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**SOUTHEND UNITED FOOTBALL CLUB LIMITED (THE)**

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**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 JULY 2019**

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**SOUTHEND UNITED FOOTBALL CLUB LIMITED (THE)**

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**COMPANY INFORMATION**

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**Directors**

R Martin  
G King (resigned 18 September 2019)  
G J Lockett  
D M Markscheffel  
F Van Wezel

**Registered number**

00089767

**Registered office**

Verulam Point  
Station Way  
St Albans  
Hertfordshire  
AL1 5HE

**Independent auditors**

WMT  
Chartered Accountants and Statutory Auditors  
Verulam Point  
Station Way  
St Albans  
Hertfordshire  
AL1 5HE

**Bankers**

The Royal Bank of Scotland plc  
Commercial Office  
26 High Street  
Chelmsford  
CM11YJ

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**SOUTHEND UNITED FOOTBALL CLUB LIMITED (THE)**

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**STRATEGIC REPORT  
FOR THE YEAR ENDED 31 JULY 2019**

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**Introduction**

The filing of these accounts and the drafting of this statement have been delayed by the COVID19 pandemic. This statement comments on the period in question but also references changes that have been made post the accounting period.

The Board remain committed to fulfilling the Club's potential. In order for that to be achieved, the Club needs to relocate to a new, "fit for purpose", stadium with modern facilities to compete with other clubs whilst also meeting the demands of supporters.

The structure was built in 1955 (with the principal stand of timber construction), the age and method of construction of the stadium means that costly maintenance is required in order to obtain a Safety Certificate. This position is unsustainable and, whilst Roots Hall is popular with the Club's supporters, it has no long term future and the Club needs to move to a new facility

Building the planned new stadium, leveraged by debt, is not sustainable and so the enabling (Residential) development to help fund the proposals is essential. Moving directly from Roots Hall to the new stadium adds to the complexity through the need to coordinate two major, inextricably linked developments. Although there has been delay in bringing the planning application, significant progress has been made and it is anticipated the Council will vote on this in the coming weeks. With a favourable vote by the Council, the Club will be well placed to build the new facilities without further delay. This will enable the Club to sustainably play a more pivotal role in the community. We anticipate being able to start construction works in or around Autumn/Winter 2021.

In order to enable the Chairman to focus on delivery of the new stadium in June 2021 the Board appointed Tom Lawrence as CEO. Tom is a solicitor and an experienced football administration professional having worked as CEO in another League 1 Club. The Board are confident that the addition of Tom will contribute to success on and off the pitch.

**Football business review**

Relegation to League 2 was a disappointment especially given the significant investment (in terms of player wages) made in the playing squad. A further relegation followed, and we are, at the time of writing, preparing for the season in the National League.

Managers have come and gone, but the Board have now appointed Phil Brown as First Team Manager. Phil has significant pedigree and has enjoyed success at all levels of the EFL, including seeing the Club's promotion from League 2 to League 1 in 2015/2016 season. Phil has a strong team around him, and the aspiration is to return to the EFL at the first time of asking.

The Club's Academy continues to produce a stream of talent and the Board remain committed to investing significantly to ensure that conveyor belt of talent continues. Aligned with the planning application, the Club will erect the Soccer Dome that was purchased in 2015. The Domes will enhance the Clubs training facilities and help us achieve our aspiration of Category 2 Academy status. The largest of the domes has been earmarked as a community Dome, further cementing the Clubs commitment to the community and youth in the Southend area.

South Eastern Leisure UK Limited, Roots Hall Limited and Martin Dawn Plc have continued to support the Club, including investment in the Academy. Without this support, the Club would not be able to maintain its infrastructure and competitive edge. These companies were owed in excess of £14m at the end of July 2019 with approximately £6.8m previously written off in the year ended July 2018.

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## **SOUTHEND UNITED FOOTBALL CLUB LIMITED (THE)**

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### **STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 JULY 2019**

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#### **Principal risks and uncertainties**

Many supporters love Roots Hall but sadly our current stadium is no longer fit for purpose in the modern era, with increasing costs year on year to ensure we maintain the standards demanded by the authorities. For that reason alone, support from the Council is crucial.

Under our new stadium plans the Clubs "risks and uncertainties" are substantially reduced, if not eradicated, with continued prudent management. The community will have a state-of-the-art facility of which we can all be justifiably proud.

The Club has been for many years, and continues to be, reliant on its parent company, Martin Dawn Plc, for support. Without this support the Club would not be able to continue operations.

Such a position, to a greater or lesser degree, is not unusual in Football. However once the new stadium is built it is envisaged that the Club, with new modern facilities including conferencing and banqueting space, will be self-sufficient and will no longer be reliant on its parent Company.

#### **Financial key performance indicators**

1. The Operating loss was £2,358m for the year (£2,975m in 2018);
2. The Loss for the year was £2,558m compared to a profit of £3,789m. The sole reason for the prior year profit was the £6,878m write off position of the loan from the Group company;
3. The Company continues solely because of the Group funding which has increased from £13.3m to £14.2m during the year under review;
4. The current year loss has been funded mainly by an increase in Creditors, a decrease in Debtors and the previously mentioned increase in loans from Group Undertakings.

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

**R Martin**  
Director

Date: 31 July 2021

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## SOUTHEND UNITED FOOTBALL CLUB LIMITED (THE)

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### DIRECTORS' REPORT FOR THE YEAR ENDED 31 JULY 2019

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The Directors present their report and the financial statements for the year ended 31 July 2019.

#### Directors' responsibilities statement

The Directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies for the Company's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

#### Principal activity

The principal activity of the Company continues to be that of a Professional Football Club.

#### Results and dividends

The loss for the year, after taxation, amounted to £2,558,077 (2018 - profit £3,788,693).

The Directors do not recommend the payment of a dividend (2018 - NIL).

#### Directors

The Directors who served during the year were:

R Martin  
G King (resigned 18 September 2019)  
G J Lockett  
D M Markscheffel  
F Van Wezel

**DIRECTORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 JULY 2019**

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**Principal risks and uncertainties**

The Company is exposed to a variety of risks. These range from the wider effects of the general economy and external competition to those more specific to the Company, such as its own financial strength and size. There are also added risks associated with operating an old stadium, which is becoming increasingly difficult to maintain to the latest safety regulations. The Board regularly review these risks and their potential impact on the Company. The Board monitors the Company's performance through use of regular financial information and management reports. The Board focuses on the Company's levels of profitability, liquidity and balance sheet strength.

**Treasury operations and financial instruments**

The Company operates a treasury function which is responsible for managing the liquidity and interest risks associated with the Company's activities. The Company's principal financial instruments are loans, the main purpose of which is to raise finance for the Company's operations. In addition, the Company has various other financial assets and liabilities such as trade debtors and trade creditors arising directly from operations.

**Liquidity risks**

The Company manages its cash and borrowing requirements in order to maximise interest income and minimise interest expense, whilst ensuring the Company has sufficient liquid resources to meet the operating needs of the business.

**Interest rate risk**

The Company is exposed to interest rate risk on loans. The Company manages debt so as to reduce its exposure to changes in interest rates.

**Future developments**

The Club continues to seek improvements in its turnover and trading performance. The Directors are of the opinion that growth in revenue streams will be greatly aided by the move to the new stadium. In addition the running costs will be dramatically reduced with a modern state of the art facility and most importantly, the new stadium will more appropriately address the varied needs of the whole community.

The Company is dependant on funding from its major shareholder and parent company, South Eastern Leisure (UK) Limited and the Directors would like to thank them for this financial support.

**Charitable donations**

The Company provides a significant number of local charities, football teams and schools with free tickets and signed merchandise. The Company also provides resources and accommodation to the Southend United Community and Educational Trust, a registered charity. The Club has not quantified the cost of the resource given, even though it is substantial and sustained. The club has no intention of recovering this cost from the Trust as it is part of our Corporate Social responsibilities' of which we are proud.

**Disclosure of information to auditors**

Each of the persons who are Directors at the time when this Directors' Report is approved has confirmed that:

- so far as the Director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the Director has taken all the steps that ought to have been taken as a Director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

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**SOUTHEND UNITED FOOTBALL CLUB LIMITED (THE)**

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**DIRECTORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 JULY 2019**

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**Post balance sheet events**

Since the balance sheet date, the COVID-19 (coronavirus) pandemic has had an increasingly significant effect on individuals, businesses and organisations worldwide, including Southend United Football Club Ltd. The outbreak came into widespread public knowledge in 2020. In accordance with the Financial Reporting Standard applicable in the UK and the Republic of Ireland and as confirmed by the Financial Reporting Council, the emergence of coronavirus is a non-adjusting post balance sheet event for any entity with a year end of 31 December 2019 or earlier, so this is applicable to Southend United Football Club Ltd. Therefore, assets and liabilities should not be adjusted for any potential impact of the pandemic unless the impact is so significant that the Company is no longer a going concern.

The Directors have considered the effect on the value of the assets and liabilities of the Company since the balance sheet date, as well as actual and expected future income and expenditure, cash flow requirements and the Company's ability to continue as a going concern. They have taken steps to protect the workforce and the business, including its cash flow, so as to be able to maintain liquidity given that the effects of the current crisis are likely to last for several months.

The Directors have taken all necessary measures to satisfy themselves that the Company will continue to be able to operate throughout the current conditions and beyond. Therefore, the Company is considered to be a going concern and no adjustments have been made to the figures in these financial statements in respect of events since the balance sheet date.

**Auditors**

The auditors, WMT, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

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

**R Martin**  
Director

Date: 31 July 2021



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**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SOUTHEND UNITED FOOTBALL CLUB LIMITED (THE)**

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**Opinion**

We have audited the financial statements of Southend United Football Club Limited (The) (the 'Company') for the year ended 31 July 2019, which comprise the Statement of Income and Retained Earnings, the Balance Sheet, the Statement of Cash Flows, the Statement of Changes in Equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 July 2019 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

**Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Material uncertainty related to going concern**

We draw attention to note 2.2 in the financial statements, which indicates that whilst the Directors are confident that the company's major shareholder and parent company South Eastern Leisure (UK) Limited, will continue to provide the necessary funds to the company through their financing facilities, there can be no certainty in these matters. As stated in note 2.2, these events or conditions, along with the other matters as set forth in note 2.2, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SOUTHEND UNITED FOOTBALL CLUB LIMITED (THE)  
(CONTINUED)**

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**Other information**

The Directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Auditors' Report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

**Opinion on other matters prescribed by the Companies Act 2006**

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

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

**Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SOUTHEND UNITED FOOTBALL CLUB LIMITED (THE)  
(CONTINUED)**

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**Responsibilities of directors**

As explained more fully in the Directors' Responsibilities Statement set out on page 3, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

**Auditors' responsibilities for the audit of the financial statements**

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

As part of an audit in accordance with ISAs (UK), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion of the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our Auditors' Report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our Auditors' Report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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SOUTHEND UNITED FOOTBALL CLUB LIMITED (THE)

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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SOUTHEND UNITED FOOTBALL CLUB LIMITED (THE)  
(CONTINUED)

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**Use of our report**

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an Auditors' Report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Graham Wintle (Senior Statutory Auditor)

for and on behalf of

**WMT**

Chartered Accountants and Statutory Auditors

Verulam Point

Station Way

St Albans

Hertfordshire

AL1 5HE

2 August 2021

SOUTHEND UNITED FOOTBALL CLUB LIMITED (THE)

**STATEMENT OF INCOME AND RETAINED EARNINGS  
FOR THE YEAR ENDED 31 JULY 2019**

	Note	2019 £	2018 £
Turnover	4	7,430,373	6,234,658
Cost of sales		(7,553,745)	(6,872,037)
<b>Gross loss</b>		<b>(123,372)</b>	<b>(637,379)</b>
Administrative expenses		(2,238,693)	(2,345,370)
Other operating income	5	3,610	7,416
<b>Operating loss</b>	6	<b>(2,358,455)</b>	<b>(2,975,333)</b>
Amounts written off investments		-	6,878,228
Interest payable and similar expenses	10	(199,622)	(114,202)
<b>(Loss)/profit before tax</b>		<b>(2,558,077)</b>	<b>3,788,693</b>
<b>(Loss)/profit after tax</b>		<b>(2,558,077)</b>	<b>3,788,693</b>
Retained earnings at the beginning of the year		(14,836,247)	(18,624,940)
		(14,836,247)	(18,624,940)
(Loss)/profit for the year		(2,558,077)	3,788,693
<b>Retained earnings at the end of the year</b>		<b>(17,394,324)</b>	<b>(14,836,247)</b>

**SOUTHEND UNITED FOOTBALL CLUB LIMITED (THE)**  
**REGISTERED NUMBER: 00089767**

**BALANCE SHEET**  
**AS AT 31 JULY 2019**

	Note	2019 £	2018 £
<b>Fixed assets</b>			
Intangible assets	13	68,705	255,984
Tangible assets	14	1,486,502	1,656,437
		<u>1,555,207</u>	<u>1,912,421</u>
<b>Current assets</b>			
Stocks	15	23,567	21,670
Debtors	16	1,627,213	2,044,141
Cash at bank and in hand		126,861	2,961
		<u>1,777,641</u>	<u>2,068,772</u>
Creditors: amounts falling due within one year	17	(19,880,982)	(17,971,250)
<b>Net current liabilities</b>		<u>(18,103,341)</u>	<u>(15,902,478)</u>
<b>Total assets less current liabilities</b>		<u>(16,548,134)</u>	<u>(13,990,057)</u>
<b>Net liabilities</b>		<u>(16,548,134)</u>	<u>(13,990,057)</u>
<b>Capital and reserves</b>			
Called up share capital	20	169,488	169,488
Share premium account		676,702	676,702
Profit and loss account		(17,394,324)	(14,836,247)
		<u>(16,548,134)</u>	<u>(13,990,057)</u>

The financial statements were approved and authorised for issue by the Board and were signed on its behalf by:

**R Martin**  
Director

Date: 31 July 2021

The notes on pages 15 to 31 form part of these financial statements.

SOUTHEND UNITED FOOTBALL CLUB LIMITED (THE)

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 JULY 2019**

	Called up share capital £	Share premium account £	Profit and loss account £	Total equity £
<b>At 1 August 2017</b>	<b>169,488</b>	<b>676,702</b>	<b>(18,624,940)</b>	<b>(17,778,750)</b>
<b>Comprehensive income for the year</b>				
Profit for the year	-	-	3,788,693	3,788,693
<b>Other comprehensive income for the year</b>	-	-	-	-
<b>Total comprehensive income for the year</b>	-	-	3,788,693	3,788,693
<b>Total transactions with owners</b>	-	-	-	-
<b>At 1 August 2018</b>	<b>169,488</b>	<b>676,702</b>	<b>(14,836,247)</b>	<b>(13,990,057)</b>
<b>Comprehensive income for the year</b>				
Loss for the year	-	-	(2,558,077)	(2,558,077)
<b>Other comprehensive income for the year</b>	-	-	-	-
<b>Total comprehensive income for the year</b>	-	-	(2,558,077)	(2,558,077)
<b>Total transactions with owners</b>	-	-	-	-
<b>At 31 July 2019</b>	<b>169,488</b>	<b>676,702</b>	<b>(17,394,324)</b>	<b>(16,548,134)</b>

The notes on pages 15 to 31 form part of these financial statements.

SOUTHEND UNITED FOOTBALL CLUB LIMITED (THE)

**STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 JULY 2019**

	2019 £	2018 £
<b>Cash flows from operating activities</b>		
(Loss)/profit for the financial year	(2,558,077)	3,788,692
<b>Adjustments for:</b>		
Amortisation of intangible assets	239,375	181,328
Depreciation of tangible assets	215,708	181,036
Loss on disposal of tangible assets	(179)	(1,147)
Interest paid	199,622	114,202
(Increase)/decrease in stocks	(1,897)	4,924
Decrease/(increase) in debtors	401,861	(464,704)
Decrease/(increase) in amounts owed by groups	15,068	(15,068)
Increase in creditors	1,056,778	1,125,563
Increase/(decrease) in amounts owed to groups	869,332	(4,235,745)
<b>Net cash generated from operating activities</b>	<b>437,591</b>	<b>679,081</b>
<b>Cash flows from investing activities</b>		
Purchase of intangible fixed assets	(69,430)	(270,215)
Sale of intangible assets	17,334	5,336
Purchase of tangible fixed assets	(46,238)	(374,783)
Sale of tangible fixed assets	644	4,167
<b>Net cash from investing activities</b>	<b>(97,690)</b>	<b>(635,495)</b>
<b>Cash flows from financing activities</b>		
Interest paid	(199,622)	(114,202)
<b>Net cash used in financing activities</b>	<b>(199,622)</b>	<b>(114,202)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>140,279</b>	<b>(70,616)</b>
Cash and cash equivalents at beginning of year	(13,418)	57,198
<b>Cash and cash equivalents at the end of year</b>	<b>126,861</b>	<b>(13,418)</b>
<b>Cash and cash equivalents at the end of year comprise:</b>		
Cash at bank and in hand	126,861	2,961
Bank overdrafts	-	(16,379)
	<b>126,861</b>	<b>(13,418)</b>



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**SOUTHEND UNITED FOOTBALL CLUB LIMITED (THE)**

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The notes on pages 15 to 31 form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 JULY 2019**

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**1. General information**

Southend United Football Club Limited is a company, limited by shares, incorporated in England and Wales. The address of the registered office is given on the Company information page. The principal activity of the Company continued to be that of a Professional Football Club.

**2. Accounting policies**

**2.1 Basis of preparation of financial statements**

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland, Companies Act 2006 and FRC Abstracts.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

**2.2 Going concern**

The financial statements have been prepared on the going concern basis. The Directors are confident that its major shareholder and parent company, South Eastern Leisure (UK) Limited, will continue to provide the necessary funds to the Company through their financing facilities. However, there can be no certainty in these matters. On this basis, the Directors consider it appropriate to prepare the financial statements on a going concern basis. The financial statements do not include any adjustments that would result from a withdrawal of funding facilities.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 JULY 2019**

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**2. Accounting policies (continued)**

**2.3 Revenue**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

**Sale of goods**

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- the Company has transferred the significant risks and rewards of ownership to the buyer;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

**Rendering of services**

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

**2.4 Operating leases: the Company as lessee**

Rentals paid under operating leases are charged to profit or loss on a straight line basis over the lease term.

**2.5 Finance costs**

Finance costs are charged to the Statement of comprehensive income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount.

Finance costs are charged to profit or loss over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

**2.6 Borrowing costs**

All borrowing costs are recognised in profit or loss in the year in which they are incurred.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 JULY 2019

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**2. Accounting policies (continued)**

**2.7 Pensions**

**Defined contribution pension plan**

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Balance Sheet. The assets of the plan are held separately from the Company in independently administered funds.

**2.8 Taxation**

Tax is recognised in the Statement of comprehensive income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance sheet date, except that:

1. The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
2. Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

**2.9 Intangible assets**

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses. All intangible assets are considered to have a finite useful life.

**2.10 Tangible fixed assets**

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 JULY 2019

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**2. Accounting policies (continued)**

**2.10 Tangible fixed assets (continued)**

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Leasehold Improvements	- 33% per annum straight line
Motor vehicles	- 20% per annum straight line
Fixtures & fittings	- 33% per annum straight line

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

**2.11 Stocks**

Stocks are stated at the lower of cost and the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis.

At each balance sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

**2.12 Debtors**

Short term and long term debtors are measured at transaction price, less any impairment.

**2.13 Cash and cash equivalents**

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

**2.14 Creditors**

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 JULY 2019**

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**2. Accounting policies (continued)**

**2.15 Financial instruments**

The Company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of comprehensive income

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the balance sheet date.

**3. Judgments in applying accounting policies and key sources of estimation uncertainty**

There were no critical judgments made in the process of applying the Company's accounting policies.

There were no key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

**SOUTHEND UNITED FOOTBALL CLUB LIMITED (THE)**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 JULY 2019**

**4. Turnover**

An analysis of turnover by class of business is as follows:

	2019 £	2018 £
Operations and other income	1,020,935	858,809
Player trading income	583,897	1,215,804
Centre of Excellence Income	424,705	405,515
Bar and catering income	413,157	410,498
Advertising Income	2,650,152	1,105,801
Shop royalties income	44,483	51,000
Television Income	90,000	-
Sales - Season Tickets	728,744	733,051
Sales - League Income	1,474,300	1,454,181
	<u>7,430,373</u>	<u>6,234,659</u>

All turnover arose within the United Kingdom.

**5. Other operating income**

	2019 £	2018 £
Net rents receivable	3,610	7,416
	<u>3,610</u>	<u>7,416</u>

**6. Operating loss**

The operating loss is stated after charging:

	2019 £	2018 £
Depreciation of tangible fixed assets	215,706	181,305
Amortisation of intangible assets, including goodwill	239,374	181,329
Fees payable to the Company's auditor and its associates for the audit of the Company's financial statements	21,000	21,000
Other operating lease rentals	450,000	450,000
Defined contribution pension cost	<u>18,764</u>	<u>12,421</u>

**SOUTHEND UNITED FOOTBALL CLUB LIMITED (THE)**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 JULY 2019**

**7. Auditors' remuneration**

	2019 £	2018 £
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	<u>21,000</u>	<u>21,000</u>

The Company has taken advantage of the exemption not to disclose amounts paid for non audit services as these are disclosed in the group accounts of the parent Company.

**8. Employees**

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

	2019 £	2018 £
Wages and salaries	5,684,533	5,058,321
Social security costs	537,739	529,369
Cost of defined contribution scheme	18,764	12,421
	<u>6,241,036</u>	<u>5,600,111</u>

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

	2019 No.	2018 No.
Playing, Training and Coaching	91	91
Establishment and ground maintenance	54	54
Directors	5	6
	<u>150</u>	<u>151</u>

**9. Directors' remuneration**

	2019 £	2018 £
Directors' emoluments	-	30,140
	<u>-</u>	<u>30,140</u>

Key management remuneration for 2019 is £66,398 (2018 - £93,381).



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SOUTHEND UNITED FOOTBALL CLUB LIMITED (THE)

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 JULY 2019

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10. Interest payable and similar expenses

	2019 £	2018 £
Other loan interest payable	(199,622)	(114,202)
	<u>(199,622)</u>	<u>(114,202)</u>

11. Exceptional item

	2019 £	2018 £
Write off of associated company balance	-	6,878,228
	<u>-</u>	<u>6,878,228</u>

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**SOUTHEND UNITED FOOTBALL CLUB LIMITED (THE)**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 JULY 2019**

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**12. Taxation**

**Factors affecting tax charge for the year**

The tax assessed for the year is the same as (2018 - the same as) the standard rate of corporation tax in the UK of 19% (2018 - 19%) as set out below:

	2019 £	2018 £
(Loss)/profit on ordinary activities before tax	<u>(2,558,077)</u>	<u>3,788,693</u>
Profit/(loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2018 - 19%)	485,486	(575,063)
<b>Effects of:</b>		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	(15,725)	10,888
Capital allowances for year in excess of depreciation	(25,459)	432
Utilisation of tax losses	-	504,401
Adjustments to tax charge in respect of prior periods	17,626	-
Changes in provisions leading to an increase (decrease) in the tax charge	(48,631)	59,342
Unrelieved tax losses carried forward	(413,297)	-
<b>Total tax charge for the year</b>	<u>-</u>	<u>-</u>

**Factors that may affect future tax charges**

There were no factors that may affect future tax charges.

**Deferred Tax**

An estimated deferred tax asset of £3,081,641 (2018 - £3,826,951) in respect of fixed assets and short term timing differences and losses has not been provided for, due to the uncertainty of sufficient profits in the foreseeable future.

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SOUTHEND UNITED FOOTBALL CLUB LIMITED (THE)

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 JULY 2019

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13. Intangible assets

	Players' Registrations £
<b>Cost</b>	
At 1 August 2018	495,626
Additions	69,430
Disposals	(250,145)
	<hr/>
At 31 July 2019	314,911
	<hr/>
<b>Amortisation</b>	
At 1 August 2018	239,642
Charge for the year	239,375
On disposals	(232,811)
	<hr/>
At 31 July 2019	246,206
	<hr/>
<b>Net book value</b>	
At 31 July 2019	<hr/> <u>68,705</u>
<i>At 31 July 2018</i>	<hr/> <u>255,984</u>

SOUTHEND UNITED FOOTBALL CLUB LIMITED (THE)

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 JULY 2019

14. Tangible fixed assets

	L/Term Leasehold Property £	Motor vehicles £	Fixtures & fittings £	Computer equipment £	Total £
<b>Cost or valuation</b>					
At 1 August 2018	1,314,982	40,250	2,470,735	42,689	3,868,656
Additions	40,577	-	5,661	-	46,238
Disposals	(644)	-	-	-	(644)
At 31 July 2019	<u>1,354,915</u>	<u>40,250</u>	<u>2,476,396</u>	<u>42,689</u>	<u>3,914,250</u>
<b>Depreciation</b>					
At 1 August 2018	279,222	40,250	1,867,347	25,400	2,212,219
Charge for the year on owned assets	87,637	-	119,533	8,538	215,708
Disposals	(179)	-	-	-	(179)
At 31 July 2019	<u>366,680</u>	<u>40,250</u>	<u>1,986,880</u>	<u>33,938</u>	<u>2,427,748</u>
<b>Net book value</b>					
At 31 July 2019	<u>988,235</u>	<u>-</u>	<u>489,516</u>	<u>8,751</u>	<u>1,486,502</u>
<b>At 31 July 2018</b>	<u>1,035,760</u>	<u>-</u>	<u>603,388</u>	<u>17,289</u>	<u>1,656,437</u>

The net book value of land and buildings may be further analysed as follows:

	2019 £	2018 £
Long leasehold	988,235	1,035,760
	<u>988,235</u>	<u>1,035,760</u>

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SOUTHEND UNITED FOOTBALL CLUB LIMITED (THE)

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 JULY 2019

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15. Stocks

	2019 £	2018 £
Bar, catering and miscellaneous stock	23,567	21,670
	<u>23,567</u>	<u>21,670</u>

The value of stocks sold in the year is £249,282 (2018 - £250,341).

SOUTHEND UNITED FOOTBALL CLUB LIMITED (THE)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 JULY 2019**

**16. Debtors**

	2019 £	2018 £
<b>Due after more than one year</b>		
Amounts owed by group undertakings	-	15,068
Other debtors	10,520	10,580
Prepayments and accrued income	794	451,586
	<u>11,314</u>	<u>477,234</u>
<b>Due within one year</b>		
Trade debtors	233,660	212,631
Other debtors	48,298	53,649
Prepayments and accrued income	1,333,941	1,300,627
	<u>1,627,213</u>	<u>2,044,141</u>

During 1987, the Company entered into a joint venture agreement ("the agreement") to build a block of flats on land owned by the Company. The agreement specified that both parties would retain equity shares in each unit of leasehold property which would be realised no later than five years from the date of sale of each unit. The equity shares allowed the joint venture partners to participate in the agreed values of the leasehold interests on sale and any subsequent increase in value if sold within five years of granting the lease. Thus the equity share debtor of £10,520 (2018 - £10,580) represents the amounts due to the Company, after provisions, in respect of its share in the total sale price of each unit of leasehold property.

**17. Creditors: Amounts falling due within one year**

	2019 £	2018 £
Bank overdrafts	-	16,379
Trade creditors	2,224,461	1,811,035
Amounts owed to group undertakings	14,242,523	13,373,191
Other taxation and social security	635,620	411,286
Other creditors	741,378	434,273
Accruals and deferred income	2,037,000	1,925,086
	<u>19,880,982</u>	<u>17,971,250</u>

**SOUTHEND UNITED FOOTBALL CLUB LIMITED (THE)**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 JULY 2019**

**18. Hire purchase and finance leases**

Minimum lease payments under hire purchase fall due as follows:

2019 £	2018 £
-	-

**19. Financial instruments**

2019 £	2018 £
<b>Financial assets</b>	
Financial assets measured at fair value through profit or loss	-
Financial assets that are debt instruments measured at amortised cost	-
<b>2,973,046</b>	<b>-</b>

**Financial liabilities**

Financial liabilities measured at amortised cost	<b>(20,025,268)</b>	-
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Financial assets that are debt instruments measured at amortised cost comprise trade debtors, other debtors and accrued income.

Other financial liabilities measured at fair value through profit or loss comprise of bank in overdraft.

Financial liabilities measured at amortised cost comprise trade creditors, other creditors and accruals.

**20. Share capital**

	2019 £	2018 £
<b>Allotted, called up and fully paid</b>		
677,488 (2018 - 679,488) Ordinary Shares shares of £0.25 each	<b>169,488</b>	<b>169,488</b>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 JULY 2019**

**21. Contingent liabilities**

Under the terms of certain contracts for the transfer of players' registrations, future payments may be due, dependant on the future transfer value attained for certain players. It is not possible to quantify the maximum liability that could be payable. In addition, where payments due for player transfers cannot be accurately determined at the year end, only those amounts actually agreed have been included in these financial statements. Any subsequent amounts will be included when they have been agreed.

**22. Pension commitments**

Eligible players are members of the Football League Limited Players Retirement Income Scheme. No employers contributions are made. The scheme is defined contribution in nature. For administration & support employees the Company contributes towards a Pension Scheme. During the year contributions of £18,764 (2018 - £12,421) were made. At the year end £7,025 (2018 - £1,882) of outstanding contributions were included in other creditors.

**23. Commitments under operating leases**

At 31 July 2019 the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2019 £	2018 £
Not later than 1 year	6,975	520,000
Later than 1 year and not later than 5 years	4,230	1,560,000
Later than 5 years	-	520,000
	<u>11,205</u>	<u>2,600,000</u>



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## SOUTHEND UNITED FOOTBALL CLUB LIMITED (THE)

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2019

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#### 24. Related party transactions

DM Markscheffel is a Director of the Company. At the year end, the Company owed £116,699 (2018 - £116,699) to DM Markscheffel.

During the year G Lockett, a Director of the Company, continued his loan to Southend United Football Club Limited. At the year end the Company owed £184,582 (2018 - £184,582) in respect of the capital portion of this loan. The Company also owed G Lockett £57,810 (2018 - £57,810) at the year end. A sum of £3,757 (2018- £4,741) was outstanding at the year end from SP Broker Services Limited, a company in which Gary Lockett has a controlling interest. A sum of £6,957 (2018- £5,406) was outstanding at the year end from Arkasian Property Management Limited, a company which Gary Lockett also has a controlling interest. A sum was outstanding at the year end from Gary Lockett for £10,326 (2018- £7,626). Ticket sales of £820 (2018 - £nil) were made during the year to SP Broker Services; a company in which Gary Lockett has a controlling interest.

F Van Wezel, a director of the company had a controlling interest in Hi-Tec Sports plc for a portion of the year ended 31 July 2018. During the year the Company made sponsorship and hospitality sales to Hi-Tec Sports plc of £nil (2018 - £20,400).

#### South Eastern Leisure UK Limited

South Eastern Leisure UK Limited ("SEL") is the direct parent undertaking. The amount owed to SEL and related companies at the year end was £13,242,522 (2018 - £12,373,191). This amount is included in creditors falling due within one year. The Company leases the training ground and the Roots Hall ground from SEL. Rent is charged amounting to £450,000 (2018 - £450,000). A management charge amounting to £300,000 (2018 - £300,000) was also payable to these companies.

#### Mezcal Investments

Mezcal Investments Limited owns 50% of SEL. In 2006 the Company received loans from Mezcal Investments Limited amounting to £1,000,000. At the year end £1,000,000 (2018 - £1,000,000) remained outstanding.

#### Inhouse Advisors Limited

Inhouse Advisors Limited is a company controlled by a close family member of a person who has significant influence over the Company. During the year the company received rental income of £20,000 (2018: Nil) from Inhouse Advisors Limited, this amount was outstanding at the year end and is included other debtors..

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 JULY 2019**

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**25. Post balance sheet events**

Since the balance sheet date, the COVID-19 (coronavirus) pandemic has had an increasingly significant effect on individuals, businesses and organisations worldwide, including Southend United Football Club Ltd. The outbreak came into widespread public knowledge in 2020. In accordance with the Financial Reporting Standard applicable in the UK and the Republic of Ireland and as confirmed by the Financial Reporting Council, the emergence of coronavirus is a non-adjusting post balance sheet event for any entity with a year end of 31 December 2019 or earlier, so this is applicable to Southend United Football Club Ltd. Therefore, assets and liabilities should not be adjusted for any potential impact of the pandemic unless the impact is so significant that the Company is no longer a going concern.

The Directors have considered the effect on the value of the assets and liabilities of the Company since the balance sheet date, as well as actual and expected future income and expenditure, cash flow requirements and the Company's ability to continue as a going concern. They have taken steps to protect the workforce and the business, including its cash flow, so as to be able to maintain liquidity given that the effects of the current crisis are likely to last for several months.

The Directors have taken all necessary measures to satisfy themselves that the Company will continue to be able to operate throughout the current lockdown conditions and beyond. Therefore, the Company is considered to be a going concern and no adjustments have been made to the figures in these financial statements in respect of events since the balance sheet date.

**26. Controlling party**

The immediate and ultimate parent company is South Eastern Leisure UK Limited. There is no ultimate controlling party in the current or the preceeding year.

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.