

**Brighton & Hove Albion Holdings
Limited**

Report and Financial Statements

Year Ended

30 June 2018

Company Number 02849319

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Brighton & Hove Albion Holdings Limited

Report and financial statements
for the year ended 30 June 2018

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Directors

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

Secretary and registered office

R F Comer, American Express Community Stadium, Village Way, Brighton, BN1 9BL

Company number

02849319

Auditors

BDO LLP, 55 Baker Street, London, W1U 7EU

Brighton & Hove Albion Holdings Limited

Chairman's statement for the year ended 30 June 2018

We worked incredibly hard to reach the Premier League, and those considerable efforts have paid off for the club. It has helped put us on a firmer financial footing, has boosted our national and international profile, and positions us well for a bright future.

Our first ever Premier League season was a successful one on the pitch for our club. These figures also show it was a success off the pitch, especially in terms of the club's finances, as we made a profit for the first time in our recent history.

The infrastructure, processes, people and principles we have had in place at the club for some time served us well during our first season in the Premier League, and I'm confident these foundations will continue to serve us well at this level.

Chris Hughton's astute and skilful leadership, allied with his calmness under pressure has been vitally important. He has again been well supported by his coaching and backroom staff, and by all the many different departments across our club which remain important components of our recent success.

On the subject of astute and skilful leadership, I would also like to thank our chief executive Paul Barber. He's now in his seventh season with the club, and has overseen a period of significant progress, success and growth, both on and off the pitch.

In recognition of the way the club is continuing to grow and develop, the board has decided that in addition to his current responsibilities as our chief executive, Paul will become deputy chairman of the club. A promotion that is well deserved.

Paul has declined recent opportunities to move to bigger clubs, preferring instead to invest his energies and considerable football experience to help establish our club in the Premier League. The club's board and I am delighted that he has chosen this option.

Whilst talking about our board of directors, I would once again like to thank each and every one, the majority of whom give us their time and expertise without charge, for their continued support and wise guidance. We are extremely fortunate to have such a committed, talented and stable board helping to steer our club during such an exciting period in our history.

Once again, our recruitment team, led by Paul Winstanley, have played a significant part in our success on the pitch. The extra quality we needed has helped us establish ourselves at this level, and provided that extra strength and depth we needed across all areas.

Equally the ability, hard work and endeavour of a refreshed playing squad was vital. It was so impressive to see many of our squad, those who won promotion and our new arrivals, adapt so quickly to the demands of the Premier League whilst maintaining that genuine sense of togetherness on and off the pitch.

The work undertaken by all of our staff in various off-pitch departments remains of the highest standard, and it must not be forgotten how important this work is in assisting us with our on-pitch ambitions. Again, we were absolutely delighted to pay all of our staff a significant Premier League retention bonus this summer. I would like to thank our staff for their continued hard work and professionalism.

Progress

In last year's statement I wrote that 'we made our most significant step in terms of progressing the club during the 2016/17 season' and how 'the finances of the club were changed virtually overnight, as we were celebrating promotion'.

Our aim is to establish ourselves as regulars in the Premier League. With this in mind it's important we continue to invest cleverly and shrewdly, not just in terms of player recruitment, but in all areas of the club, and with the club's long-term future at heart.

Brighton & Hove Albion Holdings Limited

Chairman's statement for the year ended 30 June 2018 *(continued)*

The team has made another solid start at this level in 2018/19, and we are hopeful of a successful second season in the Premier League.

We are delighted with the appointment of Dan Ashworth as the club's first-ever technical director. Dan's achievements over the last five years at the FA have been phenomenal and his appointment underlines our determination to establish all of our teams at the highest levels of the game.

We first identified the need for a technical director more than 18 months ago, discussed the role internally over this period, and conducted a global search for the right candidate to meet our particular needs. In my opinion, Dan is the best in the business. He will complement our existing senior management team and our football operations staff, and help develop their skill sets. I'm confident Dan will have a lasting and hugely positive impact on our club.

Community and Supporters

While the club's global fan base is growing faster than ever before, we still remain true to our commitment to the local community. It will always remain an important part of our immediate and long-term focus, both for the club and our multi award-winning charitable arm Albion in the Community (AITC).

We will shortly be publishing the results of an economic impact study, which shows the effect the club has on the local community and economy, and in particular the impact of promotion to the Premier League. We know it has brought so much pride and positivity to the local area and we will continue to embrace that — but this study also demonstrates the importance of the football club to our local economy and to the many businesses in the wider community.

The Future

We have now fulfilled our ambition for both the club's senior teams to play at the highest level possible, while our Category 1 academy for boys and our Tier One Regional Talent Club for girls continue to go from strength to strength, providing us with a pipeline of future talent. Now our aim changes and it will be to establish ourselves on the firmest possible footing in both the Premier League and Women's Super League.

Here at the Albion it's about making steady and sustainable progress from solid foundations – and doing things properly, on and off the pitch. It's also about realistic ambitions and, where we encounter challenges, coming back even stronger and overcoming them together.

I continue to greatly enjoy my role as chairman of our club, and while I am extremely proud of our progress so far, our togetherness and spirit gives me the confidence and belief that our football club's future will be positive.



Tony Bloom
Chairman

Date 11/12/2018

Brighton & Hove Albion Holdings Limited

Strategic report
for the year ended 30 June 2018

Introduction

The principal activity of the group continues to be that of a professional football club as a member of the Football Association, previously in the English Football League and now the Premier League.

Business review

| | 2018 £'000 | 2017 £'000 |
|---|---------------|---------------|
| Turnover | 139,432 | 29,208 |
| Administrative and operational costs | (18,172) | (13,606) |
| Operating profit before football costs and depreciation | 121,260 | 15,602 |
| Depreciation | (5,265) | (4,415) |
| Investment property impairment | (1,874) | - |
| Player trading | (15,944) | (5,963) |
| Football costs | (85,329) | (35,035) |
| Promotion costs | - | (9,082) |
| Operating profit/(loss) before interest and taxation | 12,848 | (38,893) |

Financial highlights

- Turnover increase: 377%
- Admin and operational cost increase: 34%
- Operating profit before football costs and depreciation increase: 677%
- Increase in player trading costs: 167%
- Investment in football costs increased by 144%
- Operating loss of £38.9m has become operating profit of £12.8m

The financial results for the year ended 30 June 2018 reflect the season in which Brighton & Hove Albion Football Club competed in the Premier League for the first time, finishing in a creditable 15th position. The improved financial performance is in sharp contrast to the prior period in which the Club competed in the EFL Championship. The significant increase in turnover is primarily due to the broadcasting income that is earned in the Premier League, but also due to sell-out crowds and improved commercial revenues. The cost base also increased significantly, following the strengthening of the playing squad and the increased player and staff wages required to be competitive in the Premier League. Promotion to the Premier League has enabled the Company to report an operating profit of £12.8m compared to an operating loss of £38.9m in the prior promotion period.

Brighton & Hove Albion Holdings Limited

Strategic report for the year ended 30 June 2018 (continued)

Financial highlights (continued)

The key financial highlights are as follows:

- **Turnover**
Average match day attendances increased to 30,403 compared to 27,966 in the previous season. The increased attendances resulted in Match day income increasing from £14.8m to £18.5m. Broadcasting income increased from £7.7m to £110.3m. The increase in broadcasting income arises from the huge popularity of the Premier League throughout the world. The Club benefitted from 13 live Premier League televised games and a league finishing position of 15th. Commercial income increased from £5.1m to £8.8m.
- **Administrative and Operational Costs**
Administrative and Operational Costs increased from £13.6m to £18.2m. The cost increase is partly linked to the increase in turnover, but also due to higher stadium maintenance, security and staff salary costs, together with an increased investment in women's and girls football.
- **Player Trading**
This represents the amortisation of purchased player registrations less the profit on sale of players. Player amortisation has increased from £6.3m to £19.3m. New players were added to the squad at a gross cost of £59.1m (£57.5m at discounted value as required under UK accounting standards). Profit on player disposals increased from £0.3m to £3.4m.
- **Football costs**
Football costs, which include all costs associated with the running of the first team, development squad and youth academy, increased from £35.1m to £85.3m. The increase is primarily due to an increase in player and coaching staff wages but also a continued investment in the Youth Academy and facilities at the training ground.
- **Promotion costs**
The prior period includes a one-off charge of £9.1m for the cost of achieving promotion to the Premier League. This included bonuses paid to players and to all staff, as well as the end of year parade and other celebrations.
- **Balance Sheet**
Whilst the Balance Sheet is showing a net liabilities position, funding for the group continues to be provided by its Chairman Tony Bloom by way of interest free loans and equity conversion.
The cost of purchased players, net of appropriate discounting on acquisition and less amortisation are recorded in the accounts at £57.5m at the year end. This doesn't however reflect home grown players or the current market value of the playing squad, which in the opinion of the Board is considerably higher. Included in stock is the land for development at New Monks Farm adjoining our training ground, and is recorded in the accounts at a cost of £17.5m. Subject to successful planning permission at this site for housing and retail development, we are hopeful of commencing the construction works in 2019. An impairment provision of £1.9m has been made against investment property assets under development. This is for pre-structural development works on land at the stadium previously identified as a hotel site but as planning permission was not granted will now be considered for alternative uses.

Profit and Sustainability Rules

The Premier League operates profitability and sustainability rules. Under the rules adjusted losses of £105m over a three year period are allowable. The operating profit or loss is adjusted for depreciation and allowable expenditure such as our investment in our Category 1 academy. The Club has complied with all of the Premier League's Rules for the 2017/18 season.

Playing Matters

The 2017/18 football season was a good one for the Club maintaining our Premier League status. Further investment has been made in the playing squad over the summer and the Club has made a promising start to 2018/19 season.

Brighton & Hove Albion Holdings Limited

Strategic report
for the year ended 30 June 2018 *(continued)*

Sponsors

The Club is grateful to its many sponsors and business partners who continue to support the club's growth. In particular, we would like to thank American Express, Nike and JD Sports. The Club is also grateful for the continued support and hard work of Sodexo. As our catering and non-matchday events partner, Sodexo continue to provide an excellent service.

Supporters and Staff

The Board would like to take this opportunity to thank the Club's fans for their continued fantastic support and would also like to thank all our staff for their continued hard work, commitment and professionalism.

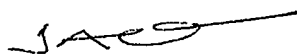
Future developments

Promotion to the Premier League has seen a significant improvement in Group's revenues and profitability. Retention of the Club's Premier League status remains the primary objective.

Principal risks

The principal risk, as faced by all football clubs, is the risk of relegation and the adverse effect it would have on revenue streams and the ability to retain and recruit talented staff.

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



D A Jones
Director

Date 11/12/2018

Brighton & Hove Albion Holdings Limited

Directors' report for the year ended 30 June 2018

The directors present their report and the financial statements for the year ended 30 June 2018.

Results and dividends

The profit for the year, after taxation, amounted to £11,276,000 (2017 – loss of £38,886,000).

The directors are unable to recommend the payment of a dividend (2017 - £Nil)

Directors

The directors who served during the year were:

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

PJ Barber was also appointed as Deputy Chairman subsequent to the year end.

Employee involvement

Within the bounds of commercial confidentiality, the club endeavours to keep staff at all levels informed of matters that affect the progress of the Group and are of interest to them as employees.

Equality & Safeguarding

The club is committed to equality of opportunity for all staff and applications for employment or promotion from individuals both internally and externally are encouraged regardless of age, disability, sex, gender reassignment, sexual orientation, pregnancy and maternity, race, religion or belief and marriage and civil partnerships.

The club complies with all applicable employment laws relating to working terms and conditions, including pay (the club pays the voluntary living wage). The club have successfully attained the preliminary level of the Premier League Equality Standard and have now commenced work towards the intermediate level of the standard.

The club is fully committed to safeguarding and promoting the welfare of children and young people and expect all staff and volunteers to share this commitment.

Matters covered in the strategic report

Matters relating to principal activities, future developments, risks and uncertainties and KPIs are contained within the Strategic Report

Brighton & Hove Albion Holdings Limited

Directors' report for the year ended 30 June 2018 (continued)

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 financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that year.

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

- select suitable accounting policies and then apply them consistently;
- make judgements 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 company will continue in business.

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

Auditors

All of the current directors have taken all the steps that they ought to have taken to make themselves aware of any information needed by the company's auditors for the purposes of their audit and to establish that the auditors are aware of that information. The directors are not aware of any relevant audit information of which the auditors are unaware.

Mazars LLP resigned as auditors of the company during the year and BDO LLP were appointed as auditors of the company by the directors. BDO LLP have expressed their willingness to continue in office and a resolution to re-appoint them as auditors will be proposed at the next annual general meeting.

This report was approved by the board and signed on its behalf by:

R F Comer



Director

Date 11/12/2018

Brighton & Hove Albion Holdings Limited

Independent auditor's report

TO MEMBERS OF BRIGHTON & HOVE ALBION HOLDINGS LIMITED

Opinion

We have audited the financial statements of Brighton & Hove Albion Holdings Limited ("the Parent Company") and its subsidiaries ("the Group") for the year ended 30 June 2018 which comprise the consolidated statement of comprehensive income, the consolidated and company statement of financial position, the consolidated and company statement of changes in equity, the consolidated statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 30 June 2018 and of the Group's profit 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group and the Parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Group or the Parent Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Brighton & Hove Albion Holdings Limited

Independent auditor's report (*continued*)

Other information

The Directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters 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 Strategic report and Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and Directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Group and the Parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report and Director's report.

We have nothing to report in respect of the following matters in relation to which 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.

Brighton & Hove Albion Holdings Limited

Independent auditor's report (continued)

Responsibilities of Directors

As explained more fully in the Directors' report, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Group's and the Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located at the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

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 Parent Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Parent Company and the Parent Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

BDO LLP.

Ian Clayden (senior statutory auditor)
For and on behalf of BDO LLP, statutory auditor
London
United Kingdom

Date 11 / 12 / 2018

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Brighton & Hove Albion Holdings Limited

Consolidated statement of comprehensive income for the year ended 30 June 2018

| | Note | 2018 | | | 2017 |
|---|------|---|----------------------------|----------------|----------------|
| | | Operations excluding player trading £'000 | Player trading £'000 | Total £'000 | Total £'000 |
| Turnover | 3 | 139,432 | - | 139,432 | 29,208 |
| Operating expenses | | (110,640) | (19,311) | (129,951) | (59,332) |
| Exceptional operating expenses | | - | - | - | (9,082) |
| Profit on player trading | | - | 3,367 | 3,367 | 313 |
| Operating profit/(loss) before interest and taxation | 5 | 28,792 | (15,944) | 12,848 | (38,893) |
| Interest receivable and similar income | 8 | 21 | - | 21 | 7 |
| Interest payable and similar charges | 9 | - | (785) | (785) | - |
| Profit/(loss) before taxation | | 28,813 | (16,729) | 12,084 | (38,886) |
| Tax on profit | 10 | (808) | - | (808) | - |
| Profit/(loss) after taxation | | 28,005 | (16,729) | 11,276 | (38,886) |
| Other comprehensive income | | - | - | - | - |
| Total comprehensive income for the year | | 28,005 | (16,729) | 11,276 | (38,886) |
| Profit/(loss) for the year attributable to: | | | | | |
| Owners of the parent company | | 28,005 | (16,729) | 11,276 | (38,886) |

There were no recognised gains and losses for 2018 or 2017 other than those included in the consolidated statement of comprehensive income.


The notes on pages 19 to 37 form part of these financial statements.

Brighton & Hove Albion Holdings Limited

Consolidated statement of financial position at 30 June 2018

| <i>Company number 02849319</i> | Note | 2018 £'000 | 2018 £'000 | 2017 £'000 | 2017 £'000 |
|--|------|---------------|---------------|---------------|---------------|
| Fixed assets | | | | | |
| Intangible assets | 11 | | 58,960 | | 20,980 |
| Tangible assets | 12 | | 144,893 | | 140,515 |
| Investment property | 14 | | 160 | | 2,030 |
| | | | 204,013 | | 163,525 |
| Current assets | | | | | |
| Stocks | 15 | 17,800 | | 16,004 | |
| Debtors: amounts falling due within one year | 16 | 17,095 | | 4,971 | |
| Cash at bank and in hand | 17 | 8,969 | | 211 | |
| | | 43,864 | | 21,186 | |
| Creditors: amounts falling due within one year | 18 | (267,722) | | (224,514) | |
| Net current liabilities | | | (223,858) | (203,328) | |
| Total assets less current liabilities | | | (19,845) | (39,803) | |
| Creditors: amounts falling due after more than one year | 19 | | (11,463) | | (2,781) |
| Provisions for liabilities | | | | | |
| Deferred taxation | 21 | | (1,506) | | (1,506) |
| Net liabilities | | | (32,814) | (44,090) | |
| Capital and reserves | | | | | |
| Called up share capital | 22 | | 95,232 | | 95,232 |
| Profit and loss account | 23 | | (128,046) | | (139,322) |
| | | | (32,814) | (44,090) | |

The financial statements were approved by the Board of Directors and authorised for issue on 11/12/18


D A Jones
Director

The notes on pages 19 to 37 form part of these financial statements.

Brighton & Hove Albion Holdings Limited

Consolidated statement of changes in equity for the year ended 30 June 2018

| | Called up share capital £'000 | Profit and loss account £'000 | Total equity £'000 |
|--|-------------------------------------|--|--------------------------|
| At 1 July 2016 | 87,232 | (100,436) | (13,204) |
| Comprehensive income for the year | | | |
| Loss for the year | - | (38,886) | (38,886) |
| Other comprehensive income for the year | - | - | - |
| Total comprehensive income for the year | - | (38,886) | (38,886) |
| Contributions by owners | | | |
| Shares issued during the year | 8,000 | - | 8,000 |
| Total transactions with owners | 8,000 | - | 8,000 |
| At 30 June 2017 | 95,232 | (139,322) | (44,090) |
| Comprehensive income for the year | | | |
| Profit for the year | - | 11,276 | 11,276 |
| Other comprehensive income for the year | - | - | - |
| Total comprehensive income for the year | - | 11,276 | 11,276 |
| At 30 June 2018 | 95,232 | (128,046) | (32,814) |

The notes on pages 19 to 37 form part of these financial statements.

Brighton & Hove Albion Holdings Limited

Consolidated statement of cash flows for the year ended 30 June 2018

| | 2018 £'000 | 2017 £'000 |
|---|-----------------|-----------------|
| Cash flows from operating activities | | |
| Profit/(loss) for the financial year | 11,276 | (38,886) |
| Adjustments for: | | |
| Amortisation of intangible assets | 19,311 | 6,276 |
| Depreciation of tangible assets | 5,265 | 4,415 |
| Profit on disposal of intangible assets | (3,367) | - |
| Loss on disposal of tangible assets | 67 | - |
| Write off of investment properties | 1,874 | - |
| Tax on profit | 808 | - |
| (Increase) in stocks | (1,796) | (2,968) |
| (Increase) in debtors | (9,282) | (2,446) |
| Increase in creditors | 19,102 | 7,488 |
| Interest payable and similar charges | 785 | - |
| Net cash generated from operating activities | 44,043 | (26,121) |
| Cash flows from investing activities | | |
| Purchase of intangible fixed assets | (41,923) | (18,967) |
| Sale of intangible assets | 700 | - |
| Purchase of tangible fixed assets | (9,710) | (3,787) |
| Purchase of investment properties | (4) | (2) |
| Net cash from investing activities | (50,937) | (22,756) |
| Cash flows from financing activities | | |
| Loans from directors | 32,032 | 28,211 |
| Net cash used in financing activities | 32,032 | 28,211 |
| Net movement in cash and cash equivalents | 25,138 | (20,666) |
| Cash and cash equivalents at beginning of year | (16,169) | 4,497 |
| Cash and cash equivalents at the end of year | 8,969 | (16,169) |
| Cash and cash equivalents at the end of year comprise: | | |
| Cash at bank and in hand | 8,969 | 211 |
| Bank overdrafts | - | (16,380) |
| | 8,969 | (16,169) |

The notes on pages 19 to 37 form part of these financial statements.

Brighton & Hove Albion Holdings Limited

Company statement of financial position at 30 June 2018

| Company number 02849319 | Note | 2018 £'000 | 2018 £'000 | 2017 £'000 | 2017 £'000 |
|---|-------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Fixed assets | | | | | |
| Investments | 13 | | 317,701 | | 285,669 |
| Creditors: amounts falling due within one year | 18 | (222,725) | | (190,693) | |
| Net current liabilities | | | (222,725) | | (190,693) |
| Net assets | | | 94,976 | | 94,976 |
| Capital and reserves | | | | | |
| Called up share capital | 22 | | 95,232 | | 95,232 |
| Profit and loss account | 23 | | (256) | | (256) |
| | | | 94,976 | | 94,976 |

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of Comprehensive Income in these financial statements. The profit after tax of the parent Company for the year was £nil (2017: £Nil).

The financial statements were approved by the Board of Directors and authorised for issue on 11/12/18



D A Jones
Director

The notes on pages 19 to 37 form part of these financial statements.

Brighton & Hove Albion Holdings Limited

Company statement of changes in equity for the year ended 30 June 2018

| | Called up share capital £'000 | Profit and loss account £'000 | Total equity £'000 |
|--|-------------------------------------|--|--------------------------|
| At 1 July 2016 | 87,232 | (256) | 86,976 |
| Comprehensive income for the year | - | - | - |
| Total comprehensive income for the year | - | - | - |
| Contributions by owners | | | |
| Shares issued during the year | 8,000 | - | 8,000 |
| Total transactions with owners | 8,000 | - | 8,000 |
| At 30 June 2017 | 95,232 | (256) | 94,976 |
| Comprehensive income for the year | | | |
| Loss for the year | - | - | - |
| Total comprehensive income for the year | - | - | - |
| Contributions by owners | | | |
| Shares issued during the year | - | - | - |
| Total transactions with owners | - | - | - |
| At 30 June 2018 | 95,232 | (256) | 94,976 |

The notes on pages 19 to 37 form part of these financial statements.

Brighton & Hove Albion Holdings Limited

Notes forming part of the financial statements for the year ended 30 June 2018

1 Accounting policies

Brighton & Hove Albion Holdings Limited is a company incorporated in England & Wales under the Companies Act. The address of the registered office is given on the contents page and the nature of the company's operations and its principal activities are set out in the strategic report. The financial statements have been prepared in accordance with FRS 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland.

These financial statements are presented in Pounds Sterling as this is the currency of the primary economic environment in which the Group operates and is rounded to the nearest thousand pounds.

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 judgement in applying the Group's accounting policies.

The following principal accounting policies have been applied:

Basis of consolidation

The consolidated financial statements present the results of the Company and its own subsidiaries ("the Group") as if they form 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 Statement of Financial Position, 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 Statement of Comprehensive Income from the date on which control is obtained.

Going concern

For the year ended 30 June 2018 the group made a profit after tax of £11,276,000, but had net current liabilities of £223,858,000 and net liabilities of £32,814,000. Excluding loans due to the Chairman of the Group, the Group had net current liabilities of £1,142,000. Management have assessed the ability of the Group to continue as a going concern, taking into account current and forecasted trading levels and cashflow requirements under reasonably foreseeable club performance scenarios, together with the fact that the Chairman will not demand repayment of loans payable to him until such a time when the Group is in a position to do so. He has also undertaken to make further funds available to the Group should it be required. The directors have therefore concluded that it remains appropriate to prepare the financial statements on a going concern basis.

Subsequent to the year end the Chairman has provided further capital to the Group in order to further develop the playing squad and the club infrastructure.

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

Brighton & Hove Albion Holdings Limited

Notes forming part of the financial statements for the year ended 30 June 2018 (continued)

1 Accounting policies (continued)

Revenue

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:

Match day revenue is recognised on the day the games are played. The revenue received in advance for season tickets is deferred and released in the season the ticket was purchased for, in line with home games played.

Sponsorship and similar commercial income is recognised over the duration of the respective contracts in line with goods and services provided.

Retail revenue and catering income is recognised at the point goods and services are allocated delivered to the customer.

Facility fees for live television coverage of games are recognised when earned.

Premier League and central distribution revenue is recognised on an accruals basis in line with games played.

Intangible assets

Player registrations

The costs associated with the acquisition of players' registrations are capitalised as intangible fixed assets, with cost discounted to present value, at an appropriate market rate for leveraged player receivables, where payments are deferred beyond 12 months.

Costs of players' registrations comprise transfer fees and solidarity payments. Payments of transfer fees based on future performance criteria are recognised when the criteria are assessed as being probable that they will be met. In most cases this is when the condition has been met. Player registration costs are fully amortised in equal instalments over the period of the players' individual contracts. Where a player's contract is extended beyond its initial period, amortisation is calculated over the period of the extended contract from the date on which it is signed. All amortisation is recognised within operating expenses on the statement of comprehensive income. Players' registrations are written down for impairment in certain circumstances when the carrying amount is assessed as exceeding the amount recoverable through use or sale. See below for accounting policy relating to impairment.

The profit or loss on disposal of a player's registration is calculated as the difference between the present value of the transfer fee received less the net book value at the date of sale and less any direct costs of the transfer. Receipts of transfer fees based on the future performance of the transferred player or the buying club are recognised when the future criteria are met or are virtually certain to be met.

Impairment of player registrations

The carrying amounts of player registration costs, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

Brighton & Hove Albion Holdings Limited

Notes forming part of the financial statements for the year ended 30 June 2018 *(continued)*

1 Accounting policies *(continued)*

The directors do not consider it possible to determine the value in use of an individual player in isolation, as individual players cannot generate cash flows independently. However, in circumstances where it is apparent that, as at the period end date, the player would not be available for selection to play for the Club, such as permanent injury or a firm intention to sell or loan the player (without further selection), the player is taken outside of the wider cash generating-unit ("CGU") and valued on a recoverable amount basis, being the directors' best estimate of the player's fair value less cost to sell. In the case of a permanent injury the recoverable amount is assessed with reference to insurance values. Any resulting impairment charge is made in operating expenses. An impairment loss is reversed if and only if the reasons for the impairment have ceased to apply.

Where there is an impairment of a particular player's registration costs consideration is given to whether there is simultaneously an onerous contract arising. Where onerous contracts exists, a provision is recognised equal to the net cost of exiting from the contract.

Tangible fixed assets

Tangible fixed assets under the cost model, other than investment properties, 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.

Depreciation

Land is not depreciated. Depreciation on other assets is charged from when the assets are brought in to use 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% straight line |
| Motor vehicles | - | 25% straight line |
| Fixtures and fittings | - | 20 - 33% straight line |
| Office equipment | - | 20 - 33% straight line |
| Assets under construction | - | not depreciated |

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 Consolidated Statement of Comprehensive Income.

Brighton & Hove Albion Holdings Limited

Notes forming part of the financial statements for the year ended 30 June 2018 (continued)

1 Accounting policies (continued)

Investment property

Investment property is carried at fair value. The fair value is determined with reference to recent market transactions of properties of similar size, use and location and other industry benchmarks.

Investment Properties which are under development are stated at cost.

Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

Loans to subsidiaries that are not anticipated to be recovered in the short to medium term are presented as investments in the parent company statement of financial position. The comparative statement of financial position has been restated to reflect this presentation.

Stocks

Stocks are stated at the lower of cost and net realisable value.

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.

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.

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.

Brighton & Hove Albion Holdings Limited

Notes forming part of the financial statements for the year ended 30 June 2018 (continued)

1 Accounting policies (continued)

Financial instruments (continued)

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

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 reporting date.

Financial assets and liabilities are offset and the net amount reported in the Statement of Financial Position when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

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.

Government and other 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 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 Statement of Comprehensive Income in the same period as the related expenditure.

Pensions

Defined contribution pension plan

The Group operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. Once the contributions have been paid the Group has no further payment obligations.

The contributions are recognised as an expense in the Statement of Comprehensive Income when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of Financial Position. The assets of the plan are held separately from the Group in independently administered funds.

Interest income

Interest income is recognised in the Statement of Comprehensive Income using the effective interest method.

Borrowing costs

All borrowing costs are recognised in the Statement of Comprehensive Income in the year in which they are incurred.

Brighton & Hove Albion Holdings Limited

Notes forming part of the financial statements for the year ended 30 June 2018 (continued)

1 Accounting policies (continued)

Provisions for liabilities

Provisions are made where an event has taken place that gives the Group a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Statement of Comprehensive Income in the year that the Group becomes aware of the obligation, and are measured at the best estimate at the Statement of Financial Position date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Statement of Financial Position.

Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income, except that a charge 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 reporting 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 Statement of Financial Position 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 except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

Player remuneration

Signing on fees in respect of players contracts are expensed to the Statement of Comprehensive income over the term of their contracts. Remuneration of players is charged in accordance with the terms of the applicable contractual arrangements. Bonuses and other short term benefits are recognised when services are rendered and there is a constructive or legal obligation to pay these

Brighton & Hove Albion Holdings Limited

Notes forming part of the financial statements for the year ended 30 June 2018 (continued)

2 Judgements in applying accounting policies and key sources of estimation uncertainty

The preparation of the financial statements requires of management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management evaluates its estimates and judgements with reference to historical experience and expectations of future events and current market conditions.

In preparing these financial statements, the directors have had to make the following judgments:

Determine whether there are indicators of impairment of the Company's tangible and intangible assets. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit.

Determine the fair value of the Investment Property. Management determines the fair value of investment property with reference to recent market transactions for similar assets. For properties under development or construction management evaluate future costs to complete and expected sales or rental returns to establish whether impairments are necessary.

3 Turnover

All turnover arose within the United Kingdom.

| | 2018 £'000 | 2017 £'000 |
|------------------------------|---------------|---------------|
| Analysis of turnover - group | | |
| Matchday | 18,523 | 14,815 |
| Broadcasting | 110,272 | 7,650 |
| Commercial | 8,846 | 5,111 |
| Other income | 1,791 | 1,632 |
| | <hr/> | <hr/> |
| | 139,432 | 29,208 |
| | <hr/> | <hr/> |

Brighton & Hove Albion Holdings Limited

Notes forming part of the financial statements
for the year ended 30 June 2018 (continued)

4 Employees

| | 2018 £'000 | 2017 £'000 |
|--|---------------|---------------|
| Staff costs, including directors' remuneration, were as follows: | | |
| Wages and salaries | 68,325 | 35,664 |
| Social security costs | 8,972 | 4,464 |
| Staff pension costs | 270 | 224 |
| | 77,567 | 40,352 |

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

| | Number | Number |
|-------------------------------|--------|--------|
| Players | 91 | 78 |
| Football operations | 127 | 126 |
| Management and administration | 87 | 84 |
| | 305 | 288 |

5 Operating profit/(loss)

| | 2018 £'000 | 2017 £'000 |
|---------------------------------------|---------------|---------------|
| This is arrived at after charging: | | |
| Depreciation of tangible fixed assets | 5,265 | 4,415 |
| Amortisation of intangible assets | 19,311 | 6,276 |
| Impairment of investment property | 1,874 | - |
| Defined contribution pension cost | 270 | 224 |
| Operating lease payments | 65 | 56 |
| Grants receivable | (40) | (40) |
| | | |

6 Auditor's remuneration

| | 2018 £'000 | 2017 £'000 |
|--|---------------|---------------|
| Fees payable to the Group's auditor for the audit of the Group's annual accounts | 38 | 34 |
| | | |
| Fees payable to the Group's auditor and its associates in respect of: | | |
| Other services relating to taxation | 28 | 4 |
| All other services | 5 | 4 |
| | 33 | 8 |

Brighton & Hove Albion Holdings Limited

Notes forming part of the financial statements
for the year ended 30 June 2018 (continued)

| 7 Directors' remuneration | 2018 | 2017 |
|---|--------------|--------------|
| | £'000 | £'000 |
| Directors' emoluments | 1,822 | 1,610 |
| Company contributions to defined contribution pension schemes | 33 | 63 |
| | <u>1,855</u> | <u>1,673</u> |

During the year retirement benefits were accruing to 2 directors (2017 - 3) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £1,407,000 (2017 - £1,208,000). This remuneration included benefits related to retention and personal performance.

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £nil (2017 - £35,000).

| 8 Interest receivable and similar income | 2018 | 2017 |
|---|--------------|--------------|
| | £'000 | £'000 |
| Bank interest receivable | 21 | 7 |
| | <u>21</u> | <u>7</u> |

| 9 Interest payable and similar charges | 2018 | 2017 |
|--|--------------|--------------|
| | £'000 | £'000 |
| Unwinding of discount on transfer fees payable | 785 | - |
| | <u>785</u> | <u>-</u> |

Brighton & Hove Albion Holdings Limited

Notes forming part of the financial statements
for the year ended 30 June 2018 *(continued)*

10 Taxation

| | 2018 £'000 | 2017 £'000 |
|---|---------------|---------------|
| Taxation on profit on ordinary activities | 808 | - |
| | 808 | - |

Factors affecting tax charge for the year

The tax assessed for the year differs from the standard rate of corporation tax in the UK of 19% (2017 – 20%). The differences are explained below:

| | 2018 £'000 | 2017 £'000 |
|---|---------------|---------------|
| Profit/(loss) on ordinary activities before tax | 12,084 | (38,887) |
| | 12,084 | (38,887) |
| Profit/(loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2017 – 20%) | 2,296 | (7,777) |
| | 2,296 | (7,777) |
| Effects of: | | |
| Expenses not deductible for tax purposes | 927 | - |
| Group relief (claimed)/surrendered | (5) | - |
| Deferred tax not recognised | (651) | - |
| Utilisation of losses brought forward | (1,759) | - |
| Unrelieved tax losses carried forward | - | 7,777 |
| | (2,488) | 7,777 |
| Total tax charge for the year | 808 | - |

Factors that may affect future tax charges

At 30 June 2018, the group had approximately £146,000,000 (2017 - £165,000,000) of trading losses to carry forward.

The group has a potential deferred tax asset of £24,820,000 (2017 - £28,050,000) calculated at the tax rate of 17% (2017 - 17%), which has not been recognised or offset against deferred tax liabilities that will be available for future offset.

Brighton & Hove Albion Holdings Limited

Notes forming part of the financial statements
for the year ended 30 June 2018 (*continued*)

11 Intangible fixed assets

| Group and company | Player registration £'000 |
|--------------------------|--|
| <i>Cost</i> | |
| At 1 July 2017 | 31,672 |
| Additions | 57,466 |
| Disposals | (6,582) |
| | <hr/> |
| At 30 June 2018 | 82,556 |
| | <hr/> |
| <i>Amortisation</i> | |
| At 1 July 2017 | 10,692 |
| Charge for the year | 19,311 |
| On disposals | (6,407) |
| | <hr/> |
| At 30 June 2018 | 23,596 |
| | <hr/> |
| <i>Net book value</i> | |
| At 30 June 2018 | 58,960 |
| | <hr/> |
| At 30 June 2017 | 20,980 |
| | <hr/> |

Brighton & Hove Albion Holdings Limited

Notes forming part of the financial statements
for the year ended 30 June 2018 (*continued*)

12 Tangible fixed assets

| Group | Freehold land and buildings £'000 | Motor vehicles £'000 | Fixtures and fittings £'000 | Office equipment £'000 | Assets under construction £'000 | Total £'000 |
|-------------------------------------|--|----------------------------|-----------------------------------|------------------------------|---------------------------------------|----------------|
| <i>Cost or valuation</i> | | | | | | |
| At 1 July 2017 | 144,427 | 28 | 10,663 | 3,165 | 2,095 | 160,378 |
| Additions | 6,098 | - | 3,610 | 2 | - | 9,710 |
| Disposals | (148) | (28) | (339) | - | - | (515) |
| Reclassification | 2,095 | - | - | - | (2,095) | - |
| At 30 June 2018 | 152,472 | - | 13,934 | 3,167 | - | 169,573 |
| <i>Depreciation</i> | | | | | | |
| At 1 July 2017 | 10,379 | 28 | 6,428 | 3,028 | - | 19,863 |
| Charge for the year on owned assets | 2,986 | - | 2,140 | 139 | - | 5,265 |
| Disposals | (149) | (28) | (271) | - | - | (448) |
| At 30 June 2018 | 13,216 | - | 8,297 | 3,167 | - | 24,680 |
| <i>Net book value</i> | | | | | | |
| At 30 June 2018 | 139,256 | - | 5,637 | - | - | 144,893 |
| At 30 June 2017 | 134,048 | - | 4,235 | 137 | 2,095 | 140,515 |

Freehold Land and buildings includes the cost of a premium of £5,300,000 payable for the lease of the stadium land. This lease is for a 125 year period from 28 August 2009.

Brighton & Hove Albion Holdings Limited

Notes forming part of the financial statements
for the year ended 30 June 2018 *(continued)*

13 Fixed asset investments

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

| Name | Class of shares | Holding | Principal activity |
|--|-----------------|---------|---|
| The Community Stadium Limited | Ordinary | 100% | Construction and management of facilities for the use of Brighton and Hove Albion Football Club |
| The Brighton and Hove Albion Football Club Limited | Ordinary | 99.98% | Professional football club and a member of the Premier League |
| Brighton & Hove Albion Women's Football Club Limited | Ordinary | 100% | Womens football club |
| New Monks Farm Development Limited | Ordinary | 100% | Property investment |
| Albion Sports and Leisure Limited | Ordinary | 100% | Dormant |
| Brighton and Hove Sports and Leisure Limited | Ordinary | 100% | Dormant |
| Albion Securities and Developments Limited | Ordinary | 100% | Dormant |

The registered address of all the subsidiaries above is American Express Community Stadium, Village Way, Brighton, BN1 9BL.

The aggregate of the share capital and reserves as at 30 June 2018 and of the profit or loss for the year ended on that date for the subsidiary undertakings were as follows:

| | Aggregate of share capital and reserves £'000 | Profit/(loss) £'000 |
|--|---|------------------------|
| The Community Stadium Limited | (16,431) | (5,003) |
| The Brighton and Hove Albion Football Club Limited | (109,683) | 17,768 |
| Brighton & Hove Albion Women's Football Club Limited | (1,017) | (656) |
| New Monks Farm Development Limited | (3,194) | - |
| Brighton and Hove Sports and Leisure Limited | (17) | - |
| Albion Sports and Leisure Limited | 122 | - |
| Albion Securities and Investments Limited | - | - |
| | (130,220) | 12,109 |

Brighton & Hove Albion Holdings Limited

Notes forming part of the financial statements
for the year ended 30 June 2018 (continued)

13 Fixed asset investments (continued)

| Company | Investments in subsidiary companies £'000 |
|--------------------------|--|
| <i>Cost or valuation</i> | |
| At 1 July 2017 | 285,669 |
| Additions | 32,032 |
| | <hr/> |
| At 30 June 2018 | 317,701 |
| | <hr/> |
| <i>Net book value</i> | |
| At 30 June 2018 | 317,701 |
| | <hr/> |
| At 30 June 2017 | 285,669 |
| | <hr/> |

Investments include receivables from the ultimate controlling party of £314,803,000.

14 Investment property

| <i>Valuation</i> | Freehold investment property £'000 |
|----------------------|---|
| At 1 July 2017 | 2,030 |
| Additions at cost | 4 |
| Impairment provision | (1,874) |
| | <hr/> |
| At 30 June 2018 | 160 |
| | <hr/> |

Investment properties are currently under development.

15 Stocks

| | Group 2018 £'000 | Group 2017 £'000 | Company 2018 £'000 | Company 2017 £'000 |
|----------------------|---------------------------------|---------------------------------|-----------------------------------|-----------------------------------|
| Development property | 17,469 | 15,749 | - | - |
| Goods for resale | 331 | 255 | - | - |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| | 17,800 | 16,004 | - | - |
| | <hr/> | <hr/> | <hr/> | <hr/> |

Stock utilised in cost of sales in the year amounted to £957,000.

Brighton & Hove Albion Holdings Limited

Notes forming part of the financial statements
for the year ended 30 June 2018 *(continued)*

| 16 Debtors | Group 2018 £'000 | Group 2017 £'000 | Company 2018 £'000 | Company 2017 £'000 |
|---|---------------------------------|---------------------------------|-----------------------------------|-----------------------------------|
| Trade debtors | 10,370 | 1,952 | - | - |
| Transfers receivable within one year | 1,473 | - | - | - |
| Transfers receivable after more than one year | 1,369 | - | - | - |
| Other debtors | 452 | 1,004 | - | - |
| Prepayments and accrued income | 3,431 | 2,008 | - | - |
| Tax recoverable | - | 7 | - | - |
| | 17,095 | 4,971 | - | - |
| | 17,095 | 4,971 | - | - |
| 17 Cash and cash equivalents | | | | |
| | Group 2018 £'000 | Group 2017 £'000 | Company 2018 £'000 | Company 2017 £'000 |
| Cash at bank and in hand | 8,969 | 211 | - | - |
| Less: bank overdrafts | - | (16,380) | - | - |
| | 8,969 | (16,169) | - | - |
| | 8,969 | (16,169) | - | - |

Brighton & Hove Albion Holdings Limited

Notes forming part of the financial statements
for the year ended 30 June 2018 *(continued)*

18 Creditors: amounts falling due within one year

| | Group 2018 £'000 | Group 2017 £'000 | Company 2018 £'000 | Company 2017 £'000 |
|------------------------------------|------------------------|------------------------|--------------------------|--------------------------|
| Bank overdrafts | - | 16,380 | - | - |
| Other loans | 141 | 141 | - | - |
| Trade creditors | 3,485 | 3,838 | - | - |
| Transfers payable | 9,861 | 2,619 | - | - |
| Grants receivable | 40 | 40 | - | - |
| Amounts owed to group undertakings | - | - | 9 | 9 |
| Taxation and social security | 9,180 | 1,995 | - | - |
| Corporation tax payable | 808 | - | - | - |
| Other creditors | 222,884 | 191,330 | 222,716 | 190,684 |
| Accruals and deferred income | 21,323 | 8,171 | - | - |
| | 267,722 | 224,514 | 222,725 | 190,693 |

A cross guarantee and debenture exists between Brighton and Hove Albion Holdings Limited and The Community Stadium Limited.

19 Creditors: amounts falling due after more than one year

| | Group 2018 £'000 | Group 2017 £'000 | Company 2018 £'000 | Company 2017 £'000 |
|------------------------------|------------------------|------------------------|--------------------------|--------------------------|
| Grants receivable | 1,680 | 1,720 | - | - |
| Accruals and deferred income | 697 | 1,061 | - | - |
| Transfer payable | 9,086 | - | - | - |
| | 11,463 | 2,781 | - | - |

Grants receivable are recognised over a period of 20 years, in accordance with the grant terms.

Brighton & Hove Albion Holdings Limited

Notes forming part of the financial statements
for the year ended 30 June 2018 *(continued)*

20 Financial instruments

| | Group 2018 £'000 | Group 2017 £'000 | Company 2018 £'000 | Company 2017 £'000 |
|---|------------------------|------------------------|--------------------------|--------------------------|
| Financial assets | | | | |
| Basic financial assets that are measured at amortised cost | 13,664 | 2,956 | - | - |
| Financial liabilities | | | | |
| Basic financial liabilities that are measured at amortised cost | (263,704) | (219,140) | (222,716) | (190,684) |
| | (250,040) | (216,184) | (222,716) | (190,684) |

Basic financial assets measured at amortised cost comprise trade debtors, players debtors and other debtors.

Basic financial liabilities measured at amortised cost comprise bank overdrafts, trade creditors, players creditors, other creditors and accruals.

21 Deferred taxation

| Group | 2018 £'000 | 2017 £'000 |
|----------------------|---------------|---------------|
| At beginning of year | (1,506) | (1,506) |
| At end of year | (1,506) | (1,506) |

The provision for deferred taxation is made up as follows:

| | Group 2018 £'000 | Group 2017 £'000 |
|---------------------------------------|------------------------|------------------------|
| Valuation of properties held as stock | (1,506) | (1,506) |

22 Share capital

| | 2018 £'000 | 2017 £'000 |
|---|---------------|---------------|
| Shares classified as equity | | |
| <i>Allotted, called up and fully paid</i> (2017 - 95,232,380) ordinary shares of £1 each | 95,232 | 95,232 |

Brighton & Hove Albion Holdings Limited

Notes forming part of the financial statements
for the year ended 30 June 2018 (continued)

23 Reserves

Profit and loss account

This reserve represents the cumulative profit and losses of the group and company.

24 Contingencies - Transfer fees receivable / payable

Under the terms of contracts with other football clubs in regard to player transfers, additional fees could become receivable and payable if certain defined performance criteria are fulfilled. The maximum that could be receivable is £3,300,000 (2017 - £Nil) and the maximum that could become payable is £6,272,000 (2017 - £2,100,000).

25 Capital commitments

At 30 June 2018 the Group and Company had capital commitments as follows:

| | 2018 £'000 | 2017 £'000 |
|---|---------------|---------------|
| Contracted for but not provided in these financial statements | 626 | 935 |

26 Pension commitments

The Group operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Group in an independently administered fund. The pension cost charge represents contributions payable by the Group to the fund and amounted to £270,000 (2017 - £224,000). Contributions totalling £nil (2017 - £Nil) were payable to the fund at the balance sheet date

27 Commitments under operating leases

At 30 June 2018 the Group and Company had future minimum lease payments under non-cancellable operating leases as follows:

| | 2018 £'000 | 2017 £'000 |
|--|---------------|---------------|
| Not later than 1 year | 25 | 42 |
| Later than 1 year and not later than 5 years | 15 | 31 |
| | 40 | 73 |

Brighton & Hove Albion Holdings Limited

Notes forming part of the financial statements
for the year ended 30 June 2018 *(continued)*

28 Related party transactions

Directors loan

At 30 June 2018, an amount owed to AG Bloom by the Group amounted to £ 222,716,000 (2017 - £190,684,000). These loans are interest free, unsecured and repayable on demand and included in other creditors above.

Adenstar Construction Ltd

The Group uses Adenstar Construction Ltd, a company owned by DL Chapman (director) to provide project management works. RF Comer (director) is a non-executive director of the company. During the year, the Group paid Adenstar Construction Ltd £60,000 (2017 - £nil) for these services. At the period end no amounts were payable to Adenstar Construction Ltd (2017 - £60,000).

Other

The Group uses Dr E Perry, the wife of MJ Perry (director) to provide counselling services for employees. During the year, the Group paid Dr Perry £12,000 (2017 - £14,000) for these services. At the period end no amounts were payable to Dr Perry (2017 - £Nil).

Key Management Personnel Remuneration

The directors are considered to be the key management personnel and their remuneration is disclosed in Note 8.

Albion in the community

The Group operates a local charity, Albion in the Community. At the period end, the charity owed the Group £32,000 (2017 - £281,000), and the Group owed the charity £22,000 (2017 - £nil).

29 Controlling party

The ultimate controlling party of the Group is AG Bloom, by virtue of his shareholding in the company.