

The Walsall Football Club Limited

Directors' Report and Financial Statements

For the Year Ended 31 May 2022



The Walsall Football Club Limited

Company Information

Directors	K R Whalley (resigned 22 June 2022) R E Tisdale (resigned 22 June 2022) N C Bond (resigned 24 May 2022) S Gamble P J Gilman (resigned 22 June 2022) L M Pomlett D S Mole J Fullarton (resigned 15 April 2022) G A Whittaker (appointed 3 September 2021, resigned 22 June 2022) B Boycott (appointed 31 May 2022)
Company secretary	S Gamble
Company number	00171970
Registered office	Poundland Bescot Stadium Bescot Crescent Walsall West Midlands WS1 4SA
Independent auditors	Dains Audit Limited 15 Colmore Row Birmingham B3 2BH

The Walsall Football Club Limited

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Chairman's statement
For the Year Ended 31 May 2022

On behalf of the Board of Directors I am pleased to present the Annual Report and Accounts for the year ended 31 May 2022.

It is somewhat unusual for us as a Club, after 16-years straight of profit, that I write to report a loss for the year of £742,000 (profit of £13,000 – 2021). In my statement last year I warned '...the effects of the [Covid-19] pandemic will be felt for many years to come.' And so it has proven to be the case, although I did not imagine at the time they would be so stark.

The scale of the loss is a direct result of the staggering escalation in costs the Club has faced in having to restart many aspects of the business from scratch when Covid-restrictions were lifted. Whilst the cost implications were immediate, income streams were re-established but at a much more gradual pace. We also faced the year with just a fraction of the Government support we had previously enjoyed. We were effectively left on our own to 'pick up the pieces'.

Whilst disappointing, I suspect our situation is not unusual amongst our fellow professional football clubs or indeed as being felt no doubt by businesses of all different shapes and sizes and individuals up and down the country. The post-Covid world is certainly presenting us all with challenges that just two-years ago we would have dreamed unimaginable.

Despite the trading result however, there was one small ray of light and I am pleased to advise that we were able to achieve a moderate reduction in the Club's net debt from £2,362,000 to £2,344,000.

All of the above to say, we are targeting a return to profitability in short order and I am pleased to be able to confirm that the future looks much brighter for the Club.

Most notably, on 6 June 2022, the Club announced that a transaction had been completed to transition majority ownership of the Club's shares from myself to Trivela Group UK LLC, a sports investment firm based in Birmingham, Alabama, USA.

Discussions had been ongoing for approximately one-year and the transaction took place two phases. In Phase 1, which was executed 31 May 2022, Trivela purchased a majority shareholding in the Club and injected additional capital directly for strategic investments. In Phase 2, which was completed on 16 December 2022, Trivela acquired additional shares taking their overall shareholding in the Club to 90% and most importantly brought forward additional resources to allow the Club to execute its purchase option to acquire the freehold of the Poundland Bescot Stadium.

The Club is now the proud owner of the Stadium, the Saddler's Club and the adjoining land, and rental payments which have been paid by the club for over 30 years ceased immediately. This is a monumental achievement.

Trivela Group is an American sports investment firm, which is building towards a multi-club ownership model in global football. It was formed in 2021 by American businessmen Benjamin Boycott and Kenneth Polk and I was delighted to welcome Ben onto the Club's Board of Directors. He now serves as Co-Chairman alongside myself.

I am sure you will all join me in welcoming Ben, Ken and Trivela to Walsall Football Club. This is the dawn of a new era and there is a very exciting future ahead for the Club.

On the pitch, unfortunately it was another tough season in which we saw the departure of a Head Coach and Technical Director. However, the appointment of Michael Flynn as Head Coach steadied the ship and given time I am confident Michael and his Team can bring some of the success we have all been craving for some years now.

Our ambition to climb the Leagues once again and bring Championship football back to the Poundland Bescot Stadium remains but the immediate priority is a return to League One at the earliest opportunity.

Chairman's Statement (continued)
For the Year Ended 31 May 2022

Off the pitch, I would like to place on record my sincere and heartfelt thanks to long-serving directors Roy Whalley, Richard Tisdale, Nigel Bond and Peter Gilman who all stepped down from the Board. The Club owes them a significant debt of gratitude for their unwavering financial and expert support over many decades, their contribution will fittingly be recorded in the long and proud history of the Club. Both Roy and Richard will remain involved with the Club as Associate Directors.

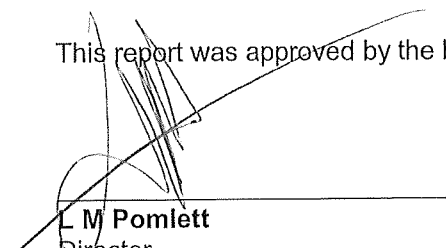
It is also appropriate that I acknowledge the incredible backing the Club has continued to receive from Sponsors and Commercial Partners. Once again, it is clear, we simply could not operate without them and I would like to offer my personal thanks to all of those organisations and individuals who have supported, and continue to support, the Club season after season. Their contribution has been immeasurable.

In particular, I would like to thank HomeServe, Marstons, Poundland, NoFo Brew Co., Dains Accountants Limited, the University of Wolverhampton, Tile Choice, SPV Group, Excel Print, Barclays Bank, Leamore Windows, Guardian Support, RayGray Snacks, Bailey & Mackey Ltd, Experienced Energy Solutions, J Haywards & Sons (Walsall) Limited, Swift Smart Repair and National Car Finder for their ongoing support.

As always, I would also like to pay tribute to the Walsall FC Foundation Team who continued to deliver services within the local community touching the lives of tens of thousands of local people.

Finally, and most importantly, on behalf of everyone at Walsall Football Club I would like to say a huge thank you to all Supporters who continue to back the Club at a time when many have faced their own personal challenges as a result of the Pandemic. It has been another 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.

This report was approved by the board on 10 January 2023 and signed on its behalf.



L M Pomlett
Director

The Walsall Football Club Limited

Directors' Report For the Year Ended 31 May 2022

The directors present their report and the financial statements for the year ended 31 May 2022.

Principal activity

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

Results and dividends

The loss for the year, after taxation, amounted to £742,000 (2021 - profit £13,000).

The directors do not recommend payment of a dividend (2021 - £nil).

Directors

The directors who served during the year were:

K R Whalley (resigned 22 June 2022)

R E Tisdale (resigned 22 June 2022)

N C Bond (resigned 24 May 2022)

S Gamble

P J Gilman (resigned 22 June 2022)

L M Pomlett

D S Mole

J Fullarton (resigned 15 April 2022)

G A Whittaker (appointed 3 September 2021, resigned 22 June 2022)

B Boycott (appointed 31 May 2022)

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.

Directors' Report (continued)
For the Year Ended 31 May 2022

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.

Post balance sheet events

On the 5 June 2022, the Company increased the share capital from £50,000 to £55,885 by issuing 5,885 shares at a premium of £49.98 above the par value of £1.

On the 16 December 2022, the Company increased the share capital from £55,885 to £114,385 by issuing 58,500 shares at a premium of £52.94 above the par value of £1.

Auditors

The directors, having been notified of the cessation of the partnership known as Dains LLP, resolved that Dains Audit Limited be appointed as successor auditor with effect from 1 April 2022. The auditors, Dains Audit Limited, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

The Walsall Football Club Limited

Directors' Report (continued)
For the Year Ended 31 May 2022

This report was approved by the board on 10 January 2023 and signed on its behalf.



S Gamble
Director

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 2022, 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 2022 and of its loss 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

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the Annual Report other than the financial statements and our Auditors' Report thereon. The directors are responsible for the other information contained within the Annual Report. 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. 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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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.

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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- the senior statutory auditor ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we identified the laws and regulations applicable to the company through discussions with directors and other management, and from our commercial knowledge and experience of the football club sector;
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the company, including the financial reporting legislation, Companies Act 2006, taxation legislation, anti-bribery, employment, and environmental and health and safety legislation;
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and inspecting legal correspondence; and
- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

We assessed the susceptibility of the company's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

To address the risk of fraud through management bias and override of controls, we:

- performed analytical procedures to identify any unusual or unexpected relationships;
- tested journal entries to identify unusual transactions;
- assessed whether judgements and assumptions made in determining the accounting estimates set out in Note 3 were indicative of potential bias; and
- investigated the rationale behind significant or unusual transactions.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- agreeing financial statement disclosures to underlying supporting documentation;
- reading the minutes of meetings of those charged with governance;
- enquiring of management as to actual and potential litigation and claims; and
- reviewing correspondence with HMRC, relevant regulators and the company's legal advisors.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

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.

Dains Audit Limited

Andrew Morris FCA (Senior Statutory Auditor)

for and on behalf of
Dains Audit Limited

Statutory Auditor
Chartered Accountants

Birmingham

10 January 2023

The Walsall Football Club Limited

Profit and Loss Account
For the Year Ended 31 May 2022

	Note	2022 £000	2021 £000
Turnover	4	6,348	4,208
Net operating costs		(7,137)	(4,804)
Other operating income	6	146	618
Operating (loss)/profit	7	(643)	22
Interest payable and similar expenses	10	(99)	(9)
(Loss)/profit before tax		(742)	13
Tax on (loss)/profit	11	-	-
(Loss)/profit for the financial year		(742)	13

The notes on pages 17 to 33 form part of these financial statements.

The Walsall Football Club Limited

Statement of Comprehensive Income
For the Year Ended 31 May 2022

	2022 £000	2021 £000
(Loss)/profit for the financial year	(742)	13
Total comprehensive income for the year	<u>(742)</u>	<u>13</u>

The notes on pages 17 to 33 form part of these financial statements.

The Walsall Football Club Limited
Registered number:00171970

Balance Sheet
As at 31 May 2022

	Note	2022 £000	2021 £000
Fixed assets			
Intangible assets	12	2	4
Tangible assets	13	6,447	6,518
		<u>6,449</u>	<u>6,522</u>
Current assets			
Stocks	14	88	79
Debtors: amounts falling due within one year	15	602	669
Cash at bank and in hand	16	3	9
		<u>693</u>	<u>757</u>
Creditors: amounts falling due within one year	17	(2,763)	(1,852)
Net current liabilities		<u>(2,070)</u>	<u>(1,095)</u>
Total assets less current liabilities		<u>4,379</u>	<u>5,427</u>
Creditors: amounts falling due after more than one year	18	(1,609)	(1,915)
Net assets		<u><u>2,770</u></u>	<u><u>3,512</u></u>
Capital and reserves			
Called up share capital	22	50	50
Other reserves	23	4,113	4,113
Profit and loss account	23	(1,393)	(651)
		<u>2,770</u>	<u>3,512</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 10 January 2023.


L M Pomlett
Director

The notes on pages 17 to 33 form part of these financial statements.

The Walsall Football Club Limited

Statement of Changes in Equity
For the Year Ended 31 May 2022

	Called up share capital	Other reserves	Profit and loss account	Total equity
	£000	£000	£000	£000
At 1 June 2021	50	4,113	(651)	3,512
Comprehensive income for the year				
Loss for the year	-	-	(742)	(742)
At 31 May 2022	50	4,113	(1,393)	2,770

Statement of Changes in Equity
For the Year Ended 31 May 2021

	Called up share capital	Other reserves	Profit and loss account	Total equity
	£000	£000	£000	£000
At 1 June 2020	50	4,113	(664)	3,499
Comprehensive income for the year				
Profit for the year	-	-	13	13
At 31 May 2021	50	4,113	(651)	3,512

The notes on pages 17 to 33 form part of these financial statements.

The Walsall Football Club Limited

Statement of Cash Flows
For the Year Ended 31 May 2022

	2022 £000	2021 £000
Cash flows from operating activities		
(Loss)/profit for the financial year	(742)	13
Adjustments for:		
Amortisation of intangible assets	15	55
Depreciation of tangible assets	199	182
Impairments of fixed assets	63	-
Loss on disposal of tangible assets	-	4
Loss/(profit) on disposal of intangible assets	-	(92)
Interest paid	99	9
(Increase)/decrease in stocks	(9)	3
Decrease in debtors	67	72
Increase/(decrease) in creditors	621	(546)
Net cash generated from operating activities	<u>313</u>	<u>(300)</u>
Cash flows from investing activities		
Purchase of intangible fixed assets	(75)	(2)
Sale of intangible assets	-	85
Purchase of tangible fixed assets	(103)	(236)
Net cash from investing activities	<u>(178)</u>	<u>(153)</u>

The Walsall Football Club Limited

Statement of Cash Flows (continued)
For the Year Ended 31 May 2022

	2022 £000	2021 £000
Cash flows from financing activities		
Repayment of bank loans	(62)	(114)
Other new loans	200	510
Repayment of other loans	(119)	(113)
Repayment of/new finance leases	(4)	14
Interest paid	(99)	(9)
Net cash used in financing activities	<u>(84)</u>	<u>288</u>
Net increase/(decrease) in cash and cash equivalents	<u>51</u>	<u>(165)</u>
Cash and cash equivalents at beginning of year	(414)	(249)
Cash and cash equivalents at the end of year	<u><u>(363)</u></u>	<u><u>(414)</u></u>
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	3	9
Bank overdrafts	(366)	(423)
	<u><u>(363)</u></u>	<u><u>(414)</u></u>

The notes on pages 17 to 33 form part of these financial statements.

The Walsall Football Club Limited

Analysis of Net Debt
For the Year Ended 31 May 2022

	At 1 June 2021 £000	Cash flows £000	New finance leases £000	At 31 May 2022 £000
Cash at bank and in hand	9	(6)	-	3
Bank overdrafts	(423)	57	-	(366)
Debt due after 1 year	(1,797)	384	-	(1,413)
Debt due within 1 year	(137)	(399)	-	(536)
Finance leases	(14)	7	(25)	(32)
	<u>(2,362)</u>	<u>43</u>	<u>(25)</u>	<u>(2,344)</u>

The notes on pages 17 to 33 form part of these financial statements.

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 £2.058m (2021 - £1.095m). 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 Value Added Tax. Included within turnover are player transfer fees, 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	-	not depreciated - see below
Training ground	-	over the term of the lease
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. 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.

2.8 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. Accounting policies (continued)

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.

2.12 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. Accounting policies (continued)

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.

2.16 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 Impairment of fixed assets and goodwill

Assets that are subject to depreciation or amortisation are assessed at each balance sheet date to determine whether there is any indication that the assets are impaired. Where there is any indication that an asset may be impaired, the carrying value of the asset (or cash-generating unit to which the asset has been allocated) is tested for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's (or CGU's) fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs). Non-financial assets that have been previously impaired are reviewed at each balance sheet date to assess whether there is any indication that the impairment losses recognised in prior periods may no longer exist or may have decreased.

2. Accounting policies (continued)

2.18 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:

	2022	2021
	£000	£000
Match receipts	1,024	374
Football and commercial income	5,324	3,834
	<u>6,348</u>	<u>4,208</u>

All turnover arose within the United Kingdom.

Notes to the Financial Statements
For the Year Ended 31 May 2022

5. Net operating cost

	2022 £000	2021 £000
Staff costs	4,155	3,102
Tangible fixed assets - depreciation	199	182
Intangible fixed assets - amortisation	15	55
Other operating charges	2,659	1,465
Pension revaluation	109	-
	<u>7,137</u>	<u>4,804</u>

6. Other operating income

	2022 £000	2021 £000
Government grants receivable	<u>146</u>	<u>618</u>

The company furloughed certain staff under the government's Coronavirus Job Retention Scheme (CJRS). The funding received of £146k (2021 - £618k) relates to claims made in respect of the year.

7. Operating (loss)/profit

The operating (loss)/profit is stated after charging:

	2022 £000	2021 £000
Depreciation of tangible assets	199	182
Amortisation of intangible fixed assets	15	55
Loss/(profit) on sale of intangible assets	63	(92)
Loss on sale of tangible assets	-	4
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>502</u>	<u>479</u>

Notes to the Financial Statements
For the Year Ended 31 May 2022

8. Employees

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

	2022 £000	2021 £000
Wages and salaries	3,804	2,812
Social security costs	305	251
Cost of defined contribution scheme	46	39
	<u>4,155</u>	<u>3,102</u>

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

	2022 No.	2021 No.
Playing and coaching staff	77	81
Other staff	41	39
	<u>118</u>	<u>120</u>

9. Directors' remuneration

	2022 £000	2021 £000
Directors' emoluments	331	199
Company contributions to defined contribution pension schemes	16	12
	<u>347</u>	<u>211</u>

During the year retirement benefits were accruing to 2 directors (2021 - 2) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £136,000 (2021 - £114,000).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £13,000 (2021 - £8,000).

Notes to the Financial Statements
For the Year Ended 31 May 2022

10. Interest payable and similar expenses

	2022 £000	2021 £000
Bank interest payable	15	-
Finance leases and hire purchase contracts	3	-
Other interest payable	81	9
	<u>99</u>	<u>9</u>

11. Taxation

	2022 £000	2021 £000
Current tax on profits for the year	-	-
	<u>-</u>	<u>-</u>
Total current tax	<u>-</u>	<u>-</u>
Deferred tax		
	<u>-</u>	<u>-</u>
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 higher than (2021 - lower than) the standard rate of corporation tax in the UK of 19% (2021 - 19%). The differences are explained below:

	2022 £000	2021 £000
(Loss)/profit on ordinary activities before tax	(742)	13
(Loss)/profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2021 - 19%)	(141)	2
Effects of:		
Expenses not deductible for tax purposes	12	8
Capital allowances for the year in excess of depreciation	4	6
Other differences leading to a decrease in the tax charge	125	(16)
Total tax charge for the year	-	-

Factors that may affect future tax charges

The company has estimated losses of £1,526,000 (2021 - £771,000) available for carry forward against future trading profits. Pre-1 April 2017 trading losses of £763,000 are available to offset against future profits of the same trade and post 1 April 2017 trading losses of £763,000 are available to offset against total future profits.

The deferred tax asset in excess of deferred tax liabilities that would arise in respect of these amounts to £273,000 (2021 - £110,000) which 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.

In the Spring Budget 2021, the government announced that from 1 April 2023 the headline corporation tax rate will increase to 25%. The proposal to increase the rate to 25% had been substantively enacted at the company's balance sheet date, therefore its effects have been included in these financial statements

Notes to the Financial Statements
For the Year Ended 31 May 2022

12. Intangible assets

	Player registrations £000	Trademarks £000	Total £000
Cost			
At 1 June 2021	110	2	112
Additions	75	-	75
Disposals	(110)	-	(110)
At 31 May 2022	<u>75</u>	<u>2</u>	<u>77</u>
Amortisation			
At 1 June 2021	108	-	108
Charge for the year on owned assets	15	-	15
On disposals	(110)	-	(110)
Impairment charge	62	-	62
At 31 May 2022	<u>75</u>	<u>-</u>	<u>75</u>
Net book value			
At 31 May 2022	<u>-</u>	<u>2</u>	<u>2</u>
At 31 May 2021	<u>2</u>	<u>2</u>	<u>4</u>

Notes to the Financial Statements
For the Year Ended 31 May 2022

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 2021	6,123	4,050	10,173
Additions	41	87	128
At 31 May 2022	6,164	4,137	10,301
Depreciation			
At 1 June 2021	596	3,059	3,655
Charge for the year on owned assets	15	180	195
Charge for the year on financed assets	-	4	4
At 31 May 2022	611	3,243	3,854
Net book value			
At 31 May 2022	5,553	894	6,447
At 31 May 2021	5,527	991	6,518

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows:

	2022 £000	2021 £000
Furniture, fittings and equipment and motor vehicles	40	20

14. Stocks

	2022 £000	2021 £000
Finished goods and goods for resale	88	79

Notes to the Financial Statements
For the Year Ended 31 May 2022

15. Debtors

	2022 £000	2021 £000
Trade debtors	257	275
Other debtors	108	189
Prepayments and accrued income	237	205
	<u>602</u>	<u>669</u>

16. Cash and cash equivalents

	2022 £000	2021 £000
Cash at bank and in hand	3	9
Less: bank overdrafts	(366)	(423)
	<u>(363)</u>	<u>(414)</u>

17. Creditors: Amounts falling due within one year

	2022 £000	2021 £000
Bank overdrafts	366	423
Bank loans	123	60
Other loans	413	77
Trade creditors	545	399
Other taxation and social security	202	244
Obligations under finance lease and hire purchase contracts	13	7
Other creditors	132	103
Accruals and deferred income	969	539
	<u>2,763</u>	<u>1,852</u>

Notes to the Financial Statements
For the Year Ended 31 May 2022

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

	2022 £000	2021 £000
Bank loans	262	387
Other loans	1,151	1,410
Net obligations under finance leases and hire purchase contracts	19	7
Other creditors	175	111
Accruals and deferred income	2	-
	<u>1,609</u>	<u>1,915</u>

Secured loans

The bank overdraft of £366,000 (2021 - £423,000) is secured by a personal guarantee given by L M Pomlett, a guarantee secured by the Secretary of State for Business, Energy and Industrial Strategy, together with a debenture on the banks standard form.

During the prior year the company received £500,000 from the Coronavirus Business Interruption Loan Scheme (CBILS). At the year end £385,417 (2021 - £427,083) remained payable.

Notes to the Financial Statements
For the Year Ended 31 May 2022

19. Loans

Analysis of the maturity of loans is given below:

	2022 £000	2021 £000
Amounts falling due within one year		
Bank loans	123	60
Other loans	413	77
	<u>536</u>	<u>137</u>
Amounts falling due 1-2 years		
Bank loans	129	123
Other loans	154	131
	<u>283</u>	<u>254</u>
Amounts falling due 2-5 years		
Bank loans	133	264
Other loans	232	1,279
	<u>365</u>	<u>1,543</u>
Amounts falling due after more than 5 years		
Other loans	765	-
	<u>765</u>	<u>-</u>
	<u>1,949</u>	<u>1,934</u>

20. Hire purchase and finance leases

Minimum lease payments under hire purchase fall due as follows:

	2022 £000	2021 £000
Within one year	13	7
Between 1-5 years	19	7
	<u>32</u>	<u>14</u>

21. Financial instruments

	2022 £000	2021 £000
Financial assets		
Financial assets measured at undiscounted amount receivable	368	473
Financial liabilities		
Financial liabilities measured at amortised cost	(2,347)	(2,371)
Financial liabilities measured at undiscounted amounts payable	(879)	(620)
	<u>(3,226)</u>	<u>(2,991)</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, other loans and net obligations under finance leases and hire purchase contracts falling due within one and over one year.

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

22. Share capital

	2022 £000	2021 £000
Allotted, called up and fully paid		
50,000 (2021 - 50,000) ordinary shares of £1 each	50	50
	<u>50</u>	<u>50</u>

23. 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.

Notes to the Financial Statements
For the Year Ended 31 May 2022

24. Capital commitments

At 31 May 2022 the company had capital commitments as follows:

	2022 £000	2021 £000
Contracted for but not provided in these financial statements	6,932	45

25. 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 increased to £220,688 (2021 - £158,483) at the balance sheet date.

Contributions are also paid into individuals' private pension schemes. Total contributions across all schemes during the year amounted to £47,286 (2021 - £38,736).

The pension scheme was revalued in the year, resulting in an increase in the liability of £109,491.

26. Commitments under operating leases

At 31 May 2022 the company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2022 £000	2021 £000
Later than 5 years	562	502

There are 6 years remaining until the next break clause in the lease.

27. Related party transactions

During the year new loan advances of £200,000 (2021 - £10,000) were provided to the company from the directors. During the year capital repayments of £110,000 (2021 - £14,000) were made by the company against loans owed to the directors. During the year interest of £68,000 (2021 - £Nil) was charged on these loans. At the balance sheet date £1,334,000 (2021 - £1,176,000) was owed by the company to the directors.

During the year the company made sales of £12,287 (2021 - £28,430) to entities in which directors have an interest. At the balance sheet date an amount of £2,917 (2021 - £3,917) was owed to the company by these entities. During the year the company made purchases of £Nil (2021 - £1,915) from entities in which directors have an interest. At the balance sheet date an amount of £Nil (2021 - £965) is owed to these entities by the company.

The total remuneration for key management personnel for the year totalled £347,622 (2021 - £210,882).

28. Post balance sheet events

On the 5 June 2022, the Company increased the share capital from £50,000 to £55,885 by issuing 5,885 shares at a premium of £49.98 above the par value of £1.

On the 16 December 2022, the Company increased the share capital from £55,885 to £114,385 by issuing 58,500 shares at a premium of £52.94 above the par value of £1.

29. Controlling party

The company's immediate and ultimate parent company is TRIVELA GROUP UK, LLC, a limited liability company incorporated and registered in the State of Delaware, United States, whose registered office is at 251 Little Falls Drive, Wilmington, Delaware, DE 19808, United States.

There is no one controlling party.