

Brighton & Hove Albion Holdings Limited

Report and Financial Statements

Year Ended

30 June 2020

Company Number 02849319



Brighton & Hove Albion Holdings Limited

Report and financial statements for the year ended 30 June 2020

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Directors

A G Bloom (Chairman)
P J Barber (CEO and Deputy Chairman)
R A Bloom
D L Chapman
R F Comer
A S Franks
P W Godfrey
D A Jones (Finance Director)
M J Perry
M L Sugarman
M J Walder

Secretary and registered office

R F Comer, American Express Community Stadium, Village Way, Brighton, BN1 9BL

Company number

02849319

Auditors

BDO LLP, 55 Baker Street, London, W1U 7EU

Brighton & Hove Albion Holdings Limited

Chairman's statement for the year ended 30 June 2020

These accounts relate to our third season in the Premier League, and one of the most challenging in our club's history. During the second half of the season, the world was in the grip of a devastating global pandemic that changed so many aspects of life in so many ways - football included.

Tragically, thousands upon thousands of people have lost their lives or loved ones to the pandemic, amongst them a number of Albion fans and members of the Albion community. Such tragedies put football into perspective and, notwithstanding everything we did to raise our standards on the pitch, our greatest achievements in the season just gone by, came off the pitch. Our contribution to the community on a number of levels was groundbreaking and hugely impactful. Much of this was due both to Paul Barber and his Executive Team at the club, and Matt Dorn and his team at Albion in the Community.

On the football front, we began the season with a new head coach in Graham Potter, having parted company with Chris Hughton at the end of the 2018/19 season. I wrote in last year's statement that Chris did an exceptional job, but as the season ended, I felt it was the right time for a change in leadership for our senior men's team.

Graham's first season at the club was a success as we finished 15th with 41 points, our highest ever Premier League position and points tally. I have been delighted with how quickly Graham and his staff settled and with the style of play he has developed and continues to develop.

I was also pleased with our player recruitment, making significant investments in Adam Webster and Neal Maupay in the summer. In January, we were very excited by the signing of super-quick Tariq Lamptey.

What has been equally impressive has been the flow of talent from the academy, with many of our young players gaining valuable experience out on loan and others getting regular minutes in the first team. Last season, Steven Alzate and Aaron Connolly both established themselves in the Premier League, and I am delighted other recent academy players Ben White and Robert Sanchez are also now playing a significant number of Premier League games.

It has been a similar season of progress with our women's team. The team secured their Women's Super League status and also reached the quarter-final of the FA Cup. In January 2020, we appointed Ron Thompson as our first head of recruitment, working solely on player acquisition for the women's teams. This is an area which is becoming more competitive, and I am excited by the progress we are making in this area.

Our £25 million training ground improvement is due to be completed for the start of the 2021/22 season. This will incorporate a new women and girls' facility at the American Express Elite Football Performance Centre, ensuring that all of our players will benefit from superb state-of-the-art facilities.

The accounts show a significant loss for the 2019/20 season. The club had budgeted for an increase in losses, due to additional investments in recruitment and with rising player wages and amortisation (transfer fees). The budgeted losses were significantly increased by the unexpected drop in turnover due to COVID.

Commercial revenues fell as a result of the reduction in television monies and loss of gate receipts – with the club playing five home games behind closed doors. In addition, there were shortfalls in catering and merchandise income, plus a number of additional and unexpected costs during the lockdown and return-to-play periods.

We have worked very hard to minimise the impact of COVID on the staff at the football club. Naturally, we have been cautious and careful, but we've had to be inventive too.

I would like to pay tribute to our board, executive team, and entire staff for all their hard work, as ever skilfully led by our chief executive and deputy chairman Paul Barber. Paul's leadership throughout this crisis has been outstanding. He has led from the front, often working around the clock, and taken on a personal responsibility for the many thousands of jobs that rely – either directly or indirectly – on the club. His communication with the supporters and all major stakeholders has been first-class, and barely a day passes without someone highlighting how proud they are of the club, and all its efforts during the pandemic.

Brighton & Hove Albion Holdings Limited

Chairman's statement for the year ended 30 June 2020 (*continued*)

Community and supporters

We are delighted that our fan base continues to grow both internationally and domestically. At our core, we are proud to be a community-based club and remain committed to our local fan base. When disaster strikes, such as with this horrendous pandemic, the importance of community and our place within it, comes into sharp focus.

Right at the start, we committed to paying our casual matchday staff until the end of the season. We also committed to support the incredible work of the NHS and its magnificent staff with a significant early financial donation from our players, a commitment of free tickets for NHS and key workers, and offering our stadium for training and equipment storage. As the government's strategy on testing became clearer, we converted the Amex into the south coast's largest testing facility, with capacity for up to 1,500 tests per day.

During lockdown we launched the Albion As One campaign. Kicked off by a huge donation from the club's players, which was added to by directors, the campaign has raised close to £400,000 and helped a huge number of worthy local causes.

Alongside this, Albion in the Community continued their excellent work using a variety of creative solutions to continue their engagement with more than 40,000 people in need of help. Typically they focus on getting people active, helping them lead healthier lives, and raising aspirations and academic achievement. During lockdown, priorities changed to: helping combat loneliness; addressing mental health challenges; and delivering food to the most vulnerable. AITC's staff and volunteers showed ingenuity, courage and selfless dedication by delivering thousands of food packages. AITC were also able to move a good proportion of their core program activity online via video webinars and calls.

Martin Perry is retiring from the football club, and does so as a true legend of the Albion. He will remain in post as Chairman of AITC, and we welcome his ongoing wisdom to help guide the charity. His commitment to the Albion and his passionate and unrelenting pursuit of our goal to build a brilliant new stadium, as part of a brand-new era for the club, can never be overstated. When I took over as chairman from Dick Knight, I was delighted to have such a trusted and conscientious colleague as Martin by my side. A wonderful legacy is clearly in place and, while Martin's professional contribution to our football club is there for all to see, I would also like to extol his human qualities. Working at this club over the past quarter of a century has been full of challenges – and Martin's humour, compassion and resilience have always shone through.

Naturally, we are keen to get fans back to the Amex, as soon as possible, but it has to be in a safe way and secure environment. Meanwhile, we have been conscious of helping our supporters, particularly season-ticket holders, and have committed to ensuring they receive a refund for any fixtures which are closed to fans.

The club has also undertaken a huge amount of work to continue to engage with supporters while there were no matches being played – and then in the behind-closed-doors period – including checking in with calls to the most vulnerable as well as a host of online fans' forums, including Q&As and quizzes. I take this opportunity to highlight the unstinting and ongoing support we have received from our loyal fans, and say thank you on behalf of the club.

Brighton & Hove Albion Holdings Limited

Chairman's statement for the year ended 30 June 2020 (*continued*)

Looking ahead

Our main priority for the 2020/21 season is to remain in the Premier League. We will also be looking to make progress on our longer-term aim of establishing the club in the top ten of the Premier League, in line with the vision we outlined in the summer of 2019.

Our vision is to be a top-ten Premier League club, and a top-four club in the Women's Super League. We will achieve this by working together with smart recruitment in all areas, a productive academy, world-class facilities, and a sustainable budget - underpinned by our core values and supported by our fantastic fans and world class partners.

We have a great team of people all around the club and great support from our fans, from our commercial partners, and from the wider community. Despite the global pandemic, our goal is unchanged. This will, I hope, continue to guide and inspire our club to even greater achievements.



Tony Bloom

Chairman

Date: 19.01.21

Brighton & Hove Albion Holdings Limited

Strategic report for the year ended 30 June 2020

Introduction

The principal activity of the group continues to be that of a professional football club as a member of the Football Association and the Premier League.

Business review

	2020 £'000	2019 £'000
Turnover	132,908	148,216
Cost of sales	(8,832)	-
Administrative and operational costs	(21,121)	(20,505)
Operating profit before football costs and depreciation	102,955	127,711
Depreciation	(5,822)	(5,891)
Player trading	(46,224)	(28,021)
Football costs	(114,850)	(113,219)
Operating loss before interest and taxation	(63,941)	(19,420)

Financial highlights

- Turnover decrease: 16.6% (excluding £9.4m of revenue from the New Monks Farm development project)
- Admin and operational cost increase: 3%
- Operating profit before football costs and depreciation decrease: 19.4%
- Increase in player trading costs: 65.0%
- Investment in football costs increased by 1.4%
- Operating loss of £19.4m has become operating loss of £63.9m

The financial results for the year ended 30 June 2020 reflect the third season in which Brighton & Hove Albion Football Club competed in the Premier League, this time finishing in 15th position (2019: 17th position). The significant decrease in turnover is principally brought about by the global Covid-19 pandemic, which severely impacted all of the clubs primary income streams. The overall cost base has remained fairly static, however there has been significant further investment in player trading as required to be competitive in the Premier League. Based on clearly identifiable reductions in revenues and directly attributable costs, the net overall impact of the pandemic on these financial results is to increase the net loss by approximately £25.3m. This has contributed to the company reporting a loss before interest and tax of £63.9m compared to a loss of £19.4m in the prior period.

The results for the year include revenue from the New Monks Farm residential and commercial development of £9.4m with attributable costs of sales of £8.8m, contributing £0.6m to the results for the year.

Brighton & Hove Albion Holdings Limited

Strategic report for the year ended 30 June 2020 (*continued*)

Financial highlights (*continued*)

The key financial highlights are as follows:

- **Turnover**
Prior to start of the Covid-19 pandemic, average match day attendances had remained stable, averaging 30,359 compared to 30,426 in the previous season, which had the club on course to record fairly static matchday income in comparison with the prior season. Due to the pandemic the final five home games were played behind closed doors which can be attributed for the eventual decrease in matchday revenue from £18.5m to £13.5m. Broadcasting income was hit heavily by a combination of rebates due to broadcasters and deferred income adjustments required for six games which were played in the next financial year due to the extension of the season. This caused broadcasting income to fall from £113.5m to £89.9m. Commercial income had been on course to surpass the £9.6m generated in the prior year but instead decreased by £0.1m to £9.5m, again attributable to the final five home games being played behind closed doors and elements of sponsorship revenue being deferred into the next financial year. Other income increased significantly from £6.5m to £20.0m due to an increased amount generated from players on loan and £9.4m of revenue recognised from the New Monks Farm development project.
- **Administrative and Operational Costs**
The overall cost increase was 3.0% which was considered in line with expectations.
- **Player Trading**
This represents the amortisation of purchased player registrations less the profit on sale of players. Player amortisation has increased from £33.2m to £45.6m. New players were added to the squad at a gross cost of £57.7m (£55.6m at discounted value as required under UK accounting standards). Profit on player disposals of £5.2m became a loss of £1.1m.
- **Football costs**
Football costs, which include all costs associated with the running of the first team, development squad and youth academy, increased from £113.2m to £114.9m. This increase is primarily due to an increase in player and coaching staff wages, but also a continued investment in the youth academy and facilities at the training ground.
- **Balance Sheet**
Whilst the Balance Sheet is showing a net liabilities position, funding for the group continues to be provided by its Chairman, Tony Bloom, by way of interest free loans and equity conversion.

The cost of purchased players, net of appropriate discounting on acquisition and less amortisation, are recorded in the accounts at £108.8m at the year end. This doesn't however reflect home grown players or the current market value of the playing squad, which in the opinion of the Board is considerably higher.

Included in stock is the land for development at New Monks Farm adjoining our training ground, and is recorded in the accounts at a cost of £17.9m. After gaining successful planning permission at this site for housing and retail development, construction work has commenced, and the sale of land relating to phase 1 of the residential development has completed.

Profit and Sustainability Rules

The Premier League operates profitability and sustainability rules. Under the rules adjusted losses of £105m over a three year period are allowable. The operating profit or loss is adjusted for depreciation and allowable expenditure such as our investment in our Category 1 academy. The Club has complied with all of the Premier League's Rules for the 2019/20 season.

Brighton & Hove Albion Holdings Limited

Strategic report
for the year ended 30 June 2020 (*continued*)

Sponsors

The Club is grateful to its many sponsors and business partners who continue to support the club's growth. In particular, we would like to thank American Express and Nike. The Club is also grateful for the continued support and hard work of Sodexo. As our catering and non-matchday events partner, Sodexo continue to provide an excellent service.

Supporters and Staff

The Board would like to take this opportunity to thank the Club's fans for their continued fantastic support and would also like to thank all our staff for their continued hard work, commitment and professionalism.

Future developments

Retention of the Club's Premier League status remains the primary objective, but as set out in the Chairman's Statement the club's vision is to be a top-ten club in the Premier League, and a top-four club in the Women's Super League.

Section 172 statement

Section 172 of the Companies Act 2006 requires the club's board of directors to take into consideration the interests of stakeholders and other matters in their decision making. The club's board continues to ensure the interests of all employees, supporters, partners, local community and other stakeholders are always given the fullest of consideration, and as a club and charity we have a number of initiatives aimed at regularly engaging with each of these groups.

Supporters

The club remains committed to listening to and engaging with supporters and encourage their feedback via a number of different communication methods.

We have held more than 20 in-person or virtual fans' forums, with key personnel at the club including the chairman, chief executive, technical director, head coach, several heads of departments and players, past and present.

Supporters can also engage via other channels including telephone, email, post or social media – with the club's chief executive known for his open policy in answering fan queries, often very late at night and always with in-depth responses.

The board always has supporters at the forefront of their mind in the decision-making process.

Community

We remain committed to our local and global fan base, and engaging with the local community across a wide spectrum of demographics. We continue to reach out to the more diverse groups within our community through various club and charity initiatives.

Albion in the Community continued their excellent work interacting with more than 40,000 people. Further details of Albion in the Community's work in this area can be found in their annual report.

The club also has a strong commitment to our local community, supporting this work. Some of the highlights during the financial year are outlined in our Chairman's statement.

Employees

We encourage a high-performance culture within the workforce, at all levels, and acknowledge that employee's health and wellbeing is paramount to being able to perform at the highest level possible.

Brighton & Hove Albion Holdings Limited

Strategic report for the year ended 30 June 2020 (*continued*)

We have a wide ranging programme, that supports our employees in this goal, including an occupational health scheme, mental health awareness training for managers, which is further strengthened by a mental health champions scheme.

We strongly encourage career development, and are in the process of launching a management training programme for our employees who wish to progress to this level.

We provide staff with regular employee question-and-answer sessions with the club's chief executive, preferably in person, but also via virtual platforms, such as Zoom and Teams – and back this up further with regular staff communications.

We also have a strong commitment to our casual matchday staff; for example we paid casual staff during the initial lockdown phase to ease their financial concerns.

Partners

The club acknowledges the ongoing support we receive from the Brighton, Hove and Sussex business community.

We have a brilliant range of global, national and local partners and we remain committed to working with them to meet their needs and help achieve their business aims – while also supporting their own corporate social responsibility programmes.

We used a number of creative initiatives with the aim of helping our partners adapt, survive and thrive throughout the Covid-19 pandemic.

We have a vibrant, diverse and supportive group of businesses as part of our corporate hospitality 1901 Club and B2B Network Albion scheme.

We aim to source locally wherever possible, including supporting local food heroes and suppliers through our out our hospitality and events menus and stadium kiosks.

Diversity

The club has completed the Premier League's Equality Standard Preliminary Level and we are now working towards the intermediate level.

We are supporters of a number of anti-discrimination campaigns including No Room For Racism, Kick It Out, Show Racism the Red Card, Rainbow Laces, Football v Homophobia, Level Playing Field and Women in Football to mention a few.

We have a strong track record for tackling discrimination at the stadium, at our matches and events, and online – with a zero tolerance policy for anyone found guilty of discriminatory behaviour.

Sustainability and ethics

The club's Amex Stadium is BREEAM certified 'very good' and we use a green electricity provider across all sites; our training facility which opened in 2014 has solar panels on its roof.

We offer a subsidised and sustainable travel service to home and away supporters, which has gained plaudits from the local council and MPs.

We eliminated the use of plastic straws, stirrers, carrier bags and are exploring the removal of other single use plastics.

We send all plastic bottle tops from the stadium catering operation to Lush Cosmetics for recycling and reuse.

Brighton & Hove Albion Holdings Limited

Strategic report for the year ended 30 June 2020 (*continued*)

Our cleaning operation uses smart dose concentrate systems, recyclable microfibre cloths and has switched to steam cleaning of carpets and concourse floors which has led to a reduction in the amount of chemicals used and reduced our plastic waste.

We send zero waste to landfill, with a full sorting, composting and recycling programme in place for all of our waste.

Our surplus food supplies are donated to various local charities and food banks.

We have various water-saving projects, including harvesting rain water to water our pitches at the training facility and waterless urinals for all of our stadium concourses.

Key Board Decisions

During the year, the Board made key decisions which are considered to be in the interests of the overall success of the Group. These decisions have impacts on certain stakeholder groups that have, to the extent considered appropriate by the Board, been reflected in the decision making process.

- The Board made the decision not to furlough staff on the back of the Covid-19 pandemic, instead keeping all on in their existing positions and committing to paying casual staff unable to work. The Board set out to protect jobs.
- The Board made the decision to defer the training ground extension works in March 2020 to help with cash flow, before signing off the re-commencement of the work post year-end. It was also decided to press on with the New Monks Farm development following the phase 1 sale of land to Cala Homes in June 2020. Construction works had also been put on hold from March 2020 but resumed in June 2020. These decisions were made in the best interests of the football club and its shareholders as well as other third parties contracted to the development project.
- The Board made the decision, with the continued support of the principal shareholder, to continue to invest in all areas of the football business despite the Covid-19 pandemic, with the focus on remaining as competitive as possible regardless of the challenging environment. During the year the net investment in new player registrations was £57m.

Principal risks

The principal risk, as faced by all football clubs, is the risk of relegation and the adverse effect it would have on revenue streams and the ability to retain and recruit talented staff.

The ongoing pandemic is also presenting a significant risk to all football clubs across the country, as at the time of writing all fixtures are once again being played behind closed doors. There is hope in the coming months that the safe return of spectators will again begin but until this happens revenue streams will continue to be severely impacted.

Whilst the full impact of the UK exit from the European Union is unknown, there is a risk that it could result in some instability with regard to the freedom of movement of footballers and other staff. In addition to this, whilst no specific contracts or agreements have been identified that would have a material impact on the group in the short to medium-term, a disorderly Brexit could impact on the wider economy and on consumer spending, which could have a direct impact on match-day revenue and an indirect impact on future centrally negotiated media rights.

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

David Jones

D A Jones
Director

Date: 19.01.21

Brighton & Hove Albion Holdings Limited

Directors' report for the year ended 30 June 2020

The directors present their report and the financial statements for the year ended 30 June 2020.

Results and dividends

The loss for the year, after taxation, amounted to £67,225,000 (2019 – loss of £21,199,000).

The directors are unable to recommend the payment of a dividend (2019 - £Nil).

Directors

The directors who served during the year were:

A G Bloom (Chairman)
P J Barber (CEO & Deputy Chairman)
R A Bloom
D L Chapman
R F Comer
A S Franks
P W Godfrey
D A Jones (Finance Director)
M J Perry
M L Sugarman
M J Walder

Employee involvement

Within the bounds of commercial confidentiality, the club endeavours to keep staff at all levels informed of matters that affect the progress of the Group and are of interest to them as employees.

Equality & Safeguarding

The club is committed to equality of opportunity for all staff and applications for employment or promotion from individuals both internally and externally are encouraged regardless of age, disability, sex, gender reassignment, sexual orientation, pregnancy and maternity, race, religion or belief and marriage and civil partnerships.

The club complies with all applicable employment laws relating to working terms and conditions, including pay (the club pays the voluntary living wage). The club have successfully attained the preliminary level of the Premier League Equality Standard and we are now working towards the intermediate level of the standard.

The club is fully committed to safeguarding and promoting the welfare of children, young people and vulnerable adults and expect all staff and volunteers to share this commitment.

Brighton & Hove Albion Holdings Limited

Directors' report for the year ended 30 June 2020

Streamlined Energy and Carbon Reporting (SECR)

Effective from 1 April 2019, The Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018 introduced the requirement for annual energy and carbon reporting. This is the first year of reporting. Future reports will compare performance against the previous year.

Greenhouse Gas emissions are categorised into three groups, or Scopes, and tabulated below:

GHG Emissions & Energy for the Reporting Year 1 st July 2019 to 30 th June 2020	Energy Equivalent kWh	Carbon Emissions tonnes CO ₂ e
Scope 1 – Direct Emissions		
Natural Gas	6,291,465	1,156.81
Club owned vehicles	332,409	84.44
Scope 2 – Indirect Emissions		
Electricity	6,172,499	1,439.06
Scope 3 – Other Indirect Emissions		
Staff owned vehicle business travel	479,790	118.96
Electricity Transmission & Distribution		123.76
Total	13,276,163	2,923.03
Intensity Ratio	22.60 total tonnes (CO ₂ e) per £M turnover	

Methodology

Greenhouse gas emissions are reported in gross tonnes CO₂e in line with the requirements of large unquoted companies set out in the UK Government's Environmental Reporting Guidelines (March 2019 version) and use the UK Government GHG (Green House Gas) Conversion Factors for Company Reporting (2020 version 1.0). The operational control approach for the Group's activities has been applied and is guided by the GHG Protocol – Corporate Standard (revised edition). Gross calorific values have been applied to conversion of natural gas

Emissions from fuel use in Club owned vehicles have been determined from a variety of sources. Where mileage only is recorded these are converted using the Government GHG Conversion Factors based on net calorific values. Fuel purchased in litres is converted on a net calorific basis. Mileage, where staff used their own vehicle for club purposes, is estimated from the total recorded at the end of the 2019/20 tax year and converted based on an average vehicle and unknown fuel type.

Emissions from electricity are location based and report grid purchased electricity (Scope 2) including associated transmission and distribution losses (Scope 3).

Intensity Ratios compare emissions data with an appropriate business metric or financial indicator. The Club has chosen Total tonnes of Carbon dioxide equivalent (CO₂e – the term used to describe different greenhouse gases in a common unit) per £M turnover for its Intensity Ratio.

Energy Efficiency

During the reporting period the Club has continued a rolling programme of upgrading lighting to energy efficient LED alternatives. This has covered various areas including the south stand concourse, HB's restaurant, the main hospitality stairways in the west stand and executive boxes.

A new Building Management Service provider has been appointed and a programme developed with them to increase efficiency in all areas of the operation of our premises. This included installation of additional sensors to ensure we have a clearer understanding of energy use across our site operations.

During the national lockdown (April – June) due to the Covid-19 pandemic an equipment 'turn-off' programme was implemented.

Brighton & Hove Albion Holdings Limited

Directors' report for the year ended 30 June 2020 (*continued*)

All electricity is provided under a contract for 100% REGO (Renewable Energy Guarantees of Origin) backed supply.

Through a Verra certified programme the Club continues to offset Carbon emissions related to its consumption of natural gas. For each tonne CO₂e offset, one tree is planted locally and an additional tonne CO₂e is offset through the Brazilian Amazon Verified Carbon Standard (VCS) Reduced Emissions from Deforestation and Degradation (REDD) project to guarantee the emission reductions.

The club is currently investigating installation of Electric Vehicle charging points and has also introduced electric mowers to replace petrol mowers at the stadium for pitch preparation.

Matters covered in the Strategic Report

Matters relating to principal activities, future developments, risks and uncertainties and KPIs are contained within the Strategic Report.

Post balance sheet events

There have been no significant events affecting the Group since the year end.

Auditors

All of the current directors have taken all the steps that they ought to have taken to make themselves aware of any information needed by the company's auditors for the purposes of their audit and to establish that the auditors are aware of that information. The directors are not aware of any relevant audit information of which the auditors are unaware.

BDO LLP have expressed their willingness to continue in office and a resolution to re-appoint them as auditors will be proposed at the next annual general meeting.

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



R F Comer
Director

Date: 19.01.21

Brighton & Hove Albion Holdings Limited

Director's responsibilities statement for the year ended 30 June 2020

The directors are responsible for preparing the directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that year.

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.

Brighton & Hove Albion Holdings Limited

Independent auditor's report

TO MEMBERS OF BRIGHTON & HOVE ALBION HOLDINGS LIMITED

Opinion

We have audited the financial statements of Brighton & Hove Albion Holdings Limited ("the Parent Company") and its subsidiaries ("the Group") for the year ended 30 June 2020 which comprise the consolidated statement of comprehensive income, the consolidated and company statement of financial position, the consolidated and company statements of changes in equity, the consolidated statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 30 June 2020 and of the Group's loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

Brighton & Hove Albion Holdings Limited

Independent auditor's report (*continued*)

Other information

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Group and the Parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report and Director's report.

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

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

Brighton & Hove Albion Holdings Limited

Independent auditor's report (*continued*)

Responsibilities of Directors

As explained more fully in the Director's responsibilities statement, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located at the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

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

BDO LLP

*Ian Clayden (senior statutory auditor)
For and on behalf of BDO LLP, statutory auditor
London
United Kingdom*

Date: 19.01.21

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Brighton & Hove Albion Holdings Limited

Consolidated statement of comprehensive income for the year ended 30 June 2020

	Note	2020		2019	
		Operations excluding player trading £'000	Player trading £'000	Total £'000	Total £'000
Turnover	3	132,908	-	132,908	148,216
Cost of sales		(8,832)	-	(8,832)	-
Operating expenses		(141,793)	(45,625)	(187,418)	(172,852)
(Loss)/profit on player trading		-	(599)	(599)	5,216
Operating loss before interest and taxation	5	(17,717)	(46,224)	(63,941)	(19,420)
Interest receivable and similar income	8	17	-	17	62
Interest payable and similar charges	9	(865)	(2,436)	(3,301)	(2,649)
Loss before taxation		(18,565)	(48,660)	(67,225)	(22,007)
Tax on loss	10	-	-	-	808
Loss after taxation		(18,565)	(48,660)	(67,225)	(21,199)
Other comprehensive income		-	-	-	-
Total comprehensive loss for the year		(18,565)	(48,660)	(67,225)	(21,199)
Loss for the year attributable to:					
Owners of the parent company		(18,565)	(48,660)	(67,225)	(21,199)

There were no recognised gains and losses for 2020 or 2019 other than those included in the consolidated statement of comprehensive income.

The notes on pages 24 to 44 form part of these financial statements.

Brighton & Hove Albion Holdings Limited

Consolidated statement of financial position at 30 June 2020

Company number 02849319	Note	2020	2020	2019	2019
		£'000	£'000	£'000	£'000
Fixed assets					
Intangible assets	11		108,819		100,822
Tangible assets	12		154,345		146,631
Investment property	14		160		160
			263,324		247,613
Current assets					
Stocks	15	18,195		18,172	
Debtors: amounts falling due within one year	16	17,951		18,421	
Cash at bank and in hand	17	3,749		706	
		39,895		37,299	
Creditors: amounts falling due within one year	18	(407,994)		(327,025)	
Net current liabilities			(368,099)	(289,726)	
Total assets less current liabilities			(104,775)	(42,113)	
Creditors: amounts falling due after more than one year	19		(14,957)		(10,394)
Provisions for liabilities					
Deferred taxation	21		(1,506)		(1,506)
Net liabilities			(121,238)	(54,013)	
Capital and reserves					
Called up share capital	22		95,232		95,232
Profit and loss account	23		(216,470)		(149,245)
			(121,238)	(54,013)	

The financial statements were approved by the Board of Directors and authorised for issue on 19 January 2021.

David Jones

D A Jones
Director

The notes on pages 24 to 44 form part of these financial statements.

Brighton & Hove Albion Holdings Limited

Consolidated statement of changes in equity for the year ended 30 June 2020

	Called up share capital £'000	Profit and loss account £'000	Total equity £'000
At 1 July 2018	95,232	(128,046)	(32,814)
Comprehensive income for the year			
Loss for the year	-	(21,199)	(21,199)
	<hr/>	<hr/>	<hr/>
Total comprehensive income for the year	-	(21,199)	(21,199)
	<hr/>	<hr/>	<hr/>
At 30 June 2019	95,232	(149,245)	(54,013)
Comprehensive income for the year			
Loss for the year	-	(67,225)	(67,225)
	<hr/>	<hr/>	<hr/>
Total comprehensive income for the year	-	(67,225)	(67,225)
	<hr/>	<hr/>	<hr/>
At 30 June 2020	95,232	(216,470)	(121,238)

The notes on pages 24 to 44 form part of these financial statements.

Brighton & Hove Albion Holdings Limited

Consolidated statement of cash flows for the year ended 30 June 2020

	2020 £'000	2019 £'000
Cash flows from operating activities		
(Loss)/profit for the financial year	(67,225)	(21,199)
Adjustments for:		
Amortisation of intangible assets	45,616	33,238
Depreciation of tangible assets	5,822	5,891
(Loss)/profit on disposal of intangible assets	599	(5,216)
Loss on disposal of tangible assets	9	7
Tax on profit	-	(808)
(Increase) in stocks	(23)	(372)
Decrease/(increase) in debtors	(2,802)	2,541
(Decrease)/increase in creditors	45,848	(2,068)
Net interest payable	2,419	2,336
Corporation tax paid	-	(500)
	<hr/>	<hr/>
Net cash generated from operating activities	30,263	13,850
	<hr/>	<hr/>
Cash flows from investing activities		
Purchase of intangible fixed assets	(43,918)	(76,487)
Sale of intangible assets	4,706	4,617
Purchase of tangible fixed assets	(13,543)	(7,636)
Interest received	17	62
	<hr/>	<hr/>
Net cash from investing activities	(52,738)	(79,444)
	<hr/>	<hr/>
Cash flows from financing activities		
Loans from directors	31,983	49,000
	<hr/>	<hr/>
Net cash used in financing activities	31,983	49,000
	<hr/>	<hr/>
Net movement in cash and cash equivalents	9,508	(16,594)
Cash and cash equivalents at beginning of year	(7,625)	8,969
	<hr/>	<hr/>
Cash and cash equivalents at the end of year	1,883	(7,625)
	<hr/>	<hr/>
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	3,749	706
Bank overdrafts	(1,866)	(8,331)
	<hr/>	<hr/>
	1,883	(7,625)
	<hr/>	<hr/>

The notes on pages 24 to 44 form part of these financial statements.

Brighton & Hove Albion Holdings Limited

Company statement of financial position at 30 June 2020

Company number 02849319	Note	2020 £'000	2020 £'000	2019 £'000	2019 £'000
Fixed assets					
Investments	13		366,701		366,701
Creditors: amounts falling due within one year	18	(303,699)		(271,725)	
Net current liabilities			(303,699)		(271,725)
Net assets			63,002		94,976
Capital and reserves					
Called up share capital	22		95,232		95,232
Profit and loss account	23		(32,230)		(256)
			63,002		94,976

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of Comprehensive Income in these financial statements. The loss after tax of the parent Company for the year was £31,974,000 (2019 - £Nil).

The financial statements were approved by the Board of Directors and authorised for issue on 19 January 2021.

David Jones

D A Jones
Director

The notes on pages 24 to 44 form part of these financial statements.

Brighton & Hove Albion Holdings Limited

Company statement of changes in equity for the year ended 30 June 2020

	Called up share capital £'000	Profit and loss account £'000	Total equity £'000
At 1 July 2018	95,232	(256)	94,976
Comprehensive income for the year	-	-	-
Total comprehensive income for the year	-	-	-
At 30 June 2019	95,232	(256)	94,976
Comprehensive income for the year	-	(31,974)	(31,974)
Total comprehensive income for the year	-	(31,974)	(31,974)
At 30 June 2020	95,232	(32,230)	63,002

The notes on pages 24 to 44 form part of these financial statements.

Brighton & Hove Albion Holdings Limited

Notes forming part of the financial statements for the year ended 30 June 2020

1 Accounting policies

Brighton & Hove Albion Holdings Limited is a private company limited by shares incorporated in England & Wales under the Companies Act. The address of the registered office is given on the contents page and the nature of the Group and Company's operations and its principal activities are set out in the strategic report. The financial statements have been prepared in accordance with FRS 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland.

These financial statements are presented in Pounds Sterling as this is the currency of the primary economic environment in which the Group operates and is rounded to the nearest thousand pounds.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires Group management to exercise judgement in applying the Group's accounting policies.

The following principal accounting policies have been applied:

Basis of consolidation

The consolidated financial statements present the results of the Company and its own subsidiaries ("the Group") as if they form a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the Statement of Financial Position, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the Consolidated Statement of Comprehensive Income from the date on which control is obtained.

Going concern

For the year ended 30 June 2020 the group made a loss after tax of £67,255,000, and has net current liabilities of £368,099,000 and net liabilities of £121,238,000. Excluding loans due to the Chairman of the Group, the Group had net current liabilities of £64,400,000.

In assessing the appropriateness of the going concern assumption, the Directors have produced detailed cash flow forecasts which extend to no less than June 2022. However, it is acknowledged that in many respects the global and UK outbreak of Covid-19 had a profound impact on the 2019/2020 football season and continues to do so for the 2020/21 season. Any potential impact on the 2021/22 season remains uncertain of course.

On the instruction of the UK Government (at ministerial level, the DCMS) football in England was mandatorily suspended in March 2020 until competitive football resumed behind closed doors on 17 June 2020. Following comprehensive preparations for re-opening stadia to fans, reduced attendances were permitted for a short period in November and December, however at the time of writing a third national lockdown has commenced which has again resulted in all fixtures being played closed doors. Whilst this represents a setback, the board remain mindful of the economics of operating a stadium with reduced capacity as well as the potential for further setbacks.

Whilst the Premier League and the Club continue to monitor the situation closely, and continue to model scenarios for the phased reintroduction of fans, the environment is continuously changing and as such, projecting when the impacts of Covid-19 may ease and when and how the restrictions will be further lifted remains challenging. Albeit unlikely at present, a further cessation of football, even behind closed doors, cannot be ruled out.

The Club's match day income generation, which typically make up 12.5% of revenues has subsequently been curtailed.

Brighton & Hove Albion Holdings Limited

Notes forming part of the financial statements for the year ended 30 June 2020 (*continued*)

Premier League central distribution rebates for the 2019/20 season have been finalised and will be payable out of future distributions. At this stage, any further impact of Covid-19 on current or future central distributions cannot be determined with certainty, though with football resumed and expected to continue, the Board do not expect these to be materially impacted at this stage.

The Club has taken advantage of available Government support packages to assist with cash flow, including deferral of PAYE and VAT payments, along with taking advantage of a business rates holiday.

The Club continues to forecast operating losses, net operating cash outflows and investing cash outflows in all reasonably expected scenarios for the 2020/21 and 2021/22 seasons. The club continues to model scenarios in which it invests in order to remain competitive in the English Premier League.

The Club benefits from the support from its principal shareholder and the Board have received a binding letter of support from Mr Bloom expressing his intention to continue to provide such support, in the form of non-recall of existing loans and further funding as forecast to be required over the going concern period being considered. In light of this financial support, and the boards own considerations with regard to the availability of such support, the directors have not identified a material uncertainty that may cast significant doubt over the Club's ability to continue as a going concern for the foreseeable future.

With Premier League activities ongoing, the Club's ability to safely allow access to fans so long as the DCMS give their authority to do so, and significant cost adjustments, the Directors remain confident that the club continues to be operated within the financial means and intentions of its owner. As such, the Directors have concluded that it is appropriate for the financial statements to be prepared on the going concern basis.

The financial statements do not include the adjustments that would result if the Club were unable to continue as a going concern.

Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

Match day revenue is recognised on the day the games are played. The revenue received in advance for season tickets is deferred and released in the season the ticket was purchased for, in line with home games played.

Sponsorship and similar commercial income is recognised over the duration of the respective contracts in line with goods and services provided.

Retail revenue and catering income is recognised at the point goods and services are delivered to the customer.

Facility fees for live television coverage of games are recognised when earned.

Premier League and central distribution revenue is recognised on an accruals basis in line with games played.

Revenue generated from players on loan to other clubs is included in other income.

Revenue and costs in relation to the New Monks Farm development project are recognised either when the significant risks and rewards of ownership are transferred to the buyer or on a percentage of completion basis, depending on the terms of the individual project and the performance obligations embedded within them.

Brighton & Hove Albion Holdings Limited

Notes forming part of the financial statements for the year ended 30 June 2020 (continued)

1 Accounting policies (continued)

Intangible assets

Player registrations

The costs associated with the acquisition of players' registrations are capitalised as intangible fixed assets, with cost discounted to present value, at an appropriate market rate for leveraged player receivables, where payments are deferred beyond 12 months of the acquisition date.

Costs of players' registrations comprise transfer fees and solidarity payments. Payments of transfer fees based on future performance criteria are recognised when the criteria are assessed as being probable that they will be met. In most cases this is when the condition has been met. Player registration costs are fully amortised in equal instalments over the period of the players' individual contracts. Where a player's contract is extended beyond its initial period, amortisation is calculated over the period of the extended contract from the date on which it is signed. All amortisation is recognised within operating expenses on the statement of comprehensive income. Players' registrations are written down for impairment in certain circumstances when the carrying amount is assessed as exceeding the amount recoverable through use or sale. See below for accounting policy relating to impairment.

The profit or loss on disposal of a player's registration is calculated as the difference between the present value of the transfer fee received less the net book value at the date of sale and less any direct costs of the transfer. Receipts of transfer fees based on the future performance of the transferred player or the buying club are recognised when the future criteria are met or are virtually certain to be met.

Impairment of player registrations

The carrying amounts of player registration costs, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The directors do not consider it possible to determine the value in use of an individual player in isolation, as individual players cannot generate cash flows independently. However, in circumstances where it is apparent that, as at the period end date, the player would not be available for selection to play for the Club, such as permanent injury or a firm intention to sell or loan the player (without further selection), the player is taken outside of the wider football club cash generating-unit ("CGU") and valued on a recoverable amount basis, being the directors' best estimate of the player's fair value less cost to sell. In the case of a permanent injury the recoverable amount is assessed with reference to insurance values. Any resulting impairment charge is made in operating expenses. An impairment loss is reversed if and only if the reasons for the impairment have ceased to apply.

Where there is an impairment of a particular player's registration costs consideration is given to whether there is simultaneously an onerous contract arising. Where onerous contracts exists, a provision is recognised equal to the net cost of exiting from the contract.

Tangible fixed assets

Tangible fixed assets under the cost model, other than investment properties, are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Brighton & Hove Albion Holdings Limited

Notes forming part of the financial statements for the year ended 30 June 2020 (*continued*)

1 Accounting policies (*continued*)

Depreciation

Land is not depreciated. Depreciation on other assets is charged from when the assets are brought in to use so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

The group adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the group. The carrying amount of the replacement part is derecognised. Repairs and maintenance are charged to the Statement of Comprehensive Income as incurred.

Depreciation is provided on the following basis:

Freehold buildings	-	2% straight line
Motor vehicles	-	25% straight line
Fixtures and fittings	-	20 - 33% straight line
Office equipment	-	20 - 33% straight line
Assets under construction	-	not depreciated

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Consolidated Statement of Comprehensive Income.

Investment property

Investment property is carried at fair value. The fair value is determined with reference to recent market transactions of properties of similar size, use and location and other industry benchmarks.

Investment properties which are under development are stated at cost.

Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

Loans to subsidiaries that are not anticipated to be recovered in the short to medium term are presented as investments in the parent company Statement of Financial Position.

Stocks

Stocks are stated at the lower of cost and net realisable value.

Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

Brighton & Hove Albion Holdings Limited

Notes forming part of the financial statements for the year ended 30 June 2020 (continued)

1 Accounting policies (continued)

Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Consolidated Statement of Cash Flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Group's cash management.

Financial instruments

The Group only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Consolidated Statement of Comprehensive Income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Group would receive for the asset if it were to be sold at the reporting date.

Financial assets and liabilities are offset and the net amount reported in the Statement of Financial Position when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

Brighton & Hove Albion Holdings Limited

Notes forming part of the financial statements for the year ended 30 June 2020 (*continued*)

1 Accounting policies (*continued*)

Government and other grants

Grants are accounted under the accruals model as permitted by FRS 102. Grants relating to expenditure on tangible fixed assets are credited to the Statement of Comprehensive Income at the same rate as the depreciation on the assets to which the grant relates. The deferred element of grants is included in creditors as deferred income.

Grants of a revenue nature are recognised in the Statement of Comprehensive Income in the same period as the related expenditure.

Pensions

Defined contribution pension plan

The Group operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. Once the contributions have been paid the Group has no further payment obligations.

The contributions are recognised as an expense in the Statement of Comprehensive Income when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of Financial Position. The assets of the plan are held separately from the Group in independently administered funds.

Interest income

Interest income is recognised in the Statement of Comprehensive Income using the effective interest method.

Borrowing costs

All borrowing costs are recognised in the Statement of Comprehensive Income in the year in which they are incurred.

Provisions for liabilities

Provisions are made where an event has taken place that gives the Group a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Statement of Comprehensive Income in the year that the Group becomes aware of the obligation, and are measured at the best estimate at the Statement of Financial Position date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Statement of Financial Position.

Brighton & Hove Albion Holdings Limited

Notes forming part of the financial statements for the year ended 30 June 2020 *(continued)*

1 Accounting policies *(continued)*

Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company and the Group operate and generate income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of Financial Position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

Player remuneration

Signing on fees in respect of players contracts are expensed to the Statement of Comprehensive income over the term of their contracts. Remuneration of players is charged in accordance with the terms of the applicable contractual arrangements. Bonuses and other short term benefits are recognised when services are rendered and there is a constructive or legal obligation to pay these

Brighton & Hove Albion Holdings Limited

Notes forming part of the financial statements for the year ended 30 June 2020 (*continued*)

2 Judgements in applying accounting policies and key sources of estimation uncertainty

The preparation of the financial statements requires of management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management evaluates its estimates and judgements with reference to historical experience and expectations of future events and current market conditions.

In preparing these financial statements, the directors have had to make the following judgments:

Determine whether there are indicators of impairment of the Group's tangible and intangible assets. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit.

Determine the fair value of the Investment Property. Management determines the fair value of investment property with reference to recent market transactions for similar assets. For properties under development or construction management evaluate future costs to complete and expected sales or rental returns to establish whether impairments are necessary.

3 Turnover

All turnover arose within the United Kingdom.

	2020 £'000	2019 £'000
Analysis of turnover - group		
Matchday	13,513	18,537
Broadcasting	89,920	113,492
Commercial	9,481	9,644
Other income	19,994	6,543
	<hr/> 132,908	<hr/> 148,216

Brighton & Hove Albion Holdings Limited

Notes forming part of the financial statements
for the year ended 30 June 2020 (*continued*)

4 Employees

	2020 £'000	2019 £'000
Staff costs, including directors' remuneration, were as follows:		
Wages and salaries	90,514	89,195
Social security costs	12,190	12,085
Staff pension costs	474	292
	103,178	101,572

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

	Number	Number
Playing staff	109	107
Non-playing staff	929	899
	1,038	1,006

Included in non-playing staff are 536 (2019: 551) staff who are employed on a part-time basis.

5 Operating loss

	2020 £'000	2019 £'000
This is arrived at after charging/(crediting):		
Depreciation of tangible fixed assets	5,822	5,891
Amortisation of intangible assets	45,616	33,238
Defined contribution pension cost	474	292
Operating lease payments	245	219
Grants receivable	(40)	(40)

6 Auditor's remuneration

	2020 £'000	2019 £'000
Fees payable to the Group's auditor for the audit of the Group's annual accounts	44	39
Fees payable to the Group's auditor and its associates in respect of:		
Other services relating to taxation	48	64
All other services	26	5
	74	69

Brighton & Hove Albion Holdings Limited

Notes forming part of the financial statements
for the year ended 30 June 2020 (*continued*)

7 Directors' remuneration	2020 £'000	2019 £'000
Directors' emoluments	2,412	1,904
Company contributions to defined contribution pension schemes	37	33
	2,449	1,937

During the year retirement benefits were accruing to 3 directors (2019 - 3) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £2,022,000 (2019 - £1,496,000). This remuneration included a one-off loyalty bonus, in addition to benefits related to retention and personal performance.

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £2,000 (2019 - £2,000).

8 Interest receivable and similar income	2020 £'000	2019 £'000
Bank interest receivable	17	62
	17	62

9 Interest payable and similar charges	2020 £'000	2019 £'000
Unwinding of discount on transfer fees payable	2,436	2,398
Bank and credit card charges	865	251
	3,301	2,649

Brighton & Hove Albion Holdings Limited

Notes forming part of the financial statements for the year ended 30 June 2020 (continued)

10 Taxation

	2020 £'000	2019 £'000
Taxation on (loss)/profit on ordinary activities	-	(808)

Factors affecting tax charge for the year

The tax assessed for the year differs from the standard rate of corporation tax in the UK of 19% (2019 – 19%). The differences are explained below:

	2020 £'000	2019 £'000
Loss on ordinary activities before tax	(67,225)	(22,007)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2019 – 19%)	(12,778)	(4,181)
Effects of:		
Expenses not deductible for tax purposes	552	587
Adjustments in respect of prior periods – current tax	-	(808)
Deferred tax not recognised	(3,566)	777
Deferred tax not recognised on unutilised tax losses	15,792	2,254
Losses carried back	-	563
Total tax (credit)/charge for the year	-	(808)

Factors that may affect future tax charges

At 30 June 2020, the group had approximately £226,725,000 (2019 - £160,116,000) of trading losses to carry forward.

The group has a potential deferred tax asset of £38,638,000 (2019 - £23,649,000) calculated at the tax rate of 17% (2019 - 17%), which has not been recognised or offset against deferred tax liabilities that will be available for future offset.

Brighton & Hove Albion Holdings Limited

Notes forming part of the financial statements
for the year ended 30 June 2020 (*continued*)

11 Intangible fixed assets	Player registration £'000
Group	
<i>Cost</i>	
At 1 July 2019	151,894
Additions	55,647
Disposals	(5,867)
	<hr/>
At 30 June 2020	201,674
	<hr/>
<i>Amortisation</i>	
At 1 July 2019	51,072
Charge for the year	45,616
Disposals	(3,833)
	<hr/>
At 30 June 2020	92,855
	<hr/>
<i>Net book value</i>	
At 30 June 2020	108,819
	<hr/>
At 30 June 2019	100,822
	<hr/>

Brighton & Hove Albion Holdings Limited

Notes forming part of the financial statements
for the year ended 30 June 2020 (continued)

12 Tangible fixed assets

Group	Freehold land and buildings £'000	Fixtures and fittings £'000	Office equipment £'000	Total £'000
<i>Cost or valuation</i>				
At 1 July 2019	155,147	18,888	3,167	177,202
Additions	11,018	2,524	2	13,544
Disposals	-	(17)	-	(17)
	<hr/>	<hr/>	<hr/>	<hr/>
At 30 June 2020	166,165	21,395	3,169	190,729
<i>Depreciation</i>				
At 1 July 2019	16,641	10,763	3,167	30,571
Charge for the year	3,425	2,395	2	5,822
Disposals	-	(9)	-	(9)
	<hr/>	<hr/>	<hr/>	<hr/>
At 30 June 2020	20,066	13,149	3,169	36,384
<i>Net book value</i>				
At 30 June 2020	146,099	8,246	-	154,345
	<hr/>	<hr/>	<hr/>	<hr/>
At 30 June 2019	138,506	8,125	-	146,631
	<hr/>	<hr/>	<hr/>	<hr/>

Freehold Land and buildings includes the cost of a premium of £5,300,000 payable for the lease of the stadium land. This lease is for a 125 year period from 28 August 2009.

Brighton & Hove Albion Holdings Limited

Notes forming part of the financial statements
for the year ended 30 June 2020 (*continued*)

13 Fixed asset investments

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Class of shares	Holding	Principal activity
The Community Stadium Limited	Ordinary	100%	Construction and management of facilities for the use of Brighton and Hove Albion Football Club
The Brighton and Hove Albion Football Club Limited	Ordinary	99.98%	Professional football club and a member of the Premier League
Brighton & Hove Albion Women's Football Club Limited	Ordinary	100%	Womens football club
New Monks Farm Development Limited	Ordinary	100%	Property investment – non-trading
New Monks Farm Management Company Limited	Ordinary	100%	Management company

The registered address of all the subsidiaries above is American Express Community Stadium, Village Way, Brighton, BN1 9BL.

Brighton & Hove Albion Holdings Limited

Notes forming part of the financial statements
for the year ended 30 June 2020 (*continued*)

13 Fixed asset investments (*continued*)

Company	Investments in subsidiary companies £'000
<i>Cost or valuation</i>	
At 1 July 2019	366,701
Additions	31,974
Impairment	(31,974)
	<hr/>
At 30 June 2020	366,701
	<hr/>
<i>Net book value</i>	
At 30 June 2020	366,701
	<hr/>
At 30 June 2019	366,701
	<hr/>

Investments include long-term receivables, net of provisions, from subsidiaries of £363,803,000 (2019: £363,803,000) and equity share capital of £2,898,000 (2019: £2,898,000).

14 Investment property

Valuation	Freehold investment property £'000
At 1 July 2019 and 30 June 2020	160
	<hr/>

Investment properties are currently under development.

15 Stocks

	Group 2020 £'000	Group 2019 £'000	Company 2020 £'000	Company 2019 £'000
Development property	17,851	17,615	-	-
Goods for resale	344	557	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
	18,195	18,172	-	-
	<hr/>	<hr/>	<hr/>	<hr/>

Brighton & Hove Albion Holdings Limited

Notes forming part of the financial statements
for the year ended 30 June 2020 (*continued*)

16 Debtors

	Group 2020 £'000	Group 2019 £'000	Company 2020 £'000	Company 2019 £'000
Trade debtors	5,091	7,147	-	-
Transfers receivable within one year	2,938	5,494	-	-
Transfers receivable after more than one year	-	715	-	-
Other debtors	476	1,019	-	-
Prepayments and accrued income	8,946	3,546	-	-
Corporation tax recoverable	500	500	-	-
	17,951	18,421	-	-

17 Cash and cash equivalents

	Group 2020 £'000	Group 2019 £'000	Company 2020 £'000	Company 2019 £'000
Cash at bank and in hand	3,749	706	-	-
	3,749	706	-	-

Brighton & Hove Albion Holdings Limited

Notes forming part of the financial statements
for the year ended 30 June 2020 (*continued*)

18 Creditors: amounts falling due within one year

	Group 2020 £'000	Group 2019 £'000	Company 2020 £'000	Company 2019 £'000
Bank overdrafts	1,866	8,331	-	-
Trade creditors	4,067	3,360	-	-
Transfers payable	23,534	14,326	-	-
Deferred grant income	40	40	-	-
Amounts owed to group undertakings	-	-	-	9
Taxation and social security	25,814	6,524	-	-
Other creditors	307,265	272,004	303,699	271,716
Accruals and deferred income	45,408	22,440	-	-
	407,994	327,025	303,699	271,725

A cross guarantee and debenture exists between Brighton and Hove Albion Holdings Limited, Brighton and Hove Albion Football Club Limited and The Community Stadium Limited.

19 Creditors: amounts falling due after more than one year

	Group 2020 £'000	Group 2019 £'000	Company 2020 £'000	Company 2019 £'000
Deferred grant income	1,600	1,642	-	-
Accruals and deferred income	-	352	-	-
Transfer payable	13,357	8,400	-	-
	14,957	10,394	-	-

Grants receivable are released over a period of 20 years, in accordance with the grant terms.

Brighton & Hove Albion Holdings Limited

Notes forming part of the financial statements
for the year ended 30 June 2020 (*continued*)

20 Financial instruments

	Group 2020 £'000	Group 2019 £'000	Company 2020 £'000	Company 2019 £'000
Financial assets				
Basic financial assets that are measured at amortised cost	15,852	15,081	366,701	366,701
Financial liabilities				
Basic financial liabilities that are measured at amortised cost	(360,686)	(317,864)	(303,699)	(271,725)
	(344,834)	(302,783)	63,002	94,976

Basic financial assets measured at amortised cost comprise intercompany receivables, trade debtors, players debtors and other debtors.

Basic financial liabilities measured at amortised cost comprise bank overdrafts, trade creditors, players creditors, other creditors and accruals.

21 Deferred taxation

Group	2020 £'000	2019 £'000
At beginning of year	(1,506)	(1,506)
At end of year	(1,506)	(1,506)

The provision for deferred taxation is made up as follows:

	Group 2020 £'000	Group 2019 £'000
Valuation of properties held as stock	(1,506)	(1,506)

22 Share capital

	2020 £'000	2019 £'000
Shares classified as equity		
<i>Allotted, called up and fully paid</i>		
95,232,480 (2019 - 95,232,380) ordinary shares of £1 each	95,232	95,232

Brighton & Hove Albion Holdings Limited

Notes forming part of the financial statements for the year ended 30 June 2020 (continued)

23 Reserves

Profit and loss account

This reserve represents the cumulative profit and losses of the group and company.

24 Contingencies - Transfer fees receivable / payable

Under the terms of contracts with other football clubs in regard to player transfers, additional fees could become receivable and payable if certain defined performance criteria are fulfilled. The maximum that could be receivable is £11,107,000 (2019 - £6,932,000) and the maximum that could become payable is £24,471,000 (2019 - £11,746,000).

Additionally, no provision is included in the accounts for signing on fees, as at 30 June 2020, of £6,291,000 (2019: £8,997,000) which would become due to certain players if certain conditions are met.

25 Capital commitments

At 30 June 2020 the Group and Company had capital commitments as follows:

	2020 £'000	2019 £'000
Contracted for but not provided in these financial statements	13,057	-

26 Pension commitments

The Group operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Group in an independently administered fund. The pension cost charge represents contributions payable by the Group to the fund and amounted to £474,000 (2019 - £292,000). Contributions totalling £Nil (2019 - £Nil) were payable to the fund at the balance sheet date

27 Commitments under operating leases

At 30 June the Group had future minimum lease payments under non-cancellable operating leases as follows:

	2020 £'000	2019 £'000
Not later than 1 year	70	36
Later than 1 year and not later than 5 years	96	8
	166	44

The company has no commitments under operating leases as follows.

Brighton & Hove Albion Holdings Limited

Notes forming part of the financial statements
for the year ended 30 June 2020 (continued)

28 Net debt reconciliation

	1 July 2019 £'000	Cash flows £'000	30 June 2020 £'000
Cash in hand	706	3,043	3,749
Bank overdrafts	(8,331)	6,465	(1,866)
Directors loan	(271,716)	(31,983)	(303,699)
	<hr/>	<hr/>	<hr/>
Net debt	(279,341)	(22,475)	(301,816)
	<hr/>	<hr/>	<hr/>

29 Related party transactions

Directors loan

At 30 June 2020, an amount owed to AG Bloom by the Group amounted to £303,699,000 (2019 - £271,716,000). These loans are interest free, unsecured and repayable on demand and included in other creditors.

Brighton & Hove Albion Football Club Limited

At the year end, The Brighton and Hove Albion Football Club Limited owed the company £233,227,100 (2019 - £201,244,100).

Adenstar Construction Ltd

The company uses Adenstar Construction Ltd, a company owned by DL Chapman (director) to provide project management works. RF Comer (director) is a non-executive director of the company. During the year, Adenstar Construction Ltd invoiced the Group £100,000 (2019 - £nil) for these services. At the year-end £100,000 (2019 - £Nil) was payable to Adenstar Construction Ltd.

CCI Accountants

The Group uses CCI Accountants, a firm in which RF Comer (director) is a partner, for advisory services relating to capital projects. During the year, the Group paid CCI Accountants £16,600 (2019 - £8,280) for these services. At the year-end no amounts were payable (2019 - £Nil).

Other

The Group uses Dr E Perry, the wife of M Perry (director) to provide counselling services for employees. During the year, the Group paid Dr Perry £4,000 (2019 - £4,550) for these services. At the year-end no amounts were payable to Dr Perry (2019 - £Nil).

Key Management Personnel Remuneration

The directors are considered to be the key management personnel and their remuneration is disclosed in Note 7.

Brighton & Hove Albion Holdings Limited

Notes forming part of the financial statements
for the year ended 30 June 2020 (*continued*)

29 Related party transactions (*continued*)

Albion in the Community

The Group has a charitable arm, Albion in the Community. At the year end, the charity owed the Group £13,000 (2019 - £22,000), and the Group owed the charity £3,000 (2019 - £2,000).

30 Controlling party

The ultimate controlling party of the Group is AG Bloom, by virtue of his shareholding in the company.