

Newport Association Football Club Limited

Annual Report and Audited Financial Statements

for the Year Ended 30 June 2020

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 to 3
Statement of Directors' Responsibilities	4
Independent Auditor's Report	5 to 7
Profit and Loss Account	8
Balance Sheet	9
Statement of Changes in Equity	10
Notes to the Financial Statements	11 to 17

Newport Association Football Club Limited

Company Information

Chairman Mr GJ Foxall

Directors Mr SE Johnson
Mr PL Madigan
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 2020

The directors present their report and the financial statements for the year ended 30 June 2020.

Directors of the company

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

Mr SE Johnson

Mr PL Madigan

Mr GJ Foxall - Chairman

Mr CT Faulkner

Mr RG Herrin

Mr RA Courtney

Mr MB Crook

Mr KD Ward

Mr ML Everett

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.

Executive Summary

The Directors present their report and financial statements for the financial year ended 30th June 2020.

The financial statements relate to the 2019/20 EFL League season which was terminated early as a result of the restrictions arising from the Covid-19 related pandemic.

Throughout the year the club has continued to apply a robust approach to managing its finances with appropriate controls in place. This approach ensured that the club entered the pandemic in a reasonable financial position.

The club supported the curtailment of the 19/20 season due to the emerging costs which would have been incurred because of the uncertainty created as a result of the pandemic. Newport County AFC have played an active role as a member of the League 2 Clubs, coming together regularly as a result of the pandemic.

This uncertainty continued in relation to the planning of 20/21 season i.e., start date, potential for crowds and the implementation of a salary cap and at what level, coupled with the contracted playing squad.

Newport Association Football Club Limited

Directors' Report for the Year Ended 30 June 2020

The Board put in place a simple strategy to navigate through the uncertainty - the highest priority was protecting the Club's cash base. This meant not committing any expenditure until the uncertainty became a little clearer, and to taking appropriate support being offered to support the business community. This came from both the UK and Welsh Governments, in addition to the Football Authorities. These measures and packages included the Job Retention Scheme, Welsh Government and Local Council initiatives.

The Board ensured it met all contractual obligations. This included "topping" up all salaries for staff who were placed on furlough. A conscious decision was made to treat all those on furlough consistently.

The Directors are pleased that the approach adopted has allowed the Club to retain staff and strengthen its financial position against the backdrop of the pandemic and all its challenges.

The support the club has received throughout the year from supporters, sponsors, partners, Welsh Government, UK Government, Newport Council, and local politicians is much appreciated and has assisted in our strong current financial position.

As we slowly emerge out of the current climate the Board recognises that there are undoubtedly some difficult challenges ahead, and will continue to manage the finances of the club in an appropriate manner.

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 29 June 2021 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 2020, 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 2020 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 4], 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.

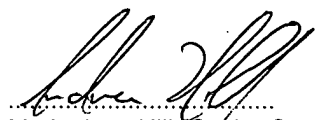
A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Newport Association Football Club Limited

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

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.



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

Date: 29/05/2021

Newport Association Football Club Limited

Profit and Loss Account for the Year Ended 30 June 2020

	Note	2020 £	2019 £
Turnover		3,647,606	4,803,488
Administrative expenses		(3,843,675)	(3,921,592)
Other operating income		<u>498,389</u>	<u>-</u>
Operating profit		302,320	881,896
Profit/(loss) on disposal of player acquisition costs		13,751	96,624
Amortisation of player acquisition costs		<u>(10,000)</u>	<u>(11,800)</u>
Profit/(loss) on ordinary activities before investment income and interest		306,071	966,720
Other interest receivable and similar income		<u>1,804</u>	<u>488</u>
Profit before tax	5	<u>307,875</u>	<u>967,208</u>
Profit for the financial year		<u><u>307,875</u></u>	<u><u>967,208</u></u>

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 11 to 17 form an integral part of these financial statements.

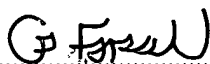
Newport Association Football Club Limited

(Registration number: 02395863)
Balance Sheet as at 30 June 2020

	Note	2020 £	2019 £
Fixed assets			
Intangible assets	6	-	10,000
Tangible assets	7	47,763	66,080
		<u>47,763</u>	<u>76,080</u>
Current assets			
Stocks	8	5,012	67,857
Debtors	9	213,335	363,440
Cash at bank and in hand		1,334,691	913,975
		<u>1,553,038</u>	<u>1,345,272</u>
Creditors: Amounts falling due within one year	10	<u>(469,554)</u>	<u>(726,277)</u>
Net current assets		<u>1,083,484</u>	<u>618,995</u>
Total assets less current liabilities		<u>1,131,247</u>	<u>695,075</u>
Creditors: Amounts falling due after more than one year	10	<u>(319,376)</u>	<u>(191,079)</u>
Net assets		<u>811,871</u>	<u>503,996</u>
Capital and reserves			
Called up share capital	11	2,688,420	2,688,420
Profit and loss account		<u>(1,876,549)</u>	<u>(2,184,424)</u>
Total equity		<u>811,871</u>	<u>503,996</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 29 June 2021 and signed on its behalf by:



Mr GJ Foxall
Chairman

The notes on pages 11 to 17 form an integral part of these financial statements.

Newport Association Football Club Limited

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

	Share capital £	Profit and loss account £	Total £
At 1 July 2019	2,688,420	(2,184,424)	503,996
Profit for the year	-	307,875	307,875
Total comprehensive income	-	307,875	307,875
At 30 June 2020	<u>2,688,420</u>	<u>(1,876,549)</u>	<u>811,871</u>

	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	<u>2,688,420</u>	<u>(2,184,424)</u>	<u>503,996</u>

The notes on pages 11 to 17 form an integral part of these financial statements.

Newport Association Football Club Limited

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

1 General information

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 29 June 2021.

The company registration number is: 02395863

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 2020

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 balance sheet 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 2020

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 2020

3 Staff numbers

The average number of persons employed by the company (including directors) during the year, was 117 (2019 - 118).

4 Auditors' remuneration

	2020 £	2019 £
Audit of the financial statements	<u>6,000</u>	<u>5,355</u>

5 Profit before tax

Arrived at after charging/(crediting)

	2020 £	2019 £
Depreciation expense	<u>18,316</u>	<u>18,789</u>

6 Intangible assets

	Player acquisition costs £	Total £
Cost or valuation		
At 1 July 2019	<u>30,000</u>	<u>30,000</u>
At 30 June 2020	<u>30,000</u>	<u>30,000</u>
Amortisation		
At 1 July 2019	20,000	20,000
Amortisation charge	<u>10,000</u>	<u>10,000</u>
At 30 June 2020	<u>30,000</u>	<u>30,000</u>
Carrying amount		
At 30 June 2020	<u>-</u>	<u>-</u>
At 30 June 2019	<u>10,000</u>	<u>10,000</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 2020

7 Tangible assets

	Improvements to leasehold premises £	Other property, plant and equipment £	Total £
Cost or valuation			
At 1 July 2019	92,992	55,517	148,509
At 30 June 2020	92,992	55,517	148,509
Depreciation			
At 1 July 2019	55,585	26,844	82,429
Charge for the year	9,300	9,017	18,317
At 30 June 2020	64,885	35,861	100,746
Carrying amount			
At 30 June 2020	28,107	19,656	47,763
At 30 June 2019	37,407	28,673	66,080

Included within the net book value of land and buildings above is £37,407 (2019 - £46,706) in respect of long leasehold land and buildings.

8 Stocks

	2020 £	2019 £
Other inventories	5,012	67,857

9 Debtors

	2020 £	2019 £
Trade debtors	62,706	52,742
Other debtors	150,629	310,698
	213,335	363,440

Newport Association Football Club Limited

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

10 Creditors

Creditors: amounts falling due within one year

	Note	2020 £	2019 £
Due within one year			
Bank loans and overdrafts	12	36,000	36,000
Trade creditors		100,452	254,195
Deferred government grants		5,503	5,503
Taxation and social security		308,233	135,724
Other creditors		1,529	3,375
Accrued expenses		17,837	291,480
		<u>469,554</u>	<u>726,277</u>
Due after one year			
Loans and borrowings	12	302,867	169,067
Deferred government grants		16,509	22,012
		<u>319,376</u>	<u>191,079</u>

11 Share capital

Allotted, called up and fully paid shares

	2020		2019	
	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 2020

12 Loans and borrowings

	2020 £	2019 £
Non-current loans and borrowings		
Bank borrowings	50,000	-
Other borrowings	<u>252,867</u>	<u>169,067</u>
	<u>302,867</u>	<u>169,067</u>

	2020 £	2019 £
Current loans and borrowings		
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.

The company also received an interest free loan from the English Football League (EFL) will be repaid with 4 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 £40,067 (2019 - (£259,933)).