

BURNLEY FC HOLDINGS LIMITED
ANNUAL REPORT AND CONSOLIDATED
FINANCIAL STATEMENTS
YEAR ENDED 30 JUNE 2018
COMPANY REGISTRATION NUMBER: 08335231

BURNLEY FC HOLDINGS LIMITED

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YEAR ENDED 30 JUNE 2018

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BURNLEY FC HOLDINGS LIMITED

CHAIRMAN'S REPORT

YEAR ENDED 30 JUNE 2018

Company registration number: 08335231

On behalf of the board of directors, we are pleased to present the annual report and accounts for the year ended 30 June 2018.

Following the successful retention of our Premier League status at the third time of asking in 2016/17, I felt it was absolutely essential that we should avoid the dreaded 'second season' syndrome and as a result we continued to invest in new playing talent whilst trading players where we felt that they might be at, or close to, the peak of their value.

As we hopefully continue to maintain our Premier League status going forward the above will form a key part of our strategy and in the main we will purchase players who improve the quality and competitiveness of our first team and are able to technically develop further and grow in value.

Sean and his coaching team performed magnificently throughout the season, inspiring our team to a 7th place Premier League finish and resulting in our first appearance in a European competition for over 50 years.

We can genuinely lay claim to being classed as 'the best of the rest' and in many ways we were the champions of the Premier League second tier - a remarkable achievement!

Financially, our turnover increased from £121m to £139m, largely because of our increased prize money for finishing 7th.

Profit after tax grew from £22m to £37m, the increase being largely the result of the sale of Michael Keane to Everton and Andre Gray to Watford. The profit on player sales is recognised in one year (player purchase costs are recognised over their contract - normally 3-4 years) whereas we only typically get paid for them over 3 years.

As always, we continue to keep a close eye on our cash flow position as, despite the above impressive figures, with poor cash management we could easily fall into a negative cash flow position.

Wages grew from £61m to £81m as a result of our determination to be more competitive in the market, coupled with increased bonuses for both players and coaching staff due to our 7th place finish. The Premier League 'wages league' is one we are certainly not bottom of anymore, but we believe our wage structure gives a high level of flexibility for all scenarios and a competitive edge for our players and management to continue to drive our great club forward.

In closing, I would like to thank all shareholders and fans for their fantastic support during the season - a season which I'm sure we will all remember for a long time with great memories.

The journey continues onwards!

Keep the faith

Mike

BURNLEY FC HOLDINGS LIMITED

DIRECTORS' REPORT

YEAR ENDED 30 JUNE 2018

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

DIRECTORS

The directors who held office during the year are listed below together with the number of shares that they, and persons/entities connected with them, held at the year end in the issued share capital of the company:

M L Garlick – Chairman (60,308 shares)
B C Kilby - Vice Chairman (4,032 shares)
J Banaszkiwicz (34,544 shares)
C J Holt (4,003 shares)
B T Nelson (4,010 shares)
T A D Crabb (4,000 shares)
B Flood (4,000 shares)

PRINCIPAL ACTIVITIES

The principal activity of the company is that of a holding company for the group. The principal activity of the group is the operation of a professional football club.

FINANCIAL RISK MANAGEMENT

The group's principal financial instruments comprise bank balances, trade debtors and trade creditors. The main purpose of these instruments is to finance the business' operations.

In respect of bank balances, the liquidity risk is managed by maintaining a balance between the continuity of funding and flexibility through the use of overdrafts at floating rates of interest. All of the business' cash balances are held in such a way that achieves a competitive rate of interest. The business makes use of money market facilities where funds are available.

Trade debtors are managed in respect of credit and cash flow risk by policies concerning the credit offered to customers and the regular monitoring of amounts outstanding for both time and credit limits. The amounts presented in the balance sheet are net of allowances for doubtful debtors.

Trade creditors' liquidity risk is managed by ensuring sufficient funds are available to meet amounts due.

POST BALANCE SHEET EVENTS

Following the year end the club acquired the player registrations of Joe Hart, Matej Vydra and Ben Gibson on permanent playing contracts. Various existing players have had their contracts renewed or extended.

The player registrations of Scott Arfield, Dean Marney, Chris Long and Tom Anderson have been disposed of after the year end.

REAPPOINTMENT OF AUDITORS

The auditors, Cassons Audit Services, are deemed to be reappointed under section 487(2) of the Companies Act 2006.

BURNLEY FC HOLDINGS LIMITED

DIRECTORS' REPORT

YEAR ENDED 30 JUNE 2018

DISCLOSURE OF INFORMATION TO THE AUDITORS

Each director has taken steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information. The directors confirm that there is no relevant information that they know of and which they know the auditors are unaware of.

Approved by the Board on 5 October 2018
and signed on its behalf by:

B C Kilby
Vice Chairman

BURNLEY FC HOLDINGS LIMITED

STRATEGIC REPORT

YEAR ENDED 30 JUNE 2018

BUSINESS REVIEW

Fair review of the business

The principal activity of the group in the year is the operation of a professional football club.

In the year turnover was £138.99 million compared to £121.17 million for the season 2016/17. The net profit after tax was £36.65 million compared to a net profit after tax of £22.21 million.

The balance sheet now shows net assets of £76.68 million compared to net assets of £40.04 million in the season 2016/17.

Further information is provided in the Chairman's report.

The club is continuing to invest in improving facilities for players and staff.

The implementation of plans to develop Turf Moor and provide better facilities for disabled supporters under the Accessible Stadium Guide should be completed by the end of 2018.

Principal risks and uncertainties

The group faces a number of risks and uncertainties and has measures in place to mitigate the impact of these risks.

The principal risk to the group is the possibility of the football club's relegation from the Premier League and the associated reduction in turnover this would bring. This risk is managed by incorporating clauses into player contracts which would lead to a significant reduction in player salaries in the event of relegation.

The club's finishing position in the Premier League also has a material impact on the club's turnover and operating costs, and the directors' make prudent budget assumptions regarding the club's league position to manage this risk.

RESULTS AND DIVIDENDS

The directors do not recommend the payment of a dividend.

Approved by the Board on 5 October 2018
and signed on its behalf by:

B C Kilby
Vice Chairman

BURNLEY FC HOLDINGS LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

YEAR ENDED 30 JUNE 2018

The directors are responsible for preparing the Annual 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 group and company 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 apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the company will continue in business.

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

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
BURNLEY FC HOLDINGS LIMITED
YEAR ENDED 30 JUNE 2018**

Opinion

We have audited the financial statements of Burnley FC Holdings Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 30 June 2018, which comprise the Consolidated Statement of Total Comprehensive Income, Consolidated Balance Sheet, Company Balance Sheet, Consolidated Statement of Changes in Equity, Company Statement of Changes in Equity, Consolidated Statement of Cash Flows and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent company's affairs as at 30 June 2018 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

Other information

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

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

We have nothing to report in this regard.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and Directors' Report have been prepared in accordance with applicable legal requirements.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
BURNLEY FC HOLDINGS LIMITED
YEAR ENDED 30 JUNE 2018**

Matters on which we are required to report by exception

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

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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.

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities (set out on page 5), the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

As part of an audit in accordance with ISAs (UK), we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's or the parent company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group or the parent company to cease to continue as a going concern.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
BURNLEY FC HOLDINGS LIMITED
YEAR ENDED 30 JUNE 2018**

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Carlton Cooper (Senior Statutory Auditor)
For and on behalf of:

Cassons Audit Services, Statutory Auditor
St Crispin House
St Crispin Way
Haslingden
Rossendale
Lancashire
BB4 4PW

10 October 2018

BURNLEY FC HOLDINGS LIMITED
CONSOLIDATED STATEMENT OF TOTAL COMPREHENSIVE INCOME
YEAR ENDED 30 JUNE 2018

	Note	2018 £'000	2017 £'000
Turnover	3	138,997	121,169
Other operating income		1,174	593
Staff costs	5	(81,616)	(61,198)
Depreciation and amortisation of player registrations		(29,563)	(23,625)
Other operating charges		(14,577)	(10,982)
Operating profit	4	<u>14,415</u>	<u>25,957</u>
Profit on sale of fixed assets	7	30,716	1,346
Other interest receivable and similar income		34	51
Interest payable and similar charges	8	(17)	(45)
Profit on ordinary activities before taxation		<u>45,148</u>	<u>27,309</u>
Tax on profit	9	(8,500)	(5,099)
Profit for the financial year		<u>36,648</u>	<u>22,210</u>
Other comprehensive income		-	-
Total comprehensive income for the year		<u><u>36,648</u></u>	<u><u>22,210</u></u>

The results above derive wholly from continuing operations.

BURNLEY FC HOLDINGS LIMITED
CONSOLIDATED BALANCE SHEET
AS AT 30 JUNE 2018

		2018		2017	
	Note	£'000	£'000	£'000	£'000
FIXED ASSETS					
Intangible fixed assets	11		49,181		39,012
Tangible fixed assets	12		22,520		20,323
			<u>71,701</u>		<u>59,335</u>
CURRENT ASSETS					
Stocks	14	591		629	
Debtors	15	32,929		3,572	
Cash at bank and in hand	16	34,412		20,141	
		<u>67,932</u>		<u>24,342</u>	
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR					
	17	<u>(52,322)</u>		<u>(41,182)</u>	
NET CURRENT ASSETS/(LIABILITIES)			15,610		(16,840)
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>87,311</u>		<u>42,495</u>
CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR					
	18		(10,250)		(2,082)
PROVISIONS FOR LIABILITIES					
	20		(377)		(377)
NET ASSETS			<u>76,684</u>		<u>40,036</u>
CAPITAL AND RESERVES					
Called up share capital	22		122		122
Share premium account			4,676		4,676
Merger reserve account			11,220		11,220
Profit and loss account			60,666		24,018
SHAREHOLDERS' FUNDS			<u>76,684</u>		<u>40,036</u>

Approved by the Board on 5 October 2018
and signed on its behalf by:

B C Kilby
Vice Chairman

B T Nelson
Director

BURNLEY FC HOLDINGS LIMITED
PARENT COMPANY BALANCE SHEET
AS AT 30 JUNE 2018

Company registration number - 08335231

		2018		2017	
	Note	£'000	£'000	£'000	£'000
FIXED ASSETS					
Investments	13		1,391		1,391
CURRENT ASSETS					
Debtors	15	3,400		3,400	
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR					
	17	-		-	
NET CURRENT ASSETS			3,400		3,400
NET ASSETS			<u>4,791</u>		<u>4,791</u>
CAPITAL AND RESERVES					
Called up share capital	22		122		122
Share premium account			4,676		4,676
Profit and loss account			(7)		(7)
SHAREHOLDERS' FUNDS			<u>4,791</u>		<u>4,791</u>

Approved by the Board on 5 October 2018
and signed on its behalf by:

B C Kilby
Vice Chairman

B T Nelson
Director

BURNLEY FC HOLDINGS LIMITED
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
YEAR ENDED 30 JUNE 2018

	Share capital £'000	Share premium account £'000	Merger reserve account £'000	Profit and loss account £'000	Total £'000
As at 1 July 2017	122	4,676	11,220	24,018	40,036
Profit for the year	-	-	-	36,648	36,648
Other comprehensive income	-	-	-	-	-
As at 30 June 2018	<u>122</u>	<u>4,676</u>	<u>11,220</u>	<u>60,666</u>	<u>76,684</u>
	Share capital £'000	Share premium account £'000	Merger reserve account £'000	Profit and loss account £'000	Total £'000
As at 1 July 2016	122	4,676	11,220	1,808	17,826
Profit for the year	-	-	-	22,210	22,210
Other comprehensive income	-	-	-	-	-
As at 30 June 2017	<u>122</u>	<u>4,676</u>	<u>11,220</u>	<u>24,018</u>	<u>40,036</u>

All amounts above are attributable to the shareholders of Burnley FC Holdings Limited.

The merger reserve account arose on the acquisition of The Burnley Football & Athletic Company Limited.

BURNLEY FC HOLDINGS LIMITED
COMPANY STATEMENT OF CHANGES IN EQUITY
YEAR ENDED 30 JUNE 2018

	Share capital £'000	Share premium account £'000	Profit and loss account £'000	Total £'000
As at 1 July 2017	122	4,676	(7)	4,791
Profit for the year	-	-	-	-
Other comprehensive income	-	-	-	-
As at 30 June 2018	<u>122</u>	<u>4,676</u>	<u>(7)</u>	<u>4,791</u>

	Share capital £'000	Share premium account £'000	Profit and loss account £'000	Total £'000
As at 1 July 2016	122	4,676	(7)	4,791
Profit for the year	-	-	-	-
Other comprehensive income	-	-	-	-
As at 30 June 2017	<u>122</u>	<u>4,676</u>	<u>(7)</u>	<u>4,791</u>

BURNLEY FC HOLDINGS LIMITED
CONSOLIDATED STATEMENT OF CASH FLOWS
YEAR ENDED 30 JUNE 2018

	2018	2017
	£'000	£'000
Cash flows from operating activities		
Profit for the period	36,648	22,210
<i>Adjustments for:</i>		
Depreciation and amortisation	29,563	23,625
Profit on disposal of intangible fixed assets	(30,731)	(1,347)
Loss on disposal of tangible fixed assets	15	1
Interest receivable and similar income	(34)	(51)
Interest payable and similar charges	17	45
Tax expense	8,500	5,099
	<u>43,978</u>	<u>49,582</u>
<i>Working capital adjustments</i>		
Decrease/(increase) in stocks	38	(278)
(Increase)/decrease in debtors	(3,333)	639
Increase in creditors	12,714	2,789
	<u>53,397</u>	<u>52,732</u>
Cash generated from operations	53,397	52,732
Corporation taxes paid	(6,250)	(1,415)
Net cash flows from operating activities	<u>47,147</u>	<u>51,317</u>
Cash flows from investing activities		
Interest received	34	51
Acquisitions of tangible assets	(6,059)	(5,919)
Acquisitions of intangible fixed assets	(41,395)	(39,735)
Proceeds from sale of tangible fixed assets	43	8
Proceeds from sale of intangible fixed assets	14,649	8,431
	<u>(32,728)</u>	<u>(37,164)</u>
Net cash flows from investing activities	(32,728)	(37,164)
Cash flows from financing activities		
Interest paid	(17)	(45)
Repayment of finance leases and HP contracts	(131)	(233)
	<u>(148)</u>	<u>(278)</u>
Net cash flows from financing activities	(148)	(278)
Net increase in cash and cash equivalents	14,271	13,875
Cash and cash equivalents at start of period	20,141	6,266
Cash and cash equivalents at end of period	<u>34,412</u>	<u>20,141</u>

BURNLEY FC HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 JUNE 2018

1 GENERAL INFORMATION

The company is a private company limited by share capital incorporated in England and Wales.

The address of its registered office is:

Turf Moor
Harry Potts Way
Burnley
Lancashire
BB10 4BX

2 ACCOUNTING POLICIES

Summary of significant accounting policies and key accounting estimates

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £'000 unless otherwise stated.

Statement of compliance

These financial statements were prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' ("FRS 102").

Basis of preparation

These financial statements have been prepared using the historical cost convention.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the company and all its subsidiaries for the year to 30 June 2018.

Disclosure exemptions

The company has taken advantage of the exemption contained in FRS 102 from disclosing transactions with entities which form part of the wholly owned group.

The company, as a qualifying entity, has taken advantage of all applicable disclosure exemptions as set out in FRS 102 paragraph 1.12.

Key judgements and estimation uncertainty

The preparation of financial statements requires management to make significant judgements, estimates and assumptions.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

The main area of judgement that has the most significant effect on the amounts recognised in the financial statements is in regard to any provision for impairment of player registrations.

Provision for impairment is made when it becomes clear that any diminution in the value is permanent. In certain circumstances there may be an individual player whom the group does not consider to be part of the first team squad going forward and whom management have decided is unlikely to play for the first team for a significant part of the remaining duration of the player's contract. In such situations the carrying value of the player will be assessed for impairment and considered against the best estimate of his fair value less costs to sell.

Turnover

Turnover represents income from television rights, gate receipts, catering, club shop sales and other commercial activities. Turnover is shown net of value added tax.

BURNLEY FC HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 JUNE 2018

Foreign currency transactions and balances

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation are included in the profit and loss account for the period.

Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Goodwill

Purchased goodwill (representing the excess of the fair value of the consideration given over the fair value of the separable net assets acquired) arising on business combinations in respect of acquisitions is capitalised and amortised over its estimated useful life.

Player registrations and signing on fees

Transfer fees and amounts paid to third parties for player registrations are capitalised as intangible fixed assets and are amortised on a straight line basis over the period of the respective players' contracts. Any transfer fees payable as a result of the occurrence of one or more uncertain future events are capitalised when the event occurs.

These intangible fixed assets are assessed on an annual basis and impairment losses arising are charged to the profit and loss account in the period in which they arise. Player signing-on fees are expensed to the profit and loss account on a straight line basis over the period of the respective players' contracts except in the circumstances of a disposal. In that case any remaining signing-on fees due are allocated in full against profit on disposal of player registrations.

Impairment of fixed assets

At each reporting period end date, the group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of any impairment loss.

Tangible assets

Tangible assets are stated in the balance sheet at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. The cost of tangible assets includes directly attributable incremental costs incurred in their acquisition and installation.

BURNLEY FC HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 JUNE 2018

Depreciation

Depreciation is charged on a straight line basis, so as to write off the cost of assets other than land and properties under construction over their estimated useful economic lives, as follows:

Freehold buildings	2% to 7% per annum
Plant and vehicles	12.5% to 25% per annum
Fixtures and fittings	10% to 15% per annum

Fixed asset investments

Investments in subsidiary companies are valued at cost unless, in the opinion of the directors there has been an impairment, in which case an adjustment is made.

Cash at bank and in hand

Cash at bank and in hand are basic financial assets and include cash in hand and deposits held at call with banks.

Stock

Stock is valued at the lower of cost and estimated selling price.

Financial instruments

The group has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the balance sheet when the group becomes party to the contractual provisions of the instrument.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are measured at transaction price including transaction costs.

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans and loans from fellow group companies, are recognised at transaction price. Debt instruments are subsequently carried at amortised cost, using the effective interest rate method. Financial liabilities classified as payable within one year are not amortised.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the balance sheet as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to the profit and loss account so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Rentals payable under operating leases, including any lease incentives received, are charged to income on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed.

BURNLEY FC HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 JUNE 2018

Equity instruments

Equity instruments issued by the group are recorded at the proceeds received, net of direct issue costs.

Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the group is demonstrably committed to terminate the employment of an employee or to provide termination benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

3 TURNOVER

Turnover originates within the United Kingdom and comprises the following:

	2018	2017
	£'000	£'000
Match income	5,604	5,844
Television rights	121,528	104,964
Catering sales	2,615	2,414
Other commercial activities	7,365	6,286
Retail sales	1,885	1,661
	<u>138,997</u>	<u>121,169</u>

4 OPERATING PROFIT

	2018	2017
	£'000	£'000
Operating profit is after charging:		
Rentals under operating leases:		
Land and buildings	118	107
Other assets	266	239
Amortisation of player registrations	27,754	22,350
Depreciation of tangible fixed assets:		
Own assets	1,722	1,188
Assets held under finance lease	87	87
Auditors' remuneration:		
- Fees payable to the entity's auditor for the audit of the entity's accounts	2	2
Fees payable to the entity's auditor for other services		
- the audit of the entity's subsidiaries pursuant to legislation	28	26
- tax compliance services	9	16
- audit related assurance services	10	10
- all other non-audit services	16	26
	<u>138,997</u>	<u>121,169</u>

BURNLEY FC HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 JUNE 2018

5 PARTICULARS OF EMPLOYEES

The average number of persons employed by the group during the year, analysed by category was as follows:

	2018 No.	2017 No.
Players, managerial and training staff	120	120
Sales, administration and ancillary staff:		
Full time	43	49
Part time	21	19
	<u>184</u>	<u>188</u>

In addition to the above, the group employed an average of 295 (2017 - 223) match-day staff during the year.

The aggregate payroll costs were as follows:

	2018 £'000	2017 £'000
Wages and salaries	73,524	55,468
Social security costs	8,047	5,627
Other pension costs	45	103
	<u>81,616</u>	<u>61,198</u>

6 DIRECTORS' AND KEY MANAGEMENT REMUNERATION

The directors of Burnley FC Holdings Limited are considered to be the key management personnel of the group. None of the directors received remuneration from the group during the current or previous year.

7 PROFIT ON SALE OF FIXED ASSETS

	2018 £'000	2017 £'000
Profit on sale of intangible fixed assets	30,731	1,347
Loss on sale of tangible fixed assets	(15)	(1)
	<u>30,716</u>	<u>1,346</u>

8 INTEREST PAYABLE

	2018 £'000	2017 £'000
Finance charges on finance leases and similar hire purchase contracts	12	39
On other loans	5	6
	<u>17</u>	<u>45</u>

BURNLEY FC HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
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9 TAX ON PROFIT

Analysis of tax charged in the profit and loss account	2018	2017
	£'000	£'000
Current tax		
UK corporation tax	8,409	4,750
UK corporation tax adjustment to prior periods	91	(25)
	<u>8,500</u>	<u>4,725</u>
Deferred tax		
Deferred tax (see note 20)	-	374
	<u>-</u>	<u>374</u>
Total tax on profit	<u><u>8,500</u></u>	<u><u>5,099</u></u>

Factors affecting the current tax charge

Tax on profit for the year is lower than (2017 - lower than) the standard rate of corporation tax in the UK of 19% (2017 –19.75%).

The differences are explained below:

	2018	2017
	£'000	£'000
Profit before tax	<u>45,148</u>	<u>27,309</u>
Corporation tax at standard rate	8,578	5,393
Expenses not deductible for tax purposes	11	34
Difference between depreciation and capital allowances	(2)	(33)
Non taxable income	(87)	(198)
Utilisation of tax losses brought forward	-	(446)
Decrease in tax from adjustment for prior periods	-	(25)
Deferred tax expense arising from accelerated capital allowances	-	374
	<u>-</u>	<u>374</u>
Total tax on profit	<u><u>8,500</u></u>	<u><u>5,099</u></u>

10 PROFIT/(LOSS) OF PARENT COMPANY

As permitted by Section 408 of the Companies Act 2006, the profit and loss account of the parent company is not presented as part of these accounts. The parent company's profit for the financial year ended 30 June 2018 was £nil (2017 - £nil).

BURNLEY FC HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 JUNE 2018

11 INTANGIBLE FIXED ASSETS – GROUP	Player registrations £'000	Goodwill £'000	Total £'000
Group			
Cost			
At 1 July 2017	74,870	173	75,043
Additions	43,522	-	43,522
Disposals	(22,749)	-	(22,749)
	<u>95,643</u>	<u>173</u>	<u>95,816</u>
At 30 June 2018	<u>95,643</u>	<u>173</u>	<u>95,816</u>
Amortisation			
At 1 July 2017	35,858	173	36,031
Charge for the year	27,754	-	27,754
Eliminated on disposal	(17,150)	-	(17,150)
	<u>46,462</u>	<u>173</u>	<u>46,635</u>
At 30 June 2018	<u>46,462</u>	<u>173</u>	<u>46,635</u>
Net book value			
At 30 June 2018	<u>49,181</u>	<u>-</u>	<u>49,181</u>
At 30 June 2017	<u>39,012</u>	<u>-</u>	<u>39,012</u>

BURNLEY FC HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 JUNE 2018

12 TANGIBLE FIXED ASSETS – GROUP

	Freehold land and buildings	Plant and vehicles	Fixtures and fittings	Total
	£'000	£'000	£'000	£'000
Cost				
At 1 July 2017	21,535	2,598	2,770	26,903
Additions	3,406	561	97	4,064
Disposals	-	(91)	-	(91)
	<hr/>	<hr/>	<hr/>	<hr/>
At 30 June 2018	24,941	3,068	2,867	30,876
	<hr/>	<hr/>	<hr/>	<hr/>
Depreciation				
At 1 July 2017	3,531	1,531	1,518	6,580
Charge for the year	1,301	246	262	1,809
Eliminated on disposal	-	(33)	-	(33)
	<hr/>	<hr/>	<hr/>	<hr/>
At 30 June 2018	4,832	1,744	1,780	8,356
	<hr/>	<hr/>	<hr/>	<hr/>
Net book value				
At 30 June 2018	20,109	1,324	1,087	22,520
At 30 June 2017	<u>18,004</u>	<u>1,067</u>	<u>1,252</u>	<u>20,323</u>

Assets held under finance leases and hire purchase contracts

The net book value of tangible fixed assets includes the following amounts in respect of assets held under finance leases and hire purchase contracts:

	2018 £'000	2017 £'000
Freehold land and buildings	68	135
Plant and vehicles	4	68
	<hr/>	<hr/>
	72	203
	<hr/>	<hr/>

BURNLEY FC HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 JUNE 2018

13 INVESTMENTS - COMPANY

	Shares in subsidiary undertakings £'000	Total £'000
Cost		
At 1 July 2017 and 30 June 2018	<u>1,391</u>	<u>1,391</u>

Subsidiary undertakings	Country of incorporation	Class	%
The Burnley Football & Athletic Company Limited	England & Wales	Ordinary	100
Longside Properties Limited	England & Wales	Ordinary	100

The voting rights are held in the same proportion as the shareholding.

14 STOCKS

	Group	
	2018 £'000	2017 £'000
Goods held for resale	<u>591</u>	<u>629</u>

15 DEBTORS

	Company		Group	
	2018 £'000	2017 £'000	2018 £'000	2017 £'000
Trade debtors	-	-	27,966	1,814
Amounts owed by group undertakings	3,400	3,400	-	-
Other debtors	-	-	627	108
Prepayments and accrued income	-	-	4,336	1,650
	<u>3,400</u>	<u>3,400</u>	<u>32,929</u>	<u>3,572</u>

Details of non-current trade and other debtors - Group

£7,735,000 (2017 - £nil) of trade debtors is classified as non current.

Included within trade debtors is £27,883,000 (2017 - £1,709,000) relating to amounts due from other football clubs.

16 CASH AT BANK AND IN HAND

	Group	
	2018 £'000	2017 £'000
Cash at bank and in hand	<u>34,412</u>	<u>20,141</u>

BURNLEY FC HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 JUNE 2018

17 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group	
	2018	2017
	£'000	£'000
Obligations under finance lease and hire purchase contracts	77	95
Trade creditors	16,072	15,930
Corporation tax	4,873	2,623
Other taxes and social security	4,461	3,657
Other creditors	15	12
Accruals and deferred income	26,824	18,865
	<u>52,322</u>	<u>41,182</u>

Included within trade creditors falling due within one year is £13,338,000 (2017 - £14,255,000) and within accruals and deferred income is £281,000 (2017 - £1,500,000) relating to amounts due to other football clubs.

Creditors: amounts falling due within one year includes the following liabilities, on which security has been given by the group:

	Group	
	2018	2017
	£'000	£'000
Obligations under finance lease and hire purchase contracts	<u>77</u>	<u>95</u>

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

BURNLEY FC HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 JUNE 2018

18 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Group	
	2018	2017
	£'000	£'000
Obligations under finance leases and hire purchase contracts	-	113
Trade creditors	9,246	636
Accruals and deferred income	1,004	1,333
	<u>10,250</u>	<u>2,082</u>

Included within trade creditors falling due after more than one year is £9,246,000 (2017 - £nil) relating to amounts due to other football clubs.

19 OBLIGATIONS UNDER HIRE PURCHASE AND FINANCE LEASE AGREEMENTS

The group's future minimum payments due under finance leases are as follows:

	Group	
	2018	2017
	£'000	£'000
In one year or less	77	95
Between one and two years	-	113
	<u>77</u>	<u>208</u>

20 PROVISIONS

	Group	
	Deferred tax	Total
	£'000	£'000
At 1 July 2017 and 30 June 2018	<u>377</u>	<u>377</u>

Analysis of deferred tax provision

	Group	
	2018	2017
	£'000	£'000
Difference between accumulated depreciation and capital allowances	<u>377</u>	<u>377</u>
	<u>377</u>	<u>377</u>

BURNLEY FC HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
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21 PENSIONS

Defined contribution pension scheme

The group operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the group to the scheme and amounted to £45,000 (2017 - £103,000).

Contributions totalling £15,000 (2017 - £12,000) were payable to the scheme at the end of the year and are included in creditors.

22 SHARE CAPITAL	2018	2017
	£'000	£'000
Allotted, called up and fully paid shares		
122,478 Ordinary shares of £1 each	122	122

23 RELATED PARTY TRANSACTIONS

During the year the group entered into transactions with: Total Gaming Solutions Limited (a company in which Mr B C Kilby is a director), University College of Football Business (an entity in which Mr J Banaszkiwicz and Mr B Flood are directors) and Clarets in the Community Limited (an entity in which Mr B C Kilby and Mr B T Nelson are directors).

During the year, the group purchased goods and services from these entities amounting to £198,000 (2017 - £156,000). At the balance sheet date the amount due to these entities was £12,000 (2017 - £2,000).

During the year, the group supplied goods and services to these entities amounting to £238,000 (2017 - £291,000). At the balance sheet date the amount due from these entities was £10,000 (2017 - £4,000). The group also made office space available to Clarets in the Community Limited at no charge.

24 CONTROL

There is no overall controlling party of Burnley FC Holdings Limited.

25 COMMITMENTS

Capital commitments

Amounts contracted for but not provided in the financial statements amounted to £6,800,000.

Operating lease commitments

The total of future minimum lease payments is as follows:

	Group	
	2018	2017
	£'000	£'000
Not later than one year	113	113
Later than one year and not later than five years	237	320
	<u>350</u>	<u>433</u>

BURNLEY FC HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
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26 FINANCIAL INSTRUMENTS

At the year end, the group had the following financial instruments:

	Group	
	2018	2017
	£'000	£'000
Financial assets that are debt instruments measured at amortised cost	<u>28,109</u>	<u>2,798</u>
Financial liabilities measured at amortised cost	<u>(53,238)</u>	<u>(34,634)</u>

Financial assets that are debt instruments measured at amortised cost comprise trade debtors, other debtors and accrued income.

Financial liabilities measured at amortised cost comprise trade creditors, finance lease liabilities, accruals and other creditors.

27 CONTINGENT LIABILITIES

Additional transfer fees of up to £12,990,000 (2017 - £7,080,000) that may become payable upon achievement of certain conditions contained within transfer contracts if the respective players are still in service of the club on specific future dates, are accounted for in the year in which those conditions are satisfied.

28 NON ADJUSTING EVENTS AFTER THE FINANCIAL PERIOD

Following the year end the club acquired the player registrations of Joe Hart, Matej Vydra and Ben Gibson on permanent playing contracts. Various existing players have had their contracts renewed or extended.

The player registrations of Scott Arfield, Dean Marney, Chris Long and Tom Anderson have been disposed of after the year end.