

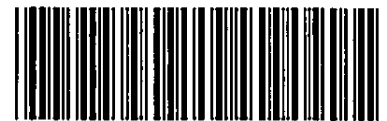
# Brighton and Hove Albion Holdings Limited

Registered number 2849319

## Directors' report and financial statements

For the year ended 30 June 2009

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# **BRIGHTON AND HOVE ALBION HOLDINGS LIMITED**

## **COMPANY INFORMATION**

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<b>Directors</b>	A Bloom (appointed 18 May 2009) R Bloom K G Brown D Chapman R F Comer A Franks (appointed 17 September 2009) M J Perry M L Sugarman (appointed 17 September 2009)
<b>Company secretary</b>	R F Comer
<b>Company number</b>	2849319
<b>Registered office</b>	North West Suite Tower Point 44 North Road Brighton BN1 1YR
<b>Auditors</b>	Mazars LLP Chartered accountants & Registered auditors 37 Frederick Place Brighton BN1 4EA

# **BRIGHTON AND HOVE ALBION HOLDINGS LIMITED**

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# **BRIGHTON AND HOVE ALBION HOLDINGS LIMITED**

## **DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2009**

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The directors present their report and the financial statements for the year ended 30 June 2009

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

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

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

### **Principal activities**

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

# **BRIGHTON AND HOVE ALBION HOLDINGS LIMITED**

## **DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2009**

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### **Business review**

#### **Playing matters**

The 2008/09 season ended with Club in 16th place in League One six points clear of the final relegation spot. A generally disappointing season saw the Club struggling against relegation until five wins and a draw from the final seven games guaranteed a comfortable safety position. Russell Slade was appointed to succeed Micky Adams in February 2009 and is to be congratulated for his achievement in overseeing this period. There was some success in the Cup competitions, the Club reached the area final of the Johnstone Paint Trophy (JPT) only to lose on penalties to Luton Town. In the Carling Cup a dramatic night at Withdean saw the Club defeat Manchester City 5-3 on penalties in the second round in front of a capacity crowd, before losing in the third round to Derby County. The FAC saw a disappointing exit in round one to Hartlepool United.

The close season saw a number of senior players join the Club, Colin Hawkins (Coventry), Kevin McLeod (Colchester), Adam Virgo (Celtic), Doug Livermore (Hull). The January transfer window saw Craig Davies (Oldham) and Jim McNulty (Stockport) both join the Club for fees. There were also short term contracts for Chris Birchall, Jason Jarrett and Sebastian Carole.

The playing squad was strengthened throughout the season utilising the loan system. In total thirteen loan players were signed with notable contributions from Lloyd Owusu and Gary Dicker.

Manager Micky Adams left the Club by mutual consent in February 2009 and was replaced by Russell Slade. Post season Russell Slade left the Club and was replaced by Gus Poyet.

Post season, James Tunnicliffe (Stockport), Gary Dicker (Stockport), Graeme Smith (Motherwell), Andrew Crofts (Gillingham), Liam Dickinson (Derby), Alan Navarro (Wimbledon) and Elliott Bennett (Wolves) all joined the Club. Departing were Adam Hinshelwood, Jake Robinson, Joel Lynch, Doug Loft, Tommy Fraser, John Sullivan, Johnny Dixon and long serving Kerry Mayo.

#### **Falmer**

The Falmer development is contained within The Community Stadium Ltd (TCSL), a wholly owned subsidiary of Brighton & Hove Albion Holdings Ltd. The core activity of this company is the design, building, financing and operation of the stadium development.

Planning Permission was granted by the Secretary of State for the Department of Communities and Local Government in July 2007. The building contract let under the Joint Contracts Tribunal Building standard form of Building Contract with Contractors Design was let to Buckingham Group Contracting and was signed in November 2008. The contract value was £66.125 million. Work commenced on site on 1 December 2008 and practical completion of the main contract is due 31 May 2011.

A number of the design consultants including the architects – KSS Design Group were novated to Buckingham Group on signature of the building contract but TCSL retained specialist advisors including Franklin & Andrews trading under the name of Franklin Sports Business – cost consultancy and as employers agent, Savell Bird & Axon as transportation consultants and ME Engineers as mechanical and electrical engineers.

The first phase of the works was the construction of the road widening to Village Way which forms the main access to the stadium development. This was due for completion on 31 March 2009. Slight delays were incurred caused by archaeology which was found in one corner of the site and as a result, practical completion of this section of the works was granted on 6 April just 6 days late. Buckingham have since caught up this time and have confirmed no claims will be made for delays to this section of the works.

Prior to commencing the main section of the works it was a requirement of the Development Agreement between TCSL, Brighton & Hove City Council and the University of Brighton, that all funding was in place to complete the development. An information memorandum produced in conjunction with PriceWaterhouse Coopers was issued in January 2008. But it soon became clear that in the prevailing economic and lending market the banks would not be willing to provide any debt funding for the project.

# **BRIGHTON AND HOVE ALBION HOLDINGS LIMITED**

## **DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2009**

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The Board of TCSL were then advised by Mr Tony Bloom that he would be willing to underwrite the development. In April 2009 the City Council confirmed they were satisfied all funding had been secured to complete the development and granted permission for work to proceed on the main stadium development.

Since then good progress has been made by the main contractor. The structural steel frame commenced on programme to the East Stand in July 2009 and vacant possession of the land owned by the University of Brighton was granted on 1 October 2009 exactly on programme.

Currently the work is approximately two weeks behind programme caused by the severe weather in the early part of 2010 but Buckingham are confident these delays can be caught up over the summer period of 2010. They are currently predicting that practical completion will be achieved on time at the end of May 2010.

Expenditure on the project to date now exceeds £30 million.

Underpinning all the activity on site was the need to obtain a revised planning consent for the development. This was necessary because the design had to be changed to meet the significant changes in legislation affecting the design and operation of stadia in the UK including the Disability Discrimination Act 1995. The revised Section 106 Planning Agreements were signed in April 2009 and the Planning Consent was granted by the City Council. The Challenge Period expired in July 2009 with no challenges being lodged.

In addition there were a number of legal agreements that had to be finalised including the Development Agreement and Leases with the University of Brighton and the City Council. This was completed in September 2009. All legal agreements are now in place to enable completion of the development.

The Regional Development Agency SEEDA confirmed the grant support for the infrastructure valued at £5.15 million and work to the SEEDA funded Highway works have been procured by the City Council – the work has been let to Osborne Contracting Group and is underway. The Council are drawing down the funds from SEEDA as the work proceeds. The Football Foundation Stadia Improvement Fund confirmed they were willing to provide grant funding for the development to a maximum of £2 million and the first drawdown of funding has been paid.

Work is now proceeding on the issues relating to the operation of the stadium. Tenders have been issued to major catering and pouring rights contractors and an appointment of a contractor to provide catering and beverage services is expected in February 2010. Regular consultations are being held with a shadow safety advisory group which will lead to the issue of a safety certificate by the Local Authority prior to opening of the stadium, and discussions are underway with the train and bus operators for the provision of sufficient transport services on match days and major event days. An experienced marketing partner – Empire Stadiums who were involved in the successful marketing of new stadiums at Hull, Swansea, Coventry and Cardiff – have been appointed, and a marketing suite is being constructed on the site. Marketing of the corporate hospitality is due to commence in February 2010 and already major interest has been shown by the corporate market in the catchment area.

The project is being managed on behalf of TCSL by two directors of the Company – Mr Martin Perry acting as Project Director had over 30 years experience in the construction industry including stadium construction experience prior to joining the Board as an executive director of Brighton & Hove Albion Holdings and its subsidiary companies. In addition Mr Derek Chapman acting as Construction Director also has over 30 years of experience in the construction industry and is currently the owner of Adenstar Developments Limited, a local contractor and property development company. They are supported by a dedicated project team including Operations Manager Mr Richard Hebbard who was formerly a senior police officer in the Metropolitan Police and specialised in Stadia and Event Management. The Group is fortunate to have such an experienced team at its disposal and is grateful to all members of staff and consultants acting on behalf of TCSL for their hard work and commitment to the successful conclusion of this project.

Finally the Board wishes to extend its extremely grateful thanks to Mr Tony Bloom for his enormous generosity and commitment to this project – it simply would not be proceeding without his contribution.

### **Financial Summary**

# **BRIGHTON AND HOVE ALBION HOLDINGS LIMITED**

## **DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2009**

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The turnover of the Club was £4,135,728 an overall small increase of £80,150 (2%) over the previous year. Gate receipts increased marginally by £28k, commercial & retail activities rose again marginally by £14k, TV and radio broadcasting royalties rose by £18k as a result of increased live coverage of two JPT ties. The Football League's basic and win fees central distribution increased to £641k (previous year £605k) an increase of £36k mainly due to distributions from the JPT. Website commissions via the Fli deal decreased by £10k over the previous season.

Average League attendances fell to 5,679 for 2008/09 compared to 5,702 in 2006/07. Clearly the poor facilities offered to spectators at Withdean remains the main factor in low attendances coupled with the continuation of the economic recession and relatively poor achievements on the pitch.

Total staff costs increased by £867k over the previous year mainly being a reflection of increased investment in the playing budget. In total the average number of full time staff employed by the Club remained constant at 85 with a further 172 average per month (2008 186) on a part-time basis.

In addition to the increase in staff costs, the first full year of the Young Seagulls initiative saw an expenditure by the club of £189,000. The project has seen the membership rise to almost 9,000 members. Stadium running costs increased by £155,000 due mainly to seven additional home cup matches in the Johnstone Paint Trophy, League Cup and the FA Cup. The club shop relocated to new premises in Queens Road, Brighton, and a dilapidation charge of £100,000 was allocated to the refurbishment of the former premises following the end of the lease.

Overall the operating loss (before player disposals, interest and exceptional items are applied) increased by £1,506k to £(4,656)k over the previous year £(3,150)k.

The group loss on ordinary activities before taxation is £(4,748,729).

### **Sponsorship**

Local IT specialists IT First were the main shirt sponsors for 2008/09 and have exercised their option for continuation in 2009/10 and committed to the final year at Withdean 2010/11. We would like to thank Managing Director Paul Goldsmith, and his Board for their enthusiastic support and commitment to the Club.

Donatello restaurant continued as secondary shirt sponsor and have also committed to the final year at Withdean and first two years at the new stadium. We would like to thank them too, for their tremendous long term support which is greatly appreciated.

In addition to the two main club sponsors, a number of local companies and individuals have supported the club in many different ways either by direct sponsorships or by membership of "Friends of the Albion", a supporting network of local businesses, and we are grateful to them too.

### **Albion in the Community**

Albion in the Community is a separately constituted charitable company, overseen by six independent trustees, employing twenty two full-time members of staff and one hundred and twenty registered community football coaches and tutors. Supporting much of its work are volunteers providing the company with an invaluable day-to-day workforce.

A successful year culminated in being 'Highly Commended' in the category of Community Club of the Year League One 2009 at the Football League Awards.

Albion in the Community works to develop links with the community through inspiring young people and adults to become involved in the work of our six departments – Football and Multi Sports, Disability Football, Football Inclusion, Education, Community Relations and Health.

# **BRIGHTON AND HOVE ALBION HOLDINGS LIMITED**

## **DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2009**

Football and Multi Sports projects include soccer schools and soccer development courses, holiday courses, skills training centres and an annual residential soccer school. Furthermore as an accredited centre for the delivery of the 'Certificate for Coaching Football' courses, opportunities are present to gain nationally recognised qualifications.

Disability Football projects provide specialised coaching and opportunities for young people and adults with special needs. Work is undertaken in special schools, competitive leagues are administered and disabled clubs are run throughout Sussex.

Football Inclusion projects provide opportunities for socially excluded young people living within deprived communities. Initiatives include the 'RSL Cup Final Project' - working with Housing Associations across Sussex, the Kickz programme, a partnership with East Sussex Fire & Rescue Services and our Football Outreach programme, which works with young people in Africa and Asia.

Education projects are delivered at our Study Support Centres based at Withdean Stadium in Brighton, Worthing, Hastings and Havant & Waterlooville football clubs. Provision at these centres includes Skills For Life, Sports, Exercise & Nutrition, Volunteer and Community Sports Leaders courses. Also delivered was the 'Personal Best' programme, which gives unemployed adults training and help into job and volunteering opportunities.

The Community Relations department uses the inspirational qualities and experience of ex-professional footballers to coach and mentor 'hard to reach' groups and encourage community participation and business sponsorship of community events.

Health projects focus on reducing the levels of childhood obesity, raising the awareness of the signs and symptoms of cancer in males over 55 and reducing numbers of smokers. Working with local and national partners we educate on the importance of making healthier lifestyle choices.

### **Supporters and Staff**

Despite the limited facilities currently available, the Directors, management and players are grateful for the regular support the Club continues to attract for its activities on and off the field.

The Community Stadium at Falmer ground breaking day in December 2008 truly heralded the start of a new era of optimism for the Club, supporters and staff and indeed the City of Brighton & Hove. The subsequent months have seen that dream start to become a reality as stadium construction commenced.

After 11 years at the helm as Chairman, Dick Knight retired from the Board. New Chairman Tony Bloom and the entire Board would like to express their appreciation to Dick for his magnificent contribution to the Club's history.

The Board would also like to thank all of the staff involved in the day to day commercial, retail and administrative activities of the Club, who, together with the plethora of match day staff required to successfully host a professional football match, continue to represent the best interests of Brighton and Hove Albion Football Club as we move towards the new stadium at Falmer.

### **Risk management**

The board recognise that the business of running a football club has to be carefully managed. The management structures for the Club and Stadium Company are clearly defined and close liaison is being maintained between the two teams. The board are acutely aware of the importance to maintain league position and continue to work toward developing a successful business both on and off of the pitch.

The Club has instituted a disaster recovery plan to ensure that all operational risks are mitigated as far as possible.



# **BRIGHTON AND HOVE ALBION HOLDINGS LIMITED**

## **DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2009**

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### **Results and dividends**

The loss for the year, after taxation, amounted to £4,748,729 (2008 - profit £877,014)

The directors are unable to recommend the payment of a dividend

### **Directors**

The directors who served during the year were

A Bloom (appointed 18 May 2009)  
R Bloom  
K G Brown  
D Chapman  
R F Comer  
A Franks (appointed 17 September 2009)  
H R Knight (resigned 19 May 2009)  
M J Perry  
M L Sugarman (appointed 17 September 2009)

### **Provision of information to auditors**

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

- so far as that director is aware, there is no relevant audit information of which the company and the group's auditors are unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any information needed by the company and the group's auditors in connection with preparing their report and to establish that the company and the group's auditors are aware of that information

### **Auditors**

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

This report was approved by the board on **24/3/2010**

and signed on its behalf



**R F Comer**  
Secretary

# **BRIGHTON AND HOVE ALBION HOLDINGS LIMITED**

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

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We have audited the financial statements of Brighton and Hove Albion Holdings Limited for the year ended 30 June 2009, which comprise the group profit and loss account, the group and company balance sheets, the group cash flow statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

### **Respective responsibilities of directors and auditors**

As explained more fully in the Statement of Directors' Responsibilities set out on page 1, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors. This report, including our opinion, has been prepared for and only for the company's members, as a body, in accordance with Sections 495 and 496 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an Auditors' Report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

### **Scope of the audit of the financial statements**

A description of the scope of an audit of financial statements is provided on the APB's website at [www.frc.org.uk/apb/scope/UKNP](http://www.frc.org.uk/apb/scope/UKNP).

### **Fundamental uncertainty**

In forming our opinion, we have considered the adequacy of the disclosures made in the financial statements concerning the basis of preparation. The financial statements have been prepared on a going concern basis and the validity of this depends on the ability of the directors to generate sufficient further funding and the continued support of the directors in providing adequate loan facilities. The financial statements do not include any adjustments that would result from a failure to obtain such funding and support. Details relating to this matter are described in note 1.3. Our opinion is not qualified in this respect.

### **Opinion on the financial statements**

In our opinion the financial statements

- give a true and fair view of the state of the group's and the parent company's affairs as at 30 June 2009 and of the group's loss for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Opinion on the other matter prescribed by the Companies Act 2006**

In our opinion the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

# BRIGHTON AND HOVE ALBION HOLDINGS LIMITED

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

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### Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

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

Mazars LLP

Mazars LLP, Chartered accountants (Registered auditors)

Richard Hopkins (Senior Statutory Auditor)  
37 Frederick Place  
Brighton  
BN1 4EA

Date 29 March 2010

# BRIGHTON AND HOVE ALBION HOLDINGS LIMITED

## CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30 JUNE 2009

	Note	2009 £	2008 £
Turnover	1,2	4,135,728	4,055,578
Administrative expenses		(10,246,694)	(7,642,424)
Other operating income	3	346,815	436,658
<b>Operating loss</b>	4	<b>(5,764,151)</b>	<b>(3,150,188)</b>
Exceptional items	8		
Other exceptional items	8	11,050	4,026,442
<b>(Loss)/profit on ordinary activities before interest</b>		<b>(5,753,101)</b>	<b>876,254</b>
Interest receivable		1,005,691	5,383
Interest payable	7	(1,319)	(4,623)
<b>(Loss)/profit on ordinary activities before taxation</b>		<b>(4,748,729)</b>	<b>877,014</b>
Tax on (loss)/profit on ordinary activities	9	-	-
<b>(Loss)/profit for the financial year</b>		<b>(4,748,729)</b>	<b>877,014</b>

All amounts relate to continuing operations

There were no recognised gains and losses for 2009 or 2008 other than those included in the profit and loss account

The notes on pages 13 to 27 form part of these financial statements

**BRIGHTON AND HOVE ALBION HOLDINGS LIMITED**

Registered number 2849319

**CONSOLIDATED BALANCE SHEET****AS AT 30 JUNE 2009**

	Note	£	2009 £	£	2008 £
<b>Fixed assets</b>					
Intangible fixed assets	11		606,573		369,801
Tangible fixed assets	12		14,897,194		6,309,702
			<u>15,503,767</u>		<u>6,679,503</u>
<b>Current assets</b>					
Stocks	13	127,597		102,022	
Debtors amounts falling due after more than one year	14	-		15,447	
Debtors amounts falling due within one year	14	796,419		665,217	
Investments	15	34,383,740		-	
Cash at bank	16	9,432,814		754,239	
		<u>44,740,570</u>		<u>1,536,925</u>	
<b>Creditors: amounts falling due within one year</b>	17	<u>(4,806,329)</u>		<u>(3,177,566)</u>	
<b>Net current assets/(liabilities)</b>			<u>39,934,241</u>		<u>(1,640,641)</u>
<b>Total assets less current liabilities</b>			<u>55,438,008</u>		<u>5,038,862</u>
<b>Creditors: amounts falling due after more than one year</b>	18		<u>(48,562,691)</u>		<u>(11,414,816)</u>
<b>Net assets/(liabilities)</b>			<u><u>6,875,317</u></u>		<u><u>(6,375,954)</u></u>
<b>Capital and reserves</b>					
Called up share capital	19		24,962,380		6,962,380
Profit and loss account	20		<u>(18,087,063)</u>		<u>(13,338,334)</u>
<b>Shareholders' funds/(deficit)</b>	21		<u><u>6,875,317</u></u>		<u><u>(6,375,954)</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on **24/3/2010**



**M J Perry**  
Director

The notes on pages 13 to 27 form part of these financial statements

**BRIGHTON AND HOVE ALBION HOLDINGS LIMITED**

Registered number 2849319

**COMPANY BALANCE SHEET****AS AT 30 JUNE 2009**

	Note	£	2009 £	£	2008 £
<b>Fixed assets</b>					
Fixed asset investments	10		70,002		70,002
<b>Current assets</b>					
Debtors amounts falling due after more than one year	14	73,017,467		-	
Debtors amounts falling due within one year	14	-		6,790,569	
		73,017,467		6,790,569	
<b>Creditors</b> amounts falling due within one year	17	(8,998)		(70,002)	
<b>Net current assets</b>			73,008,469		6,720,567
<b>Total assets less current liabilities</b>			73,078,471		6,790,569
<b>Creditors</b> amounts falling due after more than one year	18		(48,371,900)		-
<b>Net assets</b>			24,706,571		6,790,569
<b>Capital and reserves</b>					
Called up share capital	19		24,962,380		6,962,380
Profit and loss account	20		(255,809)		(171,811)
<b>Shareholders' funds</b>	21		24,706,571		6,790,569

The financial statements were approved and authorised for issue by the board and were signed on its behalf on **24/3/2010**



**M J Perry**  
Director

The notes on pages 13 to 27 form part of these financial statements

# BRIGHTON AND HOVE ALBION HOLDINGS LIMITED

## CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2009

	Note	2009 £	2008 £
Net cash flow from operating activities	22	44,591,873	(4,713,706)
Returns on investments and servicing of finance	23	1,004,372	760
Capital expenditure and financial investment	23	(43,518,147)	(24,517)
<b>Cash inflow/(outflow) before financing</b>		<b>2,078,098</b>	<b>(4,737,463)</b>
Financing	23	6,600,477	5,687,996
<b>Increase in cash in the year</b>		<b>8,678,575</b>	<b>950,533</b>

## RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS/DEBT FOR THE YEAR ENDED 30 JUNE 2009

	2009 £	2008 £
Increase in cash in the year	8,678,575	950,533
Cash outflow/(inflow) from decrease/(increase) in debt and lease financing	11,399,523	(5,587,996)
<b>Movement in net debt in the year</b>	<b>20,078,098</b>	<b>(4,637,463)</b>
Net debt at 1 July 2008	(10,887,167)	(6,249,704)
<b>Net funds/(debt) at 30 June 2009</b>	<b>9,190,931</b>	<b>(10,887,167)</b>

The notes on pages 13 to 27 form part of these financial statements

# BRIGHTON AND HOVE ALBION HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

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### 1. Accounting Policies

#### 1.1 Basis of preparation of financial statements

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

#### 1.2 Basis of consolidation

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

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

#### 1.3 Going concern

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

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

#### 1.4 Turnover

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

#### 1.5 Intangible fixed assets and amortisation

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

In accordance with FRS 10 player registrations are capitalised and written off over the period of the player's contract

#### 1.6 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. No depreciation is charged on assets under construction. Depreciation is provided on all other assets at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases

Land and buildings - Falmer development	-	0%	Under construction
Land and buildings - Withdean Stadium development costs	-		Over the period of the lease
Motor vehicles	-	25%	straight line
Fixtures, fittings & equipment	-	20-33%	straight line
Training ground improvements	-	20%	straight line



# BRIGHTON AND HOVE ALBION HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

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### 1. Accounting Policies (continued)

#### 1.7 Investments

Investments in subsidiaries are valued at cost less provision for impairment

#### 1.8 Stocks

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

#### 1.9 Deferred taxation

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

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

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

Deferred tax assets and liabilities are not discounted.

#### 1.10 Operating leases

Rentals under operating leases are charged on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the period until the date the rent is expected to be adjusted to the prevailing market rate.

#### 1.11 Pensions

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

### 2. Turnover

The group operates in the UK and the whole of its turnover is to the UK market.

### 3 Other operating income

	2009 £	2008 £
Other operating income	67,598	143,624
Loan players	114,117	35,337
Stadium grant	-	122,187
Youth development grant	165,100	135,510
	<u>346,815</u>	<u>436,658</u>

# BRIGHTON AND HOVE ALBION HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

### 4. Operating loss

The operating loss is stated after charging

	2009 £	2008 £
Amortisation - intangible fixed assets	177,428	86,033
Depreciation of tangible fixed assets		
- owned by the group	59,303	545,196
Auditors' remuneration	17,650	13,250
Auditors' remuneration - non-audit	6,400	2,500
Operating lease rentals		
- plant and machinery	12,879	18,952
- other operating leases	188,843	139,213

### 5 Staff costs

Staff costs, including directors' remuneration, were as follows

	2009 £	2008 £
Wages and salaries	4,467,256	3,516,377
Social security costs	403,013	338,651
Other pension costs	54,853	33,867
	4,925,122	3,888,895

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

	2009 No.	2008 No.
Players (including youth players)	45	46
Management and administration	40	39
	85	85

During the year, an average of 172 part-time staff (2008 - 186) were employed by the group for match days

# BRIGHTON AND HOVE ALBION HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

### 6 Directors' remuneration

	2009 £	2008 £
Emoluments	209,004	205,306
Group pension contributions to money purchase pension schemes	19,150	10,800

During the year retirement benefits were accruing to 2 director (2008 - 1) in respect of money purchase pension schemes

The highest paid director received remuneration of £121,800 (2008 - £105,000)

The value of the company's contributions paid to a money purchase pension scheme in respect of the highest paid director amounted to £11,150 (2008 - £10,800)

### 7 Interest payable

	2009 £	2008 £
On bank loans and overdrafts	2	1,494
On other loans	1,317	3,129
	1,319	4,623

### 8. Exceptional items

	2009 £	2008 £
Profit on sale of intangible assets - player registrations	11,050	429,900
Falmer development expenditure	-	(2,618,290)
Reversal of impairment of Falmer development expenditure	-	6,214,832
	11,050	4,026,442

During the previous year the group received planning permission in relation to the Falmer development. The granting of planning permission resulted in the write back of past impairment of the costs of obtaining planning permission for Falmer up that point.

All subsequent expenditure in relation to Falmer was capitalised within the group.

# BRIGHTON AND HOVE ALBION HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

### 9. Taxation

	2009 £	2008 £
UK corporation tax charge on (loss)/profit for the year	-	-

#### Factors affecting tax charge for the year

The tax assessed for the year is lower than (2008 - lower than) the standard rate of corporation tax in the UK (21%). The differences are explained below

	2009 £	2008 £
(Loss)/profit on ordinary activities before tax	(4,748,729)	877,014
(Loss)/profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 21% (2008 - 21%)	(997,233)	184,173
<b>Effects of</b>		
Expenses not deductible for tax purposes	202,640	17,339
Depreciation in excess of capital allowances	(7,679)	66,710
Increased tax losses	801,463	487,086
Enhanced deduction for land remediation expenditure	(27)	-
Accrued pension contributions	836	-
Impairment reversal	-	(755,274)
Other adjustments	-	(34)
<b>Current tax charge for the year (see note above)</b>	-	-

#### Factors that may affect future tax charges

At 30 June 2009, the group had approximately £23,673,472 (2008 £19,856,982) of trading losses to carry forward

The group has a potential deferred tax asset of £5,007,600 (2008 £4,215,27) calculated at the tax rate of 21%. The deferred tax asset is represented by the total of tax losses of £4,971,459 (2008 £4,169,996), depreciation in excess of capital allowances of £35,305 (2008 £45,261) and other short term differences of £836 (2008 £nil). The deferred tax asset has not been recognised as the directors do not anticipate utilisation of the tax losses in the foreseeable future

# BRIGHTON AND HOVE ALBION HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

### 10 Fixed asset investments

	Shares in group undertakings £
<b>Group</b>	
<b>Cost or valuation</b>	
At 1 July 2008	-
Additions	3,867
At 30 June 2009	3,867
<b>Impairment</b>	
At 1 July 2008	-
Charge for the year	3,867
At 30 June 2009	3,867
<b>Net book value</b>	
At 30 June 2009	-
At 30 June 2008	-
<b>Company</b>	
<b>Cost or valuation</b>	
At 1 July 2008	241,713
Additions	83,998
At 30 June 2009	325,711
<b>Impairment</b>	
At 1 July 2008	171,711
Charge for the year	83,998
At 30 June 2009	255,709
<b>Net book value</b>	
At 30 June 2009	70,002
At 30 June 2008	70,002

The subsidiaries are as follows

Company name	Country	Percentage Shareholding	Description
Brighton and Hove Sports Leisure Limited	England and Wales	100% Ordinary	Intermediate holding company
Albion Sports and Leisure Limited	England and Wales	100% Ordinary	Dormant

# BRIGHTON AND HOVE ALBION HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

### Principal subsidiaries (continued)

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

### 11. Intangible fixed assets

Group	Player registrations £	Goodwill £	Total £
<b>Cost</b>			
At 1 July 2008	452,000	139,566	591,566
Additions	459,000	-	459,000
Disposals	(56,000)	-	(56,000)
At 30 June 2009	855,000	139,566	994,566
<b>Amortisation</b>			
At 1 July 2008	82,199	139,566	221,765
Charge for the year	177,428	-	177,428
On disposals	(11,200)	-	(11,200)
At 30 June 2009	248,427	139,566	387,993
<b>Net book value</b>			
At 30 June 2009	606,573	-	606,573
At 30 June 2008	369,801	-	369,801

Goodwill arose on the acquisition of the company's subsidiaries in 1993, and was written off subsequently over the period that the group derived direct economic benefits from the acquisitions

# BRIGHTON AND HOVE ALBION HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

### 12 Tangible fixed assets

Group	Land and buildings £	Motor vehicles £	Fixtures, fittings and equipment £	Training ground improvement s £	Total £
<b>Cost</b>					
At 1 July 2008	9,839,052	20,564	214,409	79,583	10,153,608
Additions	15,761,958	-	119,522	22,417	15,903,897
Disposals	(7,241,910)	(10,927)	(16,261)	(71,543)	(7,340,641)
At 30 June 2009	18,359,100	9,637	317,670	30,457	18,716,864
<b>Depreciation</b>					
At 1 July 2008	3,624,220	5,141	141,394	73,151	3,843,906
Charge for the year	-	7,228	45,984	6,091	59,303
On disposals	-	(2,732)	(9,264)	(71,543)	(83,539)
At 30 June 2009	3,624,220	9,637	178,114	7,699	3,819,670
<b>Net book value</b>					
At 30 June 2009	14,734,880	-	139,556	22,758	14,897,194
At 30 June 2008	6,214,832	15,423	73,015	6,432	6,309,702

At 30 June 2009, included within the net book value of land and buildings is £14,734,880 (2008 - £NIL) relating to freehold land and buildings (Falmer development) and £NIL (2008 - £NIL) relating to long term leasehold land and buildings (Withdean Stadium)

### 13. Stocks

	<b>Group</b>		<b>Company</b>	
	<b>2009</b>	<b>2008</b>	<b>2009</b>	<b>2008</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Goods for resale	127,597	102,022	-	-

# BRIGHTON AND HOVE ALBION HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

### 14 Debtors

	<b>Group</b>		<b>Company</b>	
	<b>2009</b>	<b>2008</b>	<b>2009</b>	<b>2008</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>Due after more than one year</b>				
Amounts owed by group undertakings	-	-	73,017,467	-
Other debtors	-	15,447	-	-
	<u>-</u>	<u>15,447</u>	<u>73,017,467</u>	<u>-</u>
	<b>Group</b>		<b>Company</b>	
	<b>2009</b>	<b>2008</b>	<b>2009</b>	<b>2008</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>Due within one year</b>				
Trade debtors	107,820	479,158	-	-
Amounts owed by group undertakings	-	-	-	6,790,569
Amounts owed by related parties	3,057	-	-	-
Other debtors	383,960	72,028	-	-
Prepayments and accrued income	301,582	114,031	-	-
	<u>796,419</u>	<u>665,217</u>	<u>-</u>	<u>6,790,569</u>

Other debtors include an amount of £nil (due in more than one year) (2008 £15,447) to cover an irrecoverable letter of credit that was issued to Errea Sport S p A, who are sportswear suppliers of the club

### 15. Current asset investments

	<b>Group</b>		<b>Company</b>	
	<b>2009</b>	<b>2008</b>	<b>2009</b>	<b>2008</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Unlisted investments	<u>34,383,740</u>	<u>-</u>	<u>-</u>	<u>-</u>

Current asset investments are held as low risk investments with a view to meeting the liabilities from the stadium construction contract as they arise



# BRIGHTON AND HOVE ALBION HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

### 16. Cash at bank

	2009 £	2008 £
Current account	8,651,814	754,239
Escrow account	781,000	-
	<u>9,432,814</u>	<u>754,239</u>

Monies in Escrow are wheld within a solicitors client account and are not freely available to the group. Such monies will be released on the group meeting certain conditions at set points in time, as set out in contract between the contracting parties.

### 17 Creditors. Amounts falling due within one year

	Group		Company	
	2009 £	2008 £	2009 £	2008 £
Other loans	241,882	329,906	-	-
Payments received on account	992,440	1,212,913	-	-
Trade creditors	3,034,392	1,014,445	-	-
Amounts owed to group undertakings	-	-	8,998	70,002
Amounts owed to related parties	33,635	-	-	-
Social security and other taxes	156,449	220,689	-	-
Directors' loans (note 29)	-	20,000	-	-
Other creditors	71,967	258,947	-	-
Accruals and deferred income	275,564	120,666	-	-
	<u>4,806,329</u>	<u>3,177,566</u>	<u>8,998</u>	<u>70,002</u>

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

	Group		Company	
	2009 £	2008 £	2009 £	2008 £
Other loans	-	11,311,500	-	-
Other creditors	190,791	-	-	-
Directors loan account (note 29)	48,371,900	103,316	48,371,900	-
	<u>48,562,691</u>	<u>11,414,816</u>	<u>48,371,900</u>	<u>-</u>

Loans made to the group by A Bloom (previously disclosed as other loans payable after more than one year) are made to support both the ongoing playing matters of the group and the construction of the Community Stadium. The loans are unsecured and interest free.

# BRIGHTON AND HOVE ALBION HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

### 19 Share capital

	2009 £	2008 £
<b>Authorised</b>		
100,000,000 (2008 - 50,000,000) Ordinary shares of £1 each	100,000,000	50,000,000
<b>Allotted, called up and fully paid</b>		
24,962,380 (2008 - 6,962,380) Ordinary shares of £1 each	24,962,380	6,962,380

On 18 May 2009, the company issued 18,000,000 Ordinary £1 shares for consideration of £1 each

### 20. Reserves

	Profit and loss account £
<b>Group</b>	
At 1 July 2008	(13,338,334)
Loss for the year	(4,748,729)
At 30 June 2009	(18,087,063)
<b>Company</b>	
At 1 July 2008	(171,811)
Loss for the year	(83,998)
At 30 June 2009	(255,809)

# BRIGHTON AND HOVE ALBION HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

### 21 Reconciliation of movement in shareholders' funds

	2009 £	2008 £
<b>Group</b>		
Opening shareholders' deficit	(6,375,954)	(7,352,968)
(Loss)/profit for the year	(4,748,729)	877,014
Shares issued during the year	18,000,000	100,000
Closing shareholders' funds/(deficit)	<u>6,875,317</u>	<u>(6,375,954)</u>
	2009 £	2008 £
<b>Company</b>		
Opening shareholders' funds	6,790,569	6,690,569
(Loss)/profit for the year	(83,998)	-
Shares issued during the year	18,000,000	100,000
Closing shareholders' funds	<u>24,706,571</u>	<u>6,790,569</u>

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

The (loss)/profit for the year dealt with in the accounts of the company was £83,998 (2008 - £nil)

### 22 Net cash flow from operations

	2009 £	2008 £
Operating loss	(5,764,151)	(3,150,188)
Exceptional items	11,050	(2,618,290)
Amortisation of intangible fixed assets	177,428	86,033
Depreciation of tangible fixed assets	59,303	545,196
Loss on disposal of tangible fixed assets	73,412	6,202
(Increase)/decrease in stocks	(25,575)	82,738
Increase in debtors	(132,744)	(62,537)
Increase in creditors	50,193,150	397,140
Net cash inflow/(outflow) from operations	<u>44,591,873</u>	<u>(4,713,706)</u>

# BRIGHTON AND HOVE ALBION HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

### 23 Analysis of cash flows for headings netted in cash flow statement

	2009 £	2008 £
<b>Returns on investments and servicing of finance</b>		
Interest received	1,005,691	5,383
Interest paid	(1,319)	(4,623)
<b>Net cash inflow from returns on investments and servicing of finance</b>	<b>1,004,372</b>	<b>760</b>
	<b>2009 £</b>	<b>2008 £</b>
<b>Capital expenditure and financial investment</b>		
Purchase of intangible fixed assets	(459,000)	(377,000)
Sale of intangible fixed assets	44,800	436,400
Purchase of tangible fixed assets	(15,903,897)	(87,967)
Sale of tangible fixed assets	7,183,690	4,050
Purchase of short term unlisted investments	(34,383,740)	-
<b>Net cash outflow from capital expenditure</b>	<b>(43,518,147)</b>	<b>(24,517)</b>
	<b>2009 £</b>	<b>2008 £</b>
<b>Financing</b>		
Issue of ordinary shares	18,000,000	100,000
Other new loans	-	5,587,996
Repayment of other loans	(11,399,523)	-
<b>Net cash inflow from financing</b>	<b>6,600,477</b>	<b>5,687,996</b>

### 24. Analysis of changes in net debt

	1 July 2008 £	Cash flow £	Loan movement £	30 June 2009 £
Cash at bank and in hand	754,239	8,678,575	-	9,432,814
<b>Debt</b>				
Debts due within one year	(329,906)	11,399,523	(11,311,500)	(241,883)
Debts falling due after more than one year	(11,311,500)	-	11,311,500	-
<b>Net debt</b>	<b>(10,887,167)</b>	<b>20,078,098</b>	<b>-</b>	<b>9,190,931</b>

# BRIGHTON AND HOVE ALBION HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

### 25 Capital commitments

At 30 June 2009 the group and company had capital commitments as follows

	<b>Group</b>		<b>Company</b>	
	<b>2009</b>	<b>2008</b>	<b>2009</b>	<b>2008</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Contracted for but not provided in these financial statements	60,449,997	-	-	-

Capital commitments are those amounts contracted for but not yet incurred up to the date of practical completion of the stadium

### 26 Pension commitments

The pension costs charged in the financial statements represent the contributions payable by the group to employees' personal pension plans during the year in accordance with SSAP 24

### 27 Operating lease commitments

At 30 June 2009 the Group had annual commitments under non-cancellable operating leases as follows

	<b>Land and buildings</b>			<b>Other</b>
	<b>2009</b>	<b>2008</b>	<b>2009</b>	<b>2008</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>Group</b>				
<b>Expiry date</b>				
Within 1 year	-	33,375	-	-
Between 2 and 5 years	56,728	53,280	25,097	14,417
After more than 5 years	46,250	-	-	-

### 28 Transfer fees receivable/payable

Under the terms of contracts with other football clubs in regard to player transfers, additional fees could become receivable and payable if certain defined performance criteria are fulfilled. The maximum that could be receivable to the group is £92,200 (2008: £107,000) and the maximum that could become payable by the group is £210,000 (2008: £259,000).

# **BRIGHTON AND HOVE ALBION HOLDINGS LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009**

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### **29 Related party transactions**

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

#### **Directors loan account**

During the year, the loans made by A Bloom to both The Community Stadium Limited and The Brighton and Hove Albion Football Club Limited were consolidated in Brighton and Hove Albion Holdings Limited after agreement was reached on which company within the group held this liability. These monies totalled £66,371,900. During the year, A Bloom converted £18,000,000 of this amount into share capital. At 30 June 2009, the amount owed to A Bloom by the company was £48,371,900. The amount loaned is interest free and repayable after more than one year.

During the year, the group made repayments of £123,316 (2008 - £20,000) against a loan previously made to the group by H R Knight, a former director of the group. The amount owed to H R Knight at 30 June 2009 was £nil (2008 - £123,316).

#### **Other**

During the year, Adenstar Developments Limited, a company in which D Chapman is a director, invoiced the group £66,848 (2008 - £26,663) for various building and construction work. During the year, the group made payments to Adenstar Developments Limited of £32,097 (2008 - £13,078). At the year end, the group owed Adenstar Developments Limited an amount of £48,335 (2008 - £13,585). All transactions were on an arms length, commercial basis.

During the year, the group invoiced Albion In The Community, a company in which, K G Brown, R F Comer, H R Knight and M J Perry are trustees and directors, £20,764 (2008 - £31,691) for rent, stock and sponsorship. The group also made purchases of £33,207 (2008 - £33,207) from Albion In The Community. The group received monies in the amount of £20,539 (2008 - £53,484) and made payments in the amount of £33,207 (2008 - £33,207). At the year end the group was owed an amount of £3,057 (2008 - £2,831) by Albion In The Community.

### **30. Controlling party**

During the year, A Bloom established control of the company and hence the group following the issue of 18,000,000 Ordinary £1 shares to him at par. There was no individual controlling party at the previous year end.