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## 2 Directors and Officers

for the year ended 31st August 2004

### Directors and Officers:

D. Sullivan (Non-Executive Chairman)  
K. Brady (Managing Director)  
R. Bannister F.C.C.A. (Financial Director)  
D. Gold (Non-Executive Director)  
R. Gold (Non-Executive Director)  
P Richardson (resigned 5th May 2004)

### Company Secretary and Registered Office:

R. Bannister F.C.C.A.  
St Andrew's Stadium  
BIRMINGHAM  
B9 4NH  
Tel. No. 0871-226-1875

### Financial and Nominated Adviser:

Shore Capital and Corporate Limited  
Bond Street House  
14 Clifford Street  
LONDON  
W1S 4JU

### Nominated Broker:

Shore Capital Stockbrokers Limited  
Bond Street House  
14 Clifford Street  
LONDON  
W1S 4JU

### Joint Independent Auditors:

Edwards Chartered Accountants and Registered Auditors  
22a High Street  
Aldridge  
WALSALL  
WS9 8NE

RSM Robson Rhodes LLP  
Chartered Accountants and Registered Auditors  
Centre City Tower  
7 Hill Street  
BIRMINGHAM  
B5 4UU

### Principal Bankers:

HSBC Bank plc  
PO Box 68  
130 New Street  
BIRMINGHAM  
B2 4JU

### Principal Solicitors:

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

### Registrars:

Capita IRG plc  
The Registry  
34 Beckenham Road  
BECKENHAM  
Kent  
BR3 4TU

### Company Number:

3304408

### Web Site Address:

[www.bcf.com](http://www.bcf.com)

## DIRECTORS

### **David Sullivan (55) Non-Executive Chairman**

David Sullivan was the founder of The Sport newspaper and owns 50 percent of Sport Newspapers Limited, the Club's former principal shareholder. He joined the board of the Club in March 1993. After graduating from Queen Mary College, London in economics (where he won the Sir Edward Stern award), Mr Sullivan founded and developed publishing and film businesses which have grown into a substantial group. He also has significant interests in property and other investments. Whilst non-executive, he plays an active role in overseeing the management of the Club.

### **Karren Brady (35) Managing Director**

Karren Brady joined the Club in March 1993 as Managing Director and is primarily responsible for the day to day running of the Club and its continuing development. She began her career as an executive with Saatchi & Saatchi and subsequently became a sales executive with LBC Radio. She was marketing director of Sport Newspapers from 1989 to 1993. She has achieved national prominence in her current position and is able to use this to the benefit of the Club in marketing and promotional activities. Under her management, the Club has achieved the highest turnover in its modern history.

### **Roger Bannister (57) FCCA Finance Director**

Roger Bannister joined the Club in September 1994. He is responsible for the Group's accounting functions and financial affairs. He trained with Thornton Baker (now Grant Thornton), qualified as a certified accountant in 1971 and became a fellow of the Association of Chartered Certified Accountants in 1980. He has wide-ranging business experience, having worked for a variety of companies in the manufacturing and distribution sectors, and was divisional finance director of BPCC Labels Limited before joining Sport Newspapers in March 1993 as chief accountant.

### **David Gold (68) Non-Executive Director**

David Gold, along with his brother Ralph, owns 50 percent of Sport Newspapers and became a director of the Club in October 1993. He is the chairman of Gold Group International Limited, a company he formed 35 years ago and which has an annual turnover in excess of £55 million. Gold Group's activities include publishing, property, retailing, printing and aircraft chartering.

### **Ralph Gold (66) Non-Executive Director**

Ralph Gold, along with his brother David, owns 50 percent of Sport Newspapers which in turn is the former principal shareholder of the Club. Ralph is the chairman of Gold Group International Limited which he has developed with David Gold. He became a director of the Club in October 1993.

David Sullivan, David Gold and Ralph Gold receive no remuneration from the Group.



## 4 Chairman's Statement

for the year ended 31st August 2004

I am delighted to report that Birmingham City Football Club has had a satisfactory year.

We achieved a 24% rise in turnover to £45.3m (£36.5m: 2003) and a 61% increase in profit before interest and taxation to £5.6m (£3.5m: 2003).

The basic earnings per share for the year was 7.22 pence (4.17 pence: 2003).

We continue to put all our energy into establishing ourselves as a Premier League Football Club, both on and off the pitch. Whilst the business environment within football remains difficult, particularly in controlling wages, I am confident that we have the strategy and personnel to continue to take the Club forward.

### **D. SULLIVAN**

Chairman

## FINANCIAL AND OPERATING REVIEW

In the 12 months to 31 August 2004, Birmingham City Football Club performed excellently, both on and off the pitch. The team finished 10th; a remarkable achievement bearing in mind it was only our second season in the best league in the world.

Sales have risen 24% to £45.3m, whilst net operating expenses have risen to £39.5m from £32.9m largely as a result of increases in player wages. Net profit before tax and interest stands at £5.6m, up from £3.5m.

I am delighted to report that all sales areas within the business have recorded increases. Match receipts are up from £16.8m to £21.5m and media income up from £13.2m to £16.7m. Commercial revenues have risen by 11% during the year. Expanding the executive facilities within St Andrews is extremely important for us if we are to increase year on year in this area.

I believe the most important individual at the Club is the manager and I am pleased to report that, despite a significant offer to release him from his contract, Steve Bruce has shown his commitment to the Club by signing a new five year contract. This gives us long-term stability with a manager in whom the entire board has full confidence.

During the year we spent £12m on players, which included the purchase of Martin Taylor, Maik Taylor, Julian Gray, Emile Heskey, Muzzy Izzet, Mario Melchiot, Jesper Gronkjaer and Dwight Yorke. This amount will increase significantly depending on football achievements. Sadly we lost the services through injury of Mikael Forssell early in the current season and consequently playing results suffered. We intend to go back into the transfer market during the January 2005 window with a view to strengthening the squad.

During the year we made a payment of £1m to Sport Newspapers Ltd, the former ultimate holding company, by way of a management fee in recognition of their support and services over recent years.

We are currently in discussions with Birmingham City Council about the possibility of a new 50,000 seater stadium being built by Las Vegas Sands INC with ourselves as anchor tenants. This project is driven by the desire for the city of Birmingham to have a multi purpose stadium within the city, driving forward the ambitions of the Council to make Birmingham a destination location within Europe. The project is subject to Birmingham being granted one of the eight regional casino licences. I believe that the project would offer a great deal for both the regeneration of the region and for the people of Birmingham.

Finally I would like to take this opportunity to thank everyone at the Club for their hard work, loyalty and total enthusiasm. It is their energy coupled with the commitment of the manager and players and of course our fans which make the Club a very special place.

K. BRADY

*Chief Executive and Managing Director*



## 6 Report of the Directors

for the year ended 31st August 2004

The directors present their report and the audited financial statements for the year ended 31st August 2004.

### PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activity of the group is that of a Premier Football League Club. A review of the group's business is contained in the Chairman's Statement and the Chief Executive's Review.

### RESULTS AND DIVIDENDS

The results for the year are set out in the consolidated profit and loss account on page 13.

The Group profit on ordinary activities before taxation amounted to £5,640,000 (2003 £3,341,000).

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

### 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 open market valuation.

### SHARE CAPITAL

There was no movement of the share capital of the company during the year.

### DIRECTORS AND THEIR INTEREST IN THE SHARE CAPITAL

The current executive and non-executive directors are set out on page 3.

The beneficial interests of the directors who served during the year, in the ordinary share capital of the company at 31st August 2004 were as follows:

	31st August 2004			31st August 2003		
	Number	% of Issued Share		Number	% of Issued Share	
Capital		Options	Capital		Options	
David Sullivan*	62,001,380	77.50	-	62,001,380	77.50	-
Karren Brady	16,000	0.02	1,375,000	16,000	0.02	1,375,000
Roger Bannister	16,000	0.02	250,000	16,000	0.02	250,000
Ralph Gold*	62,001,380	77.50	-	62,001,380	77.50	-
David Gold*	62,001,380	77.50	-	62,001,380	77.50	-
Paul Richardson	-	-	-	370,370	0.46	-

\* David Sullivan, Ralph Gold and David Gold are all directors of Sport Newspapers Limited which held these shares and have direct holdings in that company of 50%, 25% and 25% respectively.

On 5th May 2004 Paul Richardson resigned.

The post balance sheet event disclosed at Note 30 provides details of share movements after 31st August 2004.

**SHARE OPTIONS**

K Brady is entitled to share options of 1,375,000 shares and R Bannister is entitled to share options of 250,000 shares.

Directors interests in the approved and unapproved share option schemes are as follows:

		Options held			Options held		
	Exercise price	31 August 2003	Options lapsed	Options granted	31 August 2004	Expiry date	
<b>Approved scheme</b>							
K Brady	20.5p	60,000	-	-	60,000	6.5.2007	
R Bannister	20.5p	60,000	-	-	60,000	6.5.2007	
<b>Unapproved scheme</b>							
K Brady	21.5p	500,000	-	-	500,000	20.2.2006	
	21.5p	690,000	(690,000)	-	-	6.3.2004	
	11.0p	-	-	690,000	690,000	6.3.2008	
	20.5p	125,000	-	-	125,000	6.3.2007	
R Bannister	21.5p	65,000	(65,000)	-	-	6.3.2004	
	11.0p	-	-	65,000	65,000	6.3.2008	
	20.5p	125,000	-	-	125,000	6.3.2007	

At 31st August 2004 the market price of the shares was 14.5 pence per share. During the year the shares traded between a low of 12.5 pence and a high of 18.5 pence. No options were exercised during the year. As at 22nd January 2005, no further share options have been granted to the directors.

**SUBSTANTIAL SHAREHOLDERS' INTERESTS**

Apart from the shareholding listed below, the directors are not aware of any party interested in 3% or more of the issued ordinary share capital of the company at 20th January 2005.

Name	Number of Shares	Percentage
Gold Group International Limited	31,000,690	38.75
Roldvale Pension Scheme	23,000,000	28.75
Conegate Limited	8,000,690	10.00

On 24th September 2004 the above entities acquired the entire share capital of the company held by Sport Newspapers Limited and note 30 provides details of the directors' interests in these entities.

**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 2004 were 52 days (2003 - 56 days).



## 8 Report of the Directors

### **EMPLOYEES**

The group places considerable value on the involvement of its employees and recognises the importance of good communication within the workplace.

It is the Group's policy to give full and fair consideration to all applications from disabled persons, with due consideration being given to respective aptitudes and abilities. The same policy applies in the event of employees who become disabled during employment. Appropriate training is provided where applicable.

### **GOING CONCERN**

After making enquiries, the directors have formed a judgement at the time of approving the financial statements that there is a reasonable expectation that the company and the group have adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to prepare the financial statements on a going concern basis.

### **AUDITORS**

RSM Robson Rhodes LLP and Edwards were the company's joint auditors during the year. A resolution to reappoint RSM Robson Rhodes LLP and reappoint Edwards as joint auditors will be proposed at the Annual General Meeting.

### **APPROVAL**

The report of the directors was approved by the Board on 22nd January 2005 and signed on its behalf by:

### **K. BRADY**

*Chief Executive and Managing Director*

### **General Principles**

As a company listed on the Alternative Investment Market of the London Stock Exchange, Birmingham City plc is not required to comply with the Combined Code ("the Code").

However, the Board recognises the importance of good corporate practice and is committed to conducting the group's operations in accordance with the best principles of corporate governance in so far as it can be applied practically given the size of Birmingham City plc and the nature of its operations. This report, together with the remuneration report on page 10, sets out how some of the principles of good governance and code of best practice identified in the Combined Code issued by the London Stock Exchange on 25th June 1998 are applied to the company.

### **The Board**

The Board consists of two executive and three non-independent non-executive directors, all of whom have access to the advice and services of the Company Secretary, who is also one of the executive directors.

The Board meets regularly and is responsible for group strategy and overall financing of the group. It is ultimately responsible for the direction and management of the group, although the Managing Director is charged with the responsibility for running the group within a defined framework established by the Board. There is also a defined schedule of matters reserved for decision by the Board.

Following the resignation of Paul Richardson the company no longer has an independent non-executive director and is actively seeking a suitable replacement.

The existing directors submit themselves for re-election every three years in accordance with the Company's Articles of Association.

### **Accountability and Audit**

#### ***Audit Committee and Audit***

The Board has established an Audit Committee which following the resignation of Paul Richardson only consists of the two executive directors. The audit committee has written terms of reference which require it to consider and report to the board on such issues as the group's annual report and interim reports, ensuring compliance with accounting policies and satisfying itself as to the adequacy of the group's external audit and internal control procedures. The Committee meets once a year with the group's auditors in attendance.

#### ***Internal Control***

The Board of Directors has overall responsibility for the group's systems of internal control. The system is designed to manage rather than eliminate the risk of failing to achieve business objectives and therefore can only provide reasonable, but not absolute, assurance against material misstatement or loss. The key features of the group's system of internal control are as follows:-

- (a) the group operates a detailed and comprehensive budgetary system with annual budgets and plans which are approved by subsidiary and group boards;
- (b) regular consideration by the Board of actual results compared with budgets and forecasts;
- (c) compliance by the subsidiary with group operating procedures and policies;
- (d) annual review of the group's insurance cover;
- (e) defined procedures for the appraisal and authorisation of player transfers and capital expenditure; and
- (f) regular reporting of borrowing and facilities to the Board.

The Board has reviewed the operation and effectiveness of the group's system of internal control for the financial year and the period up to the date of approval of the financial statements. The Board has considered the need for an internal audit function and concluded that this would not be appropriate at present due to the size of the group.



## 10 Corporate Governance Report

A risk management review has again been undertaken during the financial year by the operating company, to identify, evaluate and manage key risks. This review forms the basis of the company's ongoing strategy to achieve a sound system of internal controls based on a thorough and regular evaluation of the nature and extent of risks to which the company is exposed.

### REMUNERATION REPORT

As an AIM listed company, Birmingham City plc is not required to comply with the Directors' Report Regulations 2002.

The Remuneration Committee is responsible for determining the emoluments of executive directors, and consists of the non executive directors. The Committee makes recommendations to the Board on the company's framework of executive remuneration and its cost.

There are two main elements of the executive directors' remuneration package:

- (a) basic annual salary
- (b) share option incentives

Each executive director's salary is reviewed annually by the Remuneration Committee in the light of the overall performance of the group. In deciding upon appropriate levels of remuneration, the Remuneration Committee has regard to the rates of pay for similar jobs in comparable companies as well as internal factors such as performance. Executive directors' basic salaries were last reviewed in August 2004.

### Share Options

The committee is responsible for supervising the company's Share Option Scheme. Details of share options granted to directors are set out within the report of the directors on page 7.

### Non-Executive Directors

The remuneration of the non-executive directors is determined by the Remuneration Committee within the limits set out in the Articles of Association. Non-executive directors cannot participate in any of the company's share option schemes. Non-executive directors do not have a contract of service and are not eligible to join the company's pension scheme.

Disclosure of directors' remuneration is given within note 5 to the financial statements.

### D. SULLIVAN

*Chairman of the Remuneration Committee*

Date: 22nd January 2005

United Kingdom 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 the group and of the profit or loss of the group for that year. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable United Kingdom accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- 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 proper accounting records which disclose with reasonable accuracy at any time the financial position of the group and the company and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for the system of internal control, safeguarding the assets of the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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



### Independent Auditors' Report to the Shareholders of Birmingham City plc

We have audited the financial statements on pages 13 to 31.

This report is made solely to the company's shareholders, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's shareholders those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

#### Respective Responsibilities of Directors and Auditors

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

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

We report to you our opinion as to whether the financial statements 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 Report of the Directors 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 and other members of the group is not disclosed.

We read other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. The other information comprises only the Chairman's Statement, the Report of the Directors, the Corporate Governance Report, the Remuneration Report and the Five Year Trading Record. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

#### Basis of Audit Opinion

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

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

#### Opinion

In our opinion, the financial statements give a true and fair view of the state of affairs of the company and the group as at 31st August 2004 and of the group's profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

#### Edwards

*Registered Auditors*  
*Chartered Accountants*  
22a High Street  
Aldridge  
WALSALL  
WS9 8NE

Date: 22nd January 2005

#### RSM Robson Rhodes LLP

*Registered Auditors*  
*Chartered Accountants*  
Centre City Tower  
7 Hill Street  
BIRMINGHAM  
B5 4UU

		2004		2003	
	Notes	Operations excluding player amortisation and trading £000	Player amortisation and trading £000	Total £000	Total £000
<b>TURNOVER</b>	2	<b>45,337</b>	-	<b>45,337</b>	36,480
Match and ground expenses		(4,792)	-	(4,792)	(3,923)
Other operating expenses		(2,533)	-	(2,533)	(1,413)
Staff costs	5	(23,159)	-	(23,159)	(19,994)
Depreciation	1c	(460)	-	(460)	(475)
Player transfer costs including amortisation	3	-	(8,655)	(8,655)	(7,160)
Loss on disposal of fixed assets		-	-	-	(2)
Amortisation of deferred capital grants	1k	57	-	57	58
Net operating expenses		(30,887)	(8,655)	(39,542)	(32,909)
<b>OPERATING PROFIT</b>	4	<b>14,450</b>	<b>(8,655)</b>	<b>5,795</b>	3,571
Loss on sale of players' registrations	1f	-	(180)	(180)	(82)
<b>PROFIT/(LOSS) BEFORE INTEREST AND TAXATION</b>		<b>14,450</b>	<b>(8,835)</b>	<b>5,615</b>	3,489
Interest receivable	6			98	18
Interest payable	7			(73)	(166)
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>				<b>5,640</b>	3,341
Taxation on profit on ordinary activities	8			134	(3)
<b>PROFIT FOR THE FINANCIAL YEAR</b>	21 & 22			<b>5,774</b>	3,338
<b>Earnings per Ordinary Share</b>	9				
Basic				7.22p	4.17p
Diluted				7.07p	4.09p

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

Historical cost profits/(losses) are not materially different to those stated above.

All activities are derived from continuing operations.



	Note	2004 £000	2003 £000
<b>FIXED ASSETS</b>			
Intangible assets	10	<b>18,109</b>	17,268
Tangible assets	11	<b>13,097</b>	12,813
		<b>31,206</b>	30,081
<b>CURRENT ASSETS</b>			
Stocks	13	<b>336</b>	217
Debtors	14	<b>5,826</b>	3,016
Cash at bank and in hand		<b>8,774</b>	4,476
		<b>14,936</b>	7,709
<b>CREDITORS: Amounts falling due within one year</b>	15	<b>(30,347)</b>	(26,941)
<b>NET CURRENT LIABILITIES</b>		<b>(15,411)</b>	(19,232)
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>15,795</b>	10,849
<b>CREDITORS: Amounts falling due after more than one year</b>	16	<b>(5,706)</b>	(6,534)
<b>NET ASSETS</b>		<b>10,089</b>	4,315
<b>CAPITAL AND RESERVES</b>			
Called up share capital	20	<b>8,018</b>	8,018
Share premium account	21	<b>10,065</b>	10,065
Revaluation reserve	21	<b>313</b>	313
Merger reserve	21	<b>(2,539)</b>	(2,539)
Profit and loss account	21	<b>(5,768)</b>	(11,542)
<b>SHAREHOLDERS' FUNDS (including non-equity)</b>	22	<b>10,089</b>	4,315

	Note	2004 £000	2003 £000
<b>FIXED ASSETS</b>			
Investments	12	<b>3,518</b>	3,518
<b>CURRENT ASSETS</b>			
Debtors: Due after more than one year	14	<b>14,565</b>	14,565
<b>NET ASSETS</b>		<b>18,083</b>	18,083
<b>CAPITAL AND RESERVES</b>			
Called up share capital	20	<b>8,018</b>	8,018
Share premium account	21	<b>10,065</b>	10,065
<b>SHAREHOLDERS' FUNDS (including non-equity)</b>	22	<b>18,083</b>	18,083

The financial statements were approved by the Board of Directors on 22nd January 2005 and signed on its behalf by:

**R. Bannister**  
*Finance Director*

**K. Brady**  
*Managing Director*



	Note	2004 £000	2003 £000
<b>CASH INFLOW FROM OPERATING ACTIVITIES</b>	26	<b>13,473</b>	14,931
Returns on Investments and Servicing of Finance	27(i)	25	(148)
Taxation	27(ii)	153	97
Capital Expenditure	27(iii)	(9,314)	(12,594)
<b>Cash Inflow Before Financing</b>		<b>4,337</b>	2,286
Financing	27(iv)	(39)	(39)
<b>INCREASE IN CASH</b>		<b>4,298</b>	2,247

### Reconciliation of Net Cash Flow to Movement in Net Funds

	Note	2004 £000	2003 £000
Increase in cash in year		<b>4,298</b>	2,247
Cash to repay bank loan	27(iv)	39	36
Cash to repay finance leases	27(iv)	-	3
<b>Increase in Net Funds</b>	28	<b>4,337</b>	2,286
Net funds at 1st September 2003	28	<b>4,021</b>	1,735
Net funds at 31st August 2004	28	<b>8,358</b>	4,021

## 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 Accounts and Preparation

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.

As permitted by section 230 of the Companies Act 1985, the profit and loss account of Birmingham City plc has not been presented in the financial statements.

### (b) Basis of Consolidation

The group financial statements consolidate the financial statements of the company and its subsidiary undertaking at 31st August 2004. On 15th January 1997, the company acquired the entire share capital of Birmingham City Football Club plc on the basis of a share for share exchange and therefore was treated as a group reconstruction under FRS6 and merger accounting was used.

The cost of the investment is recorded at the nominal value of shares issued by the company plus the fair value of any additional consideration. The difference between this cost and the nominal value of the shares in the subsidiary was taken to reserves in the year of merger.

### (c) Tangible Fixed Assets Depreciation

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

Freehold land	-	Not depreciated
Freehold property	-	50 years
Long leasehold property	-	period of lease
Fixtures and equipment	-	between 3 to 5 years
Motor vehicles	-	5 years

### (d) Player Transfer Costs

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

### (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 in the accounting period in which payment is made.

Instalments due in the future, on continued service, are not provided but are noted as contingent liabilities within note 24b.

### (f) 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.

### (g) Stock

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

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

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

**(i) Deferred Taxation**

The payment of taxation is deferred or accelerated because of timing differences between the treatment of certain items for accounting and taxation purposes. Full provision for deferred taxation is made under the liability method, without discounting, on all timing differences that have arisen, but not reversed by the balance sheet date, unless such provision is not permitted by FRS19. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered.

In accordance with FRS19, deferred tax is not provided for:

- (a) revaluation gains on land and buildings, unless there is a binding agreement to sell them at the balance sheet date;
- (b) gains on the sale of non-monetary assets, whereon the basis of all available evidence it is more likely than not the taxable gain will be rolled over into replacement assets.

**(j) Leased Assets**

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

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

**(k) Grants**

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

**(l) 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.

**(m) Financial instruments**

The group does not use financial instruments for speculative purposes. The group's financial instruments consist of amounts receivable from customers, cash, short-term deposits, bank loans and payments to suppliers.

**2. TURNOVER**

	2004 £000	2003 £000
Turnover which arises in the UK comprises:-		
Match receipts, F.A. and League distributions	21,476	16,823
Television and radio coverage	16,725	13,219
Commercial activities	7,136	6,438
	<b>45,337</b>	<b>36,480</b>

**3. PLAYER TRANSFER COSTS INCLUDING AMORTISATION**

	2004 £000	2003 £000
Amortisation of transfer fees	8,655	7,253
Net additional (income)/costs for player appearances	-	(93)
	<b>8,655</b>	<b>7,160</b>

**4. OPERATING PROFIT/(LOSS)**

	2004 £000	2003 £000
<b>(a) Operating profit/(loss) is stated after charging/(crediting):-</b>		
Auditors' remuneration:		
Audit services	21	21
Non-audit work	2	9
Depreciation of tangible fixed assets – owned	460	475
Release of deferred income from Football Trust Grants	(57)	(58)
Equipment leased under operating leases	78	11
Premises leased under operating lease	84	84
Management charge (note 23)	1,052	70



## 20 Notes to the Financial Statements

### b) Analysis of comparative profit and loss account

	2003		Total £000
	Operations excluding player amortisation and trading £000	Player amortisation and trading £000	
<b>TURNOVER</b>	36,480	–	36,480
Match and ground expenses	(3,923)	–	(3,923)
Other operating expenses	(1,413)	–	(1,413)
Staff costs	(19,994)	–	(19,994)
Depreciation	(475)	–	(475)
Player transfer costs including amortisation		(7,160)	(7,160)
(Loss)/profit on disposal of fixed assets	(2)	–	(2)
Amortisation of deferred capital grants	58	–	58
Net operating expenses	(25,749)	(7,160)	(32,909)
<b>OPERATING PROFIT/(LOSS)</b>	10,731	(7,160)	3,571
Loss on sale of players' registrations	–	(82)	(82)
<b>PROFIT/(LOSS) BEFORE INTEREST AND TAXATION</b>	10,731	(7,242)	3,489

### 5. STAFF COSTS

	2004 £000	2003 £000
<b>Staff costs, including directors, during the year were made up as follows:-</b>		
Wages, salaries, signing on fees	21,024	18,108
Social security costs	2,135	1,886
	<b>23,159</b>	<b>19,994</b>

The average monthly number of persons, including directors, employed by the Group during the year was as follows:-

	2004 No.	2003 No.
Playing staff	53	60
Training staff	16	17
Training ground staff	13	14
Commercial and fund raising	18	15
Shop	11	9
Administration and other	23	21
	<b>134</b>	<b>136</b>

The group also employs approximately 362 temporary staff on match days (2003 – 348)

#### Directors' Remuneration:-

	2004 £000	2003 £000
Aggregate directors' emoluments	212	252
Highest paid director	160	209

The above directors' emoluments are the emoluments of Karren Brady and Roger Bannister. Roger Bannister is not paid by the Club. His emoluments are recharged by Sport Newspapers Limited, see note 23. There is no directors' pension scheme.

**6. INTEREST RECEIVABLE**

	2004 £000	2003 £000
Bank interest receivable	98	18

**7. INTEREST PAYABLE**

	2004 £000	2003 £000
Bank loans and overdrafts	73	152
Interest payable to parent undertaking	-	7
Other interest payable	-	7
	73	166

**8. TAXATION**

	2004 £000	2003 £000
Corporation tax charge/(credit) at 22.2% (2003 – 19.0%)	22	3
Adjustment in respect of previous years	(156)	-
	(134)	3

The 2004 credit of £156,000 relates to the surrender of losses relating to 2002 to Sport Newspapers Limited, the former ultimate parent undertaking.

The tax losses not utilised at 31st August 2004 amount to approximately £138,000 (2003 – £6,115,000).

**Factors affecting the tax charge for the year**

The tax charge for the year is lower than the standard rate of corporation tax for the reasons set out below:

	2004 £000	2003 £000
<i>Current tax reconciliation:</i>		
Profit on ordinary activities before taxation	5,640	3,341
Profit on ordinary activities multiplied by standard rate of Corporation tax in the UK of 30% (2003 – 30%)	1,692	1,002
Expenses not deductible for tax purposes	11	7
Depreciation for the year in excess of capital allowances	121	120
Use of tax losses brought forward (2003 – tax losses carried forward)	(1,793)	(1,155)
Player registration timing differences	(2)	31
Adjustments to charge in respect of previous periods	(156)	-
Reduction in tax due to lower rate of 22.2% applied (2003 – 19.0%)	(7)	(2)
Actual current tax (credit)/charge	(134)	3

**Factors that may affect future tax charges**

The group expects to continue to be able to claim capital allowances in excess of depreciation in future years, and expects to be able to continue to utilise brought forward losses in future years.



## 22 Notes to the Financial Statements

### 9. EARNINGS PER SHARE

	2004 £000	2003 £000
The earnings per ordinary share has been calculated as follows:		
Profit on ordinary activities after taxation	5,774	3,338
	No.	No.
<b>Basic</b>		
Weighted average number of ordinary shares in issue during the year	80,000,000	80,000,000
Earnings per ordinary share	7.22p	4.17p
	No.	No.
<b>Diluted</b>		
Weighted average number of ordinary shares in issue during the year	81,625,000	81,625,000
Earnings per ordinary share	7.07p	4.09p

Diluted earnings per share take into consideration the dilutive effect of earnings per share if the outstanding share options were exercised.

### 10. INTANGIBLE FIXED ASSETS

Group	Players' Registrations £000
<i>Cost:</i>	
At 1st September 2003	29,277
Additions	11,985
Disposals	(10,457)
<b>At 31st August 2004</b>	<b>30,805</b>
<i>Accumulated Amortisation:</i>	
At 1st September 2003	12,009
Charge for the year	8,655
Eliminated on disposals	(7,968)
<b>At 31st August 2004</b>	<b>12,696</b>
<b>Net Book Value:</b>	
<b>At 31st August 2004</b>	<b>18,109</b>
At 31st August 2003	17,268

## 11. TANGIBLE FIXED ASSETS

Group	Freehold Land and Buildings £000	Long Leasehold Land and Buildings £000	Fixtures and Equipment £000	Motor Vehicles £000	Total £000
<b>Cost or Valuation:</b>					
At 1st September 2003	12,835	1,425	2,436	78	16,774
Additions	9	214	521	-	744
Disposals	-	-	-	-	-
<b>At 31st August 2004</b>	<b>12,844</b>	<b>1,639</b>	<b>2,957</b>	<b>78</b>	<b>17,518</b>
<b>Depreciation:</b>					
At 1st September 2003	1,853	44	2,050	14	3,961
Charge for the year	265	29	152	14	460
Disposals	-	-	-	-	-
<b>At 31st August 2004</b>	<b>2,118</b>	<b>73</b>	<b>2,202</b>	<b>28</b>	<b>4,421</b>
<b>Net Book Value:</b>					
<b>At 31st August 2004</b>	<b>10,726</b>	<b>1,566</b>	<b>755</b>	<b>50</b>	<b>13,097</b>
At 31st August 2003	10,982	1,381	386	64	12,813

The net book value of tangible fixed assets includes £Nil (2003 – £Nil) in respect of assets held under finance leases.

**Land and Buildings comprises:-**

	Freehold Properties £000
Cost and valuation 1991	1,154
Additions at cost 1991 to 2004	11,690
	12,844
Depreciation	(2,118)
<b>At 31st August 2004</b>	<b>10,726</b>
At 31st August 2003	10,982

The freehold buildings occupied by the group were revalued on an existing use basis by Messrs Chestertons, Chartered Surveyors.

If the properties had not been revalued, they would have been included in the balance sheet at the following amounts:-

	2004 £000	2003 £000
Cost	12,532	12,523
Accumulated depreciation	(2,047)	(1,797)
	10,485	10,726

It is not the group's intention to revalue its freehold property on an ongoing basis and the existing 1991 valuation has been rolled forward as permitted under the transitional provisions of FRS15.



## 24 Notes to the Financial Statements

### 12. INVESTMENT IN SUBSIDIARY UNDERTAKING

#### Company

The company owns 100% of the preference and ordinary share capital of Birmingham City Football Club plc, a company registered in England and Wales. Its principal activity is that of a Premier Football League Club.

	Shares £000
<i>Cost:</i>	
As at 1st September 2003 and 31st August 2004	3,518

### 13. STOCK

#### Group

	2004 £000	2003 £000
Club Shop stock	336	217

### 14. DEBTORS

	Group		Company	
	2004 £000	2003 £000	2004 £000	2003 £000
Trade debtors	4,806	2,402	-	-
Amount owed by group undertaking	-	-	14,565	14,565
Other debtors	213	54	-	-
Prepayments	807	560	-	-
	<b>5,826</b>	<b>3,016</b>	<b>14,565</b>	<b>14,565</b>

Included within trade debtors is £468,000 (2003 – £Nil) in respect of transfer fees receivable.

### 15. CREDITORS: Amounts falling due within one year

	Group		Company	
	2004 £000	2003 £000	2004 £000	2003 £000
Bank loan	41	37	-	-
Debt due within one year	41	37	-	-
Trade creditors	7,878	5,805	-	-
Taxation and social security cost	2,213	2,855	-	-
Corporation tax	22	3	-	-
Other creditors	88	80	-	-
Accruals	648	133	-	-
Deferred income	19,400	17,971	-	-
Capital grants (deferred credits)	57	57	-	-
	<b>30,347</b>	<b>26,941</b>	<b>-</b>	<b>-</b>

Included within creditors is £4,142,000 (2003 – £2,568,000) in respect of transfer fees payable.

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

	Group		Company	
	2004 £000	2003 £000	2004 £000	2003 £000
Bank loan	375	418	-	-
Debt due after more than one year	375	418	-	-
Deferred income	3,081	3,809	-	-
Capital grants (deferred income)	2,250	2,307	-	-
	<b>5,706</b>	<b>6,534</b>	-	-

The bank loan is secured on the land and buildings of the group and has a guarantee from Sport Newspapers Limited, the ultimate holding company.

Included within bank loan is £173,000 (2003 – £231,000) due after more than five years repayable in equal instalments by 2012.

**Maturity of financial liabilities**

	Group		Company	
	2004 £000	2003 £000	2004 £000	2003 £000
Bank Loan				
<b>Borrowings repayable:</b>				
Within one year	41	37	-	-
More than one year but not more than two years	45	41	-	-
More than two years but not more than five years	157	146	-	-
After five years	173	231	-	-
Total borrowings	<b>416</b>	<b>455</b>	-	-

**17. DEFERRED CAPITAL GRANT**

Included within creditors is £2,307,000 (2003 – £2,364,000) relating to deferred capital grants.

The grant is in respect of the substantial redevelopment of the stadium. The grant has been treated as a deferred capital grant and is being amortised in line with the depreciable assets to which it relates.

**18. DEFERRED TAXATION****Group and Company**

The unprovided deferred tax asset is as follows:

	2004 £000	2003 £000
Historic excess of depreciation over		
Capital allowances	475	424
Losses	41	1,846
	<b>516</b>	<b>2,270</b>

## 19. FINANCIAL INSTRUMENTS

The group's policies as regards to financial instruments are set out in the accounting policies on page 18.

The Group's financial instruments comprise borrowings, cash 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 Group's operations.

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

### Short term debtors and creditors

Short term debtors and creditors (all of which are denominated in sterling) have been excluded from the following disclosures.

### Interest rate risk profile

The interest rate risk profile of the Group's financial liabilities at 31st August 2004 was:

Sterling	Total £000	Fixed rate financial liabilities £000	Non interest bearing financial liabilities £000	Floating Rate financial liabilities £000
<b>At 31st August 2004</b>	<b>416</b>	<b>416</b>	-	-
At 31st August 2003	455	455	-	-

All of the Group's creditors falling due within one year other than loans 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 28 sets out the analysis of the movement in net funds during the year.

The fair values of the fixed rate financial liabilities at 31st August 2004 was also approximately £416,000 (2003 – £455,000). The fair value has been calculated using market interest rates at the balance sheet date.

The weighted average interest rate of the fixed rate financial liabilities is 5.5% (2003 – 5.5%). The weighted average period for which the interest rate is fixed is three years (2003 – four years).

The maturity of the financial liabilities are set out at note 16.

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

Sterling	Total £000	Cash at Bank and in hand £000	Short-term Deposits £000
At 31st August 2004			
– non-interest bearing	58	58	-
– floating rate	4,904	-	4,904
– fixed rate	3,812	-	3,812
	<b>8,774</b>	<b>58</b>	<b>8,716</b>
At 31st August 2003			
– non-interest bearing	4,476	4,476	-
– floating rate	-	-	-
	<b>4,476</b>	<b>4,476</b>	<b>-</b>

**19. FINANCIAL INSTRUMENTS** *(continued)*

Cash at bank and in hand at 31st August 2004 and 2003 are 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.

**Fair value**

The fair value of the financial assets and liabilities is equal to the book value above.

**Borrowing facilities**

The group has no overdraft facility (2003 – £5 million).

**Currency risk**

The Group has no significant exposures to foreign currencies.

**Liquidity risk**

The maturity profiles of the Group's borrowings are set out at note 16.

**20. SHARE CAPITAL**

	2004		2003	
	No'000	£000	No'000	£000
<b>Authorised</b>				
4.2% redeemable cumulative preference shares of 50p each	40	20	40	20
Ordinary shares of 10p each	120,000	12,000	120,000	12,000
	<b>120,040</b>	<b>12,020</b>	120,040	12,020
<b>Allotted, Called Up and Fully Paid</b>				
4.2% redeemable cumulative preference shares of 50p each	37	18	37	18
Ordinary Shares of 10p each	80,000	8,000	80,000	8,000
Called Up Share Capital	<b>80,037</b>	<b>8,018</b>	80,037	8,018

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.

Options over ordinary shares have been granted under the company's share ownership scheme. Options over 1,625,000, of which 370,000 are exercisable at 20.5 pence each, 500,000 are exercisable at 21.5 pence each and 755,000 are exercisable at 11 pence each. These are exercisable at any time between 7th March 2000 and 6th March 2008 and were outstanding at 31st August 2004 and 2003.

## 28 Notes to the Financial Statements

### 21. RESERVES

Group	Share Premium £000	Revaluation Reserve £000	Merger Reserve £000	Profit and Loss Account £000
At 1st September 2003	10,065	313	(2,539)	(11,542)
Retained profit	–	–	–	5,774
<b>At 31st August 2004</b>	<b>10,065</b>	<b>313</b>	<b>(2,539)</b>	<b>(5,768)</b>

Company	Share Premium £000	Revaluation Reserve £000	Merger Reserve £000	Profit and Loss Account £000
<b>At 1st September 2003 and 31st August 2004</b>	<b>10,065</b>	<b>–</b>	<b>–</b>	<b>–</b>

The company result for the financial year ended 31st August 2004 was £Nil (2003 – £Nil).

### 22. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

Group	2004 £000	2003 £000
Profit for the financial year	5,774	3,338
Opening shareholders' funds	4,315	977
Closing shareholders' funds	10,089	4,315
Non-equity preference shares	18	18
Unpaid preference dividends	2	2
Non-equity shareholders' funds	20	20
Equity shareholders' funds	10,069	4,295
	10,089	4,315

Company	2004 £000	2003 £000
Opening shareholders' funds	18,083	18,083
Closing shareholders' funds	18,083	18,083
Non-equity preference shares	18	18
Unpaid preference dividends	2	2
Non-equity shareholders' funds	20	20
Equity shareholders' funds	18,063	18,063
	18,083	18,083

### 23. RELATED PARTY TRANSACTIONS

Goods and services to the value of £9,934 (2003 – £Nil) have been supplied to the Club by Gold Group Air International Limited which is owned by D Gold and R Gold (directors). At the balance sheet date £434 was due to Gold Air International Limited from the Company.

Goods and services to the value of £18,545 (2003 – £17,000) have been supplied by the Club to Gold Group International which is owned by D Gold and R Gold (directors). At the balance sheet date £18,545 was due from Gold Group International to the Company.

Goods and services to the value of £Nil (2003 – £20,000) have been supplied by the Club to Betta plc of which Paul Richardson is a director (resigned 5th May 2004).

Henri Brandman & Co (Henri Brandman – Director of Birmingham City Football Club plc) acted as Solicitors on behalf of the Club during the year with fees amounting to £62,000 (2003 – £48,000). At the balance sheet date £41,000 was due from the Company to Henri Brandman & Co.

Sport Newspapers Limited, the former ultimate parent undertaking, during the year carried out certain administrative and accounting duties during the year for which it charged £1,052,000 (2003 – £70,000). At the balance sheet date £52,000 (2003 – £Nil) was due from the company to Sport Newspapers Limited. Sport Newspapers Limited also charged interest to the Club amounting to £Nil (2003 – £7,000) on short-term loans provided and repaid during the year.

### 24. CONTINGENT LIABILITIES AND POST BALANCE SHEET EVENTS

#### (a) Player Transfer Costs

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 2004 is £7,234,000 (2003 – £5,919,000). Since the year end and to the approval of these accounts £NIL of this has crystallised and additional transfer fees payable have amounted to £1,956,000 with transfer receivables of £4,370,000.

#### (b) Signing-On Fees and Image Rights Payable

The maximum possible commitments in respect of signing-on fees and image rights 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 for in the accounts, amounted to £4,985,000 (2003 – £1,027,000).

### 25. CAPITAL AND OTHER FINANCIAL COMMITMENTS

#### (a) Capital Commitments

	2004 £000	2003 £000
Contracted but not provided for – plant and equipment	-	122

#### (b) Lease Commitments

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

	2004 £000	2003 £000
Expiring:		
Within one year	-	-
Between one and five years – (plant and equipment)	93	11
Over five years – (land and buildings)	84	84
	<b>177</b>	<b>95</b>



## 30 Notes to the Financial Statements

### 26. RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2004 £000	2003 £000
Operating profit	5,795	3,571
Player transfer costs including amortisation	8,655	7,160
Depreciation	460	475
Loss on disposal of fixed assets	-	2
Amortisation of deferred income	(57)	(58)
Increase in stocks	(119)	(37)
(Increase)/decrease in debtors	(2,342)	511
Increase in creditors	1,081	3,307
<b>Net Cash Inflow from Operating Activities</b>	<b>13,473</b>	<b>14,931</b>

### 27. GROSS CASH FLOWS

	2004 £000	2003 £000
<b>(i) Returns on Investments and Servicing of Finance</b>		
Interest received	98	18
Interest paid (note 7)	(73)	(166)
	25	(148)
<b>(ii) Taxation</b>		
Group relief received	156	97
Corporation Tax paid	(3)	-
	153	97
<b>(iii) Capital Expenditure</b>		
Payments to acquire tangible fixed assets	(744)	(457)
Receipts from sales of tangible fixed assets	-	17
Purchase of players' registrations	(10,411)	(12,270)
Sale of players' registrations	1,841	116
	(9,314)	(12,594)
<b>(iv) Financing</b>		
Receipt of loan from holding company	-	2,300
Repayment of loan from holding company	-	(2,300)
Capital repayment of bank loan	(39)	(36)
Capital element of finance lease payments	-	(3)
	(39)	(39)

**28. ANALYSIS OF NET FUNDS**

	01.09.03 £000	Cash Flows £000	31.08.04 £000
Cash in hand and at bank	4,476	4,298	<b>8,774</b>
Loans	(455)	39	<b>(416)</b>
Finance leases	-	-	-
<b>Borrowings</b>	<b>(455)</b>	<b>39</b>	<b>(416)</b>
<b>Net Funds</b>	<b>4,021</b>	<b>4,337</b>	<b>8,358</b>

**29. ULTIMATE PARENT UNDERTAKING**

At 31st August 2004, the ultimate and immediate parent undertaking and controlling party was Sport Newspapers Limited, a company registered in England and Wales, number 1994074. The accounts of this company can be obtained from 840 Melton Road, Thurmaston, Leicester, LE4 8BE. Sport Newspapers Limited is the only undertaking that consolidates the results of Birmingham City plc.

**30. POST BALANCE SHEET EVENT**

On 24th September 2004, Sport Newspapers Limited, which is 50% owned by David Sullivan and 50% by David Gold and Ralph Gold, sold its entire interest in the Company. The purchasers were Gold Group International Limited, a Company in which David Gold and Ralph Gold are directors and shareholders; Roldvale and Associated Pension Scheme, of which David Sullivan is a beneficiary; and Conegate Limited, a Company in which David Sullivan is a director and shareholder.

Of the 62,001,380 shares (representing 77.5% of the Company) in which Sport Newspapers Limited was interested, 31,000,690 shares in the Company (representing 38.75% of the Company) have been purchased by Gold Group International Limited; 23,000,000 by the Roldvale Pension Scheme (representing 28.75% of the Company); and 8,000,690 by Conegate Limited (representing 10.00% of the Company).

As Sport Newspapers Limited is 50% owned by David Sullivan, 25% by David Gold and 25% by Ralph Gold and the purchases have been made as to 50% by interests of David Sullivan and 50% in which David Gold and Ralph Gold are interested, these transactions have not resulted in any effective change of control of the Company.



## 32 Five Year Trading Record

	2004 £000	2003 £000	2002 £000	2001 £000	2000 £000
Match Receipts F.A. and Football League Distributions	<b>21,476</b>	16,823	6,850	7,228	5,830
Commercial Activities including television and radio fees	<b>23,861</b>	19,657	8,334	6,059	4,297
<b>INCOME</b>	<b>45,337</b>	36,480	15,184	13,287	10,127
Wages	<b>23,159</b>	19,994	13,206	9,264	7,772
Other expenses	<b>7,728</b>	5,755	4,694	4,065	3,382
<b>EXPENDITURE</b>	<b>30,887</b>	25,749	17,900	13,329	11,154
<b>OPERATING PROFIT/(LOSS) BEFORE AMORTISATION OF PLAYERS AND INTEREST</b>	<b>14,450</b>	10,731	(2,716)	(42)	(1,027)

## Notice of Annual General Meeting

Notice is hereby given that the Annual General Meeting of Birmingham City Plc will be held in the Gold Suite, St Andrews, Birmingham B9 4NH on 30th March 2005 at 4.00 pm. The following resolutions will be proposed as ordinary resolutions.

### Agenda

1. To receive and adopt the Directors' report and the audited accounts for the year ended 31st August 2004.
2. To re-elect D. Gold as Director.
3. To re-appoint the Auditors.
4. Any other business

By order of the Board

R. A. Bannister, Secretary

Registered Office: St Andrews Stadium, Birmingham B9 4NH