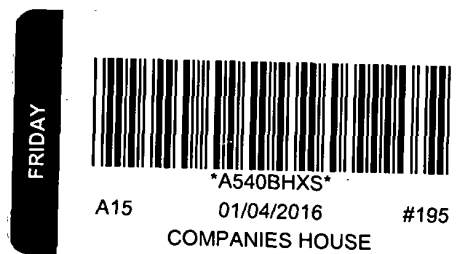


Registered No. 31014

Newcastle United Football Company Limited

Report and Financial Statements

30 June 2015



Strategic report

Directors

L Charnley
S McClaren
W G Carr
R Moncur

Auditor

Ernst & Young LLP
Citygate
St James' Boulevard
Newcastle upon Tyne
NE1 4JD

Bankers

Barclays Bank plc
Barclays House
5 St Ann's Street
Quayside
Newcastle Upon Tyne
NE1 3DX

Solicitors

Freshfields Bruckhaus Deringer
65 Fleet Street
London
EC4Y 1HS

Registered Office

St James' Park
Newcastle upon Tyne
NE1 4ST

Strategic report

Principal activities and business review

The principal activities of the company during the year were the operation of a professional football club together with related and ancillary activities.

The Directors report a profit after tax for the year of £32.5m (2014 - £18.8m) and consider the company's financial results for the year and future financial outlook to be positive.

Key performance indicators are used to measure and evaluate the company's performance and to monitor various activities. The main key performance indicators employed in the company are:

	2015	2014
Turnover	£128.8m	£129.7m
Operating profit	£19.1m	£4.8m
Profit after tax	£32.5m	£18.8m
Wages to Turnover Ratio	50.5%	60.3%
Loans / Debt	£129.0m	£129.0m
Cash at year-end	£44.5m	£22.5m
Average league home attendance	50,349	50,395

Trading performance

Turnover remained fairly constant compared to the prior year, falling less than 1% overall. Turnover was made up as follows:

Match day revenue increased 3% to £26.8m (2014 - £25.9m). Premier league season and match day ticket income remained at its 2013-14 level, and there was one additional home cup match this year.

Media revenue fell 1% to £77.2m (2014 - £78.3m) due to the reduction in merit based payments resulting from the club's 15th place finish (2014 - 10th) being partially offset by an increased number of games broadcast live (20 compared to 14) together with an increase in overseas TV revenue.

Commercial revenue fell 3% to £24.9m (2014 - £25.6m), the most significant factor being the one off income from the Kings of Leon concert in the prior year. Excluding this one-off event, overall commercial revenue has shown modest growth. The club continues to focus on maximising commercial revenue.

Operating expenses decreased by 15% to £89.3m (2014 - £105.4m), again influenced by the one off concert event in the prior year, and more significantly, a reduction in overall payroll costs. Payroll costs fell to £65.1m from £78.3m in the prior year which represents a wages to turnover ratio of 50.5% (2014 - 60.3%). This reduction principally reflects both the absence of merit based payments this year and the cost and timing in the prior year of some significant changes to the playing and development squad.

Spend on the playing squad subsequent to the year-end will see the wage bill, and the wages to turnover ratio, rise in 2015-16 to a level more consistent with the club's business plan.

Net debt decreased from £106.5m at 30 June 2014 to £84.5m at 30 June 2015, representing an improvement in the company's cash position at the year end. Term loans from M J W Ashley and companies under his control are £129m at the balance sheet date (2014 - £129m) and continue to be interest free.

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 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; and
- 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 proper 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.

Independent auditor's report

to the members of Newcastle United Football Company Limited

We have audited the financial statements of Newcastle United Football Company Limited for the year ended 30 June 2015 which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet, and the related notes 1 to 23. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 5, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Report and Financial Statements to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent misstatements or inconsistencies we consider the implications for our report.

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 30 June 2015 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

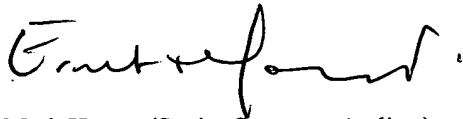
Independent auditor's report

to the members of Newcastle United Football Company Limited (continued)

Matters on which we are required to report by exception

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.



Mark Hatton (Senior Statutory Auditor)
For and on behalf of Ernst & Young LLP (Statutory Auditor)
Newcastle upon Tyne

4 March 2016

Profit and loss account

for the year ended 30 June 2015

	<i>Notes</i>	<i>2015</i> £000	<i>2014</i> £000
Turnover	2	128,830	129,745
Operating costs – before player amortisation and impairment	3	(89,253)	(105,423)
– amortisation and impairment of players' registrations	3	(20,497)	(19,559)
		<u>(109,750)</u>	<u>(124,982)</u>
Operating profit		19,080	4,763
<i>Analysed as:</i>			
Profit before player amortisation and impairment		39,577	24,322
Amortisation and impairment of players' registrations		(20,497)	(19,559)
		<u>19,080</u>	<u>4,763</u>
Profit on disposal of players' and staff registrations		17,088	13,998
Loss on disposal of fixed assets		-	(7)
Profit before interest and taxation		<u>36,168</u>	<u>18,754</u>
Interest receivable	6	10	17
Interest payable and similar charges	7	(20)	(19)
Profit on ordinary activities before taxation		<u>36,158</u>	<u>18,752</u>
Tax on profit on ordinary activities	8	(3,684)	-
Profit for the year attributable to members	19	<u>32,474</u>	<u>18,752</u>

All results are derived from continuing operations.

Statement of total recognised gains and losses

for the year ended 30 June 2015

There are no recognised gains or losses other than the profit attributable to the shareholders of the company of £32,474,000 in the year ended 30 June 2015 (2014 - £18,752,000).

Directors' report

Results and dividends

The profit for the year of £32.5m (2014 - £18.8m) has been transferred to reserves. The Board does not recommend the payment of a dividend for the year ended 30 June 2015 (2014 - £nil).

Directors

The Directors who held office during the year, at 30 June 2015 and to the date of signing the financial statements were as follows:

L Charnley
S McClaren (appointed 19 June 2015)
W G Carr (appointed 19 June 2015)
R Moncur (appointed 19 June 2015)
J A Irving (resigned 14 June 2015)
M J W Ashley (resigned 10 June 2015)

Payments to suppliers

The company does not have a standard creditor payment policy but seeks the best possible terms from suppliers appropriate to its business and, in placing orders, gives consideration to quality, price and terms of payment, which will be agreed with suppliers when the details of each transaction are settled. The company will continue to honour its contractual and other legal obligations and to pay creditors on the dates agreed in contracts and purchase orders. The number of creditor days' calculation is distorted by transfer fees, which are payable over various agreed timescales. Accordingly, the company has calculated creditor days excluding transfer fees payable. The number of creditor days was 29 at the year-end (2014 - 34).

Political and charitable donations

The company's charitable donations for the year amounted to £4,240 (2014 - £39,995). There were no political contributions (2014 - £nil).

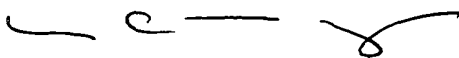
Disclosure of information to the auditor

So far as each person who was a Director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow Directors and the company's auditor, each director has taken all the steps that he is obliged to take as a Director in order to make himself aware of any relevant audit information and to establish that the auditor is aware of that information.

Going concern

The Directors have prepared financial forecasts and expect to maintain suitable financial facilities from their bankers and ultimate shareholder to provide adequate ongoing finance consistent with these forecast requirements. The Directors have concluded that the company remains a going concern and have accordingly prepared these financial statements on the going concern basis.

On behalf of the Board



L Charnley
Director
4 March 2016

Strategic report

Post balance sheet events

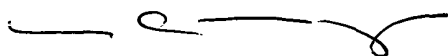
Subsequent to the balance sheet date the club has committed to a further net spend of approximately £80m on additions to the playing squad.

Risks and uncertainties

The Board have identified a number of key business risks and uncertainties associated with the business of a professional football club, and takes such action as it regards necessary to manage those risks. The main area of risk are considered below:

- Team performance impacts all aspects of the company's operations, not least the retention of Premier League status, which is critical to much of the company's revenue. The club's policy of generating cash from operations and spending these funds to maintain a strong playing and development squad is designed to mitigate this risk.
- Identification, negotiation and successful acquisition of the best players, in what is a highly competitive market, is one of the most significant and high profile risks facing the company. Our policies and procedures for acquiring and developing successful players are very carefully implemented and regularly reassessed to maximise the chances of achieving the results we aspire to.
- Injuries to key players can weaken the playing squad and reduce the chances of on field success. The Club has invested substantial sums in sports medicine and science facilities to minimise the unavailability of players through injury.
- The club is regulated by the rules of the FA, Premier League, UEFA and FIFA. Any change to regulations from any of these bodies could have an impact on the company as the regulations cover areas such as: the format of competitions, financial fair play, the division of broadcasting income, the eligibility of players and the operation of the transfer market. The company monitors its compliance with all applicable rules and regulations on a continuous basis and also monitors and considers the impact of any potential changes.
- The company buys from suppliers and sells to customers outside the United Kingdom and, consequently, dealings with these customers and suppliers may be in foreign currencies which will be subject to exchange rate fluctuations. Where considered prudent, the company actively hedges its foreign currency exposure, principally the Euro.
- Compliance. The company operates in a regulated and complex environment, with many compliance risks such as health and safety, taxation, immigration and governing body rules. The company seeks to comply with all requirements at all times.

On behalf of the Board



L Charnley
Director

4 March 2016

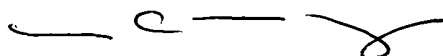
Balance sheet

at 30 June 2015

Registered No. 31014

	Notes	2015 £000	2014 £000
Fixed assets			
Intangible assets	9	46,800	37,638
Tangible assets	10	68,774	71,744
Investments	11	2	2
		<u>115,576</u>	<u>109,384</u>
Current assets			
Stocks	12	24	20
Debtors	13	41,600	29,664
Cash at bank and in hand		44,475	22,534
		<u>86,099</u>	<u>52,218</u>
Creditors: amounts falling due within one year	14	(44,844)	(44,358)
Net current assets		<u>41,255</u>	<u>7,860</u>
Total assets less current liabilities		<u>156,831</u>	<u>117,244</u>
Creditors: amounts falling due after more than one year	15	(114,261)	(111,811)
Provisions for liabilities	16	(3,684)	-
Deferred income	17	(22,467)	(21,488)
Net assets/(liabilities)		<u>16,419</u>	<u>(16,055)</u>
Capital and reserves			
Called up share capital	18	25,313	25,313
Profit and loss account	19	(8,894)	(41,368)
Shareholders' funds/(deficit)	19	<u>16,419</u>	<u>(16,055)</u>

The financial statements have been approved by the Board of Directors and signed on its behalf by:



L Charnley
Director
4 March 2016

Notes to the financial statements

at 30 June 2015

1. Accounting policies

Basis of preparation

The financial statements are prepared under the historical cost convention, and in accordance with United Kingdom Standards.

The financial statements are presented in sterling and all values are rounded to the nearest thousand pounds (£000), except where otherwise stated.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

Newcastle United Football Company Limited is a company incorporated in the United Kingdom.

Statement of cash flows

The Company has taken advantage of the exemption contained in the revised Financial Reporting Standard 1 ("Statement of Cash Flows") not to disclose a statement of cash flows and associated notes.

Turnover

Turnover represents income arising from sales to third parties, and excludes transfer fees receivable, which are dealt with in the profit or loss on disposal of players' registrations, and value added tax.

Turnover can be analysed into three major streams, within which significant amounts are accounted for, as follows:

i) *Matchday*

Season ticket and corporate hospitality revenue is recognised over the period of the football season as home matches are played. Any revenues received in respect of future games are held as deferred income.

ii) *Media*

Fixed elements of central broadcasting contracts are recognised over the period of the football season as league matches (home and away) are played. Appearance fees are accounted for as earned. The merit based payment is recognised at the end of the league season, when the final league position is known.

iii) *Commercial*

Sponsorship contracts are recognised over the duration of the contract, either on a straight-line basis, or over the period of the football season, as appropriate based on the terms of the contract. Catering revenues are recognised on an earned basis. Revenue from the sale of branded products is recognised at the point of despatch when significant risks and rewards of ownership are deemed to have been transferred to the buyer.

Expenses

Operating lease payments

Payments made under operating leases are recognised in the profit and loss account on a straight line basis over the term of the lease.

Notes to the financial statements

at 30 June 2015

1. Accounting policies (continued)

Expenses (continued)

Exceptional items

The Company presents as exceptional items, on the face of the profit and loss account, those material items of income and expense which, because of the nature and expected infrequency of the events giving rise to them, merit separate presentation to allow shareholders to better understand the elements of financial performance in the year, so as to facilitate comparison with prior periods and to better assess trends in financial performance. Amortisation and impairment of intangibles is also presented separately on the face of the profit and loss account so as to facilitate comparison with prior periods and to better assess trends in financial performance.

Intangible assets

Acquired players' registrations

The costs associated with the acquisition of players' registrations are capitalised at cost at the date of acquisition as intangible fixed assets. These costs are fully amortised, on a straight line basis, over the period of the respective players' contracts.

For the purposes of impairment reviews, acquired players' registrations are classified as a single cash-generating unit until the point at which it is clear that the player is no longer expected to remain an active member of the playing squad. In these circumstances the carrying value of the players' registration is reviewed against a measurable net realisable value.

Contingent payments

Under the conditions of certain transfer agreements, further fees may become payable to the selling club in the event of the player concerned making a certain number of first team appearances, or on the occurrence of certain other specified future events. Liabilities in respect of these additional payments are accounted for when, in the opinion of the Directors, it becomes probable that the number of required appearances will be achieved or the specified future event will occur. The balance of potential costs is included as a contingent liability.

Tangible fixed assets

Owned assets

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses.

Leased assets

Finance leases are those which transfer substantially all of the risks and rewards of ownership to the lessee. Assets held under finance leases are capitalised as property, plant and equipment and are depreciated over the shorter of the lease term or their useful economic life. The capital elements of future lease obligations are included within borrowings, while the interest elements are charged to the profit and loss account over the period of the lease to produce a constant rate of charge on the balance of capital repayments outstanding.

All other leases are operating leases, the rentals on which are charged to the profit and loss account on a straight-line basis over the lease term.

Depreciation

Depreciation is charged to the profit and loss account, to write off the cost of property, plant and equipment less estimated residual value, on a straight-line basis, over their estimated useful lives as follows:

Long leasehold property	– over the shorter of the unexpired term of the lease and 50 years
Plant and equipment	– 3 - 15 years
Motor vehicles	– 4 years

Notes to the financial statements

at 30 June 2015

1. Accounting policies (continued)

Tangible fixed assets

Depreciation (continued)

No depreciation is provided on freehold land or assets in the course of construction. The residual value is reassessed annually.

Interest incurred on borrowings to finance assets in the course of construction is capitalised.

Stocks

Stocks are stated at the lower of cost and net realisable value. Cost is based on the weighted average principle and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition. Net realisable value is based on the estimated selling price in the ordinary course of business. Provision is made for obsolete, slow-moving or defective items where appropriate.

Taxation

The charge for taxation is based upon the result for the year and comprises current taxation and taxation deferred through timing differences between the treatment of certain items for taxation and accounting purposes.

Current tax is the expected tax payable on the taxable profits for the period, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or right to pay less or to receive more, tax, with the following exceptions:

- Provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, or gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold.
- Provision is made for deferred taxation that would arise on remittance of the retained earnings of subsidiaries, associates and joint ventures only to the extent that, at the balance sheet date, dividends have been accrued as receivable.

Deferred tax assets are recognised only to the extent that the Directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Foreign currency

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction or, if hedged, at the forward contract rate. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the foreign exchange rate ruling at that date, or if appropriate, at the forward rate. Any gain or loss arising from a change in exchange rates subsequent to the date of the transaction is included as an exchange gain or loss in the profit and loss account.

Notes to the financial statements

at 30 June 2015

1. Accounting policies (continued)

Signing on fees

Signing on fees are charged to the profit and loss account over the period of the player's contract.

Deferred income

Deferred income comprises amounts received from capital grants, sponsorship, bond and season ticket income. Capital grants are released to the profit and loss account on a straight-line basis over the estimated useful lives of the assets to which they relate. Other deferred income is released to the profit and loss account on a straight-line basis over the period to which it relates.

Loans

Loans are initially stated at the amount of the net proceeds after deducting any issue costs which are amortised over the life of the loan. The carrying amount is increased by the finance cost in respect of the accounting period and reduced by payments made in the period.

Retirement benefits

Defined contribution plans

Obligations for contributions to defined contribution pension plans are recognised as an expense in the profit and loss account as incurred.

Football League Limited Pension and Life Assurance Scheme

Certain employees are members of The Football League Limited Pension and Life Assurance Scheme (the 'Scheme'). Contributions are also paid to individuals' private pension schemes. Pension contributions are charged to the Profit and Loss Account as they become payable. The Company continues to make contributions in respect of its share of the deficit of the defined benefit section of The Football League Limited Pension and Life Assurance Scheme. Accrual of benefits on a final salary basis was suspended with effect from 31 August 1999, when an actuarial review showed a substantial deficit. As one of a number of participating employers the company is advised only of its share of the Scheme's deficit. Its share of the underlying assets and liabilities of the Scheme cannot be identified on a reasonable and consistent basis. See note 4.

Provisions

A provision is recognised in the balance sheet when the Company has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

Onerous contracts

Present obligations arising under onerous contracts are recognised and measured as they arise. An onerous contract is considered to exist where the company has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it.

Investments

Interest in subsidiary undertakings is valued at cost less impairment.

Notes to the financial statements

at 30 June 2015

2. Segmental analysis

The Company has one main business segment, that of professional football operations. As a result, no additional business segment information is required to be provided. It operates in one geographical segment, the United Kingdom, and accordingly no additional geographical segment information is required to be provided.

Notwithstanding this, a voluntary analysis of the turnover streams is given below to assist with an understanding of the business.

Turnover streams comprise:

Matchday – season and matchday tickets and corporate hospitality income.

Media - television and broadcasting income, including distributions from broadcasting agreements, cup competitions and local radio.

Commercial – sponsorship income, merchandising, conference and banqueting, catering and other sundry income.

	2015 £000	2014 £000
Media	77,174	78,263
Commercial	24,872	25,572
Matchday	26,784	25,910
	<u>128,830</u>	<u>129,745</u>

3. Operating costs

	2015 £000	2014 £000
Operating costs excluding amortisation and impairment of players' registrations:		
Change in stocks of goods for resale	(4)	(20)
Other operating income – release of capital grants	(88)	(89)
Staff costs (note 4)	65,087	78,297
Depreciation and other amounts written off tangible fixed assets:		
– owned and long leasehold	3,365	3,118
Operating lease payments	724	752
Foreign exchange gains	(560)	(6)
Other operating charges	20,729	23,371
	<u>89,253</u>	<u>105,423</u>
Amortisation of players' registrations	20,497	19,559
Total operating costs	<u>109,750</u>	<u>124,982</u>

Notes to the financial statements

at 30 June 2015

3. Operating costs (continued)

Auditor's remuneration

The company paid the following amounts to its auditor in respect of the audit of the financial statements and for other services provided to the Company.

	2015 £000	2014 £000
Audit	65	65
Fees receivable by the auditor in respect of other services	125	61
	<u>125</u>	<u>61</u>

Fees receivable in respect of other services can be further analysed as follows:

Amounts payable to auditor:

	2015 £000	2014 £000
Audit related regulatory reporting	8	13
Tax and other advisory services	117	48
	<u>125</u>	<u>61</u>

4. Staff costs

	2015 £000	2014 £000
Wages and salaries	56,909	69,300
Social security costs	8,122	8,944
Other pension costs	56	53
	<u>65,087</u>	<u>78,297</u>

The total average monthly number of persons employed by the Company (including Directors and part-time members of staff), analysed by category, expressed as full-time equivalents, during the year was:

	2015 No.	2014 No.
Playing squad, Academy, team management and support	128	133
Commercial	35	54
Administration	43	42
Ground, facilities and maintenance	58	59
	<u>264</u>	<u>288</u>

In addition, the club employed an average of 444 (2014 - 443) matchday stewards.

Notes to the financial statements

at 30 June 2015

4. Staff costs (continued)

Certain staff of the Company are members of the Football League Limited Pension and Life Assurance Scheme ('FLLPLAS'), a defined benefit scheme. As one of a number of participating employers in the FLLPLAS, the company is advised only of its share of the Scheme's deficit and recognises a liability in respect of this. As a result, the contributions paid to the scheme reduce the provision. The Company is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reliable basis, and therefore, as required by FRS17 *Retirement Benefits*, accounts for the scheme as if it were a defined contribution scheme. In May 2012 a further MFR deficit was identified by the scheme, which increased the outstanding deficit allocated to the Company by £74,000, resulting in an increase in contributions advised by the Actuary.

Contributions are also made into individuals' private pension schemes.

5. Directors' remuneration

	2015 £000	2014 £000
Aggregate remuneration in respect of qualifying services	296	190
	<u>296</u>	<u>190</u>
	2015 £000	2014 £000
In respect of the highest paid director:		
Aggregate remuneration	150	107
Contributions into money purchase pension scheme	-	-
	<u>150</u>	<u>107</u>

6. Interest receivable

	2015 £000	2014 £000
Bank interest receivable	10	17
	<u>10</u>	<u>17</u>

7. Interest payable and similar charges

	2015 £000	2014 £000
Bank loans and overdrafts	-	19
Other interest payable	20	-
	<u>20</u>	<u>19</u>

Notes to the financial statements

at 30 June 2015

8. Tax on profit on ordinary activities

(a) Tax on profit on ordinary activities

The tax charge is made up as follows:

	2015 £000	2014 £000
Current tax:		
UK corporation tax at 20.75% (2014 - 22.5%)	-	-
Deferred tax:		
Origination and reversal of temporary differences	3,684	-
Total tax charge on profit on ordinary activities	<u>3,684</u>	<u>-</u>

(b) Factors affecting the current tax charge

The tax assessed for the year is different from the standard rate of corporation tax in the UK of 20.75% (2014 - 22.5%). The differences are explained below:

	2015 £000	2014 £000
Profit on ordinary activities before tax	36,158	18,752
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20.75% (2014 - 22.5%)	<u>7,503</u>	<u>4,219</u>
Effects of:		
Expenses not deductible for tax purposes	840	692
Accelerated capital allowances	(206)	(416)
Utilisation of brought forward tax losses	(6,284)	(4,495)
Other timing differences	(80)	-
Effect of intangibles rollover	(1,773)	-
Total current tax	<u>-</u>	<u>-</u>

(c) Factors that may affect future tax charges

The company has unrelieved UK corporation tax losses of approximately £26 million (2014 – £18.5 million) at the end of the year.

A reduction in the rate of corporation tax to 19% effective from 1 April 2017 and to 18% effective from 1 April 2020 was substantively enacted after the balance sheet date. If these had been enacted at that date, this would have had no material effect on the deferred tax liability.

Notes to the financial statements

at 30 June 2015

9. Intangible fixed assets

	<i>Players' registrations £000</i>
Cost:	
At 1 July 2014	82,725
Additions	39,899
Disposals	(29,327)
At 30 June 2015	<u>93,297</u>
Amortisation and impairment:	
At 1 July 2014	45,087
Amortisation charge for the year	20,497
Disposals	(19,087)
At 30 June 2015	<u>46,497</u>
Net book value:	
At 30 June 2015	<u>46,800</u>
At 1 July 2014	<u>37,638</u>

10. Tangible fixed assets

	<i>Land and buildings £000</i>	<i>Fixtures and equipment £000</i>	<i>Total £000</i>
Cost or valuation:			
At 1 July 2014	99,042	18,272	117,314
Additions	7	389	396
Disposals	(1)	(56)	(57)
At 30 June 2015	<u>99,048</u>	<u>18,605</u>	<u>117,653</u>
Depreciation:			
At 1 July 2014	31,092	14,478	45,570
Charge for the year	2,633	732	3,365
On disposals	-	(56)	(56)
At 30 June 2015	<u>33,725</u>	<u>15,154</u>	<u>48,879</u>
Net book value:			
At 30 June 2015	<u>65,323</u>	<u>3,451</u>	<u>68,774</u>
At 1 July 2014	<u>67,950</u>	<u>3,794</u>	<u>71,744</u>

Notes to the financial statements

at 30 June 2015

10. Tangible fixed assets (continued)

Cumulative finance costs capitalised in prior years, excluding tax relief, included in the value of tangible fixed assets amount to £3,964,000 (2014 – £3,964,000).

The net book value of land and buildings comprises:

	2015 £000	2014 £000
Freehold	-	-
Long leasehold	65,323	67,950
	<u>65,323</u>	<u>67,950</u>

11. Investments in subsidiaries

	£000
Cost and net book value At 1 July 2014 and 30 June 2015	2

The company has the following investment in a subsidiary:

	<i>Country of incorporation</i>	<i>Class of shares held</i>	2015	<i>Ownership 2014</i>
Newcastle United Football Club (International) Limited (dormant)	Gibraltar	Ordinary	100%	100%

12. Stocks

	2015 £000	2014 £000
Goods for resale	24	20

13. Debtors

	2015 £000	2014 £000
Trade debtors	31,487	10,376
Amounts owed by parent undertaking	19	7,864
Amounts owed by Newcastle United Foundation	215	88
Other debtors	5,849	5,775
Prepayments and accrued income	4,030	5,561
	<u>41,600</u>	<u>29,664</u>

Included within trade debtors are amounts totalling £21,879,000 (2014 - £7,931,000) relating to the consideration receivable for the sale of player registrations, including £11,387,000 (2014 – £2,636,000) expected to be recovered in more than twelve months.

Notes to the financial statements

at 30 June 2015

14. Creditors: amounts falling due within one year

	2015 £000	2014 £000
Term and other loans	18,000	18,000
Trade creditors	3,290	5,464
Amounts owed to parent undertaking	1,143	856
Amounts owed to subsidiary undertakings	433	433
Amounts owed to fellow subsidiary undertakings	329	-
Other creditors	7,163	6,669
Accruals	14,486	12,936
	<u>44,844</u>	<u>44,358</u>

Term and other loans shown above represent an outstanding loan balance from Mr M J W Ashley of £18.0 million (2014 - £18.0 million) which is interest free, secured on future broadcasting income and repayable on demand.

Included within trade creditors above are amounts totalling £9,000 (2014 - £1,828,000) relating to consideration payable for player registrations.

15. Creditors: amounts falling due after more than one year

	2015 £000	2014 £000
Term and other loans	111,000	111,000
Trade creditors and accruals	3,261	811
	<u>114,261</u>	<u>111,811</u>

The company's total outstanding loan balances from Mr M J W Ashley and companies under his control were £129.0million (2014 - £129.0 million). £18.0 million is repayable on demand (see note 14) and £111.0 million is unsecured and repayable after more than one year. All amounts are interest free.

Included within trade creditors and accruals above are amounts totalling £3,261,000 (2014 - £811,000) relating to the consideration payable for player registrations.

Notes to the financial statements

at 30 June 2015

16. Provisions for liabilities

	<i>2015</i>	<i>2014</i>
	<i>£000</i>	<i>£000</i>
Deferred tax	3,684	-
	<u>3,684</u>	<u>-</u>
Deferred tax consists of:		
	<i>2015</i>	<i>2014</i>
	<i>£000</i>	<i>£000</i>
Accelerated capital allowances	(904)	-
Tax losses	(5,194)	-
Intangible rollover	10,382	-
Other timing differences	(600)	-
	<u>3,684</u>	<u>-</u>

17. Deferred income

	<i>2015</i>	<i>2014</i>
	<i>£000</i>	<i>£000</i>
Capital grants	2,301	2,389
Other deferred income	20,166	19,099
	<u>22,467</u>	<u>21,488</u>

Other deferred income comprises sponsorship, bond, executive scheme and season ticket income received in advance. The maturity profile of deferred income is as follows:

	<i>2015</i>	<i>2014</i>
	<i>£000</i>	<i>£000</i>
Less than one year	16,720	14,620
One to two years	1,120	1,122
Two to five years	393	1,360
More than five years	4,234	4,386
	<u>22,467</u>	<u>21,488</u>

Notes to the financial statements

at 30 June 2015

18. Issued share capital

<i>Allotted, called up and fully paid</i>	<i>No. '000</i>	<i>2015</i>		<i>2014</i>	
		<i>£000</i>	<i>No. '000</i>	<i>£000</i>	<i>£000</i>
Ordinary shares of 50p each	7,990	3,995	7,990	3,995	
Redeemable shares of £1 each	21,318	21,318	21,318	21,318	
	<u>29,308</u>	<u>25,313</u>	<u>29,308</u>	<u>25,313</u>	

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

19. Reconciliation of shareholders' funds and movement on reserves

	<i>Share capital</i>	<i>Retained earnings</i>	<i>Total share-holders' funds</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>
At 1 July 2013	25,313	(60,120)	(34,807)
Profit for the year	-	18,752	18,752
At 1 July 2014	<u>25,313</u>	<u>(41,368)</u>	<u>(16,055)</u>
Profit for the year	-	32,474	32,474
At 30 June 2015	<u>25,313</u>	<u>(8,894)</u>	<u>16,419</u>

20. Contingencies

Under the terms of certain contracts for the signing of players, additional amounts may become payable to other football clubs. The maximum unprovided liability which may arise in respect of these players at 30 June 2015 is £923,000 (2014 – £1,991,000). The Directors do not currently think that it is probable that such sums will be payable on the basis that the qualifying criteria are not currently expected to be met.

Notes to the financial statements

at 30 June 2015

21. Commitments

- (a) Capital commitments at the end of the financial year for which no provision has been made, are as follows:

	2015 £000	2014 £000
Contracted but not provided for	-	-

- (b) Annual commitments under non-cancellable operating leases are as follows:

	<i>Land and buildings</i> 2015 £000	<i>Land and buildings</i> 2014 £000
Operating leases which expire:		
Within one year	-	-
In the second to fifth years inclusive	136	136
Over five years	577	574
	<u>713</u>	<u>710</u>

During the year £724,000 was recognised as an expense in the profit and loss account in respect of operating leases (2014 - £752,000).

22. Related party transactions

Transactions between the Company and its group undertakings are not disclosed in accordance with FRS8.

During the current and prior year, advertising and promotional services were provided to Sports Direct International being a company associated with the ultimate owner of the Company, MJW Ashley. No consideration has been paid by Sports Direct International for these services to date but Sports Direct International and the Company are in the process of agreeing an arms length rate for these services and the Company anticipates receiving payment for these services in the future.

During the current and prior year, advertising and promotional services were provided to companies associated with Mr M J W Ashley, the ultimate shareholder of the Company's ultimate parent undertaking, MASH Holdings Limited. No consideration was paid or payable for these services.

The Company made sales of £264,000 (2014 - £nil) and purchased goods to the value of £2,348,000. (2014 - £2,796,000) from Sports Direct.com Retail Limited, a company connected with Mr M J W Ashley. These transactions were on normal commercial terms. The balance owing at 30 June 2015 to Newcastle United Football Company Limited was £182,000 (2014 - £nil)

As detailed in note 15, Mr M J W Ashley and companies under his control continued to provide loan facilities to the Company during the year. The total balance outstanding at 30 June 2015 was £129.0 million (2014 - £129.0 million). The maximum amount outstanding in the year was £129.0 million (2014 - £129.0 million). No interest was payable on the loans for either the current or prior year.

Notes to the financial statements

at 30 June 2015

23. Ultimate parent undertaking

The Company is a subsidiary undertaking of Newcastle United Limited. The largest Group in which the results will be consolidated is that headed by MASH Holdings Limited. The ultimate controlling party is Mr M J W Ashley.