

# Newport Association Football Club Limited

Annual Report and Audited Financial Statements

for the Year Ended 30 June 2019

Registration number: 02395863

HSJ Audit Limited  
Chartered Accountants and Statutory Auditor  
Severn House  
Hazell Drive  
Newport  
South Wales  
NP10 8FY



## **Newport Association Football Club Limited**

### **Contents**

Company Information	1
Directors' Report	2
Statement of Directors' Responsibilities	3
Independent Auditor's Report	4 to 6
Profit and Loss Account	7
Balance Sheet	8
Statement of Changes in Equity	9
Notes to the Financial Statements	10 to 16

## **Newport Association Football Club Limited**

### **Company Information**

**Chairman** Mr GJ Foxall

**Directors** Mr SE Johnson  
Mr PL Madigan  
Mr GJ Foxall  
Mr CT Faulkner  
Mr RG Herrin  
Mr RA Courtney  
Mr MB Crook  
Mr KD Ward  
Mr ML Everett  
Mr P Marks  
Mrs K L Anderson

**Company secretary** Mr N Stephenson

**Registered office** Rodney Parade  
Rodney Road  
Newport  
Gwent  
NP19 0UU

**Auditors** HSJ Audit Limited  
Chartered Accountants and Statutory Auditor  
Severn House  
Hazell Drive  
Newport  
South Wales  
NP10 8FY

**Newport Association Football Club Limited**  
**Directors' Report for the Year Ended 30 June 2019**

The directors present their report and the financial statements for the year ended 30 June 2019.

**Directors of the company**

The directors who held office during the year were as follows:

Mr SJ Sadler (resigned 27 July 2018)  
Mr SE Johnson  
Mr PL Madigan  
Mr GJ Foxall - Chairman  
Mr CT Faulkner  
Mr RG Herrin  
Mr NS Collier (resigned 27 July 2018)  
Mr RA Courtney  
Mr RH Santwris (resigned 31 July 2018)  
Mr MB Crook  
Mr KD Ward  
Mr ML Everett

The following directors were appointed after the year end:

Mr P Marks (appointed 30 September 2019)  
Mrs K L Anderson (appointed 30 September 2019)

**Principal activity**

The principal activity of the company is the running of a professional football club.

**Disclosure of information to the auditors**

Each director has taken 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. The directors confirm that there is no relevant information that they know of and of which they know the auditors are unaware.

**Small companies provision statement**

This report has been prepared in accordance with the special provisions relating to companies subject to the small companies regime within Part 15 of the Companies Act 2006.

Approved by the Board on 24 November 2020 and signed on its behalf by:



Mr GJ Foxall  
Chairman

## **Newport Association Football Club Limited**

### **Statement of Directors' Responsibilities**

The directors acknowledge their responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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 and in accordance with FRS 102 Section 1A The Financial Reporting Standard. 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.

## **Newport Association Football Club Limited**

### **Independent Auditor's Report to the Members of Newport Association Football Club Limited**

#### **Opinion**

We have audited the financial statements of Newport Association Football Club Limited (the 'company') for the year ended 30 June 2019, which comprise the Profit and Loss Account, Balance Sheet, Statement of Changes in Equity, and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 Section 1A 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 June 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### **Basis for opinion**

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

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

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

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

#### **Other information**

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

## **Newport Association Football Club Limited**

### **Independent Auditor's Report to the Members of Newport Association Football Club Limited**

#### **Opinion on other matter 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 Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report has been prepared in accordance with applicable legal requirements.

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

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

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the Directors' Report and from the requirement to prepare a Strategic Report.

#### **Responsibilities of directors**

As explained more fully in the Statement of Directors' Responsibilities [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.

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

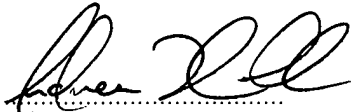
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

## **Newport Association Football Club Limited**

### **Independent Auditor's Report to the Members of Newport Association Football Club Limited**

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.



Mr Andrew Hill (Senior Statutory Auditor)  
For and on behalf of HSJ Audit Limited, Statutory Auditor

Severn House  
Hazell Drive  
Newport  
South Wales  
NP10 8FY

24 November 2020



# Newport Association Football Club Limited

## Profit and Loss Account for the Year Ended 30 June 2019

	Note	2019 £	2018 £
Turnover		4,803,488	3,223,377
Administrative expenses		(3,921,592)	(3,350,750)
Other operating income		-	5,503
Operating profit/(loss)		881,896	(121,870)
Profit/(loss) on disposal of player acquisition costs		96,624	216,350
Amortisation of player acquisition costs		(11,800)	(11,800)
Profit/(loss) on ordinary activities before investment income and interest		966,720	82,680
Other interest receivable and similar income		488	-
Profit before tax	5	967,208	82,680
Profit for the financial year		967,208	82,680

The above results were derived from continuing operations.

The company has no recognised gains or losses for the year other than the results above.

The notes on pages 10 to 16 form an integral part of these financial statements.

# Newport Association Football Club Limited

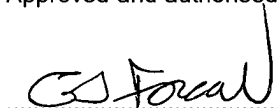
(Registration number: 02395863)

Balance Sheet as at 30 June 2019

	Note	2019 £	2018 £
<b>Fixed assets</b>			
Intangible assets	6	10,000	21,800
Tangible assets	7	<u>66,080</u>	<u>84,869</u>
		<u>76,080</u>	<u>106,669</u>
<b>Current assets</b>			
Stocks	8	67,857	53,733
Debtors	9	363,440	216,960
Cash at bank and in hand		<u>913,975</u>	<u>61,274</u>
		1,345,272	331,967
<b>Creditors: Amounts falling due within one year</b>	10	<u>(726,277)</u>	<u>(674,769)</u>
<b>Net current assets/(liabilities)</b>		<u>618,995</u>	<u>(342,802)</u>
<b>Total assets less current liabilities</b>		695,075	(236,133)
<b>Creditors: Amounts falling due after more than one year</b>	10	<u>(191,079)</u>	<u>(227,079)</u>
<b>Net assets/(liabilities)</b>		<u>503,996</u>	<u>(463,212)</u>
<b>Capital and reserves</b>			
Called up share capital	11	2,688,420	2,688,420
Profit and loss account		<u>(2,184,424)</u>	<u>(3,151,632)</u>
<b>Total equity</b>		<u>503,996</u>	<u>(463,212)</u>

These financial statements have been prepared in accordance with the special provisions relating to companies subject to the small companies regime within Part 15 of the Companies Act 2006.

Approved and authorised by the Board on 24 November 2020 and signed on its behalf by:



Mr GJ Foxall  
Chairman

The notes on pages 10 to 16 form an integral part of these financial statements.

# Newport Association Football Club Limited

## Statement of Changes in Equity for the Year Ended 30 June 2019

	Share capital £	Profit and loss account £	Total £
At 1 July 2018	2,688,420	(3,151,632)	(463,212)
Profit for the year	-	967,208	967,208
Total comprehensive income	-	967,208	967,208
At 30 June 2019	2,688,420	(2,184,424)	503,996

	Share capital £	Profit and loss account £	Total £
At 1 July 2017	2,688,420	(3,234,312)	(545,892)
Profit for the year	-	82,680	82,680
Total comprehensive income	-	82,680	82,680
At 30 June 2018	2,688,420	(3,151,632)	(463,212)

The notes on pages 10 to 16 form an integral part of these financial statements.

## **Newport Association Football Club Limited**

### **Notes to the Financial Statements for the Year Ended 30 June 2019**

#### **1 General information**

The company registration number is: 02395863

The company is a private company limited by share capital, incorporated in England and Wales.

The address of its registered office is:

Rodney Parade  
Rodney Road  
Newport  
Gwent  
NP19 0UU  
Wales

These financial statements were authorised for issue by the Board on 24 November 2020.

#### **2 Accounting policies**

##### **Summary of significant accounting policies and key accounting estimates**

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

##### **Statement of compliance**

These financial statements have been prepared in accordance with Financial Reporting Standard 102 Section 1A - 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Companies Act 2006.

##### **Basis of preparation**

These financial statements have been prepared using the historical cost convention except that as disclosed in the accounting policies certain items are shown at fair value.

##### **Going concern**

The financial statements have been prepared on a going concern basis.

During the 2018/19 season, the Club experienced improved performances on the field which included a successful FA Cup run and resulted in a profit for the year ended 30 June 2019. The Board have prepared financial forecasts for the year ended 30 June 2021 and following the successful FA Cup run again by the Club in this years' competition and with the likelihood of remaining in the Football League, the Board anticipate the Club will again make a profit for the coming financial period.

As a result of the Covid-19 related pandemic the 2019-20 season was terminated early and the 2020-21 season has commenced with all fixtures taking place "behind closed doors". This has obviously had an impact on income but the Club continues to control its costs in line with budget. The Board is confident that these controls will ensure the Club can continue to operate within its agreed bank facilities.

Consequently, the Board consider that the Going Concern basis remains appropriate in preparing these financial statements.

## Newport Association Football Club Limited

### Notes to the Financial Statements for the Year Ended 30 June 2019

#### Revenue recognition

Turnover represents amounts derived from ordinary activities, and is stated net of Value Added Tax.

Income is recognised as follows:-

- gate receipts, retail sales - at point of sale
- central funding, commercial income, grant income - over the time period to which it relates
- transfer fees - at point of entitlement in accordance with the transfer agreement
- donations - at point of receipt unless stipulated by the donor

#### Tangible assets

Tangible assets are stated in the statement of financial position at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

The cost of tangible assets includes directly attributable incremental costs incurred in their acquisition and installation.

#### Depreciation

Depreciation is charged so as to write off the cost of assets, other than land and properties under construction over their estimated useful lives, as follows:

Asset class	Depreciation method and rate
Plant and equipment	on a straight-line basis over five or ten years
Improvements to leasehold premises	on a straight-line basis over ten years

#### Goodwill

Player acquisition costs are capitalised as intangible fixed assets and comprise the transfer fees, transfer levies, and agents' fees arising on registration.

These capitalised costs are amortised on a straight-line basis over the duration of each of the players' contracts. Where a player's contract is extended, amortisation is recomputed over the longer contract period, from the date on which the extended contract is signed.

Where the carrying value of a player's acquisition costs are regarded as impaired (for instance, by injury), these costs are written down to the value regarded as recoverable through usage or sale.

Any gain or loss arising on the sale of a player registration is calculated in the same way as for any other fixed asset.

Where a portion of an agreed transfer fee is conditional on future performance criteria (for instance, a given number of first team performances), that portion of the transfer fee is recognised only when its realisation becomes certain.

#### Amortisation

Amortisation is provided on intangible assets so as to write off the cost, less any estimated residual value, over their useful life as follows:

Asset class	Amortisation method and rate
Player acquisition costs	on a straight-line basis over the duration of the players' contracts

## **Newport Association Football Club Limited**

### **Notes to the Financial Statements for the Year Ended 30 June 2019**

#### **Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

#### **Trade debtors**

Trade debtors are amounts due from customers for merchandise sold or services performed in the ordinary course of business.

Trade debtors are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for the impairment of trade debtors is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivables.

#### **Stocks**

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost is determined using the first-in, first-out (FIFO) method.

The cost of finished goods and work in progress comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. At each reporting date, stocks are assessed for impairment. If stocks are 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.

#### **Trade creditors**

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if the company does not have an unconditional right, at the end of the reporting period, to defer settlement of the creditor for at least twelve months after the reporting date. If there is an unconditional right to defer settlement for at least twelve months after the reporting date, they are presented as non-current liabilities.

Trade creditors are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

#### **Borrowings**

Interest-bearing borrowings are initially recorded at fair value, net of transaction costs. Interest-bearing borrowings are subsequently carried at amortised cost, with the difference between the proceeds, net of transaction costs, and the amount due on redemption being recognised as a charge to the Profit and Loss Account over the period of the relevant borrowing.

Interest expense is recognised on the basis of the effective interest method and is included in interest payable and similar charges.

Borrowings are classified as current liabilities unless the company has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

#### **Share capital**

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

## Newport Association Football Club Limited

### Notes to the Financial Statements for the Year Ended 30 June 2019

#### 3 Staff numbers

The average number of persons employed by the company (including directors) during the year, was 118 (2018 - 115).

#### 4 Auditors' remuneration

	2019 £	2018 £
Audit of the financial statements	<u>5,355</u>	<u>6,450</u>

#### 5 Profit before tax

Arrived at after charging/(crediting)

	2019 £	2018 £
Depreciation expense	<u>18,789</u>	<u>17,964</u>

#### 6 Intangible assets

	Player acquisition costs £	Total £
<b>Cost or valuation</b>		
At 1 July 2018	88,520	88,520
Disposals	<u>(58,520)</u>	<u>(58,520)</u>
At 30 June 2019	<u>30,000</u>	<u>30,000</u>
<b>Amortisation</b>		
At 1 July 2018	66,720	66,720
Amortisation charge	11,800	11,800
Amortisation eliminated on disposals	<u>(58,520)</u>	<u>(58,520)</u>
At 30 June 2019	<u>20,000</u>	<u>20,000</u>
<b>Carrying amount</b>		
At 30 June 2019	<u>10,000</u>	<u>10,000</u>
At 30 June 2018	<u>21,800</u>	<u>21,800</u>

Player acquisition costs comprise the transfer fees, transfer levies, and agents' fees arising on registration.

## Newport Association Football Club Limited

### Notes to the Financial Statements for the Year Ended 30 June 2019

#### 7 Tangible assets

	Improvements to leasehold premises £	Other property, plant and equipment £	Total £
<b>Cost or valuation</b>			
At 1 July 2018	92,992	55,517	148,509
At 30 June 2019	92,992	55,517	148,509
<b>Depreciation</b>			
At 1 July 2018	46,286	17,354	63,640
Charge for the year	9,299	9,490	18,789
At 30 June 2019	55,585	26,844	82,429
<b>Carrying amount</b>			
At 30 June 2019	37,407	28,673	66,080
At 30 June 2018	46,706	38,163	84,869

Included within the net book value of land and buildings above is £37,407 (2018 - £46,706) in respect of long leasehold land and buildings.

#### 8 Stocks

	2019 £	2018 £
Other inventories	67,857	53,733

#### 9 Debtors

	2019 £	2018 £
Trade debtors	52,742	206,264
Other debtors	310,698	10,696
	363,440	216,960



# Newport Association Football Club Limited

## Notes to the Financial Statements for the Year Ended 30 June 2019

### 10 Creditors

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

	Note	2019 £	2018 £
<b>Due within one year</b>			
Bank loans and overdrafts	12	36,000	36,000
Trade creditors		254,195	316,634
Deferred government grants		5,503	5,503
Taxation and social security		135,724	81,801
Other creditors		3,375	1,374
Accrued expenses		<u>291,480</u>	<u>233,457</u>
		<u>726,277</u>	<u>674,769</u>
<b>Due after one year</b>			
Loans and borrowings	12	169,067	205,067
Deferred government grants		<u>22,012</u>	<u>22,012</u>
		<u>191,079</u>	<u>227,079</u>

### 11 Share capital

#### Allotted, called up and fully paid shares

	2019		2018	
	No.	£	No.	£
Ordinary of £10 each	<u>268,842</u>	<u>2,688,420</u>	<u>268,842</u>	<u>2,688,420</u>

## Newport Association Football Club Limited

### Notes to the Financial Statements for the Year Ended 30 June 2019

#### 12 Loans and borrowings

	2019 £	2018 £
<b>Non-current loans and borrowings</b>		
Other borrowings	<u>169,067</u>	<u>205,067</u>
	2019 £	2018 £
<b>Current loans and borrowings</b>		
Other borrowings	<u>36,000</u>	<u>36,000</u>

#### Other borrowings

Other loans and borrowings represent loans made by former directors of the company and amounts owed to a related party company. These amounts are unsecured, interest free and will be repaid within 5 years.

#### 13 Related party transactions

##### Summary of transactions with other related parties

Relationship: Controlling Shareholder

During the year the company received loans from the related party company that were unsecured, interest free and repayable on demand. At the balance sheet date the amount due to/(from) the related party company was (£259,933) (2018 - £40,067).