



EFL & BWST Meeting Note

On Tuesday (Dec 13) representatives of the Bolton Wanderers Supporters Trust (BWST) met with the English Football League (EFL) in Preston to discuss issues relating to the finances and governance of Bolton Wanderers. The meeting was useful and gave each party the opportunity to get a better understanding of the other's position on relevant matters.

The BWST asked a number of specific questions of the EFL and the following is an outline of the answers given.

BWST: What information was provided in March by the Sports Shield consortium regarding the immediate and ongoing funding that enabled the EFL sanctioning of the acquisition of the club?

EFL: It is probably best to answer this question by giving an outline of the relevant rules and their purpose.

The role that the EFL performs in terms of the transfer of ownership from one private individual (or consortium) to another differs from the situation that applies when a club is in administration – where the EFL has the ability to sanction or refuse the takeover of the club through the transfer of the share in the EFL held by that club (the so called 'Golden Share').

In a private transaction, the EFL is required to apply its regulations relating to takeovers but is not empowered to either 'sanction' or 'reject' the takeover. These regulations include the following provisions:

- I. A requirement to ensure that anyone owning more than 30% of the club or in a position to exercise control over it is certified under the Owners and Directors Test.
- II. A requirement to provide Future Financial Information (FFI) relating to the running of the club through to the end of the following season. This includes the provision of a projected profit & loss statement, a cash flow statement and a projected balance sheet for the business.
- III. Where the above demonstrates a deficit, the provision of Source & Sufficiency (S&S) of funding to demonstrate the quantum of money to be invested, where it is from and a signed funding commitment to the club.

BWST: We understand that as a condition of the sanctioning of the acquisition, the EFL would require an ongoing monitoring of the club's financial arrangements. What monitoring procedures have been undertaken during the last 9 months?

EFL: If, having considered the club's FFI and S&S submissions, in the EFL's reasonable opinion the club may be unable to fulfil its obligations to creditors and/or the League (regulation 16.22), the EFL can apply a number of measures (regulation 16.20) including adherence to a budget set by the EFL, a player registration embargo and a requirement to provide any information as required by the EFL (for any timescale required by the EFL).

The aim of the above approach being to try and help the club live within its means while the business seeks to reduce its cost base in order to make it a viable proposition in the long term.

In the case of Bolton Wanderers we can confirm that there are significant, meaningful and regular monitoring arrangements in place with regard to the club's finances. However, we cannot comment on the specific details as they are confidential matter between the EFL and the club. In our view, it is for the club to determine what specific details it wishes to communicate to Bolton fans with regard to these arrangements.



In our opinion, this is a good example of the kind of matter that could be discussed by clubs and fans at the supporter engagement sessions that are now mandatory under EFL regulations following the report of the Government's Expert Working Group on Supporter Ownership and Engagement.

BWST: *At the time of the acquisition, the club were already under a transfer embargo as a result of non-compliance with FFP conditions. We understand that additional player trading restrictions were imposed as part of the EFL approval process. What monitoring procedures have been undertaken and approvals given by the EFL to the club's player trading activities during the summer transfer window?*

EFL: At the time of acquisition Bolton Wanderers were operating under player registration restrictions for a number of different reasons.

It is well documented that the arrangements put in place following the takeover included a further, stricter registration embargo. Currently, the club is limited to a squad of 23 players and is able to sign new players on a one out, one in basis only. The club is not permitted to pay transfer or loan fees for new players.

Again, the aim of this approach is to enable the club to have the best chance of trading through its restructuring by remaining solvent.

BWST: *What action has the EFL taken since the statement from the club on 28 November 2016 that there is a very real risk of an administrator being appointed should the proposed share transfer arrangement between the 2 owners not take place? At this moment in time, it is our understanding that this proposed arrangement has not been completed.*

EFL: As outlined above, the EFL is in regular dialogue with the club with regards its ownership, as well as its financial matters. Any suggestion of a club insolvency is always of significant concern but clearly discussions between the parties involved in the ownership of the club are ongoing and we are monitoring events.

From our perspective, and as outlined already, our long term approach has been to ensure the club lives within its means and any suggestion that the club is at a "very real risk of an administrator being appointed" only endorses rather than changes the approach we have taken to date.

BWST: *As we have been in contact with you previously on several occasions to express our concerns about club finance and governance, what steps have been taken by the EFL to investigate our concerns?*

EFL: We will always consider any information supplied to us regarding our clubs' compliance with our regulations.

Where we have evidence that any club has not complied with the rules we will act.

In the case of Bolton Wanderers, the EFL is monitoring the club on a regular basis and is engaged in a significantly higher level of oversight of the club's finances than is normal.

BWST: *Is the EFL concerned that the club has still not published its accounts for 2014/15, are there further consequences associated with non-filing?*



EFL: It is a requirement under our rules for Championship clubs (and those in their first season in League One following relegation) to provide us with annual accounts by Dec 1 each year. Even more significantly, it is a requirement under Company Law to file them with Companies House.

Theoretically, the club could be charged by the EFL over this matter but in reality all the potential sanctions that we have (e.g. enhanced financial monitoring, transfer embargo etc) are already in place as part of the measures already taken following the transfer of ownership.

However, we keep all matters under review as part of our ongoing monitoring.