

Registered number: 00171970

The Walsall Football Club Limited

Directors' Report and Financial Statements

For the Year Ended 31 May 2020



The Walsall Football Club Limited

Company Information

Directors	J W Bonser (resigned 29 July 2019) K R Whalley R C Bonser (resigned 29 July 2019) R E Tisdale N C Bond S Gamble P J Gilman L M Pomlett D S Mole
Company secretary	S Gamble
Company number	00171970
Registered office	Banks's Stadium Bescot Crescent Walsall West Midlands WS1 4SA
Independent auditors	Dains LLP 15 Colmore Row Birmingham B3 2BH

The Walsall Football Club Limited

Contents

	Page
Chairman's Statement	1 - 2
Directors' Report	3 - 4
Independent Auditors' Report	5 - 7
Profit and Loss Account	8
Statement of Comprehensive Income	9
Balance Sheet	10
Statement of Changes in Equity	11
Statement of Cash Flows	12
Analysis of Net Debt	13
Notes to the Financial Statements	14 - 30

The Walsall Football Club Limited

Chairman's Statement For the Year Ended 31 May 2020

On behalf of the Board of Directors I am pleased to present the Annual Report and Accounts for the year ended 31 May 2020.

As I write this statement the country remains deep within the grips of the Coronavirus Pandemic. Of course, the difficulties we have faced as a Club pale into insignificance when set against the backdrop of this global catastrophe and my thoughts and well wishes go out to all those who have lost loved ones or suffered hardship of any kind at the hands of this cruel Pandemic. Everyone has been affected and it is times like these that really put everything else into perspective.

As a consequence, the release of the result for the year has been unavoidably delayed due to the logistical difficulties created directly by the Pandemic.

However, I am now in a position to announce a profit for the year of £25,000 (£19,000 – 2019). Within this, it is important to note that the Pandemic has impacted the reporting year during the period from the first Lockdown in March 2020 to May 2020 inclusive. Sadly, the effects of Coronavirus have extended far beyond 31 May 2020 and will be profound in future years to come.

This result for the year has only been possible as a result of many people deciding to donate season ticket revenue, ticket revenue and commercial spend to the Club at a time when we were unable to deliver matches and commercial itinerary. This groundswell of support and clear love for the Club is truly humbling and for this I will be ever grateful.

On the pitch, it seems a lifetime ago now, you will recall the 2019-2020 Season was temporarily suspended in March 2020 and subsequently curtailed with the Team finishing in 12th place on an average-points per game basis, an encouraging top half finish following relegation at the end of the previous season. Something to build on but we all understand there is still much work to do as the 2020-2021 Season has demonstrated thus far.

My ambition and that of the Club remains undiminished. We still strive for a return to the Championship in short order but fully appreciate a return to League One at the earliest opportunity remains our absolute priority. Similarly, I can report that the project to reunite the Club with its Freehold continues in earnest.

I have to admit though, that the timescale to achieve both of these goals may have to be extended by a year or so as a direct result of the untimely intervention of the Pandemic.

Off the pitch, the support we have received this year from all of our Commercial Partners and Sponsors has been amazing. This year, more than any other before, has demonstrated that we simply could not operate without them and I would like to offer my personal thanks to all of those organisations and individuals who have supported, and continue to support, the Club over the season. Their contribution has been immeasurable.

In particular, I would like to thank HomeServe, Marstons, St. Francis Group, Poundland, Dains LLP, the Walsall FC Community Programme, the University of Wolverhampton, Tile Choice, SPV Group, Excel Print, Barclays Bank, Third Space Outdoor, Leamore Windows, Guardian Support, Made in the Midlands, LNP Sound, RayGray Snacks and Bailey & Mackey Ltd for their ongoing support.

I would also like to pay tribute to the Community Team for their dedication and excellence in the continued delivery of services within the local community, touching the hearts and minds of tens of thousands of people across the Borough as well as extending my gratitude to my fellow Directors and the Staff here at the Banks's Stadium for their unwavering support during these difficult and unprecedented times.

Finally, and most importantly, on behalf of everyone at Walsall Football Club I would like to say a huge thank you to the Supporters who have stuck with us through thick and thin at a time when many have faced their own struggles throughout this horrific Pandemic. It has been a tough season, both on and off the pitch, but I would like to assure you all we continue to work extremely hard to give you a team and Club to be proud of.

The Walsall Football Club Limited

**Chairman's Statement (continued)
For the Year Ended 31 May 2020**

This report was approved by the board on 26 April 2021 and signed on its behalf.



L M Pomlett
Director

The Walsall Football Club Limited

Directors' Report For the Year Ended 31 May 2020

The directors present their report and the financial statements for the year ended 31 May 2020.

Principal activity

The principal activity of the company continued to be that of a Professional Football League Club.

Results and dividends

The profit for the year, after taxation, amounted to £25,000 (2019 - £19,000).

The directors do not recommend payment of a dividend (2019 - £nil).

Directors

The directors who served during the year were:

J W Bonser (resigned 29 July 2019)
K R Whalley
R C Bonser (resigned 29 July 2019)
R E Tisdale
N C Bond
S Gamble
P J Gilman
L M Pomlett
D S Mole

The directors who retire by rotation are K R Whalley and L M Pomlett who, being eligible, offer themselves for re-election.

Future developments and events after the balance sheet date

Details of future developments and events that have occurred after the balance sheet date can be found in the Chairman's Statement and form part of this report by cross reference.

The Walsall Football Club Limited

Directors' Report (continued) For the Year Ended 31 May 2020

Directors' responsibilities statement

The directors are responsible for preparing the Chairman's Statement, the Directors' Report 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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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 for the company's financial statements 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 to 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. Legislation in the United Kingdom governing the preparation and dissemination of financial statements and other information included in Directors' Reports may differ from legislation in other jurisdictions.

Disclosure of information to auditors

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Auditors

The auditors, Dains LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 26 April 2021 and signed on its behalf.



S Gamble
Director

The Walsall Football Club Limited

Independent Auditors' Report to the Members of The Walsall Football Club Limited

Opinion

We have audited the financial statements of The Walsall Football Club Limited (the 'company') for the year ended 31 May 2020, which comprise the Profit and Loss Account, the Statement of Comprehensive Income, the Balance Sheet, the Statement of Cash Flows, the Statement of Changes in Equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 May 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

The Walsall Football Club Limited

Independent Auditors' Report to the Members of The Walsall Football Club Limited (continued)

Other information

The directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Auditors' Report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Chairman's Statement and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Chairman's Statement and the Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Chairman's Statement or the Directors' Report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

The Walsall Football Club Limited

Independent Auditors' Report to the Members of The Walsall Football Club Limited (continued)

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditors' Report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditors' Report.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an Auditors' Report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.



Andrew Morris FCA (Senior Statutory Auditor)

for and on behalf of
Dains LLP

Statutory Auditor
Chartered Accountants

Birmingham

26 April 2021

The Walsall Football Club Limited

Profit and Loss Account
For the Year Ended 31 May 2020

	Note	2020 £000	2019 £000
Turnover	4	5,597	6,681
Net operating costs		(5,827)	(6,617)
Other operating income	6	285	-
Operating profit	7	<u>55</u>	<u>64</u>
Interest payable and similar expenses	10	(30)	(45)
Profit before tax		<u>25</u>	<u>19</u>
Tax on profit	11	-	-
Profit for the financial year		<u><u>25</u></u>	<u><u>19</u></u>

The notes on pages 14 to 30 form part of these financial statements.

The Walsall Football Club Limited

**Statement of Comprehensive Income
For the Year Ended 31 May 2020**

	2020	2019
	£000	£000
Profit for the financial year	25	19
Total comprehensive income for the year	25	19

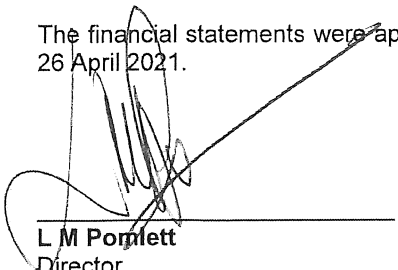
The notes on pages 14 to 30 form part of these financial statements.

The Walsall Football Club Limited
Registered number:00171970

Balance Sheet
As at 31 May 2020

	Note	2020 £000	2019 £000
Fixed assets			
Intangible assets	12	66	106
Tangible assets	13	6,454	6,378
		6,520	6,484
Current assets			
Stocks	14	82	128
Debtors: amounts falling due within one year	15	747	645
Cash at bank and in hand	16	27	51
		856	824
Creditors: amounts falling due within one year	17	(2,309)	(2,304)
Net current liabilities		(1,453)	(1,480)
Total assets less current liabilities		5,067	5,004
Creditors: amounts falling due after more than one year	18	(1,568)	(1,530)
Net assets		3,499	3,474
Capital and reserves			
Called up share capital	21	50	50
Other reserves	22	4,113	4,113
Profit and loss account	22	(664)	(689)
		3,499	3,474

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 26 April 2021.


L M Pomlett
 Director

The notes on pages 14 to 30 form part of these financial statements.

The Walsall Football Club Limited

**Statement of Changes in Equity
For the Year Ended 31 May 2020**

	Called up share capital	Other reserves	Profit and loss account	Total equity
	£000	£000	£000	£000
At 1 June 2019	50	4,113	(689)	3,474
Comprehensive income for the year				
Profit for the year	-	-	25	25
At 31 May 2020	50	4,113	(664)	3,499

**Statement of Changes in Equity
For the Year Ended 31 May 2019**

	Called up share capital	Other reserves	Profit and loss account	Total equity
	£000	£000	£000	£000
At 1 June 2018	50	4,113	(708)	3,455
Comprehensive income for the year				
Profit for the year	-	-	19	19
At 31 May 2019	50	4,113	(689)	3,474

The notes on pages 14 to 30 form part of these financial statements.

The Walsall Football Club Limited

Statement of Cash Flows
For the Year Ended 31 May 2020

	2020 £000	2019 £000
Cash flows from operating activities		
Profit for the financial year	25	19
Adjustments for:		
Amortisation of intangible assets	64	39
Depreciation of tangible assets	144	191
Profit on disposal of intangible assets	(44)	-
Interest paid	30	45
Decrease/(increase) in stocks	46	(31)
(Increase)/decrease in debtors	(102)	212
(Decrease)/increase in creditors	(81)	222
Net cash generated from operating activities	<u>82</u>	<u>697</u>
Cash flows from investing activities		
Purchase of intangible fixed assets	(40)	(145)
Sale of intangible assets	60	-
Purchase of tangible fixed assets	(220)	(235)
Net cash from investing activities	<u>(200)</u>	<u>(380)</u>
Cash flows from financing activities		
New secured bank loans	224	-
Repayment of bank loans	(90)	(50)
Other new loans	1,040	-
Repayment of other loans	(1,040)	(126)
Interest paid	(30)	(45)
Net cash used in financing activities	<u>104</u>	<u>(221)</u>
Net (decrease)/increase in cash and cash equivalents	(14)	96
Cash and cash equivalents at beginning of year	(235)	(331)
Cash and cash equivalents at the end of year	<u>(249)</u>	<u>(235)</u>
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	27	51
Bank overdrafts	(276)	(286)
	<u>(249)</u>	<u>(235)</u>

The notes on pages 14 to 30 form part of these financial statements.

The Walsall Football Club Limited

Analysis of Net Debt
For the Year Ended 31 May 2020

	At 1 June 2019 £000	Cash flows £000	At 31 May 2020 £000
Cash at bank and in hand	51	(24)	27
Bank overdrafts	(286)	10	(276)
Debt due after 1 year	(1,325)	(192)	(1,517)
Debt due within 1 year	(188)	55	(133)
	<u>(1,748)</u>	<u>(151)</u>	<u>(1,899)</u>

The notes on pages 14 to 30 form part of these financial statements.

The Walsall Football Club Limited

Notes to the Financial Statements For the Year Ended 31 May 2020

1. General information

The Walsall Football Club Limited is a private company limited by shares and registered in England and Wales under the Companies Act. The address of the registered office is given in the Company Information page. The nature of the company's operations and its principal activities are set out in the Directors Report.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the company's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 Going concern

The company is currently reporting net current liabilities of £1.453m (2019 - £1.480m). The directors have confirmed their intentions to provide the necessary financial support for a period of 24 months from the date of signing these financial statements. Furthermore, the directors have prepared cash flow forecasts which show that the club is able to meet its debts as they fall due in the foreseeable future. On the basis of this support and the cash flow forecasts the financial statements have been prepared on the going concern basis.

2.3 Revenue

Turnover represents all income arising from the activities of the company excluding player transfer fees and Value Added Tax. Included within turnover are Football League receipts, net gate receipts, merchandising/retail receipts, sponsorship and advertising receipts, conferencing and events receipts and other income.

Football League income is recognised in full in the season to which it relates.

Season tickets and seasonal hospitality income is recognised over the season to which they relate and released over the home matches played.

Sponsorship and advertising income is recognised over the duration of the contract. Dependent on the terms of the contract this can be spread on a match to match or straight line basis.

Net gate receipts, including match day hospitality receipts, are recognised on the relevant match date.

Conference and event income is recognised on the date of the event.

Retail income is recognised at the point of sale.

2. Accounting policies (continued)

2.4 Intangible assets

The cost of players' registrations is capitalised and amortised over the period of the respective players' contracts in accordance with Financial Reporting Standard 102 Section 18 Intangible assets other than Goodwill.

2.5 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is provided on the following basis:

Football stadium and training ground	-	not depreciated - see below
Motor vehicles	-	10% straight line
Fixtures, fittings and equipment	-	10% straight line

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

No depreciation is provided in respect of the football stadium on long leasehold and the training ground. It is the company's practice to maintain these assets to a high standard and make necessary improvements thereto from time to time and accordingly, the directors consider that the lives of the assets are so long, and residual values are so high, that their depreciation would not be material and therefore is not charged in the profit and loss account. The directors perform an annual impairment review in accordance with Financial Reporting Standard 102 Section 17 - Property, plant and equipment and Section 27 Impairment of Assets, to ensure that the recoverable amount is not lower than the carrying value.

2.6 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis.

At each balance sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

2.7 Debtors

Short term debtors are measured at transaction price, less any impairment.

2. Accounting policies (continued)

2.8 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Statement of Cash Flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the company's cash management.

2.9 Financial instruments

The company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or in case of an out-right short-term loan that is not at market rate, the financial asset or liability is measured, initially at the present value of future cash flows discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost, unless it qualifies as a loan from a director in the case of a small company, or a public benefit entity concessionary loan.

2.10 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.11 Contingent appearance fees

Where the directors consider the likelihood of a player meeting future appearance criteria laid down in the transfer agreement of that player to be probable, provision for this cost is made. If the likelihood of meeting these criteria is not probable, no provision is made.

2. Accounting policies (continued)

2.12 Foreign currency translation

Functional and presentation currency

The company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Profit and Loss Account within 'finance income or costs'. All other foreign exchange gains and losses are presented in profit or loss within 'other operating income'.

2.13 Finance costs

Finance costs are charged to profit or loss over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.14 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to profit or loss on a straight line basis over the lease term.

2.15 Pensions

Defined contribution pension plan

The company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the company pays fixed contributions into a separate entity. Once the contributions have been paid the company has no further payment obligations.

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Balance Sheet. The assets of the plan are held separately from the company in independently administered funds.

Multi-employer pension plan

The company is a member of a multi-employer plan. Where it is not possible for the company to obtain sufficient information to enable it to account for the plan as a defined benefit plan, it accounts for the plan as a defined contribution plan.

2. Accounting policies (continued)

2.16 Taxation

Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the company operates and generates income.

2.17 Government grants

Grants are accounted under the accruals model as permitted by FRS 102. Grants relating to expenditure on tangible fixed assets are credited to profit or loss at the same rate as the depreciation on the assets to which the grant relates. The deferred element of grants is included in creditors as deferred income.

Grants of a revenue nature are recognised in the Profit and Loss Account in the same period as the related expenditure.

3. Judgements in applying accounting policies and key sources of estimation uncertainty

In the application of the company's accounting policies which are described in note 2, the directors are required to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results in the future could differ from those estimates. In this regard, the Directors believe that the critical accounting policies where judgements or estimating are necessarily applied are summarised below.

Depreciation and residual values

The directors have reviewed the asset lives and associated residual values of all fixed asset classes, and in particular, the useful economic life and residual values of the football stadium and training ground, and have concluded that asset lives and residual values are appropriate.

4. Turnover

An analysis of turnover by class of business is as follows:

	2020	2019
	£000	£000
Match receipts	915	1,236
Football and commercial income	4,682	5,445
	<u>5,597</u>	<u>6,681</u>

All turnover arose within the United Kingdom.

The Walsall Football Club Limited

Notes to the Financial Statements
For the Year Ended 31 May 2020

5. Net operating cost

	2020 £000	2019 £000
Staff costs	3,474	4,096
Tangible fixed assets - depreciation	144	191
Intangible fixed assets - amortisation	64	39
Other operating charges	2,145	2,291
	<u>5,827</u>	<u>6,617</u>

6. Other operating income

	2020 £000	2019 £000
Government grants receivable	<u>285</u>	<u>-</u>

The company furloughed certain staff under the government's Coronavirus Job Retention Scheme (CJRS). The funding received of £285k relates to claims made in respect of the year.

7. Operating profit

The operating profit is stated after charging:

	2020 £000	2019 £000
Depreciation of tangible assets	144	191
Amortisation of intangible fixed assets	64	39
Profit on sale of intangible assets	(44)	-
Fees payable to the company's auditor for the audit of the company's annual financial statements	6	6
Other operating lease rentals - football stadium, training ground, overflow car park and machinery	<u>478</u>	<u>459</u>

The Walsall Football Club Limited

Notes to the Financial Statements
For the Year Ended 31 May 2020

8. Employees

Staff costs, including directors' remuneration, were as follows:

	2020	2019
	£000	£000
Wages and salaries	3,162	3,650
Social security costs	269	264
Pension costs	43	182
	<u>3,474</u>	<u>4,096</u>

The average monthly number of employees, including the directors, during the year was as follows:

	2020	2019
	No.	No.
Playing and coaching staff	89	86
Other staff	48	45
	<u>137</u>	<u>131</u>

9. Directors' remuneration

	2020	2019
	£000	£000
Directors' emoluments	187	182
Company contributions to defined contribution pension schemes	12	11
	<u>199</u>	<u>193</u>

During the year retirement benefits were accruing to 2 directors (2019 - 2) in respect of defined contribution pension schemes.

The Walsall Football Club Limited

Notes to the Financial Statements
For the Year Ended 31 May 2020

10. Interest payable and similar expenses

	2020 £000	2019 £000
Other loan interest payable	1	3
Other interest payable	29	42
	<u>30</u>	<u>45</u>

11. Taxation

	2020 £000	2019 £000
Current tax on profits for the year	-	-
Total current tax	<u>-</u>	<u>-</u>
Deferred tax		
Total deferred tax	<u>-</u>	<u>-</u>
Taxation on profit on ordinary activities	<u>-</u>	<u>-</u>

11. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2019 - lower than) the standard rate of corporation tax in the UK of 19% (2019 - 19%). The differences are explained below:

	2020 £000	2019 £000
Profit on ordinary activities before tax	25	19
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2019 - 19%)	5	4
Effects of:		
Expenses not deductible for tax purposes	11	4
Capital allowances for year in excess of depreciation	6	9
Other differences leading to an increase (decrease) in the tax charge	(22)	(17)
Total tax charge for the year	<u>-</u>	<u>-</u>

Factors that may affect future tax charges

The company has estimated losses of £786,000 (2019 - £745,000) available for carry forward against future trading profits.

The deferred tax asset that would arise in respect of these amounting to £99,000 (2019 - £109,000) has not been recognised as the directors are unable to satisfy themselves that it is more likely than not that sufficient taxable profits will arise in the next accounting period.

The Walsall Football Club Limited

Notes to the Financial Statements
For the Year Ended 31 May 2020

12. Intangible assets

	Player registrations £000
Cost	
At 1 June 2019	145
Additions	40
Disposals	(35)
At 31 May 2020	<u>150</u>
Amortisation	
At 1 June 2019	39
Charge for the year on owned assets	64
On disposals	(19)
At 31 May 2020	<u>84</u>
Net book value	
At 31 May 2020	<u><u>66</u></u>
At 31 May 2019	<u><u>106</u></u>

The Walsall Football Club Limited

Notes to the Financial Statements
For the Year Ended 31 May 2020

13. Tangible fixed assets

	Football stadium and training ground £000	Fixtures and fittings, equipment and motor vehicles £000	Total £000
Cost or valuation			
At 1 June 2019	5,793	3,947	9,740
Additions	126	94	220
At 31 May 2020	<u>5,919</u>	<u>4,041</u>	<u>9,960</u>
Depreciation			
At 1 June 2019	596	2,766	3,362
Charge for the year on owned assets	-	144	144
At 31 May 2020	<u>596</u>	<u>2,910</u>	<u>3,506</u>
Net book value			
At 31 May 2020	<u>5,323</u>	<u>1,131</u>	<u>6,454</u>
At 31 May 2019	<u>5,197</u>	<u>1,181</u>	<u>6,378</u>

14. Stocks

	2020 £000	2019 £000
Finished goods and goods for resale	<u>82</u>	<u>128</u>

Stock recognised in cost of sales during the year as an expense was £324,000 (2019 - £456,000) .

The Walsall Football Club Limited

Notes to the Financial Statements
For the Year Ended 31 May 2020

15. Debtors

	2020 £000	2019 £000
Trade debtors	280	290
Other debtors	239	5
Prepayments and accrued income	228	350
	<u>747</u>	<u>645</u>

16. Cash and cash equivalents

	2020 £000	2019 £000
Cash at bank and in hand	27	51
Less: bank overdrafts	(276)	(286)
	<u>(249)</u>	<u>(235)</u>

17. Creditors: Amounts falling due within one year

	2020 £000	2019 £000
Bank overdrafts	276	286
Bank loans	113	-
Other loans	130	188
Trade creditors	462	444
Other taxation and social security	363	212
Other creditors	948	1,168
Accruals and deferred income	17	6
	<u>2,309</u>	<u>2,304</u>

The Walsall Football Club Limited

Notes to the Financial Statements
For the Year Ended 31 May 2020

18. Creditors: Amounts falling due after more than one year

	2020 £000	2019 £000
Bank loans	21	-
Other loans	1,387	1,325
Other creditors	160	205
	<u>1,568</u>	<u>1,530</u>

Secured loans

The bank overdraft of £276,000 (2019 - £286,000) is secured by a personal guarantee given by L M Pomlett, together with a debenture on the banks standard form.

Included within Directors' loans are loans of £nil (£600,000) which are secured by way of a legal charge over the football stadium. The remaining balance is unsecured.

The Walsall Football Club Limited

Notes to the Financial Statements
For the Year Ended 31 May 2020

19. Loans

Analysis of the maturity of loans is given below:

	2020 £000	2019 £000
Amounts falling due within one year		
Bank loans	113	-
Other loans	130	188
	<u>243</u>	<u>188</u>
Amounts falling due 1-2 years		
Bank loans	21	-
Other loans	117	179
	<u>138</u>	<u>179</u>
Amounts falling due 2-5 years		
Other loans	1,270	803
	<u>1,270</u>	<u>803</u>
Amounts falling due after more than 5 years		
Other loans	-	343
	<u>-</u>	<u>343</u>
	<u>1,651</u>	<u>1,513</u>

The Walsall Football Club Limited

Notes to the Financial Statements
For the Year Ended 31 May 2020

20. Financial instruments

	2020 £000	2019 £000
Financial assets		
Financial assets measured at undiscounted amount receivable	546	346
	<u>546</u>	<u>346</u>
Financial liabilities		
Financial liabilities measured at amortised cost	(1,926)	(1,799)
Financial liabilities at undiscounted amount payable	(1,570)	(1,817)
	<u>(3,496)</u>	<u>(3,616)</u>

Financial assets measured at the undiscounted amount receivable comprise trade debtors, other debtors and cash and cash equivalents.

Financial liabilities measured at amortised cost comprise bank overdraft, loans and other loans falling due within one and over one year.

Financial liabilities measured at the undiscounted amount payable comprise trade and other creditors falling due within one and over one year.

21. Share capital

	2020 £000	2019 £000
Allotted, called up and fully paid		
50,000 (2019 - 50,000) ordinary shares of £1 each	50	50
	<u>50</u>	<u>50</u>

22. Reserves

Other reserves

Other reserves represents capital contribution made to the company.

Profit and loss account

The profit and loss reserve represents cumulative profits or losses, net of dividends paid and other adjustments.

The Walsall Football Club Limited

**Notes to the Financial Statements
For the Year Ended 31 May 2020**

23. Capital commitments

At 31 May 2020 the company had capital commitments as follows:

	2020	2019
	£000	£000
Contracted for but not provided in these financial statements	158	-

24. Pension commitments

Certain employees of the company are members of either the Football League Limited Players Retirement Income Scheme, a defined contribution scheme, or the Football League Limited Pensions and Life Assurance Scheme (FLLPLAS), a defined benefit scheme. As the company is one of a number of participating employers in the FLLPLAS, the scheme's actuary has advised that it is not possible to allocate any actuarial surplus or deficit on a meaningful basis and accordingly, no disclosures are made under the provision of FRS102. Contributions are expensed in the profit and loss account as they become payable. For the purposes of FRS102 the scheme is accounted as a multiple employer scheme. The assets of that scheme are being held separately from those of the company, being invested with insurance companies.

Following a review of the Minimum Funding Requirement (MFR) of the FLLPLAS, accruals of benefits on the final salary section of the scheme was suspended as at 31 August 1999. Since then, the Trustees of the scheme commissioned an independent Actuary's report of the MFR position and a substantial deficit was identified.

Under the Pensions Act 1995, participating employers were required to contribute to the deficiency, in accordance with an agreed Schedule of Contributions beginning on 1 August 2001 which was agreed by the Trustees and their advisers. The company's liability in respect of its share of the deficit has reduced to £203,516 (2019 - £246,404) at the balance sheet date.

Contributions are also paid into individuals' private pension schemes. Total contributions across all schemes during the year amounted to £42,823 (2019 - £44,609).

25. Commitments under operating leases

At 31 May 2020 the company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2020	2019
	£000	£000
Later than 5 years	479	478

There are 8 years remaining until the next break clause in the lease.

26. Related party transactions

During the year new loan advances of £770,000 (2019 - £nil) were provided to the company from the directors. During the year capital repayments of £800,603 (2019 - £134,800) were made by the company against loans owed to the directors. During the year interest of £1,798 (2019 - £20,221) was charged on these loans. At the balance sheet date £1,180,000 (2019 - £1,212,882) was owed by the company to the directors.

During the year the company made sales of £25,572 (2019 - £18,866) to entities in which directors have an interest. At the balance sheet date an amount of £4,017 (2019 - £3,953) was owed to the company by these entities. During the year the company made purchases of £175 (2019 - £3,176) from entities in which directors have an interest. At the balance sheet date an amount of £Nil (2019 - £720) is owed to these entities by the company.

The total remuneration for key management personnel for the year totalled £198,856 (2019 - £193,348).

27. Controlling party

The ultimate controlling party is L M Pomlett, a director and Chairman of the club.