THE BLACKBURN ROVERS FOOTBALL AND ATHLETIC LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2017

(Registered no. 53482)

THE BLACKBURN ROVERS FOOTBALL AND ATHLETIC LIMITED

CONTENTS

YEAR ENDED 30 JUNE 2017

	Page
COMPANY INFORMATION:	1
FOOTBALL REVIEW:	2
EXECUTIVE REPORT:	3
STRATEGIC REPORT:	4 & 5
DIRECTORS' REPORT:	6 & 7
AUDITOR'S REPORT:	8 & 9
STATEMENT OF COMPREHENSIVE INCOME:	10
BALANCE SHEET:	11
EQUITY STATEMENT:	12
STATEMENT OF CASH FLOWS:	13
NOTES TO THE ACCOUNTS:	14 to 27

COMPANY INFORMATION

YEAR ENDED 30 JUNE 2017

DIRECTORS:	M Cheston (Finance Director) R Gandhi Babu R D Coar
SECRETARY:	I D Silvester
PRESIDENT:	K C Lee
VICE PRESIDENTS:	Dr M Jeffries G R Root I R Stanners
HON VICE PRESIDENTS:	Rt Hon J Straw
REGISTERED OFFICE:	Ewood Park Blackburn BB2 4JF
COMPANY NUMBER:	53482
BANKERS:	State Bank of India Limited 15 King Street London EC2V 8EA
AUDITORS:	PM+M Solutions for Business LLP Greenbank Technology Park Challenge Way Blackburn BB1 5QB
SOLICITORS:	Forbes and Partners Rutherford House 2 - 6 Wellington Street (St. John's) Blackburn BB1 8DD

First team

A league double over champions Newcastle United, a memorable FA Cup tie against Manchester United and a late revival under new manager Tony Mowbray were the highlights of what was otherwise a season to forget for Rovers fans.

Following Paul Lambert's departure at the end of the 2015-16 season, Owen Coyle was handed the Rovers reins in early June and the Scot quickly sought to assemble a squad capable of being competitive in the Championship.

Fans favourite Danny Graham, who had scored seven goals in 18 games whilst on loan the previous campaign, was the first of 12 summer signings to put pen to paper. He was joined by fellow forwards Anthony Stokes, Sam Gallagher, Marvin Emnes and Liam Feeney, defensive reinforcements in the shape of Charlie Mulgrew, Derrick Williams, Tommie Hoban, Gordon Greer and Wes Brown, as well as Premier League prodigies Jack Byrne, Martin Samuelsen and Stephen Hendrie on loan from Manchester City and West Ham United respectively.

With an exciting blend of youth and experience, there was an air of optimism as Rovers headed into the new campaign, but this was swiftly extinguished, as Coyle's charges found themselves 3-0 down inside half an hour at home to Norwich on the opening day, before slumping to a 4-1 defeat.

Rovers would be playing catch-up from the off, going seven league games without a win, before securing back-to-back victories over Rotherham United and then Derby County - thanks to a terrific team goal finished off by Graham. However, Coyle's men won just one of their next seven league games, before again securing back-to-back wins, this time at home to Brentford and away to league leaders Newcastle United, thanks to Mulgrew's superb late strike. Ironically, Rovers' next league win would again come against the high-flying Magpies, as some late Mulgrew magic saw Coyle's side kick off the New Year with a bang.

The FA Cup provided a welcome break from Rovers' faltering league form and with it came some memorable moments. Following a 2-1 victory away to QPR in the third round, Elliott Bennett's stunning strike - which would go on to win the club's Goal of the season award - helped Rovers to a 3-0 victory over Gary Bowyer's Blackpool in round four. Next up was a visit from Jose Mourinho's Manchester United and the United boss led the applause when Graham fired Rovers in front in sensational style. Only the introduction of Paul Pogba and eventual match winner Zlatan Ibrahimovic on the hour mark turned the tie in United's favour, but the 23,000 crowd certainly appreciated Rovers' efforts. However, just two days later, Coyle was relieved of his duties and Mowbray was the man tasked with trying to save Rovers' season, with 15 games to go. He quickly restored some pride and passion to Rovers' league performances, picking up vital victories at home to Derby County and Wigan Athletic - thanks to Emnes' superb solo effort - followed by four successive draws, in which January signing Lucas Joao netted three times in two games.

Three straight defeats put paid to the positive run of results, but Rovers would head to Brentford on the final day with a chance of staying up. Mowbray's men kept their side of the bargain, romping to a well-deserved 3-1 win, but the damage had already been done and results elsewhere meant that Rovers would drop into the third tier of English football for the first time in 37 years.

Under-23s

Despite a strong end to the season, Rovers Under-23s missed out on the promotion play-offs by just a single point, following a sixth-place finish in the Premier League 2 Division 2 table. There were plenty of positives to take from the campaign, as academy graduates Scott Wharton and Willem Tomlinson both made their debuts for the first team, while Lewis Travis, Jack Doyle and Andy Fisher were all included in senior squads.

In the cup competitions, Rovers reached the last 16 of the Premier League Cup, before losing 2-0 to eventual winners Swansea, and the semi-finals of Lancashire FA Senior Cup, before going out on penalties to Fleetwood Town.

Under-18s

An impressive season for Rovers Under-18s saw Billy Barr's side qualify for the elite play-off phase following a top four finish in the Premier League North table. Striker Daniel Butterworth, who netted 16 goals in all competitions, was one of several scholars to make the step up to Rovers Under-23s, along with the likes of Joe Rankin-Costello, Joe Grayson, Stefan Mols and Tyler Magloire.

In the FA Youth Cup, Rovers recorded a memorable 1-0 victory away to Arsenal in round three, before suffering penalty shootout heartache at home to Aston Villa in round four.

Ladies

Rovers Ladies enjoyed historic success in 2016/17, as they lifted the FA Women's Premier League Northern Division title after going the entire 20-game season unbeaten. Gemma Donnelly's side also retained the Lancashire FA Women's Challenge Cup courtesy of a 1-0 victory over local rivals AFC Fylde in the final, but they missed out on a potential place in the Women's Super League following a 3-0 defeat to Southern Division champions Spurs in the play-off final.

The season 2016-17 began with the newly appointed Owen Coyle and his management team working to strengthen the squad, during which time Danny Graham, Charlie Mulgrew and Derrick Williams, amongst others, were recruited. However, the team struggled as the season progressed, which led to the appointment of Tony Mowbray as manager in February 2017. Results improved considerably, however the Club suffered relegation on the final day of the season, only by goal difference.

During the year the club generated significant revenue from the sales of Shane Duffy, Grant Hanley and Ben Marshall.

Since the season end, the club were pleased to announce an extended contract for Tony Mowbray, and a major overhaul of the backroom staff at the Senior Training Centre, including the recruitment of a new assistant manager, Mark Venus.

Agreements for contracts for players such as Bradley Dack, Richie Smallwood and Peter Whittingham were also completed before the end of the financial year, and significant investment in the First Team Squad has continued subsequently.

During the period the academy retained its category 1 status, continuing their good work, which is highlighted by the continued progress of players into the first team, such as David Raya, Ryan Nyambe and Scott Wharton. In June 2017 academy manager Eric Kinder left the club, with Stuart Jones promoted to this role as part of a significant restructuring of this area of the club.

As referred to in the Strategic Report the club has responded to reduced revenue levels by implementing reductions in wage and salary costs, as well as operating costs, and the club remained FFP compliant in this period also.

The Community Trust continued its excellent work, amongst other things being nominated for MBNA Northwest Football Awards Community Club of the Year 2017 (non-Premier League).

In what has been a difficult season it is pleasing to report that ticket and corporate hospitality revenues held up well, and our links with the business community have been strengthened, with initiatives such as the Business at Rovers website.

The Club was also recognised for its outstanding work in relation to attracting families to Ewood Park following the relocation of and extensive improvements to the Family Stand. Innovative partnerships with the Community Trust, GAME and McDonalds helped secure the Championship Family Club of the Year Award for 2016-17 and provided a good platform for us to build on year on year.

In April, the 1875 Club membership and Club Cash schemes were launched, bringing fans closer to the Club and rewarding loyal and committed supporters. In June Ewood Park enjoyed a 'Wonderful Crazy Night' with Sir Elton John, which was a resounding success for both the club and the town.

Finally, we would like to place on record our thanks and appreciation to all those who have supported the club, be they shareholders, corporate, partners and fans. The owners and the board also pay tribute to the staff for their professionalism, loyalty, and work ethic during the year, we are very proud to have such a committed workforce.

M Chest

Mike Cheston
Finance Director
14 December 2017

Principal activities

The principal activity of the company throughout the year continues to be that of a Professional Football Club with related commercial activities.

Business review

For the year to 30 June 2017, the company recorded an operating loss before trading of intangible assets of £13.0m (2016 - loss £14.0m). A profit on trading of intangible assets of £9.8m (2016 - loss £14.0m) brought the pre-tax loss to £3.8m (2016 - loss £1.5m). The key performance indicators are as shown in the table below;

	2016/17 £m	2015/16 £m	2014/15 £m	2013/14 £m	2012/13 £m
Turnover	14.9	22.0	22.4	30.4	26.9
Wages & salaries	22.0	25.3	27.0	34.5	36.6
Other operating expenses	5.9	10.7	11.6	19.8	14.6
Operating loss before trading of intangible assets	(13.0)	(14.0)	(16.2)	(23.9)	(24.3)
Interest payable	0.6	1.5	0.9	1.1	0.5
Loss before trading of Intangible assets	(13.6)	(15.5)	(17.1)	(25.0)	(24.8)
Intangible fixed asset trading	9.8	14.0	(0.2)	(17.1)	(11.7)
(Loss) / Profit before tax	(3.8)	(1.5)	(17.3)	(42.1)	(36.5)
Net cash movements (out) / in	2.2	(1.4)	(0.9)	1.6	(9.9)
Closing cash and cash equivalent	(11.7)	(13.9)	(12.5)	(11.6)	(13.2)
Finishing position in the:					
Premier League	-	-	-	-	-
Championship	22nd	15th	9th	8th	17th
Average league attendance	12,688	14,129	14,930	14,959	14,997
Wage to turnover %	147.7%	115.0%	120.5%	113.5%	136.1%
Number of live TV games	5	3	5	1	4

Loss for the year has worsened by £2.3m from last year, due mainly to the reduction in turnover of £7.1m and reduction of profit from player sales of £4.2m, offset by the reduction in wages and salaries of £3.3m and reduction in operating expenses of £4.8m.

Average attendance for the 2016-17 season was 12,688 (2016 - 14,129).

Turnover

Turnover has reduced to £14.9m (2016 - £22.0m); match day income has reduced by £0.2m (2017 - £3.3m: 2016 - £3.5m), whereas media income has reduced by £6.8m (2017 - £6.7m: 2016 - £13.5m) and commercial and other income have reduced by £0.2m (2017 - £4.9m: 2016 £5.1m).

Operating expenses

The reduced revenue levels have meant that the club has had to reduce its cost base, which is reflected in the reduction in wages and salaries of £3.3m to £22.0m (2016 - £25.3m). Operating expenses fell to £5.9m (2016 - £10.7m) largely as a result of one-off charges to Venky's London Limited.

Trading of intangible fixed assets

The profit on intangible fixed asset trading was £9.8m (2016 - profit £14.0m), a reduction of £4.2m. Amortisation of players' transfer costs decreased by £1.8m to £0.6m (2016 - £2.4m).

In addition, payments totalling £0.1m were made to achieve player disposals during the year (2016 - £0.5m), and profit on sale of players (mainly Duffy, Hanley and Marshall) during the year totalled £10.5m (2016 - £16.9m).

Cash flow

The club expended cash of £11.6m on operating activities compared to £15.5m in 2016. Receipts from player sales of £11.9m (2016 - £22.2m) were offset by £2.9m (2016 - £7.5m) for the acquisition and cost of disposal of player registrations and tangible fixed assets. There was an increased financial requirement of £4.5m and a reduction of £0.9m in interest charges, which has resulted in a net decrease in cash of £2.2m in the year.

Principal risks and uncertainties

The board constantly assesses the threats to the business, by close monitoring of the football sector at its level, and via communication with the club's owners.

Business risks identified include reduced income from the Premier League in 2017/18, however during the year under review, the club has remained FFP compliant, and traded without restriction.

The club is regulated by the rules of the FA, Football League, Premier League, UEFA and FIFA. Any change to the regulations of these bodies could have an impact on the club as they cover areas such as; competition format, distribution of media income, player eligibility and operation of the transfer market. The board ensures compliance with all relevant rules and regulations, and monitors the impact of any potential changes.

M Cheston
Finance Director
14 December 2017

Directors

M Cheston (Finance Director)
R Gandhi Babu
R D Coar

The directors present their report and financial statements for the year ended 30 June 2017.

Statement of directors' responsibilities in respect of the Strategic Report, the Directors' Report and the financial statements

The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including Financial Reporting Standard 102 (The Financial Reporting Standard in the UK and Republic of Ireland).

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and 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; 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 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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

Proposed dividends

The directors do not recommend the payment of a dividend (2016 - nil).

Employees and environmental policies

The company is committed to ensuring that it complies with all relevant legislation, in connection with unlawful or unfair discrimination of any kind in its business. The company's employment policies are designed to retain and motivate staff at all levels. During the year to 31 December 2016, the group maintained its 100% waste management recycle percentage, reducing its impact on the environment by handling 18.6 tonnes less waste, and saving over £12,000 in landfill tax. The company constantly monitors energy saving opportunities, and continued to implement policies, which have resulted in a reduction in both energy and water consumption, in the year to 30 June 2017.

Provision of information to auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditor is unaware; and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Auditor

Pursuant to section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and PM+M Solutions for Business LLP will therefore continue in office.

This report was approved by the board on **14 December 2017** and signed on its behalf by

M Cheston
Finance Director

REGISTERED OFFICE
Ewood Park
Blackburn
BB2 4JF

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE BLACKBURN ROVERS FOOTBALL AND ATHLETIC LIMITED

Opinion

We have audited the financial statements of The Blackburn Rovers Football and Athletic Limited for the year ended 30 June 2017 set out on pages 10 to 27. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice), including Financial Reporting Standard 102 (The Financial Reporting Standard in the UK and Republic of Ireland).

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 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 company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 June 2017 and of its loss for the year then ended;
- have been properly prepared in accordance with UK 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 Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the 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 ISA's (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.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. 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 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.

Opinion 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 the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements and;
- the Strategic Report and the 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 company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report and the Directors' 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, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; 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.

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement set out on page 6, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation 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 company's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the directors intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditors'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 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 on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate . This description forms part of our auditors' report.

PM+M Solutions for Business LLP

David Gorton (Senior Statutory Auditor)
for and on behalf of PM+M Solutions for Business LLP
Statutory Auditors
14 December 2017
Greenbank Technology Park
Challenge Way
Blackburn
Lancashire
BB1 5QB

STATEMENT OF COMPREHENSIVE INCOME

YEAR ENDED 30 JUNE 2017

	Note	2017 £ Operations excluding trading of intangible fixed assets	2017 £ Trading of intangible fixed assets	2017 £ Total	2016 £ Total
TURNOVER	4	14,897,082	-	14,897,082	22,014,663
Operating expenses - non exceptional		27,882,897	668,556	28,551,453	38,500,772
OPERATING LOSS	5	(12,985,815)	(668,556)	(13,654,371)	(16,486,109)
Profit on disposal of intangible fixed assets	8	-	10,442,015	10,442,015	16,470,023
LOSS BEFORE INTEREST AND TAXATION		(12,985,815)	9,773,459	(3,212,356)	(16,086)
Net interest payable	9			(557,592)	(1,463,108)
LOSS BEFORE TAXATION				(3,769,948)	(1,479,194)
Taxation	10			16,462	-
LOSS FOR THE YEAR				(3,753,486)	(1,479,194)

The notes on pages 14 to 27 form an integral part of these financial statements.

BALANCE SHEET

AS AT 30 JUNE 2017

	Note	2017	2017	2016	2016
		£	£	£	£
FIXED ASSETS					
Intangible fixed assets	11		1,248,472		1,271,461
Tangible fixed assets	12		32,487,037		33,523,100
			33,735,509		34,794,561
CURRENT ASSETS					
Stock	13	387,427		159,481	
Debtors - amounts falling due within one year	14	4,619,469		5,447,752	
- amounts falling due after one year	15	287,482		21,719	
Cash at bank and in hand		142,360		205,127	
		5,436,738		5,834,079	
CREDITORS:					
- amounts falling due within one year	17	114,427,513		112,228,053	
NET CURRENT LIABILITIES			(108,990,775)		(106,393,974)
TOTAL CURRENT ASSETS LESS CURRENT LIABILITIES			(75,255,266)		(71,599,413)
CREDITORS:					
- amounts falling due after one year	18		532,190		337,897
DEFERRED GRANTS	21		1,197,739		1,294,399
NET LIABILITIES			(76,985,195)		(73,231,709)
CAPITAL AND RESERVES					
Called up share capital	22		146,988,484		146,988,484
Revaluation reserve	23		1,295,825		1,295,825
Profit and loss account			(225,269,504)		(221,516,018)
SHAREHOLDERS' DEFICIT			(76,985,195)		(73,231,709)

The financial statements were approved by the board on 14 December 2017 and signed on its behalf by:

M Cheston

M Cheston, Director

The Blackburn Rovers Football and Athletic Limited (Registered no. 53482)

The notes on pages 14 to 27 form an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

YEAR ENDED 30 JUNE 2017

	Share capital £	Revaluation reserve £	Retained earnings £	Total equity £
At 1 July 2016	**146,988,484**	**1,295,825**	**(221,516,018)**	**(73,231,709)**
Comprehensive loss for the year				
Loss for the year	-	-	**(3,753,486)**	**(3,753,486)**
Contributions by and distributions to owners				
Shares issued during the year	-	-	-	-
At 30 June 2017	**146,988,484**	**1,295,825**	**(225,269,504)**	**(76,985,195)**

	Share capital £	Revaluation reserve £	Retained earnings £	Total equity £
At 1 July 2015	143,988,484	1,295,825	(220,036,824)	(74,752,515)
Comprehensive loss for the year				
Loss for the year	-	-	(1,479,194)	(1,479,194)
Contributions by and distributions to owners				
Shares issued during the year	3,000,000	-	-	3,000,000
At 30 June 2016	146,988,484	1,295,825	(221,516,018)	(73,231,709)

The notes on pages 14 to 27 form an integral part of these financial statements.

STATEMENT OF CASH FLOWS

YEAR ENDED 30 JUNE 2017

	2017	2016
	£	£
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss for the financial year	**(3,753,486)**	(1,479,194)
Adjustments for:		
Amortisation of intangible fixed assets	**668,556**	2,443,949
Profit on sale of intangible fixed assets	**(10,442,015)**	(16,470,023)
Depreciation of tangible fixed assets	**1,388,473**	1,395,192
Loss / Profit on sale of tangible fixed assets	**40,857**	(1,600)
Release of deferred grants	**(96,660)**	(96,660)
Net interest paid	**557,592**	1,463,108
Increase / (Decrease) in stock	**(227,946)**	69,914
Increase in debtors	**(188,253)**	(1,105,735)
Increase / (Decrease) in creditors	**413,684**	(1,767,034)
Net cash outflow from operating activities	**(11,639,198)**	(15,548,083)
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments to acquire intangible fixed assets	**(624,789)**	(3,873,526)
Payments to acquire tangible fixed assets	**(397,617)**	(339,431)
Payments to dispose of intangible fixed assets	**(1,851,267)**	(3,260,592)
Receipts from disposal of intangible fixed assets	**11,897,139**	22,186,392
Receipts from disposal of tangible fixed assets	**4,350**	1,600
Net cash inflow from investing activities	**9,027,816**	14,714,443
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in amounts owed to group undertakings	**7,543,422**	3,160,000
Decrease in other loans and hire purchase creditors	**(2,116,181)**	(2,281,925)
Net interest paid	**(557,592)**	(1,463,108)
Net cash inflow / (outflow) from financing activities	**4,869,649**	(585,033)
Increase / (Decrease) in cash and cash equivalents	**2,258,267**	(1,418,673)
MOVEMENT IN CASH AND CASH EQUIVALENTS IN THE YEAR		
Increase / (Decrease) in cash and cash equivalents	**2,258,267**	(1,418,673)
At 1 July 2016	**(13,974,709)**	(12,556,036)
At 30 June 2017	**(11,716,442)**	(13,974,709)

The notes on pages 14 to 27 form an integral part of these financial statements.

1 COMPANY INFORMATION

The company is a private company, limited by shares and incorporated in England and Wales. The registered office is Ewood Park, Blackburn, BB2 4JF. The principal activity is that of a professional football club with related commercial activities.

2 ACCOUNTING POLICIES

Basis of preparation of the financial statements

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the company's accounting policies (see note 3).

The principal accounting policies applied by the company are described below.

Going concern

At 30 June 2017 the company had net current liabilities of £108,990,775 and reported an operating loss, before changes in intangible fixed assets, of £12,985,815 for the year. In common with many football clubs, the company may continue to make operating losses and incur net cash outflows depending on a number of variables including the success of the team in league and cup competitions and the level of transfer activity. The company is funded through a bank overdraft facility, forward finance arrangements and shareholder loans, and in view of the current financial position the company remains reliant on its ability to maintain existing and obtain additional funding as necessary.

In managing the finances of the company the directors remain mindful of the need to ensure the company will comply with the League One Salary Cost Management Protocol (SCMP) rules.

The bank facility with SBI is due to expire on 6 February 2018. The directors believe the facility will be renewed. As part of the directors' assessment of going concern they have prepared detailed cash flow forecasts for the period to the end of December 2018. These forecasts indicate that the company will require significant funding in addition to the current facilities available to the company.

The amount of additional funding required will be dependent on the net proceeds of any player trading, on field performance, and availability of bank facilities. In view of this the directors have received confirmation from the ultimate parent company (Venkateshwara Hatcheries Pvt. Ltd) that it has sufficient funds and is willing to provide such additional financing as may be required to fund the company, to the extent necessary for the company to continue to trade and to pay its liabilities as and when they become due, for the 12 months following approval of these accounts and thereafter for the foreseeable future even in the event of the bank facility not being renewed.

On the basis of the assessment outlined above the directors have a reasonable expectation that the company will have adequate resources to continue in operational existence for the foreseeable future. Accordingly they adopt the going concern basis in preparing these financial statements.

2 ACCOUNTING POLICIES - continued

Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

Turnover and income recognition

Turnover is stated net of Value Added Tax and amounts due to the Premier League, Football League, Football Association and visiting football clubs. It includes gate receipts, executive boxes, sponsorships, merchandising, advertising, television fees, Football / Premier League pool and sundry related income.

Gate receipt and other match day revenue is recognised over a football season as the matches occur. Merchandising income is recognised at the point of sale. Other revenue comprising media and commercial income is apportioned evenly over the football season or contract term as appropriate.

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the company 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.

Intangible fixed assets

The costs associated with the acquisition of new players' registrations are capitalised as intangible fixed assets. These costs are fully amortised, in equal annual instalments, over the period of the player's initial contract. The external costs of securing the extension or renewal of an existing contract both for internally produced and externally purchased players are capitalised and amortised over the period of the players' new contract.

Signing on fees and other contingent fees payable to players as a result of the occurrence of one or more uncertain future events are expensed when they occur.

Impairment

The carrying amounts of the company's assets are reviewed for impairment when events or changes in circumstances indicate that the carrying amount of the asset may not be recoverable. If any such indication exists, the asset's recoverable amount is estimated.

An impairment loss is recognised whenever the carrying amount of an asset or its income-generating unit exceeds its recoverable amount. Impairment losses are recognised in the profit and loss account.

Impairment losses recognised in respect of income-generating units are allocated to the carrying amount of the intangible fixed assets in the unit on a pro rata or more appropriate basis. An income generating unit is the smallest identifiable group of assets that generates income that is largely independent of the income streams from other assets or groups of assets.

The recoverable amount of fixed assets is the greater of their net realisable value and value in use. In assessing value in use, the expected future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the rate of return expected on an equally risky investment. For an asset that does not generate largely independent income streams, the recoverable amount is determined for the income-generating unit to which the asset belongs.

2 ACCOUNTING POLICIES - continued

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost or valuation less depreciation. Depreciation is provided at rates calculated to write off the cost or valuation of fixed assets, less their estimated residual value, over their expected useful economic lives on the following bases:

Motor vehicles	-	25% per annum on cost
Fixtures and fittings	-	10% per annum on cost
Computer equipment	-	20% per annum on cost
Freehold buildings	-	2% per annum on cost

No depreciation has been provided on freehold land.

Revaluation of tangible fixed assets

As permitted by the provisions of FRS 102 the company has elected not to adopt a policy of revaluation of tangible fixed assets. The company will retain the book value of land and buildings, previously revalued in 1995 and will not update that valuation.

Stock

Stock is valued at the lower of cost and net realisable value after making due allowance for obsolete and slow moving stock.

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.

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 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 company's cash management.

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.

2 ACCOUNTING POLICIES - continued

Financial instruments

The company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable, 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 payables or receivables, 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 profit and loss account.

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, which is an approximation of the amount that the company would receive for the asset if it were to be sold at the balance sheet date.

Leases

Assets acquired under finance leases are capitalised and the outstanding future lease obligations are shown in creditors. Operating lease rentals are charged to the profit and loss account on a straight line basis over the period of the lease.

Grants

Grants are accounted for under the accruals model as permitted by FRS 102.

Revenue grants are credited to profit and loss account in the same period in which the revenue expenditure to which they relate is charged. Capital based grants are credited to revenue over the life of the asset to which they relate. The deferred element of grants is included as deferred income.

The useful lives are as follows:

Freehold buildings	50 years
Fixtures and fittings	10 years

2 ACCOUNTING POLICIES - continued

Taxation

The charge for taxation is based on the loss for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 102.

A deferred tax asset is recognised only if it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Pensions

The company is making contributions in respect of its share of the deficit of the defined benefit section of the Football League Pension and Life Assurance Scheme (the "Scheme").

Under the provisions of FRS 102 the Scheme is treated as a defined benefit multi-employer scheme. The financial statements provide for the company's estimated share of the Football League Limited Pension and Life Assurance deficit. The value provided is based on the current actuarial valuation dated 1 September 2014. Contributions are made as advised by the scheme actuary.

The company also makes contributions to defined contribution pension schemes for certain employees. The employer's contributions are charged to the profit and loss account in the year in which the liability to pay arises.

Differences between contributions payable in the year and contributions actually paid are shown as accruals or prepayments in the balance sheet.

Borrowing costs

All borrowing costs are recognised in the profit and loss account in the year in which they are incurred.

Operating Costs

The directors consider that all operating costs incurred can most accurately be categorised as administration costs.

3 JUDGMENT IN APPLYING ACCOUNTING POLICIES AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the process of applying the company's accounting policies, which are described above, management has made some judgments that have significant effect on the amounts recognised in the financial statements. These also include key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date. The main areas of judgement that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are in relation to revenue recognition of central distributions from football authorities and impairment of fixed assets.

4 TURNOVER

An analysis of turnover by class of business is given below:

	2017	2016
	£	£
Matchday	3,272,799	3,473,786
Media	6,709,638	13,479,058
Commercial	4,447,593	5,061,819
Other income	467,052	-
	14,897,082	22,014,663

5 OPERATING LOSS

The operating loss is stated after charging / (crediting):

		2017	2016
		£	£
Amortisation of intangible fixed assets		668,556	2,443,949
Depreciation of tangible fixed assets:	owned by the company	1,371,333	1,377,538
	under hire purchase	17,140	17,654
(Profit) / Loss on disposal of tangible fixed assets		40,857	(1,600)
Auditors' remuneration:	audit work	38,138	27,200
	non audit work	8,914	5,184
Operating lease payments		15,035	22,125
Deferred grants release		(96,660)	(96,660)

6 STAFF COSTS

	2017	2016
	£	£
Wages and salaries	19,363,537	22,300,383
Social security costs	2,500,061	2,835,012
Other pension costs	90,527	171,953
	21,954,125	25,307,348

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

	2017	2016
Senior football players and management	71	81
Academy football players and management	67	68
Commercial, sponsorship, media and merchandising	37	39
Administration	20	19
Building, ground and pitch maintenance	39	40
	234	247

7 DIRECTORS' REMUNERATION

Emoluments for services as directors:

	No of directors	Salaries	Pension	Benefits	Compensation for loss of office	Total
		£	£	£	£	£
Executive directors:						
2017	**2**	**154,200**	**6,500**	**5,686**	**-**	**166,386**
2016	4	388,315	22,215	13,070	186,241	609,841

During the year 1 (2016 - 3) directors were members of a money purchase pension scheme.

8 TRANSFER FEES AND ASSOCIATED COSTS

	2017	2016
	£	£
Amortisation of intangible fixed assets	**(668,556)**	(2,443,949)
Profit on disposal of intangible fixed assets	**10,442,015**	16,470,023
	9,773,459	14,026,074

9 NET INTEREST PAYABLE

	2017	2016
	£	£
Interest receivable		
Short term deposits and other interest	**1,595**	-
Interest payable		
On bank overdrafts and other loans	**(555,238)**	(1,459,314)
Hire Purchase interest	**(3,949)**	(3,794)
	(559,187)	(1,463,108)
Net interest payable	**(557,592)**	(1,463,108)

10 TAXATION

	2017	2016
	£	£
The tax credit / (charge) comprises:		
UK corporation tax	-	-
Adjustment in respect of prior year	16,462	-
Tax on profit / (loss) on ordinary activities	16,462	-

The actual tax charge for the current year differs from the standard rate of 19.75% (2016 - 20%) for the reasons set out in the following reconciliation:

	2017	2016
Loss on ordinary activities before tax	(3,769,948)	(1,479,194)
Tax on loss on ordinary activities at 19.75% (2016 - 20%)	(744,591)	(295,839)
Effects of :		
Fixed asset difference	-	2,340
Expenses not deductible for corporation tax purposes	6,503	122,326
Non-taxable income	(665,839)	(19,332)
Adjustments in respect of prior years	(16,462)	-
Deferred tax not recognised	1,400,393	102,471
Other permanent difference	3,534	86,370
Other tax adjustments, reliefs and transfers	-	1,664
Total amount of current tax	(16,462)	-

Taxable losses from previous years are available for offset against future taxable profits. A deferred tax asset has not been recognised in respect of those losses as the company does not anticipate taxable profits to arise within the foreseeable future. The estimated value of the deferred tax asset not recognised, measured at a standard rate of 19.75% (2016 - 20%) is £33m (2016 - £34m).
The research and development tax credit arose from expenditure in previous years within the club's medical team which are not specifically identified as research costs in the Financial Statements.

11 INTANGIBLE FIXED ASSETS

		Player registrations
		£
Cost	At 1 July 2016	4,159,993
	Additions	1,289,918
	Disposals	(2,627,000)
	At 30 June 2017	2,822,911
Amortisation	At 1 July 2016	2,888,532
	Charge for the year	668,556
	On disposals	(1,982,649)
	At 30 June 2017	1,574,439
Net book value	**At 30 June 2017**	1,248,472
	At 1 July 2016	1,271,461

12 TANGIBLE FIXED ASSETS

	Freehold land and buildings	Fixtures, fittings and computer equipment	Motor vehicles	Total
	£	£	£	£
Cost or valuation				
At 1 July 2016	45,981,612	8,227,679	223,538	54,432,829
Additions	165,416	232,201	-	397,617
Disposals	(90,874)	(111,713)	(2,000)	(204,587)
At 30 June 2017	46,056,154	8,348,167	221,538	54,625,859
At cost	10,981,154	8,348,167	221,538	19,550,859
At valuation - 1995	35,075,000	-	-	35,075,000
	46,056,154	8,348,167	221,538	54,625,859
Depreciation				
At 1 July 2016	14,519,734	6,271,176	118,819	20,909,729
Charge for the year	847,901	487,443	53,129	1,388,473
On disposals	(90,874)	(66,506)	(2,000)	(159,380)
At 30 June 2017	15,276,761	6,692,113	169,948	22,138,822
Net book value				
At 30 June 2017	30,779,393	1,656,054	51,590	32,487,037
At 1 July 2016	31,461,878	1,956,503	104,719	33,523,100

The net book value of assets held under hire purchase contracts is £154,260 (2016 - £24,505), depreciation for the year on assets held under hire purchase contracts was £17,140 (2016 - £17,654). Included within freehold land and buildings is land at a value of £3,720,000 which has not been depreciated.

On the historical cost basis, land and buildings included at valuation would have been included as follows:

	2017	2016
	£	£
Deemed historical cost of revalued assets	34,099,059	34,099,059
Cumulative depreciation based on deemed historical cost	(12,346,972)	(11,687,818)
Deemed historical cost net book value	21,752,087	22,411,241

13 STOCK

	2017	2016
	£	£
Goods held for resale	**387,427**	159,481

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

Stock recognised in cost of sales during the year as an expense was £944,041 (2016 - £901,068).

14 DEBTORS - amounts falling due within one year

	2017	2016
	£	£
Trade debtors	**1,222,248**	868,317
Football related debtors	**464,378**	1,480,914
Amounts owed by parent undertaking	**1,354,529**	1,354,529
Social security and other taxes	**351,732**	-
Other debtors	**30,671**	107,150
Prepayments and accrued income	**1,195,911**	1,636,842
	4,619,469	5,447,752

15 DEBTORS - amounts falling due after more than one year

	2017	2016
	£	£
Football related debtors	**287,482**	21,719

16 CASH AND CASH EQUIVALENTS

	2017	2016
	£	£
Cash at bank and in hand	**142,360**	205,127
Bank overdraft	**(11,858,802)**	(14,179,836)
	(11,716,442)	(13,974,709)

17 CREDITORS - amounts falling due within one year

	2017	2016
	£	£
Bank overdraft	11,858,802	14,179,836
Amounts owed to parent undertaking	94,800,922	87,257,500
Trade creditors	1,885,592	1,547,973
Football related creditors	1,175,814	2,500,136
Social security and other taxes	2,121,883	2,531,293
Other creditors	46,073	110,201
Pension deficit	102,756	102,756
Hire purchase creditors	32,700	16,555
Other loans	-	2,231,191
Accruals and deferred income	2,402,971	1,750,612
	114,427,513	112,228,053

The amounts due to the parent company of £94,800,922 (2016 - £87,257,500) has been treated as falling due within one year as this is the technical legal status of the loans at the balance sheet date. As described in Note 2, subsequent to the year end the parent company has confirmed that as in previous years it will provide sufficient financing to support the company for the 12 months following approval of these accounts.

The amounts owed to the parent undertaking above are interest free with no fixed date for repayment.

The bank overdraft expires on 6 February 2018. The directors believe the facility will be renewed on acceptable terms and conditions.

The bank overdraft is secured by a corporate guarantee from the holding company, Venky's London Limited. Interest is paid upon the facility at 2.65% over 6 month GBP LIBOR.

Hire purchase creditors are secured by the assets to which they relate.

18 CREDITORS - amounts falling due after more than one year

	2017	2016
	£	£
Pension deficit	58,325	161,081
Hire purchase creditors	98,865	-
Football related creditors	375,000	176,816
	532,190	337,897

Hire purchase creditors are secured by the assets to which they relate.

19 FINANCIAL INSTRUMENTS

	2017	2016
	£	£
Financial assets measured at fair value through profit or loss	142,360	205,127
Financial assets that are debt instruments measured at amortised cost	3,359,308	3,832,629
	3,501,668	4,037,756
Financial liabilities measured at amortised cost	112,837,820	110,034,657

Financial assets measured at fair value through profit or loss comprise cash and bank balances.

Financial assets measured at amortised cost comprise trade and other debtors.

Financial Liabilities measured at amortised cost comprise creditors, excluding deferred government grants and tax and social security.

20 HIRE PURCHASE CREDITORS

Minimum lease payments under hire purchase fall due as follows:

	2017	2016
	£	£
Within 1 year	32,700	16,555
Between 1 and 2 years	32,700	-
Between 2 and 5 years	66,165	-
	131,565	16,555

21 DEFERRED GRANTS

	2017	2016
	£	£
Outstanding at beginning of year	1,294,399	1,391,059
Released to profit and loss account in the year	96,660	96,660
Outstanding at end of year	1,197,739	1,294,399
Amount to be released within one year	96,660	96,660

22 CALLED UP SHARE CAPITAL

	2017	2016
	£	£
Allotted, called up - fully paid		
146,988,484 (2016 - 146,988,454) ordinary shares of £1 each	146,988,484	146,988,484

23 RESERVES

Profit and loss reserve:

The profit and loss reserve represents cumulative profits or losses. The current year profit and loss reserve amounts to a deficit of £225,269,504 (2016 - £221,516,018)

Revaluation reserve:

The revaluation reserve represents the cumulative effect of revaluations of freehold land and buildings. The current year revaluation reserve amounts to £1,295,825 (2016 - £1,295,825)

24 PENSIONS

Pension contributions are paid by the company into the personal pension schemes of certain employees. The assets of their schemes are held separately from those of the company in independently administered funds. The contributions paid during the year amounted to £90,527 (2016 - £171,953), of which £8,097 (2016 - £25,763) was outstanding at year end.

The company is a participating employer in the Football League Limited Pension and Life Assurance Scheme (the "Scheme"). Accruals of benefits under a final salary basis was suspended with effect from 31 August 1999 following an actuarial review, which revealed a substantial deficit. The company is advised of its share of the deficit in the Scheme and the contributions required to make good that deficit, based on the latest actuarial valuation at 1 September 2014. The company's share of this deficit is currently estimated to be £161,081 (2016 - £263,837). This deficit has been provided for in these accounts.

25 POTENTIAL FUTURE PLAYER REGISTRATION PAYMENTS

Under the terms of certain contracts for the purchase of players' registrations, future payments may be due, dependent upon the success of the team and/or the individual players. Similar terms exist in contracts for sales of players' registrations.

Any amount payable in relation to playing appearance and team performances are recognised when the event occurs. The maximum potential payment for amounts due to football clubs and other third parties for first team players is £1.4m (2016 -£2.2m).

26 CAPITAL COMMITMENTS

	2017	2016
	£	£
At 30 June 2017 the company had capital commitments as follows:		
Contracted for but not provided in these accounts net of grants receivable	**130,000**	-

27 OTHER COMMITMENTS

At 30 June 2017 the company had future minimum lease payments under non cancellable operating leases as follows:

	2017	2016
	£	£
Within 1 year	13,269	13,269
Between 1 and 5 years	10,627	10,627

28 RELATED PARTY TRANSACTIONS

During the year, the company received rent and other income of £95,950 (2016 - £77,839) from Blackburn Rovers Community Trust. In addition certain expenses were incurred and recharged to Blackburn Rovers Community Trust. At the balance sheet date an amount of £4,917 was owed by (2016 - £18,828 was owed to) the football club in respect of these transactions, and is disclosed within other creditor / debtors. At 30 June 2017 Blackburn Rovers Community Trust had three trustees, of which one was a director of The Blackburn Rovers Football and Athletic Limited.

During the year, the company received £3,707,952 from it's holding company Venky's London Limited in respect of costs incurred and services provided in the current and previous years.

29 PARENT COMPANY

The company is a subsidiary undertaking of Venky's London Limited, with Venkateshwara Hatcheries Pvt. Ltd. being the ultimate parent company, which is incorporated in India.

The largest group in which the results of the company are consolidated is that headed by Venky's London Limited, incorporated in the United Kingdom. The consolidated financial statements of this group are available to the public and obtainable from Companies House.

30 POST BALANCE SHEET EVENTS

Since the balance sheet date the club has entered into transfer agreements amounting to net transfer fees receivable of £0m (2016 - receivable £9.0m), and capital expenditure of £0.2m (2016 - £0m).