

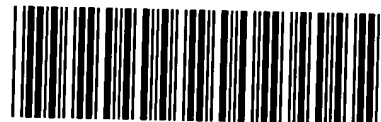
Registered number: 06632170

AFC BOURNEMOUTH LIMITED

ANNUAL REPORT

FOR THE YEAR ENDED 31 JULY 2015

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AFC BOURNEMOUTH LIMITED

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AFC BOURNEMOUTH LIMITED

COMPANY INFORMATION

DIRECTORS

Mr N Blake
Mr J Mostyn
Mr M Ponomarev
Mr N Rothwell
Mr J O'Neill
Mr I Tikhturov (appointed 27 July 2015)
Mr O Tikhturov (appointed 27 July 2015)
Mr J Coppoletta (appointed 18 November 2015)
Mr M Hulsizer (appointed 17 November 2015)

REGISTERED NUMBER

06632170

REGISTERED OFFICE

Dean Court
Kings Park
Bournemouth
Dorset
BH7 7AF

INDEPENDENT AUDITORS

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Oceana House
3rd Floor
39-49 Commercial Road
Southampton
Hampshire
SO15 1GA

AFC BOURNEMOUTH LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 JULY 2015

The directors present the Strategic Report for AFC Bournemouth Limited (the "company" or the "club") for the year ended 31 July 2015.

BUSINESS REVIEW

In 2014/2015 the club won the Football League Championship in only its second year competing in that league and gained promotion to the Football Association Premier League.

Work to prepare the club for playing in the Premier League began in the financial year. Expenditure on tangible fixed assets, being mainly leasehold property improvements at Dean Court, totalled £4.6m (2014: £1.3m).

Amounts capitalised as intangible assets in respect of player transfer fees and contract renewals in the year totalled £13.2m (2014: £7.6m).

The club saw an increase in turnover from £10.1m in 2013/14 to £12.9m in 2014/15. However, football wages, including promotion bonuses and paid player signing on fees, continue to be the largest expense for the club, with a 76% increase in total staff costs from the previous year.

In accordance with the rules of the Football League, the club incurred a financial fair play penalty of £7.6m (2014: £nil) in the year. A further exceptional item shown above operating profit is a charge for £2.0m in respect of a payment to former shareholders as a result of the club's promotion to the Premier League.

Attendance figures were the highest ever, demonstrating both strong and continued support for the club.

The directors continue to maintain close control over expenditure and have implemented effective policies and procedures to ensure the club is run efficiently and effectively. The company continues to focus on core business operations and to improve internal efficiencies.

2014-15 is the first full year of the company operating its own hospitality division following the acquisition of the trade, assets and liabilities of Black Label Events (Bournemouth) Limited on 1 February 2014.

The net result of the above has been a loss after taxation of £38.33m (2013: £10.34m), mainly as a result of the higher staff costs, higher amortisation and depreciation, the financial fair play penalty and other exceptional charges, and unlike the previous year, no significant profit on disposal of players. These movements were offset by higher revenue and consideration for the sale of group relief tax losses to fellow group companies. The directors consider the financial position of the company to be satisfactory at the balance sheet date.

PRINCIPAL RISKS AND UNCERTAINTIES

The club's strategy continues to be forward-looking, with emphasis on developing sustainability and minimising risk.

Playing success remains a key risk affecting the club in order to sustain its Premiership status. This year has seen greater investment in playing staff through utilising advanced sports science methodologies and more developed training techniques.

The club is also aware of the risk associated with reliance upon finance from its parent company to fund operations. However, the directors are confident that this risk is minimal based on the ongoing commitment from its investors and recent positive developments within the business, which demonstrate the successful outputs resulting from the investment.

AFC BOURNEMOUTH LIMITED

**STRATEGIC REPORT (continued)
FOR THE YEAR ENDED 31 JULY 2015**

KEY PERFORMANCE INDICATORS

Given the straight forward nature of the business, the company's directors are of the opinion that analysis using KPIs is not necessary for an undertaking of the development, performance or position of the business.

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



**Mr J Mostyn
Director**

Date: 1 December 2015

AFC BOURNEMOUTH LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 JULY 2015

The directors present their annual report and the audited financial statements for AFC Bournemouth Limited (the "company" or the "club") for the year ended 31 July 2015.

PRINCIPAL ACTIVITIES

The principal activity of the company continues to be that of operating a professional football club and related commercial activities.

RESULTS AND DIVIDENDS

The results for the year are set out on page 9.

During the year no dividends have been paid (2014: £Nil). The directors do not recommend the payment of a final dividend.

FUTURE DEVELOPMENTS

The club has continued plans for growth and expansion and is reviewing options to increase stadium capacity. In addition, it is hoped that the playing squad can be developed further to ensure continued playing success. In November 2015 the company's parent, A.F.C.B Enterprises Limited, transferred a 25% equity interest to Peake6 Football Holdings LLC.

FINANCIAL RISK MANAGEMENT

Credit risk

Credit risk relates primarily to the recoverability of trade debtors from commercial activities. However, the company monitors this closely and implements effective credit control procedures to reduce exposure to credit risk.

Liquidity risk

The company is dependent on the financial support of its parent company. To develop the company's financial stability, the directors have continued to focus on operational efficiencies and to maximise cash flow inflow. In addition the club has effective procedures for budgeting and reporting, driving accuracy for decision making. It is also one of the company's key priorities to ensure it meets its obligations to its creditors, through the monitoring of payment days and ensuring negotiated credit terms with suppliers are met.

GOING CONCERN

The directors consider it appropriate to adopt the going concern basis in preparing the financial statements. Further details underlying the adoption of this basis is given in note 1.2 to the financial statements.

AFC BOURNEMOUTH LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 JULY 2015

DIRECTORS

The directors who served during the year and up to the date of signing the financial statements, unless otherwise stated, were:

Mr N Blake
Mr R Mitchell (resigned 15 September 2014)
Mr T Mitchell (resigned 12 September 2014)
Mr J Mostyn
Mr A Panferov (resigned 9 October 2015)
Mr M Ponomarev
Mr N Rothwell
Mr J O'Neill
Mr I Tikhturov (appointed 27 July 2015)
Mr O Tikhturov (appointed 27 July 2015)
Mr J Coppoletta (appointed 18 November 2015)
Mr M Hulsizer (appointed 17 November 2015)

EMPLOYEE INVOLVEMENT

The company's policy is to consult and discuss with employees, through unions, staff councils and at meetings, matters likely to affect employees' interests.

Information of matters of concern to employees is given through information bulletins and reports which seek to achieve a common awareness on the part of all employees of the financial and economic factors affecting the company's performance.

DISABLED EMPLOYEES

The company's policy is to recruit disabled workers for those vacancies that they are able to fill. All necessary assistance with initial training courses is given. Once employed, a career is developed so as to ensure suitable opportunities for each disabled person. Arrangements are made, wherever possible, for retraining employees who become disabled, to enable them to perform work identified as appropriate to their aptitudes and abilities.

AFC BOURNEMOUTH LIMITED

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 JULY 2015**

DIRECTORS' RESPONSIBILITIES STATEMENT

The directors are responsible for preparing the Strategic Report, 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 prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

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

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

INDEPENDENT AUDITORS

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

DISCLOSURE OF INFORMATION TO AUDITORS

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

- so far as that director is aware, there is no relevant audit information of which the company'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 relevant audit information and to establish that the company's auditors are aware of that information.

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



Mr J Mostyn
Director

Date: 1 December 2015

AFC BOURNEMOUTH LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF AFC BOURNEMOUTH LIMITED

Report on the financial statements

Our opinion

In our opinion, AFC Bournemouth Limited's financial statements (the "financial statements"):

- give a true and fair view of the state of the company's affairs as at 31 July 2015 and of its loss and cash flows 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.
-

What we have audited

The financial statements, included within the Annual Report, comprise:

- the Balance Sheet as at 31 July 2015;
- the Profit and Loss Accounts for the year then ended;
- the Cash Flow Statement for the year then ended;
- the Reconciliation of Net Cash Flow to Movement in Net Debt; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in their preparation comprises applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- 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.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

AFC BOURNEMOUTH LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF AFC BOURNEMOUTH LIMITED

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Directors' Responsibilities Statement set out on page 6, 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) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

What an audit of financial statements involves

We conducted our audit in accordance with International Standards on Auditing (UK & Ireland) ("ISAs (UK & Ireland)"). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.



Matthew Hall (Senior statutory auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Southampton

Date: 1 December 2015

AFC BOURNEMOUTH LIMITED

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 JULY 2015**

	Note	2015 £	2014 £
TURNOVER	2	12,866,822	10,092,155
Other operating income		132,033	199,908
Total other operating charges		(1)	-
Staff costs	6	(30,437,919)	(17,347,352)
Depreciation and other amounts written off tangible and intangible fixed assets		(4,250,861)	(2,973,788)
Other operating charges excluding exceptional other operating charges		(7,496,582)	(5,973,997)
Exceptional other operating charges	4	(9,615,000)	(1,057,198)
Other operating charges		(17,111,582)	(7,031,195)
OPERATING LOSS	3	(38,801,508)	(17,060,272)
(Loss)/profit on disposal of intangible fixed assets	8	(187,928)	6,854,294
LOSS ON ORDINARY ACTIVITIES BEFORE INTEREST		(38,989,436)	(10,205,978)
Interest receivable and similar income	9	10,456	168
Interest payable and similar charges	10	(125,761)	(131,258)
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(39,104,741)	(10,337,068)
Tax on loss on ordinary activities	11	776,816	-
LOSS FOR THE FINANCIAL YEAR	23	(38,327,925)	(10,337,068)

All amounts relate to continuing operations.

There were no recognised gains and losses for 2015 or 2014 other than those included in the Profit and loss account.

There are no material differences between the loss on ordinary activities before taxation and the retained loss for the financial year stated above and their historical cost equivalents.

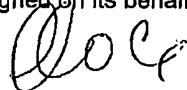
The notes on pages 12 to 27 form part of these financial statements.

AFC BOURNEMOUTH LIMITED
REGISTERED NUMBER: 06632170

BALANCE SHEET
AS AT 31 JULY 2015

	Note	£	2015 £	£	2014 £
FIXED ASSETS					
Intangible assets	12		17,210,026		7,925,754
Tangible assets	13		7,718,408		3,687,573
Investments	14		-		-
			<u>24,928,434</u>		<u>11,613,327</u>
CURRENT ASSETS					
Stocks	15	174,082		310,580	
Debtors	16	5,940,336		3,627,718	
Cash at bank and in hand		1,362,787		3,494,181	
		<u>7,477,205</u>		<u>7,432,479</u>	
CREDITORS: amounts falling due within one year	17	(44,894,292)		(8,978,471)	
NET CURRENT LIABILITIES			(37,417,087)		(1,545,992)
TOTAL ASSETS LESS CURRENT LIABILITIES			(12,488,653)		10,067,335
CREDITORS: amounts falling due after more than one year	18		(34,689,276)		(24,997,288)
PROVISIONS FOR LIABILITIES	19		(103,290)		(173,341)
NET LIABILITIES			(47,281,219)		(15,103,294)
CAPITAL AND RESERVES					
Called up share capital	22		21,110,004		14,960,004
Profit and loss account	23		(68,391,223)		(30,063,298)
TOTAL SHAREHOLDERS' DEFICIT	24		(47,281,219)		(15,103,294)

The financial statements on pages 9 to 27 were approved and authorised for issue by the board and were signed on its behalf on 1 December 2015 by:



Mr J Mostyn
 Director

The notes on pages 12 to 27 form part of these financial statements.

AFC BOURNEMOUTH LIMITED

**CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 JULY 2015**

	Note	2015 £	2014 £
Net cash flow from operating activities	25	(16,725,897)	(11,298,770)
Returns on investments and servicing of finance	26	(115,305)	(131,090)
Capital expenditure and financial investment	26	(8,440,192)	(1,975,226)
Acquisitions and disposals	26	-	95,618
CASH OUTFLOW BEFORE FINANCING		(25,281,394)	(13,309,468)
Financing	26	23,150,000	15,675,056
(DECREASE)/INCREASE IN CASH IN THE YEAR		(2,131,394)	2,365,588

**RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT
FOR THE YEAR ENDED 31 JULY 2015**

	2015 £	2014 £
(Decrease)/Increase in cash in the year	(2,131,394)	2,365,588
Cash inflow from increase in debt and lease financing	(17,000,000)	(8,375,056)
MOVEMENT IN NET DEBT IN THE YEAR	(19,131,394)	(6,009,468)
Net debt at 1 August 2014	(21,495,095)	(15,485,627)
NET DEBT AT 31 JULY 2015	(40,626,489)	(21,495,095)

The notes on pages 12 to 27 form part of these financial statements.

AFC BOURNEMOUTH LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2015

1. ACCOUNTING POLICIES

1.1 Basis of preparation of financial statements

The financial statements have been prepared on a going concern basis, under the historical cost convention and accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom. The accounting policies have been consistently applied in both the current and comparative financial year.

1.2 Going concern

The company is dependent on continued financial support from its parent company and ultimate controlling party in order to remain a going concern. The company's parent and ultimate controlling party has committed to provide financial support to the company for at least 12 months from the date of the signing of the company's full financial statements, in order for the company to be able to meet its liabilities as they fall due and to realise the value of its assets. The directors have considered the company's financial position, forecast cash flows and the availability of financial support from its parent company and ultimate controlling party and consider that it is appropriate to prepare the financial statements on a going concern basis.

1.3 Consolidated financial statements

The company has taken advantage of the exemption provided under section 405 of the Companies Act 2006 to not consolidate subsidiary companies that are collectively not material to the group. As such, these financial statements present information about the company as an individual and not about its group.

1.4 Turnover

Turnover represents income receivable net of VAT, from football and related commercial activities.

Gate and other match/event day turnover is recognised over the period of the football season as games are played and events are staged. Sponsorship and similar commercial income is recognised over the duration of the respective contracts. The fixed element of broadcasting turnover is recognised over the duration of the football season whilst facility fees for live coverage or highlights are taken when earned. Merit awards, including those from The Football League, are accounted for only when known at the end of the financial period. Fees receivable in respect of the loan of players are included in turnover over the period of the loan.

1.5 Goodwill

Goodwill, representing the excess of the purchase consideration over the fair value of the net separable assets acquired, is capitalised and amortised through the Profit and Loss Account over its useful economic life being the period that the directors estimate that the value of the underlying businesses are expected to exceed the value of underlying assets. Should the directors consider goodwill to be permanently impaired below its net book value, a write down is recorded at the point at which the impairment is identified.

AFC BOURNEMOUTH LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2015

1. ACCOUNTING POLICIES (continued)

1.6 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. 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 leasehold improvements	-	Between 5% and 10% per annum
Plant and machinery	-	Between 15% and 33% per annum
Fixtures and fittings	-	Between 15% and 20% per annum

1.7 Leasing and hire purchase commitments

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible assets and depreciated over the shorter of the lease term and their useful lives. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the Profit and Loss Account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

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

1.8 Investments

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

Impairment reviews are performed by the directors when there has been an indication of potential impairment.

1.9 Stocks

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks.

1.10 Pensions

Defined contribution pension schemes operated by the company

The company operates a number of defined contribution schemes for the benefit of its employees.

Multi-employee defined benefit pension schemes

The company participates, along with other football clubs, in the Football League Pension and Life Assurance Scheme (the "Scheme"). A provision has been established for the company's estimated share of the actuarial technical deficit of this scheme, as notified by the Football League Pension and Life Assurance Scheme.

Under the provisions of FRS 17 'Retirement Benefits' the Scheme is treated as a defined benefit multi-employer scheme as the Scheme's actuary has advised the participating employers that their share of the underlying assets and liabilities cannot be identified on a reasonable and consistent basis and, accordingly, no further disclosures are made under the provisions of FRS 17.

AFC BOURNEMOUTH LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2015**

1. ACCOUNTING POLICIES (continued)

1.11 Current and deferred taxation

Corporation tax payable is provided for on taxable profits at the current rate.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet dates where transactions or events that result in an obligation to pay more, or a right to pay less, tax in the future have occurred. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

A deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, 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 difference can be deducted. Deferred tax is measured on a non-discounted basis at the average tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

1.12 Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction. All differences are taken to Profit and Loss Account.

1.13 Cost of player registrations

The costs associated with players' registrations or extending their contracts, including agents' fees, are capitalised and amortised, in equal instalments, over the period of the respective players' contracts. Where a contract life is renegotiated the unamortised costs, together with the new costs relating to the contract extension, are amortised over the new contract period. Where the acquisition of a player registration involves a non-cash consideration, such as an exchange for another player registration, the transaction is accounted for using an estimate of the market value for the non-cash consideration. Player registrations are written down for impairment, for example, following a career threatening injury, when the carrying amount exceeds the amount recoverable through use or sale.

Under the conditions of certain transfer agreements or contract renegotiations, 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. Liabilities in respect of these additional fees are accounted for, as provisions, when it becomes probable that the number of appearances will be achieved or the specified future events will occur. Profits or losses on the sale of players represent the transfer fee receivable, net of any transaction costs, less the unamortised cost of the player's registration.

AFC BOURNEMOUTH LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2015

1. ACCOUNTING POLICIES (continued)

1.14 Player remuneration

Remuneration of players is charged in accordance with the terms of the applicable contractual agreements and any discretionary bonus when there is a legal or contractual obligation.

Player sign-on fees are expensed in full in the period in which they become payable in accordance with the contractual terms with the player.

Liabilities in respect of player loyalty fees are provided for, as part of operating expenses, when payment becomes probable as the player is contracted to the club and the loyalty fee is payable prior to the next transfer window at the date the financial statements are signed.

1.15 Provisions

Provisions are recognised when the company has a present obligation as a result of a past event, it is probable that a transfer of economic benefits will be required to settle the obligation, and a reliable estimate can be made. Provisions are not discounted.

2. TURNOVER

The whole of the turnover is attributable to the principal activities of the company being the operation of a professional football club and related commercial activities.

All turnover arose within the United Kingdom.

3. OPERATING LOSS

The operating loss is stated after charging:

	2015 £	2014 £
Depreciation of tangible fixed assets:		
- owned by the company	509,088	352,522
Operating lease rentals:		
- plant and machinery	227,252	341,703
- other operating leases	450,864	449,823
Amortisation of intangible fixed assets	3,741,773	2,621,266
Exceptional operating charges (note 4)	9,615,000	1,057,198
Loss on disposal of tangible fixed assets	-	28,875

AFC BOURNEMOUTH LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2015**

4. EXCEPTIONAL OPERATING CHARGES

	2015 £	2014 £
Financial fair play penalty payable to the Football League	7,615,000	-
Payment to former shareholders	2,000,000	-
Goodwill impairment charge	-	848,942
Related party loan write off (see note 29)	-	208,256
	<u>9,615,000</u>	<u>1,057,198</u>

In 2015 the company incurred a penalty of £7,615,000 in accordance with the financial fair play rules of the Football League and a £2,000,000 charge in respect of an agreement with former shareholders on the club achieving promotion to the Premier League.

In the prior year loans of £208,256 due from related parties and goodwill of £848,942 were written off in the year.

5. AUDITORS' REMUNERATION

	2015 £	2014 £
Fees payable to the company's auditors and its associates for the audit of the company's annual financial statements	30,000	24,500
Fees payable to the company's auditors and its associates in respect of:		
Audit related services	10,000	-
Tax compliant services	3,550	6,050
Tax advisory services	21,200	98,100
All other services	16,500	6,900
	<u>71,250</u>	<u>135,550</u>

6. STAFF COSTS

Staff costs, including directors' remuneration, were as follows:

	2015 £	2014 £
Wages and salaries	26,649,837	14,862,440
Social security costs	3,512,987	2,319,249
Other pension costs	275,095	165,663
	<u>30,437,919</u>	<u>17,347,352</u>

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

	2015 Number	2014 Number
Playing staff and administration	112	96
School of excellence	45	53
Match day and hospitality	294	240
	<u>451</u>	<u>389</u>

AFC BOURNEMOUTH LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2015**

7. DIRECTORS' REMUNERATION

	2015 £	2014 £
Remuneration	<u>842,739</u>	<u>673,305</u>
Company pension contributions to defined contribution pension schemes	<u>8,519</u>	<u>14,733</u>

During the year retirement benefits accrued to 3 directors (2014 - 3) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £516,559 (2014 - £306,428).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £7,500 (2014 - £nil).

8. (LOSS)/PROFIT ON DISPOSAL OF INTANGIBLE FIXED ASSETS

	2015 £	2014 £
(Loss)/profit on disposal of player registrations	<u>(187,928)</u>	<u>6,854,294</u>

The profit or loss on the disposal of player registrations is the difference between the book value of player registrations at the time of disposal and the consideration received at the time. Consideration that is contingent on future events is only recognised when its receipt is virtually certain.

9. INTEREST RECEIVABLE AND SIMILAR INCOME

	2015 £	2014 £
Bank interest	<u>10,456</u>	<u>168</u>

10. INTEREST PAYABLE AND SIMILAR CHARGES

	2015 £	2014 £
On loans from group undertakings	125,761	124,009
Other interest payable	-	7,249
	<u>125,761</u>	<u>131,258</u>

AFC BOURNEMOUTH LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2015**

11. TAX ON LOSS ON ORDINARY ACTIVITIES

	2015 £	2014 £
UK corporation tax (credit)/charge on loss for the year	<u>(776,816)</u>	<u>-</u>

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2014 - higher than) the standard rate of corporation tax in the UK of 20.7% (2014 - 20%). The differences are explained below:

	2015 £	2014 £
Loss on ordinary activities before taxation	<u>(39,104,741)</u>	<u>(10,337,068)</u>
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 20.7% (2014 - 20%)	<u>(8,094,681)</u>	<u>(2,067,414)</u>
Effects of:		
Expenses not deductible for tax purposes	1,990,305	41,651
Depreciation in excess of capital allowances	105,381	38,462
Non-recognition of tax losses	4,445,363	1,987,301
Group relief surrendered for consideration	776,816	-
Current tax (credit)/charge for the year	<u>(776,816)</u>	<u>-</u>

Factors affecting future tax charges

The main rate of corporation tax reduced from 21% to 20% on 1 April 2015. It will reduce further to 19% from 1 April 2017 and to 18% from 1 April 2020. As these further changes were not substantively enacted at the company's balance sheet date their effects are not included in these financial statements.

Unrecognised deferred tax asset

The company has an unrecognised deferred tax asset of £10,282,877 (2014 unrecognised: £5,900,170). This deferred tax asset is made up of taxable losses of £10,262,410 (2014: £5,992,173) and other timing differences of £20,467 offset by deferred tax liabilities for other timing differences of £nil (2014: £92,003). The company's deferred tax asset has not been recognised at the balance sheet date at 31 July 2015 and 31 July 2014 as the company does not have a history of making taxable profits.

AFC BOURNEMOUTH LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2015**

12. INTANGIBLE ASSETS

	Player registration costs £	Goodwill £	Total £
Cost			
At 1 August 2014	11,153,342	1,632,809	12,786,151
Additions	13,213,973	-	13,213,973
Disposals	(1,363,002)	-	(1,363,002)
At 31 July 2015	<u>23,004,313</u>	<u>1,632,809</u>	<u>24,637,122</u>
Accumulated amortisation			
At 1 August 2014	3,592,226	1,268,171	4,860,397
Charge for the year	3,660,743	81,030	3,741,773
Disposals	(1,175,074)	-	(1,175,074)
At 31 July 2015	<u>6,077,895</u>	<u>1,349,201</u>	<u>7,427,096</u>
Net book value			
At 31 July 2015	<u>16,926,418</u>	<u>283,608</u>	<u>17,210,026</u>
At 31 July 2014	<u>7,561,116</u>	<u>364,638</u>	<u>7,925,754</u>

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

The directors consider the net realisable value of player registration costs to be significantly greater than their book value.

AFC BOURNEMOUTH LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2015

13. TANGIBLE ASSETS

	Land and buildings leasehold improvements £	Plant and machinery £	Fixtures, fittings and equipment £	Total £
Cost				
At 1 August 2014	2,901,755	250,393	1,220,351	4,372,499
Additions	4,421,734	34,890	155,387	4,612,011
Disposals	(36,573)	(53,410)	(5,465)	(95,448)
At 31 July 2015	7,286,916	231,873	1,370,273	8,889,062
Accumulated depreciation				
At 1 August 2014	188,468	96,130	400,328	684,926
Charge for the year	217,821	46,615	244,652	509,088
Disposals	(5,751)	(15,123)	(2,486)	(23,360)
At 31 July 2015	400,538	127,622	642,494	1,170,654
Net book value				
At 31 July 2015	6,886,378	104,251	727,779	7,718,408
At 31 July 2014	2,713,287	154,263	820,023	3,687,573

14. INVESTMENTS

	Investments in subsidiary companies £
Cost or valuation	
At 1 August 2014 and 31 July 2015	104
Impairment	
At 1 August 2014 and 31 July 2015	104
Net book value	
At 31 July 2015	-
At 31 July 2014	-

Subsidiary undertakings

The following were subsidiary undertakings of the company:

Name	Class of shares	Holding
Black Label Events (Bournemouth) Limited	Ordinary	100%

AFC BOURNEMOUTH LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2015**

14. INVESTMENTS (continued)

Name	Country of registration or incorporation
Black Label Events (Bournemouth) Limited	United Kingdom

On 1 August 2014 the company sold its investment in The Bay Interactive Limited.

15. STOCKS

	2015 £	2014 £
Finished goods and goods for resale	<u>174,082</u>	<u>310,580</u>

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

16. DEBTORS

	2015 £	2014 £
Trade debtors	1,693,460	2,568,553
Corporate tax group relief recoverable	776,816	-
Other debtors	1,871,607	691,797
Prepayments and accrued income	1,598,453	367,368
	<u>5,940,336</u>	<u>3,627,718</u>

**17. CREDITORS:
Amounts falling due within one year**

	2015 £	2014 £
Other loans	7,300,000	-
Trade creditors	10,974,502	2,221,898
Other creditors	327,500	164,990
Other taxation and social security	1,514,443	2,299,129
Accruals and deferred income	24,777,847	4,292,454
	<u>44,894,292</u>	<u>8,978,471</u>

Other loans are unsecured and repayable on demand to the company's parent A.F.C.B Enterprises Limited.

AFC BOURNEMOUTH LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2015**

**18. CREDITORS:
Amounts falling due after more than one year**

	2015 £	2014 £
Other loans	34,689,276	24,989,276
Other creditors	-	8,012
	<u>34,689,276</u>	<u>24,997,288</u>

Included within the above are amounts falling due as follows:

	2015 £	2014 £
Between two and five years		
Other loans	<u>34,689,276</u>	<u>24,989,276</u>

Other loans include £34,689,276 (2014: £17,124,276) related to an unsecured non-interest bearing loan repayable to A.FC.B Enterprises Limited, the company's parent, and is repayable on 13 February 2018.

Other loans include £Nil (2014: £7,865,000) related to a loan repayable to Wintel Petrochemicals Limited, a related party of the company. During the year this loan was transferred from Wintel Petrochemicals Limited to A.FC.B Enterprises Limited.

19. PROVISIONS FOR LIABILITIES

	Pension obligations £
At 1 August 2014	173,341
Credited to the Profit and Loss Account	(11,838)
Utilised in the year	<u>(58,213)</u>
At 31 July 2015	<u>103,290</u>

Pension obligations

The club is advised of its share of the deficit in the defined benefit section of The Football League Pension and Life Assurance Scheme ("the Scheme"). The most recent valuation of the whole Scheme was as at 31 August 2014 and this reported a deficit for the whole Scheme of £21.8m. The club's share of this deficit at the balance sheet date is £103,290 (2014: £173,341). The schedule of annual contributions agreed for the year and for each year until August 2018 is £30,372.

A further contribution of £75,930 was requested by the Scheme in the previous year, of which £25,310 was paid in the current year and £50,620 was paid in the previous year.

AFC BOURNEMOUTH LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
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20. PENSION COMMITMENTS

Defined contribution

The company participates in a number of defined contribution pension schemes on behalf of certain employees. The assets of these schemes are held separately from those of the company in independently administered funds. The charge for the year for schemes accounted for as defined contribution schemes was £275,095 (2014: £165,663).

The company had unpaid pension contributions at the balance sheet date of £30,691 (2014: £14,727).

21. OPERATING LEASE COMMITMENTS

At 31 July the company had annual commitments under non-cancellable operating leases as follows:

	Land and buildings		2015 £	Other 2014 £
	2015 £	2014 £		
Expiry date:				
Within 1 year	-	-	141,000	188,000
Between 2 and 5 years	-	-	54,852	46,812
After more than 5 years	370,746	370,746	-	-
	<u>370,746</u>	<u>370,746</u>	<u>-</u>	<u>-</u>

22. CALLED UP SHARE CAPITAL

	2015 £	2014 £
Allotted, called up and fully paid		
20,860 (2014 - 14,710) Preference shares of £1,000 (2014 - £1,000) each	20,860,000	14,710,000
125,002 (2014 - 125,002) Ordinary A shares of £1 (2014 - £1) each	125,002	125,002
125,002 (2014 - 125,002) Ordinary B shares of £1 (2014 - £1) each	125,002	125,002
	<u>21,110,004</u>	<u>14,960,004</u>

AFC BOURNEMOUTH LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2015**

22. CALLED UP SHARE CAPITAL (continued)

On 19 September 2014 the company issued 1,600 Preference shares of £1,000 each for consideration of £1,600,000. Consideration was settled in cash.

On 17 October 2014 the company issued 1,800 Preference shares of £1,000 each for consideration of £1,800,000. Consideration was settled in cash.

On 11 November 2014 the company issued 1,000 Preference shares of £1,000 each for consideration of £1,000,000. Consideration was settled in cash.

On 23 December 2014, the company issued 300 Preference shares of £1,000 each for consideration of £300,000. Consideration was settled in cash.

On 13 January 2015, the company issued 1,450 Preference shares of £1,000 each for consideration of £1,450,000. Consideration was settled in cash.

Share rights

The Ordinary A shares and Ordinary B shares rank *pari passu* in all respects.

The Preference shares entitle the holders to receive notice of all general meetings but do not entitle the holders to attend or vote at any general meeting or to participation in the profits or assets of the company. On winding up or repayment of capital, holders of the Preference shares shall be entitled to repayment of the capital paid up in those shares. This payment will be made in priority to holders of Ordinary A shares or Ordinary B shares.

23. PROFIT AND LOSS ACCOUNT

	Profit and loss account £
At 1 August 2014	(30,063,298)
Loss for the financial year	(38,327,925)
At 31 July 2015	<u>(68,391,223)</u>

24. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' DEFICIT

	2015 £	2014 £
Opening shareholders' deficit	(15,103,294)	(12,066,226)
Loss for the financial year	(38,327,925)	(10,337,068)
Shares issued during the year	6,150,000	7,300,000
Closing shareholders' deficit	<u>(47,281,219)</u>	<u>(15,103,294)</u>

AFC BOURNEMOUTH LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2015**

25. NET CASH FLOW FROM OPERATING ACTIVITIES

	2015 £	2014 £
Operating loss	(38,801,508)	(17,060,272)
Amortisation of intangible fixed assets	3,741,773	2,621,266
Depreciation of tangible fixed assets	509,088	352,522
Impairments of goodwill	-	848,942
Amounts written off investments	-	28,875
Decrease/(increase) in stocks	51,640	(90,871)
(Increase)/decrease in debtors	(3,285,802)	1,031,773
Increase in creditors	21,128,963	1,623,107
Decrease in provisions	(70,051)	(654,112)
Net cash outflow from operating activities	(16,725,897)	(11,298,770)

26. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN CASH FLOW STATEMENT

	2015 £	2014 £
Returns on investments and servicing of finance		
Interest received	10,456	168
Interest paid	(125,761)	(131,258)
Net cash outflow from returns on investments and servicing of finance	(115,305)	(131,090)

	2015 £	2014 £
Capital expenditure and financial investment		
Purchase of intangible fixed assets	(5,332,181)	(6,276,347)
Sale of intangible fixed assets	1,504,000	5,599,000
Purchase of tangible fixed assets	(4,612,011)	(1,297,879)
Net cash outflow from capital expenditure	(8,440,192)	(1,975,226)

	2015 £	2014 £
Acquisitions and disposals		
Cash acquired on acquisition of business	-	82,617
Sale of fixed asset investments	-	13,001
Net cash inflow from acquisitions and disposals	-	95,618

AFC BOURNEMOUTH LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
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26. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN CASH FLOW STATEMENT (continued)

	2015 £	2014 £
Financing		
Issue of new preference shares	6,150,000	7,300,000
Other new loans	17,000,000	8,375,056
Net cash inflow from financing	<u>23,150,000</u>	<u>15,675,056</u>

27. ANALYSIS OF CHANGES IN NET DEBT

	1 August 2014 £	Cash flow £	31 July 2015 £
Cash at bank and in hand	3,494,181	(2,131,394)	1,362,787
Debt:			
Finance leases	-	-	-
Debts due within one year	-	(7,300,000)	(7,300,000)
Debts falling due after more than one year	(24,989,276)	(9,700,000)	(34,689,276)
Net debt	<u>(21,495,095)</u>	<u>(19,131,394)</u>	<u>(40,626,489)</u>

28. CONTINGENT LIABILITIES

Under the condition of certain transfer and loan agreements in respect of players purchased or loaned, further transfer or loan fees will be payable to third parties in the event of players concerned making a certain number of First Team appearances or in the event of certain other future events specified in the transfer agreements. In accordance with the company's accounting policy for transfer and loan fees, any additional fees which may be payable under these agreements will be accounted for in the year that it becomes probable that the number of appearances will be achieved or the specified future events will occur. The company's contingent liability for this is estimated to be £2,800,000 (2014 - £325,000).

AFC BOURNEMOUTH LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
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29. RELATED PARTY TRANSACTIONS

As at 31 July 2015 the company owed its parent company A.F.C.B Enterprises Limited a non-interest bearing loan of £34,689,276 (2014: £17,124,276). The term of the loan is to 13 February 2018.

As at 31 July 2015 the company owed Wintel Petrochemicals Limited, a company which has the same ultimate controlling party, £nil (2014: £7,865,000). This loan was transferred to AFCB Enterprises Limited during the year. Before the transfer interest of £105,285 was charged (2014: £124,009).

At 31 July 2015 the company owed £23,934 to Veyron Bespoke Limited, a company of which Mr J O'Neill is a director and which has the same ultimate controlling party. At 31 July 2014 the company was owed £50,000 by Veyron Bespoke Limited.

At 31 July 2015 the company was owed £21,590 (2014: £14,300) by certain directors of the company.

At 31 July 2015 the company owed £5,767 (2014: £nil) to its ultimate controlling party.

The following related party transactions were all invoiced on normal arms-length commercial terms:

During the year the company received £200,000 (2014: £200,000) in respect of team shirt and other sponsorship from Energy Consulting, a company incorporated in Russia of which Mr M Ponomarev is a director and which has the same ultimate controlling party.

30. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The immediate parent company of the company is A.F.C.B Enterprises Limited, a company registered in The British Virgin Islands. The ultimate parent company is Fortina Enterprises Limited, a company registered in The British Virgin Islands.

The ultimate controlling party is Mr M Demin.