

## Chairmans Address - AGM 2<sup>nd</sup> Nov 2013

Welcome to you all,

This AGM is the 2nd since our incorporation. I am delighted that current Board Member, David Farrell, has decided to stand for re election. But it is with regret that Vice Chair Andy Munro & Co Opted Board Member Rob Hughes have decided to step down. We thank Andy & Rob for their contribution, effort and commitment over the past 18 months in getting us where we are, we will continue to utilise both skill sets at every opportunity in the future. We also have co- opted member Lee Bradshaw as well as former Secretary Margaret Decker standing for election this year. It also a great honour that Lord Hunt will be chairing the AGM.

It has been a busy year as we in bed some of the good processes put in place as well as continue to grow our infrastructure in order to support our members' needs going forward.

Key points throughout the year include:

### Dec 2012

A letter from the Trust accompanied by a stamped, self-addressed return envelope was delivered by hand to Peter Pannu by Robert Hughes prior to the Crystal Palace home fixture on December 15th.

The key points of this letter were questions around the financial governance of the club

The accounts, released for the period to 30th June 2012, have again highlighted the perilous state the club finds itself in financially. The club's Xtep deal -how it would be possible for a single individual to negotiate and sign an agreement with such a significant risk to the club. Furthermore, the loans which have been put in place from Mr. Yeung and other 3rd party organisations. It is worrying to note that there are no written terms of agreement for the repayment of these loans or interest charges; this is despite equating to a significant amount on the club's balance sheet. Plus at a time when the club is operating in such a perilous financial state a one of the main concerns following the publication of the Club's accounts however is surrounding the £687,611 payment to one as-yet-unnamed Director. The Trust notes that you have sought to address this issue through correspondence with the local media, however the Trust would still would like to understand more about the payments which you have classed as 'out of pocket expenses' -totalling £430,000 for a single year and at a time when it is making staff cuts within the administrative teams, it has been deemed acceptable to pay one Director the sum of £687k in a single financial year.

1. The Trust would like to understand the value of funding through player sales that is required to allow the club to continue as a going concern - and for how much longer this situation will continue. We recognise you may not want this figure in the public domain, but if we could allay fans fears as to the size of this funding requirement then that would be appreciated

2. Forward funding is mentioned on a number of occasions in the accounts as a way of meeting the future cash flow requirements. The Trust is seeking clear transparency in relation to the mechanics behind these arrangements, with confidence the governance which appears to have been lacking in previous arrangements is now in place.

3. The Trust and its members are deeply concerned at the level of wages which are

being paid to one un-named Director, particularly given the state of the accounts and the requirement to further diminish the playing squad. This figure does not seem justifiable at the present time, what was the justification behind such an award.

The Trust received no response to this letter, however an "open letter" sent via email to Peter Pannu by Often Partisan on December 24th did receive a response the same day; his comments were not met with widespread optimism. A further email was sent to Peter Pannu on December 28th which included an advance copy of the Trust's statement published on December 31st. This too received no response.

## **Jan 2013**

Two open letters were sent to Peter Pannu via email following the publication of Birmingham City FC and Birmingham City PLC's accounts on January 11th and January 21st respectively. Both of these open letters were published on the Blues Trust website and were freely accessible to all individuals. Neither letter received a response from Mr. Pannu. This lack of response was documented and ultimately led to the formation of a plan of action; presented at the Trust's fans' forum meeting on February 2nd.

### **BLUES TRUST RESPONDS TO THE PUBLICATION OF BIRMINGHAM CITY PLC'S ACCOUNTS**

On Thursday 17th January the accounts for Birmingham City FC's parent company, Birmingham City PLC, were published for the year ending 30th June 2012.

The accounts followed the publication of Birmingham City FC's accounts on Wednesday 9th January for the same period. Analysis of these accounts performed by Blues Trust raised a number of questions and queries surrounding the running of Birmingham City and future cash flow requirements in order to continue operating as a going concern until the end of the 2012/2013 season, whilst documenting that a single unnamed Director had been paid the sum of £687,611 in a single year.

The Club's acting Chairman Peter Pannu has since gone on record stating having recently told the Birmingham Mail that he only took £250,000 as a gross salary, with the remaining £430,000 being 'out of pocket expenses'. The publication of the parent company's accounts breaks this figure down even further, showing that, in fact, the £687,611 figure actually relates to £661,000 of salary and £27,000 of benefits in kind.

This development alone poses an important question; which figure is correct? If Mr. Pannu was only paid a salary of £250,000 why do these accounts show the figure to be more than two times that amount (£661,000)? If this £250,000 figure is correct, further questions must be asked surrounding the remaining £430,000 of expenses - as £8,000 per week is an incredibly high figure for purely expenses alone.

And therein lies the crux of the issue - confusion and conjecture. The publication of an organisation's accounts is to allow the reader to make informed judgements on the running of said organisation. Yet since the publication of these accounts, it has become increasingly unclear as to what the Club got for its £687,000 outlay; irrespective of whether this was expenses or salary.

The Trust would also like to understand more about Carson Yeung's personal loan lent to Birmingham City. It is no real surprise that My Yeung is in no rush for his loan to be repaid, given that it attracts interest at 5% and has accrued £1.57 million in interest to date. It must be noted however that this interest has not yet been paid over.

Moreover, while 5% is not excessive as a commercial arrangement, at a time when the base rate is at an all-time low (currently less than 1%) coupled with the parlous state of the Club's

Finances and the fact the loan is provided by the largest shareholder, this figure does appear to be somewhat high. The Trust questioned in its previous statement as to the governance arrangements surrounding this loan as there is no formal documentation in place, so how did this figure of 5% get decided upon?

The Trust understands that Mr. Yeung has taken personal responsibility for all 3rd party loans; however the Trust is not yet aware of the size of these loans, or what interest these loans attract. It remains a pressing concern, however, at the amount of interest the Club has to pay on these loans.

## **Feb 2013**

An Open meeting was held prior to the Nottingham Forest fixture, saw the Trust present a three stage plan of action following recent failed attempts to engage in dialogue with Birmingham City Acting Chairman Peter Pannu to an audience of over 100 individuals; many of whom were Trust members.

We sent a number of letters to key Birmingham International Holdings (BIH) shareholders, requesting their assistance in pressuring the BIH Board for answers. The letter, which had been professionally translated into Cantonese, highlighted a number of issues that BIH shareholders may not be fully aware of, including the both the Club and BIH's current financial state, the Club's ongoing takeover saga and the issue of Mr. Pannu's salary; which still remains unquantified.

Furthermore, Blues Trust issued 500 pre-printed postcards to Birmingham City fans addressed to Carson Yeung containing the message 'Please sell Birmingham City'; written in English and Cantonese. Fans are able to personally sign the postcard in the specified signature area before sending it to Mr. Yeung's home address in Hong Kong; we know these were received by CY.

## **Mar 2013**

The Trust's investigation into the corporate governance of BCFC and BIHL.

## **Apr 2013**

The Trust's investigation into the corporate governance of BCFC and BIHL with the Birmingham Mail and Often Partisan was published as part of a 2-part special on 26 and 27 April 2013. The investigation featured on the front page of the Birmingham Mail on both occasions and also included a double page spread on pages 4 and 5. Many media outlets subsequently covered the investigative findings. Members were also largely impressed with the work carried out. The Trust, the Birmingham Mail and Often Partisan were widely praised across message boards and other unofficial BCFC related websites.

## **May 2013**

84% of members voted in favour of sponsoring a Birmingham City Ladies squad member for their campaign, the Trust Board also sponsored one player personally.

Following the release of season ticket details for the 2013/14 season we issued a statement essentially saying: The renewal of season tickets remains a supporter's personal choice. Therefore, it is not a position that the Trust believes it should dictate. However, the Trust recommends that individuals who are keen to renew their season ticket should do so via a secure method. These include purchasing season tickets using a credit card or through the Club's interest free finance scheme. This was not so well received and we were accused in some quarters of being patronizing - we cannot get it right all the time and this proved we are only human.

The strategy for the trust was drafted for approval.

## **June 2013**

We attended The 2013 Supporters Summit jointly hosted by Supporters Direct and the Football Supporters Federation took place on the 21st and 22nd of June.

Open meetings were held on Sun 23<sup>rd</sup> at ROOM LG06 CUSTARD FACTORY. Purpose of session-2 way thing: the formulation and agreement of the proposed strategy going forward.

On 22 June 2013, Blues Trust submitted its application to list St. Andrew's Stadium as an Asset of Community Value (ACV) under the Localism Act.

The Localism Act defines a building or a piece of land in a local authority's area that furthers social well-being and the social interests of the local community. If approved, the application will be held on record for a period of five years. For the duration of this period, the owner of the asset must inform the council of any intention to sell the stadium. Informing the council of this decision triggers a community countdown period of six months, which gives community groups or organisations the time to raise vital funds for a credible bid prior to being placed on the open market. Speaking following the submission of the application to Birmingham City Council. The application process was scheduled to last for up to two months. The Trust expected a decision to be reached by the end of August 2013 at the latest.

## **July 2013**

There were two meetings with the club of note during this period. The first was a private meeting arranged by Joanne Allsopp which Steve McCarthy attended on behalf of the Trust. The second saw the Trust partake in a supporter group brainstorming session alongside Forza Blues and the Redditch Supporters Club. A number of club officials were in attendance, main thrust of each session was strengthening ties and looking at where fans can gain more engagement with the club.

## **Aug 2013**

The Kingshurst Event put on by the Blues Collective was a great success, raising thousands of pounds for charities including Help Harry Help Others. The Trust also welcomed new members as a result, many of which were juniors keen to learn more about the organisation. Arrangements for next year's event are already underway.

## **Sept 2013**

The #BCFCACV campaign proved to be a massive success, attracting the attention and support of fans, local politicians, the Birmingham Lord Mayor and many more. The #BCFCACV hash tag used throughout the campaign also trended locally on Twitter, pushing the campaign to an audience far greater than our anticipated reach.

The campaign hash tag continues to be used by the official Trust account and regular supporters despite its conclusion. Securing the support of local politicians was crucial for us from a PR perspective, shifting the onus on the Council to seek a more favourable outcome. We should continue to push for political support, namely from politicians who are yet to publicly back our bid. It would prove to be a great follow up should we build on the excellent work to date.

## **ACV Update:**

It is with great please we can announce formally that our bid to have ST Andrews listed as an ACV has been successful;

Read out council letter.