

Newcastle United Limited

Report and Financial Statements
Registered number 2529667
30 June 2015

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Newcastle United Limited

Corporate Information

Director

L Chamley

Auditor

Ernst & Young LLP
Citygate
St James' Boulevard
Newcastle upon Tyne
NE1 4JD

Bankers

Barclays Bank PLC
Barclays House
5 St. Ann's Street
Quayside
Newcastle upon Tyne
NE1 3DX

Registered Office

St James' Park
Newcastle upon Tyne
NE1 4ST

Strategic report

Principal activities and business review

The principal activities of the Group during the year were the operation of a professional football club together with related and ancillary activities.

The Directors report a profit after tax for the year of £32.4m (2014 - £18.7m) and consider the Group's financial results for the year and future financial outlook to be positive.

Key performance indicators are used to measure and evaluate Group performance and to monitor various activities. The main key performance indicators employed in the Group are:

	2015	2014
Turnover	£128.8m	£129.7m
Operating profit	£19.0m	£4.7m
Profit after tax	£32.4m	£18.7m
Wages to Turnover Ratio	50.5%	60.3%
Loans / Debt	£129.0m	£129.0m
Cash at year-end	£48.3m	£34.1m
Average league home attendance	50,349	50,395

Trading performance

Turnover remained fairly constant compared to the prior year, falling less than 1% overall. Turnover was made up as follows :

Match day revenue increased 3% to £26.8m (2014 - £25.9m). Premier league season and match day ticket income remained at its 2013-14 level, and there was one additional home cup match this year.

Media revenue fell 1% to £77.2m (2014 - £78.3m) due to the reduction in merit based payments resulting from the club's 15th place finish (2014 - 10th) being partially offset by an increased number of games broadcast live (20 compared to 14) together with an increase in overseas TV revenue.

Commercial revenue fell 3% to £24.9m (2014 - £25.6m), the most significant factor being the one off income from the Kings of Leon concert in the prior year. Excluding this one-off event, overall commercial revenue has shown modest growth. The club continues to focus on maximising commercial revenue.

Operating expenses decreased by 15% to £89.3m (2014 - £105.5m), again influenced by the one off concert event in the prior year, and more significantly, a reduction in overall payroll costs. Payroll costs fell to £65.1m from £78.3m in the prior year which represents a wages to turnover ratio of 50.5% (2014 - 60.3%). This reduction principally reflects both the absence of bonus payments this year and the cost and timing in the prior year of some significant changes to the playing and development squad.

Spend on the playing squad subsequent to the year-end will see the wage bill, and the wages to turnover ratio, rise in 2015-16 to a level more consistent with the club's business plan.

Net debt decreased from £94.9m at 30 June 2014 to £80.7m at 30 June 2015, representing an improvement in the Group's cash position at the year end. Term loans from Mr M J W Ashley and companies under his control are £129m at the balance sheet date (2014 - £129m) and continue to be interest free. As in previous years there have been no payments by the Group to Mr M J W Ashley in respect of wages, interest or fees of any kind.

Post balance sheet events

Subsequent to the balance sheet date the club has committed to a further net spend of approximately £80m on additions to the playing squad.

Risks and uncertainties

The Board have identified a number of key business risks and uncertainties associated with the business of a professional football club, and takes such action as it regards necessary to manage those risks. The main area of risk are considered below:

- Team performance impacts all aspects of the Group's operations, not least the retention of Premier League status, which is critical to much of the Group's revenue. The club's policy of generating cash from operations and spending these funds to maintain a strong playing and development squad is designed to mitigate this risk.
- Identification, negotiation and successful acquisition of the best players, in what is a highly competitive market, is one of the most significant and high profile risks facing the Group. Our policies and procedures for acquiring and developing successful players are very carefully implemented and regularly reassessed to maximise the chances of achieving the results we aspire to.
- Injuries to key players can weaken the playing squad and reduce the chances of on field success. The Club has invested substantial sums in sports medicine and science facilities to minimise the unavailability of players through injury.
- The club is regulated by the rules of the FA, Premier League, UEFA and FIFA. Any change to regulations from any of these bodies could have an impact on the Group as the regulations cover areas such as: the format of competitions, financial fair play, the division of broadcasting income, the eligibility of players and the operation of the transfer market. The Group monitors its compliance with all applicable rules and regulations on a continuous basis and also monitors and considers the impact of any potential changes.

Newcastle United Limited

- The Group buys from suppliers and sells to customers outside the United Kingdom and, consequently, dealings with these customers and suppliers may be in foreign currencies which will be subject to exchange rate fluctuations. Where considered prudent, the Group actively hedges its foreign currency exposure, principally the Euro.
- Compliance. The Group operates in a regulated and complex environment, with many compliance risks such as health and safety, taxation, immigration and governing body rules. The Group seeks to comply with all requirements at all times.

On behalf of the Board



L Charnley
Director

4 March 2016

Director's report

Results and dividends

The profit for the year of £32.4m (2014 - profit of £18.7m) has been transferred to reserves.

The Director does not recommend the payment of a dividend for the year ended 30 June 2015 (2014 - £nil).

Directors

The Directors who held office during the year, at 30 June 2015 and to the date of signing the financial statements were as follows:

L Charnley

J A Irving (resigned 1 July 2015)

Payments to suppliers

The Group does not have a standard creditor payment policy but seeks the best possible terms from suppliers appropriate to its business and, in placing orders, gives consideration to quality, price and terms of payment, which will be agreed with suppliers when the details of each transaction are settled. The Group will continue to honour its contractual and other legal obligations and to pay creditors on the dates agreed in contracts and purchase orders. The number of creditor days' calculation is distorted by transfer fees, which are payable over various agreed timescales. Accordingly, the Group has calculated creditor days excluding transfer fees payable. The number of creditor days was 29 at the year-end (2014 - 34).

Political and charitable donations

The Group's charitable donations for the year amounted to £4,240 (2014 - £39,995). There were no political contributions (2014 - £nil).

Disclosure of information to the auditors

So far as each person who was a Director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow Directors and the Group's auditor, each Director has taken all the steps that he is obliged to take as a Director in order to make himself aware of any relevant audit information and to establish that the auditor is aware of that information.

Going concern

The Directors have prepared financial forecasts and expect to maintain suitable financial facilities from their bankers and ultimate shareholder to provide adequate ongoing finance consistent with these forecast requirements. The Directors have concluded that the Group remains a going concern and have accordingly prepared these financial statements on the going concern basis.

Statement of Directors' responsibilities

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

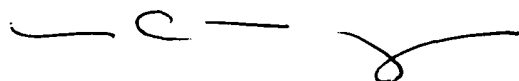
Company law requires the directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 Group and the Company and of the profit or loss of the Group for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- 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 proper accounting records that are sufficient to show and explain the Group's and the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Group and Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

On behalf of the Board



L Charnley
Director

4 March 2016

Independent auditor's report to the members of Newcastle United Limited

We have audited the financial statements of Newcastle United Limited for the year ended 30 June 2015 which comprise the Group Profit and Loss Account, the Group Statement of Total Recognised Gains and Losses, the Group and Parent Company Balance Sheets, the Group Cash Flow Statement and the related notes 1 to 23. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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.

Respective responsibilities of Directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 3, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the group's and the parent company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Report and Financial Statements to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and the parent company's affairs as at 30 June 2015 and of the Group's 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.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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.



Mark Hatton (Senior Statutory Auditor)
For and on behalf of Ernst & Young LLP (Statutory Auditor)
Newcastle upon Tyne

4 March 2016

Newcastle United Limited
Group profit and loss account
for the year ended 30 June 2015

	Note	2015 £'000	2014 £'000
Group turnover	2	128,830	129,745
Operating expenses – before amortisation & impairment of players' registrations	3	(89,295)	(105,457)
– amortisation and impairment of players' registrations		(20,497)	(19,559)
		(109,792)	(125,016)
Group operating profit		19,038	4,729
Analysed as:			
Operating profit before amortisation and impairment of players' registrations		39,535	24,288
Amortisation and impairment of players' registrations		(20,497)	(19,559)
		19,038	4,729
Profit on disposal of players' & staff registrations		17,088	13,998
Loss on disposal of fixed assets		-	(7)
Profit before interest and taxation		36,126	18,720
Interest receivable	5(a)	10	17
Interest payable and similar charges	5(b)	(20)	(19)
Profit on ordinary activities before taxation		36,116	18,718
Tax on profit on ordinary activities	6	(3,684)	-
Profit for the year attributable to members of the parent company	17	32,432	18,718

All results are derived from continuing operations.

Group statement of total recognised gains and losses
for the year ended 30 June 2015

	2015 £'000	2014 £'000
Profit for the year attributable to members of the parent company	32,432	18,718
Total gains and losses recognised since last annual report	32,432	18,718

Newcastle United Limited
Group balance sheet
at 30 June 2015

Company registration no. 2529667

	Note	2015 £'000	2014 £'000
Fixed assets			
Intangible assets	7	46,800	37,638
Tangible assets	8	68,774	71,744
		115,574	109,382
Current assets			
Stocks	10	24	20
Debtors	11	46,219	27,023
Cash at bank and in hand		48,342	34,109
		94,585	61,152
Creditors: amounts falling due within one year	12	(43,262)	(43,182)
Net current assets		51,323	17,970
Total assets less current liabilities		166,897	127,352
Creditors: amounts falling due after more than one year	13	(114,261)	(111,811)
Provisions for liabilities	14	(3,684)	-
Deferred income	15	(22,467)	(21,488)
Net assets/(liabilities)		26,485	(5,947)
Capital and reserves			
Called up share capital	16	6,655	6,655
Share premium account	17	68,944	68,944
Capital redemption reserve	17	831	831
Profit and loss account	17	(49,945)	(82,377)
Shareholder's funds/(deficit)	17	26,485	(5,947)

The financial statements have been approved for issue by the Board of Directors and signed on its behalf by:




L Charnley
Director
4 March 2016

Newcastle United Limited
Company balance sheet
at 30 June 2015

Company registration no. 2529667

	Note	2015 £'000	2014 £'000
Fixed assets			
Investments	9	69,946	69,946
Current assets			
Debtors	11	5,821	5,836
Cash at bank and in hand		3,643	11,515
		9,464	17,351
Creditors: amounts falling due within one year	12	(19)	(7,864)
Net current assets		9,445	9,487
Total assets less current liabilities		79,391	79,433
Creditors: amounts falling due after more than one year	13	-	-
Net assets		79,391	79,433
Capital and reserves			
Called up share capital	16	6,655	6,655
Share premium account	17	68,944	68,944
Capital redemption reserve	17	831	831
Profit and loss account	17	2,961	3,003
Shareholder's funds	17	79,391	79,433

The financial statements have been approved for issue by the Board of Directors and signed on its behalf by:



L Charnley
Director
4 March 2016

Newcastle United Limited
Group cash flow statement
for the year ended 30 June 2015

	Note	2015 £'000	2014 £'000
Net cash inflow from operating activities	22(a)	39,051	32,869
Returns on investments and servicing of finance			
Interest received		11	17
Interest paid		-	(30)
		11	(13)
Taxation			
Corporation tax paid		-	-
Capital expenditure and financial investment			
Payments to acquire intangible fixed assets		(37,181)	(9,067)
Payments to acquire tangible fixed assets		(985)	(2,539)
Receipts from sales of intangible fixed assets		13,337	17,343
Receipts from sales of tangible fixed assets		-	4
		(24,829)	(5,741)
Net cash inflow		14,233	38,597
Increase in cash	22(b)	14,233	38,597

Newcastle United Limited
Notes to the financial statements
at 30 June 2015

1 Accounting policies

Newcastle United Limited ('the Company') is a company incorporated in the United Kingdom. The Group financial statements consolidate those of the Company and its subsidiaries (together referred to as 'the Group'). The Parent Company financial statements present information about the Company as a separate entity and not about its Group.

The financial statements are prepared under the historical cost convention, and in accordance with accounting principles generally accepted in the United Kingdom. On publishing the Parent Company financial statements here together with the Group financial statements, the Company is taking advantage of the exemption in Section 408 of the Companies Act 2006 not to present its individual profit and loss account and related notes that form a part of these approved financial statements. The Company's loss for the year was £42,000 (2014 - £34,000).

The Group financial statements are presented in sterling and all values are rounded to the nearest thousand pounds (£000) except where otherwise stated.

The accounting policies set out below have, unless otherwise stated, been applied consistently for both the Group and the Company to all periods presented in these consolidated and Company financial statements.

a) Basis of consolidation

Subsidiaries are entities controlled by the Group. Control exists where the Group has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that are currently exercisable or convertible are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases, using the acquisition method of accounting.

Intra group balances and any unrealised gains and losses or income and expenses arising from intra group transactions are eliminated in preparing the consolidated financial statements.

b) Turnover

Turnover represents income arising from sales to third parties, and excludes transfer fees receivable, which are dealt with in the profit or loss on disposal of players' registrations, and value added tax. Turnover can be classified into three major streams, within which significant amounts are accounted for as follows:

(i) Matchday

Season ticket and corporate hospitality revenue is recognised over the period of the football season as home matches are played. Any revenue received in respect of future matches is held as deferred income.

(ii) Media

Fixed elements of central broadcasting contracts are recognised over the period of the football season as league matches (home and away) are played. Appearance fees are accounted for as earned. The merit based payment is recognised at the end of the league season, when the final league position is known.

(iii) Commercial

Sponsorship revenues are recognised over the duration of the contract, either on a straight-line basis, or over the period of the football season, as appropriate based on the terms of contract. Hospitality revenues are recognised on an earned basis and largely comprise a fee from a third party catering provider. Revenue from the sale of branded products is recognised at the point of delivery when significant risks and rewards of ownership are deemed to have been transferred to the buyer.

c) Expenses

Operating lease payments

Payments made under operating leases are recognised in the profit and loss account on a straight-line basis over the term of the lease.

Exceptional items

The Group presents as exceptional items on the face of the profit and loss account, those material items of income and expense which, because of the nature and expected infrequency of the events giving rise to them, merit separate presentation to allow shareholders to better understand the elements of financial performance in the year, so as to facilitate comparison with prior periods and to better assess trends in financial performance. Amortisation and impairment of intangibles is also presented separately on the face of the profit and loss account so as to facilitate comparison with prior periods and to better assess trends in financial performance.

Newcastle United Limited
Notes to the financial statements
at 30 June 2015

1 Accounting policies (continued)

d) Taxation

The charge for taxation is based upon the result for the year and comprises current taxation and taxation deferred through timing differences between the treatment of certain items for taxation and accounting purposes.

Current tax is the expected tax payable on the taxable income for the period, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax, with the following exceptions:

- provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, and gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of those assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold.
- provision is made for deferred tax that would arise on remittance of the retained earnings of overseas subsidiaries, associates and joint ventures to the extent that, at the balance sheet date, dividends have been accrued as receivable; and

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

e) Intangible assets and goodwill

(i) Acquired players' registrations

The costs associated with the acquisition of players' registrations are capitalised at cost at the date of acquisition as intangible fixed assets. These costs are fully amortised, on a straight line basis, over the period of the respective players' contracts.

For the purposes of impairment reviews, acquired players' registrations are classified as a single cash-generating unit until the point at which it is clear that an individual player is no longer expected to remain an active member of the playing squad. In these circumstances the carrying value of the individual player's registration is reviewed against a measurable net realisable value.

(ii) Goodwill

On acquisition of a subsidiary or associated undertaking, the fair value of the consideration is allocated between the identifiable net tangible and intangible assets and liabilities on a fair value basis, with any excess consideration representing goodwill. Goodwill in respect of subsidiaries is included within intangible fixed assets. Goodwill relating to associated undertakings is included in the carrying value of the associated undertaking.

Goodwill arising on acquisitions is capitalised as an asset on the balance sheet. Where goodwill is regarded as having a finite useful economic life it is amortised on a straight line basis over its estimated life, up to a maximum of 20 years. Impairment reviews are carried out at the end of the first full year of ownership and at other times if there are indications that the carrying value may not be supportable.

(iii) Contingent payments

Under the conditions of certain transfer agreements, further fees may become payable to the selling club in the event of the player concerned making a certain number of first team appearances, or on the occurrence of certain other specified future events. Liabilities in respect of these additional payments are accounted for when, in the opinion of the Directors, it becomes probable that the number of required appearances will be achieved or the specified future event will occur. The balance of potential costs is disclosed as a contingent liability.

(iv) Signing on fees

Signing on fees are charged to the profit and loss account over the period of the players' contracts.

Newcastle United Limited
Notes to the financial statements
at 30 June 2015

1 Accounting policies (continued)

f) Tangible fixed assets

(i) Owned assets

Tangible fixed assets are stated at cost or valuation, net of accumulated depreciation and impairment losses.

(ii) Leased assets

Finance leases are those which transfer substantially all of the risks and rewards of ownership to the lessee. Assets held under finance leases are capitalised as property, plant and equipment and are depreciated over the shorter of the lease term or their useful economic life. The capital elements of future lease obligations are included within borrowings, while the interest elements are charged to the income statement over the period of the lease to produce a constant rate of charge on the balance of capital repayments outstanding.

All other leases are operating leases, the rentals on which are charged to the income statement on a straight-line basis over the lease term.

(iii) Depreciation

Depreciation is charged to the profit and loss account to write off the cost or valuation, less the estimated residual value, of tangible fixed assets on a straight-line basis, over their estimated useful lives as follows:

Long leasehold property	over the shorter of the unexpired term of the lease and 50 years
Fixtures and equipment	3-15 years
Motor vehicles	4 years

No depreciation is provided on freehold land or assets in the course of construction. The residual value is reassessed annually.

Interest incurred on borrowings to finance assets in the course of construction is capitalised.

g) Stocks

Stocks are stated at the lower of cost and net realisable value. Cost is based on the weighted average principle and includes expenditure incurred in acquiring the stocks and bringing them to their existing location and condition. Net realisable value is based on the estimated selling price in the ordinary course of business. Provision is made for obsolete, slow-moving or defective items where appropriate.

h) Deferred income

Deferred income comprises amounts received from capital grants, sponsorship, bond, corporate hospitality and season ticket income. Capital grants are released to the profit and loss account on a straight-line basis over the estimated useful lives of the assets to which they relate. Other deferred income is released to the profit and loss account on a straight-line basis over the period to which it relates.

i) Foreign currency

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction or, if hedged, at the forward contract rate. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the foreign exchange rate ruling at that date, or if appropriate, at the forward rate. Any gain or loss arising from a change in exchange rates subsequent to the date of the transaction is included as an exchange gain or loss in the profit and loss account.

j) Debt

Debt is initially stated at the amount of the net proceeds after deducting any issue costs which are amortised over the life of the debt. The carrying amount is increased by the finance cost in respect of the accounting period and reduced by payments made in the period.

k) Retirement benefits

Defined contribution plans

Obligations for contributions to defined contribution pension plans are recognised as an expense in the profit and loss account as incurred.

Football League Limited Pension and Life Assurance Scheme

Certain employees are members of The Football League Limited Pension and Life Assurance Scheme (the 'Scheme'). Contributions are also paid to individuals' private pension schemes. Pension contributions are charged to the Profit and Loss Account as they become payable. The Group continues to make contributions in respect of its share of the deficit of the defined benefit section of The Football League Limited Pension and Life Assurance Scheme. Accrual of benefits on a final salary basis was suspended with effect from 31 August 1999, when an actuarial review showed a substantial deficit. As one of a number of participating employers the Group is advised only of its share of the Scheme's deficit. Its share of the underlying assets and liabilities of the Scheme cannot be identified on a reasonable and consistent basis. See note 4.

Newcastle United Limited
Notes to the financial statements
at 30 June 2015

1 Accounting policies (continued)

l) Provisions

A provision is recognised in the balance sheet when the Group has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

m) Onerous contracts

Present obligations arising under onerous contracts are recognised and measured as they arise. An onerous contract is considered to exist where the Group has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it.

n) Investments

Investments in subsidiary undertakings are valued at cost less impairment.

2 Segmental analysis

The Group has one main business segment, that of professional football operations. As a result, no additional business segment information is required to be provided. It operates in one geographical segment, the United Kingdom, and accordingly no additional geographical segment information is required to be provided. Notwithstanding this, a voluntary analysis of the revenue streams is given below to assist with an understanding of the business:

Revenue streams comprise:

Matchday – season and matchday tickets and corporate hospitality income.

Media – television and broadcasting income, including distributions from broadcasting agreements, cup competitions and local radio.

Commercial – sponsorship income, merchandising, conference and banqueting, catering and other sundry revenue.

	2015 £'000	2014 £'000
Matchday	26,784	25,910
Media	77,174	78,263
Commercial	24,872	25,572
	128,830	129,745

Newcastle United Limited
Notes to the financial statements
at 30 June 2015

3 Group operating expenses

	2015 £'000	2014 £'000
Operating costs excluding amortisation and impairment of players' registrations:		
Change in stocks of goods for resale	(4)	(20)
Other operating income – release of capital grants	(88)	(89)
Staff costs (note 4)	65,087	78,297
Depreciation and other amounts written off tangible fixed assets:		
Owned and long leasehold	3,365	3,118
Operating lease payments	724	752
Foreign exchange gains	(560)	(6)
Other operating charges	20,771	23,405
	89,295	105,457
Amortisation and impairment of players' registrations	20,497	19,559
Total operating expenses	109,792	125,016

Auditors' remuneration

The Group paid the following amounts to its auditors in respect of the audit of the financial statements and for other services provided to the Group.

	2015 £'000	2014 £'000
Group		
Audit	65	65
Fees receivable by the auditors and their associates in respect of other services	125	61

Fees receivable in respect of other services can be further analysed as follows:

	2015 £'000	2014 £'000
Audit related regulatory reporting	8	13
Tax and other advisory services	117	48
	125	61

Newcastle United Limited
Notes to the financial statements
at 30 June 2015

4 Staff numbers and costs

The total average monthly number of persons employed by the Group (including Directors and part-time members of staff), analysed by category, expressed as full-time equivalents, during the year was:

	2015	2014
	Number of employees	
Playing squad, Academy, team management and support	128	133
Commercial	35	54
Administration	43	42
Ground, facilities and maintenance	58	59
Average monthly number of employees	264	288

In addition, the club engaged an average of 444 (2014 - 443) matchday stewards.

Aggregate payroll costs, including directors, are as shown below:

	2015	2014
	£'000	£'000
Wages and salaries	56,909	69,300
Social security costs	8,122	8,944
Other pension costs	56	53
Total payroll costs	65,087	78,297

The only employees of the Company during the current and prior years were the Directors.

Certain staff of the Group are members of the Football League Limited Pension and Life Assurance Scheme ('FLLPLAS'), a defined benefit scheme. As one of a number of participating employers in the FLLPLAS, the Group is advised only of its share of the Scheme's deficit and recognises a liability in respect of this. As a result, the contributions paid to the scheme reduce the provision. The Group is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reliable basis, and therefore, as required by FRS17 *Retirement Benefits*, accounts for the scheme as if it were a defined contribution scheme. In May 2012 a further MFR deficit was identified by the scheme, which increased the outstanding deficit allocated to the Group by £74,000, resulting in an increase in contributions advised by the Actuary.

Contributions are also made into individuals' private pension schemes.

Directors' remuneration

	2015	2014
	£	£
Aggregate remuneration in respect of qualifying services	247,065	189,771
Contributions to money purchase pension schemes	-	-

	2015	2014
	£	£
In respect of the highest paid director:		
Aggregate remuneration	150,000	106,793
Contributions to money purchase pension scheme	-	-

Newcastle United Limited
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5(a) Interest receivable

	2015 £'000	2014 £'000
Bank interest receivable	10	17

5(b) Interest payable and similar charges

	2015 £'000	2014 £'000
Bank loans and overdrafts	-	(19)
Other interest payable	(20)	-
	(20)	(19)

6 Taxation

(a) Tax on profit on ordinary activities

The tax charge is made up as follows:

	2015 £'000	2014 £'000
Current tax		
UK corporation tax at 20.75% (2014 - 22.5%)	-	-
	-	-
Deferred tax		
Origination and reversal of temporary differences	3,684	-
Total tax expense in profit and loss account	3,684	-

(b) Factors affecting the current tax charge

The tax assessed on the profit on ordinary activities for the period is different from the standard rate of corporation tax in the UK of 20.75% (2014 - 22.5%). The differences are reconciled below:

	2015 £'000	2014 £'000
Profit on ordinary activities before tax	36,116	18,718
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20.75% (2014 - 22.5%)	7,494	4,212
<i>Effects of:</i>		
Expenses not deductible for tax purposes	838	692
Depreciation in excess of capital allowances	(206)	(416)
Other timing differences	(80)	-
Utilisation of brought forward tax losses	(6,281)	(4,496)
Effect of intangible rollover	(1,773)	-
Unrelieved tax losses carried forward	8	8
Total current tax	-	-

(c) Factors that may affect future tax charges

The group has unrelieved UK corporation tax losses of approximately £26 million (2014 - £41.6 million) at the end of the year. The company has no unrelieved UK corporation tax losses (2014 - £nil) at the end of the year.

A reduction in the rate of corporation tax to 19% effective from 1 April 2017 and to 18% effective from 1 April 2020 was substantively enacted after the balance sheet date. If these had been enacted at that date, this would have had no material effect on the deferred tax liability.

Newcastle United Limited
Notes to the financial statements
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7 Intangible assets

Group	Goodwill £'000	Players' registrations £'000	Total £'000
Cost			
At 1 July 2014	642	82,725	83,367
Additions	-	39,899	39,899
Disposals	-	(29,327)	(29,327)
At 30 June 2015	642	93,297	93,939
Amortisation and impairment			
At 1 July 2014	642	45,087	45,729
Amortisation charge for year	-	20,497	20,497
Disposals	-	(19,087)	(19,087)
At 30 June 2015	642	46,497	47,139
Net book value			
At 30 June 2015	-	46,800	46,800
At 1 July 2014	-	37,638	37,638

8 Tangible fixed assets

Group	Land and buildings £'000	Fixtures and equipment £'000	Total £'000
Cost			
At 1 July 2014	99,042	18,272	117,314
Additions	7	389	396
Disposals	(1)	(56)	(57)
At 30 June 2015	99,048	18,605	117,653
Depreciation			
At 1 July 2014	31,092	14,478	45,570
Charge for year	2,633	732	3,365
Disposals	-	(56)	(56)
At 30 June 2015	33,725	15,154	48,879
Net book value			
At 30 June 2015	65,323	3,451	68,774
At 1 July 2014	67,950	3,794	71,744

Cumulative finance costs capitalised in prior years, excluding tax relief, included in the value of tangible fixed assets amount to £3,964,000 (2014 - £3,964,000).

The net book value of land and buildings comprises:

	2015 £'000	2014 £'000
Freehold	-	-
Long leasehold	65,323	67,950
	65,323	67,950

Newcastle United Limited
Notes to the financial statements
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9 Investments in subsidiaries

Company

Shares in
Subsidiary
Undertakings
£'000

At 1 July 2014 and 30 June 2015

69,946

Subsidiary undertakings	Principal activity
Newcastle United Football Company Limited	Professional football club
Newcastle United Enterprises Limited	Dormant
St. James' Park Newcastle Limited	Dormant
Newcastle United Football Club (International) Limited*	Dormant
nufc.co.uk Limited	Exploitation of internet and media rights
Newcastle United 1892 Limited	Dormant
Newcastle United Catering Limited	Dormant
Newcastle United Employment Limited	Dormant
Newcastle United Entertainment Limited	Dormant
Newcastle United Group Limited	Dormant
Newcastle United Licensing Limited	Dormant
Newcastle United Promotions Limited	Dormant
Newcastle United Publications Limited	Dormant
Newcastle United Sports Limited	Dormant
Newcastle United Sportswear Limited	Dormant
Newcastle United Telecoms Limited	Dormant
Newcastle United Television Limited	Dormant
Newcastle United Ventures Limited	Dormant
NUFC Limited	Dormant
Newcastle United FC Limited	Dormant
Newcastle United Football Club Limited	Dormant
Newcastle (NUFC Holdings) Limited	Dormant
Newcastle United Management Company Limited	Dormant
The Football Channel Limited	Dormant

*This company is a subsidiary undertaking of Newcastle United Football Company Limited. It is registered in Gibraltar.

The Company owns 100% of the ordinary share capital in each of its subsidiary undertakings.

All subsidiary undertakings except as noted above are registered in, and operate in, England and Wales and have their registered offices at St James' Park, Newcastle upon Tyne, NE1 4ST.

10 Stocks

	2015 £'000	2014 £'000
Group		
Goods for resale	24	20

Newcastle United Limited
Notes to the financial statements
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11 Debtors

	Group		Company	
	2015 £'000	2014 £'000	2015 £'000	2014 £'000
Trade debtors	31,447	10,619	-	-
Amounts owed by parent undertakings	4,178	4,480	5,321	5,336
Amounts owed by fellow subsidiary undertakings	500	500	500	500
Amounts owed by Newcastle United Foundation	215	88	-	-
Other debtors	5,849	5,774	-	-
Prepayments and accrued income	4,030	5,562	-	-
	46,219	27,023	5,821	5,836

Included within Group trade debtors are amounts totalling £21,879,000 (2014 – £7,931,000) relating to the consideration receivable for the sale of player registrations, including £11,387,000 (2014 – £2,636,000) expected to be recovered in more than twelve months.

12 Creditors: amounts falling due within one year

	Group		Company	
	2015 £'000	2014 £'000	2015 £'000	2014 £'000
Term and other loans (note 13)	18,000	18,000	-	-
Trade creditors	3,284	5,570	-	-
Amounts owed to fellow subsidiary undertakings	329	-	19	7,864
Other creditors	7,163	6,675	-	-
Accruals	14,486	12,937	-	-
	43,262	43,182	19	7,864

Term and other loans shown above represent an outstanding loan balance from Mr M J W Ashley of £18.0 million (2014 - £18.0 million) which is interest free, secured on future broadcasting income and repayable on demand.

Included within Group trade creditors above are amounts totalling £9,000 (2014 - £1,828,000) relating to consideration payable for player registrations.

13 Creditors: amounts falling due after more than one year

	Group		Company	
	2015 £'000	2014 £'000	2015 £'000	2014 £'000
Trade creditors and accruals	3,261	811	-	-
Term and other loans	111,000	111,000	-	-
	114,261	111,811	-	-

The Group's total outstanding loan balances from Mr M J W Ashley and companies under his control were £129.0 million (2014 - £129.0 million). £18 million is repayable on demand (see note 12) and £111 million is unsecured and repayable after more than one year. All amounts are interest free.

Included within Creditors: amounts falling due after more than one year are amounts totalling £3,261,000 (2014 - £811,000) relating to the consideration payable for player registrations.

Newcastle United Limited
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14 Provisions for liabilities

	Group		Company	
	2015	2014	2015	2014
	£'000	£'000	£'000	£'000
Deferred tax	3,684	-	-	-
	3,684	-	-	-

The deferred tax consists of:

	Group		Company	
	2015	2014	2015	2014
	£'000	£'000	£'000	£'000
Accelerated capital allowances	(904)	-	-	-
Tax losses	(5,194)	-	-	-
Intangible rollover	10,382	-	-	-
Other timing differences	(600)	-	-	-
	3,684	-	-	-

15 Deferred income

Group	2015	2014
	£'000	£'000
Capital grants	2,301	2,389
Other deferred income	20,166	19,099
	22,467	21,488

Other deferred income comprises sponsorship, bond, executive scheme and season ticket income received in advance.
The maturity profile of deferred income is as follows:

Group	2015	2014
	£'000	£'000
Less than one year	16,720	14,620
One to two years	1,120	1,122
Two to five years	393	1,360
More than five years	4,234	4,386
	22,467	21,488

16 Share capital

Group and Company	2015		2014	
	Number	£'000	Number	£'000
Authorised				
Ordinary shares of 5p each	186,442,232	9,322	186,442,232	9,322
Allotted, called-up and fully paid				
Ordinary shares of 5p each	133,107,121	6,655	133,107,121	6,655

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

Newcastle United Limited
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17 Capital and reserves

Group

	Share capital £'000	Share premium £'000	Capital redemption reserve £'000	Profit and loss account £'000	Total £'000
At 1 July 2013	6,655	68,944	831	(101,095)	(24,665)
Profit for the year	-	-	-	18,718	18,718
At 1 July 2014	6,655	68,944	831	(82,377)	(5,947)
Profit for the year	-	-	-	32,432	32,432
At 30 June 2015	6,655	68,944	831	(49,945)	26,485

Company

	Share capital £'000	Share premium £'000	Capital redemption reserve £'000	Profit and loss account £'000	Total £'000
At 1 July 2013	6,655	68,944	831	3,037	79,467
Profit for the year	-	-	-	(34)	(34)
At 1 July 2014	6,655	68,944	831	3,003	79,433
Loss for the year	-	-	-	(42)	(42)
At 30 June 2015	6,655	68,944	831	2,961	79,391

18 Contingencies

Under the terms of certain contracts for the signing of players, additional amounts may become payable to other football clubs. The maximum unprovided liability which may arise in respect of these players at 30 June 2015 is £923,000 (2014 - £1,991,000). The Directors do not currently think that it is probable that such sums will be payable on the basis that the qualifying criteria are not currently expected to be met.

19 Dividends

No dividends were paid in the year (2014 - £nil).

20 Commitments

(i) Capital commitments at the end of the financial year for which no provision has been made:

Group	2015 £'000	2014 £'000
Contracted but not provided for	-	-

(ii) Annual commitments under non-cancellable operating leases are as follows:

Group	Land and buildings	
	2015 £'000	2014 £'000
Expiry date:		
Within one year	-	-
Between one and five years	136	136
After five years	577	574
	713	710

The Company had no commitments at the beginning or end of the year.

During the year £724,000 was recognised as an expense in the profit and loss account in respect of operating leases (2014 - £752,000).

21 Ultimate parent undertaking

The immediate parent undertaking is St James Holdings Limited.

The largest Group in which the results will be consolidated is that headed by MASH Holdings Limited. The ultimate controlling party is Mr M J W Ashley.

Newcastle United Limited
Notes to the financial statements
at 30 June 2015

22a) Reconciliation of Group operating profit to net cash inflow from operating activities

	2015 £'000	2014 £'000
Group operating profit	19,038	4,729
Depreciation	3,369	3,118
Amortisation and impairment of intangible fixed assets	20,497	19,559
Capital grant release	(89)	(89)
Increase in stocks	(4)	(20)
(Increase)/decrease in debtors	(5,226)	230
Increase in creditors	398	9,674
Increase/(decrease) in deferred income	1,068	(4,332)
Net cash inflow from operating activities	39,051	32,869

22b) Reconciliation of net cash flow to movement in net debt

	2015 £'000	2014 £'000
Increase in cash in the year	14,233	38,597
Cash outflow from decrease in debt and lease financing	-	-
Change in net debt resulting from cash flows	14,233	38,597
Net debt at beginning of year	(94,891)	(133,488)
Net debt at end of year	(80,658)	(94,891)

22c) Analysis of net debt

	At 1 July 2014 £'000	Cash flow £'000	Other non cash changes £'000	At 30 June 2015 £'000
Cash at bank	34,109	14,233	-	48,342
Term loans (note 13)	(129,000)	-	-	(129,000)
Total	(94,891)	14,233	-	(80,658)

23 Related party transactions

Transactions between the Company and its subsidiaries are not disclosed in accordance with FRS8.

During the current and prior year, advertising and promotional services were provided to Sports Direct International being a company associated with the ultimate owner of the Company, MJW Ashley. No consideration has been paid by Sports Direct International for these services to date but Sports Direct International and the Group are in the process of agreeing an arms length rate for these services and the Group anticipates receiving payment for these services in the future.

Newcastle United Football Company Limited, a subsidiary of the Company, made sales of £264,000 (2014 - £nil) to Sports Direct.com Retail Limited, a company connected with Mr M J W Ashley. These transactions were on normal commercial terms. The balance owing at 30 June 2015 to Newcastle United Football Company Limited was £182,000 (30 June 2014 - £nil).

Newcastle United Football Company Limited, a subsidiary of the Company, purchased goods to the value of £2,348,000. (2014 - £2,796,000) from Sports Direct.com Retail Limited, a company connected with Mr M J W Ashley. These transactions were on normal commercial terms. The balance owing at 30 June 2015 to Sports Direct.com Retail Limited was £nil (30 June 2014 - £nil).

As detailed in note 13, Mr M J W Ashley and companies under his control continued to provide loan facilities to the Group during the year. The total balance outstanding at 30 June 2015 was £129.0 million (2014 - £129.0 million). The maximum amount outstanding in the year was £129.0 million (2014 - £129.0 million). No interest was payable on the loans for either the current or prior year.