

GRIMSBY TOWN FOOTBALL CLUB



Annual Accounts
May 2023



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For The Year Ended 31 May 2023

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The Grimsby Town Football Club Limited

Company Information
For The Year Ended 31 May 2023

DIRECTORS: K L Green
A J Pettit
D R Roberts (Resigned 8 January 2024)
J Stockwood
Debbie Cook (Resigned 9 February 2024)
Brian Nicholson (Appointed 8 January 2024)

REGISTERED OFFICE: Blundell Park CLEETHORPES
N E Lincolnshire
DN35 7PY

REGISTERED NUMBER: 00034760 (England and Wales)

ACCOUNTANTS: Nicholsons
Chartered Accountants
Newland House
The Point
Weaver Road
LINCOLN
Lincolnshire
LN6 3QN

BANKERS: Lloyds Bank
50-52 Victoria Street West
GRIMSBY
N E Lincolnshire
DN31 1BL

STRATEGIC REPORT

Turnover
increased

53%

Football
expenditure
increased by

£1m

Generated from FA
Cup run and player
sales

£1.4m

Profit reported
in the last year

245k

Invested in
infrastructure
projects

398k

Strategic Report
For The Year Ended 31 May 2023

REVIEW OF BUSINESS

	2023 £000	2022 £000	2021 £000	2020 £000
Turnover	6,815	4,445	3,519	3,433
Staff costs	4,002	3,070	2,799	2,715
Profit / (Loss)	245	(931)	196	143
Net assets	(640)	(885)	46	(238)
Final position	11th EFL League Two	6th National League	24th EFL League Two	15th EFL League Two
Average Home League Attendance	6,279	5,713	n/a	4,645

Financial Summary

- Turnover increased 53% from £4.45m to £6.81m.
- A profit of £245k was reported in the year.
- £1.41m was generated from the FA Cup run and player sales.
- Football expenditure increased by £1m.
- £398k was invested in infrastructure projects.
- Cash at the balance sheet date increased by £490k to £523k.
- Final instalments of debt to John Fenty were repaid in the year.

Financial review

After a roller-coaster season ended in June 2022 with promotion back to the English Football League, fans lined the streets outside Blundell Park to purchase new season tickets. There was a buzz and enthusiasm, and a feeling that the Club was now on an upward trajectory.

Supporters were positive about the season ahead, but prior to the start of the season, few could have predicted being sat in the stands at full time in the Amex Stadium, Brighton, on 19th March 2023, having completed a history making FA Cup run. This involved defeating 5 clubs from higher divisions in the earlier rounds including Southampton and Plymouth Argyle who are now in the Championship and Luton Town who were promoted to the Premier League last season.

By the time the final whistle rang around Blundell Park on 8th May 2023, the Club had finished in its highest league position for 17 years, 11th place in League Two.

Strategic Report
For The Year Ended 31 May 2023

The promotion back to League Two in 2021/22 had resulted in a loss of £931k for the year to 31st May 2022 and budgets for the 2022/23 season had been set forecasting a c. £1m loss. However, after Football Fortune* generated by the FA Cup run of £1.18m, the company is reporting a profit for the year of £245k.

* Football Fortune refers to the profit that is generated from either player sales or cup runs that are unbudgeted.

Overall Turnover £6.81m (2022: £4.45m)

The overall £2.36 million (53%) increase shows the impact of returning to the EFL, the return to normal trading post lockdowns and additional Football Fortune generated from the FA Cup run and player trading.

Business Turnover £3.91m (2022: £2.77m)

This comprises the income generated from matchdays including season ticket and matchday ticket receipts, streaming revenues, and income from the commercial, hospitality and retail parts of the business. This increased by £1.1m (+41%) in 2022/23 compared to the prior year.

	2022/23	2021/22
	£m	£m
Matchday receipts	2.356	1.448
Commercial	0.564	0.536
Streaming	0.166	0.031
Retail	0.598	0.451
Hospitality	0.225	0.305
Total	3.909	2.771

Carried by the euphoria of 360 minutes over 3 unforgettable play off games in those two balmy weeks in May and June 2022, 5,754 season tickets were sold in the close season. This generated £1.28m of income (recognised in matchday receipts) and was a modern record for our all seater stadium.

To put this into perspective, after our famous season of double Wembley glory of 1997/98, when the Mariners were last promoted back into the Championship, we sold just 3,470 season tickets for the following season in the championship.

Matchday revenue benefited from a total of 129,735 home supporters coming through the turnstiles in 2022/23. This had only been beaten once in more than 30 years at Blundell Park.

With success on the pitch, the Club was able to generate more sponsorship and advertising revenue. An important new partner was also secured in myenergi, the locally based renewable energy manufacturer, who became the new shirt sponsor after signing a three-year deal in June 2022 .

Retail followed suit with the buzz around the Club generating increased sales of Club merchandise, especially shirts which were in high demand.

The costs of sales ratio increased slightly from 16% in the 2021/22 to 19% in 2022/23.

Strategic Report
For The Year Ended 31 May 2023

Football Fortune £870k (2022: £11k)

The greatest feat of the 2022/23 season was no doubt the FA Cup run to the last eight of the competition. Rubbing shoulders in the quarter finals with the likes of Manchester City and Manchester United generated a significant financial reward. The Club netted a total of £1.118m from the historic FA Cup run. Some of this income is recognised as business turnover as it related to ticket sales, hospitality and matchday income.

Business Turnover	£0.248m
Football Fortune	£0.870m
Total	£1.118m

At this point it's worth mentioning that income from gate receipts during the FA Cup is split equally between Clubs (after a 10% pool deduction from rounds three to six) but that the gate receipts received are net of match costs such as match officials, stewarding and police expenses, and in the two games against premier league opposition VAR (video assistant referee).

The two FA Cup matches against Premier League opponents netted £0.248m through a share of net gate receipts and £0.870m was generated from a combination of FA prize money for progression through the rounds and broadcast income.

Player trading £0.29m (2022: £0.42m)

Player trading comprises the receipts for the Club from selling player registrations during the year. These sometimes include, as they did in 2022/23, receipts from the sale of players sold in prior financial periods which were the subject of "sell on" clauses. In total, £292,875 was received for the sale of John McAtee to Luton Town, the sale of David Longe-King to Dagenham & Redbridge and final sell on payments from Peterborough United for the onward sale of Siriki Dembele to AFC Bournemouth.

During the year, the Club also purchased a number of players. The total fees paid for these players of £114,250 is shown in the accounts as an intangible asset and amortised to the profit and loss account over the life of that player's contract. During the year, the value of this amortisation was £46,120 leaving £68,130 remaining to be amortised to the profit and loss account in future years.

Distributions £1.71m (£1. 21m)

The Club receives three distributions as an EFL Club. A fixed distribution from the EFL, a payment from the Premier League solidarity fund and funds for the academy from the Football League funded by the Premier League. In the financial year, these totalled £1.71m and were £0.5m higher than the previous season when the Club was still in the National League (although still benefitting from some parachute payments from the EFL).

The costs of running a Football Club

We thought it would be helpful to provide a further breakdown of the cost side of the business. The costs of running a football Club can be split into three categories:-

1. Cost of sales – these are the direct cost of sales of goods and services that arise due to the business activities of the Club. For example, the food, drinks and merchandise that the Club sells, plus costs of services such as the internet and streaming fees for providing digital away games.

Strategic Report
For The Year Ended 31 May 2023

2. Football Expenditure – essentially football related expenditure costs that relate to the first team and matches. These include travel and matchday expenses, medical support, league and association fees etc. They also include salary and wage costs for the whole organisation.

3. Other Overheads – general and administration costs that relate to items such as professional services, insurance, marketing and property repairs.

Football Expenditure £4.52m (2022: £3.51m)

Around 88% of 2022/23 football expenditure related to staff wages. For every £1 of turnover the club spent 59p in wage costs. This was reduced from 69p in the prior year.

Compared to the prior year, an additional £1m was invested in salaries and wages. This included both playing budget and back-office support, often the unseen engine of football Clubs that work tirelessly to ensure that the playing team and management can focus on what they do best. The playing budget was closely monitored during the year to make sure the Club is run sustainably whilst ensuring the team was competitive in the league. As a Club, we believe staff deserve a wage which meets everyday needs and to support this ethos we became a real living wage employer. In doing this we joined the other 14,000 UK businesses who voluntarily pay their staff more than the minimum legal requirement.

Other Overheads £0.64m (2022: £0.77m)

A lot of work has gone into reducing overheads so that more budget could be allocated to the playing squad. Whilst the Club finances were managed on a tight budget by the previous owner, savings have been made during the year.

At the same time, £226k has been spent on repairs to maintain a League Two standard. In addition to repair costs, a further £172k was spent on ground improvements meaning that over the last two financial years, £856k has been spent on infrastructure, either at Blundell Park or the Cheapside training ground.

Academy funding

We continue to be very supportive of both our youth and development squads. In the 2022/23 year, around £30k was raised by the academy team to support its activities. This was combined with funding of £504k through the EPPP programme.

Costs attributable to the Academy during the year were £558k. This includes the cost of wages and salaries.

Balance Sheet

Overall net liabilities of the company reduced from £0.885m to £0.640m. This was largely due to the profit that was achieved in the year.

In addition to the ground improvements and players' contracts that were capitalised as fixed assets, £31k was spent on other fixtures and fittings. Blundell Park itself was not depreciated (and is still valued at £0.65m) which in the Directors' opinion is a fair value.

Strategic Report
For The Year Ended 31 May 2023

The company has a total debt of £2.23m, which is largely £2.20m of interest free loans owed to 1878 Partners Limited. All debt to John Fenty has now been repaid.

There are proposals from 1878 Partners Limited (which will be put to shareholders for approval in early 2024) to convert the 1878 Partners Limited debt into newly issued shares in the Company. This will materially improve the balance sheet position of the Club.

Trade creditors increased to £0.38m due to various timings. There is no other historic debt.

Cash Flow

Cash balances at the end of the year were £0.49m more than the previous year largely due to the cash that had been introduced by 1878 Partners early in the season and the FA Cup run in the second half of the season.

In total, 1878 Partners Limited invested a further £699k into the Company during the year. Following debt repayments of £449k to John Fenty, cash balances were £523k at 31st May 2023 compared to £33k at the same time the previous year.

Our financial future

An important part of EFL membership is compliance with fair play rules. In League One and League Two, these regulations are called the Salary Cost Management Protocol ("SCMP"). The rules are complex but broadly allow a Club to spend a fixed percentage of its turnover (after direct costs) on players' wages etc. This limit can be increased by equity injections or net transfer income.

It is our aim to create a sustainable community led model for our Club but this has its trade offs because the Club must also comply with the SCMP regulations. Therefore, whilst we build a strong underpinning of commercial and matchday activities to grow qualifying turnover, the directors will continue to search for other investors with shared values and social / community thinking that can contribute to the investment that may be incurred if we want to remain competitive in the EFL.

The directors are also actively engaged in the current dialogue that is ongoing in relation to both the proposed introduction of a football regulator and the potential for a partial redistribution of finances in the English football pyramid. The key focus of the directors is to seek and then maintain long term financial sustainability for these critical community assets, particularly in the lower leagues. The 2024/2025 season will also see the commencement of central distributions from the new media deal negotiated by the EFL with Sky. This will involve the club having more matches broadcast live on Sky TV in the UK but will also involve an increase in central distributions from the EFL which will assist towards sustainability.

The Board has undertaken significant work on a longer-term strategy for the Club. Priorities in that strategy will include a focus on evidence-based decision making and a commitment to driving major decisions around performance and recruitment through increasing the use of data, empowering the Club to make better, more informed decisions. A sharper focus on our Academy will be evident; with recruitment, development and transition opportunities being supported by meaningful investment and processes.

Our playing budget for the 2023-24 season has been increased by 22% compared to the 2022-23 playing budget and has seen a 45% increase since 1878 Partners acquired its stake in the Club.

During the 2024 summer break, a major project is proposed to replace the front pillars in part of the historic Main Stand at a budgeted cost of c. £350,000

Strategic Report
For The Year Ended 31 May 2023

ON BEHALF OF THE BOARD:

A J Pettit

.....
A J Pettit - Director

Date: 26.02.2024.....

REPORT OF THE DIRECTORS



Report of the Directors
For The Year Ended 31 May 2023

The directors present their report with the financial statements of the company for the year ended 31 May 2023.

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of a professional football club, together with related and ancillary activities.

DIVIDENDS

The directors do not recommend payment of a dividend.

FUTURE DEVELOPMENTS

The club will continue working towards the improvement of facilities at both the stadium and the training ground for the benefit of the players, employees and supporters. The Board has stated that the development of an improved Training Ground remains a key priority.

DIRECTORS

The directors set out in the table below have held office during the whole of the period from 1 June 2022 to the date of this report unless otherwise stated.

Other changes in directors holding office are as follows:

D E Cook ceased to be a director after 31 May 2023 but prior to the date of this report.

The beneficial interests of the directors holding office as at 31 May 2023 in the shares of the company, according to the register of directors' interests, were as follows:

	31.05.23	01.06.22
Ordinary shares of £100 each		
K L Green	1	1
A J Pettit*	-	-
D Roberts	5	5
J Stockwood*	-	-

These directors did not hold any beneficial shares in the following:

Ordinary shares of £50 each

Ordinary shares of £25 each

Ordinary shares of £1 each

* 1878 Partners Limited, a limited company equally owned and jointly controlled by A J Pettit and J Stockwood owned 13,271 Ordinary shares of £100, 2,861 Ordinary shares of £50 each. 1,013 Ordinary shares of £25 each and 6,359 Ordinary shares of £1 each.

These directors did not hold any non-beneficial interests in any of the shares of the company.

CHARITABLE AND POLITICAL DONATIONS AND EXPENDITURE

There have been charitable contributions of £16,464 (2022- £41,662) made by the company during the year. No political contributions have been made during the year.

Report of the Directors
For The Year Ended 31 May 2023

EMPLOYMENT, HEALTH AND ENVIRONMENTAL POLICIES

It is the company's policy that there should be no discrimination against any person on the grounds of race, sex, religion or otherwise.

In accordance with the company's equal opportunity policy, people with disability are given the same consideration as others when they apply for a job. Depending on their skills and abilities, they enjoy the same career prospects and scope for realising their potential as other employees. If an existing employee becomes disabled, reasonable steps are taken to retain them in employment.

Within the bounds of commercial confidentiality, staff are kept reasonably informed of matters that affect the progress of the company and are of interest to them as employees.

The company maintains its own health and safety environmental policies covering its activities. Adherence to these policies is monitored on a regular basis.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Strategic Report, the Report of the Directors 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 the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 judgements and accounting estimates that are reasonable and prudent;
- 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 are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website.

ON BEHALF OF THE BOARD:

A J Pettit

.....
A J Pettit - Director

Date: 26.02.2024.....

Chartered Accountants' Report to the Board of Directors
on the Unaudited Financial Statements of
The Grimsby Town Football Club Limited

In order to assist you to fulfil your duties under the Companies Act 2006, we have prepared for your approval the financial statements of The Grimsby Town Football Club Limited for the year ended 31 May 2023 which comprise the Income Statement, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement and the related notes from the company's accounting records and from information and explanations you have given us.

As a practising member firm of the Institute of Chartered Accountants in England and Wales (ICAEW), we are subject to its ethical and other professional requirements which are detailed within the ICAEW's regulations and guidance at <http://www.icaew.com/en/membership/regulations-standards-and-guidance>.

This report is made solely to the Board of Directors of The Grimsby Town Football Club Limited, as a body, in accordance with our terms of engagement. Our work has been undertaken solely to prepare for your approval the financial statements of The Grimsby Town Football Club Limited and state those matters that we have agreed to state to the Board of Directors of The Grimsby Town Football Club Limited, as a body, in this report in accordance with ICAEW Technical Release 07/16AAF. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than The Grimsby Town Football Club Limited and its Board of Directors, as a body, for our work or for this report.

It is your duty to ensure that The Grimsby Town Football Club Limited has kept adequate accounting records and to prepare statutory financial statements that give a true and fair view of the assets, liabilities, financial position and profit of The Grimsby Town Football Club Limited. You consider that The Grimsby Town Football Club Limited is exempt from the statutory audit requirement for the year.

We have not been instructed to carry out an audit or a review of the financial statements of The Grimsby Town Football Club Limited. For this reason, we have not verified the accuracy or completeness of the accounting records or information and explanations you have given to us and we do not, therefore, express any opinion on the statutory financial statements.

Nicholsons
Chartered Accountants
Newland House
The Point
Weaver Road
LINCOLN
Lincolnshire
LN6 3QN

Date: 26.02.2024.....

er Solicitors

14:11

THE NUMBERS



Income Statement
For The Year Ended 31 May 2023

	Notes	2023 £	2022 £
TURNOVER	3	6,814,616	4,445,348
Cost of sales		742,733	458,336
GROSS PROFIT		6,071,883	3,987,012
Administrative expenses		5,826,661	4,917,891
OPERATING PROFIT/(LOSS)	5	245,222	(930,879)
Interest payable and similar expenses		430	484
PROFIT/(LOSS) BEFORE TAXATION		244,792	(931,363)
Tax on profit/(loss)		-	-
PROFIT/(LOSS) FOR THE FINANCIAL YEAR		244,792	(931,363)

The Grimsby Town Football Club Limited (Registered number: 00034760)

Balance Sheet
31 May 2023

	Notes	2023		2022	
		£	£	£	£
FIXED ASSETS					
Intangible assets	6		68,130		-
Tangible assets	7		1,046,130		906,284
			<u>1,114,260</u>		<u>906,284</u>
CURRENT ASSETS					
Stocks	8	46,776		77,953	
Debtors	9	605,983		505,631	
Cash at bank and in hand		523,476		33,096	
			<u>1,176,235</u>	<u>616,680</u>	
CREDITORS					
Amounts falling due within one year	10	704,420		864,800	
			<u>471,815</u>	<u>(248,120)</u>	
NET CURRENT ASSETS/(LIABILITIES)					
			<u>1,586,075</u>	<u>658,164</u>	
TOTAL ASSETS LESS CURRENT LIABILITIES					
CREDITORS					
Amounts falling due after more than one year	11		2,226,467		1,543,348
			<u>(640,392)</u>	<u>(885,184)</u>	
NET LIABILITIES					
CAPITAL AND RESERVES					
Called up share capital	14		2,379,900		2,379,900
Revaluation reserve	15		273,000		273,000
Retained earnings	15		(3,293,292)		(3,538,084)
			<u>(640,392)</u>	<u>(885,184)</u>	
SHAREHOLDERS' FUNDS					

The company is entitled to exemption from audit under Section 477 of the Companies Act 2006 for the year ended 31 May 2023.

The members have not required the company to obtain an audit of its financial statements for the year ended 31 May 2023 in accordance with Section 476 of the Companies Act 2006.

The directors acknowledge their responsibilities for:

- ensuring that the company keeps accounting records which comply with Sections 386 and 387 of the Companies Act 2006 and
- preparing financial statements which give a true and fair view of the state of affairs of the company as at the end of each financial year and of its profit or loss for each financial year in accordance with the requirements of Sections 394 and 395 and which otherwise comply with the requirements of the Companies Act 2006 relating to financial statements, so far as applicable to the company.

The notes form part of these financial statements

Balance Sheet - continued

31 May 2023

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements were approved by the Board of Directors and authorised for issue on26.02.2024..... and were signed on its behalf by:

A J Pettit

.....
A J Pettit - Director

J Stockwood

.....
J Stockwood - Director

Statement of Changes in Equity
For The Year Ended 31 May 2023

	Called up share capital £	Retained earnings £	Revaluation reserve £	Total equity £
Balance at 1 June 2021	2,379,900	(2,606,721)	273,000	46,179
Changes in equity				
Total comprehensive income	-	(931,363)	-	(931,363)
Balance at 31 May 2022	<u>2,379,900</u>	<u>(3,538,084)</u>	<u>273,000</u>	<u>(885,184)</u>
Changes in equity				
Total comprehensive income	-	244,792	-	244,792
Balance at 31 May 2023	<u><u>2,379,900</u></u>	<u><u>(3,293,292)</u></u>	<u><u>273,000</u></u>	<u><u>(640,392)</u></u>

Cash Flow Statement
For The Year Ended 31 May 2023

	Notes	2023 £	2022 £
Cash flows from operating activities			
Cash generated from operations	1	560,009	(816,140)
Interest element of hire purchase payments paid		(430)	(484)
Tax paid		-	(5,724)
		<hr/>	<hr/>
Net cash from operating activities		559,579	(822,348)
		<hr/>	<hr/>
Cash flows from investing activities			
Purchase of intangible fixed assets		(114,250)	-
Purchase of tangible fixed assets		(203,409)	(56,000)
		<hr/>	<hr/>
Net cash from investing activities		(317,659)	(56,000)
		<hr/>	<hr/>
Cash flows from financing activities			
Loan repayments in year		(449,375)	(1,175,183)
Hire purchase repayments in year		(1,540)	-
Movement in loans from parent company		699,375	1,500,000
		<hr/>	<hr/>
Net cash from financing activities		248,460	324,817
		<hr/>	<hr/>
Increase/(decrease) in cash and cash equivalents		490,380	(553,531)
Cash and cash equivalents at beginning of year	2	33,096	586,627
		<hr/>	<hr/>
Cash and cash equivalents at end of year	2	523,476	33,096
		<hr/> <hr/>	<hr/> <hr/>

Notes to the Cash Flow Statement
For The Year Ended 31 May 2023

1. **RECONCILIATION OF PROFIT/(LOSS) BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS**

	2023	2022
	£	£
Profit/(loss) before taxation	244,792	(931,363)
Depreciation charges	109,683	61,190
Loss on disposal of fixed assets	-	6,695
Finance costs	430	484
	354,905	(862,994)
Decrease/(increase) in stocks	31,177	(19,955)
(Increase)/decrease in trade and other debtors	(100,352)	32,633
Increase in trade and other creditors	274,279	34,176
	560,009	(816,140)

2. **CASH AND CASH EQUIVALENTS**

The amounts disclosed on the Cash Flow Statement in respect of cash and cash equivalents are in respect of these Balance Sheet amounts:

Year ended 31 May 2023

	31.5.23	1.6.22
	£	£
Cash and cash equivalents	523,476	33,096
	523,476	33,096

Year ended 31 May 2022

	31.5.22	1.6.21
	£	£
Cash and cash equivalents	33,096	586,627
	33,096	586,627

Notes to the Cash Flow Statement
For The Year Ended 31 May 2023

3. **ANALYSIS OF CHANGES IN NET DEBT**

	At 1.6.22 £	Cash flow £	At 31.5.23 £
Net cash			
Cash at bank and in hand	33,096	490,380	523,476
	<u>33,096</u>	<u>490,380</u>	<u>523,476</u>
Debt			
Finance leases	(1,540)	1,540	-
Debts falling due within 1 year	(449,375)	449,375	-
Debts falling due after 1 year	(1,500,000)	(699,375)	(2,199,375)
	<u>(1,950,915)</u>	<u>(248,460)</u>	<u>(2,199,375)</u>
Total	<u>(1,917,819)</u>	<u>241,920</u>	<u>(1,675,899)</u>

Notes to the Financial Statements
For The Year Ended 31 May 2023

1. **STATUTORY INFORMATION**

The Grimsby Town Football Club Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

2. **ACCOUNTING POLICIES**

Basis of preparing the financial statements

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" including the provisions of Section 1A "Small Entities" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention as modified by the revaluation of certain assets.

Turnover

Turnover represents all income arising from the ordinary activities of the company and excludes transfer fees receivable and Value Added Tax. Match receipts are shown after deduction of League and Football Association levies and amounts due to visiting clubs.

Tangible fixed assets

Tangible fixed assets are stated at cost or valuation net of depreciation and provisions for impairment. No depreciation has been provided on freehold property, as Blundell Park continues to be valued in the financial statements at an amount at least equivalent to the likely net disposal proceeds. Depreciation in respect of other tangible fixed assets is provided for at the following rates on a straight line basis calculated to write-off the cost or valuation, less any estimated residual value, of each asset over its useful economic life.

Motor vehicles	25%
Computer equipment	33%
Fixtures, fittings and equipment	15%

Financial instruments

Financial instruments are recognised in the company's statement of financial position when the company becomes the party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Taxation

The charge for taxation is based upon the results for the year and takes into account taxation deferred through timing differences between the treatment of certain items for taxation and accounting purposes. Deferred tax is recognised without discounting in respect of these timing differences which have arisen but not yet reversed by the balance sheet date except as otherwise required by FRS 102.

Notes to the Financial Statements - continued
For The Year Ended 31 May 2023

2. **ACCOUNTING POLICIES - continued**

Leases

Assets held under finance leases are capitalised as tangible fixed assets and are depreciated over the shorter of the lease term and their useful economic life. The capital element of obligations are recorded as liabilities, the interest element being charged to the profit and loss account evenly over the period of the lease.

Rentals paid under operating leases are charged to the profit and loss account on a straight line basis over the period of the lease.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Cash and cash equivalents

Cash at bank and in hand are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including creditors and loans, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payment is discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Notes to the Financial Statements - continued
For The Year Ended 31 May 2023

2. **ACCOUNTING POLICIES - continued**

Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the Impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in surplus or deficit, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in surplus or deficit, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Grants

Grants received in respect of expenditure which is charged to the profit and loss account are dealt with in the profit and loss account in the year of receipt. Grants received in respect of expenditure of a capital nature are treated as deferred income and released to the profit and loss account by instalments over the expected useful economic life of the related assets.

Player trading

The costs associated with the acquisition of players' registrations are capitalised as intangible fixed assets. These costs are fully amortised in equal annual instalments over the period of the players' contracts including any agreed extensions. Players' registrations are written down for impairment when the amortised value exceeds the amount recoverable through use or sale. Future costs which may become due are recognised within the original cost of acquisition if, in the opinion of the directors, it is probable that these costs will be incurred. Where similar circumstances arise from the disposal of players' registrations, these future receipts are not recognised as part of the proceeds of disposal until such time as the events upon which these receipts are dependent, are known to have occurred. No value is recognised in the financial statements for players developed within the company.

Notes to the Financial Statements - continued
For The Year Ended 31 May 2023

2. **ACCOUNTING POLICIES - continued**

Signing on fees

Signing on fees are charged to the profit and loss account in the accounting period when they become due under the terms of the players' contract. Instalments due in the future are not provided for but are noted as contingent liabilities. Signing on fees paid as a consequence of the transfer of a players' registration are included in the profit and loss on disposal of players' registrations

Deferred income

Deferred income comprises amounts received from sponsorship, season tickets and other income, which is released to the profit and loss account on a straight line basis over the period to which it relates.

Pension costs and other post-retirement benefits

The company contributes to defined contribution pension schemes for certain employees, the assets of which are held separately from those of the company in independently administered funds. Pension costs represent contributions payable by the company in the year.

Government grants

Government grants received are treated as deferred creditors and credited to the profit and loss account over the estimated useful life of the relevant fixed assets.

Going Concern

Management have prepared and reviewed budgets for the next twelve months and the impact of the business plan on cash flows. Following this review and the confirmation from investors of their intention to support the company it has been concluded that it is appropriate for the financial statements to be prepared on the going concern basis.

3. **TURNOVER**

Turnover all of which arises from the company's principal activity can be analysed into its main components as follows:

	2023	2022
	£	£
Matchday	2,355,611	1,447,560
Central distribution	1,206,961	750,602
Commercial & hospitality	1,553,913	1,323,102
Academy grant	535,666	490,209
Football fortune	1,162,465	433,875
	<hr/>	<hr/>
	<u>6,814,616</u>	<u>4,445,348</u>

Notes to the Financial Statements - continued
For The Year Ended 31 May 2023

4. **EMPLOYEES AND DIRECTORS**

	2023	2022
	£	£
Wages and salaries	3,680,268	2,827,026
Social security costs	321,766	243,032
	4,002,034	3,070,058
	4,002,034	3,070,058

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

	2023	2022
Full-time	87	77
Part-time	32	28
Match day staff	167	151
	286	256
	286	256

5. **OPERATING PROFIT/(LOSS)**

The operating profit (2022 - operating loss) is stated after charging:

	2023	2022
	£	£
Depreciation - owned assets	63,563	60,406
Player registrations amortisation	46,120	785
	109,683	61,191
	109,683	61,191

6. **INTANGIBLE FIXED ASSETS**

	Player registration £
COST	
Additions	114,250
At 31 May 2023	114,250
AMORTISATION	
Amortisation for year	46,120
At 31 May 2023	46,120
NET BOOK VALUE	
At 31 May 2023	68,130

Notes to the Financial Statements - continued
For The Year Ended 31 May 2023

7. TANGIBLE FIXED ASSETS

	Freehold property £	Ground improvements £	Fixtures and fittings £	Motor vehicles £	Totals £
COST OR VALUATION					
At 1 June 2022	1,619,146	-	551,225	19,796	2,190,167
Additions	-	172,270	31,139	-	203,409
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 May 2023	1,619,146	172,270	582,364	19,796	2,393,576
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
DEPRECIATION					
At 1 June 2022	969,146	-	296,189	18,548	1,283,883
Charge for year	-	-	62,315	1,248	63,563
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 May 2023	969,146	-	358,504	19,796	1,347,446
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
NET BOOK VALUE					
At 31 May 2023	650,000	172,270	223,860	-	1,046,130
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
At 31 May 2022	650,000	-	255,036	1,248	906,284
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Notes to the Financial Statements - continued
For The Year Ended 31 May 2023

7. TANGIBLE FIXED ASSETS - continued

Cost or valuation at 31 May 2023 is represented by:

	Freehold property £	Fixtures & fittings £	Motor vehicles £	Totals £
Valuation in 2016	273,000	-	-	273,000
Cost	1,346,146	551,225	19,796	1,917,167
	<u>1,619,146</u>	<u>551,225</u>	<u>19,796</u>	<u>2,190,167</u>

If freehold property had not been revalued, it would have been included at the following historical cost:

	2023 £	2022 £
Cost	<u>1,346,146</u>	<u>1,346,146</u>
Aggregate depreciation	<u>969,146</u>	<u>969,146</u>
Value of land in freehold land and buildings	<u>377,000</u>	<u>377,000</u>

The company's freehold property was valued on the 23 September 2016 by an external valuer, Mr Andrew Clark BSc FRICS MCI Arb, of Clark Weightman Limited Chartered Surveyors and Commercial Property Consultants. The valuation has been based on the assumption that the property continues to be owner occupied for the purposes of the company's business, although the valuation also assumed that it would be redeveloped in the future with the market value being derived from comparable recent transactions for development land on an arms length basis. In the opinion of the directors, the current fair value of the property is not materially different.

8. STOCKS

	2023 £	2022 £
Goods for resale	<u>46,776</u>	<u>77,953</u>

Notes to the Financial Statements - continued
For The Year Ended 31 May 2023

9. **DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2023	2022
	£	£
Trade debtors	269,380	369,867
Other debtors	102,660	132,775
Prepayments and accrued income	233,943	2,989
	605,983	505,631
	605,983	505,631

10. **CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2023	2022
	£	£
Other loans (see note 12)	-	449,375
Hire purchase contracts (see note 13)	-	1,540
Trade creditors	384,078	91,418
Deferred grants	16,256	16,256
Social security and other taxes	126,619	112,576
Other creditors	34,769	69,730
Accruals and deferred income	108,492	11,742
Accrued expenses	34,206	112,163
	704,420	864,800
	704,420	864,800

11. **CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	2023	2022
	£	£
Amounts owed to group undertakings	2,199,375	1,500,000
Deferred grants	27,092	43,348
	2,226,467	1,543,348
	2,226,467	1,543,348

12. **LOANS**

An analysis of the maturity of loans is given below:

	2023	2022
	£	£
Amounts falling due within one year or on demand:		
Other loans	-	449,375
	-	449,375
Amounts falling due after one year:		
Other loans	2,199,375	1,500,000

Notes to the Financial Statements - continued
For The Year Ended 31 May 2023

13. LEASING AGREEMENTS

Minimum lease payments under hire purchase fall due as follows:

	2023 £	2022 £
Net obligations repayable:		
Within one year	-	1,540
Between one and five years	-	-
	-	1,540
	-	1,540

14. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	2023 £	2022 £
20,649	Ordinary	£100	2,064,900	2,064,900
5,100	Ordinary	£50	255,000	255,000
1,600	Ordinary	£25	40,000	40,000
20,000	Ordinary	£1	20,000	20,000
			2,379,900	2,379,900
			2,379,900	2,379,900

15. RESERVES

	Retained earnings £	Revaluation reserve £	Totals £
At 1 June 2022	(3,538,084)	273,000	(3,265,084)
Profit for the year	244,792		244,792
	(3,293,292)	273,000	(3,020,292)
At 31 May 2023	(3,293,292)	273,000	(3,020,292)

16. CONTINGENT LIABILITIES

There are potential liabilities and assets in respect of the company's player trading. Due to the variable nature of these amounts, it is not possible to calculate the maximum potential liability or asset.

17. ULTIMATE PARENT COMPANY

1878 Partners Limited is regarded by the directors as being the company's ultimate parent company. Mr A J Pettit and Mr J Stockwood own 100% of the issued ordinary share capital.