

Middlesbrough Football & Athletic  
Company (1986) Limited  
Annual report and financial statements  
for the year ended 30 June 2023

Registered number: 1947851

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Middlesbrough Football & Athletic Company (1986) Limited  
Annual report and financial statements  
for the year ended 30 June 2023

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# **Middlesbrough Football & Athletic Company (1986) Limited**

## **Directors and advisers for the year ended 30 June 2023**

### **Directors**

S Gibson

N Bausor

### **Company secretary and registered office**

Jeremy Bloom

Riverside Stadium

Middlesbrough

England

TS3 6RS

### **Solicitors**

The Endeavour Partnership LLP

Tobias House

St Mark's Court

Teesdale Business Park

Teesside

TS17 6QW

Northridge Law LLP

The Bloomsbury Building

Holborn

London

WC1A 2SL

Womble Bond Dickinson (UK) LLP

The Spark, Draymans Way

Newcastle Helix

Newcastle Upon Tyne

NE4 5DE

### **Bankers**

Barclays Bank Plc

Barclays House

5 St Ann's Street, Quayside

Newcastle Upon Tyne

NE1 3DX

### **Independent auditors**

BDO LLP

Central Square

29 Wellington Street

Leeds

LS1 4DL

# Middlesbrough Football & Athletic Company (1986) Limited

## Strategic report for the year ended 30 June 2023

The directors present their Strategic report for the Company for the year ended 30 June 2023.

### Business review

The results for the financial year show an EBITDA (earnings before interest, tax, depreciation and amortisation, calculated as the operating loss with depreciation and amortisation added back) of £7,483,000 (2022: £8,539,000 loss), a loss before taxation of £6,399,000 (2022: £19,459,000) and turnover of £28,594,000 (2022: £26,887,000). Net liabilities have increased by £4,460,000 on prior year to £136,384,000 (2022: £131,924,000).

The Club competed in the EFL Championship in the 2022/23 season. The Club secured a play-off position, finishing 4<sup>th</sup> in the league however promotion was not achievable following a play-off semi-final defeat against Coventry City.

### Principal risks and uncertainties

The management of the business and the execution of the Company's strategy are subject to a number of risks which principally occur around football, employees, and finance related matters.

#### *Football*

The biggest risk to the Club is failing to perform competitively in the league in which it competes. This is managed by developing and recruiting a first team squad suited to the relevant league and employing a management team and support team with the requisite knowledge and experience. Notwithstanding this the risk of injuries to key players can make this difficult to control.

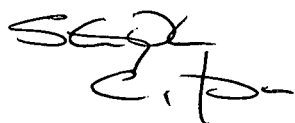
#### *Finance*

The Company operates in a challenging business environment and market sector where revenue streams can fluctuate significantly depending upon team performance on the pitch and costs can be unrelated to income being generated. The Company continuously reviews the level of fixed costs incurred with a view to restricting unnecessary expense and matching costs to revenue streams to ensure the Club operates within financial regulations governed by The English Football League. The principal risk in this area at the moment is the impact that rising costs has on operating costs and the discretionary spend available to supporters.

### Key performance indicators

Given the nature of the business the Company is of the opinion that analysis using KPIs is not necessary for an understanding of the development, performance, or position of the business.

On behalf of the Board



S Gibson  
Chairman

29 November 2023

# Middlesbrough Football & Athletic Company (1986) Limited

## Directors' report for the year ended 30 June 2023

The directors present their report and the audited financial statements of the Company for the year ended 30 June 2023. The Company's registered number is 1947851.

### Principal activities

The principal activity of the Company is the operation of a professional football club.

### Directors

The directors of the Company during the year are listed below:

S Gibson (Chairman)  
N Bausor (Chief Executive Officer)

### Dividends

The directors do not recommend payment of a dividend (2022: £nil).

### Future outlook

The Club continues to compete in the EFL Championship in the 2023/24 season. It will continue to keep control of operating costs and make as much income as possible available to invest in the football team. The Club will continue to strive for progression and promotion to the Premier League.

In May 2023, the Club announced its official affiliation with Middlesbrough Football Club Women. The team will be competing in the National League Division One in the 2023/24 season, the fourth tier of Women's football.

### Going concern

At 30 June 2023, the Company had net liabilities of £136,384,000 (2022: £131,924,000) and net current liabilities of £164,262,000 (2022: £166,043,000) including amounts due to group undertakings of £148,925,000 (2022: £142,386,000).

The going concern basis of the Company depends on the continuing support from The Gibson O'Neill Company Limited, the ultimate parent undertaking, which has agreed through a formal letter of support to continue to provide that support, if required, to the Company for the foreseeable future and for at least 12 months after these financial statements are approved by the directors. As such, the going concern status of the Company is linked to the going concern of the group.

The directors have carried out a review of the ultimate parent company's ability to continue as a going concern for a period of at least 12 months from the date of approval of these financial statements. Based on financial projections, the directors have concluded that adequate financial resources are available to ensure the ultimate parent company can meet its obligations as they fall due for the foreseeable future and have therefore adopted the going concern basis in preparing the financial statements.

### Post balance sheet events

Post balance sheet events are shown in note 22 on page 32.

### Financial risk management

The Company's operations expose it to a variety of financial risks that include the effects of changes in liquidity risk, foreign exchange risk and credit risk.

#### *Liquidity risk*

The Company manages its liquidity risk on a daily basis through cash monitoring and cash flow forecasting to ensure that it operates within the parameters of its financial plan.

# Middlesbrough Football & Athletic Company (1986) Limited

## Directors' report for the year ended 30 June 2023 (continued)

### *Foreign exchange risk*

The Company is exposed to foreign exchange risk as a result of acquisition and disposal of player registrations. Where possible the Club minimises the use of foreign currency.

### *Credit risk*

The Company's credit risk is primarily attributable to its trade debtors. The amounts presented in the balance sheet are shown net of provisions for impairment where it is considered the Company will not be able to collect all amounts due. The Company considers it has no significant concentration of credit risk as its exposure is spread over a large number of customers. The largest sums will be due from other English football clubs as instalments for player transfer sales and these sums are protected by the Football Creditor rules.

### **Engagement with employees**

Information on matters of concern to employees is communicated on a regular basis to seek to achieve a common awareness on the part of all employees of the financial and economic factors affecting the Company's performance. The Company is committed to employment policies, which follow best practice, based on equal opportunities for all employees, irrespective of sex, race, colour, disability, marital status, age or sexual orientation. It's recognised as an Intermediate Level Premier League Equality Standard and Plan4Sport. Staff are trained in unconscious bias, disability-awareness, LGBT-awareness, and Mental Health First Aid.

### **Disabled employees**

It is the Company's policy that disabled people should receive full and fair consideration for all job vacancies for which they are suitable applicants. Employees who become disabled during their working life will be retained in employment wherever possible and will be given help with any necessary rehabilitation and retraining. The Club is prepared to modify procedures or equipment, wherever this is practicable, so that full use can be made of an individual's abilities.

### **Statement of directors' responsibilities in respect of the financial statements**

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law, the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", 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 the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

# Middlesbrough Football & Athletic Company (1986) Limited

## Directors' report for the year ended 30 June 2023 (continued)

The directors 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.

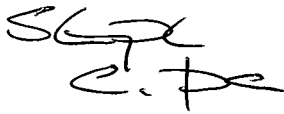
The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006.

### Directors' confirmations

In the case of each director in office at the date the Directors' Report is approved:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

On behalf of the board



S Gibson  
Chairman

29 November 2023

# **Middlesbrough Football & Athletic Company (1986) Limited**

## **Independent auditors' report to the members of Middlesbrough Football & Athletic Company (1986) Limited**

### **Opinion on the financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 30 June 2023 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.

We have audited the financial statements of Middlesbrough Football & Athletic Company (1986) Limited ("the Company") for the year ended 30 June 2023 which comprise the Statement of Comprehensive Income, the Balance sheet, the Statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice)*.

### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### *Independence*

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.

### **Conclusions relating to going concern**

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

### **Other information**

The Directors are responsible for the other information. The other information comprises the information included in the Directors report and financial statements, other than the financial statements and our auditor's

# **Middlesbrough Football & Athletic Company (1986) Limited**

## **Independent auditors' report to the members of Middlesbrough Football & Athletic Company (1986) Limited (continued)**

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.

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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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.

### **Other Companies Act 2006 reporting**

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.

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.

### **Responsibilities of Directors**

As explained more fully in the Statement of Directors Responsibilities, 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.

# **Middlesbrough Football & Athletic Company (1986) Limited**

## **Independent auditors' report to the members of Middlesbrough Football & Athletic Company (1986) Limited (continued)**

### **Auditor's responsibilities for the audit of the financial statements**

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

#### *Extent to which the audit was capable of detecting irregularities, including fraud*

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

#### *Non-compliance with laws and regulations*

Based on:

- our understanding of the Group and the industry in which it operates;
- discussion with management and those charged with governance; and
- obtaining and understanding of the Group's policies and procedures regarding compliance with laws and regulations.

We considered the significant laws and regulations to be Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice), the Companies Act 2006 and UK tax legislation.

The Group is also subject to laws and regulations where the consequence of non-compliance could have a material effect on the amount or disclosures in the financial statements, for example through the imposition of fines or litigations. We identified such laws and regulations to be compliance with Football regulation, at a Football Association level and with the English Football League including Financial Fair Play regulations.

Our procedures in respect of the above included:

- review of minutes of meeting of those charged with governance for any instances of non-compliance with laws and regulations;
- review of correspondence with legal counsel or tax authorities for any instances of non-compliance with laws and regulations; and
- review of financial statement disclosures and agreeing to supporting documentation;

#### *Fraud*

We assessed the susceptibility of the financial statements to material misstatement, including fraud. Our risk assessment procedures included:

- Enquiry with management and those charged with governance regarding any known or suspected instances of fraud.

# **Middlesbrough Football & Athletic Company (1986) Limited**

## **Independent auditors' report to the members of Middlesbrough Football & Athletic Company (1986) Limited (continued)**

- Obtaining an understanding of the Group's policies and procedures relating to:
  - detecting and responding to the risks of fraud; and
  - internal controls established to mitigate risks related to fraud.
- Review of minutes of meeting of those charged with governance for any known or suspected instances of fraud.
- Discussion amongst the engagement team as to how and where fraud might occur in the financial statements.
- Performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud.

Based on our risk assessment, we considered the areas most susceptible to fraud to be revenue recognition through the inappropriate recognition of revenue early that should be deferred and management override of controls.

Our procedures in respect of the above included:

- Testing and agreeing to supporting documentation a sample of journal entries throughout the year and subsequent to the year end, which met a defined risk criteria to detect possible irregularities and fraud, focusing on journal entries containing characteristics of audit interest, including journals with unusual combinations, material journal entries, and journals posted to revenue and cash.
- With regards to the risk of fraud in revenue recognition we have performed testing of transactions recorded within deferred revenue and revenue accounts and checked the appropriateness of amounts released to deferred revenue within the year to check whether revenue has been recorded in the correct period.
- Testing of significant estimates and evaluating whether there was evidence of bias in the financial statements by the Directors that represented a risk of material misstatement due to fraud. In particular, we considered the appropriateness of intangible asset valuations, tangible assets, depreciation, and amortisation as being the principal estimates and judgements.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members who were all deemed to have appropriate competence and capabilities and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

## **Middlesbrough Football & Athletic Company (1986) Limited**

### **Independent auditors' report to the members of Middlesbrough Football & Athletic Company (1986) Limited (continued)**

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

#### **Use of our report**

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

DocuSigned by:  
*Neil Ebdon*  
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Neil Ebdon (Senior Statutory Auditor)  
For and on behalf of BDO LLP, Statutory Auditor  
Leeds, UK

30 November 2023

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

# Middlesbrough Football & Athletic Company (1986) Limited

## Statement of Comprehensive Income for the year ended 30 June 2023

	Note	30 June 2023 £'000	30 June 2022 £'000
<b>Turnover</b>	1	<b>28,594</b>	26,887
Cost of sales		(45,011)	(35,327)
<b>Gross loss</b>		<b>(16,417)</b>	(8,440)
Administrative expenses before player amortisation and impairment		(5,006)	(5,585)
Player amortisation and impairment		(11,566)	(7,997)
Administrative expenses		(16,572)	(13,582)
Profit on sale of registrations		22,319	1,350
Other operating income	4	3,938	1,236
<b>Operating loss</b>		<b>(6,732)</b>	(19,436)
Interest payable and similar expenses	5	(161)	(23)
Interest receivable and similar income	6	494	-
<b>Loss before taxation</b>	7	<b>(6,399)</b>	(19,459)
Tax on loss	8	1,939	4,144
<b>Loss for the financial year</b>		<b>(4,460)</b>	(15,315)

All of the Company's operations are continuing.

The notes on pages 19 to 33 form an integral part of these financial statements.

# Middlesbrough Football & Athletic Company (1986) Limited

## Balance sheet as at 30 June 2023

	Note	2023 £'000	2023 £'000	2022 £'000	2022 £'000
<b>Fixed assets</b>					
Intangible assets	9		10,624		10,553
Tangible assets	10		44,761		46,132
			55,385		56,685
<b>Current assets</b>					
Stocks	11	400		385	
Debtors	12	14,487		4,900	
Cash at bank and in hand		378		174	
		15,265		5,459	
<b>Creditors: amounts falling due within one year</b>	13	(179,527)		(171,502)	
<b>Net current liabilities</b>			(164,262)		(166,043)
<b>Total assets less current liabilities</b>			(108,877)		(109,358)
<b>Creditors: amounts falling due after more than one year</b>	14		(10,045)		(9,264)
<b>Provisions for liabilities</b>	15		(17,462)		(13,302)
<b>Non-Current Liabilities</b>			(27,507)		(22,566)
<b>Net liabilities</b>			(136,384)		(131,924)
<b>Capital and reserves</b>					
Called up share capital	17		64,056		64,056
Capital contribution	18		26,000		26,000
Revaluation reserve	18		23,898		25,056
Profit and loss account	18		(250,338)		(247,036)
<b>Total shareholders' deficit</b>			(136,384)		(131,924)

The notes on pages 19 to 33 form an integral part of these financial statements. The financial statements on pages 11 to 33 were approved by the Board on 29 November 2023 and were signed on its behalf by:

S Gibson  
Director



Middlesbrough Football Club & Athletic Company (1986) Limited. Registered number: 1947851

# Middlesbrough Football & Athletic Company (1986) Limited

## Statement of changes in equity for the year ended 30 June 2023

	Called up share capital £'000	Capital contribution £'000	Revaluation reserve £'000	Profit and Loss Account £'000	Total equity £'000
At 1 July 2022	64,056	26,000	25,056	(247,036)	(131,924)
Comprehensive expense for the year					
Loss for the financial year	-	-	-	(4,460)	(4,460)
Loss for the financial year	-	-	-	(4,460)	(4,460)
Depreciation on property revaluations	-	-	(1,158)	1,158	-
Balance at 30 June 2023	64,056	26,000	23,898	(250,338)	(136,384)

# Middlesbrough Football & Athletic Company (1986) Limited

## Statement of changes in equity for the year ended 30 June 2022

	Called up share capital	Capital contribution	Revaluation reserve	Profit and Loss Account	Total equity
	£'000	£'000	£'000	£'000	£'000
<b>At 1 July 2021</b>	<b>64,056</b>	<b>26,000</b>	<b>26,237</b>	<b>(232,902)</b>	<b>(116,609)</b>
<b>Comprehensive expense for the year</b>					
Loss for the financial year	-	-	-	(15,315)	(15,315)
<b>Other comprehensive expense for the year</b>	-	-	-	(15,315)	(15,315)
<b>Total comprehensive expense for the year</b>	-	-	-	(15,315)	(15,315)
Depreciation on property revaluations	-	-	(1,181)	1,181	-
<b>Balance at 30 June 2022</b>	<b>64,056</b>	<b>26,000</b>	<b>25,056</b>	<b>(247,036)</b>	<b>(131,924)</b>

# Middlesbrough Football & Athletic Company (1986) Limited

## Statement of accounting policies for the year ended 30 June 2023

### General information

Middlesbrough Football & Athletic Company (1986) Limited is a company limited by share capital. Incorporated and domiciled in England, registration number 1947851.

### Basis of accounting

The Financial Statements have been prepared on the going concern basis under the historical cost convention modified for the revaluation of certain fixed assets, and in accordance with Financial Reporting Standard 102 (FRS 102). The Company is deemed a qualifying entity under FRS 102. On this basis its ultimate parent company has approved its eligibility for disclosure exemptions, this report excludes a cash flow statement, key management compensation disclosure and related party disclosures.

The Company has taken advantage of the following exemptions:

- from preparing a statement of cash flows, on the basis that it is a qualifying entity and the consolidated statement of cash flows of the group includes the Company's cash flows;
- from the requirement to present a reconciliation of the number of shares outstanding at the beginning and end of the year as required by paragraph 4.12(a)(iv); and
- the requirements of Section 11 paragraphs 11.41 (b), 11.41 (c), 11.41 (e), 11.41 (f), 11.42, 11.44, 11.45, 11.47, 11.48 (a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c) and Section 12 paragraphs 12.26 (in relation to those cross referenced paragraphs from which a disclosure exemption is available), 12.27, 12.29 (a), 12.29(b) and 12.29A providing disclosures equivalent to those required by this FRS are included in the consolidated financial statements of the group in which the entity is consolidated.

### Going concern

At 30 June 2023, the Company had net liabilities of £136,384,000 (2022: £131,924,000) and net current liabilities of £164,262,000 (2022: £166,043,000) including amounts due to group undertakings of £148,925,000 (2022: £142,386,000).

The going concern basis of the Company depends on the continuing support from The Gibson O'Neill Company Limited, the ultimate parent undertaking, which has agreed through a formal letter of support to continue to provide that support, if required, to the Company for the foreseeable future and for at least 12 months after these financial statements are approved by the directors. As such, the going concern status of the Company is linked to the going concern of the group.

The directors have carried out a review of the ultimate parent company's ability to continue as a going concern for a period of at least 12 months from the date of approval of these financial statements. Based on financial projections, the directors have concluded that adequate financial resources are available to ensure the ultimate parent company can meet its obligations as they fall due for the foreseeable future and have therefore adopted the going concern basis in preparing the financial statements.

A summary of accounting policies, which have been applied consistently, is set out below.

### Tangible fixed assets and depreciation

Tangible fixed assets, other than leasehold properties, are stated at cost, which is their purchase cost, together with any incidental costs of acquisition, or at valuation, less accumulated depreciation. Leasehold properties are held at valuation and are revalued on a depreciated replacement cost basis. A formal third-party valuation is carried out every three years. In years between formal valuations, the directors make their own assessment of valuation.

# **Middlesbrough Football & Athletic Company (1986) Limited**

## **Statement of accounting policies for the year ended 30 June 2023 (continued)**

Depreciation is calculated so as to write off the cost or valuation of tangible fixed assets less their estimated residual values on a straight-line basis, over the expected useful economic lives of the assets concerned. The principal annual rates used for this purpose are:

Long leasehold buildings	2% - 10%
Fixtures, fittings, plant and machinery	2% - 20%
Land is not depreciated.	

### **Finance leases**

Leasing agreements which transfer to the Company substantially all the benefits and risks of ownership of an asset are treated as if the asset had been purchased outright. The assets are included in fixed assets and the capital element of the leasing commitment is shown as obligations under finance leases. The lease rentals are treated as consisting of capital and interest elements. The capital element is applied to reduce the outstanding obligations and the interest element is charged to the profit and loss account so as to give a constant periodic rate of charge on the remaining balance outstanding at each accounting year. Assets held under finance leases are depreciated over the shorter of the lease terms and the useful lives of equivalent owned assets.

### **Stocks**

Stocks are stated at the lower of cost and net realisable value. Cost is determined on a first-in first-out basis. Net realisable value is the price at which stocks can be sold in the normal course of business after allowing for the costs of realisation. Provision is made where necessary for obsolete, slow moving and defective stocks.

### **Grants**

Grants that relate to specific projects are treated as deferred income which is then credited to the profit and loss account over the related project's useful life. Other grants are credited to the profit and loss account when received.

### **Foreign currencies**

Transactions in foreign currencies are translated at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. All exchange differences are taken to the profit and loss account in the year in which they arise.

### **Turnover**

Turnover represents income receivable from the Company's principal activities and is exclusive of value added tax and gains in relation to the sale of player registrations. Matchday and Season ticket receipts, including Cup competitions, are recognised over the year of the football season as games are played. The fixed element of broadcasting revenue is recognised over the duration of the football season whilst facility fees for additional live coverage and sale of merchandise are taken when earned. Sponsorship and similar commercial income are recognised over the duration of the respective contracts.

### **Deferred taxation**

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except that a charge attributable to an item of income or 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 reporting date in the countries where the Company operates and generates taxable income.

# Middlesbrough Football & Athletic Company (1986) Limited

## Statement of accounting policies for the year ended 30 June 2023 (continued)

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

- 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;
- any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- where timing differences relate to interests in subsidiaries, associates, branches and joint ventures and the group can control their reversal and such reversal is not considered probable in the foreseeable future.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred income tax is determined based on the rates expected to apply at the date of reversal, using tax rates and laws that have been enacted or substantively enacted by the reporting date.

### Provisions

Provisions are recognised when the Company has an obligation at the reporting date as a result of a past event, it is probable that the Company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

Provisions are recognised for onerous player contracts and deferred taxation liabilities.

### Compensation and loan fees

The costs associated with the acquisition of players' registrations are capitalised as intangible fixed assets. These costs are fully amortised over the length of the respective players' initial contract. Where a playing contract is extended, the unamortised balance at the date of the amendment, together with any new costs associated with the extension is amortised over the remaining revised contract life. Provision is made for any impairment and player registrations are written down for impairment when the carrying value exceeds the amount recoverable through use or sale of the relevant income generating unit.

Where a part of the consideration payable on acquiring a player's registration is contingent upon a future event, the amount of the consideration is recognised once the event occurs and is amortised from the date of the event. The total amount which is currently considered possible is disclosed in note 21. Profit or losses on the sale of registrations represent the present value of compensation or loan fees receivable, net of any transaction costs, less the amortised cost of the registrations.

### Pension costs

The Company is making contributions in respect of its share of the deficit of the defined benefit section of the Football League Pension and Life Assurance Scheme (the "Scheme"). As the Company is one of a number of participating employers in the Scheme it is not possible to identify the Company's share of the individual assets and liabilities within the Scheme.

Under FRS102, the Scheme is a funded multi-employer defined benefit scheme and the defined benefit obligation is to be recorded at its present value set by the scheme actuary discounted at appropriate rates. The change in present value not due to contributions paid is taken to the profit and loss account in the year.

# **Middlesbrough Football & Athletic Company (1986) Limited**

## **Statement of accounting policies for the year ended 30 June 2023 (continued)**

The Company also provides access to stakeholder pension plans for employees. The employer's contributions are charged to the profit and loss account in the year in which the liability to pay arises. Further details are provided in note 20.

### **Critical estimates in applying accounting policies and key sources of estimation uncertainty**

The preparation of the financial statement requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities at the reporting date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. The following critical estimates have been applied in preparing these financial statements:

- **Players' net book value** – the cost of obtaining players' registrations are amortised evenly over the period of the representative players' contracts with no residual value. The directors consider player impairment annually by assessing the market value less costs to sell for each individual player. The directors also take into consideration the individual performance of the player and overall contribution towards the first team squad.
- **Onerous contracts** – the directors review all contracts to determine whether the unavoidable cost of meeting the obligations under the contract exceed the economic benefits expected to be received under it. If they do, an onerous contract provision is recognised. This review primarily relates to player contracts where the directors take into consideration long term injuries and overall expected contribution towards the first team squad. An onerous contract provision is made for the remainder of the players' contract.
- **Property valuation** - Leasehold properties were revalued at 30 June 2021 by Montagu Evans, Chartered Surveyors, in accordance with the Appraisal and Valuation Manual of the Royal Institution of Chartered Surveyors in the United Kingdom. The Riverside Stadium and the training ground headquarters were valued on a depreciated replacement cost basis due to the specialist nature of the assets. The replacement cost for The Riverside Stadium was based on a seat rate per capacity. The directors consider the valuation of all properties annually with an external valuation carried out every three years. In the current year the directors considered the previous external valuation and assessed the likely current valuation having regard for inflation during the year and expected useful life of the assets. On this basis they are satisfied that the current net book valuation reasonably approximates a depreciated replacement cost valuation.

# Middlesbrough Football & Athletic Company (1986) Limited

## Notes to the financial statements for the year ended 30 June 2023

### 1 Turnover

Turnover is generated entirely from the Company's principal activity in the United Kingdom and is analysed as follows:

	30 June 2023 £'000	30 June 2022 £'000
Gate receipts	8,784	6,420
Cup competitions	332	3,040
Sponsorship & commercial	7,762	6,564
Broadcasting	9,504	9,050
Merchandising	2,212	1,813
<b>Total turnover</b>	<b>28,594</b>	<b>26,887</b>

### 2 Directors' emoluments

	30 June 2023 £'000	30 June 2022 £'000
Aggregate emoluments	258	258

The highest paid director received emoluments of £258,000 (2022: £258,000).

# Middlesbrough Football & Athletic Company (1986) Limited

## Notes to the financial statements for the year ended 30 June 2023 (continued)

### 3 Employee information

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

	30 June 2023	30 June 2022
By activity	Number	Number
Playing staff	77	82
Other staff	151	143
	228	225

	30 June 2023	30 June 2022
	£'000	£'000
Staff costs (for the above persons):		
Wages and salaries	26,108	25,044
Social security costs	3,328	3,219
Other pension costs (note 20)	189	164
	29,625	28,427

# Middlesbrough Football & Athletic Company (1986) Limited

## Notes to the financial statements for the year ended 30 June 2023 (continued)

### 4 Other operating income

	30 June 2023	30 June 2022
	£'000	£'000
Premier League grant income	1,210	1,210
Legal settlement	2,728	-
Release of deferred grant income	-	15
Furlough scheme	-	11
	<b>3,938</b>	<b>1,236</b>

Premier League grant income relates to the Elite Player Performance Plan and is the Premier League's contribution towards the operational costs of running a Category 1 Youth Academy.

### 5 Interest payable and similar expenses

	30 June 2023	30 June 2022
	£'000	£'000
Payable on finance leases	-	3
Other interest	161	20
<b>Interest payable and similar expenses</b>	<b>161</b>	<b>23</b>

### 6 Interest receivable and similar income

	30 June 2023	30 June 2022
	£'000	£'000
Finance income on unwinding of discount on transfer fees receivable	494	-
<b>Interest receivable and similar income</b>	<b>494</b>	<b>-</b>

# Middlesbrough Football & Athletic Company (1986) Limited

## Notes to the financial statements for the year ended 30 June 2023 (continued)

### 7 Loss before taxation

	30 June 2023 £'000	30 June 2022 £'000
Loss before taxation is stated after charging/(crediting):		
Depreciation charge for the year:		
- tangible owned fixed assets	2,641	2,892
- tangible fixed assets held under finance leases	8	8
Player amortisation and impairment:		
- amortisation of intangible fixed assets (note 9)	7,984	6,239
- impairment of intangible fixed assets (note 9)	3,582	1,758
Auditors' remuneration for:		
- audit services	56	48
- non audit services	15	16
Other operating income (note 4)	(3,938)	(1,236)
Exceptional payroll related credit	-	(2,402)

# Middlesbrough Football & Athletic Company (1986) Limited

## Notes to the financial statements for the year ended 30 June 2023 (continued)

### 8 Tax on loss

#### (a) Analysis of tax credit in the year

	30 June 2023 £'000	30 June 2022 £'000
<b>Current tax</b>		
UK corporation tax on profits for the period	(4,917)	(1,957)
Adjustments in respect of prior years	(1,240)	224
<b>Total current tax credit</b>	<b>(6,157)</b>	<b>(1,733)</b>
<b>Deferred tax</b>		
Origination and reversal of timing differences	3,455	(1,832)
Adjustments in respect of prior years	4	-
Effect of changes in tax rates	759	(579)
<b>Total deferred tax charge (note 16)</b>	<b>4,218</b>	<b>(2,411)</b>
<b>Tax credit on loss</b>	<b>(1,939)</b>	<b>(4,144)</b>

# Middlesbrough Football & Athletic Company (1986) Limited

## Notes to the financial statements for the year ended 30 June 2023 (continued)

### 8 Tax on loss (continued)

#### (b) Factors affecting tax credit for the year

The tax assessed for the year is higher (2022: higher) than the standard rate of corporation tax in the UK of 20.50% (2022: 19.00%). The differences are explained below:

	30 June 2023 £'000	30 June 2022 £'000
<b>Loss before taxation</b>	<b>(6,399)</b>	<b>(19,459)</b>
Loss multiplied by standard rate of corporation tax in the UK of 20.50% (2022: 19.00%)	(1,312)	(3,697)
<i>Effects of:</i>		
Expenses not deductible for tax purposes	(125)	(130)
Income not taxable	(25)	39
Gains, rollover relief etc	-	(2)
Tax rate changes	759	(578)
Adjustments from previous periods	(1,236)	224
<b>Total tax credit for the year</b>	<b>(1,939)</b>	<b>(4,144)</b>

The corporation tax rate increased to 25% from 1 April 2023 and therefore a corporation tax rate of 25% has been used to measure deferred tax assets and liabilities where applicable.

# Middlesbrough Football & Athletic Company (1986) Limited

## Notes to the financial statements for the year ended 30 June 2023 (continued)

### 9 Intangible assets

	Transfer fees paid for players' contracts £'000
<b>Cost</b>	
At 1 July 2022	30,535
Additions	12,213
Disposals	(3,171)
<b>At 30 June 2023</b>	<b>39,577</b>
<b>Accumulated amortisation and impairment</b>	
At 1 July 2022	19,982
Charge for the year	7,984
Impairment	3,582
Disposals	(2,595)
<b>At 30 June 2023</b>	<b>28,953</b>
<b>Net book amount</b>	
<b>At 30 June 2023</b>	<b>10,624</b>
At 30 June 2022	10,553

# Middlesbrough Football & Athletic Company (1986) Limited

## Notes to the financial statements for the year ended 30 June 2023 (continued)

### 10 Tangible assets

	Long leasehold land and buildings £'000	Fixtures, fittings, plant and machinery £'000	Total £'000
<b>Cost or valuation</b>			
At 1 July 2022	91,136	6,792	97,928
Additions	1,005	275	1,280
Disposals	-	(32)	(32)
<b>At 30 June 2023</b>	<b>92,141</b>	<b>7,035</b>	<b>99,176</b>
<b>Accumulated depreciation</b>			
At 1 July 2022	45,509	6,287	51,796
Charge for the year	2,479	170	2,649
Disposals	-	(30)	(30)
<b>At 30 June 2023</b>	<b>47,988</b>	<b>6,427</b>	<b>54,415</b>
<b>Net book amount</b>			
<b>At 30 June 2023</b>	<b>44,153</b>	<b>608</b>	<b>44,761</b>
At 30 June 2022	45,627	505	46,132

Included in the net book value of fixtures, fittings, plant and machinery is an amount of £209,000 (2022: £217,000) in respect of assets held under finance leases.

Leasehold properties were revalued at 30 June 2021 by Montagu Evans, Chartered Surveyors, in accordance with the Appraisal and Valuation Manual of the Royal Institution of Chartered Surveyors in the United Kingdom. The Riverside Stadium and the training headquarters were valued on a depreciated replacement cost basis. The directors have assessed the valuations at 30 June 2023 and are satisfied that the valuations have been appropriately recorded.

# Middlesbrough Football & Athletic Company (1986) Limited

## Notes to the financial statements for the year ended 30 June 2023 (continued)

### 10 Tangible assets (continued)

If long leasehold land and buildings had not been revalued, they would have been included at the following amounts:

	2023	2022
	£'000	£'000
Cost	39,219	38,214
Aggregate depreciation	(27,135)	(26,113)
<b>Net book amount</b>	<b>12,084</b>	<b>12,101</b>

### 11 Stocks

	2023	2022
	£'000	£'000
Finished goods and goods for resale	400	385

The difference between purchase price or production cost of stocks another replacement cost is not material.

### 12 Debtors

	2023	2022
	£'000	£'000
Trade debtors	1,527	1,067
Compensation and loan fees receivable	7,251	1,607
Other debtors	470	231
Prepayments and accrued income	1,782	1,310
Amounts owed from group undertakings	3,457	685
	<b>14,487</b>	<b>4,900</b>

Impairment for trade debtors in the year is £1,000 (2022: £4,000).

The amounts owed from group undertakings are interest free and repayable on demand.

Amounts falling due after more than one year within compensation and loan fees receivable is £4,428,000 (2022: £25,000).

# Middlesbrough Football & Athletic Company (1986) Limited

## Notes to the financial statements for the year ended 30 June 2023 (continued)

### 13 Creditors: amounts falling due within one year

	2023	2022
	£'000	£'000
Trade creditors	3,327	2,824
Amounts owed to group undertakings	148,925	142,386
Compensation and loan fees payable	6,311	5,739
Bank loan	2,484	-
Other loans	2,971	2,971
Taxation and social security	3,959	8,448
Other creditors	1,846	1,580
Deferred income	8,470	6,872
Accruals	1,234	682
	179,527	171,502

The amounts owed to group undertakings are interest free and repayable on demand however a signed letter of support has been obtained which states that the loans will not be recalled within 12 months of the signing of these financial statements.

Other loans comprise payments expected over the following 12 months in respect of loans from The Football League Limited. These loans are expected to be settled through a reduction in future solidarity receipts. Repayments are due on a six-monthly basis with final settlement due on 12 April 2024. The directors' judgement is that the loans are akin to advanced receipt of income and, on the basis that deferred income is not discounted, the loans are accounted for at nil interest, with no initial gain or loss, and no interest expense recognised in the statement of comprehensive income.

The Bank loan represents a loan facility secured against future player trading receivables, the terms of which are presented in note 14.

# Middlesbrough Football & Athletic Company (1986) Limited

## Notes to the financial statements for the year ended 30 June 2023 (continued)

### 14 Creditors: amounts falling due after more than one year

	2023	2022
	£'000	£'000
Compensation and loan fees payable	5,212	4,381
Bank loan	4,428	-
Other loans	-	2,971
Taxation and social security	243	1,677
Other creditors	162	235
	<b>10,045</b>	<b>9,264</b>

The Bank loan represents a loan facility repayable by 31 July 2025 secured against future player trading receivables bearing interest at SONIA plus 4.00%.

### 15 Provisions for liabilities

		2023	2022
	Note	£'000	£'000
Onerous contracts		450	508
Deferred taxation	16	17,012	12,794
		<b>17,462</b>	<b>13,302</b>

Movements on provisions excluding deferred taxation:

	Onerous contracts
	£'000
At 1 July 2022	508
Utilisation of provisions	(508)
Provisions in the year	450
<b>At 30 June 2023</b>	<b>450</b>

# Middlesbrough Football & Athletic Company (1986) Limited

## Notes to the financial statements for the year ended 30 June 2023 (continued)

### 16 Deferred taxation

The amounts provided for deferred taxation are as follows:

	2023	2022
	£'000	£'000
Accelerated capital allowances	7,717	8,169
Short term timing differences	9,295	4,625
	<b>17,012</b>	<b>12,794</b>
<b>Movement</b>		
At 1 July	12,794	15,205
Adjustment in respect of prior years (note 8)	4	-
Charged/(credited) to the profit and loss account (note 8)	4,214	(2,411)
Charged to other comprehensive income	-	-
<b>At 30 June</b>	<b>17,012</b>	<b>12,794</b>

### 17 Called-up share capital

	2023	2022
	£'000	£'000
<b>Authorised</b>		
64,056,000 (2022: 64,056,000) ordinary shares of £1 each	<b>64,056</b>	<b>64,056</b>
<b>Allotted, issued, called up and fully paid</b>		
64,056,000 (2022: 64,056,000) ordinary shares of £1 each	<b>64,056</b>	<b>64,056</b>

# **Middlesbrough Football & Athletic Company (1986) Limited**

## **Notes to the financial statements for the year ended 30 June 2023 (continued)**

### **18 Reserves**

#### **Capital contribution**

Capital contribution by the parent company, Middlesbrough Football & Athletic Company Holdings Limited.

#### **Revaluation reserve**

The revaluation reserve is in relation to the increase in leasehold property valuations which have been valued on a depreciated replacement cost basis.

#### **Profit and loss account**

The profit and loss account represents cumulative profits or losses, net of dividends paid and other adjustments.

### **19 Related party transactions**

The Company has taken advantage of the exemption in Section 33.1A of FRS 102 from the requirement to disclose transactions with its parents and fellow subsidiaries on the grounds that it is a wholly owned subsidiary of a group headed by The Gibson O'Neill Company Limited, whose financial statements are publicly available.

There are no further related party transactions which fall to be disclosed under the Financial Reporting Standards (FRS 102 paragraph 33.1).

### **20 Pensions**

Middlesbrough Football Club ('the Club') participates in the Football League Pension and Life Assurance Scheme ('the Scheme'). The Scheme is a funded multi-employer defined benefit scheme, with 92 participating employers, and where members may have periods of service attributable to several participating employers. The Scheme's actuary has advised that the participating employer's share of the underlying assets and liabilities of the Scheme cannot be identified on a reasonable and consistent basis and, accordingly, it has been accounted for by the Company as if they were paid to a defined contribution scheme.

The last actuarial valuation was carried out at 1 September 2020. The results of the valuation demonstrated an overall increase in scheme deficit, to be shared across its members. On the basis of this valuation and contributions thereafter, the Club's notional share of the deficit was £232,000 as at 30 June 2023 (£302,000 as at 30 June 2022). The Club pays total contributions of £73,000 per annum increasing by 5.0% per annum, which will be sufficient to pay off the deficit by 2026.

# Middlesbrough Football & Athletic Company (1986) Limited

## Notes to the financial statements for the year ended 30 June 2023 (continued)

The Company also provides access to stakeholder pension plans for employees. The employer's contributions are charged to the profit and loss account in the year in which the liability to pay arises.

The total pension cost for the Company for the year, across all schemes, was £189,000 (2022: £164,000).

### 21 Contingent liabilities and assets

Under the terms of certain contracts for the purchase of players' registrations, future payments may be due to third parties, dependent upon the success of the team or individual players. At the balance sheet date, the maximum contingent liability was £14,000,000 (2022: £5,700,000).

Any additional fees which may become payable or receivable under these agreements will be accounted for in the year that the event occurs.

### 22 Post balance sheet events

#### *Player trading*

Player transfer activity in respect of senior professionals after 30 June 2023 has resulted in the following:

- ten player acquisitions/registrations.
- two players brought into the Club on season-long loans.
- three players transferred out of the Club and four players leaving the Club on expiry of their contracts.
- four players temporarily loaned out of the Club for part or all of the season.

In respect of transfer fees payable/receivable for senior professionals (including loan fees, agent fees and transfer fee levy), the activity after 30 June 2023 has resulted in net expenditure of £5.6m, some of which is paid/received immediately and some of which is deferred over a number of years.

At 30 June 2023, the Company had net liabilities of £136,384,000. On 29 November 2023, the Company was released from its obligation to repay amounts due to the ultimate parent undertaking through the issue of shares. The financial impact of this is that the Company has increased its net assets and equity by £148,686,000.

# **Middlesbrough Football & Athletic Company (1986) Limited**

## **Notes to the financial statements for the year ended 30 June 2023 (continued)**

### **23 Immediate and ultimate parent undertaking**

The immediate parent undertaking is Middlesbrough Football & Athletic Company Holdings Limited.

The ultimate parent undertaking is The Gibson O'Neill Company Limited, a private company registered in Middlesbrough, England.

The Gibson O'Neill Company Limited is the parent undertaking of the smallest and largest group of undertakings to consolidate these financial statements at 30 June 2023. The consolidated financial statements of The Gibson O'Neill Company Limited are available from the Company secretary at Brignell Road, Riverside Park Industrial Estate, Middlesbrough, TS2 1PS.

### **24 Ultimate controlling party**

S Gibson, Chairman of the Company, is the ultimate controlling party by virtue of his 75% holding in the shares of The Gibson O'Neill Company Limited, the ultimate parent undertaking.