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# **Proposed modifications to the CVA Proposals of Portsmouth City Football Club**

4th June 2010

## Portsmouth FC - Company Voluntary Arrangement (“CVA”)

Thank you for sending a copy of the CVA proposals prepared by UHY Hacker Young LLP. (HY) We have reviewed the proposal and have some comments and alternative suggestions for the proposed supervisor to consider. We have taken a completely different view as to how this CVA should be approached and thus it has proved quite difficult to draft specific modifications to the proposals as it stands. Our current advice therefore would be to vote against the proposals and to communicate to the Administrators your reasons for doing so. You may send a copy of this document to HY or you can instruct us to approach them on your behalf. Our hope is that the Administrators will adopt much of what we propose and enable them as Supervisors of the CVA to obtain a full payment to the unsecured creditors.

Following our discussions we have posted a copy of this document to the internet so that you may forward it to other creditors with whom you have contact. It may be found at [www.griffins.net/client/portsmouthcva.pdf](http://www.griffins.net/client/portsmouthcva.pdf). If more details about the financial position of the company are received from the Administrators we will update the version online. We have approached them for this information and they have told us that they will not be responding to individual questions at this time.

In summary, our recommended modifications are as follows.

- Reject the proposals for a 20p dividend rising to 25p on promotion.
- For the creditors to receive all TV, league and transfer fees, giving a dividend of around 65p to unsecured creditors. This would leave the club with adequate funding to operate in the Championship.
- For the unsecured creditors to pay off the Portpin charge over the freehold and to sell it at a future time to a new owner at a profit.
- For Mr Gaydamak to withdraw his unsecured claim or for the company to reject it, to enable all other unsecured creditors to be paid in full.

## Introduction and Background

A CVA proposal made by the Administrators to the creditors and members embodies full disclosure of all the Company's assets, liabilities and affairs together with a proposal for enhancing the potential returns to the Company's creditors over and above what they would expect to receive in any other insolvency procedure.

Despite being a formal procedure under the Insolvency Act 1986, it would be possible to build in as much flexibility in dealing with the Company's assets, liabilities and affairs as would be necessary to achieve the objectives of the CVA. From a commercial point of view, a CVA would secure the continued close involvement of the Company's management in its ongoing affairs subject to review by a Supervisor who would be a Licensed Insolvency Practitioner. The procedure is relatively inexpensive compared with most insolvency procedures.

## The Current Proposals

We have taken the following extract from the Administrators' proposals.

- The Club will enter a CVA for a period of nine months or such further period as creditors may allow.
- The nine month period should provide the Joint Supervisors of the arrangement a sufficient period of time to oversee the transfer of the business and assets of the Club into a new company ('Newco') and also to facilitate the transfer of the Football League share to that entity.
- At the end of the nine month period the original legal entity, which traded as the Club, will be placed into liquidation to enable the duly appointed Liquidators to begin their investigation into the affairs of the Club.
- Newco will continue to trade as the football club in the Championship and will be obliged to pay a contribution to enable a minimum dividend of 20 pence in the pound before costs and expenses to unsecured creditors (of £105,000,000) in full and final settlement of their debt. This obligation will be formalised by way of a binding sales and purchase agreement in consideration of the transfer of the business and assets to the Newco.
- Newco will be allowed a further period of 4 years and 3 months to pay the outstanding consideration into the liquidation.
- The only anticipated contribution into the CVA will be generated by retaining 20% of all player realisations in the first nine months of the CVA.

- It is anticipated that the Club will realise approximately £15 million from player sales in the short term. Hence, based on these Proposals, the CVA is expected to receive an initial contribution of £3 million.
- The Football Creditors in this matter total approximately £22.4 million. This category of creditors will be paid in full by the FA Premier League by way of a direct deduction from the club's allocated parachute payments.
- The current level of unsecured creditors' claims are estimated to be in the region of £83 million, although the Administrators are of the opinion that the final admitted claims will be significantly less than this total.
- Accordingly, if £3 million is paid during the first nine months, whilst the Club is in CVA, then Newco will be obliged to pay the balance of £13.5 million over the remaining four year and three month period. This translates to the Club having to pay approximately £3.375 million per year to fulfil these proposals. The outstanding balance of the consideration of £13.5 million, or adjusted balance to take into account a reduction in the creditor claims, will be engrossed within a sales and purchase agreement between the Newco and the original company in liquidation.
- The dividend to unsecured creditors will be further enhanced by a dividend of 5 pence in the pound if Newco achieves promotion to the FAPL within five years of the approval of the CVA. If the club is allowed to take its place in next season's Europa League competition, all profits generated from the club's participation will be distributed to creditors under the terms of these proposals.
- Any other assets realised within the Liquidation following the CVA will become available to the general body of creditors.
- Subject to the approval of the CVA, Portpin Limited has undertaken to pay all unsecured creditors with claims of up to £2,500 in full and to pay any amounts owed to Charitable Organisations. Upon repayment, the claims of these creditors will be subrogated to Portpin Limited.

## Initial View

The Administrators have sought to strike a balance between the company and its creditors. We think that the Administrators have not placed enough emphasis on the position of creditors and the club will retain too much of the benefit of its recent expenditure on the team which will be available cheaply to any future owner.

The proposals seek to allow the club to spend large sums on getting back to the FA Premier League but the creditors will not benefit substantially from this expenditure.

We note that the budget allows for almost £500k per annum of payments to HP and leasing creditors. No doubt over the lifetime of the CVA this would reduce the unsecured creditors claims further. This might add another penny or two to the figures stated in the proposals and our modifications. The Administrators state that they believe that the sums owed to creditors will fall from their current estimates but do not give full and clear reasons for this. We also do not know what amount the Administrators imagine that they will fall to.

The Administrators' proposals do not set out clearly the amounts expected to be received from the FA Premier League 'parachute payments' separate from any future money from the championship or lower leagues. Without each major income stream being identified we cannot tell whether their forecasts are reasonable.

We see some merit in the mechanism the Administrators have suggested to allow the club and CVA to proceed and also put the company into liquidation. There is clearly a need for a liquidator to be appointed to investigate the reasons for the insolvency.

Our view is that creditors of Portsmouth City Football Club (PCFC) can receive a substantially greater dividend over 5 years.

In order for our modifications to the proposals to be achieved we would propose several changes which need to be implemented, in particular that the wages bill has to be heavily reduced by selling high profile / paid first team players. Match day revenue can therefore be utilised to satisfy the club's running costs and salaries and the parachute payments from the Football Association together with the SKY TV money can be used to pay unsecured creditors after allowances for the "football creditors".

A consequence of this would be that PCFC would need to maintain a less high profile and consequently less expensive squad of players. This will be more affordable for the club and will be more beneficial to creditors as a whole. Further revenue will be generated if PCFC survive in the Championship, play in any Cup games or are promoted to the Premiership.



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In any event, the first priority in this alternative proposal detailed below is to achieve a better result for creditors than that which is being proposed by the current administrator.

**At this point it should be brought to your attention that Griffins have had to rely on the current administrator's cash flow forecasts together with research obtained from various public sources due to lack of time, funding and accessibility to company books and records. We are very conscious that information relating to cashflow and ongoing trading costs are not available to us.**

## Modifications to the Proposals

The principles behind our advice are as follows.

- The club has benefited on the pitch in recent years from the funding provided to them by creditors and those creditors should have first claim to the future income that the club will generate in the future as a result of its past league position and recent performance.
- The club must go forward, preferably at least at Championship level, so as to be able to secure this income for creditors.
- There must be a clear link between the club and the money it gets from fans so that the fans can understand how they can help their club in the future.
- Those that caused or presided over the period that gave rise to this situation ought to bear much of the cost of putting it right.
- The Premier and Football Leagues would wholeheartedly support a proposal that is in accordance with their principles that a club should not benefit from its insolvency to the detriment of other clubs it is competing against.

In summary, we believe that the revenue split should be as follows:

<b>To Creditors</b>	<b>To Club</b>
Premier League/Championship	Barclays Bank and Merchant Services
Sky TV (Facility fee)	Ticket Office including Cup & Friendly
League TV Money	Match day Hospitality
Player Trading	Sponsorship / Advertising
	Ticket Office re Away match tickets
	Season Ticket Monies
	Pre Season Friendly Games
	Conference & Banqueting
	Retail
	FA Cup 1 Round
	Carling Cup 1 Round
	Programmes

## Income Modifications - CREDITORS

According to the HY Proposals, in year 1 there are 3 revenue streams available to PCFC which will assist in reducing the deficiency to creditors:

1. Parachute Payment from the Football Association
2. Sky TV (Facility Fee)
3. Player Sales

We have sought clarification from HY as to whether items one and two include the prospective income from TV and the Football League in future seasons but they have declined to answer. We have therefore assumed that they do not and have added an income stream for this although at minimum levels.

### Parachute Payments

The Premier League distributes a small portion of its television revenue to clubs that are relegated from the league in the form of "parachute payments. The current value to PCFC over a 4-year period amounts to £48 million. These payments are distributed annually as detailed below:

Year	As per UHY Hacker Young	Annual Distribution
	£	£
1st	£11,865,956	£16,000,000.00
2nd	£9,972,670	£16,000,000.00
3rd	£9,466,426	£8,000,000.00
4th	£9,466,426	£8,000,000.00
5th	£5,811,550	-
<b>Total</b>	<b>£46,583,029</b>	<b>£48,000,000</b>

### SKY TV (Facility Fee)

As per UHY Hacker Young figures it is envisaged that £18,494,576.96 will be paid to PCFC over the next 3 years from Sky TV. It is our opinion that this money should be used to pay creditors. We have no knowledge of this contract and rely entirely on HY for these numbers.

### Player Sales

It is envisaged that player sales will amount to a £30,000,000 realisation during this years transfer window. It is proposed that the proceeds of these transfers (after

agent's fees which range from 2.5% to 10%) should be included in the CVA and used to pay creditors. This will amount to approximately £27,000,000. The figures projected by UHY Hacker Young amount to £28,655,341. It is not clear whether this figure is net of agent's fees and of course market forces may affect this figure substantially. This uncertainty would apply equally to the CVA in its current form.

As we understand it the majority of this money will be generated from the sale of just a few players so presumably this will not leave the club with no players. It might leave the club with a number of players with large contracts but without having access to the information we cannot judge which players will be left and on what terms. We examine this issue further below.

The club would not be permitted to incur future football creditors that could be deducted from these payments. It would be a breach of the CVA to do this and the supervisor could make the League aware of this so that it could reject transfer registrations.

### League TV Money

We believe that a sum of at least £3,840,000.00 will be available to PCFC from the Football League. The current deal pays £2,500,000 per club for the Championship, £350,000 for League 1 and £300,000 for League 2. For the sake of prudence we have assumed that Portsmouth would be relegated in successive seasons to League 2 although we do not expect that to occur. If the club stayed in the championship, then the creditors would receive an extra £8.6m over and above the figures in these modifications.

### Football Creditors

At the heart of the Football League Regulations ('the Regulations') is the 'Football Creditor Rule'. In simple terms, each member of the Football League (FL) holds one share in the FL and agrees to abide by the rules and regulations of the FL. The Football Creditor Rule provides that member clubs of the FL must pay "Football Creditors" as defined in the Regulations if they want to retain their membership of the FL.

If Football Creditors are not paid by member clubs, then a club will be thrown out of the FL and will have to reapply to be a member of a league at least two pyramids below the FL i.e. Southern Premier Division.

It should be noted that The Football Association intend to use the parachute payments and/or a proportion of to player sales to pay the "Football Creditors" before making any payments to PCFC. Our modifications accept this position without accepting the principle of the Rule which appears unfair to other creditors.

We understand that there is a court challenge to the Rule by HM Revenue and Customs. We would suggest that if that application succeeds, the FAPL and/or the recipients refund all the monies deducted from PCFC so that they may rank with other creditors. The mechanism for this can be negotiated and if the court challenge takes some time there may only be a need for a partial refund which could be deducted by the FAPL from the Football Creditors at a future time. They are after all making deductions based on their Rule and if it is found to be illegal they ought to bear some of the financial costs of this action. If these modifications were accepted and the realisations made in accordance with our projections then all creditors would be paid in full and the effects of the Rule in this situation is not as great as might be felt elsewhere.

Whilst reviewing the Rule for this work we note that within the regulations of the FAPL and FL there is a clear requirement that clubs should pay all of its creditors. It occurs to us that if the Leagues wished, they could extend the Rule to all creditors so that no club could benefit from formal insolvency by writing off any of its debts. In our view this would introduce a culture in which clubs take their financial duties more seriously. The other clubs would not be preferred for payment over non-football creditors and the proceeds of TV money and player sales would go exclusively to past creditors. This would probably cause the Leagues to take an even greater interest in the conduct of the clubs.

At present, the amounts due to “Football Creditors” can be seen below:

<b>Name</b>	<b>Amount</b>
Players	£1,250,638.00
Image Rights	£1,504,151.00
Unpaid Transfer Fees	£17,303,818.00
Compromise Agreement	£785,000.00
EBT	£1,540,000.00
<b>Total</b>	<b>£22,383,607.00</b>

**Please note:** UHY Hacker Young have listed the Football Creditors as £19,600,706 in their cash flow forecast for the year ending 31<sup>st</sup> May 2011.

### **Income Modifications – PCFC ‘The Club’**

As can be seen above, there are several revenue streams available to PCFC to enable the company to not just survive but also trade profitably.

The bulk of this money comes from match day revenue. This includes all ticket sales (home, away and pre season); programmes, all hospitality, season ticket monies and any spend on shirts and food within the ground or its retail outlets.

As mentioned previously, we propose that the Creditors should receive the benefit of the player sales in Year 1. This would leave PCFC with a squad made up of some of the existing players and the ability to recruit where no fee is payable. This is not uncommon in the lower leagues and we take the view that it is unrealistic for the club to expect to have a transfer budget in its current predicament. This is however a one-off claim by creditors against the proceeds of the players they have in the main funded. If the club acquires new talent that it is able to sell then the club would retain the benefit of that. There is also the likelihood that if our modifications were accepted the future of the club would be secure and existing or future owners could inject funds with some confidence.

If the club were promoted back to the premiership then it would receive the difference between the parachute payments and TV Money and the new premiership income.

## Detailed Modifications and Financial Outcomes

### Analysis of Part 1 of the Modifications

Creditors will have an income from the parachute payments / Sky TV, League TV and Player Sales of:-

- Year 1 of £52,955,615
  - Year 2 of £17,795,114,
  - Year 3 of £10,944,242,
  - Year 4 of £9,766,426,
  - Year 5 of £6,111,550.
  - Total £97,572,947.
- 
- Creditors pay the administration costs and fees of £881,250 in Year 1
  - Creditors pay the administration losses of £9,242,758 in Year 1
  - All football creditors are paid in full £19,600,706 in Year 1
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- Creditors receive a dividend before costs of around:-
    - Year 1 of £23,230,901
    - Year 2 of £17,795,114
    - Year 3 of £10,944,242
    - Year 4 of £9,766,426

- Year 5 of £6,111,550
  - Total £67,848,234
- 
- Unsecured creditors will receive **65 pence in the £**. We would suggest that a **minimum dividend of 50p** is inserted as a term of the CVA to ensure that the club has the incentive to sell the players at market rate. If we are £10m out in our estimates then the modifications are still comfortably greater than those proposed by the Administrators.
  - PCFC moves forward on a budget of approximately £11.5m income per year. (Breakdown can be seen above). It appears that this is a greater income than that received by Blackpool FC who has recently been promoted to the Premiership.
  - A budget of approximately £5m has been apportioned for player and admin staff wages. It is worth noting that UHY Hacker Young project gross salaries for year end 31 May 2015 to be approximately £6.5m reducing from approximately £18m in Year 1. Based on research done into other Championship / Division 1 Football Clubs we feel that £5m is a sufficient budget. We have not allowed for the payment of interest to Portpin of approximately £900k per annum and this is considered in Part 2 of these modifications. If the creditors did not take up Part 2 then the budget for wages might have to be reduced by this sum.
  - In our projections we are most concerned about the wage projection for Year 1. Without having access to details of the current contracts we have no way of knowing whether the club will be saddled with an unaffordable wage bill until these contracts expire or the players sold. We would however insist that the club transfers them with all speed to meet the new budget for wages. An unknown amount of the player sales might yet be needed to meet the interim costs of unwinding the contracts.

### Analysis of Part 2 of the Modifications

- This modification builds on those set out in Part 1.
- PCFC expenses can be reduced to approximately £11.2m which will enable PCFC to trade profitably. Portpin interest is around £900,000 per annum on top of this. If creditors did not wish to take over the Portpin position then it is likely that either some of the money allocated to creditors would have to be given to PCFC or that PCFC would have to reduce its wage budget by another £1m.

- Creditors may consider whether the Supervisor uses funds to repay Portpin Ltd and take assignment of the charge over the stadium to benefit Unsecured Creditors. If this occurs, Creditors will receive a smaller dividend of £9,029,901 in Year 1 but will gain control of the freehold and will have the benefit of the interest on the loan which would be paid on the sale of the freehold or the club to new owners. A term might have to be inserted that required payment of the interest and capital at some fixed future point and this might prove difficult.
- This step heavily reduces the club's cash expenditure on a yearly basis which increases its chances of survival or putting the money saved towards staying in the championship. The creditors would then benefit from the greatly increased TV money gained from this. Staying in the championship for the lifetime of the CVA would give creditors another £8.6m on current TV deals.
- On the sale of the club, creditors might receive up to 4p more if the charge were paid off at the end of year 5 which would increase the dividend to **69 pence in the £**. If the charge were purchased more quickly then the benefit would be less but the unsecured creditors would receive an immediate dividend of whatever the asset sold for.

### Analysis of Part 3 of the Modifications

At the meeting of creditors on 6<sup>th</sup> May the Administrators set out the accounts for the last 4 years of trading. It appears that the company lost £58m in the last few years. It would therefore seem sensible that the creditors should support the Administrators' proposals that the company goes into liquidation so that a liquidator can investigate the reasons for these losses.

One of the key parts of his investigation will be to look at whether claims could be brought under s.212 or s.214 of the Insolvency Act 1986. One of the matters that a duly appointed liquidator will need to investigate is the detail of the apparent strategy of the management to significantly increase the expenditure, particularly on players and players' wages, and the plans that the management had for financing this expenditure.

s.214 states:

*"214(1) [Declaration by court, on application] Subject to subsection (3) below, if in the course of the winding-up of a company it appears that subsection (2) of this section applies in relation to a person who is or has been a director of the company, the court, on the application of the*

*liquidator, may declare that that person is to be liable to make such contribution (if any) to the company's assets as the court thinks proper.*

*214(2) [Application] This subsection applies in relation to a person if -*

- (a) the company has gone into insolvent liquidation,*
- (b) at some time before the commencement of the winding-up of the company, that person knew or ought to have concluded that there was no reasonable prospect that the company would avoid going into insolvent liquidation, and*
- (c) that person was a director of the company at that time; “*

*“214(3) [Limit on declaration] The court shall not make a declaration under this section with respect to any person if it is satisfied that after the condition specified in subsection (2)(b) was first satisfied in relation to him that person took every step with a view to minimising the potential loss to the company's creditors as (assuming him to have known that there was no reasonable prospect that the company would avoid going into insolvent liquidation) he ought to have taken.”*

This section would apply to shadow directors (effectively those to whom the directors answered to.)

Potentially if there is the evidence, the liquidator could be in a position to bring claims of up to the £55m in trading losses. If successful then in addition to the CVA the proceeds could be used to pay creditors in full. I should repeat that there needs to be evidence of this for a claim to be successful.

Whilst considering this aspect it has occurred to us that there is no need for the club to go into liquidation at all and that decision might rest entirely with Mr Gaydamak, who was in control of the club for most of the period where losses were incurred. He is currently a creditor for around £32m and if a claim by a liquidator were successful against him for any amount then he could not set this off against the liability.

If he were to take the view that he could both avoid the risk of a claim under these sections and at the same time benefit creditors and fans, he could elect to vote in favour of the proposals and at the same time withdraw his claim to a dividend. This would reduce the unsecured creditors by this sum and creditors would substantially be paid in full. It might even be the case that this would lead to the club having more money available in the future to spend on players.

There are further variations on this point.

- Mr Gaydamak could choose to withdraw his claim for any reason regardless of the terms of the proposals. It could be seen to be a generous act on his part and the sort of responsible behaviour expected by the League under their 'Fit & Proper' test.
- In doing so he would not prevent the company going into liquidation but if creditors were close to being paid in full it is very unlikely that a claim could be brought against him or any other director or owner. I suspect that the creditors would be grateful for the gesture in any event and would be likely to vote against putting the company into liquidation.
- The case law is clear that a person cannot set their unsecured claim off against a claim the company might have against them. As far as I can tell there is no law as to whether the company could instead use the set off principle to reject a claim in an insolvency. Only the Administrators are in a position to know whether there is any claim at all and if so how much this could be.
- Creditors may prefer no deal so that claims can be brought against all those who were in control of PCFC during the period in which their debts were run up.

If Mr Gaydamak withdraws his unsecured claim of £32m the unsecured creditors would receive around **99 pence in the £** under our modified proposals. If the creditors' claims fall as envisaged by the Administrators then this should equate to a payment in full to all creditors.

**Griffins**

**4<sup>th</sup> June 2010**

## Schedules

The detailed figures supporting the modifications are discussed in detail in the previous pages. Where the figures are in black they are the HY figures. Our suggested changes or additions are in red.

The effect of Part 1 of our modifications is set out in the first schedule. This shows the expected payments to creditors if they are given the benefit of the TV and League money and the player sales. It allows for the FAPL to deduct the amounts due to Football Creditors and also the loan they negotiated with the Administrators to meet the losses incurred during their period of trading and their other costs.

The effect of Part 2 of our modifications is set out in the second schedule. This builds on Part 1 and adds the potential effect of reducing the initial dividend to creditors to purchase the charge over the freehold from Portpin Limited. This reduced the dividend in the first year by around 14p but could lead to an overall increase of 4p. This also reduces the financial pressure on the club going forward to increase the chances of it staying in the championship or being promoted.

The effect of Part 3 of our modifications is set out in the third schedule. This builds on Part 1 and 2 of the modifications and sets out the effect of Mr Gaydamak's claim being withdrawn or rejected.

The fourth schedule seeks to set out more clearly the effect of these modifications on the club going forward.

<b>MODIFICATION PART 1 Source</b>	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>	<b>Year 4</b>	<b>Year 5</b>	
<b>Premier League/Championship</b>	£11,865,956	£9,972,670	£9,466,426	£9,466,426	£5,811,550	
<b>Sky TV (Facility fee)</b>	£9,934,317	£7,382,443	£1,177,815	£0	£0	
<b>League TV Money</b>	£2,500,000	£440,000	£300,000	£300,000	£300,000	
<b>Player Trading</b>	£28,655,341	To Club	To Club	To Club	To Club	
	<b>£52,955,614</b>	<b>£17,795,114</b>	<b>£10,944,242</b>	<b>£9,766,426</b>	<b>£6,111,550</b>	
<b>Administration Costs and Fees</b>	£881,250					
<b>Administration Trading Losses</b>	£9,242,758					
<b>Football Creditors</b>	£19,600,705					
<b>Total Deductions</b>	<b>£29,724,714</b>	<b>£0.00</b>	<b>£0.00</b>	<b>£0.00</b>	<b>£0.00</b>	
<b>Unsecured Creditors</b>	£105,000,000					
	<b>£105,000,000</b>					
<b>Net Dividend to Unsecured</b>	<b>£23,230,901</b>	<b>£17,795,114</b>	<b>£10,944,242</b>	<b>£9,766,426</b>	<b>£ 6,111,550</b>	
<b>Unsecured Balance</b>	<b>£81,769,099</b>	<b>£63,973,985</b>	<b>£53,029,742</b>	<b>£43,263,316</b>	<b>£37,151,766</b>	
				<b>Dividend</b>	<b>65 pence in £</b>	

<b>MODIFICATION PART 2 Source</b>	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>	<b>Year 4</b>	<b>Year 5</b>	<b>Sale of Charge Year 5</b>
Premier League/Championship	£11,865,956	£9,972,670	£9,466,426	£9,466,426	£5,811,550	
Sky TV (Facility fee)	£9,934,317	£7,382,443	£1,177,815	£0	£0	
League TV Money	£2,500,000	£440,000	£300,000	£300,000	£300,000	
Player Trading	£28,655,341	To Club	To Club	To Club	To Club	
	<b>£52,955,614</b>	<b>£17,795,114</b>	<b>£10,944,242</b>	<b>£9,766,426</b>	<b>£6,111,550</b>	
Administration Costs and Fees	£881,250					
Administration Trading Losses	£9,242,758					
Football Creditors	£19,600,705					
Portpin	£14,201,000					
<b>Total Deductions</b>	<b>£43,925,713</b>	<b>£0.00</b>	<b>£0.00</b>	<b>£0.00</b>	<b>£0.00</b>	
<b>Unsecured Creditors</b>	£105,000,000					
	<b>£105,000,000</b>					
<b>Net Dividend to Unsecured</b>	<b>£9,029,901</b>	<b>£17,795,114</b>	<b>£10,944,242</b>	<b>£9,766,426</b>	<b>£6,111,550</b>	<b>£18,701,000</b>
<b>Unsecured Balance</b>	<b>£95,970,098</b>	<b>£78,174,984</b>	<b>£67,230,742</b>	<b>£57,464,316</b>	<b>£51,352,766</b>	<b>£31,551,766</b>
				<b>Dividend</b>	<b>69 pence in £</b>	

<b>MODIFICATION PART 3</b>						
<b>Source</b>	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>	<b>Year 4</b>	<b>Year 5</b>	<b>Sale of Charge Year 5</b>
Premier League/Championship	£11,865,956	£9,972,670	£9,466,426	£9,466,426	£5,811,550	
Sky TV (Facility fee)	£9,934,317	£7,382,443	£1,177,815	£0	£0	
League TV Money	£2,500,000	£440,000	£300,000	£300,000	£300,000	
Player Trading	£28,655,341	To Club	To Club	To Club	To Club	
	<b>£52,955,614</b>	<b>£17,795,114</b>	<b>£10,944,242</b>	<b>£9,766,426</b>	<b>£6,111,550</b>	
Administration Costs and Fees	£881,250					
Administration Trading Losses	£9,242,758					
Football Creditors	£19,600,705					
Portpin	£14,201,000					
<b>Total Deductions</b>	<b>£43,925,714</b>	<b>£0.00</b>	<b>£0.00</b>	<b>£0.00</b>	<b>£0.00</b>	
<b>Unsecured Creditors</b>	<b>£105,000,000</b>					
<b>Less setoff for claims</b>	<b>£32,000,000</b>					
	<b>£73,000,000</b>					
<b>Net Dividend to Unsecured</b>	<b>£9,029,901</b>	<b>£17,795,114</b>	<b>£10,944,242</b>	<b>£9,766,426</b>	<b>£6,111,550</b>	<b>£18,701,000</b>
<b>Unsecured Balance</b>	<b>£63,970,099</b>	<b>£46,174,985</b>	<b>£35,230,742</b>	<b>£25,464,316</b>	<b>£19,352,766</b>	<b>NIL</b>
				<b>Dividend</b>	<b>99p in £</b>	

<b>CLUB POSITION (PARTS 2 &amp; 3)</b>					
<b>Source</b>	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>	<b>Year 4</b>	<b>Year 5</b>
Barclays Bank and Merchant Services	£750,000.00				
Ticket Office including Cup & Friendlies	£1,842,263.00	£1,842,263.00	£1,842,263.00	£1,842,263.00	£1,842,263.00
Matchday Hospitality	£540,500.00	£540,500.00	£540,500.00	£540,500.00	£540,500.00
Sponsorship / Advertising	£1,410,000.00	£1,410,000.00	£1,410,000.00	£1,410,000.00	£1,410,000.00
Player Trading	To Creditors	To Club	To Club	To Club	To Club
Ticket Office re Away match tickets	£0.00	£0.00	£0.00	£0.00	£0.00
Season Ticket Monies	£6,048,319.65	£6,048,319.65	£6,048,319.65	£6,048,319.65	£6,048,319.65
Pre Season Friendly Games	£117,500.00	£117,500.00	£117,500.00	£117,500.00	£117,500.00
Conference & Banqueting	£227,068.75	£227,068.75	£227,068.75	£227,068.75	£227,068.75
Retail	£581,625.00	£878,900.00	£878,900.00	£878,900.00	£878,900.00
Cup	£0.00	£0.00	£0.00	£0.00	£0.00
FA Cup 1 Round	£100,000.00	£100,000.00	£100,000.00	£100,000.00	£100,000.00
Carling Cup 1 Round	£50,000.00	£50,000.00	£50,000.00	£50,000.00	£50,000.00
Programmes	£81,075.00	£81,075.00	£81,075.00	£81,075.00	£81,075.00
FA Levy/Loan Fees	£0.00	£0.00	£0.00	£0.00	£0.00
<b>Total</b>	<b>£11,748,351.40</b>	<b>£11,295,626.40</b>	<b>£11,295,626.40</b>	<b>£11,295,626.40</b>	<b>£11,295,626.40</b>
<b>Expenses</b>					
Net Salaries - Players	£2,500,000.00	£2,500,000.00	£2,500,000.00	£2,500,000.00	£2,500,000.00
Net Salaries - Admin and Coaches	£500,000.00	£500,000.00	£500,000.00	£500,000.00	£500,000.00
Inland Revenue (PAYE/NIC)	£2,269,884.00	£2,269,884.00	£2,269,884.00	£2,269,884.00	£2,269,884.00
Portpin Loan Interest * (£900k per year)	£0.00	£0.00	£0.00	£0.00	£0.00
Hire Purchase	£489,048.00	£489,048.00	£489,048.00	£489,048.00	£489,048.00
Ticket Office re Away match tickets	£0.00	£0.00	£0.00	£0.00	£0.00
<b>Creditors (Unspecified)</b>	<b>£3,000,000.00</b>	<b>£3,000,000.00</b>	<b>£3,000,000.00</b>	<b>£3,000,000.00</b>	<b>£3,000,000.00</b>
Insurance Premiums	£270,928.00	£240,000.00	£240,000.00	£240,000.00	£240,000.00
H M Customs & Excise VAT	£2,055,961.50	£1,976,734.62	£1,976,734.62	£1,976,734.62	£1,976,734.62
Bank/FL charges/interest	£76,595.74	£76,595.74	£76,595.74	£76,595.74	£76,595.74
Capital Expenditure - Pitch and stadium works	£103,750.00	£258,500.00	£82,250.00	£82,250.00	£82,250.00
	£11,266,167.24	£11,310,762.36	£11,134,512.36	£11,134,512.36	£11,134,512.36
<b>Profit (Loss)</b>	<b>£482,184.16</b>	<b>-£15,135.96</b>	<b>£161,114.04</b>	<b>£161,114.04</b>	<b>£161,114.04</b>