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BIRMINGHAM CITY FOOTBALL CLUB PLC
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST AUGUST 2001



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BIRMINGHAM CITY FOOTBALL CLUB PLC

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST AUGUST 2001

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BIRMINGHAM CITY FOOTBALL CLUB PLC

DIRECTORS AND OFFICERS FOR THE YEAR ENDED 31ST AUGUST 2001

Directors and Officers: D. Gold (Chairman)
K. Brady (Managing Director)
D. Sullivan
B. Gold
R. Gold
H. Brandman
J.F. Wiseman
A.G. Jones
M. Wiseman

Company Secretary: Alan G. Jones B.A., M.B.A.

Team Manager: Trevor Francis

Registered Office: St Andrew's Stadium
BIRMINGHAM
B9 4NH
Tel. No. 0121-772 0101

Auditors: Edwards
Chartered Accountants and
Registered Auditors
47 Anchor Road
Aldridge
WALSALL
WS9 8PT

Principal Bankers: HSBC Bank plc
PO Box 66
Bennetts Hill
BIRMINGHAM
B2 5RJ

Principal Solicitors: Henri Brandman & Co
46 Queen Anne Street
LONDON
W1G 8HQ

Company Number: 27318

BIRMINGHAM CITY FOOTBALL CLUB PLC**FIVE YEAR TRADING RECORD**

	<u>2001</u> £	<u>2000</u> £	<u>1999</u> £	<u>1998</u> £	<u>1997</u> £
Match Receipts, F.A. and Football League Distributions	7,228,330	5,829,644	5,167,228	5,091,498	4,616,990
Commercial Activities including television and radio fees	6,058,383	4,297,094	3,988,590	4,016,684	3,913,290
INCOME (restated - see note 1l)	<u>13,286,713</u>	<u>10,126,738</u>	<u>9,155,818</u>	<u>9,108,182</u>	<u>8,530,280</u>
Wages	9,263,774	7,772,171	6,227,929	5,069,448	4,900,328
Other expenses	4,064,873	3,381,875	3,139,750	2,870,818	2,893,499
EXPENDITURE (restated - see note 1l)	<u>13,328,647</u>	<u>11,154,046</u>	<u>9,367,679</u>	<u>7,940,216</u>	<u>7,793,827</u>
OPERATING (LOSS)/PROFIT BEFORE AMORTISATION OF PLAYERS AND INTEREST	<u>(41,934)</u>	<u>(1,027,308)</u>	<u>(211,861)</u>	<u>1,167,916</u>	<u>736,453</u>

BIRMINGHAM CITY FOOTBALL CLUB PLC**REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31ST AUGUST 2001**

The directors present the financial statements for the year ended 31st August 2001.

DIRECTORS' RESPONSIBILITIES

Company law in the United Kingdom requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss for that period. In preparing those financial statements the directors have:-

- selected suitable accounting policies and then applied them consistently;
- made judgements and estimates that are reasonable and prudent;
- Followed applicable United Kingdom accounting standards;
- prepared the financial statements on a going concern basis.

The directors are responsible for keeping proper accounting records which 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 1985. 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.

The directors are also responsible for ensuring that the directors' report and other information included in the Annual Report is prepared in accordance with company law in the United Kingdom.

PRINCIPAL ACTIVITY

The principal activity of the company continues to be that of a Professional Football League Club.

RESULTS AND DIVIDENDS

The results for the year are set out in the profit and loss account on page 7.

The operating loss before amortisation of players and interest amounted to £41,934 (2000 - £1,027,308). The loss on ordinary activities before taxation was £2.63 million (2000 - £1.53 million).

The company is unable to pay a dividend as it does not have available distributable reserves.

FINANCIAL AND OPERATING REVIEW

We are delighted to report that during this period a record turnover of £13,286,713 was achieved (2000 - £10,126,738) and the operating loss was reduced from £1,027,308 in 2000 to £41,934. Major increases in revenue were seen in all areas, with match receipts higher by £1,398,686 and commercial activities up by £1,761,289 to £6,058,383. These increases were largely as a result of reaching the Worthington Cup Final, which we were very unfortunate to lose on penalties to Liverpool FC, and the maximisation of the commercial opportunities that this presented to us. Our retail operation alone saw growth of over 25% to £1,078,087.

Inevitably, operating expenses have increased dramatically and total for the period £13,328,647 (2000 - £11,154,046). Within these overall figures, wage and salary costs have increased by 19% to £9,263,774. Other expenditure increases include work on the St Andrew's pitch, which was completely re-laid during the summer and the purchase of a state of the art pitch protection system, which has already proved valuable saving the televised game on New Year's Day. Police and associated match day costs also rose due to the increase in home games as a result of our extended run in the Worthington Cup.

BIRMINGHAM CITY FOOTBALL CLUB PLC**REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31ST AUGUST 2001**

FINANCIAL AND OPERATING REVIEW (continued)

Our financial prospects this year, as ever, depend upon our success on the pitch. If we achieve promotion or the play-off final there are good prospects that this year's turnover could match or exceed last year's. If not, our financial performance is likely to be disappointing.

We have continued to strengthen the playing squad and during the period signed Curtis Woodhouse, Nico Vaesen and Tommy Mooney and, since the year-end, we have signed Steve Vickers from Middlesbrough. We also extended and improved a number of senior players' contracts to ensure their continued presence at the Club. We certainly have one of the largest and strongest squads within the division and currently have 35 squad players in our employment. Our Academy organisation goes from strength to strength with eight of our Academy players currently playing at international level of whom four play for England.

Promotion remains our number one priority and we believe that the appointment of our new manager and his backroom staff will finally bring us the success we have long been striving for. We understand that we will need to increase expenditure to achieve our goal of playing in the Premier League and that the main area affected will be players' wages. Additionally, compensation payments made to the previous management team and to Crystal Palace to secure Steve Bruce's release will have an adverse effect on our trading position going forward. We are also committed to building an indoor training area for the Academy and work costing a considerable amount of money will commence within the next few months. This building is vital if we are to retain our Academy status.

The results under review show a strong trading period for the Club and represent a further year of positive progression in our vision to play Premiership football.

FIXED ASSETS

Details of changes in fixed assets are set out in notes 10 and 11 to the financial statements.

In the opinion of the directors, the book value of freehold land and buildings included in fixed assets (note 11) is significantly less than the open market valuation. Book value is after taking into account deferred grant income shown within note 16 to the accounts.

PAYMENT OF SUPPLIERS

The company seeks the best possible terms from suppliers appropriate to its business and, in placing orders, gives consideration to quality, price and terms of payment which will be agreed with each supplier when details of each transaction are settled. The company will continue to honour its contractual and other legal obligations and to pay creditors on the dates agreed in contracts and purchase orders.

Transfer fees and similar transactions are such that any calculation of the number of creditor days inclusive of these balances would prove meaningless. However, creditor days excluding transfer fees for the company at 31st August 2001 were 48 days (2000 – 54 days).

DONATIONS

Charitable donations made by the company amounted to £6,800, including donations of shirts, footballing equipment and player appearances. No political donations were made during the year.

BIRMINGHAM CITY FOOTBALL CLUB PLC

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31ST AUGUST 2001

DIRECTORS AND THEIR INTEREST IN THE SHARE CAPITAL

None of the directors who acted during the period had an interest in the share capital at 31st August 2000 or 31st August 2001.

Details of directors' shareholdings in the holding company, Birmingham City plc, are declared within its financial statements.

In accordance with the Articles, D Gold, R Gold and M Wiseman retire by rotation and being eligible, offer themselves for re-election.

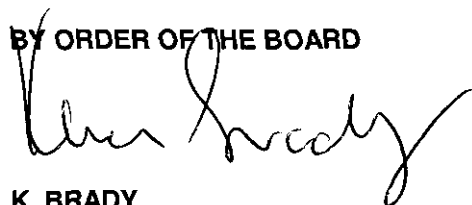
DIRECTORS OF SPORT AND INTERESTS

D Sullivan, R Gold and D Gold are all directors of Sport Newspapers Limited and have direct holdings in that company of 50 percent, 25 percent and 25 percent respectively.

AUDITORS

A resolution to re-appoint Messrs Edwards as auditors will be proposed at the Annual General Meeting.

BY ORDER OF THE BOARD



K. BRADY
Managing Director

Date: 24th January 2002

BIRMINGHAM CITY FOOTBALL CLUB PLC

AUDITORS' REPORT FOR THE YEAR ENDED 31ST AUGUST 2001

Independent Auditors' Report to the Shareholders of Birmingham City Football Club plc

We have audited the financial statements on pages 7 to 24.

Respective Responsibilities of Directors And Auditors

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements have a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the information contained in the Annual Report and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any information outside the Annual Report.

Basis of Audit Opinion

We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's and the group's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion, we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion, the financial statements give a true and fair view of the state of affairs of the company at 31st August 2001 and of the company's loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Edwards
Registered Auditors
Chartered Accountants
47 Anchor Road
Aldridge
WALSALL
WS9 8PT

Date: 24 January 2002

BIRMINGHAM CITY FOOTBALL CLUB PLC**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST AUGUST 2001**

	<u>Notes</u>	<u>2001</u> £	(Restated) <u>2000</u> £
TURNOVER	2	13,286,713	10,126,738
Match and ground expenses		2,840,814	2,328,129
Administration expenses		868,409	704,619
Staff costs	6	9,263,774	7,772,171
Depreciation	1b	409,739	402,858
Amortisation of deferred capital grants	1j	(54,089)	(53,731)
Net operating expenses		13,328,647	11,154,046
OPERATING LOSS BEFORE AMORTISATION OF PLAYERS		(41,934)	(1,027,308)
Player transfer costs including amortisation	3	(2,480,917)	(2,811,605)
OPERATING LOSS AFTER AMORTISATION OF PLAYERS	4	(2,522,851)	(3,838,913)
(Loss)/profit on sale of players' registrations	1d	(158,795)	2,187,006
LOSS BEFORE INTEREST AND TAXATION		(2,681,646)	(1,651,907)
Interest receivable and similar income	7	84,191	188,151
Interest payable and similar charges	8	(28,496)	(67,796)
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(2,625,951)	(1,531,552)
Taxation on loss on ordinary activities	9	36,467	(37,301)
LOSS FOR THE YEAR	20 and 21	(2,589,484)	(1,568,853)

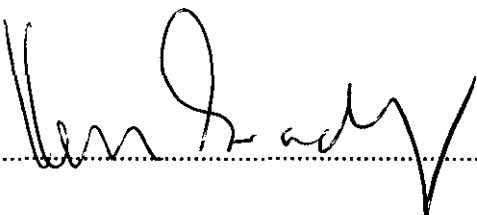
There were no recognised gains or losses other than those reported above.

Historical cost (losses)/profit are not materially different to those stated above. All activities are derived from continuing operations.

BIRMINGHAM CITY FOOTBALL CLUB PLC**BALANCE SHEET AS AT 31ST AUGUST 2001**

	Note	2001		2000	
		£	£	£	£
FIXED ASSETS					
Intangible assets	10		5,188,724		6,089,228
Tangible assets	11		12,039,163		11,815,947
			17,227,887		17,905,175
CURRENT ASSETS					
Stocks	12	181,799		154,944	
Debtors	13	1,896,008		3,463,378	
Cash at bank and in hand		451,619		47,208	
		2,529,426		3,665,530	
CREDITORS: Amounts falling due within one year	14	(6,357,902)		(8,507,347)	
NET CURRENT LIABILITIES			(3,828,476)		(4,841,817)
TOTAL ASSETS LESS CURRENT LIABILITIES			13,399,411		13,063,358
CREDITORS: Amounts falling due after more than one year	15		(18,333,509)		(15,353,883)
DEFERRED CAPITAL GRANT	16		(4,934,098)		(2,290,525)
			(2,308,142)		(2,362,231)
NET LIABILITIES			(7,242,240)		(4,652,756)
CAPITAL AND RESERVES					
Called up share capital	19		771,338		771,338
Share premium account	20		207,096		207,096
Capital redemption reserve	20		750		750
Revaluation reserve	20		312,726		312,726
Profit and loss account	20		(8,534,150)		(5,944,666)
SHAREHOLDERS' FUNDS (including non-equity)	21		(7,242,240)		(4,652,756)

The accounts were approved by the Board of Directors on 24th January 2002.



K. Brady - Managing Director

BIRMINGHAM CITY FOOTBALL CLUB PLC**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST AUGUST 2001**

	<u>Note</u>	<u>2001</u> £	<u>2000</u> £
CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES	25	3,096,588	(97,786)
Returns on Investments and Servicing of Finance	26(i)	55,695	120,355
Taxation	26(ii)	(62,906)	-
Capital Expenditure	26(iii)	(2,265,582)	(894,441)
Cash (Outflow) Before Financing		<u>823,795</u>	<u>(871,872)</u>
Use of Liquid Resources and Management of Liquid Resources		-	-
Financing	26(iv)	(44,708)	(77,239)
(DECREASE) IN CASH		<u>779,087</u>	<u>(949,111)</u>

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

	<u>Note</u>	<u>2001</u> £	<u>2000</u> £
(Decrease) in cash in year		779,087	(949,111)
Cash to repay Football Trust loan	26(iv)	-	9,999
Cash to repay finance leases	26(iv)	44,708	67,240
Decrease in net funds/(debt) from cash flow		<u>823,795</u>	<u>(871,872)</u>
Inception of finance leases		-	(105,516)
Reduction in Net Funds/(Debt)	27	823,795	(977,388)
Net debt at 1st September 2000	27	(14,975,059)	(13,998,671)
Net debt at 31st August 2001	27	<u>(14,152,264)</u>	<u>(14,976,059)</u>

BIRMINGHAM CITY FOOTBALL CLUB PLC**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST AUGUST 2001****1. ACCOUNTING POLICIES**

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

(a) Basis of Accounting

The financial statements have been prepared under the historical cost convention, in accordance with applicable accounting standards, as modified by the revaluation of certain freehold land and buildings.

(b) Tangible Fixed Assets Depreciation

Depreciation has been provided to write off the cost or valuation of tangible fixed assets over their expected useful lives on a straight line basis and, in addition, where there is evidence of impairment, tangible fixed assets will be written down to their recoverable amounts. The following expected useful lives have been used:-

Freehold land	-	Nil
Freehold property	-	50 years
Fixtures and equipment	-	between 2 to 5 years
Motor vehicles	-	5 years

(c) Player Transfer Costs

The costs associated with the acquisition of players' registrations are capitalised as intangible assets. An impairment review is carried out on an annual basis, and where there is evidence of impairment, players' registrations are written down to their recoverable amounts. These costs are amortised over the period of the players' initial contracts. The amortisation periods are between 1 and 5 years.

Additional payments in connection with players' registrations to third parties for achieving appearances are charged to the profit and loss account as they are incurred.

(d) Signing-On Fees

Signing-on fees are due to players if they are still in the service of the Club on future dates specified in their contracts. They are charged to the profit and loss account over the contract period. The element of such signing on fees not yet payable is disclosed as a commitment within note 25b.

(e) Profit on Sale of Players' Registrations

The profit on sale of players' registrations represents the proceeds of sale less the net book value of the registration and any direct costs.

(f) Stock

Stock is stated at the lower of cost or net realisable value.

BIRMINGHAM CITY FOOTBALL CLUB PLC**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST AUGUST 2001**

1. ACCOUNTING POLICIES (continued)**(g) Turnover**

Turnover represents match receipts, executive box rentals, sponsorship and other income associated with the continuing principal activity of running a professional football club, and excludes Value Added Tax. Season ticket and sponsorship income received during the year, for the following season, is deferred to the next year. Income received for internet rights is credited to the profit and loss account based on the number of hits on, and income generated from, the Club's website.

(h) Deferred Taxation

Deferred taxation is provided on the liability method to take account of timing differences between the treatment of certain items for accounts purposes and their treatment for tax purposes. Provision for deferred taxation is made only to the extent that it is probable that the liability will become payable in the foreseeable future. Deferred tax on the revaluation of freehold property has not been quantified as it is not considered to be a timing difference.

(i) Leased Assets

Assets held under finance leases are included in the balance sheet and depreciated in accordance with the Group's normal accounting policies. The present value of future rentals is shown as a liability. The interest element of rental obligations is charged in the profit and loss account over the period of the lease in proportion to the balance of capital repayments outstanding.

Rentals payable under operating leases are charged to the profit and loss account as incurred.

(j) Grants

Grants and donations received in respect of safety work and ground developments are credited to deferred capital grants and are released to the profit and loss account over the anticipated useful life of the assets to which they relate. Football Trust grants received towards revenue expenditure are released to the profit and loss account as the related expenditure is incurred.

(k) Pensions

Eligible employees of the company are members of the Football League Limited Pensions and Life Assurance scheme. The company does not make contributions to the scheme. The assets and liabilities of the scheme are managed independently of the company and do not form part of these financial statements.

(l) Restatement of Comparative Figures

Turnover now includes the amounts receivable for programme, shop and catering sales, excluding VAT, and turnover reported in prior years has been restated on that basis. Previously, only the gross profit on those items was reported in turnover. This change in presentation has had no effect on operating profit or net assets, but it increased both the reported turnover and the match and ground expenses by the same amounts £955,269 (2000 - £722,773).

BIRMINGHAM CITY FOOTBALL CLUB PLC**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST AUGUST 2001**

2. TURNOVER	<u>2001</u>	<i>(Restated)</i> <u>2000</u>
	£	£
Turnover which arises in the UK comprises:-		
Match receipts, F.A. and League distributions	7,228,330	5,829,644
Television and radio coverage	1,906,146	527,615
Commercial activities	4,152,237	3,769,479
	<hr/>	<hr/>
	13,286,713	10,126,738
	<hr/> <hr/>	<hr/> <hr/>
3. PLAYER TRANSFER COSTS INCLUDING AMORTISATION	<u>2001</u>	<u>2000</u>
	£	£
Amortisation of transfer fees	2,440,959	2,811,605
Net additional costs for player appearances	39,958	-
	<hr/>	<hr/>
	2,480,917	2,811,605
	<hr/> <hr/>	<hr/> <hr/>
4. OPERATING LOSS	<u>2001</u>	<u>2000</u>
Operating loss is stated after charging/(crediting):-	£	£
Aggregate directors' emoluments	248,933	170,919
Auditors' remuneration:		
Audit services	9,500	9,000
Non-audit work	8,750	9,000
Depreciation of tangible fixed assets – owned	389,057	371,399
Depreciation of tangible fixed assets – financed	20,682	26,414
Release of deferred income from Football Trust Grants	(54,089)	(53,731)
Loss on sale of tangible assets	-	5,045
Equipment leased under operating leases	11,127	11,903
Premises leased under an operating lease	84,000	84,000
	<hr/>	<hr/>
5. DIRECTORS' REMUNERATION (Excluding Pension Contributions)	<u>2001</u>	<u>2000</u>
	£	£
Aggregate directors' remuneration	248,933	170,919
	<hr/>	<hr/>
Highest paid director	208,000	132,000
	<hr/> <hr/>	<hr/> <hr/>

There is no directors' pension scheme.

BIRMINGHAM CITY FOOTBALL CLUB PLC**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST AUGUST 2001****6. STAFF COSTS**

	<u>2001</u> £	<u>2000</u> £
Staff costs during the year were made up as follows:-		
Wages, salaries, signing on fees, etc	8,372,759	6,993,785
Social Security costs	879,154	762,004
Other pension costs	11,861	16,382
	<hr/>	<hr/>
	9,263,774	7,772,171
	<hr/> <hr/>	<hr/> <hr/>

The average number of persons employed by the company during the year was as follows:-

	<u>2001</u> No.	<u>2000</u> No.
Playing staff	52	46
Training staff	17	16
Training ground staff	14	15
Commercial and fund raising	10	8
Shop	7	8
Administration and other	14	15
	<hr/>	<hr/>
	114	108
	<hr/> <hr/>	<hr/> <hr/>

7. INTEREST RECEIVABLE AND SIMILAR INCOME

	<u>2001</u> £	<u>2000</u> £
Bank interest receivable	84,191	1,646
Other interest receivable	-	186,505
	<hr/>	<hr/>
	84,191	188,151
	<hr/> <hr/>	<hr/> <hr/>

8. INTEREST PAYABLE AND SIMILAR CHARGES

	<u>2001</u> £	<u>2000</u> £
Hire purchase interest	10,471	6,000
Bank loans and overdrafts	14,804	57,935
Other interest payable	3,221	3,861
	<hr/>	<hr/>
	28,496	67,796
	<hr/> <hr/>	<hr/> <hr/>

BIRMINGHAM CITY FOOTBALL CLUB PLC**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST AUGUST 2001****9. TAXATION**

	<u>2001</u> £	<u>2000</u> £
Corporation Tax at 20.00% (2000 - 20.00%)	36,467	(37,031)

The tax losses not utilised at 31st August 2001 amount to approximately £5.0m (2000 - £3.8m).

10. INTANGIBLE FIXED ASSETS

	<u>Players'</u> <u>Registrations</u> £
Cost:	
At 1st September 2000	13,660,875
Additions	1,699,250
Disposals	(480,000)
	<u> </u>
At 31st August 2001	<u>14,880,125</u>
 Accumulated Amortisation:	
At 1st September 2000	7,571,647
Charge for the year	2,440,959
Eliminated on disposals	(321,205)
	<u> </u>
At 31st August 2001	<u>9,691,401</u>
 Net Book Value:	
At 31st August 2001	<u>5,188,724</u>
 At 31st August 2000	<u>6,089,228</u>

BIRMINGHAM CITY FOOTBALL CLUB PLC**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST AUGUST 2001****11. TANGIBLE FIXED ASSETS**

	<u>Freehold Land and Buildings</u> £	<u>Long Leasehold Land and Buildings</u> £	<u>Fixtures and Equipment</u> £	<u>Motor Vehicles</u> £	<u>Total</u> £
Cost or Valuation:					
At 1st September 2000	12,466,442	84,639	2,005,137	49,387	14,605,605
Additions	116,574	350,230	166,151	-	632,955
Disposals	-	-	-	-	-
At 31st August 2001	<u>12,583,016</u>	<u>434,869</u>	<u>2,171,288</u>	<u>49,387</u>	<u>15,238,560</u>
Depreciation:					
At 1st September 2000	1,095,948	3,098	1,671,877	18,735	2,789,658
Charge for the year	249,384	4,673	149,229	6,453	409,739
Disposals	-	-	-	-	-
At 31st August 2001	<u>1,345,332</u>	<u>7,771</u>	<u>1,821,106</u>	<u>25,188</u>	<u>3,199,397</u>
Net Book Value:					
At 31st August 2001	<u>11,237,684</u>	<u>427,098</u>	<u>350,182</u>	<u>24,199</u>	<u>12,039,163</u>
At 31st August 2000	<u>11,370,494</u>	<u>81,541</u>	<u>333,260</u>	<u>30,652</u>	<u>11,815,947</u>

The net book value of tangible fixed assets includes £31,023 (2000 - £99,929) in respect of assets held under finance leases.

BIRMINGHAM CITY FOOTBALL CLUB PLC**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST AUGUST 2001****11. TANGIBLE FIXED ASSETS (continued)**

Land and building comprises:-	<u>Freehold Properties</u> £
Cost and valuation 1991	1,153,807
Additions at cost 1991 to 2001	11,429,209
	<hr/>
Depreciation	12,583,016 (1,345,332)
	<hr/>
At 31st August 2001	11,237,684
	<hr/> <hr/>
At 31st August 2000	11,370,494
	<hr/> <hr/>

The freehold buildings occupied by the company were revalued on an existing use basis by Messrs Chestertons, Chartered Surveyors. If the properties had not been revalued, they would have been included in the balance sheet at the following amounts:-

	<u>2001</u> £	<u>2000</u> £
Cost	12,270,290	12,153,716
Accumulated depreciation	(1,295,928)	(1,052,634)
	<hr/>	<hr/>
	10,974,362	11,101,082
	<hr/> <hr/>	<hr/> <hr/>

It is not the company's intention to revalue the freehold property on an ongoing basis and the existing valuation has been rolled forward as permitted under FRS15.

12. STOCK

	<u>2001</u> £	<u>2000</u> £
Club Shop stock	181,799	154,944
	<hr/> <hr/>	<hr/> <hr/>

BIRMINGHAM CITY FOOTBALL CLUB PLC**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST AUGUST 2001****13. DEBTORS**

	<u>2001</u> £	<u>2000</u> £
Trade debtors	1,543,642	3,292,078
Other debtors	42,399	-
Prepayments	309,967	171,300
	<hr/>	<hr/>
	1,896,008	3,463,378
	<hr/> <hr/>	<hr/> <hr/>

Included within debtors is £73,089 (2000 - £86,931) not due until after more than one year

14. CREDITORS: Amounts falling due within one year

	<u>2001</u> £	<u>2000</u> £
Obligations under finance leases and hire purchase contracts	35,277	44,708
	<hr/>	<hr/>
Debt due within one year	35,277	44,708
Bank overdraft	-	374,676
Trade creditors	2,076,162	3,378,924
Other creditors	36,986	46,303
Taxation and social security costs	650,229	1,080,302
Corporation Tax	-	56,974
Accruals and deferred income	3,559,248	3,525,460
	<hr/>	<hr/>
	6,357,902	8,507,347
	<hr/> <hr/>	<hr/> <hr/>

15. CREDITORS: Amounts falling due after more than one year

	<u>2001</u> £	<u>2000</u> £
Amount due to holding company	14,565,516	14,565,516
Obligations under finance leases and hire purchase contracts	3,090	38,367
	<hr/>	<hr/>
Net debt due after more than one year	14,568,606	14,603,883
Trade creditors	-	750,000
Accruals and deferred income	3,764,903	-
	<hr/>	<hr/>
	18,333,509	15,353,883
	<hr/> <hr/>	<hr/> <hr/>

BIRMINGHAM CITY FOOTBALL CLUB PLC**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST AUGUST 2001**

16. DEFERRED CAPITAL GRANT	<u>2001</u> £	<u>2000</u> £
At 1st September 2000	2,362,231	2,413,582
Grants received during the year	-	2,380
	<hr/>	<hr/>
	2,362,231	2,415,962
Transfer to profit and loss account	(54,089)	(53,731)
	<hr/>	<hr/>
At 31st August 2001	<u>2,308,142</u>	<u>2,362,231</u>

As a result of the substantial redevelopment of the stadium, the Directors have reviewed the allocation of grants received. The amount of £2,308,142 relates to those assets remaining at the balance sheet date.

The grants and donations received in respect of safety work and ground developments are shown as liabilities in the balance sheet in accordance with Statement of Standard Accounting Practice Number 4. However, Football Trust Grants are only repayable if the facility which attracted the grant ceases to be used or is sold.

17. DEFERRED TAXATION

At 31st August 2000 and 2001 there was no unprovided deferred taxation.

18. FINANCIAL INSTRUMENTS

The company's financial instruments comprise borrowings, cash and liquid resources, and various items such as trade debtors and trade creditors that arise directly from its operations. The main purpose of the financial instruments is to finance the company's operations.

It is, and has been throughout the year under review, the company's policy that no trading in financial instruments shall be undertaken.

Short Term Debtors and Creditors

Short term debtors and creditors have been excluded from the following disclosures.

Interest Rate Risk Profile

The interest rate risk profile of the company's financial liabilities at 31st August 2001 was:

	<u>Total</u> £	<u>Floating Rate</u> <u>Financial</u> <u>Liabilities</u> £	<u>Fixed Rate</u> <u>Financial</u> <u>Liabilities</u> £	<u>Non interest</u> <u>Bearing</u> <u>Financial</u> <u>Liabilities</u> £
Sterling				
At 31st August 2001	14,603,883	-	38,367	14,565,516
	<hr/>	<hr/>	<hr/>	<hr/>
At 31st August 2000	15,023,267	374,676	83,075	14,565,516
	<hr/>	<hr/>	<hr/>	<hr/>

BIRMINGHAM CITY FOOTBALL CLUB PLC**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST AUGUST 2001****18. FINANCIAL INSTRUMENTS (continued)**

All of the company's creditors falling due within one year (other than loans and obligations under finance leases and hire purchase contracts) and trade creditors due after more than one year, are not included in the above table either due to the exclusion of short-term items or because they do not meet the definition of a financial liability, such as tax balances.

Note 27 sets out the analysis of the movement in net debt during the year.

The fair values of the fixed rate financial liabilities at 31st August 2001 was also approximately £38,000 (2000 £83,000). The fair value has been calculated using market interest rates at the balance sheet date.

The weighted average interest rate of the fixed rate financial liabilities is 7% (2000 - 7%)

The floating rate financial liability comprises a sterling denominated bank overdraft that bears interest at normal commercial rates.

The maturity of the financial liabilities are set out at note 15.

The interest rate risk profile of the company's financial assets at 31st August 2001 was:

	<u>Total</u> <u>£</u>	<u>Cash at Bank and in hand</u> <u>£</u>	<u>Short-term Deposits</u> <u>£</u>
Sterling			
At 31st August 2001			
- non-interest bearing	451,619	451,619	-
- floating rate	-	-	-
	<u>451,619</u>	<u>451,619</u>	<u>-</u>
Sterling			
At 31st August 2000			
- non-interest bearing	47,208	47,208	-
- floating rate	-	-	-
	<u>47,208</u>	<u>47,208</u>	<u>-</u>

Cash at bank and in hand at 31st August 2001 is made up of uncleared funds and cash requirements which could not be placed on deposit.

Surplus cash and deposits are placed with banks on periods from overnight to monthly, depending on forecast cash flow requirements and earn interest at prevailing rates in the money market.

Maturity of borrowing facilities

The company has an overdraft facility of £1.25 million (2000 £1.25 million) due for review in February 2002. The undrawn committed facilities available at 31st August 2001 in respect of which all conditions precedent had been met at that date were £1,250,000 (2000 £875,324).

BIRMINGHAM CITY FOOTBALL CLUB PLC**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST AUGUST 2001****18. FINANCIAL INSTRUMENTS (continued)****Currency risk**

The company has no significant exposures to foreign currencies.

Liquidity risk

The maturity profiles of the company's borrowings are set out at note 15.

19. SHARE CAPITAL

	<u>2001</u>		<u>2000</u>	
	<u>No</u>	<u>£</u>	<u>No</u>	<u>£</u>
(a) Authorised				
4.2% redeemable cumulative preference shares of 50p each	40,000	20,000	40,000	20,000
Ordinary shares of 50p each	5,000,000	2,500,000	5,000,000	2,500,000
	<u>5,040,000</u>	<u>2,520,000</u>	<u>5,040,000</u>	<u>2,520,000</u>
(b) Allotted, Called Up and Fully Paid				
4.2% redeemable cumulative preference shares of 50p each	37,000	18,500	37,000	18,500
Ordinary shares of 50p each	1,505,676	752,838	1,505,676	752,838
	<u>1,542,676</u>	<u>771,338</u>	<u>1,542,676</u>	<u>771,338</u>

- (c) The company may redeem cumulative preference shares at par any time upon giving not less than three months previous notice in writing to the holders of the cumulative preference shares. On an earlier winding up, the cumulative preference shares carry priority over the ordinary shares to the extent of their par value plus any arrears of dividends (which are cumulative for a period of three years). The preference shares carry no votes except on a winding up or on variations of their rights.

20. RESERVES

	<u>Share Premium</u>	<u>Capital Redemption Reserve</u>	<u>Revaluation Reserve</u>	<u>Profit and Loss Account</u>
	<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>
At 1st September 2000	207,096	750	312,726	(5,944,666)
Retained (loss)	-	-	-	(2,589,484)
	<u>207,096</u>	<u>750</u>	<u>312,726</u>	<u>(8,534,150)</u>
At 31st August 2001	<u>207,096</u>	<u>750</u>	<u>312,726</u>	<u>(8,534,150)</u>

BIRMINGHAM CITY FOOTBALL CLUB PLC**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST AUGUST 2001****21. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS**

	<u>2001</u> £	<u>2000</u> £
Loss for the financial year	(2,589,484)	(1,568,853)
New share capital subscribed	-	-
	-----	-----
Net (reduction)/addition to shareholders' funds	(2,589,484)	(1,568,853)
Opening shareholders' funds	(4,652,756)	(3,083,903)
	-----	-----
Closing shareholders' funds	(7,242,240)	(4,652,756)
	=====	=====
Non-equity preference shares	18,500	18,500
Unpaid preference dividends	2,331	2,331
	-----	-----
Non-equity shareholders' funds	20,831	20,831
Equity shareholders' funds	(7,263,071)	(4,673,587)
	-----	-----
	(7,242,240)	(4,652,756)
	=====	=====

22. TRANSACTIONS WITH DIRECTORS AND RELATED PARTY TRANSACTIONS

Goods and services have been supplied by the Club and to the Club during the year by the following companies owned by D Gold and R Gold (directors).

	<u>Income</u> £	<u>Expenditure</u> £
Gold Group International	13,101	-
Gold Star Publications	120	-

Henri Brandman & Co (Henri Brandman - Director) acted as Solicitors on behalf of the Club during the year with fees amounting to £30,050 (2000 - £22,125).

Sport Newspapers Limited, the parent undertaking, carried out certain administrative and accounting duties during the year for which it charged £52,000 (2000 - £52,000). In the year ended 31st August 2000, the Club also received interest from Sport Newspapers Limited amounting to £185,422 in relation to the former loan to the Club. The interest was received to compensate the company for repaying the loan in August 1999 rather than the original March 2000 redemption date. Sport Newspapers Limited also charged interest to the Club amounting to £3,221 (2000 - £3,861) on short-term loans provided and repaid during the year.

All transactions were of a commercial nature. There were no substantial balances owing at 31st August 2001.

BIRMINGHAM CITY FOOTBALL CLUB PLC**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST AUGUST 2001****23. CONTINGENT LIABILITIES AND POST BALANCE SHEET EVENTS**

Under the terms of certain contracts with other football clubs in respect of player transfers, additional amounts would become payable if certain specific performance conditions are met. The maximum that could be payable in respect of transfers to 31st August 2001 is £1,012,500 (2000 - £1,187,500). Since the year end and to the date of approval of these accounts, £Nil of this amount has crystallised and additional transfer fee payables have amounted to £475,000, with transfer receivables of £Nil.

24. CAPITAL AND OTHER FINANCIAL COMMITMENTS**(a) Capital Commitments**

	<u>2001</u> £	<u>2000</u> £
Contracted but not provided for	115,090	9,432
	<u> </u>	<u> </u>

(b) Signing-On Fees Payable

The maximum possible commitments in respect of deferred signing-on fees due to players under contracts at the year-end and including contracts renegotiated since the year-end, which are payable on future dates specified in their contracts, and not provided in the accounts, amounted to £1,098,125 (2000 - £1,437,125).

(c) Lease Commitments

The company had annual commitments under operating leases for plant and equipment and leasehold land and buildings as follows:-

	<u>2001</u> £	<u>2000</u> £
Expiring:		
Within one year	-	7,189
Between two and five years	-	-
Over five years	84,000	-
	<u> </u>	<u> </u>
	84,000	7,189
	<u> </u>	<u> </u>

BIRMINGHAM CITY FOOTBALL CLUB PLC**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST AUGUST 2001****25. RECONCILIATION OF OPERATING LOSS TO NET CASH (OUTFLOW/INFLOW) FROM OPERATING ACTIVITIES**

	<u>2001</u> £	<u>2000</u> £
Operating (loss) after amortisation of players	(2,522,851)	(3,838,913)
Player transfer costs including amortisation	2,480,917	2,811,605
Depreciation	409,739	397,813
Amortisation of deferred income	(54,089)	(53,731)
Loss on sale of fixed assets	-	5,045
(Increase)/decrease in stocks	(26,855)	13,958
Decrease/(increase) in debtors	171,646	(682,200)
Increase in creditors	2,638,081	1,248,637
Net Cash (Outflow)/Inflow from Operating Activities	<u>3,096,588</u>	<u>(97,786)</u>

26. GROSS CASH FLOWS

	<u>2001</u> £	<u>2000</u> £
(i) Returns on Investments and Servicing of Finance		
Interest received	84,191	188,151
Interest paid (note 8)	(28,496)	(67,796)
	<u>55,695</u>	<u>120,355</u>
(ii) Taxation		
Corporation Tax paid	(62,906)	-
	<u>(62,906)</u>	<u>-</u>
(iii) Capital Expenditure		
Payments to acquire tangible fixed assets	(632,955)	(315,699)
Receipts from sales of tangible fixed assets	-	18,000
Payments for purchases of players' contracts	(3,070,750)	(2,597,710)
Receipts from sales of players' contracts	1,438,123	2,000,968
	<u>(2,265,582)</u>	<u>(894,441)</u>
(iv) Financing		
Receipt of loan from holding company	308,000	200,000
Repayment of loan from holding company	(308,000)	(200,000)
Repayment of Football Trust loan	-	(9,999)
Capital element of finance lease payments	(44,708)	(67,240)
	<u>(44,708)</u>	<u>(77,239)</u>

BIRMINGHAM CITY FOOTBALL CLUB PLC**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST AUGUST 2001****27. ANALYSIS OF CHANGES IN NET DEBT**

	<u>01.09.00</u> <u>£000</u>	<u>Cash Flows</u> <u>£000</u>	<u>31.08.01</u> <u>£000</u>
Cash in hand and at bank	47,208	404,411	451,619
Bank overdraft	(374,676)	374,676	-
	<u>(327,468)</u>	<u>779,087</u>	<u>451,619</u>
Loans	(14,565,516)	-	(14,565,516)
Finance leases	(83,075)	44,708	(38,367)
	<u>(14,648,591)</u>	<u>44,708</u>	<u>(14,603,883)</u>
Borrowings			
	<u>(14,648,591)</u>	<u>44,708</u>	<u>(14,603,883)</u>
Net (Debt)	<u>(14,976,059)</u>	<u>823,795</u>	<u>(14,152,264)</u>

28. ULTIMATE PARENT UNDERTAKING

The ultimate parent undertaking is Sport Newspapers Limited, a company registered in England and Wales, number 1994074.