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**BIRMINGHAM CITY FOOTBALL CLUB PLC**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31ST AUGUST 2000**



# BIRMINGHAM CITY FOOTBALL CLUB PLC

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST AUGUST 2000

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# BIRMINGHAM CITY FOOTBALL CLUB PLC

## DIRECTORS AND OFFICERS FOR THE YEAR ENDED 31ST AUGUST 2000

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**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:**

Walter J. Edwards & Co.  
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>2000</u> £	<u>1999</u> £	<u>1998</u> £	<u>1997</u> £	<u>1996</u> £
Match Receipts, F.A. and Football League Distributions	5,664,070	5,041,713	4,984,953	4,464,029	4,624,252
Commercial Activities including television and radio fees	3,739,895	3,389,512	3,351,906	3,158,157	2,712,819
<b>INCOME</b>	<u>9,403,965</u>	<u>8,431,225</u>	<u>8,336,859</u>	<u>7,622,186</u>	<u>7,337,071</u>
Wages	7,772,171	6,227,929	5,069,448	4,900,328	4,791,500
Other expenses	2,659,102	2,415,157	2,099,495	1,985,405	1,742,180
<b>EXPENDITURE</b>	<u>10,431,273</u>	<u>8,643,086</u>	<u>7,168,943</u>	<u>6,885,733</u>	<u>6,533,680</u>
<b>OPERATING (LOSS)/PROFIT BEFORE AMORTISATION OF PLAYERS AND INTEREST</b>	<u>(1,027,308)</u>	<u>( 211,861)</u>	<u>1,167,916</u>	<u>736,453</u>	<u>803,391</u>

# **BIRMINGHAM CITY FOOTBALL CLUB PLC**

## **REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31ST AUGUST 2000**

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The directors present the financial statements for the year ended 31st August 2000.

### **DIRECTORS' RESPONSIBILITIES**

Company law 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;
- 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.

### **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 £1,027,308 (1999 - £211,861). The loss on ordinary activities before taxation was £1.53 million (1999 - £2.89 million).

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

### **REVIEW OF BUSINESS**

We are pleased to report that in this period turnover has increased by £972,740 to £9,403,965 (1999: £8,431,225). However we have seen our operating loss, before taking account of player amortisations, increase to £1,027,308 (1999: £211,861). This is largely as a result of an increase in wage costs, mainly to players and football staff, up by £1,544,242 to £7,772,171 (1999: £6,227,929). We have however significantly improved the quality of the squad and given our better players longer contracts, thus protecting our investment in the team. During the period we have invested £2.6m in purchasing Marcello Cipriano and Geoff Horsfield and extended the contracts of Ian Bennett, Martin Grainger, David Holdsworth, Bryan Hughes and Michael Johnson.

We now believe we have the best squad of players at the Club since our take-over in 1993. It is interesting to note that as a result of this continuing investment since Christmas 1999 we have played over 40 games and are averaging nearly 2 points per game; this is traditionally automatic promotion form. We therefore believe that we have a strong chance that our investment in players and wage cost will result in a place in the Premiership for the Club.

# **BIRMINGHAM CITY FOOTBALL CLUB PLC**

## **REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31ST AUGUST 2000**

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Promotion remains our main priority and we understand that we trade at a loss to reach this goal, however the rewards, once achieved, are exceptional. It is expected that the minimum reward for Premiership football next season will be in the region of £12m. This is significant improvement on the £908,000 received from the Football League in the current period.

The other main increase in overheads is in respect of match and ground expenses. We have taken a long lease at the training ground, and this requires significant improvements which are currently being undertaken. Once completed facilities for both the first team and the Academy will be greatly enhanced.

Other operating costs have reduced to £704,619 (1999: 710,715) showing a strong management team dedicated to controlling, as far as possible, all aspects of overhead cost.

### **FUTURE DEVELOPMENTS**

We are currently in the process of negotiating a number of new commercial contracts and to this end the commercial operation at the Club remains one of its strongest attributes. The Club can now boast of offering a number of non-football related services to its supporters, including Blues Financial Services offering mortgages, insurance, savings accounts, ISA's, etc. We also have a Blues credit card, Blues petrol card, Blues Telecom, Blues Health Insurance, Blues Funeral Services, Blues Travel and are moving into Blues Gas, Electricity and Water in the new year. All these services bring additional revenues into the Club.

As you can hopefully see the Club has prepared itself, both on and off the pitch, for Premiership status and we are well positioned to take advantage of elevation to the Premiership.

### **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 2000 were 95 days (1999 – 50 days).

# **BIRMINGHAM CITY FOOTBALL CLUB PLC**

## **REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31ST AUGUST 2000**

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### **DONATIONS**

Charitable donations made by the group amounted to £6,500, including donations of shirts, footballing equipment and player appearances. No political donations were made during the year.

### **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 1999 or 31st August 2000.

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

In accordance with the Articles, D Sullivan, K Brady and A G Jones retire by rotation and being eligible, offer themselves for re-election.

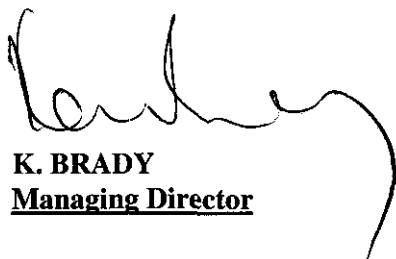
### **DIRECTORS OF SPORT AND INTERESTS**

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. Walter J. Edwards & Co. as auditors will be proposed at the Annual General Meeting.

### **BY ORDER OF THE BOARD**



**K. BRADY**  
**Managing Director**

**Date: 21st January 2001**

# **BIRMINGHAM CITY FOOTBALL CLUB PLC**

## **AUDITORS' REPORT FOR THE YEAR ENDED 31ST AUGUST 2000**

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### **Auditors' Report to the Members of Birmingham City Football Club plc**

We have audited the financial statements on pages 7 to 28.

#### **RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS**

The directors are responsible for preparing the directors' report and, as described on page 3, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

We report to you our opinion as to whether the financial statements give 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 other information accompanying the financial statements and consider whether it is consistent with those statements. We consider the implications for our report if we become aware of any apparent misstatement or material inconsistencies with the financial statements.

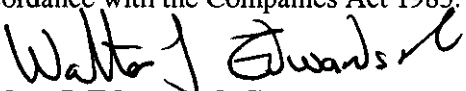
#### **BASIS OF OPINION**

We conducted our audit in accordance with 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 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 the company's affairs at 31st August 2000 and of its result for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

  
**Walter J. Edwards & Co.**  
**Registered Auditors**  
**Chartered Accountants**

**47 Anchor Road**  
**Aldridge**  
**WALSALL**  
**WS9 8PT**

**Date: 21st January 2001**



**BIRMINGHAM CITY FOOTBALL CLUB PLC****PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST AUGUST 2000**

	<u>Notes</u>	<u>2000</u> £	<u>1999</u> £
<b>TURNOVER</b>	2	9,403,965	8,431,225
Match and ground expenses		1,605,356	1,358,331
Administration expenses		704,619	710,715
Staff costs	6	7,772,171	6,227,929
Depreciation	1b	402,858	399,648
Amortisation of deferred capital grants	1j	( 53,731)	( 53,537)
Net operating expenses		10,431,273	8,643,086
<b>OPERATING LOSS BEFORE AMORTISATION OF PLAYERS</b>		(1,027,308)	( 211,861)
Player transfer costs including amortisation	3	(2,811,605)	(3,514,378)
<b>OPERATING LOSS AFTER AMORTISATION OF PLAYERS</b>	4	(3,838,913)	(3,726,239)
Profit on sale of players' registrations	1d	2,187,006	762,469
<b>LOSS BEFORE INTEREST AND TAXATION</b>		(1,651,907)	(2,963,770)
Interest receivable and similar income	7	188,151	95,580
Interest payable and similar charges	8	( 67,796)	( 22,116)
<b>LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		(1,531,552)	(2,890,306)
Taxation on loss on ordinary activities	9	( 37,301)	( 19,673)
<b>LOSS FOR THE YEAR</b>	20 and 21	(1,568,853)	(2,909,979)

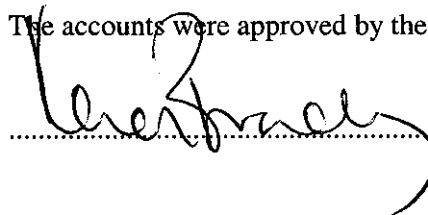
There were no recognised gains or losses other than those reported above.

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 2000**

	Note	2000		1999	
		£	£	£	£
<b>FIXED ASSETS</b>					
Intangible assets	10		6,089,228		6,779,554
Tangible assets	11		11,815,947		11,851,456
			17,905,175		18,631,010
<b>CURRENT ASSETS</b>					
Stocks	12	154,944		168,902	
Debtors	13	3,463,378		1,767,146	
Cash at bank and in hand		47,208		621,643	
			3,665,530		2,557,691
<b>CREDITORS: Amounts falling due within one year</b>	14	(8,507,347)		(5,776,141)	
<b>NET CURRENT LIABILITIES</b>			(4,841,817)		(3,218,450)
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			13,063,358		15,412,560
<b>CREDITORS: Amounts falling due after more than one year</b>	15		(15,353,883)		(16,082,881)
			(2,290,525)		( 670,321)
<b>DEFERRED CAPITAL GRANT</b>	16		(2,362,231)		(2,413,582)
<b>NET LIABILITIES</b>			(4,652,756)		(3,083,903)
<b>CAPITAL AND RESERVES</b>					
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		(5,944,666)		( 4,375,813)
<b>SHAREHOLDERS' FUNDS (including non-equity)</b>	21		(4,652,756)		(3,083,903)

The accounts were approved by the Board of Directors on 21st January 2001.



K. Brady - Managing Director

**BIRMINGHAM CITY FOOTBALL CLUB PLC****CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST AUGUST 2000**

	<u>Note</u>	<u>2000</u> £	<u>1999</u> £
<b>CASH (OUTFLOW)/INFLOW FROM OPERATING ACTIVITIES</b>	25	( 97,786)	1,265,972
<b>Returns on Investments and Servicing of Finance</b>	26(i)	120,355	73,464
<b>Capital Expenditure</b>	26(ii)	(894,441)	(5,469,425)
<b>Cash (Outflow) Before Financing</b>		(871,872)	(4,129,989)
<b>Use of Liquid Resources and Management of Liquid Resources</b>		-	3,000,000
<b>Financing</b>	26(iii)	( 77,239)	769,314
<b>(DECREASE) IN CASH</b>		(949,111)	( 360,675)

**RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT**

	<u>Note</u>	<u>2000</u> £	<u>1999</u> £
(Decrease) in cash in year		(949,111)	( 360,675)
Loan from holding company	26(iii)	-	(7,403,588)
Repayment of loan from Sport Newspapers	26(iii)	-	6,572,377
Cash to repay Football Trust loan	26(iii)	9,999	39,996
Cash to repay finance leases	26(iii)	67,240	21,901
Cash (inflow) from (decrease) in liquid resources		-	(3,000,000)
<b>Decrease in net funds/(debt) from cash flow</b>		(871,872)	(4,129,989)
<b>Inception of finance leases</b>		(105,516)	-
<b>Reduction in Net Funds/(Debt)</b>	27	(977,388)	(4,129,989)
<b>Net debt at 1st September 1999</b>	27	(13,998,671)	(9,868,682)
<b>Net debt at 31st August 2000</b>	27	(14,976,059)	(13,998,671)

**BIRMINGHAM CITY FOOTBALL CLUB PLC****NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST AUGUST 2000**

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**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. The following expected useful lives have been used:-

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

**(c) Player Transfer Costs**

The costs associated with the acquisition of players' registrations are capitalised as intangible assets. These costs are amortised over the period of the players' initial contracts. An impairment review is carried out on an annual basis. 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) 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.

**(e) 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 24b.

**(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 2000**

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**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.

**(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 company'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 grant income 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.

**BIRMINGHAM CITY FOOTBALL CLUB PLC****NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST AUGUST 2000****2. TURNOVER**

	<u>2000</u>	<u>1999</u>
	£	£
Turnover which arises in the UK comprises:-		
Match receipts, F.A. and League distributions	5,664,070	5,041,713
Television and radio coverage	527,615	269,289
Commercial activities	3,212,280	3,120,223
	<hr/>	<hr/>
	9,403,965	8,431,225
	<hr/> <hr/>	<hr/> <hr/>

**3. PLAYER TRANSFER COSTS INCLUDING AMORTISATION**

	<u>2000</u>	<u>1999</u>
	£	£
Amortisation of transfer fees	2,811,605	2,988,069
Net additional costs for player appearances	-	526,309
	<hr/>	<hr/>
	2,811,605	3,514,378
	<hr/> <hr/>	<hr/> <hr/>

**4. OPERATING LOSS**

	<u>2000</u>	<u>1999</u>
	£	£
<b>Operating loss is stated after charging/(crediting):-</b>		
Aggregate directors' emoluments	170,919	143,474
Auditors' remuneration:		
Audit services	9,000	9,000
Non-audit work	9,000	10,110
Depreciation of tangible fixed assets – owned	371,399	383,573
Depreciation of tangible fixed assets – financed	26,414	16,075
Release of deferred income from Football Trust Grants	( 53,731)	( 53,537)
Loss on sale of tangible assets	5,045	-
Equipment leased under operating leases	11,903	16,055
	<hr/> <hr/>	<hr/> <hr/>

**BIRMINGHAM CITY FOOTBALL CLUB PLC****NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST AUGUST 2000****5. DIRECTORS' REMUNERATION (Excluding Pension Contributions)**

	<u>2000</u>	<u>1999</u>
	<u>£</u>	<u>£</u>
Aggregate directors' remuneration	170,918	143,474
	<u>                    </u>	<u>                    </u>

There is no directors' pension scheme.

**6. STAFF COSTS**

	<u>2000</u>	<u>1999</u>
	<u>£</u>	<u>£</u>
<b>Staff costs during the year were made up as follows:-</b>		
Wages, salaries, signing on fees, etc	6,993,785	5,647,538
Social Security costs	762,004	576,302
Other pension costs	16,382	4,089
	<u>                    </u>	<u>                    </u>
	7,772,171	6,227,929
	<u>                    </u>	<u>                    </u>

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

	<u>2000</u>	<u>1999</u>
	<u>No.</u>	<u>No.</u>
Playing staff	46	41
Training staff	16	13
Training ground staff	15	16
Commercial and fund raising	8	8
Shop	8	7
Administration and other	15	14
	<u>                    </u>	<u>                    </u>
	108	99
	<u>                    </u>	<u>                    </u>

**BIRMINGHAM CITY FOOTBALL CLUB PLC****NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST AUGUST 2000****7. INTEREST RECEIVABLE AND SIMILAR INCOME**

	<u>2000</u>	<u>1999</u>
	£	£
Bank interest receivable	1,646	75,773
Other interest receivable	186,505	19,807
	<hr/>	<hr/>
	188,151	95,580
	<hr/> <hr/>	<hr/> <hr/>

**8. INTEREST PAYABLE AND SIMILAR CHARGES**

	<u>2000</u>	<u>1999</u>
	£	£
Hire purchase interest	6,000	8,203
Bank loans and overdrafts	57,935	13,913
Other interest payable	3,861	-
	<hr/>	<hr/>
	67,796	22,116
	<hr/> <hr/>	<hr/> <hr/>

**9. TAXATION**

	<u>2000</u>	<u>1999</u>
	£	£
Corporation Tax at 20.00% (1999 - 20.58%)	37,031	19,673
	<hr/> <hr/>	<hr/> <hr/>

The tax losses not utilised at 31st August 2000 amount to approximately £4.4m (1999 - £5.4m).



**BIRMINGHAM CITY FOOTBALL CLUB PLC****NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST AUGUST 2000****10. INTANGIBLE FIXED ASSETS**

	<u>Players'</u> <u>Registrations</u> £
<b>Cost:</b>	
At 1st September 1999	13,255,875
Additions	2,823,000
Disposals	(2,418,000)
	<hr/>
At 31st August 2000	13,660,875
	<hr/> <hr/>
<b>Accumulated Amortisation:</b>	
At 1st September 1999	6,476,321
Charge for the year	2,811,605
Eliminated on disposals	(1,716,279)
	<hr/>
At 31st August 2000	7,571,647
	<hr/> <hr/>
<b>Net Book Value:</b>	
At 31st August 2000	6,089,228
	<hr/> <hr/>
At 31st August 1999	6,779,554
	<hr/> <hr/>

**BIRMINGHAM CITY FOOTBALL CLUB PLC****NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST AUGUST 2000****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> £
<b>Cost or Valuation:</b>					
At 1st September 1999	12,287,223	84,639	1,851,272	37,095	14,260,229
Additions	179,219	-	173,865	32,265	385,349
Disposals	-	-	( 20,000)	(19,973)	( 39,973)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31st August 2000	12,466,442	84,639	2,005,137	49,387	14,605,605
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
<b>Depreciation:</b>					
At 1st September 1999	848,258	1,405	1,534,056	25,054	2,408,773
Charge for the year	247,690	1,693	143,821	4,609	397,813
Disposals	-	-	( 6,000)	(10,928)	( 16,928)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31st August 2000	1,095,948	3,098	1,671,877	18,735	2,789,658
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
<b>Net Book Value:</b>					
At 31st August 2000	11,370,494	81,541	333,260	30,652	11,815,947
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
At 31st August 1999	11,438,965	83,234	317,216	12,041	11,851,456
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

The net book value of tangible fixed assets includes £99,929 (1999 - £64,299) in respect of assets held under finance leases.

**BIRMINGHAM CITY FOOTBALL CLUB PLC****NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST AUGUST 2000****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 2000	11,312,635
	-----
Depreciation	12,466,442 (1,095,948)
	-----
At 31st August 2000	11,370,494
	=====
At 31st August 1999	11,438,965
	=====

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

	<u>2000</u> £	<u>1999</u> £
Cost	12,153,716	11,974,497
Accumulated depreciation	( 1,052,634)	( 809,560)
	-----	-----
	11,101,082	11,164,937
	=====	=====

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.

**BIRMINGHAM CITY FOOTBALL CLUB PLC****NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST AUGUST 2000****12. STOCK**

	<u>2000</u>	<u>1999</u>
	£	£
Club Shop stock	154,944	168,902
	<u>                    </u>	<u>                    </u>

**13. DEBTORS**

	<u>2000</u>	<u>1999</u>
	£	£
Trade debtors	3,292,078	1,659,144
Other debtors	-	5,632
Prepayments	171,300	102,370
	<u>                    </u>	<u>                    </u>
	3,463,378	1,767,146
	<u>                    </u>	<u>                    </u>

Included within debtors is £86,931 (1999 - £Nil) not due until after more than one year

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

	<u>2000</u>	<u>1999</u>
	£	£
Unsecured loans	-	9,999
Obligations under finance leases and hire purchase contracts	44,708	27,433
	<u>                    </u>	<u>                    </u>
<b>Debt due within one year</b>	44,708	37,432
Bank overdraft	374,676	-
Trade creditors	3,378,924	1,580,503
Other creditors	46,303	77,061
Taxation and social security costs	1,080,302	469,150
Corporation Tax	56,974	19,673
Accruals and deferred income	3,525,460	3,592,322
	<u>                    </u>	<u>                    </u>
	8,507,347	5,776,141
	<u>                    </u>	<u>                    </u>

**BIRMINGHAM CITY FOOTBALL CLUB PLC****NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST AUGUST 2000****15. CREDITORS: Amounts falling due after more than one year**

	<u>2000</u>	<u>1999</u>
	£	£
Trade creditors	750,000	1,500,000
Amount due to holding company	14,565,516	14,565,516
Obligations under finance leases and hire purchase contracts	38,367	17,365
	<hr/>	<hr/>
<b>Debt due after more than one year</b>	<b>15,353,883</b>	<b>16,082,881</b>
	<hr/> <hr/>	<hr/> <hr/>
<b>Repayable:</b>		
Between one and two years	785,277	767,365
Between two and five years	3,090	750,000
Over five years	14,565,516	14,565,516
	<hr/>	<hr/>
	<b>15,353,883</b>	<b>16,082,881</b>
	<hr/> <hr/>	<hr/> <hr/>

**BIRMINGHAM CITY FOOTBALL CLUB PLC****NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST AUGUST 2000**

16. DEFERRED CAPITAL GRANT	<u>2000</u>	<u>1999</u>
	£	£
At 1st September 1999	2,413,582	2,459,619
Grants received during the year	2,380	7,500
	-----	-----
	2,415,962	2,467,119
Transfer to profit and loss account	( 53,731)	( 53,537)
	-----	-----
Balance at 31st August 2000	<u>2,362,231</u>	<u>2,413,582</u>

As a result of the substantial redevelopment of the stadium, the Directors have reviewed the allocation of grants received. The amount of £2,362,231 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 1999 and 2000 there was no unprovided deferred taxation.

**BIRMINGHAM CITY FOOTBALL CLUB PLC****NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST AUGUST 2000****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 2000 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	<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>
At 31st August 2000	15,023,267	374,676	83,075	14,565,516
At 31st August 1999	14,620,314	-	44,799	14,575,515

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 2000 was also approximately £83,000 (1999 £45,000). The fair value has been calculated using market interest rates at the balance sheet date.

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.

**BIRMINGHAM CITY FOOTBALL CLUB PLC****NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST AUGUST 2000****18. FINANCIAL INSTRUMENTS (continued)**

The interest rate risk profile of the company's financial assets at 31st August 2000 was:

	<u>Total</u>	<u>Cash at Bank and in hand</u>	<u>Short-term Deposits</u>
	<u>£</u>	<u>£</u>	<u>£</u>
<b>Sterling</b>			
At 31st August 2000			
- non-interest bearing	47,208	47,208	-
- floating rate	-	-	-
	<u>47,208</u>	<u>47,208</u>	<u>-</u>
<b>Sterling</b>			
At 31st August 1999			
- non-interest bearing	621,643	621,643	-
- floating rate	-	-	-
	<u>621,643</u>	<u>621,643</u>	<u>-</u>

Cash at bank and in hand at 31st August 2000 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 (1999 £2 million) due for review in February 2001. The undrawn committed facilities available at 31st August 2000 in respect of which all conditions precedent had been met at that date were £875,324 (1999 £2,000,000).

**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.



**BIRMINGHAM CITY FOOTBALL CLUB PLC****NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST AUGUST 2000****19. SHARE CAPITAL**

	<u>2000</u>		<u>1999</u>	
	<u>No</u>	<u>£</u>	<u>No</u>	<u>£</u>
<b>(a) Authorised</b>				
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>
	<u><u>5,040,000</u></u>	<u><u>2,520,000</u></u>	<u><u>5,040,000</u></u>	<u><u>2,520,000</u></u>
<b>(b) Allotted, Called Up and Fully Paid</b>				
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>
	<u><u>1,542,676</u></u>	<u><u>771,338</u></u>	<u><u>1,542,676</u></u>	<u><u>771,338</u></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.

**BIRMINGHAM CITY FOOTBALL CLUB PLC****NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST AUGUST 2000****20. RESERVES**

	<u>Share Premium</u> £	<u>Capital Redemption Reserve</u> £	<u>Revaluation Reserve</u> £	<u>Profit and Loss Account</u> £
At 1st September 1999	207,096	750	312,726	(4,375,813)
Retained (loss)	-	-	-	(1,568,853)
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
At 31st August 2000	<u>207,096</u>	<u>750</u>	<u>312,726</u>	<u>(5,944,666)</u>

**21. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS**

	<u>2000</u> £	<u>1999</u> £
Loss for the financial year	(1,568,853)	(2,909,979)
New share capital subscribed	-	-
	<u>          </u>	<u>          </u>
Net (reduction)/addition to shareholders' funds	(1,568,853)	(2,909,979)
Opening shareholders' funds	(3,083,903)	( 173,924)
	<u>          </u>	<u>          </u>
Closing shareholders' funds	<u>(4,652,756)</u>	<u>(3,083,903)</u>
	<u>          </u>	<u>          </u>
Non-equity preference shares	18,500	18,500
Unpaid preference dividends	2,331	2,331
	<u>          </u>	<u>          </u>
Non-equity shareholders' funds	20,831	20,831
Equity shareholders' funds	(4,673,587)	(3,104,734)
	<u>          </u>	<u>          </u>
	<u>(4,652,756)</u>	<u>(3,083,903)</u>

**BIRMINGHAM CITY FOOTBALL CLUB PLC****NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST AUGUST 2000****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	16,601	1,816
Gold Air International	-	5,440
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 £22,125 (1999 - £12,000).

Sport Newspapers Limited, the parent undertaking, carried out certain administrative and accounting duties during the year for which it charged £52,000 (1999 - £52,000). 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 £3,861 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 2000.

**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 2000 is £1,187,500 (1999 - £1,007,500). 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 £Nil, with transfer receivables of £100,000.

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

	<u>2000</u>	<u>1999</u>
	£	£
Contracted but not provided for	9,432	207,476

**BIRMINGHAM CITY FOOTBALL CLUB PLC****NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST AUGUST 2000****24. CAPITAL AND OTHER FINANCIAL COMMITMENTS (continued)****(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 £1,437,125 (1999 - £1,458,750).

**(c) Lease Commitments**

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

	<u>2000</u>	<u>1999</u>
	£	£
Expiring:		
Within one year	7,189	-
Between two and five years	-	8,627
Over five years	-	-
	<u>7,189</u>	<u>8,627</u>

**25. RECONCILIATION OF OPERATING LOSS TO NET CASH (OUTFLOW/INFLOW) FROM OPERATING ACTIVITIES**

	<u>2000</u>	<u>1999</u>
	£	£
Operating (loss) after amortisation of players	(3,838,913)	(3,726,239)
Player transfer costs including amortisation	2,811,605	3,514,378
Depreciation	397,813	399,648
Amortisation of deferred income	( 53,731)	( 53,537)
Loss on sale of fixed assets	5,045	-
Decrease/(increase) in stocks	13,958	( 21,449)
(Increase) in debtors	( 682,200)	( 193,677)
Increase in creditors	1,248,637	1,346,848
<b>Net Cash (Outflow)/Inflow from Operating Activities</b>	<u>( 97,786)</u>	<u>1,265,972</u>

**BIRMINGHAM CITY FOOTBALL CLUB PLC****NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST AUGUST 2000****26. GROSS CASH FLOWS**

	<u>2000</u>	<u>1999</u>
	<u>£</u>	<u>£</u>
<b>(i) Returns on Investments and Servicing of Finance</b>		
Interest received	188,151	95,580
Interest paid	( 67,796)	(22,116)
	<u>120,355</u>	<u>73,464</u>
<b>(ii) Capital Expenditure</b>		
Payments to acquire tangible fixed assets	( 315,699)	(3,487,711)
Receipts from sales of tangible fixed assets	18,000	-
Payments for purchases of players' contracts	(2,597,710)	(3,395,693)
Receipts from sales of players' contracts	2,000,968	1,413,979
	<u>( 894,441)</u>	<u>(5,469,425)</u>
<b>(iii) Financing</b>		
Loan from holding company	-	7,403,588
Repayment of loan from Sport Newspapers	-	(6,572,377)
Repayment of Football Trust loan	( 9,999)	( 39,996)
Capital element of finance lease payments	(67,240)	( 21,901)
	<u>(77,239)</u>	<u>769,314</u>

**BIRMINGHAM CITY FOOTBALL CLUB PLC****NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST AUGUST 2000****27. ANALYSIS OF CHANGES IN NET DEBT**

	<u>01.09.99</u> <u>£000</u>	<u>Cash Flows</u> <u>£000</u>	<u>Inception of</u> <u>Finance</u> <u>Leases</u> <u>£000</u>	<u>31.08.00</u> <u>£000</u>
<b>Cash in hand and at bank</b>	621,643	(574,435)	-	47,208
Bank overdraft	-	(374,676)	-	(374,676)
	<u>621,643</u>	<u>(949,111)</u>	<u>-</u>	<u>(327,468)</u>
Loans	(14,575,515)	9,999	-	(14,565,516)
Finance leases	( 44,799)	67,240	(105,516)	( 83,075)
	<u>(14,620,314)</u>	<u>77,239</u>	<u>(105,516)</u>	<u>(14,648,591)</u>
<b>Borrowings</b>				
	<u>(14,620,314)</u>	<u>77,239</u>	<u>(105,516)</u>	<u>(14,648,591)</u>
<b>Net (Debt)</b>	<u>(13,998,671)</u>	<u>(871,872)</u>	<u>(105,516)</u>	<u>(14,976,059)</u>

**28. ULTIMATE PARENT UNDERTAKING**

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