

Brighton and Hove Albion Holdings Limited

Registered number 02849319

Directors' report and financial statements

For the year ended 30 June 2012

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BRIGHTON AND HOVE ALBION HOLDINGS LIMITED

COMPANY INFORMATION

Directors

P Barber
A Bloom
R A Bloom
D L Chapman
R F Comer
A Franks
P W Godfrey
D A Jones
M J Perry
M Sugarman

Company secretary

R F Comer

Company number

02849319

Registered office

Maria House
35 Millers Road
Brighton
BN1 5NP

Auditors

Mazars LLP
Chartered Accountants & Statutory Auditor
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 2012

The directors present their report and the financial statements for the year ended 30 June 2012

Directors' responsibilities statement

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.

Business review

Financial Summary

The financial results for the year to 30 June 2012 reflect the first year's trading and football at the American Express Community Stadium ('The Amex'), following the move from the Withdean Stadium in May 2011.

The stadium move has given rise to a significant change in the financial results for the group, with a substantial increase in turnover from £7.5m to £22.2m, as well as a substantial increase in costs from £14.7m to £31.6m. The combined effect is an increase in the loss for the financial year to £9.1m from £6.8m.

The financial highlights are as follows -

- Ticketing Income £7.9m (2011: £2.3m). The average attendance at The Amex was 20,028 for the 2011/12 season, this compares with the average attendance at the Withdean of 7,352 for the 2010/11 season. Season Ticket holders were 17,636 for the 2011/12 season and with further stadium expansion have increased to 21,835 for the 2012/13 season.
- Football League Income £5.7m (2011: £1.6m). Promotion from the Football League Division 1 to the Football League Championship has resulted in increased central distributions from the Football League and increased Solidarity payments from the Premier League.

BRIGHTON AND HOVE ALBION HOLDINGS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2012

- Commercial Income £3.9m (2011 £0.8m) Commercial and sponsorship opportunities have increased dramatically following the move to the Amex. New sponsorship deals together with 2,600 1901 Club members have seen a significant increase in income from commercial activities.
- Retail Income £2m (2011 £0.5m) Retail sales also increased dramatically following the opening of the megastore at the new stadium. During the year 16,000 home replica shirts and 5,600 away replica shirts were sold.
- Staff Costs £14.7m (2011 £7.2m) The move to the new stadium has seen a rise in staff costs and headcount. The average number of employees (including players) during the year was 178, increased from 115 in the prior year. The major increase has been in the number of operational and administrative staff, whilst at the same time the Club has substantially increased its playing Budget.
- Other Costs £16.9m (2011 £7.5m) Whilst the revenue increases from the move to the Amex have been impressive, the operational and administrative costs of running a state of the art stadium are significant, and the Club's cost base has risen significantly.

The Football League has introduced Financial Fair Play Rules for Championship clubs. These Rules come into play based on the 2011/12 reporting period. Whilst the first two seasons are monitoring periods only, with effect from the 2013/14 reporting period any Championship Club that fails to fulfil the Fair Play requirement may be subject to a transfer embargo. The Board welcomes these new rules and will ensure the Club is fully compliant.

Playing matters

Following promotion as Champions from the Football League Division 1 the Club had a successful season in the Championship finishing a creditable 10th position with 66 points. The Club also had success in both cup competitions defeating Gillingham and Sunderland in the League Cup and Wrexham and Newcastle in the FA Cup, resulting in a lucrative 5th round away tie at Liverpool.

During the season the playing squad was strengthened with the addition of Craig Mackail-Smith, Will Buckley, Will Hoskins, Kazenga Lua Lua and Rodriguez Vicente.

Further new signings have been made for the 2012/13 season including Bruno Saltor, David Lopez, Andrea Orlandi, Andrew Crofts, Stephen Dobbie and Tomasz Kuszczak, and loan signings Wayne Bridge and Dean Hammond.

At the time of writing the Club is currently placed 7th in the Championship, just outside the play off positions. We thank Gus Poyet and his management team for their efforts to date and wish them the best of luck in our quest for promotion to the Premier League.

Academy

For the 2011/12 season the Club ran its Youth Development Program as a 'Centre of Excellence'. It had funding of £160,000 from the Football League.

For the 2012/13 season the Club has taken the decision to significantly increase its Youth Development activities and has applied for a Category 2 Academy Licence. This attracts grant funding of £480,000 per annum. In order to achieve Category 2 status the Club has had to undertake a huge increase in full-time staff in the areas of Coaching, Operations, Education, Sports Medicine, Physical Conditioning, Scouting and Performance Analysis.

A provisional licence has been granted to operate as a Category 2 Academy and subject to a Football League audit and progress on the proposed new training ground (see below) we anticipate being granted a full licence in the New Year.

The result of this investment, in the long term, will be to develop our academy players in line with our Premiership aspirations at a state of the art new training facility.

BRIGHTON AND HOVE ALBION HOLDINGS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2012

Sponsors

We are delighted with the long term stadium naming rights partnership with American Express. In addition we would like to thank Brighton and Hove Jobs and Donatello's for their shirt sponsorship, to our lounge sponsors BUPA, Profile, Chandlers BMW, Renault Lifestyle, Becks Peugeot and Mayo Wynne Baxter, and not forgetting our many match day sponsors and Friends of the Albion.

Albion in the Community

Albion in the Community is the registered charitable arm of Brighton and Hove Albion Football Club – tasked with delivering its charitable activities. Overseen by 8 trustees, Albion in the Community employs 38 full-time staff and 126 casual community football coaches and tutors. An extensive network of volunteers supports the contracted staff.

By utilizing the power of football and the profile of the Club, Albion in the Community aims to improve and make a difference to people's lives by increasing participation, creating opportunities, tackling inequality and improving health. This is achieved through the delivery of a vast array of projects across health, education, sport, disability, environment, social inclusion and international work.

Supporters and Staff

The Board is delighted with the fantastic response from its loyal supporters following the move to the Amex. The Club currently has the top average match day attendance in the Championship and has the 10th highest number of season ticket holders in the country.

The Board would also like to thank all of our staff for their hard work, loyalty and commitment.

The American Express Community Stadium

The Community Stadium Ltd (TCSL) – is a wholly owned subsidiary of Brighton & Hove Albion Holdings Ltd and is responsible for the Development of all capital works undertaken by Brighton & Hove Albion Football Club.

During the very successful first season at the American Express Community Stadium a planning application for the expansion of the capacity to 30,750 seats was submitted and approved by Brighton & Hove City Council in April 2012. A variation to the Sub Lease with the City Council and the Head Lease to the University of Brighton was agreed and completed in September 2012.

The work was carried out under the terms of a standard form of Design Build Building Contract negotiated with the Buckingham Group and work commenced on the additional seating initially to increase the capacity to 27,444 in April 2012. This first phase of the expansion works was completed in just 16 weeks in time for the first League game against Cardiff City in August 2012.

During this phase of the works the stadium hosted a number of events including the Fatboy Slim Concert with over 25,000 people attending over two nights in June, and a festival hosted by Jehovah's Witnesses with over 4,000 people attending.

To complete this phase of the works on time and within budget was therefore another significant achievement by the contractor Buckingham Group, and the Club Project Team.

The work to complete the expansion to 30,750 is being completed during the 2012/13 season and due for completion in March 2013 ready for the final matches of the season.

The total cost of the additional capacity including professional fees and Furniture, Fittings and Equipment is £15,195,000.

BRIGHTON AND HOVE ALBION HOLDINGS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2012

Training Ground

Following identification of a site at Lancing, a planning application for a new training ground was submitted to Adur District Council in December 2011 and was approved by the planning committee in October 2012. The training ground will comply with Category 2 criteria set out in the Elite Player Performance Plan being published by the Premier League.

Risk management

The board recognises that the business of running a football club has to be carefully managed. The management structures for the Club and for the Stadium Company are clearly defined and there is close liaison between them. The board continues to work toward developing a successful business both on and off the pitch, improvement of the club's playing status is the primary objective.

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

Results and dividends

The loss for the year, after taxation, amounted to £9,115,106 (2011 - loss £6,769,683).

The directors are unable to recommend the payment of a dividend.

Directors

The directors who served during the year were

P Barber (appointed 18 June 2012)
A Bloom
R A Bloom
K Brown (resigned 21 March 2012)
D L Chapman
R F Comer
A Franks
P W Godfrey
D A Jones (appointed 16 March 2012)
M J Perry
M Sugarman

Charitable contributions

During the year the group made charitable donations of £166,815.

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.

BRIGHTON AND HOVE ALBION HOLDINGS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2012

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 29 November 2012 and signed on its behalf



R F Comer
Director

BRIGHTON AND HOVE ALBION HOLDINGS LIMITED

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

We have audited the financial statements of Brighton and Hove Albion Holdings Limited for the year ended 30 June 2012 which comprise the group profit and loss account, the group and company balance sheets, the group cash flow statement (including reconciliation of cash flow to net funds) 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 Directors' Responsibilities Statement 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 and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors. This report is made solely to the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an Auditors' Report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body for our audit work, for this report, or for the opinions we have formed.

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/private.cfm.

Opinion on the financial statements

In our opinion the financial statements

- give a true and fair view of the state of the group's and the parent company's affairs as at 30 June 2012 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.

Emphasis of matter - going concern

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosures made in note 1.3 to the financial statements concerning the group's ability to continue as a going concern. The group incurred a net loss of £9,115,106 during the year ended 30 June 2012 and at that date, the group's total liabilities exceeded its total assets by £13,309,896.

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 as explained in note 1.3 to the financial statements.

The financial statements do not include any adjustments that would result from a failure to obtain such funding and support.

BRIGHTON AND HOVE ALBION HOLDINGS LIMITED

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

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

Matters on which we are required to report by exception

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

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



Richard Hopkins (Senior Statutory Auditor)
for and on behalf of Mazars LLP
Chartered Accountants and Statutory Auditor
37 Frederick Place
Brighton
BN1 4EA

30 November 2012

BRIGHTON AND HOVE ALBION HOLDINGS LIMITED

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30 JUNE 2012

	Note	2012 £	2011 £
Turnover	1,2	22,192,554	7,542,766
Administrative expenses		(31,552,503)	(14,686,232)
Other operating income	3	40,000	-
		<hr/>	<hr/>
Operating loss	4	(9,319,949)	(7,143,466)
Exceptional items			
Other exceptional items	8	-	(89,275)
		<hr/>	<hr/>
Loss on ordinary activities before interest		(9,319,949)	(7,232,741)
Interest receivable and similar income		1,158	217,206
Interest payable and similar charges	7	(7,507)	(23)
		<hr/>	<hr/>
Loss on ordinary activities before taxation		(9,326,298)	(7,015,558)
Tax on loss on ordinary activities	9	211,192	245,875
		<hr/>	<hr/>
Loss for the financial year	18	<u>(9,115,106)</u>	<u>(6,769,683)</u>

All amounts relate to continuing operations

There were no recognised gains and losses for 2012 or 2011 other than those included in the profit and loss account

The 2011 comparative figures for 'Other operating income' and 'Cost of sales' have been adjusted downwards by £509,208 and £946,561 respectively, turnover and administrative expenses have been adjusted upwards by £420,468 and £1,035,301 respectively. There is no impact on 'Operating loss'

The notes on pages 12 to 26 form part of these financial statements

BRIGHTON AND HOVE ALBION HOLDINGS LIMITED

Registered number 02849319

CONSOLIDATED BALANCE SHEET AS AT 30 JUNE 2012

	Note	£	2012 £	£	2011 £
Fixed assets					
Intangible assets	11		4,423,682		2,018,241
Tangible assets	12		104,864,069		96,035,526
			<u>109,287,751</u>		<u>98,053,767</u>
Current assets					
Stocks	13	951,689		73,143	
Debtors	14	4,878,637		4,651,387	
Cash at bank and in hand		10,208,656		2,968,451	
		<u>16,038,982</u>		<u>7,692,981</u>	
Creditors: amounts falling due within one year	15	<u>(13,320,523)</u>		<u>(9,941,912)</u>	
Net current assets/(liabilities)			2,718,459		(2,248,931)
Total assets less current liabilities			<u>112,006,210</u>		<u>95,804,836</u>
Creditors: amounts falling due after more than one year					
	16		125,316,106		99,999,626
Capital and reserves					
Called up share capital	17	24,962,380		24,962,380	
Profit and loss account	18	<u>(38,272,276)</u>		<u>(29,157,170)</u>	
	19		<u>(13,309,896)</u>		<u>(4,194,790)</u>
			<u>112,006,210</u>		<u>95,804,836</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 29 November 2012



D A Jones
Director

The notes on pages 12 to 26 form part of these financial statements

BRIGHTON AND HOVE ALBION HOLDINGS LIMITED

Registered number 02849319

**COMPANY BALANCE SHEET
AS AT 30 JUNE 2012**

	Note	2012 £	2011 £
Fixed assets			
Investments	10	70,002	70,002
Current assets			
Debtors	14	144,897,672	119,090,490
Total assets less current liabilities		<u>144,967,674</u>	<u>119,160,492</u>
Creditors : amounts falling due after more than one year	16	120,261,103	94,453,921
Capital and reserves			
Called up share capital	17	24,962,380	24,962,380
Profit and loss account	18	<u>(255,809)</u>	<u>(255,809)</u>
	19	24,706,571	24,706,571
		<u>144,967,674</u>	<u>119,160,492</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 29 November 2012



D A Jones
Director

The notes on pages 12 to 26 form part of these financial statements

BRIGHTON AND HOVE ALBION HOLDINGS LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2012

	Note	2012 £	2011 £
Net cash flow from operating activities	20	19,868,320	41,254,265
Returns on investments and servicing of finance	21	153,561	56,994
Taxation		245,875	-
Capital expenditure and financial investment	21	(13,027,551)	(52,459,799)
Cash inflow/(outflow) before financing		<u>7,240,205</u>	<u>(11,148,540)</u>
Financing	21	-	(4,000)
Increase/(Decrease) in cash in the year		<u><u>7,240,205</u></u>	<u><u>(11,152,540)</u></u>

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS FOR THE YEAR ENDED 30 JUNE 2012

	2012 £	2011 £
Increase/(Decrease) in cash in the year	7,240,205	(11,152,540)
Cash outflow from decrease in debt and lease financing	-	4,000
Movement in net debt in the year	<u>7,240,205</u>	<u>(11,148,540)</u>
Net funds at 1 July 2011	2,734,569	13,883,109
Net funds at 30 June 2012	<u><u>9,974,774</u></u>	<u><u>2,734,569</u></u>

The notes on pages 12 to 26 form part of these financial statements

BRIGHTON AND HOVE ALBION HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

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 chairman of the group has indicated his 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 thirteen 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 during the year, exclusive of Value Added Tax and trade discounts

Match day revenue is recognised over the period of the football season as games are played Sponsorship and similar commercial income is recognised over the duration of the respective contracts Facility fees for live television coverage of games are taken when earned Fees receivable in respect of the loan of players are included in turnover over the period of the loan

1.5 Intangible fixed assets and amortisation

In accordance with FRS 10 player registrations are capitalised and written off over the period of the player's contract Under the conditions of certain transfer agreements, further fees will be payable in the event of the players concerned making a certain number of First Team appearances or on the occurrence of certain other specified future events These extra fees are capitalised and written off over the remaining period of the contract once the conditions have been met

Profits or losses on the sale of players represent the transfer fee receivable, net of any transaction costs, less the unamortised cost of the applicable player's registration

BRIGHTON AND HOVE ALBION HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

1. Accounting Policies (continued)

1.6 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. No depreciation is charged on assets under construction, nor on assets which have not yet been brought into use. Depreciation is provided 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	-	see below
Motor vehicles	-	25% straight line
Fixtures, fittings & equipment	-	20-33% straight line
Training ground improvements	-	20% straight line

Although the stadium was brought into use during the year, considerable construction costs continued to be incurred both during the financial year and after the year end. Accordingly the directors consider the stadium to have still been in the course of construction during the year and therefore no depreciation has been charged in these financial statements. The directors will review this policy in time for the preparation of financial statements to 30 June 2013.

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 to the profit and loss account 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.

BRIGHTON AND HOVE ALBION HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

1. Accounting Policies (continued)

1.11 Grants

Government grants relating to tangible fixed assets are treated as deferred income and released to the profit and loss account over the expected useful lives of the assets concerned. Other grants are credited to the profit and loss account as the related expenditure is incurred.

1.12 Pensions

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

1.13 Player remuneration

Signing on fees in respect of players contracts are expensed to the profit and loss account over the length of the contract. Remuneration of players is charged in accordance with the terms of the applicable contractual arrangements and any discretionary bonuses when there is a legal or constructive obligation.

2. Turnover

All turnover arose within the United Kingdom.

Analysis of turnover - group

	2012 £	2011 £
Sales		
Ticketing	7,868,722	2,280,562
Football League and central distributions	5,694,728	1,643,601
Commercial sponsorship/ advertising	3,941,071	832,833
Retail	2,020,631	524,888
Media	551,462	271,786
Catering Commission	1,251,906	34,834
Loan players	103,388	201,875
Operations and transport	404,421	3,772
Centre of Excellence grant	194,400	174,243
Young seagulls	34,716	13,689
Other income	127,109	425,661
1901 club joining fees	-	1,135,022
	<u>22,192,554</u>	<u>7,542,766</u>

3 Other operating income

	2012 £	2011 £
Government grants receivable	<u>40,000</u>	<u>-</u>

BRIGHTON AND HOVE ALBION HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

4 Operating loss

The operating loss is stated after charging

	2012 £	2011 £
Amortisation - intangible fixed assets	2,132,324	801,394
Depreciation of tangible fixed assets		
- owned by the group	911,388	102,232
Auditors' remuneration	15,000	24,600
Operating lease rentals		
- plant and machinery	64,383	25,320
	<u> </u>	<u> </u>

5 Staff costs

Staff costs, including directors' remuneration, were as follows

	2012 £	2011 £
Wages and salaries	13,227,093	6,463,337
Social security costs	1,359,685	685,517
Other pension costs	95,315	45,468
	<u> </u>	<u> </u>
	<u>14,682,093</u>	<u>7,194,322</u>

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

	2012 No	2011 No
Players (including youth players)	56	51
Management and administration	122	64
	<u> </u>	<u> </u>
	<u>178</u>	<u>115</u>

During the year, an average of 495 part-time staff (2011 - 389) 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 2012

6. Directors' remuneration

	2012 £	2011 £
Emoluments	333,963	221,418
Group pension contributions to money purchase pension schemes	56,089	21,418
Compensation for loss of office	74,880	-

During the year retirement benefits were accruing to 4 directors (2011 - 1) in respect of defined contribution pension schemes

The highest paid director received remuneration of £142,887 (2011 - £129,218)

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £38,309 (2011 - £12,918)

7 Interest payable

	2012 £	2011 £
On bank loans and overdrafts	36	23
On other loans	7,471	-

8 Exceptional items

	2012 £	2011 £
Dilapidations at Withdean Stadium	-	89,275

BRIGHTON AND HOVE ALBION HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

9 Taxation

	2012 £	2011 £
Analysis of tax credit in the year		
UK corporation tax charge on loss for the year	-	-
Recovery in respect of prior periods	(211,192)	(245,875)
	<u>(211,192)</u>	<u>(245,875)</u>
Tax on loss on ordinary activities	<u>(211,192)</u>	<u>(245,875)</u>

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2011 - higher than) the standard rate of corporation tax in the UK of 20% (2011 - 20%) The differences are explained below

	2012 £	2011 £
Loss on ordinary activities before tax	(9,326,298)	(7,015,558)
	<u>(9,326,298)</u>	<u>(7,015,558)</u>
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2011 - 20%)	(1,865,260)	(1,403,112)
Effects of.		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	33,756	35,543
Difference in tax treatment of Depreciation and capital allowances	(870,777)	24,952
Recovery of tax charge in respect of prior periods	(211,192)	(245,875)
Increase or decrease in pension fund prepayment leading to an increase (decrease) in tax	890	414
Unrelieved tax losses carried forward	2,701,391	1,342,203
	<u>(211,192)</u>	<u>(245,875)</u>
Current tax credit for the year (see note above)	<u>(211,192)</u>	<u>(245,875)</u>

Factors that may affect future tax charges

At 30 June 2012, the group had approximately £56,500,000 (2011 £35,565,000) of trading losses to carry forward

The group has a potential deferred tax asset of £9,202,731 (2011 £7,171,961) calculated at the tax rate of 20% (2011 20%) The deferred tax asset is represented by the total of tax losses of £11,300,000 (2011 £7,1130,000), depreciation in excess of capital allowances of £2,100,039 (2011 £57,081) and other short term differences of £2,770 (2011 £1,880) 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 2012

10 Fixed asset investments

Company	Investments in subsidiary companies £
Cost or valuation	
At 1 July 2011 and 30 June 2012	325,711
Impairment	
At 1 July 2011 and 30 June 2012	255,709
Net book value	
At 30 June 2012	70,002
At 30 June 2011	70,002

The subsidiaries are as follows

Company name	Country	Percentage Shareholding	Description
Brighton and Hove Sports and 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 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

BRIGHTON AND HOVE ALBION HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

11 Intangible fixed assets

Group	Player registrations £
Cost	
At 1 July 2011	2,191,000
Additions	4,537,765
	<hr/>
At 30 June 2012	6,728,765
	<hr/>
Amortisation	
At 1 July 2011	172,759
Charge for the year	2,132,324
	<hr/>
At 30 June 2012	2,305,083
	<hr/>
Net book value	
At 30 June 2012	4,423,682
	<hr/> <hr/>
At 30 June 2011	2,018,241
	<hr/> <hr/>

The figures for cost of player registrations are historical cost figures for purchased players only. Accordingly the net book value shown for player registrations will not reflect, nor is it intended to, the current market value of these players nor does it take any account of players developed through the club's youth system.

The directors consider the net realisable value of intangible assets to be significantly greater than their book value.

BRIGHTON AND HOVE ALBION HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

12 Tangible fixed assets

Group	Land and Buildings £	Motor vehicles £	Fixtures, fittings and equipment £	Training ground improvements £	Total £
Cost					
At 1 July 2011	92,929,488	10,450	3,152,097	110,587	96,202,622
Additions	8,098,080	-	1,604,150	37,701	9,739,931
At 30 June 2012	101,027,568	10,450	4,756,247	148,288	105,942,553
Depreciation					
At 1 July 2011	-	2,613	121,672	42,811	167,096
Charge for the year	-	2,613	881,696	27,079	911,388
At 30 June 2012	-	5,226	1,003,368	69,890	1,078,484
Net book value					
At 30 June 2012	101,027,568	5,224	3,752,879	78,398	104,864,069
At 30 June 2011	92,929,488	7,837	3,030,425	67,776	96,035,526

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.

13 Stocks

	Group		Company	
	2012 £	2011 £	2012 £	2011 £
Goods for resale	951,689	73,143	-	-

BRIGHTON AND HOVE ALBION HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

14 Debtors

	<u>Group</u>		<u>Company</u>	
	2012 £	2011 £	2012 £	2011 £
Due after more than one year				
Amounts owed by group undertakings	-	-	144,897,672	119,090,490
	<u>-</u>	<u>-</u>	<u>144,897,672</u>	<u>119,090,490</u>
	<u>Group</u>		<u>Company</u>	
	2012 £	2011 £	2012 £	2011 £
Due within one year				
Trade debtors	2,617,715	2,062,728	-	-
Other debtors	1,171,924	1,020,834	-	-
Prepayments and accrued income	777,528	343,561	-	-
Tax recoverable	211,470	406,064	-	-
Grants receivable	100,000	818,200	-	-
	<u>4,878,637</u>	<u>4,651,387</u>	<u>-</u>	<u>-</u>

15 Creditors

Amounts falling due within one year

	<u>Group</u>		<u>Company</u>	
	2012 £	2011 £	2012 £	2011 £
Other loans	233,882	233,882	-	-
Payments received on account	2,906,313	2,555,148	-	-
Trade creditors	6,976,189	4,019,448	-	-
Amounts owed to associates	-	58,819	-	-
Amounts owed to related parties	-	226,191	-	-
Social security and other taxes	1,131,431	401,982	-	-
Other creditors	644,753	132,670	-	-
Accruals and deferred income	1,427,955	2,313,772	-	-
	<u>13,320,523</u>	<u>9,941,912</u>	<u>-</u>	<u>-</u>

BRIGHTON AND HOVE ALBION HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

16. Creditors Amounts falling due after more than one year

	<u>Group</u>		<u>Company</u>	
	2012 £	2011 £	2012 £	2011 £
Grants receivable	1,920,000	1,960,000	-	-
Amounts owed to group undertakings	-	-	8,998	8,998
Directors loan account (note 27)	120,252,105	94,444,923	120,252,105	94,444,923
Accruals and deferred income	3,144,001	3,594,703	-	-
	<u>125,316,106</u>	<u>99,999,626</u>	<u>120,261,103</u>	<u>94,453,921</u>

Creditors include amounts not wholly repayable within 5 years as follows

	<u>Group</u>		<u>Company</u>	
	2012 £	2011 £	2012 £	2011 £
Deferred income to be released	<u>3,186,713</u>	<u>3,591,896</u>	<u>-</u>	<u>-</u>

17 Share capital

	2012 £	2011 £
Allotted, called up and fully paid		
24,962,380 Ordinary shares of £1 each	<u>24,962,380</u>	<u>24,962,380</u>

18. Reserves

Group	Profit and loss account £
At 1 July 2011	(29,157,170)
Loss for the year	(9,115,106)
At 30 June 2012	<u>(38,272,276)</u>
Company	Profit and loss account £
At 1 July 2011 and 30 June 2012	<u>(255,809)</u>

BRIGHTON AND HOVE ALBION HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

19. Reconciliation of movement in shareholders' deficit

Group	2012 £	2011 £
Opening shareholders' (deficit)/funds	(4,194,790)	2,574,893
Loss for the year	(9,115,106)	(6,769,683)
	<u>(13,309,896)</u>	<u>(4,194,790)</u>
Closing shareholders' deficit	<u>(13,309,896)</u>	<u>(4,194,790)</u>

Company	2012 £	2011 £
Shareholders' funds at 1 July 2011 and 30 June 2012	<u>24,706,571</u>	<u>24,706,571</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 profit for the year dealt with in the accounts of the company was £nil (2011 - £nil)

20 Net cash flow from operating activities

	2012 £	2011 £
Operating loss	(9,319,949)	(7,143,466)
Exceptional items	-	(89,275)
Amortisation of intangible fixed assets	2,132,324	801,394
Depreciation of tangible fixed assets	911,388	102,232
Profit on disposal of fixed assets	(511,500)	(1,305,840)
Government grants	718,200	973,400
(Increase)/decrease in stocks	(878,546)	89,182
(Increase)/decrease in debtors	(1,753,541)	4,239,783
Increase in creditors	28,569,944	43,586,855
	<u>19,868,320</u>	<u>41,254,265</u>
Net cash inflow from operating activities	<u>19,868,320</u>	<u>41,254,265</u>

21. Analysis of cash flows for headings netted in cash flow statement

	2012 £	2011 £
Returns on investments and servicing of finance		
Interest received	161,069	57,017
Interest paid	(7,508)	(23)
	<u>153,561</u>	<u>56,994</u>
Net cash inflow from returns on investments and servicing of finance	<u>153,561</u>	<u>56,994</u>

BRIGHTON AND HOVE ALBION HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

21 Analysis of cash flows for headings netted in cash flow statement (continued)

	2012 £	2011 £
Capital expenditure and financial investment		
Purchase of intangible fixed assets (players)	(3,973,563)	(2,237,000)
Sale of intangible fixed assets (players)	1,125,000	129,575
Purchase of tangible fixed assets	(10,178,988)	(50,352,374)
	<u> </u>	<u> </u>
Net cash inflow/(outflow) from capital expenditure and financial investment	<u>(13,027,551)</u>	<u>(52,459,799)</u>

Trade debtors includes £1,029,000 (2011 £1,642,500) from the sale of players, trade creditors includes £814,202 (2011 £250,000) for the purchase of players. Neither of these figures is included in the above figures. Brought forward creditors included £3,290,013 in respect of tangible fixed assets and creditors for the year ended 30 June 2012 includes £2,850,956 in respect of tangible fixed assets. The figures above incorporate the adjustment required for non cash flow movements.

	2012 £	2011 £
Financing		
Repayment of other loans	-	(4,000)
	<u> </u>	<u> </u>

22 Analysis of changes in net funds

	1 July 2011 £	Cash flow £	Loan movement £	30 June 2012 £
Cash at bank and in hand	2,968,451	7,240,205	-	10,208,656
Debt:				
Debts due within one year	(233,882)	-	-	(233,882)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Net funds	<u>2,734,569</u>	<u>7,240,205</u>	<u>-</u>	<u>9,974,774</u>

23. Capital commitments

At 30 June 2012 the group and company had capital commitments as follows

	<u>Group</u>		<u>Company</u>	
	2012 £	2011 £	2012 £	2011 £
Contracted for but not provided in these financial statements	9,059,535	303,423	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

The capital commitments for 2012 relate to Phase 2 expansion of the stadium and the Falmer Retained Land Project. The capital commitments for 2011 figure related to the building of a car park.

BRIGHTON AND HOVE ALBION HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

24. 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 FRS17

25. Operating lease commitments

At 30 June 2012 the Group had annual commitments under non-cancellable operating leases as follows

Group	2012 £	2011 £
Expiry date.		
Within 1 year	2,411	1,760
Between 2 and 5 years	55,535	34,923
After more than 5 years	-	-
	<u> </u>	<u> </u>

26. 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 to the group is £380,000 (2011 £720,000) and the maximum that could become payable by the group is £515,000 (2011 £350,000)

BRIGHTON AND HOVE ALBION HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

27. Related party transactions

Group

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 2012, 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. At 30 June 2012, the amount owed to A Bloom by the company was £120,252,105 (2011 - £94,444,923). The amount loaned is interest free and repayable after more than one year. Since the year end £40,000,000 has been converted into share capital.

Other

During the year, Adenstar Developments Limited, the holding company of which D L Chapman and R F Comer are directors, invoiced the group £1,301,433 (2011 - £677,126) for various building and construction work. During the year, the group made payments to Adenstar Developments Limited of £1,331,138 (2011 - £399,908). At the year end, the group owed Adenstar Developments Limited an amount of £255,306 (2011 - £285,010). All transactions were on an arms length, commercial basis.

During the year the group invoiced Albion In The Community, a company in which D L Chapman and M Sugarman are trustees and directors, £6,267 (2011 - £21,895) for rent, stock and sponsorship. The group also made purchases of £320 (2011 - £10,258) from Albion In The Community. The group received monies in the amount of £144 (2011 - £22,806) and made payments in the amount of £258 (2011 - £15,000) and made additional donations of £155,201. At the year end the group was owed an amount of £6,268 (2011 - £144) by Albion In The Community and owed an amount of £320 (2011 - £258) to Albion in The Community.

28. Post balance sheet events

On 24 September 2012, 40,000,000 £1 ordinary shares were issued at par to A Bloom.

29. Controlling party

As at 30 June 2012 the ultimate controlling party was A Bloom by virtue of his 77% shareholding. Subsequent to the post balance sheet issue of shares his holding has increased to 91%.