

Registered number: 07406020

**VENKY'S LONDON LIMITED**  
**DIRECTORS' REPORT AND FINANCIAL**  
**STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2014**

**KPMG LLP**  
**Chartered Accountants**  
**Edward VII Quay**  
**Navigation Way**  
**Preston**  
**Lancashire**  
**PR2 2YF**

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COMPANIES HOUSE

**VENKY'S LONDON LIMITED**  
**COMPANY INFORMATION**

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<b>DIRECTORS</b>	Mrs Anuradha J Desai Mr B Venkatesh Rao Mr B Balaji Rao Mr Jitendra M Desai
<b>REGISTERED NUMBER</b>	07406020
<b>REGISTERED OFFICE</b>	Squire Sanders (UK) Limited 7 Devonshire Square London EC2M 4YH
<b>INDEPENDENT AUDITOR</b>	KPMG LLP Chartered Accountants Edward VII Quay Navigation Way Preston Lancashire PR2 2YF

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**VENKY'S LONDON LIMITED**

**DIRECTORS' REPORT  
FOR THE YEAR ENDED 31 MARCH 2014**

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The directors present their report and the financial statements for the year ended 31 March 2014.

**DIRECTORS' RESPONSIBILITIES STATEMENT**

The directors are responsible for preparing the Group 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 they have elected to prepare the group and parent company financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and parent company and of their profit or loss for that period. In preparing each of the group and parent company financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and parent company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent company's transactions and disclose with reasonable accuracy at any time the financial position of the parent company and enable them to ensure that its financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the parent company and to prevent and detect fraud and other irregularities.

**PRINCIPAL ACTIVITIES**

The principal activity of the company throughout the year continues to be that of a holding company of a professional football club.

**RESULTS AND DIVIDENDS**

The loss for the year, after taxation, amounted to £36,038,212 (2013 - loss £27,120,769).

The directors do not recommend payment of a dividend.

**DIRECTORS**

The directors who served during the year were:

Mrs Anuradha J Desai  
Mr B Venkatesh Rao  
Mr B Balaji Rao  
Mr Jitendra M Desai

**VENKY'S LONDON LIMITED**

**DIRECTORS' REPORT  
FOR THE YEAR ENDED 31 MARCH 2014**

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**POLITICAL CONTRIBUTIONS**

There were no political contributions during the year. Charitable donations did not exceed £2,000 in total.

**FUTURE DEVELOPMENTS**

Compliance with Championship Financial Fair Play regulations will challenge all football clubs as they try to manage finances, such that they operate within their income levels. The focus for Blackburn Rovers has to be on striving for promotion back to the Premier League, but also working to increase revenue streams back up to a level that will allow them to achieve this.

The board endeavours to keep up to date with new developments occurring in the market segment in which the company operates.

**ENVIRONMENTAL POLICIES**

During the year the group took further steps to minimise its impact on the environment; enhancements to the waste management programme resulted in 100% waste recycling and 0% sent to landfill, for the year ended 31st December 2013. The group continued to install equipment, and implement policies, which have resulted in a reduction in both energy and water consumption.

**DISCLOSURE OF INFORMATION TO AUDITOR**

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

- so far as each director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- each director has taken all the steps that he or she ought to have taken as a director to make himself or herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

**AUDITOR**

The auditor, KPMG LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 31/07/2014 and signed on its behalf.



Director  
Jitendra M. Desai

Date: 31 July 2014

**VENKY'S LONDON LIMITED**

**GROUP STRATEGIC REPORT  
FOR THE YEAR ENDED 31 MARCH 2014**

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**BUSINESS REVIEW**

The results for the year are shown in the Profit and Loss Account of the financial statements and are summarised in the table of key performance indicators below.

The whole of the turnover from continuing activities is attributable to the operations of the football club; the reduction in turnover to £28.6m (2013 - £35.7m) was due to the club's relegation from the Premier League in May 2012. Operating expenditure for the year also reduced, wages and salaries reduced to £34.6m (2013 - 39.6m), and other operating costs reduced to £21.1m (2013 - £23.2m); these savings mitigated the reduction in turnover and resulted in a static operating loss of £27m (2013 - £27.1m). The loss for the year was £36m (2013 - 27.1m).

The focus of the company has been for the football club to obtain promotion back to the Premier League; significant changes were made to the playing squad to reduce ongoing costs, whilst at the same time adding young talent, this enhanced the team's performance resulting in an 8th place finish and narrowly missing out on a playoff position. As a result of the changes to the playing squad there was a loss on sale of intangible assets of £4.7m (2013 - profit £0.3m).

During the year the directors assessed the carrying value of its investment in Hitlab INC and decided a provision was required for the full value of £3,378,378. This amount was charged to the profit and loss account in the year.

The board believes the football club's success during the 2013/14 playing season gives real encouragement that it has made a significant move forward in achieving its ultimate goal. This momentum will bring with it renewed support from fans, which will in turn boost income streams and carry the club on to greater success.

## VENKY'S LONDON LIMITED

GROUP STRATEGIC REPORT (continued)  
FOR THE YEAR ENDED 31 MARCH 2014

## KEY FINANCIAL AND OTHER PERFORMANCE INDICATORS

	<u>2013/14</u>	<u>2012/13</u>
	<u>£m</u>	<u>£m</u>
Turnover	28.6	35.7
Wages & salaries	34.6	39.6
Other operating expenses	21.0	23.2
	<hr/>	<hr/>
Operating loss before trading of intangible assets	(27.0)	(27.1)
Interest payable	(1.0)	(0.3)
	<hr/>	<hr/>
Loss - before trading of intangible assets and investment impairment	(28.0)	(27.4)
Investments written off	(3.4)	-
(Loss)/profit on the sale of intangible assets	(4.7)	0.2
	<hr/>	<hr/>
Loss before tax	(36.1)	(27.2)
	<hr/>	<hr/>
Decrease in cash	(1.7)	(11.8)
Closing net debt	(21.2)	(15.0)
Championship finishing position in relevant season	8th	17th
Average league attendance	14,891	14,997
Wage to turnover %	120.97%	110.9%

**VENKY'S LONDON LIMITED**

**GROUP STRATEGIC REPORT (continued)  
FOR THE YEAR ENDED 31 MARCH 2014**

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**PRINCIPAL RISKS AND UNCERTAINTIES**

The board constantly monitors new developments and assesses the threats to the business by close monitoring of the sectors in which it operates.

Business risks identified include reduced income from parachute payments in 2014/15 and 2015/16 and the potential sanctions from non-compliance with FFP rules, which are currently under review.

The board ensures compliance with all relevant rules and regulations, in particular those laid down by the FA, Football League, Premier League, UEFA and FIFA. Any change to the regulations of these bodies could have an impact on the company as they cover areas such as; competition format, distribution of media income, player eligibility and operation of the transfer market. The board ensures compliance with all relevant rules and regulations, and monitors the impact of any potential changes.

This report was approved by the board on 31/07/2014 and signed on its behalf.



Director

Jitendra M. Desai

Date: 31 July 2014

**VENKY'S LONDON LIMITED**

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF VENKY'S LONDON LIMITED**

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We have audited the financial statements of Venky's London Limited for the year ended 31 March 2014, set out on pages 10 to 31. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with 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 auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

**RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITOR**

As explained more fully in the Directors' Responsibilities Statement set out on page 3, 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**

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](http://www.frc.org.uk/auditscopeukprivate).

**OPINION ON 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 31 March 2014 and of the group's loss for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

**OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006**

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

**VENKY'S LONDON LIMITED**

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF VENKY'S LONDON LIMITED**

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**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.



Richard Evans (Senior statutory auditor)

for and on behalf of  
**KPMG LLP, Statutory Auditor**

Chartered Accountants

Edward VII Quay  
Navigation Way  
Preston  
Lancashire  
PR2 2YF

Date: 31 July 2014

## VENKY'S LONDON LIMITED

CONSOLIDATED PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 31 MARCH 2014

	Note	2014 £	2013 £
<b>TURNOVER</b>	2	28,623,903	35,681,644
Operating expenses		(55,591,006)	(62,820,478)
<b>OPERATING LOSS</b>	3	(26,967,103)	(27,138,834)
	8		
Net (loss)/profit on disposal of intangible assets		(4,658,334)	249,914
Amounts written off investments	12	(3,378,378)	-
<b>LOSS ON ORDINARY ACTIVITIES BEFORE INTEREST</b>		(35,003,815)	(26,888,920)
Interest receivable and similar income	6	2,301	3,165
Interest payable and similar charges	7	(1,036,698)	(266,992)
<b>LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		(36,038,212)	(27,152,747)
Tax on loss on ordinary activities	9	-	31,978
<b>LOSS FOR THE FINANCIAL YEAR</b>	18	(36,038,212)	(27,120,769)

All amounts relate to continuing operations.

There were no recognised gains and losses for 2014 or 2013 other than those included in the Profit and loss account.

The notes on pages 14 to 31 form part of these financial statements.

VENKY'S LONDON LIMITED  
REGISTERED NUMBER: 07406020

CONSOLIDATED BALANCE SHEET  
AS AT 31 MARCH 2014

	Note	2014	2013
		£	£
<b>FIXED ASSETS</b>			
Intangible assets	10	3,924,652	12,205,798
Tangible assets	11	53,575,341	55,030,357
Investments	12	-	3,378,378
		<u>57,499,993</u>	<u>70,614,533</u>
<b>CURRENT ASSETS</b>			
Stocks	13	196,036	203,580
Debtors	14	4,480,516	5,241,298
Cash at bank		273,964	343,090
		<u>4,950,516</u>	<u>5,787,968</u>
<b>CREDITORS: amounts falling due within one year</b>	15	<u>(29,272,867)</u>	<u>(32,148,207)</u>
<b>NET CURRENT LIABILITIES</b>		<u>(24,322,351)</u>	<u>(26,360,239)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>33,177,642</u>	<u>44,254,294</u>
<b>CREDITORS: amounts falling due after more than one year</b>	16	<u>(8,667,170)</u>	<u>(5,250,185)</u>
<b>NET ASSETS</b>		<u>24,510,472</u>	<u>39,004,109</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	17	84,622,576	63,583,001
Capital contribution	18	3,005,000	2,500,000
Profit and loss account	18	(63,123,769)	(27,085,557)
<b>SHAREHOLDERS' FUNDS</b>	19	<u>24,503,807</u>	<u>38,997,444</u>
<b>MINORITY INTERESTS</b>		<u>6,665</u>	<u>6,665</u>
		<u>24,510,472</u>	<u>39,004,109</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 31/07/2014



Director  
Jitendra M. Desai


The notes on pages 14 to 31 form part of these financial statements.

VENKY'S LONDON LIMITED  
REGISTERED NUMBER: 07406020

**COMPANY BALANCE SHEET  
AS AT 31 MARCH 2014**

	Note	2014 £	2013 £
<b>FIXED ASSETS</b>			
Investments	12	31,640,101	35,018,479
<b>CURRENT ASSETS</b>			
Debtors: amounts falling due after more than one year	14	52,200,000	30,700,000
Cash at bank		7,853	1,060
		<u>52,207,853</u>	<u>30,701,060</u>
<b>CREDITORS: amounts falling due within one year</b>	15	<u>(106,126)</u>	<u>(99,073)</u>
<b>NET CURRENT ASSETS</b>		<u>52,101,727</u>	<u>30,601,987</u>
<b>NET ASSETS</b>		<u>83,741,828</u>	<u>65,620,466</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	17	84,622,576	63,583,001
Capital contribution	18	3,005,000	2,500,000
Profit and loss account	18	(3,885,748)	(462,535)
<b>SHAREHOLDERS' FUNDS</b>	19	<u>83,741,828</u>	<u>65,620,466</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 31/07/2014

  
Director  
Jitendra M. Desai

The notes on pages 14 to 31 form part of these financial statements.

## VENKY'S LONDON LIMITED

**CONSOLIDATED CASH FLOW STATEMENT  
FOR THE YEAR ENDED 31 MARCH 2014**

	Note	2014 £	2013 £
Net cash flow from operating activities	20	(18,647,030)	(20,861,515)
Returns on investments and servicing of finance	21	(1,034,397)	(263,827)
Taxation		-	31,978
Capital expenditure and financial investment	21	(8,003,771)	(5,518,058)
<b>CASH OUTFLOW BEFORE FINANCING</b>		<b>(27,685,198)</b>	<b>(26,611,422)</b>
Financing	21	26,025,231	14,832,623
<b>DECREASE IN CASH IN THE YEAR</b>		<b>(1,659,967)</b>	<b>(11,778,799)</b>

**RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT  
FOR THE YEAR ENDED 31 MARCH 2014**

	2014 £	2013 £
Decrease in cash in the year	(1,659,967)	(11,778,799)
Cash inflow from increase in debt and lease financing	(4,480,656)	(444,623)
<b>CHANGE IN NET DEBT RESULTING FROM CASH FLOWS</b>	<b>(6,140,623)</b>	<b>(12,223,422)</b>
New finance lease	(57,627)	-
<b>MOVEMENT IN NET DEBT IN THE YEAR</b>	<b>(6,198,250)</b>	<b>(12,223,422)</b>
Net debt at 1 April 2013	(14,976,825)	(2,753,403)
<b>NET DEBT AT 31 MARCH 2014</b>	<b>(21,175,075)</b>	<b>(14,976,825)</b>

The notes on pages 14 to 31 form part of these financial statements.

## VENKY'S LONDON LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2014**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 and United Kingdom Generally Accepted Accounting Practice.

**1.2 Going concern**

Blackburn Rovers Football and Athletic Plc ("BRFC") is a 99.99% subsidiary of Venky's London Limited ("VLL" or "the group"), and accounts for the significant majority of the group's trading. As a result, the use of the going concern assumption by the group is inherently linked to the use of the same assumption by BRFC.

At the 31 March 2014 the group had net current liabilities of £24,322,351 and reported an operating loss before player trading of £26,967,103 for the year ended 31 March 2014. The group may continue to make operating losses and incur net cash outflows depending on a number of variables including the success of the football club in league and cup competitions and the level of transfer activity. The group is funded through a bank facility and shareholder loans, and in view of the current financial position the group remains reliant on its ability to maintain existing and obtain additional funding as necessary.

In managing the finances of the group, the directors remain mindful of the need to ensure the football club will comply with the Championship fair play rules.

As part of the directors' assessment of going concern they have prepared detailed cash flow forecasts for the period to the end of March 2015. These forecasts indicate that the group will require significant funding in addition to the current facilities available to the group. The amount of additional funding required will be dependent on the net proceeds of any player trading and availability of bank facilities. In view of this the directors have received confirmation from the ultimate parent company (Venkateshwara Hatcheries Pvt. Ltd) that it has sufficient funds and is willing to provide such additional financing as may be required to fund the group to the extent necessary for the group to continue to trade and to pay its liabilities as and when they become due, for the next 12 months and thereafter for the foreseeable future, regardless of whether the facility referred to below is renewed at 28 November 2014.

The directors have prepared these forecasts on an appropriate basis. In addition the directors have also considered the potential impact on the group's cash flows were BRFC not to regain its FA Premier League status and have identified mitigating actions that would manage the cash flow requirements of the group in such circumstances and in any event have received confirmation of support from its ultimate parent company as highlighted above.

The group is currently operating within its facilities, due for renewal at 28 November 2014, provided by the State Bank of India. The directors believe there are no events or conditions which will cause the withdrawal of these facilities in the near future.

On the basis of the assessment outlined above the directors have a reasonable expectation that the group will have adequate resources to continue in operational existence for the foreseeable future. Accordingly they adopt the going concern basis in preparing these financial statements.

**VENKY'S LONDON LIMITED****NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2014****1. ACCOUNTING POLICIES (continued)****1.3 Basis of consolidation**

The financial statements consolidate the accounts of Venky's London Limited and all of its subsidiary undertakings ('subsidiaries'). Assets acquired on acquisition of the subsidiary undertaking are included at the fair value at that date.

**1.4 Foreign currencies**

Transactions in foreign currencies are recorded using the rate of exchange ruling on the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date and the gains and losses on translation are included in the profit and loss account.

**1.5 Turnover and income recognition**

Turnover is stated net of Value Added Tax and amounts due to the Premier League, Football League, Football Association and visiting Football clubs. It includes gate receipts, executive boxes, sponsorships, merchandising, advertising, television fees, Football/Premier League pool and sundry related incomes.

**1.6 Intangible fixed assets and amortisation**

Goodwill is the difference between amounts paid on the acquisition of a business and the fair value of the identifiable assets and liabilities. It is amortised to the profit and loss account over its estimated economic life.

The costs associated with the acquisition of new players' registrations are capitalised as intangible fixed assets. These costs are fully amortised, in equal annual instalments, over the period of the player's initial contract. The external costs of securing the extension or renewal of an existing contract both for internally produced and externally purchased players are capitalised and amortised over the period of the players' new contract.

Signing-on fees and other contingent fees payable to players as a result of the occurrence of one or more uncertain future events are expensed when the event occurs.

**1.7 Impairment**

The Directors consider intangible assets to be an income generating unit. An income generating unit is the smallest identifiable group of assets that generates income that is largely independent of the income streams from other assets or group of assets. The Directors review the carrying value of the income generating unit for impairment where events or changes in circumstances indicate that the carrying value of the asset may not be recoverable. To the extent that the carrying value exceeds the recoverable amount, the asset is impaired and the impairment loss is recognised in the profit and loss account.

## VENKY'S LONDON LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2014**1. ACCOUNTING POLICIES (continued)****1.8 Tangible fixed assets and depreciation**

Tangible fixed assets are stated at cost less depreciation. Depreciation is not charged on freehold land. Depreciation on other tangible fixed assets is provided at rates calculated to write off the cost of those assets, less their estimated residual value, over their expected useful lives on the following bases:

Freehold buildings	-	2% per annum on cost
Leasehold buildings	-	4.76% per annum on cost
Motor vehicles	-	25% per annum on cost
Fixtures and fittings	-	10% per annum on cost
Computer equipment	-	20% per annum on cost

**1.9 Investments**

- (i) **Subsidiary undertakings**  
Investments in subsidiaries are held at cost less provision for impairment.
- (ii) **Other investments**  
Investments held as fixed assets are held at cost less provision for impairment.

**1.10 Stock**

Stock is valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stock.

**1.11 Leasing and hire purchase**

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

**1.12 Grants**

Revenue grants are credited to profit and loss account in the same period in which the revenue expenditure to which they relate is charged. Capital based grants are credited to revenue over the life of the asset to which they relate.

The useful economic lives are as follows: -

Freehold buildings 50 years  
Fixtures and fittings 10 years

## VENKY'S LONDON LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2014

## 1. ACCOUNTING POLICIES (continued)

## 1.13 Taxation

The charge for taxation is based on the profit / loss for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred tax assets and liabilities are not discounted and are recognised in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19.

A 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.

## 1.14 Pensions

The group is making contributions in respect of its share of the deficit of the defined benefit section of the Football league Pension and Life Assurance Scheme (the "Scheme").

Under the provisions of FRS 17 "Retirement Benefits" the Scheme would be treated as a defined benefit multiemployer scheme. The Scheme's actuary has advised that the participating employers' share of the underlying assets and liabilities cannot be identified on a reasonable and consistent basis and, accordingly, no disclosures are made under the provisions of FRS 17. Contributions are made as advised by the scheme actuary.

The group also makes contributions to defined contribution pension schemes for certain employees. The employer's contributions are charged to the profit and loss account in the year in which the liability to pay arises.

## 2. TURNOVER

An analysis of turnover by class of business is as follows:

	2014 £	2013 £
Matchday	4,321,997	6,886,054
Media	20,855,834	24,972,274
Commercial	3,446,072	3,823,316
	<u>28,623,903</u>	<u>35,681,644</u>

All turnover arose within the United Kingdom.

The whole of the turnover arises from continuing activities is attributable to that of a professional football club.

## VENKY'S LONDON LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2014

## 3. ANALYSIS OF OPERATING LOSS

The operating loss is stated after charging/(crediting):

	2014 £	2013 £
Amortisation - intangible fixed assets	7,251,997	8,324,296
Depreciation of tangible fixed assets:		
- owned by the group	1,903,395	1,885,490
- held under finance leases	11,359	11,279
Operating lease rentals:		
- plant and machinery	111,276	137,482
Difference on foreign exchange	-	170,783
Deferred grants release	(96,660)	(96,660)
Loss on disposal of tangible fixed assets	181,504	426

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

## 4. AUDITORS' REMUNERATION

	2014 £	2013 £
Fees payable to the company's auditor and its associates for the audit of the company's annual accounts	51,737	48,001
Fees payable to the company's auditor and its associates in respect of:		
Audit-related assurance services	1,450	2,050
Taxation compliance services	9,700	5,840
All taxation advisory services not included above	71,138	20,000

## VENKY'S LONDON LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2014

## 5. STAFF COSTS

Staff costs were as follows:

	2014 £	2013 £
Wages and salaries	30,201,794	34,363,405
Social security costs	4,104,501	4,916,461
Other pension costs	262,021	277,560
	<u>34,568,316</u>	<u>39,557,426</u>

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

	2014 No.	2013 No.
Football players and management	156	150
Commercial, sponsorship, media and merchandising	46	52
Administration	24	27
Building, ground and pitch maintenance	49	50
	<u>275</u>	<u>279</u>

## 6. INTEREST RECEIVABLE

	2014 £	2013 £
Short term deposits and other interest	<u>2,301</u>	<u>3,165</u>

## 7. INTEREST PAYABLE

	2014 £	2013 £
On bank loans, overdrafts and other loans	1,033,402	264,470
Hire Purchase interest	3,296	2,522
	<u>1,036,698</u>	<u>266,992</u>

## 8. TRANSFER FEES AND ASSOCIATED COSTS

	2014 £	2013 £
Net (loss)/profit on disposal of intangible assets	<u>(4,658,334)</u>	<u>249,914</u>

## VENKY'S LONDON LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2014

## 9. TAXATION

	2014 £	2013 £
UK corporation tax charge/(credit) on loss for the year	-	(31,978)

## 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 £
Loss on ordinary activities before tax	(36,038,212)	(27,152,747)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 23% (2013 - 24%)	(8,288,789)	(6,516,659)
Effects of:		
Non-taxable amortisation of goodwill	(203,230)	(294,571)
Non-tax deductible impairment charge	777,027	-
Tax losses	7,714,992	6,811,230
Adjustments to tax charge in respect of prior periods	-	(31,978)
Current tax charge/(credit) for the year	-	(31,978)

Taxable losses from previous years are available to offset against future taxable profits. A deferred tax asset has not been recognised in respect of these losses as the group does not anticipate taxable profits to arise within the immediate future. The estimated value of the deferred tax asset not recognised measured at the standard rate of 20% (2013 - 23%) is £31m (2013 - £29m).

## Factors that may affect future tax charges

The 2014 Budget on 20 March 2013 confirmed that the UK corporation tax rate will reduce to 20% by 2015, with a reduction to 21% effective from 1 April 2014. This will reduce the group's future current tax charge accordingly.

The unrecognised deferred tax asset at 31 March 2014 has been calculated based on the rate of 20% substantively enacted at the balance sheet date.

## VENKY'S LONDON LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2014

## 10. INTANGIBLE FIXED ASSETS

Group	Player registrations £	Negative goodwill £	Total £
<b>Cost</b>			
At 1 April 2013	36,913,518	(13,774,965)	23,138,553
Additions	4,296,919	-	4,296,919
Disposals	(15,023,234)	-	(15,023,234)
At 31 March 2014	26,187,203	(13,774,965)	12,412,238
<b>Amortisation</b>			
At 1 April 2013	13,847,776	(2,915,021)	10,932,755
Charge for the year	8,135,606	(883,609)	7,251,997
On disposals	(9,697,166)	-	(9,697,166)
At 31 March 2014	12,286,216	(3,798,630)	8,487,586
<b>Net book value</b>			
At 31 March 2014	13,900,987	(9,976,335)	3,924,652
At 31 March 2013	23,065,742	(10,859,944)	12,205,798

Negative goodwill is the difference between amounts paid on the acquisition of a business and the fair value of the identifiable assets and liabilities. It is released to the profit and loss account in the periods in which the fair values of the non-monetary assets purchased on the same acquisition are recovered, whether through depreciation or sale.

## VENKY'S LONDON LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2014

## 11. TANGIBLE FIXED ASSETS

Group	Freehold property £	S/Term Leasehold Property £	Motor vehicles £	Fixtures and fittings £	Total £
<b>Cost</b>					
At 1 April 2013	55,436,810	214,288	16,943	3,727,033	59,395,074
Additions	14,197	-	96,895	530,550	641,642
Disposals	-	(214,288)	(3,500)	(93,608)	(311,396)
At 31 March 2014	55,451,007	-	110,338	4,163,975	59,725,320
<b>Depreciation</b>					
At 1 April 2013	3,088,880	32,736	15,951	1,227,150	4,364,717
Charge for the year	1,317,133	11,904	6,660	579,057	1,914,754
On disposals	-	(44,640)	(3,500)	(81,352)	(129,492)
At 31 March 2014	4,406,013	-	19,111	1,724,855	6,149,979
<b>Net book value</b>					
At 31 March 2014	51,044,994	-	91,227	2,439,120	53,575,341
At 31 March 2013	52,347,930	181,552	992	2,499,883	55,030,357

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

Group	2014 £	2013 £
Motor vehicles	60,712	-
Furniture, fittings and equipment	48,122	55,822
	<u>108,834</u>	<u>55,822</u>

Included in freehold property is land held at £6,600,000 which is not depreciated.

## VENKY'S LONDON LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2014

## 12. FIXED ASSET INVESTMENTS

Group	Unlisted investments £
<b>Cost or valuation</b>	
At 1 April 2013 and 31 March 2014	3,378,378
<b>Impairment</b>	
At 1 April 2013	-
Charge for the year	3,378,378
At 31 March 2014	3,378,378
<b>Net book value</b>	
At 31 March 2014	-
At 31 March 2013	3,378,378

Company	Investments in subsidiary company £	Unlisted investments £	Total £
<b>Cost or valuation</b>			
At 1 April 2013 and 31 March 2014	31,640,101	3,378,378	35,018,479
<b>Impairment</b>			
At 1 April 2013	-	-	-
Charge for the year	-	3,378,378	3,378,378
At 31 March 2014	-	3,378,378	3,378,378
<b>Net book value</b>			
At 31 March 2014	31,640,101	-	31,640,101
At 31 March 2013	31,640,101	3,378,378	35,018,479

The investment in subsidiary company represents a 99.99% shareholding in The Blackburn Rovers Football & Athletic Club plc, comprising of 143,981,789 ordinary £1 shares.

The unlisted investment represents a minority shareholding in Hitlab INC, an unlisted Canadian company.

## VENKY'S LONDON LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2014

## 13. STOCKS

	Group		Company	
	2014 £	2013 £	2014 £	2013 £
Finished goods and goods for resale	196,036	203,580	-	-

## 14. DEBTORS

	Group		Company	
	2014 £	2013 £	2014 £	2013 £
Due after more than one year				
Amounts owed by group undertakings	-	-	52,200,000	30,700,000

	Group		Company	
	2014 £	2013 £	2014 £	2013 £
Due within one year				
Trade debtors	2,002,287	1,721,034	-	-
Other debtors	78,594	368,180	-	-
Prepayments and accrued income	2,399,635	3,152,084	-	-
	4,480,516	5,241,298	-	-

## VENKY'S LONDON LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 201415. CREDITORS:  
Amounts falling due within one year

	Group		Company	
	2014 £	2013 £	2014 £	2013 £
Bank overdraft	11,876,108	10,285,267	-	-
Other loans	5,000,000	5,000,000	-	-
Net obligations under finance leases and hire purchase contracts	34,608	15,399	-	-
Trade creditors	4,404,148	8,744,880	-	-
Amounts owed to group undertakings	-	-	75,000	75,000
Other taxation and social security	2,136,032	2,077,713	-	-
Other creditors	2,011,041	3,515,256	-	-
Accruals and deferred income	3,810,930	2,509,692	31,126	24,073
	<u>29,272,867</u>	<u>32,148,207</u>	<u>106,126</u>	<u>99,073</u>

The bank loan and overdraft are not secured over any of the group's assets, however the bank reserves the right to ask for a debenture charge over the assets of the group during the life of the facility. Interest is paid upon the facility at 2.65% over GBP LIBOR and the facility is due for renewal in November 2014.

Other loans are repayable, in full in August 2014 (March 2013 £5.0m was repaid in full in August 2013) from the proceeds of distribution of Central Funds (parachute payment) from the FA Premier League. Interest is charged at 9% on this loan which is secured against the parachute payment due.

## VENKY'S LONDON LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2014

## 16. CREDITORS:

Amounts falling due after more than one year

	Group		Company	
	2014	2013	2014	2013
	£	£	£	£
Other loans	4,500,000	-	-	-
Net obligations under finance leases and hire purchase contracts	38,323	19,249	-	-
Trade creditors	2,265,713	3,201,424	-	-
Other creditors	351,250	420,968	-	-
Government grants received	1,511,884	1,608,544	-	-
	<u>8,667,170</u>	<u>5,250,185</u>	<u>-</u>	<u>-</u>

Included within the above are amounts falling due as follows:

	Group		Company	
	2014	2013	2014	2013
	£	£	£	£
<b>Between one and two years</b>				
Other loans	<u>4,500,000</u>	<u>-</u>	<u>-</u>	<u>-</u>

Obligations under finance leases and hire purchase contracts, included above, are payable as follows:

	Group		Company	
	2014	2013	2014	2013
	£	£	£	£
<b>Between one and five years</b>	<u>38,323</u>	<u>19,249</u>	<u>-</u>	<u>-</u>

Net obligations under finance lease and hire purchase contracts are secured on the assets to which they relate.

Other loans are repayable, in full in August 2015 from the proceeds of distribution of Central Funds (parachute payment) from the FA Premier League. Interest is charged at 9.5% on this loan which is secured against the parachute payment due.

## VENKY'S LONDON LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2014

## 17. SHARE CAPITAL

	2014 £	2013 £
<b>Allotted, called up and fully paid</b>		
84,622,576 (2013 - 63,583,001) Ordinary shares of £1 each	<u>84,622,576</u>	<u>63,583,001</u>

During the year the company has allotted, called up and issued 21,039,575 fully paid ordinary shares at par of £1 each to fund further investment.

## 18. RESERVES

	Capital contribution reserve £	Profit and loss account £
<b>Group</b>		
At 1 April 2013	2,500,000	(27,085,557)
Loss for the financial year	-	(36,038,212)
Movement on capital contribution reserve	505,000	-
At 31 March 2014	<u>3,005,000</u>	<u>(63,123,769)</u>
<b>Company</b>		
At 1 April 2013	2,500,000	(462,535)
Loss for the financial year	-	(3,423,213)
Movement on Capital contribution reserve	505,000	-
At 31 March 2014	<u>3,005,000</u>	<u>(3,885,748)</u>

The capital contribution reserve represents amounts received from Venkateshwara Hatcheries Pvt Ltd in the previous year. No interest is charged on this funding, and there is no intention for these funds to be repaid.

During the year, a further £21,544,575 was received as capital contribution and £21,039,575 of this reserve was converted into share capital. No interest is chargeable on this funding and there is no intention for these funds to be repaid.

## VENKY'S LONDON LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2014

## 19. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

Group	2014 £	2013 £
Opening shareholders' funds	38,997,444	51,730,213
Loss for the financial year	(36,038,212)	(27,120,769)
Shares issued during the year	21,039,575	24,388,000
Capital contribution reserve	505,000	(10,000,000)
Closing shareholders' funds	24,503,807	38,997,444

Company	2014 £	2013 £
Opening shareholders' funds	65,620,466	51,477,527
Loss for the financial year	(3,423,213)	(245,061)
Shares issued during the year	21,039,575	24,388,000
Capital contribution reserve	505,000	(10,000,000)
Closing shareholders' funds	83,741,828	65,620,466

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 loss for the year dealt with in the accounts of the company was £3,423,213 (2013 - £245,061).

## 20. NET CASH FLOW FROM OPERATING ACTIVITIES

	2014 £	2013 £
Operating loss	(26,967,103)	(27,138,834)
Amortisation of intangible fixed assets	7,251,997	8,324,296
Depreciation of tangible fixed assets	1,914,754	1,896,769
Loss on disposal of tangible fixed assets	181,504	426
Decrease in stocks	7,544	74,468
Decrease in debtors	1,871,277	690,288
Decrease in creditors	(2,907,003)	(4,668,928)
Decrease in amounts owed to group undertakings	-	(40,000)
Net cash outflow from operating activities	(18,647,030)	(20,861,515)

## VENKY'S LONDON LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2014

## 21. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN CASH FLOW STATEMENT

	2014 £	2013 £
<b>Returns on investments and servicing of finance</b>		
Interest received	2,301	3,165
Interest paid	(1,033,402)	(264,470)
Hire purchase interest	(3,296)	(2,522)
<b>Net cash outflow from returns on investments and servicing of finance</b>	<b>(1,034,397)</b>	<b>(263,827)</b>
	2014 £	2013 £
<b>Capital expenditure and financial investment</b>		
Purchase of intangible fixed assets	(9,263,239)	(12,652,206)
Sale of intangible fixed assets	1,843,083	8,200,224
Purchase of tangible fixed assets	(584,015)	(1,067,213)
Sale of tangible fixed assets	400	1,137
<b>Net cash outflow from capital expenditure</b>	<b>(8,003,771)</b>	<b>(5,518,058)</b>
	2014 £	2013 £
<b>Financing</b>		
Issue of ordinary shares	21,039,575	24,388,000
Movement in capital contribution reserve	505,000	(10,000,000)
Repayment of overdraft	-	(4,524,588)
New secured loans	9,500,000	5,000,000
Repayment of secured loan	(5,000,000)	-
Repayment of finance leases	(19,344)	(30,789)
<b>Net cash inflow from financing</b>	<b>26,025,231</b>	<b>14,832,623</b>

## VENKY'S LONDON LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2014

## 22. ANALYSIS OF CHANGES IN NET DEBT

	1 April 2013 £	Cash flow £	Other non-cash changes £	31 March 2014 £
Cash at bank and in hand	343,090	(69,126)	-	273,964
Bank overdraft	(10,285,267)	(1,590,841)	-	(11,876,108)
	<u>(9,942,177)</u>	<u>(1,659,967)</u>	<u>-</u>	<u>(11,602,144)</u>
Debt:				
Finance leases	(34,648)	19,344	(57,627)	(72,931)
Debts due within one year	(5,000,000)	-	-	(5,000,000)
Debts falling due after more than one year	-	(4,500,000)	-	(4,500,000)
Net debt	<u>(14,976,825)</u>	<u>(6,140,623)</u>	<u>(57,627)</u>	<u>(21,175,075)</u>

## 23. POTENTIAL FUTURE PLAYER REGISTRATIONS

In respect of the subsidiary undertaking, under the terms of certain contracts for the purchase of players' registrations, future payments may be due, dependant upon the success of the team and/or individual players. Similar terms exist in contracts for sales of player registrations.

Any amounts payable in relation to playing appearances and team performances are recognised when the event occurs. The maximum potential liability for amounts due to football clubs and other third parties for first team players is £6,783,231.

## 24. CAPITAL COMMITMENTS

At 31 March 2014 the group and company had capital commitments as follows:

	Group		Company	
	2014 £	2013 £	2014 £	2013 £
Contracted for but not provided in these financial statements	<u>62,597</u>	<u>171,876</u>	<u>-</u>	<u>-</u>

## VENKY'S LONDON LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2014**25. PENSION COMMITMENTS**

In respect of the subsidiary undertaking, pension contributions are paid by the group into the personal pension schemes of certain employees. The assets of the scheme are held separately from those of the group in independently administered funds. The contributions paid during the period amounted to £262,021 (2013 - £277,560).

The subsidiary company is a member of the Football League Pension and Life Assurance Scheme. In August 1999, the company was informed that the scheme would be wound up with effect from 31st August 1999. It is understood that the scheme is in deficit and that the company's share of this deficit is currently estimated to be £539,185. This deficit has not been provided for in these accounts.

**26. OPERATING LEASE COMMITMENTS**

At 31 March 2014 the group had annual commitments under non-cancellable operating leases as follows:

Group	2014 £	2013 £
<b>Expiry date:</b>		
Within 1 year	37,184	51,570
Between 2 and 5 years	11,988	67,174

**27. RELATED PARTY TRANSACTIONS**

During the year, the group charged rent of £71,807 (2013 - £113,927) to Blackburn Rovers Community Trust. In addition certain expenses were incurred and recharged to Blackburn Rovers Community Trust. At the balance sheet date an amount of £49,648 was owed by Blackburn Rovers Community Trust (2013 - creditor of £3,118) in respect of these transactions. These amounts are included within other debtors and other creditors respectively. A director of Blackburn Rovers Football and Athletic PLC is one of two trustees of Blackburn Rovers Community Trust.

**28. POST BALANCE SHEET EVENTS**

Since the balance sheet date, the group has entered into transfer agreements, amounting to net transfer fees receivable of £1,618,069 (2013 - net fees payable £1,560,300).

Since the balance sheet date the group has entered into agreements with several employees, which has resulted in the termination of their employment by the group. These compromise agreements have resulted in amounts payable by the group of £4,133,561 (2013 - 2,790,000).

**29. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY**

The directors regard Venkateshwara Hatcheries Pvt Limited, a company registered in India, as this company's controlling company. Ultimate control is held by Mrs Anuradha J Desai, Mr B Venkatesh Rao and Mr B Balaji Rao.