REGISTERED NUMBER:07406020

VENKYS LONDON LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2017

PM+M Solutions for Business LLP
Chartered Accountants
Greenbank Technology Park
Challenge Way
Blackburn
Lancashire
BB1 5QB

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VENKYS LONDON LIMITED

COMPANY INFORMATION

Directors	Mrs Anuradha J Desai Mr B Venkatesh Rao Mr B Balaji Rao Mr Jitendra M Desai
Registered number	07406020
Registered office	Squire Sanders (UK) Limited 7 Devonshire Square London EC2M 4YH
Independent auditors	PM+M Solutions for Business LLP Chartered Accountants & Statutory Auditors Greenbank Technology Park Challenge Way Blackburn Lancashire BB1 5QB

VENKYS LONDON LIMITED

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Business review

The results for the year are shown in the Statement of Comprehensive Income in 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 £16.1m (2016 £21.8m) was due to a further reduction in the share of parachute payment received by the club. Operating expenditure for the year also reduced: wages and salaries reduced to £22.6m (2016 £28.2m), and other operating costs significantly reduced to £11.5m (2016 £12.4m), so in total non exceptional operating costs reduced by £5.2m (2016 £1.4m).

The focus of the company has again been for the football club to obtain promotion back to the Premier League: *and remaining compliant with Financial Fair Play (FFP). Further significant changes were made to the playing* squad to reduce ongoing costs. As a result of the changes to the playing squad there was a profit on disposal of £11.7m (2016 profit £17.3m).

As a result of the above there was a reduction in the operating loss of to £17.9m (2016 £18.8m) for the year to 31 March 2017. The loss for the year was £7.1m (2016 £2.8m).

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 the Premier League in 2017/18 due to the Club's relegation to Division One at the end of the 2016/17 season; however during the year under review, the club has remained FFP compliant, and traded without restriction.

Due to the commitment of the shareholders to provide additional funds the directors are not concerned about the future viability of the company.

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.

VENKYS LONDON LIMITED

GROUP STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2017

Key Financial and Non-Financial Performance Indicators

	2016/17 £m	2015/16 £m	2014/15 £m
Turnover	16.1	21.8	24.0
Wages & salaries	22.6	28.2	30.9
Other operating expenses			
- non exceptional	11.5	12.4	13.8
- exceptional	-		8.0
Operating loss	(17.9)	(18.8)	(28.7)
Interest payable net of interest receivable	(0.8)	(1.3)	(1.0)
Loss before trading of intangibles assets	-	(20.1)	(29.7)
Profit/(Loss) on sale of intangible assets	11.7	17.3	(5.4)
Loss before tax	(7.1)	(2.8)	(35.1)
Increase/(Decrease) in cash	(3.5)	1.7	(0.3)
Closing cash and cash equivalents	(13.7)	(10.2)	(11.9)
Championship finishing position	22nd	15th	9th
Average league attendance	12,688	14,129	14,930
Wage to turnover ratio %	140.37%	129.36%	128.75%

This report was approved by the board on 9/8/17 and signed on its behalf.

JMD

Director JITENDRA M. DESAI

VENKYS LONDON LIMITED

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 MARCH 2017

The directors present their report and the financial statements for the year ended 31 March 2017.

Directors' responsibilities statement

The directors are responsible for preparing the group strategic report, the directors' report and the consolidated financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and the Group and of the profit or loss of the Group for that period.

In preparing these financial statements, the directors are required to:

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and the Group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Results and dividends

The loss for the year, after taxation, amounted to £7,058,412 *(2016 - loss £2,837,361)*.

The directors do not recommend payment of a dividend (2015 - nil).

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

VENKYS LONDON LIMITED

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2017

Environmental matters

The group is committed to ensuring that it complies with all relevant legislation, in connection with unlawful or unfair discrimination of any kind in its business. The company's employment policies are designed to retain and motivate staff at all levels. During the year to 31 December 2016, the group maintained its 100% waste management recycle percentage, reducing its impact on the environment by handling 18.6 tonnes less waste, and saving over £12,000 in landfill tax. The group constantly monitors energy saving opportunities, and continued to implement policies, which have resulted in a reduction in both energy and water consumption, in the year to 31 March 2017.

Future developments

Compliance with Financial Fair Play ("FFP") 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 Championship and ultimately 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.

Disclosure of information to auditors

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

- so far as the director is aware, there is no relevant audit information of which the Company and the Group's auditors are unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company and the Group's auditors are aware of that information.

Post balance sheet events

There have been no significant events affecting the Group since the year end.

Auditors

The auditor, PM+M Solutions for Business LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 9/8/17 and signed on its behalf.

Director JITENDRA M. DESAI

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF VENKYS LONDON LIMITED

We have audited the financial statements of Venkys London Limited for the year ended 31 March 2017, set out on pages 10 to 35. The relevant financial reporting framework that has been applied in their preparation is applicable law and the United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

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 on page 5, 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 Financial Reporting Council's Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

Opinion on financial statements

The company balance sheet of Venkys London Limited includes amounts invested in and loaned to its subsidiary, The Blackburn Rovers Football and Athletic Limited, totalling £120,480,661, stated at their initial cost. Contrary to the provisions of paragraph 11.13 of FRS 102 there has been no discounting of these sums for anticipated delays in the timing of receipt or for any uncertainty over eventual realisation. The directors set out the basis of their treatment in note 2.4 to the financial statements.

The latest publicly available accounts of The Blackburn Rovers Football and Athletic Limited at 30 June 2016 showed net liabilities of £73,231,709 and a loss for the year then ended of £1,479,194. The results and financial position of that company at 31 March 2017 are included within the consolidated accounts of the Group. This qualification has no effect on the unqualified opinion given on the results of the Group.

In our opinion, except for the effect on the financial statements of the matter referred to in the preceding paragraph, 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 2017 and of the Group's profit or loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit, the information given in the group strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with those financial statements and such reports have been prepared in accordance with applicable legal requirements.

VENKYS LONDON LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF VENKYS LONDON LIMITED (CONTINUED)

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the group strategic report and the directors' report.

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.

PM+M Solutions for Business LLP

David Gorton (senior statutory auditor)

for and on behalf of
PM+M Solutions for Business LLP

Chartered Accountants
Statutory Auditors

Greenbank Technology Park
Challenge Way
Blackburn
Lancashire
BB1 5QB

31/8/2017

VENKYS LONDON LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2017

	Note	2017 £	*2016* *£*
Turnover	4	**16,127,072**	*21,752,079*
Administrative expenses		**(34,076,086)**	*(40,559,089)*
Operating loss	5	**(17,949,014)**	*(18,807,010)*
Profit/loss on disposal of intangible fixed assets		**11,675,286**	*17,251,183*
Loss on ordinary activities before interest		**(6,273,728)**	*(1,555,827)*
Interest receivable and similar income	8	**1,595**	*35,543*
Interest payable and expenses	9	**(786,279)**	*(1,317,077)*
Loss before taxation		**(7,058,412)**	*(2,837,361)*
Loss for the year		**(7,058,412)**	*(2,837,361)*
Other comprehensive income for the year			
Movement on capital contribution reserve		**1,880,000**	*(15,837,500)*
Other comprehensive income for the year		**1,880,000**	*(15,837,500)*
Total comprehensive income for the year		**(5,178,412)**	*(18,674,861)*
Owners of the parent Company		**(7,058,412)**	*(2,837,361)*

There were no recognised gains and losses for 2017 or 2016 other than those included in the consolidated statement of comprehensive income.

The notes on pages 17 to 35 form part of these financial statements.

VENKYS LONDON LIMITED
REGISTERED NUMBER:07406020

CONSOLIDATED BALANCE SHEET AS AT 31 MARCH 2017

	Note		2017 £		2016 £
Fixed assets					
Intangible assets	11		(8,308,859)		(7,451,306)
Tangible assets	12		49,224,402		50,629,567
			40,915,543		43,178,261
Current assets					
Stocks	14	181,337		162,481	
Debtors: amounts falling due after more than one year	15	287,482		-	
Debtors: amounts falling due within one year	15	3,690,624		4,558,084	
Cash at bank and in hand	16	223,806		191,724	
		4,383,249		4,912,289	
Creditors: amounts falling due within one year	17	(25,012,927)		(25,044,731)	
Net current liabilities			(20,629,678)		(20,132,442)
Total assets less current liabilities			20,285,865		23,045,819
Creditors: amounts falling due after more than one year	18		(1,412,958)		(1,760,500)
Net assets			18,872,907		21,285,319
Capital and reserves					
Called up share capital	21		126,723,576		123,957,576
Capital contribution	22		1,880,000		-
Profit and loss account	22		(109,737,364)		(102,678,952)
Equity attributable to owners of the parent company			18,866,212		21,278,624
Non-controlling interests			6,695		6,695
			18,872,907		21,285,319

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 9/8/17

XJMD

Director JITENDRA M. DESAI

The notes on pages 17 to 35 form part of these financial statements.

VENKYS LONDON LIMITED
REGISTERED NUMBER:07406020

COMPANY BALANCE SHEET
AS AT 31 MARCH 2017

	Note		2017 £		2016 £
Fixed assets					
Investments	13		**34,890,101**		*34,890,101*
			34,890,101		*34,890,101*
Current assets					
Debtors: amounts falling due within one year	15	**86,945,089**		*86,614,529*	
Cash at bank and in hand	16	**7,424**		*2,235*	
		86,952,513		*86,616,764*	
Creditors: amounts falling due within one year	17	**(1,474,249)**		*(1,473,588)*	
Net current assets			**85,478,264**		*85,143,176*
Net assets			**120,368,365**		*120,033,277*
Capital and reserves					
Called up share capital	21		**126,723,576**		*123,957,576*
Capital contribution	22		**1,880,000**		-
Profit and loss account	22		**(8,235,211)**		*(3,924,299)*
			120,368,365		*120,033,277*

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 9/8/17

Director JITENDRA M. DESAI

The notes on pages 17 to 35 form part of these financial statements.

VENKYS LONDON LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2017

	Called up share capital	Capital contrib'n	Profit and loss account	Equity attributable to owners of parent Company	Non-controlling interests	Total equity
	£	£	£	£	£	£
At 1 April 2016	123,957,576	-	(102,678,952)	21,278,624	6,695	21,285,319
Loss for the year	-	-	(7,058,412)	(7,058,412)	-	(7,058,412)
Movement on reserve	-	1,880,000	-	1,880,000	-	1,880,000
Shares issued during the year	2,766,000	-	-	2,766,000	-	2,766,000
At 31 March 2017	126,723,576	1,880,000	(109,737,364)	18,866,212	6,695	18,872,907

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2016

	Called up share capital	Capital contrib'n	Profit and loss account	Equity attributable to owners of parent Company	Non-controlling interests	Total equity
	£	£	£	£	£	£
At 1 April 2015	100,535,076	15,837,500	(99,841,591)	16,530,985	6,695	16,537,680
Loss for the year	-	-	(2,837,361)	(2,837,361)	-	(2,837,361)
Movement for the year	-	(15,837,500)	-	(15,837,500)	-	(15,837,500)
Shares issued during the year	23,422,500	-	-	23,422,500	-	23,422,500
At 31 March 2016	123,957,576	-	(102,678,952)	21,278,624	6,695	21,285,319

The notes on pages 17 to 35 form part of these financial statements.

VENKYS LONDON LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2017

	Called up share capital	Capital contribution	Profit and loss account	Total equity
	£	£	£	£
At 1 April 2016	123,957,576	-	(3,924,299)	120,033,277
Loss for the year	-	-	(4,310,912)	(4,310,912)
Movement on reserve	-	1,880,000	-	1,880,000
Shares issued during the year	2,766,000	-	-	2,766,000
At 31 March 2017	126,723,576	1,880,000	(8,235,211)	120,368,365

COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2016

	Called up share capital	Capital contribution	Profit and loss account	Total equity
	£	£	£	£
At 1 April 2015	100,535,076	15,837,500	(3,907,360)	112,465,216
Loss for the year	-	-	(16,939)	(16,939)
Movement on reserve	-	(15,837,500)	-	(15,837,500)
Shares issued during the year	23,422,500	-	-	23,422,500
At 31 March 2016	123,957,576	-	(3,924,299)	120,033,277

The notes on pages 17 to 35 form part of these financial statements.

VENKYS LONDON LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2017

	2017 £	*2016* *£*
Cash flows from operating activities		
Loss for the financial year	(7,058,412)	*(2,837,361)*
Adjustments for:		
Amortisation of intangible assets	715,620	*2,642,874*
Depreciation of tangible assets	1,849,395	*1,861,563*
Loss on disposal of tangible assets	(3,933)	*-*
Interest paid	786,279	*1,317,077*
Interest received	(1,595)	*(35,543)*
(Increase) in stocks	(18,856)	*(1,799)*
Decrease/(increase) in debtors	294,316	*(1,878,802)*
(Decrease)/increase in creditors	(1,765,092)	*1,301,884*
Increase/(decrease) in provisions	-	*(2,153,089)*
Profit/(loss) on disposal of intangible fixed assets	(11,675,286)	*(17,251,183)*
Deferred grant release	(96,660)	*(96,660)*
Net cash generated from operating activities	(16,974,224)	*(17,131,039)*
Cash flows from investing activities		
Purchase of intangible fixed assets	(236,411)	*(3,235,870)*
Sale of intangible assets	10,068,260	*18,906,298*
Purchase of tangible fixed assets	(298,550)	*(359,930)*
Sale of tangible fixed assets	3,933	*-*
Interest received	1,595	*35,543*
HP interest paid	(3,786)	*(6,316)*
Net cash from investing activities	9,535,041	*15,339,725*
Cash flows from financing activities		
Issue of ordinary shares	2,766,000	*7,585,000*
Other new loans	1,800,000	*-*
Repayment of other loans	(1,715,264)	*(2,784,736)*
Repayment of/new finance leases	(29,582)	*(14,681)*
Interest paid	(782,493)	*(1,310,761)*
Capital contribution received	1,880,000	*-*
Net cash used in financing activities	3,918,661	*3,474,822*
Net (decrease)/increase in cash and cash equivalents	(3,520,522)	*1,683,508*
Cash and cash equivalents at beginning of year	(10,189,929)	*(11,873,437)*
Cash and cash equivalents at the end of year	(13,710,451)	*(10,189,929)*

VENKYS LONDON LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2017

	2017 £	*2016 £*
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	**223,806**	*191,724*
Bank overdrafts	**(13,934,257)**	*(10,381,653)*
	(13,710,451)	*(10,189,929)*

The notes on pages 17 to 35 form part of these financial statements.

1. General information

The company is limited by shares, incorporated in England and Wales. Its registered office is shown on page1.

The group's principal activity is that of a professional football club with related commercial activities.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland, and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires Group management to exercise judgment in applying the Group's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 Basis of consolidation

The consolidated financial statements present the results of Group and its own subsidiaries ("the Group") as they formed a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the balance sheet, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the consolidated profit and loss account from the date on which control is obtained. They are deconsolidated from the date control ceases.

Non - controlling interests represent the share capital held by those shareholders. No proportion of the deficit on accumulated reserves has been allocated.

2. Accounting policies (continued)

2.3 Going concern

The Blackburn Rovers Football and Athletic Limited ("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 31 March 2017 the group had net current liabilities of £20,629,678 and reported an operating loss before player trading of £18,733,698 for the year ended 31 March 2017. 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 share capital 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 Financial 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 June 2018. 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 March 2018.

The group is currently operating within its facilities, due for renewal in March 2018, 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.

2.4 Intra-company investments and loans

The Company has a significant investment in the shares of The Blackburn Rovers Football and Athletic Limited, a subsidiary of the company and has also advanced this subsidiary substantial loans. The short term financial performance of the subsidiary has been volatile. The Company is committed to support the subsidiary going forwards and is confident of its growth and continued improving performance. The Company has no concerns over the going concern status of its subsidiary and considers it inappropriate to recognise any discounts to the value of its loans. Taking into consideration the realisable value of the subsidiary's assets, diminution in the value of the company's investment in its subsidiary is considered temporary in nature and hence the Company considers no provision is necessary.

2. Accounting policies (continued)

2.5 Turnover and revenue 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.

Gate receipt and other matchday revenue is recognised over a football season as the matches occur. Merchandising income is recognised at the point of sale. Other revenue comprising media and commercial income is apportioned evenly over the football season or contract term as appropriate.

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

2.6 Intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

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.

Negative goodwill arising on acquisition is included within fixed assets and released to the profit and loss account in the periods in which the fair values of the non- monetary assets purchased in the same acquisition are recovered whether through depreciation or sale.

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 players' initial contract. The external costs of securing an extension or renewal of an existing contract for both 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 events are expensed when the event occurs.

2.7 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

2. Accounting policies (continued)

2.7 Tangible fixed assets (continued)

Land is not depreciated. Depreciation on other assets is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Freehold buildings	-	2%	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

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Profit and Loss Account.

2.8 Operating leases: the Group as lessee

Rentals paid under operating leases are charged to the consolidated statement of comprehensive income on a straight line basis over the lease term.

2.9 Valuation of investments

Subsidiary undertakings
Investments in subsidiaries are held at cost less provision for impairment in the company accounts.

Other investments
Investments held as fixed assets are held at cost less provision for impairment.

2.10 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis.

At each balance sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

2.11 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2. Accounting policies (continued)

2.12 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the consolidated statement of cash flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Group's cash management.

2.13 Financial instruments

The Group only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the consolidated statement of comprehensive income.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Group would receive for the asset if it were to be sold at the balance sheet date.

2.14 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.15 Grants

Grants are accounted under the accruals model as permitted by FRS 102. Grants relating to expenditure on tangible fixed assets are credited to the consolidated statement of comprehensive income at the same rate as the depreciation on the assets to which the grant relates. The deferred element of grants is included in creditors as deferred income.

Grants of a revenue nature are recognised in the consolidated statement of comprehensive income in the same period as the related expenditure.

2. Accounting policies (continued)

2.16 Finance costs

Finance costs are charged to the consolidated statement of comprehensive income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.17 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 102 the Scheme is treated as a defined benefit multi-employer 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 102. Full provision has been made for the deficit and contributions are made as advised by the scheme actuary.

The company 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 period in which the liability to pay arises.

2.18 Interest income

Interest income is recognised in the consolidated statement of comprehensive income using the effective interest method.

2.19 Borrowing costs

All borrowing costs are recognised in the consolidated statement of comprehensive income in the year in which they are incurred.

2. Accounting policies (continued)

2.20 Taxation

Tax is recognised in the profit and loss account, except that a change attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company and the Group operate and generate income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except that:

The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and

Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

3. Judgments in applying accounting policies and key sources of estimation uncertainty

In the process of applying the Company's accounting policies, which are described above, management has made some judgments that have significant effect on the amounts recognised in the financial statements. These also include key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Impairment of fixed assets

An impairment loss is recognised whenever the carrying amount of an asset or its income-generating unit exceeds its recoverable amount. Impairment losses are recognised in the profit and loss account.

Release of negative goodwill

Negative goodwill arising on acquisition is included within fixed assets and released to the profit and loss account in the periods in which the fair values of the non- monetary assets purchased in the same acquisition are recovered whether through depreciation or sale.

4. Turnover

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

	2017 £	2016 £
Matchday	3,311,832	3,653,804
Media	7,904,929	13,065,649
Commercial	4,438,259	5,032,626
Other	472,052	-
	16,127,072	21,752,079

All turnover arose within the United Kingdom.

5. Operating loss

The operating loss is stated after charging:

	2017 £	2016 £
Depreciation of tangible fixed assets	1,849,395	1,861,563
Amortisation of intangible assets, including goodwill	715,620	2,642,874
Fees payable to the Group's auditor and its associates for the audit of the company's annual financial statements	1,500	1,500
Defined contribution pension cost	129,161	189,673

6. Auditors' remuneration

	2017 £	2016 £
Fees payable to the Group's auditor and its associates for the audit of the Group's annual financial statements	15,500	15,000
Fees payable to the Group's auditor and its associates in respect of:		
Taxation compliance services	6,450	6,300
All other services	27,800	35,544
	34,250	41,844

7. Employees

Staff costs were as follows:

	2017 £	2016 £
Wages and salaries	19,997,039	25,040,856
Social security costs	2,513,337	2,925,895
Cost of defined contribution scheme	129,161	189,673
	22,639,537	28,156,424

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

	2017 No.	2016 No.
Football players and management	143	150
Commercial, sponsorship, media and advertising	38	41
Administration	19	20
Building, ground and pitch maintenance	39	41
	239	252

8. Interest receivable

	2017 £	2016 £
Other interest receivable	1,595	35,543
	1,595	35,543

9. Interest payable and similar charges

	2017 £	2016 £
Bank interest payable	782,493	1,310,761
Finance leases and hire purchase contracts	3,786	6,316
	786,279	1,317,077

10. Taxation

	2017	*2016*
	£	*£*

Factors affecting tax charge for the year

The tax assessed for the year is lower than *(2016 - lower than)* the standard rate of corporation tax in the UK of 20% *(2016 - 20%)*. The differences are explained below:

	2017	*2016*
	£	*£*
Loss on ordinary activities before tax	**(7,058,412)**	*(2,837,361)*
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2016 - 20%)	**(1,411,682)**	*(567,472)*
Effects of:		
Non-tax deductible amortisation of goodwill and impairment	**(60,864)**	*(60,864)*
Unrelieved tax losses carried forward	**1,472,546**	*628,336*
Total tax charge for the year	**-**	*-*

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 expected future standard rate of 18% (2016 - 20%) is £35m (2016 - £38m).

Factors that may affect future tax charges

There are tax losses of approximately £191m (2016 - £186m) available for future relief.

11. Intangible assets

Group and Company

	Player registrations £	Negative goodwill £	Total £
Cost			
At 1 April 2016	4,454,752	(13,524,965)	(9,070,213)
Additions	502,418	-	502,418
Disposals	(2,745,727)	-	(2,745,727)
At 31 March 2017	2,211,443	(13,524,965)	(11,313,522)
Amortisation			
At 1 April 2016	2,719,858	(4,338,765)	(1,618,907)
Charge for the year	1,019,939	(304,319)	715,620
On disposals	(2,101,376)	-	(2,101,376)
At 31 March 2017	1,638,421	(4,643,084)	(3,004,663)
Net book value			
At 31 March 2017	573,022	(8,881,881)	(8,308,859)
At 31 March 2016	*1,734,894*	*(9,186,200)*	*(7,451,306)*

12. Tangible fixed assets

Group

	Freehold property £	Motor vehicles £	Fixtures and fittings £	Total £
Cost or valuation				
At 1 April 2016	55,451,007	225,981	4,830,883	60,507,871
Additions	168,166	-	276,064	444,230
Disposals	(90,874)	(10,374)	-	(101,248)
At 31 March 2017	55,528,299	215,607	5,106,947	60,850,853
Depreciation				
At 1 April 2016	6,986,150	107,978	2,784,176	9,878,304
Charge for the period on owned assets	1,298,573	36,546	493,434	1,828,553
Charge for the period on financed assets	-	16,600	4,242	20,842
Disposals	(90,874)	(10,374)	-	(101,248)
At 31 March 2017	8,193,849	150,750	3,281,852	11,626,451
Net book value				
At 31 March 2017	47,334,450	64,857	1,825,095	49,224,402
At 31 March 2016	*48,464,857*	*118,003*	*2,046,707*	*50,629,567*

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

	2017 £	*2016 £*
Motor vehicles	-	*28,527*
Furniture, fittings and equipment	167,158	-
	167,158	*28,527*

13. Fixed asset investments

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

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

Group

	Unlisted investments £
Cost or valuation	
At 1 April 2016	**3,378,378**
At 31 March 2017	**3,378,378**
Impairment	
At 1 April 2016	**3,378,378**
At 31 March 2017	**3,378,378**
At 31 March 2017	-
At 31 March 2016	-

13. Fixed asset investments (continued)

Company

	Investments in subsidiary companies £	Unlisted investments £	Total £
Cost or valuation			
At 1 April 2016	34,890,101	3,378,378	38,268,479
At 31 March 2017	34,890,101	3,378,378	38,268,479
Impairment			
At 1 April 2016	-	3,378,378	3,378,378
At 31 March 2017	-	3,378,378	3,378,378
Net book value			
At 31 March 2017	34,890,101	-	34,890,101
At 31 March 2016	*34,890,101*	-	*34,890,101*

14. Stocks

	Group 2017 £	*Group 2016 £*	Company 2017 £	*Company 2016 £*
Finished goods and goods for resale	181,337	*162,481*	-	-
	181,337	*162,481*	-	-

The difference between purchase price or production cost of stocks and their replacement cost is not material.

Stock recognised in cost of sales during the year as an expense was £889,404 (*2016: £891,619*).

15. Debtors

	Group 2017 £	*Group 2016 £*	Company 2017 £	*Company 2016 £*
Due after more than one year				
Trade debtors	287,482	-	-	-
	287,482	-	-	-

	Group 2017 £	*Group 2016 £*	Company 2017 £	*Company 2016 £*
Due within one year				
Trade debtors	836,449	*995,124*	-	-
Amounts owed by group undertakings	-	-	85,590,560	*85,260,000*
Other debtors	1,652,240	*1,478,114*	1,354,529	*1,354,529*
Prepayments and accrued income	1,201,935	*2,084,846*	-	-
	3,690,624	*4,558,084*	**86,945,089**	*86,614,529*

16. Cash and cash equivalents

	Group 2017 £	*Group 2016 £*	Company 2017 £	*Company 2016 £*
Cash at bank and in hand	223,806	*191,724*	7,424	*2,235*
Less: bank overdrafts	(13,934,257)	*(10,381,653)*	-	-
	(13,710,451)	*(10,189,929)*	**7,424**	*2,235*

17. Creditors: Amounts falling due within one year

	Group 2017 £	*Group 2016 £*	**Company 2017 £**	*Company 2016 £*
Bank overdrafts	**13,934,257**	*10,381,653*	-	-
Other loans	**1,800,000**	*1,715,264*	-	-
Trade creditors	**2,774,221**	*2,579,826*	-	-
Amounts owed to group undertakings	-	-	**1,457,029**	*1,457,029*
Taxation and social security	**2,252,747**	*4,039,470*	-	-
Obligations under finance lease and hire purchase contracts	**32,700**	*23,642*	-	-
Other creditors	**627,524**	*2,858,128*	-	-
Accruals and deferred income	**3,591,478**	*3,446,748*	**17,220**	*16,559*
	25,012,927	*25,044,731*	**1,474,249**	*1,473,588*

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.

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

The other loan was repaid on 10 April 2017. Interest was chargeable at 8.6% per annum.

18. Creditors: Amounts falling due after more than one year

	Group 2017 £	*Group 2016 £*	**Company 2017 £**	*Company 2016 £*
Net obligations under finance leases and hire purchase contracts	**107,040**	-	-	-
Trade creditors	-	*5,430*	-	-
Other creditors	**84,014**	*436,506*	-	-
Government grants received	**1,221,904**	*1,318,564*	-	-
	1,412,958	*1,760,500*	-	-

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

19. Hire purchase and finance leases

Minimum lease payments under hire purchase agreements fall due as follows:

	Group 2017 £	*Group 2016 £*
Within one year	**32,700**	*23,642*
Between 1-2 years	**32,700**	-
Between 2-5 years	**74,340**	-
	139,740	*23,642*

20. Financial instruments

	Group 2017 £	*Group 2016 £*	**Company 2017 £**	*Company 2016 £*
Financial assets measured at fair value through profit or loss	**223,806**	*191,724*	**7,424**	*2,235*
Financial assets that are debt instruments measured at amortised cost	**2,776,171**	*2,473,238*	**86,945,089**	*86,614,529*
	2,999,977	*2,664,962*	**86,952,513**	*86,616,764*
Financial liabilities measured at amortised cost	**(22,963,098)**	*(21,447,197)*	**(1,474,249)**	*(1,473,588)*
	(22,963,098)	*(21,447,197)*	**(1,474,249)**	*(1,473,588)*

Financial assets measured at fair value through profit or loss comprise cash and bank balances.

Financial assets that are measured at amortised cost comprise trade and other debtors.

Financial liabilities measured at amortised cost comprise creditors excluding government grants and taxation.

21. Share capital

	2017	2016
	£	£
Shares classified as equity		
Allotted, called up and fully paid		
126,723,576 *(2016 - 123,957,576)* Ordinary shares of £1 each	**126,723,576**	*123,957,576*

During the year the company has allotted, called up and issued 2,766,000 fully paid ordinary shares at par of £1 each to fund further investment.

22. Reserves

Other reserves

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

During the year, a further £4,646,000 was received as capital contribution and £2,766,000 of this reserve was converted into share capital.

Profit and loss account

The consolidated profit and loss account comprises cumulative realised losses and was £109,737,364 (2016 - £102,678,952).

23. 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 £129,161 (2016 - £189,673)

The subsidiary company is a member of the Football League Pension and Life Assurance Scheme. In August 1999, the group was informed that the scheme would be wound up with effect from 31 August 1999. It is understood that the scheme is in deficit and the group's share of this deficit is currently estimated to be £186,770. Provision has been made for this amount.

VENKYS LONDON LIMITED

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24. Commitments under operating leases

At 31 March 2017 the Group and the Company had future minimum lease payments under non-cancellable operating leases as follows:

	Group 2017 £	*Group 2016 £*
Not later than 1 year	**9,150**	*14,626*
Later than 1 year and not later than 5 years	**11,783**	*13,276*
	20,933	*27,902*

25. 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 £1,756,908

26. Related party transactions

During the year, the Group charged rent of £71,807 (2016 - £71,807) to Blackburn Rovers Community Trust. At the balance sheet date an amount of £27,507 was owed by Blackburn Rovers Community Trust (2016 - £9,544) in respect of these transactions. These amounts are included within other debtors. Directors of The Blackburn Rovers Football and Athletic Limited are trustees of Blackburn Rovers Community Trust.

27. Post balance sheet events

Since the balance sheet date, the group has entered into transfer agreements, amounting to net transfer fees receivable of £611,917 (2016 - £10,785,148).

28. Controlling party

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

21. Share capital

	2017 £	*2016 £*
Shares classified as equity		
Allotted, called up and fully paid		
126,723,576 *(2016 - 123,957,576)* Ordinary shares of £1 each	**126,723,576**	*123,957,576*

During the year the company has allotted, called up and issued 2,766,000 fully paid ordinary shares at par of £1 each to fund further investment.

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Other reserves

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During the year, a further £4,646,000 was received as capital contribution and £2,766,000 of this reserve was converted into share capital.

Profit and loss account

The consolidated profit and loss account comprises cumulative realised losses and was £109,737,364 (2016 - £102,678,952).

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The subsidiary company is a member of the Football League Pension and Life Assurance Scheme. In August 1999, the group was informed that the scheme would be wound up with effect from 31 August 1999. It is understood that the scheme is in deficit and the group's share of this deficit is currently estimated to be £186,770. Provision has been made for this amount.

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27. Post balance sheet events

Since the balance sheet date, the group has entered into transfer agreements, amounting to net transfer fees payable of £302,833 (2016 - receivable £10,785,148).

28. Controlling party

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