

Company Registration No. 00290803 (England and Wales)

PETERBOROUGH UNITED FOOTBALL CLUB LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019



PETERBOROUGH UNITED FOOTBALL CLUB LIMITED

COMPANY INFORMATION

Directors	D MacAnthony B F Fry R Symns Dr J D Neale R S Thompson	(Appointed 6 March 2019)
Company number	00290803	
Registered office	London Road Peterborough Cambridgeshire PE2 8AL	
Auditor	Stephenson Smart & Co 36 Tyndall Court Commerce Road Lynchwood Peterborough Cambridgeshire PE2 6LR	
Business address	London Road Peterborough Cambridgeshire PE2 8AL	
Bankers	Barclays Bank Plc 1 Church Street Peterborough Cambridgeshire PE1 1QP	
Solicitors	Pinder Reaux & Associates 61a East Street Barking Essex IG11 8EJ	

PETERBOROUGH UNITED FOOTBALL CLUB LIMITED

CONTENTS

	Page
Strategic report	1 - 3
Directors' report	4 - 5
Independent auditor's report	6 - 7
Statement of comprehensive income	8
Balance sheet	9
Statement of changes in equity	10
Statement of cash flows	11
Notes to the financial statements	12 - 26

PETERBOROUGH UNITED FOOTBALL CLUB LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 30 JUNE 2019

The directors present the strategic report for the year ended 30 June 2019.

Summary of the business

The Directors report a loss before tax for the year of £1,374,873 (2018: profit of £481,806).

Key Performance Indicators

The following key performance indicators are used by the company to measure and evaluate its performance:

	2019	2018
Turnover	£6,513,357	£8,654,997
(Loss)/Profit before tax	(£1,374,873)	£481,806
Staff Costs	£5,327,535	£4,751,193
Average Attendance	7,364	5,692
League Position	7th Sky Bet League 1	9th Sky Bet League 1

The directors take a cautious view with respect to financial risk management with the company being well managed by its board who operate a strict and prudent fiscal policy in all aspects.

Budgets and projections indicate that revenue generated from footballing activities being season ticket sales, gate receipts, FL Club distributions, competition prize money and TV & broadcasting revenue are insufficient to cover expected costs.

The directors are continually mindful that financially the company is dependent and will continue to be dependent upon the support provided by its beneficial owners, Mr D MacAnthony, Dr J Neale and Mr R Thompson.

Turnover is approximately 24.7% down on the previous year, cost of sales have increased by approximately 62.5%, leading to a decrease in the gross profit by 54.8%.

Overall Staff Costs are up by approximately 11.5% with this being a targeted area for savings on an ongoing basis.

Our Average Attendance is up by 29.4% with a continued campaign of Attendance Initiatives Projects being undertaken to improve this position.

Review of the business and principal risk and uncertainties

As new seasons go, this start was always going to be epic (especially in terms of PUFC manager history). Our new Manager Steve Evans was at the helm and he needed to refresh his 'crew'. The player movement in and out of the club resembled New Years Eve in Trafalgar Square, with quite a lot of people not sure where they were going ... with us setting sail on the 4th August to Bristol.

We lost only one league match out of our first eleven and seemed set fair at the top of the league but as usual if you look hard enough ... you'll always find storm clouds somewhere on the horizon.

In the New Year following our exit from the FA Cup and League defeats, the club once again decided to call upon the resources of legendary hero Darren Ferguson to again take charge of the good ship Posh. We disappointedly finished one point outside of the play-offs having lost just once in our last eight games ... but they say the league never lies, so no more tears.

On a highly positive note, the introduction by the Chairman of our two new additional joint owners (now three altogether) has seen a tremendous uplift in the development potential of the football club both on and off the field to include increased Fan Engagement, Academy/Training Ground expansion and New Stadium Evolution programmes ... hold on for a roller-coaster ride!

PETERBOROUGH UNITED FOOTBALL CLUB LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2019

Review of the business (continued)

The business continues to grow off the field as recorded below:

- **Commercial:**

In particularly challenging times the team continues not only to meet budget and expectation but to exceed on both fronts. Add this to the introduction of new and stimulating revenue projects that keep coming off the production line and you can see why the department is thriving.

- **Retail:**

Given that the world is lamenting the decline of the traditional retail industry, the football club have established a growing and efficient 'on-line' sales medium that is continually expanding to meet current needs and expectation alongside its stadium outlets. Hard work and customer focused professionalism are the watchwords ... onwards and upwards!

- **Media:**

The management of Media news and online presentation output is only limited by lack of knowledge, understanding and purpose, none of these essential qualities are in short supply at PUFC (but we need to manage quantity) and therefore we are blessed with an amazing plethora of entertaining and engaging news, video and photographic beauty.

- **Finance:**

If we accept that Income v Expenditure is the most important fixture in football then it follows that the holders and presenters of this knowledge are extremely key and vital participants in the successful administration of the business. The task of providing critically detailed accounts, budgets and ledgers is never ending ... as is the quality of the work provided.

- **Ticketing:**

As ticketing technology evolves including the sales, presentation and delivery of Season Tickets we must be ever vigilant of the supporters and their needs and ability to purchase. This requires understanding, consideration and customer trust in all elements of the Ticket Office offer .. and I am pleased to report we have it!

- **Football Secretariat:**

The business is growing, football is growing and FA and EFL governance is certainly growing ... put all this extended requirement together, light the blue touch-paper and stand back. The challenge is aligning all the necessary legislation requirement and making sure we are completely compliant in all areas to satisfy the governing bodies and protect the football club ... no moans, just groans.

- **Stadium Manager:**

A long year of repairs and renewals has been undertaken to bring the stadium up to scratch so that it passes all required governance and certification ... however, this is virtually a never ending process and requires permanent TLC ... and gets it.

- **Security & Risk Management:**

A new full-time position has been established to cover existing and new legislation, policy provision and documentation and all event management. In procuring our new candidate, we have also engaged the added benefit of detailed knowledge and experience in all of these areas.

PETERBOROUGH UNITED FOOTBALL CLUB LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2019

Review of the business (continued)

- IT:

As previously stated, continuous change and new technology need continuous concentration and prudent management. We have therefore engaged a new provider and a thorough review of the system has been undertaken. Whilst this has increased initial cost it should result in 'safer' security, a more reliable service and future savings ... all will be monitored.

- Digital Marketing:

Introducing a full-time marketer was a progressive yet necessary move for PUFC and its future alignment in the digital and social media market. The delivery of new tech initiatives (with eCommerce to come) and the data now collected in all of these areas has been tremendously advantageous to all departments in its 'future' planning and delivery ... mission professionally accomplished ... more to come.

- Stadium:

At this time of writing we are on the cusp of buying the stadium back from the City Council which will then lead immediately into sustained and detailed consideration in regard to on-site development or new stadium build ... sounds simple but will require a lot of diligent and hard yet exciting study and work.

Closing summary

Whilst the spotlight will always be pointed towards the players and results on the pitch, we must never forget the mountain of work and industry that is undertaken elsewhere to provide the environment for this to happen.

Long term planning and professional execution are the vital cogs that support and turn the wheel of success and these are the administration trademark of our football club.

Again, off the pitch projects directed at the long-term sustainability and progress of our football club are forever moving forward with pace and passion ... these are certainly exciting times.

On behalf of the board


.....
R Symms
Director
..... 13/11/19

PETERBOROUGH UNITED FOOTBALL CLUB LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2019

The directors present their annual report and financial statements for the year ended 30 June 2019.

Principal activities

The principal activity of the club continued to be that of a professional football club.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

D MacAnthony

B F Fry

(Appointed 6 March 2019)

R Symns

Dr J D Neale

R S Thompson

Results and dividends

The results for the year are set out on page 8.

No ordinary dividends were paid. The directors do not recommend payment of a final dividend.

Auditor

The auditor, Stephenson Smart & Co, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

Statement of directors' responsibilities

The directors are responsible for preparing the annual 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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Statement of disclosure to auditor

So far as the directors are aware, there is no relevant audit information of which the company's auditor are unaware. Additionally, the directors have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditors are aware of that information.

PETERBOROUGH UNITED FOOTBALL CLUB LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2019

On behalf of the board



R Symns
Director

Date: 13 November 2019

PETERBOROUGH UNITED FOOTBALL CLUB LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF PETERBOROUGH UNITED FOOTBALL CLUB LIMITED

Opinion

We have audited the financial statements of Peterborough United Football Club Limited (the 'company') for the year ended 30 June 2019 which comprise the statement of comprehensive income, the balance sheet, the statement of changes in equity, the statement of cash flows and notes to the financial statements, 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 FRS 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 30 June 2019 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 *Auditor's 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 UK, including the FRC'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.

Material uncertainty related to going concern

In forming our opinion on the financial statements, we have considered the adequacy of the disclosures made in note 1 of the financial statements concerning the company's ability to continue as a going concern and its reliance on the ongoing financial support of its joint controlling companies, creditors and bankers. In view of the significance of these factors we consider that it should be drawn to your attention but our opinion is not modified in respect of this matter.

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 auditor's 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.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

PETERBOROUGH UNITED FOOTBALL CLUB LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF PETERBOROUGH UNITED FOOTBALL CLUB LIMITED

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 strategic report and the directors' report.

We have nothing to report in respect of the following matters where 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, 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.

Auditor's 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 auditor's 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: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's 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 auditor's 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.



Garry Wiles FCA (Senior Statutory Auditor)
for and on behalf of Stephenson Smart & Co

13 November 2019

Chartered Accountants
Statutory Auditor

36 Tyndall Court
Commerce Road
Lynchwood
Peterborough
Cambridgeshire
PE2 6LR

PETERBOROUGH UNITED FOOTBALL CLUB LIMITED

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2019

	Notes	2019 £	2018 £
Turnover	3	6,513,357	8,654,997
Cost of sales		(3,605,405)	(2,218,626)
Gross profit		2,907,952	6,436,371
Administrative expenses		(8,492,190)	(7,146,068)
Other operating income		48,020	10,313
Profit on the disposal of player registrations	4	4,428,519	1,461,468
Operating (loss)/profit	5	(1,107,699)	762,084
Interest receivable and similar income	9	22,914	-
Interest payable and similar expenses	10	(290,088)	(280,278)
(Loss)/profit before taxation		(1,374,873)	481,806
Taxation	11	-	-
(Loss)/profit for the financial year	23	(1,374,873)	481,806

The profit and loss account has been prepared on the basis that all operations are continuing operations.

PETERBOROUGH UNITED FOOTBALL CLUB LIMITED

BALANCE SHEET

AS AT 30 JUNE 2019

	Notes	2019		2018	
		£	£	£	£
Fixed assets					
Intangible assets	12		2,447,460		1,953,984
Tangible assets	13		1,242,257		1,178,499
			<u>3,689,717</u>		<u>3,132,483</u>
Current assets					
Stocks	15	113,122		116,097	
Debtors falling due after more than one year	16	47,500		395,000	
Debtors falling due within one year	16	1,849,551		3,301,141	
Cash at bank and in hand		436,042		341,210	
		<u>2,446,215</u>		<u>4,153,448</u>	
Creditors: amounts falling due within one year	17	<u>(13,193,094)</u>		<u>(12,788,540)</u>	
Net current liabilities			<u>(10,746,879)</u>		<u>(8,635,092)</u>
Total assets less current liabilities			<u>(7,057,162)</u>		<u>(5,502,609)</u>
Creditors: amounts falling due after more than one year	18		<u>(1,757,537)</u>		<u>(1,937,217)</u>
Net liabilities			<u><u>(8,814,699)</u></u>		<u><u>(7,439,826)</u></u>
Capital and reserves					
Called up share capital	22		3,284,580		3,284,580
Profit and loss reserves	23		<u>(12,099,279)</u>		<u>(10,724,406)</u>
Total equity			<u><u>(8,814,699)</u></u>		<u><u>(7,439,826)</u></u>

The financial statements were approved by the board of directors and authorised for issue on 13 November 2019 and are signed on its behalf by:



 R Symns
 Director

Company Registration No. 00290803

PETERBOROUGH UNITED FOOTBALL CLUB LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2019

	Share capital £	Profit and loss reserves £	Total £
Balance at 1 July 2017	3,283,380	(11,206,212)	(7,922,832)
Year ended 30 June 2018:			
Profit and total comprehensive income for the year	-	481,806	481,806
Issue of share capital	1,200	-	1,200
Balance at 30 June 2018	<u>3,284,580</u>	<u>(10,724,406)</u>	<u>(7,439,826)</u>
Year ended 30 June 2019:			
Loss and total comprehensive income for the year	-	(1,374,873)	(1,374,873)
Balance at 30 June 2019	<u><u>3,284,580</u></u>	<u><u>(12,099,279)</u></u>	<u><u>(8,814,699)</u></u>

PETERBOROUGH UNITED FOOTBALL CLUB LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2019

	Notes	2019 £	£	2018 £	£
Cash flows from operating activities					
Cash absorbed by operations	28	(3,369,571)		(1,032,190)	
Interest paid		(290,088)		(280,278)	
		<u>(3,659,659)</u>		<u>(1,312,468)</u>	
Investing activities					
Purchase of intangible assets		(1,350,500)		(688,000)	
Proceeds on disposal of intangibles		5,819,000		854,200	
Purchase of tangible fixed assets		(394,142)		(163,462)	
Proceeds on disposal of tangible fixed assets		44,175		42,667	
Interest received		22,914		-	
		<u>4,141,447</u>		<u>45,405</u>	
Financing activities					
Proceeds from issue of shares		-		1,200	
Proceeds from borrowings		661,988		2,243,102	
Repayment of borrowings		(300,000)		(1,836,300)	
Proceeds of new bank loans		-		1,274,553	
Repayment of bank loans		(686,713)		-	
Payment of finance leases obligations		(62,231)		(62,811)	
		<u>(386,956)</u>		<u>1,619,744</u>	
Net cash (used in)/generated from financing activities					
		<u>(386,956)</u>		<u>1,619,744</u>	
Net increase in cash and cash equivalents					
		94,832		352,681	
Cash and cash equivalents at beginning of year					
		341,210		(11,471)	
Cash and cash equivalents at end of year					
		<u>436,042</u>		<u>341,210</u>	

PETERBOROUGH UNITED FOOTBALL CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

1 Accounting policies

Company information

Peterborough United Football Club Limited is a private company limited by shares incorporated in England and Wales. The registered office is London Road, Peterborough, Cambridgeshire, PE2 8AL.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

1.2 Going concern

The company is reliant on the continuing support of its joint controlling companies, creditors and bankers to enable it to continue to trade. The related party creditor as disclosed in note 27, has indicated their intention to support the company for at least twelve months from the date of approval of these accounts. The company is in regular contact with its bankers and the directors consider it reasonable to rely on their continued support. On this basis, the directors consider it appropriate to prepare the financial statements on the going concern basis. If the company was unable to continue in operation for the foreseeable future, adjustments would have to be made to reduce the balance sheet value of assets to their recoverable amounts, and to provide for further liabilities that might arise, and to reclassify fixed assets and long term liabilities as current assets and liabilities.

The effects of events in relation to the year ended 30 June 2019 which occurred before the date of approval of the financial statements by the Board of Directors, have been included in the statements to the extent required to show a true and fair view of the state of the affairs at 30 June 2019 and the results for the period ended on that date.

1.3 Turnover

Turnover represents amounts receivable for net gate and ticket receipts, box subscriptions, television and sponsorship revenue, FA and prize money, contingent transfer fees, player loan fees, rental income and other commercial activities net of VAT. Turnover is the total amount excluding value added tax, receivable by the company in the ordinary course of business. Net gate and ticket receipts are recognised when the match is played; television and sponsorship revenue are recognised over the contract or sponsorship period; rental income is recognised over the rental period and all other income is recognised as it becomes receivable in line with the service provided.

1.4 Intangible fixed assets other than goodwill

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Intangible assets acquired on business combinations are recognised separately from goodwill at the acquisition date where it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the fair value of the asset can be measured reliably.

Amortisation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Playing staff	amortised over the length of the related player contract
---------------	--

PETERBOROUGH UNITED FOOTBALL CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2019

1 Accounting policies

(Continued)

Transfer fees are recognised in the accounting period in which the transfer is registered with the relevant football governing body except where the contract is not conditional upon registration in which case the transfer is recognised when the contract becomes unconditional (usually when payment is made or received). Payments or receipts which are contingent on the performance of team or player are not recognised until the events crystallising such payments or receipts have taken place. Contingent payments or receipts are included within cost of sales and turnover respectively. Transfer fees payable excluding contingent amounts are capitalised and shown as intangible fixed assets. This amount is then amortised over the length of the related player contract. Transfer fees receivable excluding contingent amounts are treated as a sale of the relevant intangible fixed asset.

1.5 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost of assets less their residual values over their useful lives on the following bases:

Leasehold improvements	10% per annum of cost
Plant and machinery	25% per annum reducing balance
Fixtures, fittings & equipment	25% per annum reducing balance
Motor vehicles	25% per annum reducing balance

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

1.6 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

1.7 Stocks

Stock is valued at the lower of cost and realisable value after making any adjustments necessary for obsolete or slow moving stock.

1.8 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

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

Basic financial assets

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

PETERBOROUGH UNITED FOOTBALL CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2019

1 Accounting policies

(Continued)

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

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

Basic financial liabilities

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

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

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

PETERBOROUGH UNITED FOOTBALL CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2019

1 Accounting policies

(Continued)

Other financial liabilities

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

Derecognition of financial liabilities

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

1.9 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

1.10 Employee benefits

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.11 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.12 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the balance sheet as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to profit or loss so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leases asset are consumed.

Rental income from operating leases is recognised on a straight line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight line basis over the lease term.

1.13 Signing on fees

Contractual amounts of fees payable to players are recognised as prepayments and spread evenly over the contract period. The net balance of signing on fees relating to players sold is included within the calculation of profit or loss on disposal of players' contracts.

PETERBOROUGH UNITED FOOTBALL CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2019

2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Key sources of estimation uncertainty

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

Depreciation and amortisation

Depreciation and amortisation are recognised to write off the cost of intangible and tangible fixed assets less their residual values over their useful lives at the rates detailed in Notes 1.4 and 1.5. The provisions for amortisation and depreciation at the reporting end date are £1,167,540 and £1,907,550 respectively. Further details of the amounts provided at the beginning and end of the period, together with the charge for the year are shown in Notes 12 and 13 respectively.

Contingent Appearance Fees

The company has, under transfer agreements, a liability to pay additional sums dependent on players' attainment and any subsequent transfer value. At the year end such fees were estimated at £325,000 (2018: £327,826) which are not considered probable based on managements best estimates.

3 Turnover and other revenue

An analysis of the company's turnover is as follows:

	2019	2018
	£	£
Turnover analysed by class of business		
Retail income	419,144	397,564
Football and commercial income	6,094,213	8,257,433
	<u>6,513,357</u>	<u>8,654,997</u>
	2019	2018
	£	£
Other significant revenue		
Interest income	22,914	-
	<u>22,914</u>	<u>-</u>

The total turnover of the company for the period has been derived from its principal activity wholly undertaken in the United Kingdom.

PETERBOROUGH UNITED FOOTBALL CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2019

4	Exceptional item		
		2019	2018
		£	£
	Profit on the disposal of player registrations	4,428,519	1,461,468
		<u> </u>	<u> </u>
5	Operating (loss)/profit		
		2019	2018
	Operating (loss)/profit for the year is stated after charging/(crediting):	£	£
	Depreciation of owned tangible fixed assets	189,002	127,755
	Depreciation of tangible fixed assets held under finance leases	32,022	33,219
	Profit on disposal of tangible fixed assets	(1,437)	(18,332)
	Amortisation of intangible assets	805,043	497,341
	Cost of stocks recognised as an expense	250,127	218,039
	Operating lease charges	525,011	504,885
		<u> </u>	<u> </u>
6	Auditor's remuneration		
		2019	2018
	Fees payable to the company's auditor and associates:	£	£
	For audit services		
	Audit of the financial statements of the company	13,500	11,750
		<u> </u>	<u> </u>
7	Employees		
	The average monthly number of persons (including directors) employed by the company during the year was:		
		2019	2018
		Number	Number
	Playing staff	68	61
	Matchday staff	95	110
	Management and office	38	38
		<u> </u>	<u> </u>
		201	209
		<u> </u>	<u> </u>

PETERBOROUGH UNITED FOOTBALL CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2019

7 Employees (Continued)

Their aggregate remuneration comprised:

	2019 £	2018 £
Wages and salaries	4,743,913	4,300,732
Social security costs	532,300	429,314
Pension costs	51,322	21,147
	<u>5,327,535</u>	<u>4,751,193</u>

8 Directors' remuneration

	2019 £	2018 £
Remuneration for qualifying services	189,112	146,953
Company pension contributions to defined contribution schemes	2,389	1,091
	<u>191,501</u>	<u>148,044</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 1 (2018 - 1).

9 Interest receivable and similar income

	2019 £	2018 £
Interest income		
Other interest income	22,914	-
	<u>22,914</u>	<u>-</u>

10 Interest payable and similar expenses

	2019 £	2018 £
Interest on financial liabilities measured at amortised cost:		
Interest on bank overdrafts and loans	-	314
Other interest on financial liabilities	262,230	135,270
	<u>262,230</u>	<u>135,584</u>
Other finance costs:		
Interest on finance leases and hire purchase contracts	7,991	5,874
Other interest	19,867	138,820
	<u>290,088</u>	<u>280,278</u>

PETERBOROUGH UNITED FOOTBALL CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2019

11 Taxation

	2019 £	2018 £
(Loss)/profit before taxation	(1,374,873)	481,806
Expected tax (credit)/charge based on the standard rate of corporation tax in the UK of 19.00% (2018: 19.00%)	(261,226)	91,543
Tax effect of expenses that are not deductible in determining taxable profit	8,019	1,188
Tax effect of utilisation of tax losses not previously recognised	(7,302)	(161,024)
Unutilised tax losses carried forward	260,509	68,293
Taxation charge for the year	-	-

The company has estimated losses of £10,817,856 (2018 - £10,100,890) available for carry forward against future trading profits.

12 Intangible fixed assets

	Playing staff £
Cost	
At 1 July 2018	3,080,000
Additions - separately acquired	1,865,000
Disposals	(1,330,000)
At 30 June 2019	3,615,000
Amortisation and impairment	
At 1 July 2018	1,126,016
Amortisation charged for the year	805,043
Disposals	(763,519)
At 30 June 2019	1,167,540
Carrying amount	
At 30 June 2019	2,447,460
At 30 June 2018	1,953,984

PETERBOROUGH UNITED FOOTBALL CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2019

13 Tangible fixed assets

	Leasehold improvements	Plant and machinery	Fixtures, fittings & equipment	Motor vehicles	Total
	£	£	£	£	£
Cost					
At 1 July 2018	1,129,708	901,475	702,021	167,936	2,901,140
Additions	171,842	66,621	13,192	75,865	327,520
Disposals	-	-	-	(78,853)	(78,853)
At 30 June 2019	1,301,550	968,096	715,213	164,948	3,149,807
Depreciation and impairment					
At 1 July 2018	247,038	742,256	666,600	66,747	1,722,641
Depreciation charged in the year	124,656	49,369	11,744	35,255	221,024
Eliminated in respect of disposals	-	-	-	(36,115)	(36,115)
At 30 June 2019	371,694	791,625	678,344	65,887	1,907,550
Carrying amount					
At 30 June 2019	929,856	176,471	36,869	99,061	1,242,257
At 30 June 2018	882,670	159,219	35,421	101,189	1,178,499

The net carrying value of tangible fixed assets includes the following in respect of assets held under finance leases or hire purchase contracts.

	2019 £	2018 £
Motor vehicles	97,912	99,657

14 Financial instruments

	2019 £	2018 £
Carrying amount of financial assets		
Debt instruments measured at amortised cost	1,237,656	3,027,906
Carrying amount of financial liabilities		
Measured at amortised cost	14,795,014	14,314,101

15 Stocks

	2019 £	2018 £
Finished goods and goods for resale	113,122	116,097

PETERBOROUGH UNITED FOOTBALL CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2019

16 Debtors

	2019	2018
	£	£
Amounts falling due within one year:		
Trade debtors	1,139,648	2,560,387
Other debtors	197,396	72,519
Prepayments and accrued income	512,507	668,235
	<u>1,849,551</u>	<u>3,301,141</u>
Amounts falling due after more than one year:	2019	2018
	£	£
Trade debtors	47,500	395,000
	<u>47,500</u>	<u>395,000</u>
Total debtors	<u>1,897,051</u>	<u>3,696,141</u>

17 Creditors: amounts falling due within one year

		2019	2018
		£	£
Bank loans and overdrafts	19	847,269	1,372,917
Obligations under finance leases	20	16,722	19,541
Other borrowings	19	6,754,579	6,392,591
Payments received on account		2,006,055	1,223,672
Trade creditors		2,721,718	2,898,488
Other taxation and social security		155,617	411,656
Other creditors		539,949	244,226
Accruals and deferred income		151,185	225,449
		<u>13,193,094</u>	<u>12,788,540</u>

Net obligations under finance lease and hire purchase contracts amounting to £16,722 (2018: £19,541) are secured by fixed charges on the assets concerned.

Bank loans amounting to £375,000 (2018: £900,000) are secured by fixed and floating charges over the assets of the company.

Bank loans amounting to £300,000 (2018: £300,000) are guaranteed under the Enterprise Finance Guarantee (EFG) Scheme.

The bank loan of £172,269 (2018: £172,917) has been personally guaranteed by two directors to a maximum of £750,000 and is secured by fixed and floating charges over the assets of the company.

PETERBOROUGH UNITED FOOTBALL CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2019

18 Creditors: amounts falling due after more than one year

		2019 £	2018 £
Bank loans and overdrafts	19	172,268	333,333
Obligations under finance leases	20	95,470	79,017
Trade creditors		1,401,876	999,781
Other creditors		87,923	525,086
		<u>1,757,537</u>	<u>1,937,217</u>

Net obligations under finance lease and hire purchase contracts amounting to £95,470 (2018: £79,017) are secured by fixed charges on the assets concerned.

The bank loan of £172,268 (2018: £333,333) has been personally guaranteed by two directors to a maximum of £750,000 and is secured by fixed and floating charges over the assets of the company.

19 Loans and overdrafts

		2019 £	2018 £
Bank loans		1,019,537	1,706,250
Loans from related parties		6,754,579	6,392,591
		<u>7,774,116</u>	<u>8,098,841</u>
Payable within one year		7,601,848	7,765,508
Payable after one year		172,268	333,333

The company has a bank loan of £344,537 (2018: £506,250) repayable over a period of 2 years with an interest rate of 3.50% over the Barclays base rate, a bank loan of £300,000 (2018: £300,000) repayable within 1 year with an interest rate of 0% over the Barclays base rate and a bank loan of £375,000 (2018: £900,000) repayable within 1 year with no interest.

20 Finance lease obligations

		2019 £	2018 £
Future minimum lease payments due under finance leases:			
Within one year		16,722	19,541
In two to five years		95,470	79,017
		<u>112,192</u>	<u>98,558</u>

PETERBOROUGH UNITED FOOTBALL CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2019

20 Finance lease obligations

(Continued)

Finance lease payments represent rentals payable by the company for certain items of plant and machinery. Leases include purchase options at the end of the lease period, and no restrictions are placed on the use of the assets. The average lease term is 2 years. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

The net obligations under finance leases are secured by fixed charges on the assets concerned.

21 Retirement benefit schemes

	2019	2018
	£	£
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	51,322	21,147

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

22 Share capital

	2019	2018
	£	£
Ordinary share capital		
Issued and fully paid		
1,642,290 ordinary shares of £2 each	3,284,580	3,284,580

23 Profit and loss reserves

	2019	2018
	£	£
At the beginning of the year	(10,724,406)	(11,206,212)
(Loss)/profit for the year	(1,374,873)	481,806
At the end of the year	(12,099,279)	(10,724,406)

PETERBOROUGH UNITED FOOTBALL CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2019

24 Financial commitments, guarantees and contingent liabilities

The company has a financial commitment under contract for maintenance of pitches at the main ground and academy. The financial commitment amounts to £162,000 per year to 31 July 2023.

The company may receive, under transfer agreements, further amounts for players already sold dependent on whether these players are sold on again for a profit. No reliable estimate can be made of the likelihood of these players being transferred or their potential transfer values.

The company has, under transfer agreements, a liability to pay additional sums dependent on players' attainment and any subsequent transfer value. At the year end such fees were estimated at £325,000 (2018: £327,826) to be payable by the company.

Should the club be promoted to the EFL Championship at the end of the 2019-20 season, it is required to make additional payments to players, coaches, staff, players' former clubs and players' agents.

No provision has been made in these accounts for such liabilities as management do not consider the above estimate to be reliable as player attainments may not be achieved and therefore the payment may never crystallise.

25 Operating lease commitments

Lessee

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2019	2018
	£	£
Within one year	8,066	-
Between two and five years	432,341	388,923
In over five years	7,655,282	8,013,630
	<u>8,095,689</u>	<u>8,402,553</u>

A lease agreement was signed with Peterborough City Council for 25 years ending on 21 November 2039. The current rent of £380,000 per annum will rise to £430,000 per annum on practical completion of any London Road terrace works. The rent will be subject to a five yearly review.

26 Capital commitments

At the year end the company had no capital commitments (2018: £62,833).

PETERBOROUGH UNITED FOOTBALL CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2019

27 Related party transactions

Transactions with related parties

During the year the company entered into the following transactions with related parties:

	Sales		Purchases	
	2019	2018	2019	2018
	£	£	£	£
Entities with control, joint control or significant influence over the company	-	-	100,000	75,000
Key management personnel	180	-	200,000	80,000
Other related parties	42,049	49,938	13,831	-
	<u>42,229</u>	<u>49,938</u>	<u>216,831</u>	<u>155,000</u>

The following amounts were outstanding at the reporting end date:

	2019	2018
	£	£
Amounts due to related parties		
Entities with control, joint control or significant influence over the company	7,459,579	6,417,591
Key management personnel	-	20,000
	<u>7,459,579</u>	<u>6,437,591</u>

The following amounts were outstanding at the reporting end date:

	2019	2018
	£	£
Amounts due from related parties		
Other related parties	16,596	16,705
	<u>16,596</u>	<u>16,705</u>

At 30 June 2019, loans totalling £6,754,579 (2018: £6,392,591) and amounts received in advance of £705,000 (2018: £Nil) were outstanding to entities with joint control over the company. No interest has been charged on the loans.

The bank loan facility has been personally guaranteed by two directors to a maximum of £750,000.

PETERBOROUGH UNITED FOOTBALL CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2019

28 Cash generated from operations	2019	2018
	£	£
(Loss)/profit for the year after tax	(1,374,873)	481,806
Adjustments for:		
Finance costs	290,088	280,278
Investment income	(22,914)	-
Gain on disposal of tangible fixed assets	(1,437)	(18,332)
Gain on disposal of intangible assets	(4,428,518)	(1,461,467)
Amortisation and impairment of intangible assets	805,043	497,341
Depreciation and impairment of tangible fixed assets	221,024	160,973
Movements in working capital:		
Decrease/(increase) in stocks	2,975	(8,203)
Decrease/(increase) in debtors	975,089	(1,959,640)
Increase in creditors	163,952	995,054
Cash absorbed by operations	<u>(3,369,571)</u>	<u>(1,032,190)</u>