Financial Statements
Newcastle United Limited

For the Year Ended 30 June 2017

Registered number: 02529667

Company Information

Director	L Charnley
Company secretary	L Charnley
Registered number	02529667
Registered office	St. James' Park NEWCASTLE UPON TYNE NE1 4ST
Independent auditor	Grant Thornton UK LLP Chartered Accountants & Statutory Auditor 2 Broadfield Court SHEFFIELD South Yorkshire S8 0XF
Bankers	Barclays Bank PLC Barclays House 5 St. Ann's Street Quayside NEWCASTLE UPON TYNE NE1 3DX

Contents

	Page
Group strategic report	1 – 2
Director's report	3 – 5
Independent auditor's report	6 – 8
Consolidated Statement of Income and Retained Earnings	9
Consolidated Statement of Financial Position	10
Company Statement of Financial Position	11
Consolidated Statement of Cash Flows	12
Notes to the Financial Statements	13 - 38

Group Strategic Report
For the Year Ended 30 June 2017

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 Director reports a loss after tax for the year of £41.3m (2016: Profit £4.6m).

Relegation to the EFL Championship at the end of the 2015-16 season had a huge impact on the Group's financial results for the year, as detailed in the Financial Overview below and clearly illustrated by the following key performance indicators, used as a measure of the Group's performance:

	2017	2016	(Dec)/Inc
Turnover	£85.7m	£125.8m	(£40.1m)
Operating (loss)/profit	(£90.9m)	£0.9m	(£91.8m)
(Loss)/profit after tax	(£41.3m)	£4.6m	(£45.9m)
Wages to turnover ratio	130.9%	59.4%	71.5%
Loans/debt	£144.0m	£129.0m	£15.0m
Cash at year end	(£8.3m)	£1.7m	(£10.0m)
Average home league attendance	51,108	49,754	1,354

Future developments

Having achieved promotion in 2016-17 retention of Premier League status is the Group's main priority.

Financial Overview

Turnover fell by £40.1m (32%) from £125.8m to £85.7m

- Media income fell £25.3m to £47.4m (2016:£72.7m)
- Commercial income (including centrally distributed Premier League sponsors) fell £13.0m to £12.1m (2016:£25.1m)

Operating expenses (including promotion bonuses and provisions for onerous contracts) increased £44.3m to £140.8m (2016:£96.5m)

- Wages & salaries increased to £112.2m (2016:£74.7m)
- Other operating costs increased to £28.6m (2016: £21.9m). There were 27 home and 26 away league and cup games in the year (2016: 21 home and 20 away).
- Promotion related bonuses payable to club and foundation staff totalled £9.9m (2016: £nil)

Player amortisation and trading

- Amortisation and impairment of players' registrations increased to £35.8m (2016: £28.3m)
- Profit on disposal of players' registrations increased to £42.3m (2016:£3.2m)

Interest

- Interest receivable and similar income increased to £2.4m (2016: £0.04m) in relation to accounting treatment of deferred transfer fees receivable (the discounting required) adopted under FRS102

Group Strategic Report
For the Year Ended 30 June 2017

Cashflow

- Operating activities (excluding player trading) resulted in a cash shortfall during the year of £13.6m (2016: surplus of £24.1m) in line with reduced income and increased costs detailed above.
- Sizeable transfer fees were earned in the year in respect of the players who left, however the cash profile of these deals resulted in the fees being receivable over periods of up to 4 years. The effect of this, together with the significant level of investment in the playing squad during the summer 2016 transfer window, resulted in an overall net cash outlay on player trading for the year of £11.4m (2016: £70.7m).
- A further net cash injection of £15m from our owner mid-way through the season was therefore essential to provide additional working capital.
- Debt at 30 June 2017 comprised an overdraft of £8.3m (2016: cash in bank £1.7m) and amounts due to Mr MJW Ashley & companies under his control of £144.0m (2016: £129.0m)

Contingent liability

In April 2017 HMRC attended certain Group premises and executed a search warrant. Subsequent to these events, Newcastle United Football Company Limited ("NUFCL") received claims from HMRC relating to alleged underpayment of tax and national insurance, and interest to date thereon. The amount that has been claimed by HMRC has been assessed by the Director and an accrual has been made in the Group's financial statements. The amount accrued represents a best estimate at this time of the amount which may be payable. The amount claimed excludes any amount which may be payable in respect of penalties and only reflects amounts the Group has been made aware of. Claims have been lodged against these assessments, and the matter remains in the hands of the Group's legal advisers.

In the opinion of the Director, at this stage in the process, there is insufficient information available to enable him to make a reliable estimate of either the un-accrued amount of any liability which may ultimately arise in this regard, or when any such sums may become payable.

Principal risks and uncertainties

The Director considers the following to be the key business risks and uncertainties associated with the operation of a professional football club and will take such action as is considered necessary to manage and/or mitigate those risks:

- Not being in membership of the Premier League for any prolonged period due to the impact on revenue streams.
- Ability to recruit and retain playing staff and other key employees in what is a highly competitive market
- Unavailability of key playing staff through injury.
- Changes to the rules and regulations of the FA, PL, EFL, UEFA and FIFA in areas such as: competition format, revenue distribution, profitability and sustainability and cost control rules, eligibility of players and operation of the transfer market.
- Negotiation of key commercial contracts.
- Health and safety risks associated with the stadium operation on match and non-match days.
- Cash management, including the impact of dealing with overseas customers and suppliers where transactions are subject to currency fluctuations.

This report was approved by the board on 5 March 2018 and signed on its behalf.

L Charnley
Director

Director's Report

For the Year Ended 30 June 2017

The director presents his report and the financial statements for the year ended 30 June 2017.

Dividends

The director does not recommend the payment of a dividend for the year ended 30 June 2017 (2016: £nil).

Director

The director who served during the year was:

L Charnley

Director's responsibilities statement

The director is responsible for preparing the Group Strategic Report, the Director's Report and the consolidated financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare financial statements for each financial year. Under that law the director has elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standard and applicable law), including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the director must not approve the financial statements unless he is satisfied that they give a true and fair view of the state of affairs and profit or loss of the Company and Group for that period. In preparing these financial statements, the director is required to:

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

The director is 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 the Group and enable him to ensure that the financial statements comply with the Companies Act 2006. He is also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Political and charitable donations

The Group's charitable donations for the year amounted to £377,180 including an amount payable to Newcastle United Foundation in respect of promotion bonuses for Foundation staff (2016: £4,248). There were no political contributions (2016: £nil).

Director's Report (continued)

For the Year Ended 30 June 2017

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 31 at the year-end (2016: 25).

Going concern

The Director has prepared financial forecasts and expects to maintain suitable financial facilities from the Group's bankers and ultimate shareholder to provide adequate ongoing finance consistent with these forecast requirements. The Company has received confirmation of continuing support from its ultimate parent company. The Director has concluded that the Group remains a going concern and has accordingly prepared these financial statements on the going concern basis.

Employee involvement

The Group recognises the importance of employee engagement and, within the bounds of commercial confidentiality, seeks to keep staff across the organisation informed of matters relating to the performance of the Group that may be of interest to them as employees.

Disabled employees

The Group ensures that all employees, and job applicants, are treated fairly, in accordance with its Group policies and values. Applications for employment by disabled persons are fully considered and assessed objectively against the requirements of the job, giving consideration to any reasonable adjustments that may be required for someone with a disability. In the event that an existing employee becomes disabled, all reasonable and practicable steps will be taken to ensure their employment with the Group continues.

Subsequent events

Subsequent to the Statement of financial position date the Group has committed to a further maximum net spend of approximately £46m (2016: net surplus of £40m) in respect of changes to the playing squad.

Director's Report (continued)

For the Year Ended 30 June 2017

Disclosure of information to auditor

The director at the time when this Director's Report is approved has confirmed that:

- so far as he is aware, there is no relevant audit information of which the Company and the Group's auditor is unaware, and

- he has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the Company and the Group's auditor is aware of that information.

The director is 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.

Auditor

The auditor, Grant Thornton UK LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 5 March 2018 and signed on its behalf.

L Charnley
Director

Grant Thornton

Independent Auditor's Report to the members of Newcastle United Limited

Opinion

We have audited the financial statements of Newcastle United Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 30 June 2017 which comprise the Consolidated Statement of Income and Retained Earnings, Consolidated and Company Statement of Financial Position, Consolidated Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 30 June 2017 and of the group's loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group and the parent 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.

Who we are reporting to

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.

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 director's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the director has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the parent 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.

GrantThornton

Independent Auditor's Report to the members of Newcastle United Limited

Other information
The director is responsible for the 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.

Opinions on other matters prescribed by the Companies Act 2006
In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the director's report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the director's report have been prepared in accordance with applicable legal requirements.

Matter on which we are required to report under the Companies Act 2006
In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the director's report.

Matters on which we are required to report by exception
We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept 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 director's remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of director for the financial statements
As explained more fully in the director's responsibilities statement set out on page 3, the director is 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 director determines 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 director is responsible for assessing the group's and the parent 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 director either intends to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Independent Auditor's Report to the Members of Newcastle United Limited (continued)

Auditor's responsibilities for the audit of the financial statements

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

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.

Gt Thn UK LLP

Michael Redfern (Senior statutory auditor)
for and on behalf of
Grant Thornton UK LLP
Chartered Accountants
Statutory Auditor
Sheffield
6 March 2018

Consolidated Statement of Income and Retained Earnings

For the Year Ended 30 June 2017

	Note	2017 £000	2016 £000
Turnover	4	85,685	125,755
Operating expenses		(140,844)	(96,534)
Amortisation and impairment of players' registrations	12	(35,753)	(28,336)
Operating (loss)/profit	5	(90,912)	885
Analysed as:			
Operating (loss)/profit before amortisation and impairment of players' registrations		(55,159)	29,221
Amortisation and impairment of players' registrations	12	(35,753)	(28,336)
		(90,912)	885
Profit on disposal of players' and staff registrations		42,262	3,237
(Loss)/profit before interest and taxation		(48,650)	4,122
Interest receivable and similar income	9	2,379	42
Interest payable and expenses	10	(477)	(8)
(Loss)/profit on ordinary activities before tax		(46,748)	4,156
Tax on (loss)/profit	11	5,470	426
(Loss)/profit and total comprehensive income for the year		(41,278)	4,582
Retained Earnings at beginning of year		(45,493)	(50,075)
Retained Earnings at end of the year		(86,771)	(45,493)

The notes on pages 13 to 38 form part of these financial statements.

Newcastle United Limited
Registered number:02529667

Consolidated Statement of Financial Position

As at 30 June 2017

	Note	£000	2017 £000	£000	2016 £000
Fixed assets					
Intangible assets	12		**93,500**		115,336
Tangible assets	13		**62,406**		65,971
			155,906		181,307
Current assets					
Stocks	15	**16**		22	
Debtors: amounts falling due within one year	16	**42,570**		44,280	
Debtors: amounts falling due after one year	16	**40,932**		10,585	
Cash at bank and in hand	17	**-**		1,728	
		83,518		56,615	
Creditors: amounts falling due within one year	18	**(86,315)**		(63,894)	
Net current liabilities			**(2,797)**		(7,279)
Total assets less current liabilities			**153,109**		174,028
Creditors: amounts falling due after more than one year	19		**(118,412)**		(120,886)
Provisions for liabilities	22	**(21,997)**		(3,258)	
			(21,997)		(3,258)
Deferred income	23		**(23,041)**		(18,947)
Net (liabilities)/assets			**(10,341)**		30,937
Capital and reserves					
Called up share capital	24		**6,655**		6,655
Share premium account	25		**68,944**		68,944
Capital redemption reserve	25		**831**		831
Retained earnings	25		**(86,771)**		(45,493)
			(10,341)		30,937

The financial statements were approved and authorised for issue by the board and were signed on its behalf on
5 March 2018.

L Charnley
Director

The notes on pages 13 to 38 form part of these financial statements.

Newcastle United Limited
Registered number:02529667

Company Statement of Financial Position

As at 30 June 2017

	Note	£000	2017 £000	£000	2016 £000
Fixed assets					
Investments	14		**69,946**		69,946
Current assets					
Debtors: amounts falling due within one year	16	**5,321**		5,821	
Cash at bank and in hand	17	**3,655**		3,655	
		8,976		9,476	
Creditors: amounts falling due within one year	18	**(106)**		(49)	
Net current assets			**8,870**		9,427
Total assets less current liabilities			**78,816**		79,373
Net assets			**78,816**		79,373
Capital and reserves					
Called up share capital	24		**6,655**		6,655
Share premium account	25		**68,944**		68,944
Capital redemption reserve	25		**831**		831
Retained earnings	25		**2,386**		2,943
			78,816		79,373

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Income Statement in these financial statements. The loss after tax of the parent Company for the year was £557,000 (2016: loss £18,000).

The financial statements were approved and authorised for issue by the board and were signed on its behalf on
5 March 2018.

L Charnley
Director

Consolidated Statement of Cash Flows
For the Year Ended 30 June 2017

	2017 £000	2016 £000
Cash flows from operating activities		
(Loss)/profit for the financial year	**(41,278)**	4,582
Adjustments for:		
Amortisation of intangible assets	**35,753**	28,336
Depreciation of tangible assets	**3,478**	2,742
Profit/(loss) on disposal of tangible assets	**294**	-
Profit on disposal of intangible assets	**(42,262)**	(3,237)
Interest paid	**477**	8
Interest received	**(2,379)**	(42)
Taxation charge	**(5,470)**	(426)
Grants	**(87)**	(89)
Decrease in stocks	**6**	3
Decrease in debtors	**1,385**	1,786
Increase/(decrease) in creditors	**10,262**	(6,138)
Increase/(decrease) in deferred income	**4,181**	(3,431)
Increase in provisions	**21,997**	-
Net cash (used)/generated from operating activities	**(13,643)**	24,094
Cash flows from investing activities		
Purchase of intangible fixed assets	**(55,472)**	(82,592)
Sale of intangible assets	**44,356**	11,934
Purchase of tangible fixed assets	**(236)**	(92)
Sale of tangible fixed assets	**4**	-
Interest received	**1**	42
Net cash used in investing activities	**(11,347)**	(70,708)
Cash flows from financing activities		
New loans	**33,000**	-
Repayment of existing loans	**(18,000)**	-
Interest paid	**(33)**	-
Net cash from financing activities	**14,967**	-
Net (decrease)/increase in cash and cash equivalents	**(10,023)**	(46,614)
Cash and cash equivalents at beginning of year	**1,728**	48,342
Cash and cash equivalents at the end of year	**(8,295)**	1,728

Notes to the Financial Statements
For the Year Ended 30 June 2017

1. General information

Newcastle United Limited (The Company') is a company incorporated in the United Kingdom. Its registered office is St. James' Park, Newcastle Upon Tyne, NE1 4ST. 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 Income Statement and related notes that form a part of these approved financial statements. The Company's loss for the year was £557,000 (2016: £18,000).

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.

2. Accounting policies

2.1 Basis of preparation of financial statements

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

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

The following principal accounting policies have been applied:

2.2 Going concern

The Director has prepared financial forecasts and expects to maintain suitable financial facilities from the Group's bankers and ultimate shareholder to provide adequate ongoing finance consistent with these forecast requirements. The company has received confirmation of continuing support from its ultimate parent company. The Director has concluded that the Group remains a going concern and has accordingly prepared these financial statements on the going concern basis.

Notes to the Financial Statements

For the Year Ended 30 June 2017

2. Accounting policies (continued)

2.3 Basis of consolidation

The consolidated financial statements present the results of the Group and its own subsidiaries ("the Group") as if they form a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the Statement of financial position, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the Consolidated Income Statement from the date on which control is obtained. They are deconsolidated from the date control ceases.

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.

2.4 Revenue

Revenue 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. Revenue can be analysed into four major streams, within which significant amounts are accounted for, as follows:

Matchday

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

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.

Commercial

Sponsorship contracts 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 the contract. Catering revenues are recognised on an earned basis. Revenue from the sale of branded products is recognised at the point of despatch when significant risks and rewards of ownership are deemed to have been transferred to the buyer.

Other Income

Other income includes grants, monies received from insurance claims and fees in respect of players' international duties. Grants are accounted for under the accruals model and all other income is recognised on an accruals basis.

Notes to the Financial Statements

For the Year Ended 30 June 2017

2. Accounting policies (continued)

2.5 Intangible assets

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, in the opinion of the Director, the player is no longer expected to remain an active member of the playing squad. In these circumstances the carrying value of that individual player's registration is reviewed against a measurable net realisable value.

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 Director, 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 included as a contingent liability.

2.6 Tangible fixed assets

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

At each reporting date the Group assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

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

The estimated useful lives range as follows:

Long leasehold property	- over the shorter of the unexpired term of the lease and 50 years
Fixtures and Equipment	- 3 - 15 years

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

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Consolidated Income Statement.

Notes to the Financial Statements
For the Year Ended 30 June 2017

2. Accounting policies (continued)

Owned assets
Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses.

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 Consolidated 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 Consolidated Income Statement on a straight-line basis over the lease term.

2.7 Impairment of fixed assets and goodwill

Assets that are subject to depreciation or amortisation are assessed at each reporting date to determine whether there is any indication that the assets are impaired. Where there is any indication that an asset may be impaired, the carrying value of the asset (or cash-generating unit ('CGU')to which the asset has been allocated) is tested for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's (or CGU's) fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs). Non-financial assets that have been previously impaired are reviewed at each reporting date to assess whether there is any indication that the impairment losses recognised in prior periods may no longer exist or may have decreased.

2.8 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment. Where merger relief is applicable, the cost of the investment in a subsidiary undertaking is measured at the nominal value of the shares issued together with the fair value of any additional consideration paid.

Investments in unlisted Group shares, whose market value can be reliably determined, are remeasured to market value at each Statement of financial position date. Gains and losses on remeasurement are recognised in the Consolidated Income Statement for the period. Where market value cannot be reliably determined, such investments are stated at historic cost less impairment.

2.9 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 inventories 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.

Notes to the Financial Statements

For the Year Ended 30 June 2017

2. Accounting policies (continued)

2.10 Grants

Grants are accounted for under the accruals model as permitted by FRS 102. The deferred element of grants is included in creditors as deferred income.

2.11 Deferred income

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

2.12 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.13 Cash and cash equivalents

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

In the Consolidated Statement of Cash Flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Group's cash management.

2.14 Financial instruments

The Group only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors and loans from other third parties.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade payables or receivables, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

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

Notes to the Financial Statements
For the Year Ended 30 June 2017

2. Accounting policies (continued)

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

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

Financial assets and liabilities are offset and the net amount reported in the Statement of financial position when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

2.15 Creditors

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

2.16 Foreign currency translation

Functional and presentation currency
The Group's functional and presentational currency is GBP.

Transactions and balances
Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Consolidated Income Statement.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Consolidated Income Statement within 'finance income or costs'. All other foreign exchange gains and losses are presented in the Statement of consolidated income within 'operating costs'.

2.17 Finance costs

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

Notes to the Financial Statements
For the Year Ended 30 June 2017

2. Accounting policies (continued)

2.18 Operating leases

Rentals paid under operating leases are charged to the Consolidated Income Statement on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the period until the date the rent is expected to be adjusted to the prevailing market rate.

2.19 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.

2.20 Pensions

Defined contribution plans
Obligations for contributions to defined contribution pension plans are recognised as an expense in the Income Statement as incurred.

Football League Limited Pension and Life Assurance Scheme
The Group is a member of the Football League Pension and Life Assurance Scheme, a multi employer plan. It is not possible for the Group to obtain sufficient information to enable it to account for the plan as a defined benefit plan. It accounts for the plan as a defined contribution plan. Where the plan is in deficit and where the Group has formally agreed, with the plan, to participate in a deficit funding arrangement the Group recognises a liability for this obligation. The amount recognised is the net present value of the obligation payable under the agreement that relates to the deficits. The amount is expensed in the Income Statement. The unwinding of the discount is recognised as a finance cost.

2.21 Interest income

Interest income is recognised in the Consolidated Income Statement using the effective interest method.

2.22 Borrowing costs

All borrowing costs are recognised in the Consolidated Income Statement in the year in which they are incurred.

Notes to the Financial Statements

For the Year Ended 30 June 2017

2. Accounting policies (continued)

2.23 Provisions for liabilities

Provisions are made where an event has taken place that gives the Group a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Income Statement in the year that the Group becomes aware of the obligation, and are measured at the best estimate at the Statement of Financial Position date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Statement of Financial Position.

A provision is recognised in the Statement of Financial Position 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.

2.24 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Consolidated Income Statement, except a change attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company and the Group operate and generate income.

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

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the Group can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

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

Notes to the Financial Statements
For the Year Ended 30 June 2017

2. Accounting policies (continued)

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 profits for the period, using tax rates enacted or substantively enacted at the Statement of financial position date, and any adjustment to tax payable in respect of previous years.

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the Statement of financial position date where transactions or events have occurred at that date that will result in an obligation to pay more, or 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, or gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the Statement of financial position date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the Statement of financial position 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 taxation that would arise on remittance of the retained earnings of subsidiaries, associates and joint ventures only to the extent that, at the Statement of financial position date, dividends have been accrued as receivable.

Deferred tax assets are recognised only to the extent that the Director considers that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

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 Statement of financial position date.

2.25 Exceptional items

Exceptional items are transactions that fall within the ordinary activities of the Group but are presented separately due to their size or incidence.

The Group presents as exceptional items, on the face of the Consolidated Income Statement, 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 Consolidated Income Statement so as to facilitate comparison with prior periods and to better assess trends in financial performance.

Exceptional items are transactions that fall within the ordinary activities of the Group but are presented separately due to their size or incidence.

Notes to the Financial Statements
For the Year Ended 30 June 2017

2. Accounting policies (continued)

2.26 Loans

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

2.27 Signing on fees

Signing on fees are charged to the Consolidated Income Statement over the period of the player's contract.

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

Preparation of the financial statements requires management to make significant estimates and judgements. The items in the financial statements where these judgements and estimates have been made include:

Impairment of Player Registrations
Under certain circumstances (as outlined in note 2.5) the Director may be required to estimate a net realisable value for an individual player's registration. This value will take in to account any offers received for that player, as well as the Director's knowledge and experience of recent trading and market conditions. When considered necessary, an impairment charge will be made to reduce the carrying value of the player's registration to their fair value less any costs of disposal.

Player Registrations
Under the conditions of certain transfer agreements, further fees may become payable to the selling club. Liabilities in respect of these additional payments are accounted for when, in the opinion of the Director, it becomes probable that the specified future event will occur. See note 2.5 for further information.

Multi Employer Defined Benefit Pension Scheme
The Group is a member of a multi employer pension plan. In the judgement of the director, the Group does not have sufficient information on the plan assets and liabilities to be able to reliably account for its share of the defined benefit obligation and plan assets. Therefore the scheme is accounted for as a defined contribution scheme, see note 27 for further details.

Impairment of Debtors
The Group makes an estimate of the recoverable value of trade and other debtors. When assessing the impairment of trade and other debtors, management considers factors including the ageing of the debtors and historical experience.

Claims against the Group
The Group assesses claims made against it taking into account all information supporting those claims. To the extent that the claim is more likely than not to require Group resources to settle the claim an assessment of an appropriate provision is made. To the extent that a fixed liability can be reliably measured then the Group makes a provision. Any claim where it is possible that resources will be required to settle is disclosed as a contingent liability to the extent that a provision is made. See note 26 for details of a claim from HRMC.

Notes to the Financial Statements
For the Year Ended 30 June 2017

4. Turnover

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:

Turnover 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.

Other Income
Other income consists of insurance income, grant income and international fees.

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

	2017 £000	2016 £000
Matchday	**23,449**	24,699
Media	**47,411**	72,673
Commercial	**12,136**	25,101
Other Income	**2,689**	3,282
	85,685	125,755

All turnover arose within the United Kingdom.

5. Operating (loss) / profit

The operating (loss) / profit is stated after charging/(crediting):

	2017 £000	2016 £000
Change in stocks of goods for resale	**6**	2
Other operating income - release of capital grants	**(87)**	(88)
Depreciation and other amounts written off tangible fixed assets		
- Owned and long leasehold	**3,478**	2,742
Amortisation & impairment of intangible assets	**35,753**	28,336
Operating lease payments	**630**	729
Foreign exchange gains	**(604)**	(751)

Notes to the Financial Statements
For the Year Ended 30 June 2017

6. Auditor's remuneration

	2017	2016
	£000	£000
Fees payable to the Group's auditor and its associates for the audit of the Group's annual financial statements	**47**	51
Fees payable to the Group's auditor and its associates in respect of:		
Audit-related regulatory reporting	**7**	-
Tax and other advisory services	**-**	10
	7	10

7. Employees

Staff costs (including promotion related payments and provisions for onerous contracts) were as follows:

	2017	2016
	£000	£000
Wages and salaries	**97,794**	66,335
Social security costs	**14,362**	8,307
Other pension costs	**31**	26
	112,187	74,668

The total staff costs including director's remuneration for the company was £nil (2016: £nil).

The average monthly number of full time equivalent employees, including the director, during the year was as follows:

	2017	2016
	No.	No.
Playing squad, academy, team management and support	**152**	136
Business operations	**127**	122
	279	258

In addition, the Group employed an average of 444 (2016: 448) matchday stewards.

The average monthly number of employees, including the director, for the company was nil (2016: nil).

Notes to the Financial Statements
For the Year Ended 30 June 2017

8. Director's remuneration

	2017 £000	2016 £000
Director's emoluments	150	150

Remuneration was paid to 1 director in the year. Remuneration of the highest paid director amounted to £150,000 (2016: £150,000).

The Director waived his entitlement to a payment under the Group's 2016-17 staff bonus scheme. Other than as disclosed above, he received no remuneration from MASH Holdings Limited and/or any of its subsidiary and/or associated companies.

9. Interest receivable

	2017 £000	2016 £000
Other interest receivable	2,378	-
Bank interest receivable	1	42
	2,379	42

10. Interest payable and similar charges

	2017 £000	2016 £000
Bank interest payable	33	-
Interest payable on multi employer pension scheme	5	8
Other interest payable	439	-
	477	8

11. Taxation

	2017 £000	2016 £000
Deferred tax		
Origination and reversal of timing differences	(5,470)	(426)

Notes to the Financial Statements

For the Year Ended 30 June 2017

11. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2016: lower than) the standard rate of corporation tax in the UK of 19.75% (2016: 20%). The differences are explained below:

	2017 £000	2016 £000
(Loss)/profit on ordinary activities before tax	**(46,748)**	4,156
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.75% (2016: 20%)	**(9,233)**	831
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	**1,996**	84
Fixed Asset Differences	**-**	384
Income not taxable for tax purposes	**-**	(256)
Tax rate adjustments	**1,007**	(575)
Adjustments to tax charge in respect of prior periods	**760**	(894)
Total tax credit for the year	**(5,470)**	(426)

Factors that may affect future tax charges

The Group has unrelieved UK corporation tax losses of approximately £82 million (2016: £24 million) at the end of the year.

A reduction in the rate of corporation tax to 17% effective from 1 April 2020 was substantively enacted after the Statement of financial position date. If this had been enacted at 30 June 2017, this would not have had a material effect on the deferred tax asset.

Notes to the Financial Statements

For the Year Ended 30 June 2017

12. Intangible assets

Group and Company

	Players' registrations £000
Cost	
At 1 July 2016	179,179
Additions	41,443
Disposals	(74,074)
At 30 June 2017	146,548
Amortisation and impairment	
At 1 July 2016	63,843
Charge for the year	35,753
On disposals	(46,548)
At 30 June 2017	53,048
Net book value	
At 30 June 2017	93,500
At 30 June 2016	115,336

The intangible asset that is material to the financial statements is the first team squad. The carrying value of the squad is £93,500,000 with a remaining amortisation period of 1-5 years. The amortisation charge for the current squad over this period will be;

2017/18 - £29,709,000
2018/19 - £24,807,000
2019/20 - £22,303,000
2020/21 - £16,681,000

Notes to the Financial Statements
For the Year Ended 30 June 2017

13. Tangible fixed assets

Group

	Land and buildings £000	Fixtures and equipment £000	Total £000
Cost or valuation			
At 1 July 2016	99,333	18,259	117,592
Additions	67	144	211
Disposals	-	(318)	(318)
At 30 June 2017	99,400	18,085	117,485
Depreciation			
At 1 July 2016	35,757	15,864	51,621
Charge for period on owned assets	2,538	940	3,478
On disposal	-	(20)	(20)
At 30 June 2017	38,295	16,784	55,079
Net book value			
At 30 June 2017	61,105	1,301	62,406
At 30 June 2016	63,576	2,395	65,971

Cumulative finance costs capitalised in prior years, excluding tax relief, included in the value of tangible fixed assets amount to £3,964,000 (2016: £3,964,000).

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

	2017 £000	2016 £000
Long leasehold	61,105	63,576

Notes to the Financial Statements
For the Year Ended 30 June 2017

14. Fixed asset investments

Company

	Investments in subsidiary companies £000
Cost or valuation	
At 1 July 2016	69,946
At 30 June 2017	**69,946**
Net book value	
At 30 June 2017	69,946
At 30 June 2016	69,946

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Country of incorporation	Class of shares	Holding	Principal activity
Newcastle United Football Company Limited	England and Wales	Ordinary	100%	Professional football club
Newcastle United Enterprises Limited	England and Wales	Ordinary	100%	Dormant
St. James' Park Newcastle Limited	England and Wales	Ordinary	100%	Dormant
nufc.co.uk Limited	England and Wales	Ordinary	100%	Exploitation of internet and media rights
Newcastle United 1892 Limited	England and Wales	Ordinary	100%	Dormant
Newcastle United Catering Limited	England and Wales	Ordinary	100%	Dormant
Newcastle United Employment Limited	England and Wales	Ordinary	100%	Dormant
Newcastle United Entertainment Limited	England and Wales	Ordinary	100%	Dormant
Newcastle United Group Limited	England and Wales	Ordinary	100%	Dormant
Newcastle United Licensing Limited	England and Wales	Ordinary	100%	Dormant
Newcastle United Promotions Limited	England and Wales	Ordinary	100%	Dormant
Newcastle United Publications Limited	England and Wales	Ordinary	100%	Dormant
Newcastle United Sports Limited	England and Wales	Ordinary	100%	Dormant
Newcastle United Sportswear Limited	England and Wales	Ordinary	100%	Dormant
Newcastle United Telecoms Limited	England and Wales	Ordinary	100%	Dormant
Newcastle United Television Limited	England and Wales	Ordinary	100%	Dormant
Newcastle United Ventures Limited	England and Wales	Ordinary	100%	Dormant

Notes to the Financial Statements

For the Year Ended 30 June 2017

14. Fixed asset investments (continued)

Name	Country of incorporation	Class of shares	Holding	Principal activity
NUFC Limited	England and Wales	Ordinary	100%	Dormant
Newcastle United FC Limited	England and Wales	Ordinary	100%	Dormant
Newcastle United Football Club Limited	England and Wales	Ordinary	100%	Dormant
The Football Channel Limited	England and Wales	Ordinary	100%	Dormant
Balmbra's Limited	England and Wales	Ordinary	100%	Dormant

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

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

15. Stocks

	Group 2017 £000	Group 2016 £000	Company 2017 £000	Company 2016 £000
Goods for resale	16	22	-	-

16. Debtors

Amounts falling due within one year

	Group 2017 £000	Group 2016 £000	Company 2017 £000	Company 2016 £000
Trade debtors	27,490	29,232	-	-
Amounts owed by group undertakings	5,321	5,821	5,321	5,821
Amounts owed by joint ventures and associated undertakings	60	226	-	-
Other debtors	6,100	4,915	-	-
Prepayments and accrued income	3,599	4,086	-	-
	42,570	44,280	5,321	5,821

Notes to the Financial Statements

For the Year Ended 30 June 2017

16. Debtors (continued)

Amounts falling due after one year

	Group 2017 £000	Group 2016 £000	Company 2017 £000	Company 2016 £000
Trade debtors	**38,720**	10,585	**-**	-
Deferred tax asset (see note 22)	**2,212**	-	**-**	-
	40,932	10,585	**-**	-

Included within trade debtors are amounts totalling £60.7m (2016: £32.2m) relating to the consideration receivable for the sale of player registrations, including £38.7m (2016: £10.6m) expected to be recovered in more than twelve months.

The amount of debtors written off to the Consolidated Income Statement in the year was £9,000 (2016: £16,000). The impairment included against debtors at the year end is £nil (2016: £63,000).

17. Cash and cash equivalents

	Group 2017 £000	Group 2016 £000	Company 2017 £000	Company 2016 £000
Cash at bank and in hand	**-**	1,728	**3,655**	3,655

18. Creditors: Amounts falling due within one year

	Group 2017 £000	Group 2016 £000	Company 2017 £000	Company 2016 £000
Bank overdraft	**8,295**	-	**-**	-
Term and other loans	**33,000**	18,000	**-**	-
Trade creditors	**14,600**	2,600	**-**	-
Amounts owed to group undertakings	**1,591**	1,233	**106**	49
Taxation and social security	**3,318**	6,300	**-**	-
Other creditors	**106**	78	**-**	-
Accruals	**25,405**	35,683	**-**	-
	86,315	63,894	**106**	49

Term and other loans shown above represent an outstanding loan balance from Mr M J W Ashley of £33.0m (2016: £18.0m) which is interest free and repayable on demand.

Included within the above are amounts totalling £17.1m (2016: £28.5m) relating to consideration payable for player registrations.

Notes to the Financial Statements
For the Year Ended 30 June 2017

19. Creditors: Amounts falling due after more than one year

	Group 2017 £000	Group 2016 £000	Company 2017 £000	Company 2016 £000
Term and other loans	**111,000**	111,000	-	-
Trade creditors	**3,584**	-	-	-
Accruals and deferred income	**3,828**	9,886	-	-
	118,412	120,886	-	-

Included within the above are amounts totalling £7.4m (2016: £9.9m) relating to consideration payable for player registrations.

20. Loans

Analysis of the maturity of loans is given below:

	Group 2017 £000	Group 2016 £000	Company 2017 £000	Company 2016 £000
Amounts falling due within one year				
Other loans	**33,000**	18,000	-	-
Amounts greater than one year				
Other loans	**111,000**	111,000	-	-
	144,000	129,000	-	-

The company's total outstanding loan balances from Mr MJW Ashley and companies under his control were £144.0m (2016: £129.0m). £33.0m is repayable on demand and £111.0m is repayable after more than one year. All amounts are interest free.

Notes to the Financial Statements

For the Year Ended 30 June 2017

21. Financial instruments

	Group 2017 £000	Group 2016 £000	Company 2017 £000	Company 2016 £000
Financial assets measured at amortised cost				
Trade receivables	66,210	39,817	-	-
Other debtors	6,100	4,915	-	-
Group companies	5,381	6,047	5,321	5,821
	77,691	50,779	5,321	5,821
Financial liabilities measured at amortised cost				
Trade creditors	(18,184)	(2,600)	-	-
Other loans	(144,000)	(129,000)	-	-
Other creditors	(3,424)	(6,378)	-	-
Group companies	(1,591)	(1,233)	(106)	(49)
Accruals	(29,233)	(45,569)	-	-
Bank overdraft	(8,295)	-	-	-
	(204,727)	(184,780)	(106)	(49)
Other assets and liabilities				
Prepayments and accrued income	3,599	4,086	-	-
Tangible assets	62,406	65,971	-	-
Intangible assets	93,500	115,336	-	-
Cash	-	1,728	3,655	3,655
Stock	16	22	-	-
Deferred income	(23,041)	(18,947)	-	-
Deferred tax asset	2,212	-	-	-
Investments	-	-	69,946	69,946
Provisions for liabilities	(21,997)	(3,258)	-	-
Net (liabilities)/ assets	(10,341)	30,937	78,816	79,373

Notes to the Financial Statements

For the Year Ended 30 June 2017

22. Provisions for liabilities

Group

	Deferred tax £000	Onerous employment contracts & other charges £000	**Total £000**
At 1 July 2016	3,258	-	**3,258**
Provisions made in year	-	21,997	**21,997**
Provisions released in year	(5,470)	-	**(5,470)**
At 30 June 2017	(2,212)	21,997	**19,785**

Deferred taxation	**2017 £000**	2016 £000
At beginning of year	**(3,258)**	(3,684)
Charged to the Income Statement	**5,470**	426
At end of year	**2,212**	(3,258)

Deferred taxation is included as	**2017 £000**	2016 £000
Provisions	**-**	3,258
Debtors: amounts falling due after one year	**2,212**	-
	2,212	3,258

The provision for deferred taxation is made up as follows:

	Group 2017 £000	Group 2016 £000
Accelerated capital allowances	**(466)**	(433)
Tax losses carried forward	**(13,955)**	(4,117)
Intangible rollover	**14,878**	8,454
Other timing differences	**(2,669)**	(646)
	(2,212)	3,258

Notes to the Financial Statements
For the Year Ended 30 June 2017

23. Deferred income

	Group 2017 £000	Group 2016 £000
Capital grants	**2,125**	2,212
Other deferred income	**20,916**	16,735
	23,041	18,947

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

	2017 £000	2016 £000
Group		
Less than one year	**18,534**	14,320
One to two years	**120**	120
Two to five years	**393**	393
More than five years	**3,994**	4,114
	23,041	18,947

24. Share capital

	2017 £000	2016 £000
Shares classified as equity		
Authorised		
186,442,232 Ordinary shares of £0.05 each	**9,322**	9,322
Allotted, called up and fully paid		
133,107,121 Ordinary shares of £0.05 each	**6,655**	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 Group.

25. Reserves

Share premium
Includes any premiums received on issue of share capital. Any transaction costs associated with the issuing of shares are deducted from share premium.

Capital redemption
Following the re-purchase of shares by the company this is the nominal value of the re-purchased shares that are non-distributable to shareholders.

Retained earnings
Includes all current and prior period profits and losses.

Notes to the Financial Statements

For the Year Ended 30 June 2017

26. Contingent liabilities

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 2017 is £3,871,000 (2016: £1,220,000). The director does 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.

In April 2017 HMRC attended certain Group premises and executed a search warrant. Subsequent to these events, Newcastle United Football Company Limited ("NUFCL") received claims from HMRC relating to alleged underpayment of tax and national insurance, and interest to date thereon. The amount that has been claimed by HMRC has been assessed by the Director and an accrual has been made in the Group's financial statements. The amount accrued represents a best estimate at this time of the amount which may be payable. The amount claimed excludes any amount which may be payable in respect of penalties and only reflects amounts the Group has been made aware of. Claims have been lodged against these assessments, and the matter remains in the hands of the Group's legal advisers.

In the opinion of the Director, at this stage in the process, there is insufficient information available to enable him to make a reliable estimate of either the un-accrued amount of any liability which may ultimately arise in this regard, or when any such sums may become payable.

The Company is party to cross guarantees for the bank borrowings of Newcastle United Football Club Limited and nufc.co.uk Limited.

27. Pension commitments

The Group operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Group in an independently administered fund. The pension cost charge represents contributions payable by the Group to the fund and amounted to £30,629 (2016: £25,769).

Newcastle United Football Company ('the club') also participates in the Football League Pension and Life Assurance Scheme ('the Scheme'). The Scheme is a funded multi-employer defined benefit scheme, with 92 participating employers, and where members may have periods of service attributable to several participating employers. The Club is unable to identify its share of the assets and liabilities of the Scheme and therefore accounts for its contributions as if they were paid to a defined contribution scheme.

The last actuarial valuation was carried out at 31 August 2014 where the total deficit on the on-going valuation basis was £21.8 million. The key assumptions used to calculate the deficit at the 31 August 2014 actuarial valuation are:

Discount Rate:	5.4% per annum for the 1st 7 years, 4.4% per annum for the following 10 years and 3.4% per annum thereafter
RPI inflation:	3.2% per annum
Pension Increases:	3.0% per annum, for benefits accrued prior to 6 April 1997, and 3.7% per annum for benefits accrued after 6 April 1997
Mortality (pre-retirement):	None
Mortality (post-retirement):	SAPS CMI_2013 2.0%

The accrual of benefits ceased within the Scheme on 31 August 1999, therefore there are no contributions relating to current accrual. The Club pays monthly contributions based on a notional split of the total expenses and deficit contributions of the Scheme.

Notes to the Financial Statements

For the Year Ended 30 June 2017

27. Pension commitments (continued)

The Club currently pays total contributions of £46,860 per annum which based on the actuarial valuation assumptions detailed above, will be sufficient to pay off the deficit by 31 August 2018.

As at 30 June 2017, based on an appropriate discount rate of 6.75% per annum, the present value of the Club's outstanding contributions (i.e. their future liability) is £52,431 (2016: £94,209). This amounts to £46,860 (2016: £46,860) due within one year and £5,571 (2016: £47,349) due after more than one year and is included within other payables.

A finance cost of £5,082 (2016: £7,778) is made to the Income Statement during the year, representing the interest cost on the outstanding deficit of the Scheme.

The funding objective of the Trustees of the Scheme is to have sufficient assets to meet the Technical Provisions of the Scheme. In order to remove the deficit revealed at the previous actuarial valuation (dated 31 August 2014), deficit contributions are payable by all participating clubs. Payments are made in accordance with a pension contribution schedule. As the Scheme is closed to accrual, there are no additional costs associated with the accruing of members' future benefits. In the case of a club being relegated from the Football League and being unable to settle its debt then the remaining clubs may, in exceptional circumstances, have to share the deficit.

Upon the wind-up of the Scheme with a surplus, any surplus will be used to augment benefits. Under the more likely scenario of there being a deficit, this will be split amongst the clubs in line with their contribution schedule. Should an individual club leave the Scheme, they may be required to pay their share of the deficit based on a proxy buyout basis (i.e. valuing the benefits on a basis consistent with buying out the benefits with an insurance company).

28. Commitments under operating leases

At 30 June 2017 the Group had future minimum lease payments under non-cancellable operating leases as follows:

	Group 2017 £000	Group 2016 £000
Land and buildings		
Not later than 1 year	663	639
Between one and five years	2,599	2,546
After five years	52,214	50,888
	55,476	54,073

During the year £630,000 was recognised as an expense in the Consolidated Income Statement in respect of operating leases (2016: £729,000).

Notes to the Financial Statements
For the Year Ended 30 June 2017

29. Related party transactions

Transactions between the Company and its group undertakings are not disclosed as permitted by Section 33 of FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

During the year, matchday hospitality to the value of £77,951 (2016: £101,000) was provided to members of Mr MJW Ashley's family. The amount outstanding as at 30 June 2017 was £77,951 (2016: £225,000). This amount has been paid in full after the year end.

During the current and prior year, advertising and promotional services were provided to Sports Direct International Plc ("Sports Direct") and subsidiary companies, being companies associated with the Ultimate owner of the company Mr MJW Ashley.

The Group made sales of £572,000 (2016: £302,000) and purchased goods to the value of £1,281,000 (2016:£1,209,000) from Sports Direct and subsidiary companies, companies connected with Mr MJW Ashley. These transactions were on normal commercial terms. The balance owing at 30 June 2017 to Newcastle United Football Company Limited was £180,000 (2016: £268,000). The balance owing at 30 June 2017 to Sports Direct was £418,000 (2016: £265,000).

Mr MJW Ashley and companies under his control continued to provide loan facilities to the Group during the year. The total balance outstanding at 30 June 2017 was £144.0 million (2016: £129.0 million). The maximum amount outstanding during the year was £144.0 million (2016: 129.0 million). No interest was payable on the loans for either the current or prior year.

The key management personnel of the Group during the year comprised of the Director of Newcastle United Limited and its subsidiaries. The total employee benefits of the key management personnel of the Group were £534,000 (2016: £2,103,000).

30. Subsequent events

Subsequent to the Statement of financial position date the Group has committed to a further maximum net spend of approximately £46m (2016: net surplus of £40m) in respect of changes to the playing squad.

31. Ultimate parent undertaking and controlling parties

The immediate parent undertaking is St James Holdings Limited.

The smallest and largest Group in which the results will be consolidated is that headed by MASH Holdings Limited. The ultimate controlling party is Mr MJW Ashley.

MASH Holdings Limited is incorporated in England and Wales and its registered office is Grenville Court, Britwell Road, Burnham, Buckinghamshire, England, SL1 8DF.