012 £
Financing		
Issue of ordinary shares	40,000,000	-

21. Analysis of changes in net funds

	1 July 2012 £	Cash flow £	Loan movement £	30 June 2013 £
Cash at bank and in hand	10,208,656	(9,108,836)	-	1,099,820
Debt.				
Debts due within one year	(233,882)	-	-	(233,882)
Net funds	9,974,774	(9,108,836)	-	865,938

BRIGHTON AND HOVE ALBION HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

22 Capital commitments

At 30 June 2013 the group and company had capital commitments as follows

	<u>Group</u>		<u>Company</u>	
	2013 £	2012 £	2013 £	2012 £
Contracted for but not provided in these financial statements	21,865,115	9,059,535	-	-

The capital commitments for 2013 figure related to the development of the new training ground

The capital commitments for 2012 related to Phase 2 expansion of the stadium and the Falmer Retained Land Project

23 Pension commitments

The pension costs charged in the financial statements represent the contributions payable by the group to employees' personal pension plans during the year in accordance with FRS17

24 Contingencies - Transfer fees receivable/payable

Under the terms of contracts with other football clubs in regard to player transfers, additional fees could become receivable and payable if certain defined performance criteria are fulfilled. The maximum that could be receivable to the group is £955,000 (2012 £380,000) and the maximum that could become payable by the group is £1,300,000 (2012 £515,000)

25. Post balance sheet events

On 22 October 2013, 11,000,000 £1 ordinary shares were issued at par to A Bloom

26 Controlling party

As at 30 June 2013 the ultimate controlling party was A Bloom by virtue of his 91% shareholding

BRIGHTON AND HOVE ALBION HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

27 Related party transactions

Group

The company and group have taken advantage of the exemption in Financial Reporting Standard number 8 from the requirement to disclose transactions with group companies on the grounds that consolidated financial statements are prepared by the ultimate parent company and are publicly available. These are those consolidated financial statements.

Directors loan account

During 2012, the loans made by A Bloom to both The Community Stadium Limited and The Brighton and Hove Albion Football Club Limited were consolidated in Brighton and Hove Albion Holdings Limited after agreement was reached on which company within the group held this liability. At 30 June 2013, the amount owed to A Bloom by the company was £102,289,782 (2012: £120,252,105). The amount loaned is interest free and repayable after more than one year.

Other

During the year, Adenstar Developments Limited, the holding company of which D L Chapman and R F Comer are directors, invoiced the group £1,085,818 (2012: £1,301,433) for various building and construction work. During the year, the group made payments to Adenstar Developments Limited of £1,204,184 (2012: £1,331,138). At the year end, the group owed Adenstar Developments Limited an amount of £136,940 (2012: £255,306). All transactions were on an arms length, commercial basis.

During the year the group invoiced Albion In The Community, a company in which D L Chapman and M Sugarman are trustees and directors, £106,746 (2012: £31,267) for rent, stock and room hire. The group also made purchases of £620 (2012: £320) from Albion In The Community. The group received monies in the amount of £nil (2012: £144) and made payments in the amount of £320 (2012: £258) and made additional donations of £20,481 (2012: £155,201). At the year end the group was owed an amount of £113,013 (2012: £6,268) by Albion In The Community and owed an amount of £620 (2012: £320) to Albion In The Community.