

Company Registration No. 00123622 (England and Wales)

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

SCUNTHORPE UNITED FOOTBALL CLUB LIMITED

COMPANY INFORMATION

Directors	Mr P D Swann Mrs K L Swann Mr C Swann Mr J R Rodwell
President	Sir I T Botham O.B.E.
Vice-Presidents	K R Waters B Heywood M.B.Ch, B.F.R.C.O.G. Dr J Zacharais B.B.S. T Jacklin O.B.E. R Clemence M.B.E. J Oxenforth K Wagstaff
Company number	00123622
Registered office	Glanford Park Jack Brownsword Way Scunthorpe South Humberside DN15 8TD
Auditor	UHY Hacker Young 14 Park Row Nottingham NG1 6GR

SCUNTHORPE UNITED FOOTBALL CLUB LIMITED

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SCUNTHORPE UNITED FOOTBALL CLUB LIMITED

CHAIRMAN'S STATEMENT

FOR THE YEAR ENDED 30 JUNE 2019

Chairman's statement

Unfortunately, after my last statement the club has been relegated to league two and although we made every effort to avoid this, including a change of manager 3 times, we just couldn't find a way to stay up.

We have a squad of good players for the 19/20 season and hopefully they will perform and give us the opportunity to bounce straight back.

It has also forced upon us the need to try and get the club to a break even point if we do not get promoted and work has begun to develop an under 23's team which will compliment a younger and more progressive side if we find ourselves in League two for another season. The plan would be to try and work with a smaller and younger squad with a budget around £1m, enabling us to develop and sell players as a more sustainable model.

On the planning side, neither application had been approved by the end of the financial year. We continued to push the council and the authorities to get these done and stadium approval was finally received in July 19 but the outline planning for the apartments was only received at the end of February 2020. The apartment development has always been the enabling development, as otherwise it would be impossible financially to undertake the stadium development. This delay has severely handicapped the club and could still have serious financial consequences for the club even though planning has now been received.

We have also begun a legal process to try and obtain our costs and compensation for lost income, which run into millions, to be repaid re the failed Lincolnshire Lakes Project and will also pursue any costs and losses associated with the delay in planning approval.

It promises to be a difficult year for the club, but we are committed to do all we can to not only get the team on a secure and stable financial footing but to create a more affordable football model.

As I write this overview of last year, we find ourselves at the forefront of the coronavirus pandemic which threatens the very existence of football clubs. We must look at all avenues to ensure we survive and that will be at the forefront of our plan for the 20/21 season.

Mr P D Swann

Chairman

24 March 2020

SCUNTHORPE 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.

Fair review of the business

The results for the year are shown in the profit and loss account of the financial statements and are summarised below, along with information on where the club sees its self in the future.

The club continues to make losses as in previous years however, the loss for 2018/19 at £3.064m is better than the £4.28m 2017/18 due to the lower level of impairment of assets for the year. The income from the trading of players in the year of £1.408m (2017/18 £0.270m income) is also a significant improvement and an indication of successful recruitment and development of players.

Turnover has decreased from £4.2 to £3.7m (£4.1m to £4.2m in 2017/18) this was substantially due to the hospitality and catering being outsourced for most of the year. This will reverse during the current financial year as this has been taken inhouse.

The club continues to trade in players. We will continue to invest and develop players as required.

The club finally received planning for the stadium in July 19 and the enabling apartment planning required in order to finance the stadium build was only received on 27th February. This will increase the asset value of the club.

Principal risks and uncertainties

The Board constantly monitors new developments and assesses the threats to the business by close monitoring of the sectors in which it operates.

Business Risks identified are potential reduced income from dwindling gates due to the performance of the team and local market forces.

The board ensures compliance with all relevant rules and regulations, in particular those laid down by the FA, Football League, UEFA and FIFA. Any change to the regulations of these bodies could have an impact on the company as they cover areas such as; Competition Format, Distribution of Media Income, Player eligibility and operation of the Transfer Market. The board ensures compliance with all the relevant rules and regulations, thus monitoring the impact of any potential changes.

Key performance indicators

The directors consider the following to be the key performance indicators of the club:

Turnover - £3,666,140 (2018 - £4,181,477)

Wage to turnover % - 143.0% (2018 – 137.0%)

League finishing position in relevant season – 23rd in English Football League 1 (2018 – 5th in English Football League 1)

On behalf of the board

Mr P D Swann

Director

24 March 2020

SCUNTHORPE 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 company continued to be that of a English Football League club.

Directors

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

Mr P D Swann
Mrs K L Swann
Mr C Swann
Mr J R Rodwell

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, UHY Hacker Young, 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;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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.

SCUNTHORPE UNITED FOOTBALL CLUB LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2019

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually 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 auditor is aware of that information.

On behalf of the board

Mr P D Swann

Director

24 March 2020

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF SCUNTHORPE UNITED FOOTBALL CLUB LIMITED

Opinion

We have audited the financial statements of Scunthorpe United Football Club Limited (the 'company') for the year ended 30 June 2019 which comprise the Profit and Loss Account, the Balance Sheet, the Statement of Changes in Equity 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.

Conclusions relating to going concern

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

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

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF SCUNTHORPE UNITED FOOTBALL CLUB LIMITED

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.

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.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF SCUNTHORPE UNITED FOOTBALL CLUB LIMITED

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.

Roger Merchant (Senior Statutory Auditor)
for and on behalf of UHY Hacker Young

27 March 2020

Chartered Accountants
Statutory Auditor

SCUNTHORPE UNITED FOOTBALL CLUB LIMITED

PROFIT & LOSS ACCOUNT

FOR THE YEAR ENDED 30 JUNE 2019

		2019	2018
	Notes	£	£
Turnover	3	3,666,140	4,181,477
Cost of sales		(7,113,381)	(7,828,350)
		<hr/>	<hr/>
Gross loss		(3,447,241)	(3,646,873)
Administrative expenses		(716,396)	(621,562)
Impairment of assets in the course of construction		-	(58,581)
		<hr/>	<hr/>
Operating loss	4	(4,163,637)	(4,327,016)
Interest receivable and similar income	7	1,070	229
Interest payable and similar expenses	8	(309,104)	(227,038)
Net income/(cost) of trading in players		1,407,998	269,368
		<hr/>	<hr/>
Loss before taxation		(3,063,673)	(4,284,457)
Taxation	9	(575,350)	678,908
		<hr/>	<hr/>
Loss for the financial year	19	(3,639,023)	(3,605,549)
		<hr/> <hr/>	<hr/> <hr/>

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

SCUNTHORPE UNITED FOOTBALL CLUB LIMITED

BALANCE SHEET

AS AT 30 JUNE 2019

	Notes	2019		2018	
		£	£	£	£
Fixed assets					
Intangible assets	10		369,979		43,544
Tangible assets	11		5,200,462		5,377,124
			<u>5,570,441</u>		<u>5,420,668</u>
Current assets					
Stocks	12	51,282		33,278	
Debtors	13	362,572		505,850	
Cash at bank and in hand		14,467		77,694	
			<u>428,321</u>	<u>616,822</u>	
Creditors: amounts falling due within one year	14		<u>(1,477,728)</u>	<u>(1,747,612)</u>	
Net current liabilities			<u>(1,049,407)</u>	<u>(1,130,790)</u>	
Total assets less current liabilities			<u>4,521,034</u>	<u>4,289,878</u>	
Creditors: amounts falling due after more than one year	15		(11,313,931)	(7,443,752)	
Net liabilities			<u>(6,792,897)</u>	<u>(3,153,874)</u>	
Capital and reserves					
Called up share capital	18		8,900,000		8,900,000
Revaluation reserve	19		2,917,410		2,966,329
Other reserves	19		2,501		2,501
Profit and loss account	19		(18,612,808)		(15,022,704)
Total equity			<u>(6,792,897)</u>	<u>(3,153,874)</u>	

The financial statements were approved by the board of directors and authorised for issue on 24 March 2020 and are signed on its behalf by:

Mr P D Swann
Director

Company Registration No. 00123622

SCUNTHORPE UNITED FOOTBALL CLUB LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2019

	Share capital	Revaluation reserve	Capital redemption reserve	Profit and loss reserves	Total
Notes	£	£	£	£	£
Balance at 1 July 2017	8,900,000	3,015,248	2,501	(11,466,074)	451,675
Year ended 30 June 2018:					
Profit and loss account	-	-	-	(3,605,549)	(3,605,549)
Transfers	-	(48,919)	-	48,919	-
Balance at 30 June 2018	8,900,000	2,966,329	2,501	(15,022,704)	(3,153,874)
Year ended 30 June 2019:					
Profit and loss account	-	-	-	(3,639,023)	(3,639,023)
Transfers	-	(48,919)	-	48,919	-
Balance at 30 June 2019	8,900,000	2,917,410	2,501	(18,612,808)	(6,792,897)

SCUNTHORPE UNITED FOOTBALL CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

1 Accounting policies

Company information

Scunthorpe United Football Club Limited is a private company limited by shares incorporated in England and Wales. The registered office is Glanford Park, Jack Brownsword Way, Scunthorpe, South Humberside, DN15 8TD.

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, modified to include the revaluation of freehold properties. The principal accounting policies adopted are set out below.

This company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements:

- Section 7 'Statement of Cash Flows' – Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues' – Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values;
- Section 33 'Related Party Disclosures' – Compensation for key management personnel.

The financial statements of the company are consolidated in the financial statements of Coolsilk Limited. These consolidated financial statements are available from its registered office.

1.2 Going concern

The Company's business activities, together with factors likely to affect its future development, performance and position and are set out in the Strategic report on pages 2 and 3.

The financial statements have been drawn up on a going concern basis which assumes the continuing financial support of the parent company, Coolsilk Property & Investment Limited. The directors have confirmed that it is its their present intention to provide financial support to the company for the foreseeable future.

The Directors therefore have a reasonable expectation that the company will be able to continue as a going concern for the foreseeable future.

SCUNTHORPE UNITED FOOTBALL CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2019

1 Accounting policies

(Continued)

1.3 Turnover

Turnover comprises the amounts charged to customers for tickets, English Football Association and English Football League distributions, league sponsorship and broadcasting fees, lottery income, programme sales, sponsorship, advertising, match day catering, shop sales, donations and income from the restaurant and bar, which are all excluding VAT.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

1.4 Intangible fixed assets other than goodwill

The transfer fees and costs associated with the acquisition of players' registrations are capitalised as intangible fixed assets and amortised evenly over the contract period. Permanent diminutions in value below the amortised value, such as through injury or loss of form, are provided when management become aware that the deminution is permanent.

Transfer fees receivable in excess of the costs not written off are included in the calculation of profit or loss on disposal of players' contract.

1.5 Tangible fixed assets

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

Tangible fixed assets are stated at cost or valuation less depreciation. Depreciation is provided at rates calculated to write off the cost or valuation less estimated residual value of each asset over its expected useful life, as follows:

Freehold land and buildings	2 - 10% straight line
Assets under construction	No depreciation
Fixtures, fittings & equipment	10 - 33% straight line
Motor vehicles	33% straight line

Freehold land is not depreciated.

SCUNTHORPE UNITED FOOTBALL CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2019

1 Accounting policies

(Continued)

An amount equal to the excess of the annual depreciation charge on revalued assets over the notional historical cost depreciation charge of those assets is transferred annually from the revaluation reserve to the profit and loss reserve.

Assets under the course of construction are included on the balance sheet at cost and are not depreciated. This treatment is contrary to the Companies Act 2006 which states that fixed assets should be depreciated but in the opinion of the directors and in order to give a true and fair view of the financial position, these are not depreciated. At the balance sheet date the capitalised costs are for professional fees only.

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). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

1.7 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

1.8 Cash and cash equivalents

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

1.9 Financial instruments

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs. Financial assets classified as receivable within one year are not amortised.

SCUNTHORPE UNITED FOOTBALL CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2019

1 Accounting policies **(Continued)**

Basic financial liabilities

Basic financial liabilities, including creditors and loans from fellow group companies, are initially recognised at transaction price. Financial liabilities classified as payable within one year are not amortised.

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.

1.10 Taxation

The tax expense represents the sum of the tax currently payable and group relief.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Group relief

Tax losses arising during the year have been surrendered to the parent company.

1.11 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

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.

1.12 Retirement benefits

The company operates a defined contribution scheme for the benefit of its employees. Contributions payable are charged to the profit and loss account in the year they are payable.

There is also a second pension scheme where certain numbers of the company's employees and ex-employees are members of the Football League Pension and Life Assurance Scheme (FLPLAS), a defined benefit scheme. As the company is one of a number of participating employers in FLPLAS, it is not possible to accrue any actuarial surplus or deficit on a meaningful basis. The assets of the scheme are held separately from those of the company, being invested with insurance companies. Under the provisions of FRS 102 the scheme is treated as a defined benefit multi-employer scheme.

SCUNTHORPE UNITED FOOTBALL CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2019

1 Accounting policies

(Continued)

1.13 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.

1.14 Grants receivable

Asset related grants are credited to the profit and loss account over the expected useful life of that assets to which they relate. Revenue related grants are credited to the profit and loss account over the period to which they relate.

1.15 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.

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.

The directors do not believe there are any material judgements or sources of estimation uncertainty that requires disclosure.

SCUNTHORPE UNITED FOOTBALL CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2019

3 Turnover and other revenue

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

	2019	2018
	£	£
Turnover		
Gate receipts and ticket sales	914,739	1,059,191
League central distribution	1,507,351	1,432,966
Broadcasting and internet	50,948	91,083
Programme sales and advertising	137,787	147,624
Sponsorship	286,732	269,912
Commercial	273,494	377,057
Hospitality and catering	902	362,943
Academy	494,187	440,701
	<u>3,666,140</u>	<u>4,181,477</u>

All turnover relates to trading in the UK.

4 Operating loss

	2019	2018
	£	£
Operating loss for the year is stated after charging/(crediting):		
Grant income	12,147	12,147
Fees payable to the company's auditor for the audit of the company's financial statements	14,300	13,750
Non-audit fees payable to the company's auditor	1,150	1,100
Depreciation of owned tangible fixed assets	229,723	232,186
Depreciation of tangible fixed assets held under finance leases	2,156	-
Profit on disposal of tangible fixed assets	(3,111)	(98)
Amortisation of intangible assets	146,065	220,466
Operating lease charges	11,206	1,947
	<u>11,206</u>	<u>1,947</u>

SCUNTHORPE UNITED FOOTBALL CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2019

5 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	2019	2018
	Number	Number
Football	41	38
Ground staff	11	11
Administration	18	17
Match day casuals	76	96
Restaurants	1	27
School of excellence	33	27
Commercial	4	3
Scholars	17	18
	<u>201</u>	<u>237</u>

Their aggregate remuneration comprised:

	2019	2018
	£	£
Wages and salaries	5,240,684	5,726,703
Social security costs	538,778	574,207
Pension costs	23,393	75,057
	<u>5,802,855</u>	<u>6,375,967</u>

6 Directors' remuneration

	2019	2018
	£	£
Remuneration for qualifying services	183,008	188,864
Company pension contributions to defined contribution schemes	-	2,337
	<u>183,008</u>	<u>191,201</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 0 (2018 - 1).

SCUNTHORPE UNITED FOOTBALL CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2019

7 Interest receivable and similar income

	2019	2018
	£	£
Interest income		
Interest on bank deposits	265	229
Other interest income	805	-
	<u>1,070</u>	<u>229</u>
Total income	<u><u>1,070</u></u>	<u><u>229</u></u>

8 Interest payable and similar expenses

	2019	2018
	£	£
Interest on finance leases and hire purchase contracts	259	-
On other loans	308,845	227,038
	<u>309,104</u>	<u>227,038</u>

SCUNTHORPE UNITED FOOTBALL CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2019

9 Taxation

	2019	2018
	£	£
Current tax		
Group relief	-	(827,733)
Adjustments in respect of prior year group relief	575,350	148,825
	<u>575,350</u>	<u>(678,908)</u>
Total current tax	<u>575,350</u>	<u>(678,908)</u>

The actual charge/(credit) for the year can be reconciled to the expected credit for the year based on the profit or loss and the standard rate of tax as follows:

	2019	2018
	£	£
Loss before taxation	(3,063,673)	(4,284,457)
	<u>(3,063,673)</u>	<u>(4,284,457)</u>
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2018: 19.00%)	(582,098)	(814,047)
Tax effect of expenses that are not deductible in determining taxable profit	-	1,115
Tax effect of income not taxable in determining taxable profit	-	(2,235)
Unutilised tax losses carried forward	559,843	635,643
Adjustments in respect of prior years	575,350	148,825
Group relief	-	(670,464)
Depreciation on assets not qualifying for tax allowances	22,255	22,255
	<u>575,350</u>	<u>(678,908)</u>
Tax expense for the year	<u>575,350</u>	<u>(678,908)</u>

The company has estimated losses of £17,802,736 (2018 - £15,035,000) available for carry forward against future trading profits.

On the basis of these financial statements no provision has been made for Corporation Tax.

SCUNTHORPE UNITED FOOTBALL CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2019

10 Intangible fixed assets

	Cost of player registrations £
Cost	
At 1 July 2018	62,500
Additions - separately acquired	472,500
	<hr/>
At 30 June 2019	535,000
	<hr/>
Amortisation and impairment	
At 1 July 2018	18,956
Amortisation charged for the year	146,065
	<hr/>
At 30 June 2019	165,021
	<hr/>
Carrying amount	
At 30 June 2019	369,979
	<hr/> <hr/>
At 30 June 2018	43,544
	<hr/> <hr/>

11 Tangible fixed assets

	Freehold land and buildings £	Assets under construction £	Fixtures, fittings & equipment £	Motor vehicles £	Total £
Cost or valuation					
At 1 July 2018	6,736,070	222,273	1,050,778	1,500	8,010,621
Additions	-	35,555	20,176	-	55,731
Disposals	-	-	(555)	-	(555)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 30 June 2019	6,736,070	257,828	1,070,399	1,500	8,065,797
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Depreciation and impairment					
At 1 July 2018	1,854,964	-	777,033	1,500	2,633,497
Depreciation charged in the year	117,134	-	114,745	-	231,879
Eliminated in respect of disposals	-	-	(41)	-	(41)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 30 June 2019	1,972,098	-	891,737	1,500	2,865,335
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Carrying amount					
At 30 June 2019	4,763,972	257,828	178,662	-	5,200,462
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
At 30 June 2018	4,881,106	222,273	273,745	-	5,377,124
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

SCUNTHORPE UNITED FOOTBALL CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2019

11 Tangible fixed assets **(Continued)**

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
	£	£
Plant and machinery	9,344	-
	<u>9,344</u>	<u>-</u>

If revalued assets were stated on an historical cost basis rather than a fair value basis, the total amounts included would have been as follows:

	2019	2018
	£	£
Cost	2,240,034	2,240,034
Accumulated depreciation	(1,310,647)	(1,267,566)
Carrying value	<u>929,387</u>	<u>972,468</u>

In accordance with FRS 102, the freehold land and buildings known as Glanford Park, with a historical cost of £2,240,034 (including an element of land of £85,990) was revalued to a value of £5,500,000 (including land valued at £900,000) on a depreciated replacement cost basis on 29 August 2001 by Clark Weightman Chartered Surveyors and included in the accounts as at 31 July 2001. The valuation has not been updated.

In the opinion of the directors, the current valuation is not materially different to that stated above.

12 Stocks

	2019	2018
	£	£
Stocks	51,282	33,278
	<u>51,282</u>	<u>33,278</u>

SCUNTHORPE UNITED FOOTBALL CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2019

13 Debtors	2019	2018
	£	£
Trade debtors	155,994	259,071
Other debtors	22,762	413
Prepayments and accrued income	183,816	138,866
	<u>362,572</u>	<u>398,350</u>
Amounts falling due after one year:		
Trade debtors	-	107,500
	<u>-</u>	<u>107,500</u>
Total debtors	<u>362,572</u>	<u>505,850</u>

14 Creditors: amounts falling due within one year	Notes	2019	2018
		£	£
Obligations under finance leases	16	3,350	-
Trade creditors		486,583	462,093
Taxes and social security costs		216,566	295,727
Other creditors		36,704	30,055
Accruals and deferred income		734,525	959,737
		<u>1,477,728</u>	<u>1,747,612</u>

Obligations under finance leases are secured upon the assets to which they relate.

SCUNTHORPE UNITED FOOTBALL CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2019

15 Creditors: amounts falling due after more than one year

	Notes	2019 £	2018 £
Amounts due to group undertakings	23	11,135,256	7,242,685
Obligations under finance leases	16	4,195	-
Defined benefit pension scheme deficit	17	79,171	93,612
Deferred grant		95,309	107,455
		<u>11,313,931</u>	<u>7,443,752</u>

Obligations under finance leases are secured upon the assets to which they relate.

Interest is charged on the related party loan at 3% above the base rate. The terms of the loan state that it is repayable as and when the company can afford to repay it.

Amounts included above which fall due after five years are as follows:

Payable by instalments	<u>52,951</u>	<u>65,098</u>
------------------------	---------------	---------------

16 Finance lease obligations

	2019 £	2018 £
Future minimum lease payments due under finance leases:		
Within one year	3,696	-
In two to five years	4,620	-
	<u>8,316</u>	<u>-</u>
Less: future finance charges	(771)	-
	<u>7,545</u>	<u>-</u>

SCUNTHORPE UNITED FOOTBALL CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2019

17 Retirement benefit schemes

	2019	2018
	£	£
Charge to profit or loss in respect of defined contribution schemes	23,393	75,057

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.

Certain members of the company's employees and ex-employees are members of the Football League Pension and Life Assurance Scheme (FLPLAS), a defined benefit pension scheme. As the company is one of a number of a participating employers in FLPLAS, it is not possible to accrue any actuarial surplus or deficit on a meaningful basis. The assets of the scheme are held separately from those of the company, being invested with insurance companies. Under the provisions of FRS 102 the scheme is treated as a defined benefit multi-employer scheme.

The scheme's actuary has advised that the participating employer's share of the underlying assets and liabilities cannot be identified on a reasonable and consistent basis, and accordingly, no disclosures are made under the provision of FRS 102. At 31 August 2017 an updated actuarial review was performed and caused the trustees to amend the outstanding deficit they agreed to be allocated to Scunthorpe United Football Club Limited to £93,612 which is repayable by 31 May 2026. The contribution level is £13,385 per annum from September 2018 to August 2021 and the repayments include an element of interest payable. As the football club is no longer accruing benefits in respect of employees, the directors have made a provision for the fair value of future contributions to be paid.

18 Share capital

	2019	2018
	£	£
Ordinary share capital		
Issued and fully paid		
445,000 Ordinary shares (2018 - 445,000) of £20 each	8,900,000	8,900,000

19 Reserves

Revaluation reserve

This reserve was used to record increases in the fair value of tangible assets historically. The revaluation reserve is non-distributable.

Other reserves

This reserve records the nominal value of shares repurchased by the company.

Profit and loss reserves

This includes all current and prior period retained profits and losses.

SCUNTHORPE UNITED FOOTBALL CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2019

20 Financial commitments, guarantees and contingent liabilities

There are no potential liabilities and assets in respect of the company's players trading. Due to the variable nature of these amounts it is not possible to calculate the maximum potential liability.

The company's bankers have a limited guarantee over the company.

21 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	11,206	808
Between two and five years	10,532	2,420
	<u>21,738</u>	<u>3,228</u>
	<u><u>21,738</u></u>	<u><u>3,228</u></u>

22 Events after the reporting date

As detailed in the Chairman's report, outline planning has been obtained on the stadium.

23 Related party transactions

Transactions with related parties

Coolsilk Property and Investment Limited

During the year the company received a further loan of £2,350,000 (2018 - £2,449,214) from Coolsilk Property & Investment Limited. Interest paid on this facility during the year amounted to £302,578 (2018 - £223,003).

During the year the company was paid £665,000 (2018 - £1,775,000) from Coolsilk Property & Investment Limited for the corporation tax group relief due.

The balance payable by the company at 30 June 2019 was £11,135,256 (2018 - £7,242,685). Coolsilk Property & Investment Limited is a 100% owned subsidiary of Coolsilk Limited, the company's ultimate controlling party.

SCUNTHORPE UNITED FOOTBALL CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2019

24 Ultimate controlling party

The parent company of the company is Coolsilk Property & Investment Limited, a company registered in England & Wales.

The ultimate controlling party is Coolsilk Limited, a company registered in England & Wales and parent of Coolsilk Property & Investment Limited.

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.