

Registration number 03642327

BRENTFORD FC LIMITED
GROUP REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2011

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BRENTFORD FC LIMITED

ANNUAL REPORT AND AUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MAY 2011

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BRENTFORD FC LIMITED

COMPANY INFORMATION

FOR THE YEAR ENDED 31 MAY 2011

Directors	G Dyke (Chairman) E B Rogers J P Herting A A Bird D L Merritt D J Heath D J Kerr P A Whall M A Chapman
Secretary	L Hall
Company Number	3642327
Registered Office	Griffin Park Braemar Road Brentford Middlesex TW8 ONT
Registrars	Capita Registrars The Registry 34 Beckenham Road Beckenham Kent BR3 4TU
Auditors	Levy + Partners Limited Chartered Accountants and Statutory Auditors 86/88 South Ealing Road Ealing London W5 4QB
Bankers	Barclays Bank PLC 7th Floor United Kingdom House 180 Oxford Street London W1D 1EA

BRENTFORD FC LIMITED

CHAIRMAN'S STATEMENT

FOR THE YEAR ENDED 31 MAY 2011

Chairman's statement

The season 2010-11 will surely go on record as being one of the strangest in our history. We started out with hopes of perhaps making the play-offs at least, were rock bottom of the league for a short spell, beat Hull and Everton in the Carling Cup and were within minutes of disposing of the eventual cup winners Birmingham at St Andrews.

We reached the final of the JPT competition which resulted in our first appearance at the new Wembley Stadium where we failed to do ourselves justice and a disappointing performance saw us lose by the only goal to Carlisle. A bleak run in January culminating in a dismal performance at Dagenham & Redbridge and a dangerous flirtation with the relegation places led the board to decide that a change of team management was necessary. As a result Andy Scott and Terry Bullivant left the Club on February 3 and Nicky Forster the senior professional agreed to our request that he take immediate charge of team affairs on a temporary basis. To assist him we had the services of Mark Warburton who had been working on youth projects in partnership with Matthew Benham and had earlier been in charge of the Watford Academy.

The new management team produced immediate results and their second match in charge resulted in a televised victory at Exeter which saw us secure our place in the JPT Wembley final. Under Nicky and Mark we worked our way out of the danger area to finish 11th with one point fewer than the previous season. Whilst a second mid-table finish on our return to League One was perhaps not where we had hoped to be most of us would have settled for this following the Dagenham defeat. Nicky steadied the ship, had the squad generally playing a more fluid and attractive style of football and the board and supporters are grateful to Nicky for agreeing to suspend his playing career for the sake of the Club.

The climb to eventual comfortable safety from relegation under Nicky and Mark Warburton gave the board some breathing space and removed the immediate urgency to make a permanent team manager appointment. A criteria list was drawn up and approved by the board and the process of identifying and interviewing commenced. The result was the appointment of Uwe Rosler whose ideals and ambitions and vision on the type of football Brentford should be playing matched that of Matthew Benham, the board and we believe most supporters. We hope and expect that we shall be seeing a more attractive style of football being played but it also takes time for a manager to mould a team to his own vision. At the same time as Uwe's appointment the playing side of the Club was completely restructured and Mark Warburton was appointed as Sporting Director with a brief to ensure that the support facilities available to the team manager are as professional and efficient as possible within the funding available.

The intention is to build a squad capable of challenging for promotion to the Championship and staying there! The team management has an understanding of what this will take both in terms of skills and character from players and staff alike but nobody is suggesting that it will be easy. The quality of the competition and the playing budgets carried by some of our rivals will produce a stern test of the team manager's abilities and his identification of the right transfer targets.

BRENTFORD FC LIMITED

CHAIRMAN'S STATEMENT

FOR THE YEAR ENDED 31 MAY 2011

It would not have been possible to be talking about anything other than survival without the continued support and financial backing of Matthew Benham. Supporters will be aware that Matthew reached agreement with Bees United to inject a minimum total £5,000,000 into the club by way of new capital over five successive financial years commencing 1 June 2009 and concluding 31 May 2014. In practice Matthew is injecting by way of the purchase of Preference Shares the necessary working capital funding for the core BFC business including the playing budget plus a smaller but still significant sum in Limited Recourse Loans to finance our ambitions to move from a basic Centre of Excellence youth structure to having our own academy. Matthew is injecting considerably more than the contractual minimum he committed to in his partnership with Bees United. This means that the losses the club ran up in the financial year under review, and outlined in this report, were fully covered in cash from Matthew. The financial stability of the Club is assured through to 2014 which is a situation that very few clubs at any level of football enjoy and thanks to Matthew we can look to the future with some degree of confidence. My personal thanks also to my fellow BFC board members who have given their time and the board is a cohesive unit of varied talents. It is a privilege to be the Chair, especially when the team is winning!

Andrew Mills who was appointed CEO on 29 March 2010 left the Club on 13 June 2011 and following a full re-structuring of the off the field activities a decision was made that in future player contract negotiations would be headed by Mark Warburton, who was appointed Sporting Director. As this was the part of his duties that Andrew probably enjoyed the most and he decided to step down following the restructuring. Our thanks to Andrew for the energy and commitment that he gave to his role and he will always be a welcome visitor at Griffin Park.

Mark Devlin has joined us as General Manager, a role that he previously held at both QPR and Swindon, and we welcome him to Brentford and wish him every success. The Executive Team has been expanded and presently comprises Mark Devlin, Philip Whall, Uwe Rosler, Mark Warburton and Alan Bird. The Executive Team has wide ranging authorities as delegated by the BFC board to manage all aspects of the Club but within the constraints of the annual budget approved by the board. We believe that the composition of the Executive Team enables instant decisions where necessary on all major aspects of the Club's activities from administrative and commercial through to team management, playing signings and all financial matters. The Executive Team is responsible to the board for the running of the Club and within the parameters set by the available financing and the annual budget.

Alan Bird is retiring from the BFC board and Executive Team at the January 2012 AGM and is not offering himself for re-election. Bob Lampert our Chief Accountant has been promoted to Chief Financial Officer and a member of the Executive Team effective 29 September 2011. Bob has worked very closely with Alan over the past four years and we expected and are seeing a very smooth transition. I would like to pay a particular tribute to the work done by Alan Bird in his role as Finance Director.

Turning to financial management the board as reported last year has taken the decision to run the club between 1 June 2009 and 31 May 2014 at a level of losses commensurate with the capital injections by Matthew Benham and the flexibility provided by the overdraft facilities which remain at £500,000. We believe that this is the correct strategy in a result oriented business and one which provides no risk to the financial security of the Club and without further major diminution of the remaining equity in Griffin Park.

Based upon this strategy Brentford Football Club's group accounts for the year under review show an operational loss after interest of £3,757,406 (2010 £1,728,618) with a net loss (after exceptional items) of £3,987,765 (2010 £1,226,541). This loss has been financed through the purchase by Matthew Benham of Non-voting preference shares and the provision of a series of limited recourse loans.

BRENTFORD FC LIMITED

CHAIRMAN'S STATEMENT

FOR THE YEAR ENDED 31 MAY 2011

Matthew Benham's commitment to the Club as at 31 May 2011 was £9,884,608 comprising

N/V Preference Shares £4,500,000

Loans £4,634,608

Limited recourse loans £750,000

The initial playing budget for the season 2010-11 was believed to be competitive and the same budget has been continued for season 2011-12

On the playing side supporters will be aware that this season we have formed a Development Squad with the intention to have a basic squad of around ten young professionals on mostly two year contracts. The current membership of the squad and their playing results are detailed on the official website and the board believes that this is a significant move in the direction of having the playing side of the Club vertically integrated with all teams from under nine year olds through to the first team playing similar styles of football and with youngsters joining our schemes at various age levels having a clear vision of the promotion ladder and how their progress can finally result in becoming a full time professional with a place in the first team squad. Again this is being financed by Matthew Benham without whose vision and ambitions for the Club we would be beyond doubt be playing at a much lower level and struggling for survival.

The ambition to transform the Club from a Centre of Excellence into a Category Two academy proceeds under the directorship of Ose Aibangee and overseen by Mark Warburton. The Centre of Excellence is fully staffed to academy levels and we are confident that the fruits of this investment will be seen in the coming years.

The provision of the finance required to increase the numbers and quality of the coaching, scouting and facilities is a further declaration of the Club's intent to improve and restructure the basic elements and facilities to hopefully ensure a steady stream of talented, home grown players who progress through to the first team squad. The structure is now in place to be able to move the most promising and talented players through from U-9s eventually to the youth team into the development squad and then to the first team squad.

Lionel Road

Before a brief note on Lionel Road I wish to thank all Brentford fans for their continued support. These are very difficult economic times and there are many demands on supporters' time and pockets. Your enthusiasm for a Club which has languished in the bottom two divisions for nearly sixty years (bar one season) is remarkable and your board is working hard to ensure that we have the best possible opportunity of delivering on what we all want and that is a financially viable, self-supporting Club playing in a modern stadium and consolidated in the Championship. I still have confidence that this is achievable within my lifetime!

Supporters will have recently read that negotiations are ongoing with Barratts in an attempt by BFC to purchase the land at Lionel Road as the first step towards examining and implementing a different model for the new stadium and its enabling development. At the time of writing negotiations with Barratts have stalled but we continue to enjoy good relations with all parties including a very supportive London Borough of Hounslow and all parties are working together in an attempt to find a mutually acceptable solution.


G Dyke (Chairman)

Date: **08 DEC 2011**

BRENTFORD FC LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MAY 2011

The directors present their annual report on the affairs of the group together with the financial statements and auditors' report for the year ended 31 May 2011

Principal activity and review of the business

The group's principal activity during the year continued to be that of a professional Football League club

The results for the year and financial position of the group are as shown in the annexed financial statements

The group's loss for the year after taxation amounted to £3,986,755 (2010 - Loss £1,226,922)

Average league attendances for the season were 5,167 (2010 - 5,988)

Turnover increased by £84,860 in the year mostly due to higher income from gates and football league and PFA income

Net loss from transfer fees were £230,947 (2010 - Profit £501,893)

In common with other professional clubs competing in the league the principal risk facing the business arises from variable attendances that are closely correlated with playing success

Principal risks and uncertainties

The key performance indicators detailed above are linked to on the field football performance and League position. The cost base in common with other football clubs is relatively fixed in the short term, hence unfavourable movements in revenue, including those arising from below budget on pitch performance, can lead to significant variation in profits. As for any football club the threat of relegation is also a key business risk and would impact the company both financially and operationally.

Financing risk and going concern

Directors and senior executives continue to review financing structures and to manage cash flows to ensure that the group remains within its agreed banking facilities and the directors are satisfied that adequate funding arrangements are likely to apply for the next twelve months. The Board continues to maintain a strong relationship with the group's lenders through frequent and open communication. As highlighted in note 14, the group meets its day to day working capital requirements through the overdraft facility which was renewed during November 2011. The next renewal date for the bank facilities is 1 November 2012.

BRENTFORD FC LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MAY 2011

Treasury operations and financial instruments

The group operates a treasury function that is responsible for managing the liquidity, interest, and foreign exchange risks associated with the group's activities

A financial instrument is a contract that gives rise to a financial asset in one entity and a financial liability (or equity instrument) in another entity. The group's principal financial instruments include bank overdrafts and loans, used to raise finance for the group's operations, and various other financial assets and liabilities such as trade debtors and trade creditors arising directly from operations

Financial instruments which the group enters into are principally contracts where a specified amount will be settled at a later date to manage the risks arising from the group's operations. In accordance with the group's treasury policy financial instruments are not entered into for speculative purposes

Liquidity risk

The group manages its cash and borrowing requirements in order to maximise interest income and minimise interest expense, whilst ensuring the group has sufficient liquid resources to meet the operating needs of the business

Interest rate risk

The group policy permits but does not demand that a mix of fixed and variable rate debt is used to reduce exposure to changes in interest rates

Credit risk

The group places its cash with creditworthy institutions and performs ongoing credit evaluations of its debtors' financial condition. The carrying amount of cash and debtors represent the maximum credit risk that the group is exposed to

All customers who wish to trade on credit terms are subject to credit verification procedures. Trade debtors are reviewed on a regular basis and provision is made for doubtful debts when necessary

Environment

Brentford FC recognises the importance of its environmental responsibilities and endeavours to monitor and minimise its impact on the environment. Initiatives applied to minimise the group's impact on the environment include the safe disposal of waste, recycling and reducing energy consumption

Results and dividends

The loss for the year, after taxation, amounted to £3,986,755 (2010 - £1,226,922). No dividends will be distributed for the year ended 31 May 2011

Fixed Assets

Movement in fixed assets are shown in note 9 to the financial statements

BRENTFORD FC LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MAY 2011

Impairment review

The Group has carried out an informal valuation of the freehold land and buildings as set out in note 9 to the accounts. The directors are of the opinion that the Group's property is fairly stated at the valuation of £10 million.

Political and charitable donations

During the year group made charitable donations of £Nil (2010 - £1000)

Directors and their interests

The directors who served during the year were as follows

G Dyke (Chairman)

E B Rogers

J P Herting

A A Bird

D L Merritt

D J Heath

D J Kerr

P A Whall

M A Chapman

Directors' responsibilities

The directors are responsible for preparing the Directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the group and company 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 group and company and of the profit or loss of the group and company for that period.

In preparing these financial statements, the directors are required to

- select suitable accounting policies and 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, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

BRENTFORD FC LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MAY 2011

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 group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

In so far as the directors are aware:

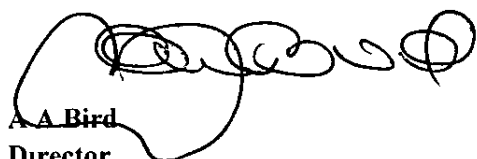
- there is no relevant audit information of which the company's auditors are unaware, and
- the directors have taken all the steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of S418 of the Companies Act 2006.

Auditors

Levy + Partners Limited have expressed their willingness to continue in office as auditors and a resolution to reappoint them will be proposed at the forthcoming AGM.

This report was approved by the Board on **08 DEC 2011** and signed on its behalf by



A.A. Bird
Director

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
BRENTFORD FC LIMITED
FOR THE YEAR ENDED 31 MAY 2011**

We have audited the financial statements of Brentford FC Limited for the year ended 31 May 2011 which comprise the group profit and loss account, the group and parent company balance sheets, the group cash flow statement and the related notes on pages 15 - 30. 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 set out on page 7, 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 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 (APB'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 in the APB's website at www.frc.org.uk/apb/scope/private.cfm.

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 31 May 2011 and 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 qualified, we have considered the adequacy of the disclosure made in the financial statements concerning the group's ability to continue as a going concern. The group incurred a net loss during the year ended 31 May 2011 and, at that date, the group's current liabilities exceeded its current assets. These conditions, along with other matters as set forth in Note 1.4 to the financial statements, indicate the existence of a material uncertainty which may cast significant doubt about the group's and company's ability to continue as a going concern. The financial statements do not include any adjustments that would result from a failure to continue as a going concern. Details of the circumstances relating to this emphasis of matter are described in Note 1.4. Our opinion is not qualified in this respect.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
BRENTFORD FC LIMITED
FOR THE YEAR ENDED 31 MAY 2011**

Opinion on other matter prescribed by the Companies Act 2006

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

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



**Arvind Joshi FCA CTA DChA (Senior Statutory Auditor)
For and on behalf of Levy + Partners Limited
Chartered Accountants and Statutory Auditors
86/88 South Ealing Road
Ealing
London
W5 4QB**

Date: 08 DEC 2011

BRENTFORD FC LIMITED**GROUP PROFIT AND LOSS ACCOUNT****FOR THE YEAR ENDED 31 MAY 2011**

		2011	2010
	Notes	£	£
Turnover		3,198,999	3,114,139
Revenue costs		(5,807,513)	(3,815,542)
Gross loss		(2,608,514)	(701,403)
Administrative expenses		(1,114,494)	(988,622)
Operating loss	2	(3,723,008)	(1,690,025)
Exceptional items	3	(230,947)	501,893
Loss on ordinary activities before interest		(3,953,955)	(1,188,132)
Other interest receivable and similar income	4	588	184
Interest payable and similar charges	7	(34,398)	(38,593)
Loss on ordinary activities before taxation		(3,987,765)	(1,226,541)
Tax on loss on ordinary activities	8	-	-
Loss for the year		(3,987,765)	(1,226,541)
Equity Minority interests	25	1,010	(381)
Loss for the year	19	(3,986,755)	(1,226,922)
Accumulated loss brought forward		(7,961,267)	(6,734,345)
Accumulated loss carried forward		(11,948,022)	(7,961,267)

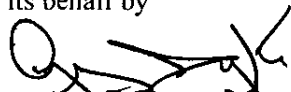
All of the Group's activities in the above two financial years relates to continuing operations

The notes on pages 15 to 30 form an integral part of these financial statements.

BRENTFORD FC LIMITED**GROUP BALANCE SHEET****AT 31 MAY 2011**

	Notes	2011		2010	
		£	£	£	£
Fixed assets					
Tangible assets	9		10,036,273		10,038,805
Current assets					
Stocks	11	23,985		39,519	
Debtors	12	298,886		290,165	
Cash at bank and in hand		93,417		148,329	
		<u>416,288</u>		<u>478,013</u>	
Creditors: amounts falling due within one year	13	<u>(1,383,507)</u>		<u>(2,174,999)</u>	
Net current liabilities			<u>(967,219)</u>		<u>(1,696,986)</u>
Total assets less current liabilities			9,069,054		8,341,819
Creditors: amounts falling due after more than one year	14		<u>(8,792,519)</u>		<u>(7,577,519)</u>
Net assets			<u>276,535</u>		<u>764,300</u>
Capital and reserves					
Called up share capital	17		4,502,000		1,002,000
Revaluation reserve	18		7,721,950		7,721,950
Profit and loss account	19		<u>(11,948,022)</u>		<u>(7,961,267)</u>
Members' funds	20		275,928		762,683
Equity Minority interest	25		607		1,617
Total capital employed			<u>276,535</u>		<u>764,300</u>

The financial statements on pages 11 to 30 were approved by the Board on **08 DEC 2011** and signed on its behalf by



G Dyke (Chairman)
Director

Company Registration number **03642327**

The notes on pages 15 to 30 form an integral part of these financial statements.

BRENTFORD FC LIMITED**COMPANY BALANCE SHEET****AT 31 MAY 2011**

		2011		2010	
	Notes	£	£	£	£
Fixed assets					
Tangible assets	9		10,036,273		10,038,805
Investments	10		99		99
			<u>10,036,372</u>		<u>10,038,904</u>
Current assets					
Stocks	11	23,985		39,519	
Debtors	12	302,490		239,596	
Cash at bank and in hand		6,835		5,161	
		<u>333,310</u>		<u>284,276</u>	
Creditors: amounts falling due within one year	13	<u>(1,361,110)</u>		<u>(2,142,913)</u>	
Net current liabilities			<u>(1,027,800)</u>		<u>(1,858,637)</u>
Total assets less current liabilities			9,008,572		8,180,267
Creditors: amounts falling due after more than one year	14		<u>(8,792,519)</u>		<u>(7,577,519)</u>
Net assets			<u>216,053</u>		<u>602,748</u>
Capital and reserves					
Called up share capital	17		4,502,000		1,002,000
Revaluation reserve	18		7,721,950		7,721,950
Profit and loss account	19		<u>(12,007,897)</u>		<u>(8,121,202)</u>
Members' funds			<u>216,053</u>		<u>602,748</u>

The financial statements were approved by the Board on **08 DEC 2011** and signed on its behalf by


G Dyke (Chairman)
Director

Company Registration number 03642327

The notes on pages 15 to 30 form an integral part of these financial statements.

BRENTFORD FC LIMITED**GROUP CASH FLOW STATEMENT****FOR THE YEAR ENDED 31 MAY 2011**

		2011	2010
	Notes	£	£
Reconciliation of operating profit to net cash inflow from operating activities			
Operating loss		(3,723,008)	(1,690,025)
Reconciliation to cash generated from operations			
Depreciation		17,165	59,972
Profit / (loss) on disposal of fixed assets		(5,310)	(159)
(Increase) / Decrease in stocks		15,534	29,449
(Increase) / Decrease in debtors		(8,721)	121,243
Increase / (Decrease) in minority shares		(1,010)	381
Increase / (Decrease) in creditors		25,440	(205,379)
Net cash outflow from operating activities		(3,679,910)	(1,684,518)
Return on investments and servicing of finance	22	(33,810)	(38,409)
Minority interest		1,010	(381)
Financing	22	3,500,000	1,000,000
Capital expenditure	22	(240,270)	471,029
		3,226,930	1,432,239
(Decrease) / increase in cash in the period		(452,980)	(252,279)
Repayment regarding financing		-	-
	23	(452,980)	(252,279)
(Decrease) / increase in cash in the period	23	(452,980)	(252,279)
Decrease / (increase) in debt and lease financing		-	-
Change in net debt	23	(452,980)	(252,279)
Net debt at 1 June 2010	23	(8,369,747)	(8,117,468)
Net debt at 31 May 2011	23	(8,822,727)	(8,369,747)

BRENTFORD FC LIMITED

NOTES TO THE AUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MAY 2011

1. Statement of Accounting policies

The financial statements are prepared in accordance with applicable United Kingdom accounting standards. The principal accounting policies adopted in the preparation of the financial statements are set out below. They have been applied consistently throughout the year and the preceding year.

1.1. Accounting convention

The financial statements are prepared under the historical cost convention as modified to include the revaluation of certain fixed assets.

1.2. Basis of consolidation

The group financial statements consolidate the financial statements of the company and its subsidiary undertaking drawn up to 31 May 2011. The results of subsidiaries acquired are consolidated for periods from or to date on which control passed. Acquisitions are accounted for under the acquisition method.

1.3. Turnover and revenue recognition

Turnover represents gate receipts and related income, receipts from the Football League and Football Association and sponsorship and promotional income.

The turnover and results before taxation are wholly attributable to the company's principal activities as a professional football club.

The revenue is recognised for the services as the services are performed.

1.4. Going concern

The company manages its working capital requirement through bank overdraft facilities which are repayable on demand. The current facility is due to be reviewed in November 2012.

The directors have prepared cash flow forecasts for the 12 months to November 2012 which rely upon the continued support of the bank and other committed financing arrangements. On this basis the Directors consider it appropriate to prepare the accounts on the going concern basis, although inherently there can be no certainty with these matters.

The accounts do not include any adjustment that would result in the company being unable to continue as a going concern.

1.5. Transfer costs

The transfer costs of players which relates to his registration is not capitalised and is written off to the profit and loss account in the year the cost is incurred.

BRENTFORD FC LIMITED

NOTES TO THE AUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MAY 2011

1.6. Tangible fixed assets and depreciation

Depreciation is provided on all tangible fixed assets, other than freehold land and buildings, at rates calculated to write off the cost or valuation less residual value of each asset over its expected useful life, as follows

Plant and equipment	-	20% on cost
Fixture and fittings	-	25% on cost
Computer equipment	-	25% on cost

The group's freehold land and buildings at Griffin Park were valued by an independent firm of chartered surveyors on 1 September 2005 using an open market basis and reflecting the grant of conditional planning approval for the redevelopment

The group's freehold land and buildings are maintained in such a condition that its residual value is not diminished by the passage of time. Expenditure to maintain or improve the property is charged to the profit and loss account or as it is incurred and no provision is made for depreciation of the company's freehold buildings

This constitutes a departure from the statutory rules requiring fixed assets to be depreciated over their estimated useful lives and is necessary to enable the financial statements to give a true and fair view. The amount of depreciation and amortisation that might otherwise be provided cannot be separately identified or quantified. Provision will be made against the freehold land and buildings in the event of any impairment or other permanent diminution in its value

Expenditure which enhances the property but does not increase its market value is charged to the revaluation reserve

Impairment

Impairment reviews have been carried out on all of the group's fixed assets comparing the carrying value to their recoverable amounts. Where necessary provision has been made to reduce the value of fixed assets to their recoverable amounts

1.7. Investments

Fixed asset investments are stated at cost less provision for permanent diminution in value

1.8. Stock

Stock is valued at the lower of cost and net realisable value, making due allowance for obsolete and slow moving items

BRENTFORD FC LIMITED

NOTES TO THE AUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MAY 2011

1.9. Deferred taxation

Deferred tax arises as a result of including items of income and expenditure in taxation computations in periods different from those in which they are included in the company's accounts. Deferred tax is provided in full on timing differences which result in an obligation to pay more (or less) tax at a future date, at the average tax rates that are expected to apply when the timing difference reverse, based on current tax rates and laws.

Deferred tax is not provided on timing difference arising from the valuation of fixed assets where there is no commitment to sell the asset.

Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

1.10. Deferred income

Income from matchday activity, media and commercial contracts which have been received prior to the year end in respect of future football seasons is treated as deferred income.

1.11. Grants received

Grants received for youth development are taken to the profit and loss account when received. Other grants receivable in respect of operating costs of the company are dealt with in the profit and loss account in the period in which the relevant expenditure is incurred. Grants for improvements to the football stadium have been netted from the capital expenditure incurred and transferred to the revaluation reserve.

1.12. Leasing commitments

Rental paid under operating leases are charged to profit and loss account on a straight line basis over the lease term.

1.13. Pensions

The company operates a defined contribution scheme for the benefits of its employees. The assets of the scheme are held in an independently administered fund. The pension costs charge represents contributions payable by the company to the fund. There were no amounts outstanding at the year end.

BRENTFORD FC LIMITED**NOTES TO THE AUDITED FINANCIAL STATEMENTS****FOR THE YEAR ENDED 31 MAY 2011**

2. Operating loss	2011	2010
	£	£
The operating loss is stated after charging		
Depreciation of owned fixed assets	17,165	59,972
Operating lease rental - land and buildings	34,167	25,000
Operating lease rental - other	42,828	32,951
Auditors' remuneration (Note 2.1 below)	23,141	27,786
	<u>117,301</u>	<u>145,709</u>
2.1 Auditors' remuneration	2011	2010
	£	£
Audit fee	15,089	14,970
Other services	8,052	12,816
	<u>23,141</u>	<u>27,786</u>
3. Exceptional items	2011	2010
	£	£
Profit on disposal of player registrations	164,303	575,393
Transfer fee - purchases	(395,250)	(73,500)
	<u>(230,947)</u>	<u>501,893</u>
4. Interest receivable and similar income	2011	2010
	£	£
Bank interest	<u>588</u>	<u>184</u>
5. Directors' remuneration	2011	2010
	£	£
Remuneration	-	17,500
Pensions contributions	-	-
	<u>-</u>	<u>17,500</u>

BRENTFORD FC LIMITED**NOTES TO THE AUDITED FINANCIAL STATEMENTS****FOR THE YEAR ENDED 31 MAY 2011**

6. Staff costs	2011	2010
	£	£
Wages and salaries	4,164,843	2,723,063
Social security costs	397,320	260,021
	<u>4,562,163</u>	<u>2,983,084</u>
Staff costs are attributable as follows:		
Administration and commercial staff	583,739	420,362
Playing, training and ground staff	3,978,424	2,562,722
	<u>4,562,163</u>	<u>2,983,084</u>
 Average number of employees during the year	Number	Number
Administration and commercial staff	28	20
Playing, training and ground staff	69	52
	<u>97</u>	<u>72</u>
The company also employs a significant number of staff on matchdays		
 7. Interest payable and similar charges	2011	2010
	£	£
Bank loans and overdrafts	8,148	12,343
Other loans	26,250	26,250
	<u>34,398</u>	<u>38,593</u>
 8. Tax on loss on ordinary activities		
No liability to UK Corporation tax arose on ordinary activities for the year ended 31 May 2011 or for the year ended 31 May 2010		
The company has unrelieved losses at 31 May 2011 of approximately £10.8m (2010 - £6.8m) which are available to be carried forward and offset against future trading profits. No deferred tax asset has been recognised in respect of these losses due to the uncertainty of the availability of future trading profits.		
Analysis of charge in period	2011	2010
	£	£
Tax on profit on ordinary activities	<u>Nil</u>	<u>Nil</u>

BRENTFORD FC LIMITED

NOTES TO THE AUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MAY 2011

9. Tangible fixed assets	Freehold land and buildings	Plant and equipment	Fixtures, fittings	Total
	£	£	£	£
Group and company Cost/revaluation				
At 1 June 2010	10,000,000	302,614	365,420	10,668,034
Additions	-	17,004	829	17,833
Disposals	-	(4,000)	-	(4,000)
At 31 May 2011	10,000,000	315,618	366,249	10,681,867
Depreciation				
At 1 June 2010	-	275,299	353,930	629,229
On disposals	-	(800)	-	(800)
Charge for the year	-	12,699	4,466	17,165
At 31 May 2011	-	287,198	358,396	645,594
Net book values				
At 31 May 2011	10,000,000	28,420	7,853	10,036,273
At 31 May 2010	10,000,000	27,315	11,490	10,038,805
Freehold land at valuation included above not depreciated				10,000,000
Freehold land and buildings:				2010
				£
Historical cost				2,278,050
Cumulative depreciation based on historical cost				Nil

Cost or valuation at 31 May 2011 is represented by

	Freehold land and buildings	Plant and equipment	Fixtures, fittings	Total
	£	£	£	£
Revaluation	7,721,950	-	-	7,721,950
Cost	2,278,050	315,618	366,249	2,959,917
	10,000,000	315,618	366,249	10,681,867

The company's freehold land and buildings were valued by Vail Williams, an independent firm of chartered surveyors, on 1 September 2005 using an open market basis and reflecting the grant of conditional planning approval for the redevelopment of Griffin Park

BRENTFORD FC LIMITED

NOTES TO THE AUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MAY 2011

The directors are not aware of any material changes in value and therefore full valuation have not been updated. The directors have however carried out an informal professional valuation and are of the opinion that the value stated of £10 million is not materially affected.

10. Fixed asset investments	Subsidiary undertaking shares £	Total £
Principal group investments		
Cost		
At 1 June 2010		
At 31 May 2011	99	99
Net book values		
At 31 May 2011	99	99
At 31 May 2010	99	99

The company's investment in its subsidiary undertaking represents the cost of 99 Ordinary Shares of Brentford FC (Lionel Road) Limited incorporated in England and Wales, which will progress the developments of a new stadium for the company. This was the only subsidiary undertaking which has been included in the consolidation.

On 28 June 2007, the company acquired 99% of the issued share capital of Brentford FC (Lionel Road) Limited for consideration comprising the issue of 99 ordinary shares of £1 each in the company.

11. Stocks	2011 £	2010 £
Group and company		
Merchandise	23,985	39,519

12. Debtors	Group		Company	
	2011 £	2010 £	2011 £	2010 £
Trade debtors	66,243	123,361	66,243	72,693
Amounts owed by group undertakings	5,635	785	10,217	1,372
Other debtors	12,253	6,534	11,963	6,534
Prepayments and accrued income	214,755	159,485	214,067	158,997
	298,886	290,165	302,490	239,596

BRENTFORD FC LIMITED**NOTES TO THE AUDITED FINANCIAL STATEMENTS****FOR THE YEAR ENDED 31 MAY 2011**

13. Creditors: amounts falling due within one year	Group		Company	
	2011 £	2010 £	2011 £	2010 £
Bank loans and overdrafts (secured note 15)	123,625	440,557	123,625	440,557
Other loans (secured note 15)	-	500,000	-	500,000
Trade creditors	134,390	250,474	134,336	227,092
Other taxes and social security costs	117,532	137,007	128,066	134,218
Other creditors	3,229	2,219	3,229	2,219
Accrued expenses	626,907	423,397	594,030	417,482
Deferred income	360,643	413,257	360,643	413,257
Amount owed to group undertakings	17,181	8,088	17,181	8,088
	<u>1,383,507</u>	<u>2,174,999</u>	<u>1,361,110</u>	<u>2,142,913</u>

14. Creditors: amounts falling due after more than one year	Group		Company	
	2011 £	2010 £	2011 £	2010 £
Other loans	5,509,608	4,259,608	5,509,608	4,259,608
Amount owed to group undertakings	3,282,911	3,317,911	3,282,911	3,317,911
	<u>8,792,519</u>	<u>7,577,519</u>	<u>8,792,519</u>	<u>7,577,519</u>

BRENTFORD FC LIMITED

NOTES TO THE AUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MAY 2011

15. Loans (secured)	Group		Company	
	2011	2010	2011	2010
	£	£	£	£
Loans repayable within one year or on demand				
Bank overdraft	123,625	440,557	123,625	440,557
Loan from ultimate parent undertaking	-	-	-	-
Other loan	-	500,000	-	500,000
	<u>123,625</u>	<u>940,557</u>	<u>123,625</u>	<u>940,557</u>
Loan repayable between two and five years				
Loan from ultimate parent undertaking	1,982,911	2,017,911	1,982,911	2,017,911
Other loans	2,680,132	1,430,132	2,680,132	1,430,132
Directors loan	800,000	800,000	800,000	800,000
Loan from group undertakings	1,300,000	1,300,000	1,300,000	1,300,000
	<u>6,763,043</u>	<u>5,548,043</u>	<u>6,763,043</u>	<u>5,548,043</u>
Loans not wholly repayable within five years				
Other loan - 12 years term	<u>2,029,476</u>	<u>2,029,476</u>	<u>2,029,476</u>	<u>2,029,476</u>
Analysis of maturity of debt				
Within one year or on demand	123,625	940,557	123,625	940,557
Between two and five years	6,763,043	5,548,043	6,763,043	5,548,043
After five years	<u>2,029,476</u>	<u>2,029,476</u>	<u>2,029,476</u>	<u>2,029,476</u>
	<u>8,916,144</u>	<u>8,518,076</u>	<u>8,916,144</u>	<u>8,518,076</u>

A bank overdraft facility of £500,000 is secured by a first legal charge over the group's freehold property and guarantee provided by Griffin Park Stadium Limited and Brentford Football Community Society Limited (Bees United)

Group loans are interest free

Other loans are secured by legal charges and debentures over the company's freehold property and in some cases guarantees from the ultimate parent undertaking and its group undertakings

BRENTFORD FC LIMITED**NOTES TO THE AUDITED FINANCIAL STATEMENTS****FOR THE YEAR ENDED 31 MAY 2011**

16. Deferred taxation

The following deferred liabilities / (assets) arising from timing differences have not been recognised in the financial statements

	Group		Company	
	2011	2010	2011	2010
	£	£	£	£
Revaluation of freehold property	2,009,000	2,033,000	2,009,000	2,033,000
Accelerated capital allowances	(76,000)	(48,000)	(76,000)	(48,000)
Tax losses carried forward	(3,072,000)	(1,903,000)	(3,024,000)	(1,914,000)
Undiscounted provision for deferred tax	<u>(1,139,000)</u>	<u>82,000</u>	<u>(1,091,000)</u>	<u>71,000</u>

The deferred tax liability of £2,009,000 relating to the unrealised gain on the revaluation of the freehold stadium, is the maximum amount payable if the property were to be sold at the valuation of £10,000,000 and assuming that no rollover relief was available

Deferred tax assets in respect of trading losses carried forward and the excess of depreciation over capital allowances have not been recognised as their recovery is dependent on future taxable profits arising which at this stage cannot be anticipated

BRENTFORD FC LIMITED**NOTES TO THE AUDITED FINANCIAL STATEMENTS****FOR THE YEAR ENDED 31 MAY 2011**

17. Called up share capital	2011 No	2010 No	2011 £	2010 £
Authorised				
Ordinary shares of 1p each	200,000	200,000	2,000	2,000
Special share of 1p	1	1	-	-
BU Special share of 1p	1	1	-	-
Preference shares of £1 each	6,000,000	6,000,000	6,000,000	6,000,000
			<u>6,002,000</u>	<u>6,002,000</u>
	2011 No	2010 No	2011 £	2010 £
Allotted, called up and fully paid				
Ordinary shares of 1p each	200,000	200,000	2,000	2,000
Special share of 1p	1	1	-	-
BU Special share of 1p	1	1	-	-
Preference shares of £1 each	4,500,000	1,000,000	4,500,000	1,000,000
			<u>4,502,000</u>	<u>1,002,000</u>

During the year, 3,500,000 preference share of £1 each were allotted and fully paid

Mathew Benham has contracted with the company to subscribe for preference shares in the company at par each year for the four years to 31 May 2014, a minimum of £1,000,000 together with an amount adjusted for the changes in the Retail Price Index

Special share

The Special share has no right to receive notice of or to attend or vote at general meeting of the company. The holder has the right to receive notice from the company of any proposed sale of the freehold property at Griffin Park. Within fourteen days of receiving such notice, the holder has the right to veto the sale.

The holder is not entitled to transfer or otherwise dispose of the special share to any other person. In the event of the holder's death or bankruptcy or (if earlier) on 31 May 2014 the rights conferred cease to apply and the special share will automatically be converted into an ordinary share.

The Special share is not redeemable and has no right in respect of dividends or to participate in a distribution.

BRENTFORD FC LIMITED**NOTES TO THE AUDITED FINANCIAL STATEMENTS****FOR THE YEAR ENDED 31 MAY 2011**

BU Special share

The BU Special Share confers on Brentford Football Community Society Ltd (Bees United) personally (but no other person) the right to receive notice of a sale and (under certain circumstances) issue a Veto Notice in respect of any sale of Griffin Park or of any successor stadium owned by the Company at which the Brentford FC first team plays its home league matches. This right only comes into being once the Special Share (see above) has been converted into an Ordinary Share. The purpose of the BU Special Share is to prevent the selling of the stadium to the long term disadvantage of Brentford Football Club and for short term gain to the shareholders.

The BU Special Share is not redeemable and has no right in respect of dividends or to participate in a distribution.

18. Revaluation reserve
Group and company

	2011	2010
	£	£
At 1 June 2010	7,721,950	7,721,950
Charge during the year	-	-
At 31 May 2011	<u>7,721,950</u>	<u>7,721,950</u>

19. Profit and loss account
Group and company

	Group		Company	
	2011	2010	2011	2010
	£	£	£	£
At 1 June 2009	(7,961,267)	(6,734,345)	(8,121,202)	(6,856,538)
Loss for the year	<u>(3,986,755)</u>	<u>(1,226,922)</u>	<u>(3,886,695)</u>	<u>(1,264,664)</u>
At 31 May 2010	<u>(11,948,022)</u>	<u>(7,961,267)</u>	<u>(12,007,897)</u>	<u>(8,121,202)</u>

20. Reconciliation of movements in shareholders' funds

	2011	2010
	£	£
Loss for the year	(3,986,755)	(1,226,922)
Proceeds of issue of non-equity shares	3,500,000	1,000,000
	<u>(486,755)</u>	<u>(226,922)</u>
Opening shareholders' funds	762,683	989,605
Closing shareholders' funds	<u>275,928</u>	<u>762,683</u>

BRENTFORD FC LIMITED

NOTES TO THE AUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MAY 2011

21. Commitments and contingent liabilities

Capital commitments

At 31 May 2011, capital expenditure commitments were as follows

	2011	2010
	£	£
Contracted but not provided for in the accounts	<u>-</u>	<u>-</u>

Lease commitments

At the year end the company had annual commitments under non-cancellable operating leases as set out below

	Land and buildings 2011 £	Land and buildings 2010 £	Other 2011 £	Other 2010 £
Operating leases which expires within one year	60,000	25,000	57,902	32,951
within two to five years	<u>60,000</u>	<u>-</u>	<u>57,902</u>	<u>32,951</u>

BRENTFORD FC LIMITED**NOTES TO THE AUDITED FINANCIAL STATEMENTS****FOR THE YEAR ENDED 31 MAY 2011****22. Gross cash flows**

	2011	2010
	£	£
Returns on investments and servicing of finance		
Interest received	588	184
Interest paid	(34,398)	(38,593)
	<u>(33,810)</u>	<u>(38,409)</u>
Financing issuing of preference share capital	<u>3,500,000</u>	<u>1,000,000</u>
Capital expenditure		
Payments to acquire tangible fixed asset	(17,833)	(32,264)
Expenditure charged to the revaluation reserve	-	-
Receipts from sales of intangible fixed assets	164,303	575,393
Transfer fee - purchases	(395,250)	(73,500)
Receipts from sales of tangible fixed assets	<u>8,510</u>	<u>1,400</u>
	<u>(240,270)</u>	<u>471,029</u>

23. Analysis of changes in net debt

	At 1 June 2010	Cash flows	At 31 May 2011
	£	£	£
Cash at bank and in hand	148,329	(54,912)	93,417
Overdrafts	(440,557)	316,932	(123,625)
	<u>(292,228)</u>	<u>262,020</u>	<u>(30,208)</u>
Debt due within one year	(500,000)	500,000	-
Debt due after one year	(7,577,519)	(1,215,000)	(8,792,519)
	<u>(8,077,519)</u>	<u>(715,000)</u>	<u>(8,792,519)</u>
Net funds	<u>(8,369,747)</u>	<u>(452,980)</u>	<u>(8,822,727)</u>

BRENTFORD FC LIMITED

NOTES TO THE AUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MAY 2011

24. Related party transactions

On the 25 June 2001 the company acquired the freehold land and buildings at Griffin Park from Griffin Park Stadium Limited, a fellow subsidiary at the time for a sum of £1,800,000

A director's loan of £250,000 from J Herting and a loan from a group undertaking of £250,000 from Altonwood Limited, were assigned from Griffin Park Stadium Limited to the company as part consideration of the £1,800,000. Both loans were secured by a legal charge over the company's freehold property. The Altonwood loan was waived in January 2007.

Payment of the balance of £1,300,000 due to Griffin Park Stadium was initially deferred for five years and left as an interest free loan secured by a legal charge over the company's freehold property. The balance of £5,635 (2010: £785) is owed by Griffin Park Stadium Limited, which is unsecured.

Brentford Football Community Society Limited (Bees United) acquired the majority shareholding in the company and Griffin Park Stadium Limited from Altonwood Limited on 21 January 2006. As a consequence of this transaction, settlement of the intra-group loan due from the company to Griffin Park Stadium Limited was deferred for an unspecified term and Mr J Herting extended the term of loan to the company for a period of five years. The terms of the loans were varied in January 2010 so that the loans will be repayable in full on 31 May 2014.

Mr E Rogers, director of the company has made interest free loans of £100,000 and £100,000 from his company Lee Savile Properties Limited to the company that is secured by legal charges and debentures over the company's assets. The loans will be repayable in full on 31 May 2014.

Mr A A Bird, director of the company has made interest free loan of £250,000 to the company that is secured by legal charge and debenture over the company's assets. The loan will be repayable in full on 31 May 2014.

Mr G Dyke, Chairman of the company has made interest free loan of £100,000 from his company Vine Developments Limited to the company that is secured by legal charge and debenture over the company's assets. The loan will be repayable in full on 31 May 2014.

Brentford Football Community Society Limited (Bees United) is incorporated under the Industrial and Provident Societies Act 1965-1978 composed of approximately 2000 members that each hold one member share in the society. Former and current directors that were members of the society during the year include J P Herting, E B Rogers, B Burgess, J Gosling, G Dyke, D Heath, I Jones, J Bourke, A Bird, D Merritt and Mark Chapman.

BRENTFORD FC LIMITED

NOTES TO THE AUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MAY 2011

Bees United has made loans totalling £1,982,911 (2010 £2,017,911) to the company at the year end of which £1,705,000 (2010 - £1,705,000) is secured by legal charges over the company's freehold property

The balance of £17,181 (2010 £8,088) is owed to Bees United which is unsecured

Mr M Benham, who is represented on the board of directors, has made loans to the company of £4,209,608 (2010 - £3,459,608) that are secured by a legal charge over the company's freehold property

All transactions with related parties are undertaken on normal commercial terms and no interest has been charged on loans or current accounts in the current or previous year

25. Equity Minority Interests

	2011	2010
	£	£
At 1 June 2010	1,617	1,236
Profit on ordinary activities after taxation		
Minority shareholding	(1,010)	381
At 31 May 2011	<u>607</u>	<u>1,617</u>

26. Controlling interest

The ultimate parent undertaking is Brentford Football Community Society Limited (Bees United), a society registered under the Industrial and Provident Societies Acts 1965-1978