

Strategic Report, Report of the Directors and

Financial Statements

for the Year Ended 30 June 2020

for

Lincoln City Football Club
Company Limited

Lincoln City Football Club
Company Limited (Registered number: 00045611)

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for the Year Ended 30 June 2020

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Lincoln City Football Club
Company Limited

Company Information
for the Year Ended 30 June 2020

DIRECTORS: R G Bates
The Red Imps Community Trust
S L Tointon
C H Nates
I Reeve
R I Clarke
J S Wright
G D Levine
H F F Kok
D Lowes
S A Melnick
A J Slater

SECRETARY: R J Parnell

REGISTERED OFFICE: LNER Stadium
Sincil Bank
LINCOLN
Lincolnshire
LN5 8LD

REGISTERED NUMBER: 00045611 (England and Wales)

AUDITORS: Nicholsons
Statutory Auditors
Newland House
The Point
Weaver Road
LINCOLN
Lincolnshire
LN6 3QN

BANKERS: National Westminster Bank
Market Place
LOUTH
Lincolnshire
LN11 9NX

Lincoln City Football Club
Company Limited (Registered number: 00045611)

Strategic Report
for the Year Ended 30 June 2020

The directors present their strategic report for the year ended 30 June 2020.

REVIEW OF BUSINESS

The results for the year-end financial position of the company are shown in the annexed financial statements, which cover the year ended 30 June 2020.

| | 2020 | 2019 | 2018 | 2017 |
|---------------------------|----------|----------|----------|----------|
| | £ | £ | £ | £ |
| Turnover | 6,548 | 5,390 | 5,285 | 4,682 |
| Staff Costs | 5,145 | 4,868 | 4,015 | 2,339 |
| Profit/(loss) | | | | |
| before taxation | (889) | (2,238) | (1,089) | 1,280 |
| League | League 1 | League 2 | League 2 | National |
| Final Position | 16th | 1st | 7th | 1st |
| Average League Attendance | 8,986 | 9,006 | 8,782 | 5,162 |

*The 2018 figures are for a thirteen-month period.

The 2019/20 season turned out to be an eventful and transitional year for Lincoln City.

Although our first season back in the third tier for 21 years began with four successive victories, after 3 trophy-laden years with the Imps Danny and Nicky Cowley departed for Huddersfield Town in early September. We were delighted to secure Michael Appleton as the new first team manager and on 23 September he commenced his duties. He took over at a difficult time with the team having lost 7 of its previous 9 games and with a number of key players missing through injury.

Following the decision to place a greater emphasis on creating a squad of playing assets and lowering the average age of the squad the winter transfer window saw some significant movement in this direction. As part of this strategy Zack Elbouzedi, Tayo Edun, Anthony Scully and Max Melbourne all signed on permanent deals as did the more experienced Tom Hopper. Among those who departed in January was popular defender Harry Toffolo following an attractive offer received from Huddersfield Town.

The early suspension of the season on 13 March and its ultimate curtailment due to the COVID-19 pandemic, with the Imps completing just 35 of their 44 league games, has impacted on the results for the current financial year although much of the adverse impact will be felt in the following year. The reduction in income from the inability to complete the season is estimated at £900k although Government grants, included in other operating income, offset a considerable portion of that loss. Cash flow benefited to the extent of £341k from the decision by the majority of our fans to convert the unused portion of their season tickets into shares. We are extremely grateful for their generosity which resulted in the club issuing in excess of 680k shares to fans and the Red Imps Community Trust.

Lincoln City Football Club
Company Limited (Registered number: 00045611)

Strategic Report
for the Year Ended 30 June 2020

Despite the impact of the pandemic on matchday revenue, turnover increased from £5.4million to £6.5 million primarily as a result of the £1million compensation received for Danny and Nicky Cowley. This income had a significant impact on reducing the losses for the year although would also have contributed to the higher amortisation of player and management registration costs in the current year. All players retained from the League 2 promotion winning season would have benefited from salary increases written into their contracts and this would have been the main reason for the increase in staff costs. Overall the loss for the year amounted to £889k with the negative impact from the pandemic amounting to £495k.

Turnover can be analysed into its main components as follows:

| | 2020 | 2019 |
|---|--------------|--------------|
| | £ | £ |
| Matchday | 1,868 | 2,333 |
| Central distribution | 2,094 | 1,470 |
| Commercial | 1,374 | 1,211 |
| Football fortune and miscellaneous income | <u>1,212</u> | <u>376</u> |
| | <u>6,548</u> | <u>5,390</u> |

Intangible assets declined significantly from £745k to £209k following the departure of Danny and Nicky Cowley, and the sale or ending of contracts of a number of players for which fees were paid on their transfer to the club.

Cash resources improved marginally over the year from £428k to £623k at the end of June 2020. Long term debt, the majority of which comprises of bonds issued to fans, increased to £726k from £430k but net current liabilities declined substantially over the year from £2.4million to £1.0million.

All contributions from directors and other investors continue to be via equity, and together with the shares taken up by fans the share capital of the company increased by £1.6million over the financial year.

Strategic Report
for the Year Ended 30 June 2020

FUTURE DEVELOPMENTS

Despite the ongoing negative ramifications of COVID-19, with still no certainty of when fans will be allowed to return to the LNER Stadium, we have continued to make decisions that will benefit the long term future of the club while at the same time taking measures necessary to ensure we survive the very difficult conditions faced by all lower league English Football League clubs who are highly reliant on match day related income.

Although decided upon prior to the onset of the pandemic we decided to go ahead with the installation of a fibre sand pitch at the Elite Performance Centre as well as the renovation of the other training pitches and the main pitch at the LNER Stadium. We have continued to invest in the Academy and are delighted that academy product Sean Roughan has established himself as part of the first team squad and also more recently seen Sam Long and Hayden Cann sign their first professional contracts.

Although the pro budget has been reduced in the order of 40%, Michael, together with the Director of Football, Jez George and the recruitment team including Marc Tracy and Joe Hutchinson, have put together an exciting young squad without any budget for transfer fees. The suspension of the season enabled the recruitment team to expand their scouting efforts into new markets which resulted in the signing of Dutch defender Lewis Montsma. It was pleasing to see that the long pursuits of Adam Jackson, Joe Walsh and Theo Archibald were ultimately rewarded and to welcome back captain Liam Bridcutt on a long term contract. Other notable signings saw James Jones and Conor McGrandles join the Imps as did Remy Howarth after a successful trial.

Considerable effort was also invested in promoting the club and developing relationships with a range of Premier League and Championship clubs. We are thus delighted and grateful to have been trusted by a number of higher league clubs to develop some exciting young players on season long loans.

We are disappointed that it has taken so long for a rescue package for EFL clubs to be finalised and at a lower figure than what had been suggested by the EFL throughout the lengthy negotiation period. However, it's important to at last have certainty and be able to make plans for the forthcoming calendar year.

We are cautious on the recently announced Premier League strategic review following the release of Project Big Picture which contained numerous proposals that we believe could endanger the future of clubs outside the 'Big 6' Premier League clubs. We support the call of many MP's and other interested parties for the Government to follow through on its promise of a fan-led review of English football which we believe is urgently required to address the economic imbalances across the football pyramid.

We believe that with in excess of a million pounds pledged by the board and the continued support of our amazing fan base we will find a way to get through these challenging times. Special thanks must also go to all our loyal staff for their monetary sacrifices and enormous efforts since the outbreak of the pandemic.

ON BEHALF OF THE BOARD:

C H Nates - Director

**Lincoln City Football Club
Company Limited (Registered number: 00045611)**

**Strategic Report
for the Year Ended 30 June 2020**

29 December 2020

Lincoln City Football Club
Company Limited (Registered number: 00045611)

Report of the Directors
for the Year Ended 30 June 2020

The directors present their report with the financial statements of the company for the year ended 30 June 2020.

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of running a professional football club together with related and ancillary operations.

DIVIDENDS

No dividends will be distributed for the year ended 30 June 2020.

DIRECTORS

The directors set out in the table below have held office during the whole of the period from 1 July 2019 to the date of this report unless otherwise stated.

The beneficial interests of the directors holding office at 30 June 2020 in the shares of the company, according to the register of directors interests were as follows:

| | 30/06/2020 | 30/06/2019 |
|--------------------------------|------------|------------|
| R G Bates | 200 | 200 |
| The Red Imps Community Trust | 140,444 | 75,512 |
| S L Tointon | 6,300 | 6,000 |
| C H Nates | 200 | 200 |
| I Reeve | 5,200 | 5,200 |
| R I Clarke | 600 | 600 |
| J S Wright | 200 | 200 |
| G D Levine | 200 | 200 |
| H F F Kok | 200 | 200 |
| D Lowes | 200 | 200 |
| S A Melnick | 200 | 200 |
| A J Slater - Appointed 24/9/19 | 1,900 | 1,600 |

These directors did not hold any non-beneficial interests in the shares of the company.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Strategic Report, the Report of the Directors 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.

Lincoln City Football Club
Company Limited (Registered number: 00045611)

Report of the Directors
for the Year Ended 30 June 2020

STATEMENT OF DIRECTORS' RESPONSIBILITIES - continued

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 AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

AUDITORS

The auditors, Nicholsons, will be proposed for re-appointment at the forthcoming Annual General Meeting.

ON BEHALF OF THE BOARD:

C H Nates - Director

29 December 2020

Report of the Independent Auditors to the Members of
Lincoln City Football Club
Company Limited

Opinion

We have audited the financial statements of Lincoln City Football Club Company Limited (the 'company') for the year ended 30 June 2020 which comprise the Income Statement, Other Comprehensive Income, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement and Notes to the Cash Flow Statement, 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 Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 June 2020 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the 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.

Other information

The directors are responsible for the other information. The other information comprises the information in the Strategic Report and the Report of the Directors, but does not include the financial statements and our Report of the Auditors 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.

Report of the Independent Auditors to the Members of
Lincoln City Football Club
Company Limited

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Strategic Report and the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Report of the Directors 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 or the Report of the Directors.

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 Statement of Directors' Responsibilities set out on pages six and seven, 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 necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' responsibilities for the audit of the financial statements

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

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

Report of the Independent Auditors to the Members of
Lincoln City Football Club
Company Limited

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 a Report of the Auditors 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.

JOANNE BROWN (Senior Statutory Auditor)
for and on behalf of Nicholsons
Statutory Auditors
Newland House
The Point
Weaver Road
LINCOLN
Lincolnshire
LN6 3QN

4 January 2021

Lincoln City Football Club
Company Limited (Registered number: 00045611)

Income Statement
for the Year Ended 30 June 2020

| | | 30/6/20 | 30/6/19 |
|---------------------------------------|---|------------------|--------------------|
| Notes | | £ | £ |
| TURNOVER | | 6,547,867 | 5,389,836 |
| Cost of sales | | <u>262,168</u> | <u>345,528</u> |
| GROSS PROFIT | | 6,285,699 | 5,044,308 |
| Administrative expenses | | <u>8,360,929</u> | <u>7,549,381</u> |
| | | (2,075,230) | (2,505,073) |
| Other operating income | | 708,625 | 290,642 |
| Player trading | | <u>496,974</u> | <u>-</u> |
| OPERATING LOSS | 4 | (869,631) | (2,214,431) |
| Interest payable and similar expenses | 6 | <u>19,431</u> | <u>23,288</u> |
| LOSS BEFORE TAXATION | | (889,062) | (2,237,719) |
| Tax on loss | 7 | <u>-</u> | <u>-</u> |
| LOSS FOR THE FINANCIAL YEAR | | <u>(889,062)</u> | <u>(2,237,719)</u> |

The notes form part of these financial statements

**Lincoln City Football Club
Company Limited (Registered number: 00045611)**

**Balance Sheet
30 June 2020**

| | Notes | 30/6/20 £ | £ | 30/6/19 £ | £ |
|--|-------|------------------|--------------------|------------------|--------------------|
| FIXED ASSETS | | | | | |
| Intangible assets | 8 | | 209,482 | | 745,371 |
| Tangible assets | 9 | | 3,253,792 | | 3,072,686 |
| Investments | 10 | | 4 | | 4 |
| | | | <u>3,463,278</u> | | <u>3,818,061</u> |
| CURRENT ASSETS | | | | | |
| Stocks | 11 | 14,212 | | 11,377 | |
| Debtors | 12 | 1,086,693 | | 1,503,877 | |
| Cash at bank and in hand | | <u>622,926</u> | | <u>428,305</u> | |
| | | 1,723,831 | | 1,943,559 | |
| CREDITORS | | | | | |
| Amounts falling due within one year | 13 | <u>2,728,214</u> | | <u>4,280,064</u> | |
| NET CURRENT LIABILITIES | | | <u>(1,004,383)</u> | | <u>(2,336,505)</u> |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | | 2,458,895 | | 1,481,556 |
| CREDITORS | | | | | |
| Amounts falling due after more than one year | 14 | | <u>726,363</u> | | <u>429,575</u> |
| NET ASSETS | | | <u>1,732,532</u> | | <u>1,051,981</u> |
| CAPITAL AND RESERVES | | | | | |
| Called up share capital | 18 | | 7,103,222 | | 5,533,609 |
| Revaluation reserve | 19 | | 830,200 | | 830,200 |
| Retained earnings | 19 | | <u>(6,200,890)</u> | | <u>(5,311,828)</u> |
| SHAREHOLDERS' FUNDS | | | <u>1,732,532</u> | | <u>1,051,981</u> |

The notes form part of these financial statements

Lincoln City Football Club
Company Limited (Registered number: 00045611)

Balance Sheet - continued
30 June 2020

The financial statements were approved by the Board of Directors and authorised for issue on 29 December 2020 and were signed on its behalf by:

C H Nates - Director

The notes form part of these financial statements

Lincoln City Football Club
Company Limited (Registered number: 00045611)

Statement of Changes in Equity
for the Year Ended 30 June 2020

| | Called up share capital £ | Retained earnings £ | Revaluation reserve £ | Total equity £ |
|--------------------------------|------------------------------------|---------------------------|-----------------------------|----------------------|
| Balance at 1 July 2018 | 4,327,074 | (3,074,109) | 830,200 | 2,083,165 |
| Changes in equity | | | | |
| Issue of share capital | 1,206,535 | - | - | 1,206,535 |
| Total comprehensive income | - | (2,237,719) | - | (2,237,719) |
| Balance at 30 June 2019 | <u>5,533,609</u> | <u>(5,311,828)</u> | 830,200 | <u>1,051,981</u> |
| Changes in equity | | | | |
| Issue of share capital | 1,569,613 | - | - | 1,569,613 |
| Total comprehensive income | - | (889,062) | - | (889,062) |
| Balance at 30 June 2020 | <u>7,103,222</u> | <u>(6,200,890)</u> | 830,200 | <u>1,732,532</u> |

The notes form part of these financial statements

**Lincoln City Football Club
Company Limited (Registered number: 00045611)**

**Cash Flow Statement
for the Year Ended 30 June 2020**

| | Notes | 30/6/20 £ | 30/6/19 £ |
|---|-------|--------------------|--------------------|
| Cash flows from operating activities | | | |
| Cash generated from operations | 1 | (1,291,918) | 523,686 |
| Interest paid | | - | (1,193) |
| Interest element of hire purchase payments paid | | (5,534) | (5,534) |
| Finance costs paid | | (13,897) | (16,561) |
| Tax paid | | - | (20,260) |
| Net cash from operating activities | | <u>(1,311,349)</u> | <u>480,138</u> |
| Cash flows from investing activities | | | |
| Purchase of intangible fixed assets | | (380,294) | (545,807) |
| Purchase of tangible fixed assets | | (362,084) | (767,846) |
| Sale of intangible fixed assets | | 505,500 | - |
| Net cash from investing activities | | <u>(236,878)</u> | <u>(1,313,653)</u> |
| Cash flows from financing activities | | | |
| New loans in year | | 182,800 | - |
| Capital repayments in year | | (9,565) | (9,565) |
| Share issue | | 1,569,613 | 1,206,535 |
| Net cash from financing activities | | <u>1,742,848</u> | <u>1,196,970</u> |
| Increase in cash and cash equivalents | | <u>194,621</u> | <u>363,455</u> |
| Cash and cash equivalents at beginning of year | 2 | 428,305 | 64,850 |
| Cash and cash equivalents at end of year | 2 | <u>622,926</u> | <u>428,305</u> |

The notes form part of these financial statements

**Lincoln City Football Club
Company Limited (Registered number: 00045611)**

**Notes to the Cash Flow Statement
for the Year Ended 30 June 2020**

1. RECONCILIATION OF LOSS BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS

| | 30/6/20 | 30/6/19 |
|--|---------------------------|-----------------------|
| | £ | £ |
| Loss before taxation | (889,062) | (2,237,719) |
| Depreciation charges | 180,978 | 134,960 |
| Amortisation | 907,657 | 478,370 |
| Profit on sale of players | (496,974) | - |
| Finance costs | 19,431 | 23,288 |
| | <u>(277,970)</u> | <u>(1,601,101)</u> |
| Increase in stocks | (2,835) | (4,154) |
| Decrease in trade and other debtors | 417,184 | 1,608,867 |
| (Decrease)/increase in trade and other creditors | <u>(1,428,297)</u> | <u>520,074</u> |
| Cash generated from operations | <u>(1,291,918)</u> | <u>523,686</u> |

2. CASH AND CASH EQUIVALENTS

The amounts disclosed on the Cash Flow Statement in respect of cash and cash equivalents are in respect of these Balance Sheet amounts:

Year ended 30 June 2020

| | 30.6.20 | 1.7.19 |
|---------------------------|----------------|----------------|
| | £ | £ |
| Cash and cash equivalents | <u>622,926</u> | <u>428,305</u> |

Year ended 30 June 2019

| | 30.6.19 | 1.7.18 |
|---------------------------|----------------|---------------|
| | £ | £ |
| Cash and cash equivalents | <u>428,305</u> | <u>64,850</u> |

The notes form part of these financial statements

Lincoln City Football Club
Company Limited (Registered number: 00045611)

Notes to the Cash Flow Statement
for the Year Ended 30 June 2020

3. **ANALYSIS OF CHANGES IN NET FUNDS**

| | At 1.7.19 £ | Cash flow £ | At 30.6.20 £ |
|---------------------------------|-----------------|------------------|------------------|
| Net cash | | | |
| Cash at bank and in hand | <u>428,305</u> | <u>194,621</u> | <u>622,926</u> |
| | <u>428,305</u> | <u>194,621</u> | <u>622,926</u> |
| Debt | | | |
| Finance leases | (45,275) | 9,565 | (35,710) |
| Debts falling due within 1 year | - | (60,800) | (60,800) |
| Debts falling due after 1 year | - | (122,000) | (122,000) |
| | <u>(45,275)</u> | <u>(173,235)</u> | <u>(218,510)</u> |
| Total | <u>383,030</u> | <u>21,386</u> | <u>404,416</u> |

The notes form part of these financial statements

Lincoln City Football Club
Company Limited (Registered number: 00045611)

Notes to the Financial Statements
for the Year Ended 30 June 2020

1. STATUTORY INFORMATION

Lincoln City Football Club Company Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

2. ACCOUNTING POLICIES

Basis of preparing the financial statements

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention as modified by the revaluation of certain assets.

Critical accounting judgements and key sources of estimation uncertainty

The financial statements are prepared to generally accepted accounting principles which requires management to make estimates and assumptions that affect assets and liabilities. Actual results could be different due to these estimates. The effect of any differences are reported at the time the information becomes available.

Turnover

Turnover represents gate monies, league levy and cup pool, advertising and sponsorship income, bar and catering, retail shop and all weather pitch income, excluding Value Added Tax.

Income from commercial contracts and season ticket sales received prior the year end but for the following season is classed as deferred income.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

| | |
|----------------|--|
| Property | - 10% on cost, 5% on cost, 2% on cost and not provided |
| Equipment | - 20% on cost |
| Motor vehicles | - 20% on reducing balance |

Due to the repairs and maintenance carried out in the year certain property assets have not been depreciated.

Investments in subsidiaries

Investments in subsidiary undertakings are recognised at cost.

Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

**Notes to the Financial Statements - continued
for the Year Ended 30 June 2020**

2. ACCOUNTING POLICIES - continued

Financial instruments

Only basic financial instruments as defined in FRS 102 are held. Financial assets and financial liabilities are recognised in the accounts only when the entity becomes party to the contractual provisions of the instrument and their measurement basis is as follows:

Financial assets - trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost. Prepayments are not financial instruments.

Cash at bank is classified as a basic financial instrument and is measured at transaction price.

Financial liabilities - trade creditors, accruals and other creditors are basic financial instruments, and are measured at amortised cost. Where a financial liability constitutes a financing transaction it is initially and subsequently measured at the present value of future payments, discounted at a market rate of interest.

Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instrument.

Taxation

Taxation for the year comprises current and deferred tax. Tax is recognised in the Income Statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Notes to the Financial Statements - continued
for the Year Ended 30 June 2020

2. **ACCOUNTING POLICIES - continued**

Hire purchase and leasing commitments

Assets obtained under hire contracts or finance leases are capitalised in the balance sheet. Those held under hire purchase contracts are depreciated over their estimated useful lives. Those held under finance leases are depreciated over their estimated useful lives or the lease term, whichever is the shorter.

The interest element of these obligations is charged to the profit and loss account over the relevant period. The capital element of the future payments is treated as a liability.

Rentals paid under operating leases are charged to the profit and loss account on a straight line basis over the period of the lease.

Pension costs and other post-retirement benefits

The company operates a defined contribution pension scheme. Contributions payable to the company's pension scheme are charged to profit or loss in the period to which they relate.

Pensions are paid to some employees' personal pension plans. These costs are charged to the profit and loss account as they occur.

Government grants

Government grants received are treated as deferred creditors and credited to the profit and loss account over the estimated useful life of the relevant fixed assets.

Coronavirus Job Retention Scheme grants are charged to the profit and loss account in the period they relate.

Deferred income

Deferred income comprises amounts received from sponsorship, season tickets and other income which is released to the profit and loss on a straight line basis over the period to which it relates.

Lincoln City Football Club
Company Limited (Registered number: 00045611)

Notes to the Financial Statements - continued
for the Year Ended 30 June 2020

2. **ACCOUNTING POLICIES - continued**

Intangible assets - player and management registrations

Transfer fees and other costs associated with the acquisition of players, management and professional department support team' registrations are capitalised as intangible fixed assets. These costs are amortized over the period of the players, management and professional department support team contracts adjusted for any agreed extensions. These costs are adjusted when the amortised value exceeds the amount recoverable through use or sale. Future costs which may become due are recognised within the original cost of acquisition if, in the opinion of the directors, it is probable that these costs will be incurred.

Where proceeds are received from the disposal of players, management and professional department support team these future receipts are not recognised as part of the proceeds of disposal until such time as the events upon which these receipts are dependent, are known to have occurred. No value is recognised in the financial statements for players, management and professional department support team developed within the company.

Going Concern

The Parent Company and underlying investors have indicated their intention to support the company by providing funding until the end of the current season and beyond if that is necessary. The Directors continue to take a proactive and broad approach to seeking further investment. The Directors have undertaken a review of the business plan and likely cash flow requirements covering a period of at least twelve months from the date of approval of these accounts and have concluded that it is appropriate for the financial statements to be prepared on the going concern basis.

The company will also receive funds through the Premier League rescue package and at the date of approving these accounts the first amount of £375,000 has been received.

3. **EMPLOYEES AND DIRECTORS**

| | 30/6/20 | 30/6/19 |
|-----------------------|------------------|------------------|
| | £ | £ |
| Wages and salaries | 4,537,924 | 4,334,286 |
| Social security costs | 496,418 | 446,106 |
| Other pension costs | 111,117 | 87,478 |
| | <u>5,145,459</u> | <u>4,867,870</u> |

**Lincoln City Football Club
Company Limited (Registered number: 00045611)**

**Notes to the Financial Statements - continued
for the Year Ended 30 June 2020**

3. EMPLOYEES AND DIRECTORS - continued

The average number of employees during the year was as follows:

| | 30/6/20 | 30/6/19 |
|----------------|---------|---------|
| Players | 25 | 21 |
| Scholars | 18 | 25 |
| Commercial | 6 | 7 |
| Matchday | 126 | 138 |
| Ground staff | 13 | 7 |
| Admin/Finance | 12 | 17 |
| Bar & Catering | 43 | 41 |
| | 243 | 256 |

During the year directors were paid a total of £0 (2019: £0).

4. OPERATING LOSS

The operating loss is stated after charging:

| | 30/6/20 | 30/6/19 |
|--|---------|---------|
| | £ | £ |
| Hire of plant and machinery | 116,657 | 62,719 |
| Depreciation - owned assets | 180,978 | 134,959 |
| Player and management registrations amortisation | 907,657 | 478,370 |
| | 907,657 | 478,370 |

5. AUDITORS' REMUNERATION

| | 30/6/20 | 30/6/19 |
|--|---------|---------|
| | £ | £ |
| Fees payable to the company's auditors for the audit of the company's financial statements | 12,000 | 12,000 |
| | 12,000 | 12,000 |

6. INTEREST PAYABLE AND SIMILAR EXPENSES

| | 30/6/20 | 30/6/19 |
|---------------|---------|---------|
| | £ | £ |
| Bank interest | - | 1,193 |
| Hire purchase | 5,534 | 5,534 |
| Bond interest | 13,897 | 16,561 |
| | 19,431 | 23,288 |

7. TAXATION

Analysis of the tax charge

No liability to UK corporation tax arose for the year ended 30 June 2020 nor for the year ended 30 June 2019.

Lincoln City Football Club
Company Limited (Registered number: 00045611)

Notes to the Financial Statements - continued
for the Year Ended 30 June 2020

7. **TAXATION - continued**

Reconciliation of total tax charge included in profit and loss

The tax assessed for the year is higher than the standard rate of corporation tax in the UK. The difference is explained below:

| | 30/6/20 | 30/6/19 |
|---|------------------|--------------------|
| | £ | £ |
| Loss before tax | <u>(889,062)</u> | <u>(2,237,719)</u> |
| Loss multiplied by the standard rate of corporation tax in the UK of 19% (2019 - 19%) | (168,922) | (425,167) |
| Effects of: | | |
| Expenses not deductible for tax purposes | - | 866 |
| Capital allowances in excess of depreciation | - | (12,694) |
| Depreciation in excess of capital allowances | 22,244 | - |
| Loss brought forward | (1,371,295) | (934,300) |
| Loss carried forward | <u>1,517,973</u> | <u>1,371,295</u> |
| Total tax charge | <u>-</u> | <u>-</u> |

Factors that may affect future tax charges

Losses carried forward amounted to £7,989,331 (2019: £7,217,343). No provision has been made for a deferred taxation asset as the recoverability of these losses against future profits is uncertain.

Lincoln City Football Club
Company Limited (Registered number: 00045611)

Notes to the Financial Statements - continued
for the Year Ended 30 June 2020

8. INTANGIBLE FIXED ASSETS

| | Player and management registrations £ | Computer software £ | Totals £ |
|------------------------|---|---------------------------|--------------------|
| COST | | | |
| At 1 July 2019 | 1,405,325 | 3,900 | 1,409,225 |
| Additions | 380,294 | - | 380,294 |
| Disposals | <u>(1,395,742)</u> | <u>-</u> | <u>(1,395,742)</u> |
| At 30 June 2020 | <u>389,877</u> | <u>3,900</u> | <u>393,777</u> |
| AMORTISATION | | | |
| At 1 July 2019 | 659,954 | 3,900 | 663,854 |
| Amortisation for year | 907,657 | - | 907,657 |
| Eliminated on disposal | <u>(1,387,216)</u> | <u>-</u> | <u>(1,387,216)</u> |
| At 30 June 2020 | <u>180,395</u> | <u>3,900</u> | <u>184,295</u> |
| NET BOOK VALUE | | | |
| At 30 June 2020 | <u>209,482</u> | <u>-</u> | <u>209,482</u> |
| At 30 June 2019 | <u>745,371</u> | <u>-</u> | <u>745,371</u> |

9. TANGIBLE FIXED ASSETS

| | Property £ | Equipment £ | Motor vehicles £ | Totals £ |
|--------------------------|------------------|----------------|------------------------|------------------|
| COST OR VALUATION | | | | |
| At 1 July 2019 | 4,358,240 | 655,041 | 23,700 | 5,036,981 |
| Additions | 308,607 | 53,477 | - | 362,084 |
| At 30 June 2020 | <u>4,666,847</u> | <u>708,518</u> | <u>23,700</u> | <u>5,399,065</u> |
| DEPRECIATION | | | | |
| At 1 July 2019 | 1,657,066 | 283,529 | 23,700 | 1,964,295 |
| Charge for year | 57,140 | 123,838 | - | 180,978 |
| At 30 June 2020 | <u>1,714,206</u> | <u>407,367</u> | <u>23,700</u> | <u>2,145,273</u> |
| NET BOOK VALUE | | | | |
| At 30 June 2020 | <u>2,952,641</u> | <u>301,151</u> | <u>-</u> | <u>3,253,792</u> |
| At 30 June 2019 | <u>2,701,174</u> | <u>371,512</u> | <u>-</u> | <u>3,072,686</u> |

**Lincoln City Football Club
Company Limited (Registered number: 00045611)**

**Notes to the Financial Statements - continued
for the Year Ended 30 June 2020**

9. **TANGIBLE FIXED ASSETS - continued**

Included in property are:

| | Freehold property £ | EPC £ | All weather pitch £ | Totals £ |
|--------------------------|---------------------------|------------------|------------------------------|------------------|
| COST OR VALUATION | | | | |
| At 1 July 2019 | 2,734,761 | 1,178,550 | 444,930 | 4,358,241 |
| Additions | <u>259,890</u> | <u>48,717</u> | <u>-</u> | <u>308,607</u> |
| At 30 June 2020 | <u>2,994,651</u> | <u>1,227,267</u> | <u>444,930</u> | <u>4,666,848</u> |
| DEPRECIATION | | | | |
| At 1 July 2019 | 1,312,027 | - | 345,040 | 1,657,067 |
| Charge for the year | <u>-</u> | <u>36,823</u> | <u>20,317</u> | <u>57,140</u> |
| At 30 June 2020 | <u>1,312,027</u> | <u>36,823</u> | <u>365,357</u> | <u>1,714,207</u> |
| NET BOOK VALUE | | | | |
| At 30 June 2020 | <u>1,682,624</u> | <u>1,190,444</u> | <u>79,573</u> | <u>2,952,641</u> |
| At 30 June 2019 | <u>1,422,734</u> | <u>1,178,550</u> | <u>99,890</u> | <u>2,707,174</u> |

The property is stated at deemed cost, that being the market value at the date of transition to new accounting standards FRS102.

10. **FIXED ASSET INVESTMENTS**

| | Shares in group undertakings £ |
|------------------------------------|---|
| COST | |
| At 1 July 2019 and 30 June 2020 | <u>4</u> |
| NET BOOK VALUE | |
| At 30 June 2020 | <u>4</u> |
| At 30 June 2019 | <u>4</u> |

**Lincoln City Football Club
Company Limited (Registered number: 00045611)**

**Notes to the Financial Statements - continued
for the Year Ended 30 June 2020**

10. FIXED ASSET INVESTMENTS - continued

The company's investments at the Balance Sheet date in the share capital of companies include the following:

Lincoln City Football Club Centre of Excellence Limited

Registered office: LNER Stadium, Sincil Bank, Lincoln, Lincolnshire, LN5 8LD

Nature of business: Developing of sporting excellence

| | |
|------------------|---------|
| | % |
| Class of shares: | holding |
| Ordinary | 100.00 |

Impfinity Ltd

Registered office: LNER Stadium, Sincil Bank, Lincoln, Lincolnshire, LN5 8LD

Nature of business: Other business support activities

| | |
|------------------|---------|
| | % |
| Class of shares: | holding |
| Ordinary | 100.00 |

11. STOCKS

| | 30/6/20 | 30/6/19 |
|--------|---------------|---------------|
| | £ | £ |
| Stocks | <u>14,212</u> | <u>11,377</u> |

12. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

| | 30/6/20 | 30/6/19 |
|------------------------------------|------------------|------------------|
| | £ | £ |
| Trade debtors | 472,926 | 544,930 |
| Amounts owed by group undertakings | 47 | 47 |
| Other debtors | 183,962 | 697,828 |
| Prepayments and accrued income | 429,758 | 261,072 |
| | <u>1,086,693</u> | <u>1,503,877</u> |

13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

| | 30/6/20 | 30/6/19 |
|---------------------------------------|------------------|------------------|
| | £ | £ |
| Other loans (see note 15) | 60,800 | - |
| Hire purchase contracts (see note 16) | 9,535 | 9,535 |
| Trade creditors | 171,198 | 625,796 |
| Social security and other taxes | 732,658 | 405,576 |
| Other creditors | 382,799 | 335,389 |
| Bonds | 69,241 | 221,570 |
| Accruals and deferred income | 1,301,983 | 2,682,198 |
| | <u>2,728,214</u> | <u>4,280,064</u> |

**Lincoln City Football Club
Company Limited (Registered number: 00045611)**

**Notes to the Financial Statements - continued
for the Year Ended 30 June 2020**

14. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

| | 30/6/20 | 30/6/19 |
|---------------------------------------|----------------|----------------|
| | £ | £ |
| Other loans (see note 15) | 122,000 | - |
| Hire purchase contracts (see note 16) | 26,175 | 35,740 |
| Social security and other taxes | 64,593 | - |
| Other creditors | 18,327 | - |
| Bonds | <u>495,268</u> | <u>393,835</u> |
| | <u>726,363</u> | <u>429,575</u> |

15. LOANS

An analysis of the maturity of loans is given below:

| | 30/6/20 | 30/6/19 |
|---|----------------|----------|
| | £ | £ |
| Amounts falling due within one year or on demand: | | |
| Other loans | <u>60,800</u> | <u>-</u> |
| Amounts falling due between one and two years: | | |
| Other loans - 1-2 years | <u>122,000</u> | <u>-</u> |

16. LEASING AGREEMENTS

Minimum lease payments fall due as follows:

| | Hire purchase 30/6/20 | contracts 30/6/19 |
|----------------------------|--------------------------|----------------------|
| | £ | £ |
| Net obligations repayable: | | |
| Within one year | 9,535 | 9,535 |
| Between one and five years | <u>26,175</u> | <u>35,740</u> |
| | <u>35,710</u> | <u>45,275</u> |
| | Non-cancellable | operating leases |
| | 30/6/20 | 30/6/19 |
| | £ | £ |
| In more than five years | <u>298,125</u> | <u>328,125</u> |

**Lincoln City Football Club
Company Limited (Registered number: 00045611)**

**Notes to the Financial Statements - continued
for the Year Ended 30 June 2020**

17. SECURED DEBTS

The following secured debts are included within creditors:

| | 30/6/20 | 30/6/19 |
|-------------------------|---------------|---------------|
| | £ | £ |
| Hire purchase contracts | <u>35,710</u> | <u>45,275</u> |

Security is given against the asset to which the loan relates.

18. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

| Number: | Class: | Nominal value: | 30/6/20 | 30/6/19 |
|------------|--------------|----------------|------------------|------------------|
| | | | £ | £ |
| 14,206,444 | Ordinary 50p | 50p | <u>7,103,222</u> | <u>5,533,609</u> |

3,139,227 Ordinary 50p shares were issued during the year for cash of £1,569,614.

19. RESERVES

| | Retained earnings | Revaluation reserve | Totals |
|----------------------|--------------------|---------------------|--------------------|
| | £ | £ | £ |
| At 1 July 2019 | (5,311,828) | 830,200 | (4,481,628) |
| Deficit for the year | <u>(889,062)</u> | | <u>(889,062)</u> |
| At 30 June 2020 | <u>(6,200,890)</u> | <u>830,200</u> | <u>(5,370,690)</u> |

20. CONTINGENT LIABILITIES

There are potential liabilities and assets in respect of transactions involving players registrations. Due to the variable nature of these amounts it is not possible to calculate the maximum potential liability or asset.

21. CAPITAL COMMITMENTS & POST BALANCE SHEET EVENTS

Subsequent to the year end the company has signed off a project to develop the 3G pitches at Sincil Bank. This project which will be self funding due to the income it will generate will cost around £443,000 of which grants and awards of £354,000 have been secured.

**Lincoln City Football Club
Company Limited (Registered number: 00045611)**

**Notes to the Financial Statements - continued
for the Year Ended 30 June 2020**

22. **RELATED PARTY DISCLOSURES**

TRADING RELATIONSHIPS

During the period the company has traded with other businesses in which individual directors have an interest.

All of these transactions were carried out under normal commercial terms.

DIRECTORS

There were no amounts owing to directors at 30 June 2019 or 30 June 2020.

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.