



■◀ 'My heart has been ripped out': Bury fans on club's expulsion from EFL - video

**Bury**

## Series of grinding failures that left proud, historic Bury in ruins

The appalling state of the club's finances led to the modern and analytical potential buyers pulling abruptly out of the deal



**David Conn**

Tue 27 Aug 2019 21.27 BST

**A**fter such grinding and unnecessary failures precipitating expulsion from the Football League for Bury, a 134-year-old club founded by late Victorian civic-minded chaps in 1885, there have to be inquiries, lessons learned and reforms. The English Football League has promised to upgrade its rules to prevent such an implosion ever happening again. The Labour MP for Bury North, James Frith, who has worked relentlessly to expose ugly truths and to help save the club, has called for investigations and parliamentary scrutiny.

The two modern, analytical young football men, Rory Campbell and Henry Newman, who decided not to proceed with their deadline-day proposed purchase, made clear in their statement that stronger governance is needed and the Bury wreckage was the result of “systemic failings ... over a number of years”.

That appeared to be a diplomatically worded signal that they had been quite appalled by what they had found in the ruins of a stalwart EFL club. In particular, alongside the insolvency which resulted in a company voluntary arrangement (CVA) denying suppliers, HMRC and other creditors 75% of the money Bury owed them, and the still

outstanding wages due to players who won promotion last season, was a mortgage on Gigg Lane which Campbell and Newman appear to have found repellent.

The mortgage was taken out in stages by the previous owner, Stewart Day, who in December, as his own property empire was about to collapse into insolvency, sold the club to Steve Dale for £1.

The lender, a firm based in Crosby called Capital Bridging Finance Solutions (“Capital”), is now owed £3.7m. Capital in turn mortgaged Gigg Lane, most homely of football grounds, to a company based in Malta whose own lenders were eight companies registered in the tax haven of the British Virgin Islands. As revealed in the Guardian, large portions of the borrowed money never came to Bury at all, because 40% was paid as “introduction fees” to unnamed third parties.

Day justified that by saying it enabled a low interest rate, understood latterly to be 6%, but it is safe to say that one would not expect to find an arrangement like that on Bury’s home ground. That - along with another mortgage on the social club and what they politely described as “the overall financial state of the club” - was perhaps a major reason for Campbell and Newman deciding they did not really need the steaming mess at Bury in their currently prospering lives.



📷 The club has been at the heart of the community for 134 years. Photograph: Peter Byrne/PA

This collapse, alongside Bolton Wanderers broken down up the road, makes an awful spectacle for English football, a global behemoth feasting on its greatest ever boom. The Premier and Football Leagues have fended off periodic political moves towards independent regulation by arguing their rules are robust. But the Bury ruins contain toxic pointers towards clear holes in governance, and the EFL clubs - who make the rules and have been slow to strengthen them over many years - must now rapidly reform.

As Frith established, and the EFL confirmed, Dale completed his £1 takeover without ever complying with the league's rules that new owners must demonstrate they have the money to sustain a club, "proof of funding". A major flaw in the rules is the lack of appropriate sanction for an owner who flouts them: the takeover cannot be denied. Instead a registration embargo was imposed and matches were suspended, but Bury itself - the club, loyally supported - were faced with the threat of expulsion, and not Dale himself.

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The "fit and proper person" owners and directors test is waiting to be expanded into more than just a basic check of criminal convictions, but having agreed that in principle last summer, the clubs have still not settled on the practicalities.

Other EFL rules, much vaunted, to encourage clubs to spend within their means on players' wages are deeply flawed because owners are allowed to pour in extra money to pay them, as long as they invest it as shares rather than loans. That is apparently what Stewart Day did, signing players Bury could not afford by lending money from his property companies and converting those millions into shares. But when his companies fell into multimillion-pound insolvencies, he had no more money for Bury and the club's wage bill was immediately ruinous.

The alarm should have been rung in 2014, when Day took out a loan with 138% annual interest secured on Gigg Lane, but it never was and he was able to continue.

Although there is widespread sympathy for Bury supporters and deep sentiment for the football heritage, among other clubs and many fans there is also exasperation at the promotion from League Two won last season with an excellent team the club could not afford to pay. Hence the support from clubs for the firm line maintained by the EFL board.

Frith has also called for an investigation into the deal by which a company, RCR Holdings, bought for £70,000 any potential claim against Bury by Day's company Mederco, which is in administration. The Mederco administrator told creditors it was uncertain if a claim could be made, as loans from Mederco did appear to have been converted into shares at the club. Nevertheless, the potential claim was admitted into the Bury CVA as a £7m debt owed to Mederco. RCR's £7m vote enabled Dale to have the CVA passed with the necessary majority of creditors. RCR's sole owner and director, Kris Richards, confirmed to BBC Radio Manchester that he is Dale's daughter's partner. Dale responded: "All dealings with the CVA have been done in a correct and proper manner."

So that is where the Victorian founders' beautiful game, with its sporting values and character-building virtues, got to at Gigg Lane, Bury, in 2019.

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