

Company Registration Number 3197756

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QPR Holdings Limited

Financial Statements

31 May 2016

QPR Holdings Limited**Financial statements****Year ended 31 May 2016**

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QPR Holdings Limited

Company information

Year ended 31 May 2016

The board of directors

Mr T Fernandes
Mr A Bhatia
Mr K Meranun
Mr R Gnanalingam
Mr J Raslan
Mr N Razak

Registered office

Loftus Road Stadium
South Africa Road
London
W12 7PJ

Auditor

Moore Stephens LLP
Chartered Accountants
Statutory Auditor
150 Aldersgate Street
London
EC1A 4AB

Bankers

The Royal Bank of Scotland PLC
155 Bishopsgate
London
EC2M 3YB

QPR Holdings Limited

Executive Chairman's Report

Year ended 31 May 2016

On behalf of the Board of Directors, my Co-Chairman Ruben Gnaniangam and I present the annual financial statements and reports for the year ended 31 May 2016.

On the Field

Whilst an immediate promotion to the Premier League will always be the ideal scenario for a recently relegated team, we realised fairly early in the season that there were other aspects of the Club that needed to be restructured and reorganised to ensure a sustainable future. After the first four months of the season, we asked the manager Chris Ramsey to consider returning to the Academy, where we felt his expertise were more suited for and sorely missed. While that transition took place, we turned to Neil Warnock to take charge of the First Team on an interim basis, and after an extensive recruitment exercise, we hired Jimmy Floyd Hasselbaink as First Team Manager. While Jimmy worked tirelessly to stabilise the club during the remaining months of the 1516 season, we ultimately felt that with the investment in the squad not being reflected in the performance of the team during the first few months of the 1617 season, we had to part ways with Jimmy. At the time of writing the Board is actively seeking a suitable candidate to be appointed as manager of the club. We would like to place on record our appreciation to Jimmy, Chris and Neil for their work with the First Team during the season.

Player transfers

One of the first steps we undertook due to the relegation was to revamp the squad. A number of players whose contracts expired, left the club, including Bobby Zamora, Joey Barton, Richard Dunne, Rio Ferdinand, Brian Murphy and Shaun Wright-Philips. Mauricio Isla, Niko Kranjcar and Eduardo Vargas also left at the end of their season long loan. Alex McCarthy was transferred before the start of the season, while Charlie Austin was transferred during the January transfer window.

We set about strengthening the squad for the season in the Championship, and we signed Tjaronn Cherry, Sebastian Polter, Jay Emmanuel Thomas, Ben Gladwin, Massimo Luongo, Oscar Gobern, Grant Hall, Jamie Mackie, James Perch, Alex Smithies and Daniel Toszer. These signings were completed before the commencement of the season. During the January transfer window, and with Jimmy in place as the manager, we signed Matt Ingram, Conor Washington and Nasser El-Khayati as part of the reinforcements needed for the seasons ahead.

Whilst we have built a squad who will be competitive in the Championship, I am also pleased with the hard working and tight knit camaraderie that has been instilled in the group. This truly is a breath of fresh air, which has led to a significant shift in transforming the culture of the entire club from Coaches, to Players, the Academy and all other staff too. A strong culture of teamwork, integrity, respect, proud yet humble and a sense of responsibility is also something the entire Board and Management take very seriously.

Prospects

We have made some key appointments to the senior management whose responsibilities are to restructure the club to ensure that we are a sustainable, stable, yet an ambitious, forward looking outfit. This entails the creation of a pathway into first team football for the players from the Academy, a consistently competitive squad for the league and the broadening of our commercial avenues, all of which are key components to achieve our overall targets. We are pleased with their work thus far and are confident of the success it will bring the club.

With Chris Ramsey agreeing to return to the Academy as Technical Director, and the ensuing reorganisation that he has undertaken, we are confident that we will achieve our objective of consistently supplying the First Team squad with home grown players. While it's still early in the transition, we see some evidence of that objective already coming through in the current season.

The training ground and stadium projects are still on going. At the time of writing we are in the final phase of appeal hearings instigated by the residents around Warren Farm. Understandably, the residents have some concerns, which they have raised with the Ealing Council. However I am confident that once we commence the works on the training ground, the residents will look favourably upon the areas we will be developing for the local community.

We are still unable to confirm the location or timing of completion of the stadium. But rest assured, we are making steady progress on this important element to the club.

We are hopeful that our fans recognise the work being done behind the scenes. We have worked tirelessly to improve our engagement with our fans, which is an excellent way for us to get input and feedback on the club and the improvements required. This will be a constant fixture going forward, as we recognise the fans to be the heartbeat of the club. Once again, we have managed to sell nearly 10,000 season tickets which is a reflection of our loyal and passionate following.

On behalf of the Board, I would like to thank the QPR fans for their continued support and dedication to the Club. We look forward to continuing to welcome you to Loftus Road.



Tony Fernandes
Chairman

30 November 2016

QPR Holdings Limited

Strategic report

Year ended 31 May 2016

Principal activities

The principal activity of the Group is that of a professional football club, with related commercial activities.

Business Review

The results for the year are summarised below:

- Group turnover was £41.9m, which is significantly lower than in the previous year (£85.9m). This is primarily as a result of the reduction in broadcasting income due to QPR playing in the Championship rather than the Premier League in the previous season.
- Total ticketing revenue at £5.5m, was significantly lower than in the prior year (£8.1m), as a result of the relegation from the Premier League. This represented an average of £239,000 per home Championship match, compared with £427,000 per home Premier League match in 2014/15.
- Group operating losses reduced to £8.5m after player trading. This reflects the current approach and management of the operations in the club.
- At the balance sheet date the Group had bank reserves of £7.4m.
- At the balance sheet date the Group's deficit position was £8.9m, compared with a £178.6 million deficit in the prior year. This is principally due to the capitalisation of shareholder loans during the year.

Unlike previous seasons, the Club does not view on-pitch performance as the sole key measure of success. Whilst the club's target will always be at least securing a play-off place, the focus is to ensure the club operates within its means and to be a sustainable outfit in the near future. The financial results reflects the Club's focus to achieve these objectives.

Cash flow and treasury

Net cash outflow from operations amounted to £22.7 million as compared to a £11.2 million outflow for the previous year.

The Group incurred a cost of £10.4m (2015: £38.1m) to acquire additional players during the year. The Group received £38m (2015: £14.7m) in shareholder financing during the year and repaid £6.1m of the bank loan. The Group paid out £737,000 (2015: £950,000) in relation to interest during the year.

Risks and uncertainties

There are a number of potential risks and uncertainties that could have a material impact on the Group's long term performance. These risks and uncertainties are monitored by the Board on a regular basis and the Board remains confident that the Group has sufficient financial backing to manage these issues.

Football

The Group's income will always be directly affected by the performance of the first team and the Club's league status.

The level of attendance may be influenced by factors such as the success of the team, ticket prices, broadcast coverage and the general economic climate.

The performance of the playing squad, as well as the football management staff, is hugely important to the Group, which maintains its strategy of trying to retain the highest quality playing and management staff. The Group operates in a highly competitive market for talent and the market rates for transfers and wages is, to a varying degree, dictated by competitors and the Group recognises the significance of this in relation to the desire to maintain the strength of the first team.

The Club is regulated by the rules of the various governing bodies and any change to these rules could have an impact on the Group. The Group monitors its compliance with all applicable rules and considers the impact of any changes.

Commercial

The Group derives income from sponsorship and other commercial arrangements.

Broadcasting and certain other revenues are derived from contracts that are currently centrally negotiated by the Premier League and Football League; the Group does not have any influence on the outcome of the relevant contract negotiations.

Post Balance Sheet Events

The details of these are included in note 25 of the financial statements.

Future Developments

The short term objective is to be competitive in the Championship and target a play-off place. The Board's aim is also to reorganise the Club to ensure a sustainable future.

Going Concern

The group's business activities, together with the factors likely to affect its future development and performance are set out above. The financial position of the group, its cash flows, liquidity position and borrowings are described in these financial statements.

The directors, based on cash flow projections prepared by management and through confirmation of continuing support from the groups' main shareholders and creditors, have a reasonable expectation that the company and the group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and financial statements.

Financial risk management objectives and policies

Financial instruments are used for financing purposes only. It is company policy not to trade in financial instruments. The details of financial risk management are included in note 23 of the financial statements.

The board of directors sets out the financial risk management policies that are implemented by the finance department. The Board considers that financial risks do not pose a major threat to the company.



Tony Fernandes
Chairman / Director

Approved by the directors on 30 November 2016

The directors have pleasure in presenting their report and the audited financial statements of the group for the year ended 31 May 2016.

Results and dividends

The loss for the year amounted to £11m (2015: £45.6m). The directors have not recommended a dividend.

Directors

The directors who served the company during the year were as follows:

Mr A Bhatia
Mr T Fernandes
Mr K Meranun
Mr S Maheshwari
Mr R Gnanalingam

Mr S Maheshwari resigned as a director on 20 July 2016. Mr Raslan and Mr Razak were appointed as directors on 23 November 2016.

Directors' responsibilities

The directors are responsible for preparing 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 company and the group and of the profit or loss of the group for that year.

In preparing those 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's and company's transactions and disclose with reasonable accuracy at any time the financial position of the group 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 hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Strategic Report

The business review and risk management policy are located in the strategic report.

Auditor

Moore Stephens LLP are deemed to be re-appointed under section 487(2) of the Companies Act 2006.

Insofar as the directors are aware:

- there is no relevant audit information of which the group's auditor is unaware; and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Signed on behalf of the directors



Tony Fernandes
Director

Approved by the directors on 30 November 2016

QPR Holdings Limited

Independent auditor's report to the shareholders of QPR Holdings Ltd

Year ended 31 May 2016

We have audited the financial statements of QPR Holdings Limited for the year ended 31 May 2016, which are set out on pages 8 to 30. 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) including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

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 6, 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 (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's web-site at www.frc.org.uk/auditscopeukprivate.

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 31 May 2016 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.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Chairman's Statement, Strategic Report and 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.

Moore Stephens LLP

Gareth Jones FCA, Senior Statutory Auditor
For and on behalf of Moore Stephens LLP, Statutory Auditor
150 Aldersgate Street
London
EC1A 4AB
30 November 2016

QPR Holdings Limited**Group Statement of Profit or loss and comprehensive expense****Year ended 31 May 2016**

	Note	2016 £'000	2015 £'000
Revenue	2	41,853	85,875
Cost of sales		<u>(52,169)</u>	<u>(116,954)</u>
Gross loss		(10,316)	(31,079)
Administration expenses		<u>(10,868)</u>	<u>(15,591)</u>
Operating loss	3	(21,184)	(46,670)
Profit on disposal of player registrations	6	<u>12,645</u>	<u>1,814</u>
		(8,539)	(44,856)
Interest receivable	7	10	234
Interest payable and similar charges	7	<u>(2,435)</u>	<u>(953)</u>
Loss before tax		(10,964)	(45,575)
Tax	8	-	-
Loss for the year		<u>(10,964)</u>	<u>(45,575)</u>
Comprehensive expense for the year		<u>(10,964)</u>	<u>(45,575)</u>

All of the activities of the group are classed as continuing.

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

The company has taken advantage of section 408 of the Companies Act 2006 not to publish its own profit and loss account.

The notes on pages 14 to 30 form part of these financial statements

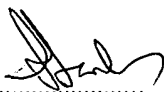
QPR Holdings Limited

Group Statement of financial position

As at 31 May 2016

	Note	2016 £'000	2015 £'000
Non-current assets			
Intangible assets	10	18,497	20,838
Property plant and equipment	11	23,958	23,872
		<u>42,455</u>	<u>44,710</u>
Current assets			
Inventories	13	75	528
Trade and other receivables	14	10,954	12,543
Trade and other receivables - Greater than one year	14	2,068	-
Cash and cash equivalents		7,358	849
		<u>20,455</u>	<u>13,920</u>
Current liabilities	15	(30,981)	(218,362)
Net current liabilities		<u>(10,526)</u>	<u>(204,442)</u>
Total assets less current liabilities		31,929	(159,732)
Non-current liabilities	16	(40,813)	(18,886)
		<u>(8,884)</u>	<u>(178,618)</u>
Capital and reserves			
Share capital	21	64,014	36,000
Share premium account		160,301	7,617
Profit and loss account		(233,199)	(222,235)
Net deficit		<u>(8,884)</u>	<u>(178,618)</u>

These financial statements were approved by the directors and authorised for issue on 30 November 2016, and are signed on their behalf by:



Tony Fernandes
Director

The notes on pages 14 to 30 form part of these financial statements

QPR Holdings Limited**Statement of financial position****As at 31 May 2016**

	Note	2016 £'000	2015 £'000
Non current assets			
Property plant and equipment	11	23,958	23,872
Investments	12	5,520	5,520
		<u>29,478</u>	<u>29,392</u>
Current assets			
Inventories	13	75	528
Trade and other receivables	14	2,987	4,109
Cash and cash equivalents		6,224	687
		<u>9,286</u>	<u>5,324</u>
Current liabilities	15	<u>(13,165)</u>	<u>(204,127)</u>
Net current liabilities		<u>(3,879)</u>	<u>(198,803)</u>
Total assets less current liabilities		<u>25,599</u>	<u>(169,411)</u>
Non-current liabilities	16	<u>(40,616)</u>	<u>(15,254)</u>
		<u>(15,017)</u>	<u>(184,665)</u>
Capital and reserves			
Share capital	21	64,014	36,000
Share premium account		160,301	7,617
Profit and loss account		(239,332)	(228,282)
Net reserves		<u>(15,017)</u>	<u>(184,665)</u>

These financial statements were approved by the directors and authorised for issue on 30 November 2016, and are signed on their behalf by:



.....
Tony Fernandes
Director

Company Registration Number: 3197756

The notes on pages 14 to 30 form part of these financial statements

QPR Holdings Limited**Group Statement of cash flows****Year ended 31 May 2016**

		2016	2015
	Note	£'000	£'000
Net cash (outflow)/inflow from operating activities	22	(22,747)	11,219
Returns on investments and servicing of finance	22	(2,425)	(719)
Capital expenditure and financial investment	22	3,312	(23,803)
		<hr/>	<hr/>
Cash outflow before financing		(21,860)	(13,303)
Cash flows from financing activities	22	28,369	8,635
		<hr/>	<hr/>
Net change in cash and cash equivalents		6,509	(4,668)
Cash and cash equivalents at beginning of year		849	5,517
		<hr/>	<hr/>
Cash and cash equivalents at end of year		7,358	849
		<hr/>	<hr/>

The notes on pages 14 to 30 form part of these financial statements

QPR Holdings Ltd**Company Statement of cash flows****Year ended 31 May 2016**

		2016	2015
	Note	£'000	£'000
Net cash outflow from operating activities	22	(19,021)	(9,850)
Cash flows from investing activities	22	(2,273)	(950)
Capital expenditure and financial investment	22	(1,538)	(1,764)
Cash outflow before financing		(22,832)	(12,564)
Cash flows from financing activities	22	28,369	8,804
Net change in cash and cash equivalents		5,537	(3,760)
Cash and cash equivalents at beginning of year		687	4,447
Cash and cash equivalents at end of year		6,224	687

The notes on pages 14 to 30 form part of these financial statements

QPR Holdings Limited

Statement of changes in equity

Year ended 31 May 2016

Group	Share capital £'000	Share premium £'000	Profit and loss account £'000	Total £'000
Equity shareholders' funds as at 1 June 2014	36,000	7,617	(176,660)	(133,043)
Loss and total comprehensive expense for the year	-	-	(45,575)	(45,575)
Equity shareholders' funds as at 31 May 2015	36,000	7,617	(222,235)	(178,618)
Transactions with owners				
Ordinary/Premium Share issue	28,014	152,684	-	180,698
Loss and total comprehensive expense for the year	-	-	(10,964)	(10,964)
Equity shareholders' funds as at 31 May 2016	64,014	160,301	(233,199)	(8,884)

Company	Share capital £'000	Share premium £'000	Profit and loss account £'000	Total £'000
Equity shareholders' funds as at 1 June 2014	36,000	7,617	(182,238)	(139,621)
Loss and total comprehensive expense for the year	-	-	(46,044)	(46,044)
Equity shareholders' funds as at 31 May 2015	36,000	7,617	(228,282)	(184,665)
Transactions with owners				
Ordinary/Premium Share issue	28,014	152,684	-	180,698
Loss and total comprehensive expense for the year	-	-	(11,050)	(11,050)
Equity shareholders' funds as at 31 May 2016	64,014	160,301	(239,332)	(15,017)

The notes on pages 14 to 30 form part of these financial statements

1. Accounting policies

a) Statement of compliance

QPR Holdings Limited is a private company limited by shares incorporated in England and Wales, No: 3197756. The Registered Office is Loftus Road Stadium, South Africa Road, London, W12 7PJ.

b) Basis of accounting

The consolidated financial statements have been prepared in accordance with Financial Reporting Standard 102 as issued by the Financial Reporting Council. The financial statements have been prepared on the historical cost basis. The principal accounting policies that have been applied consistently by all Group companies to all periods presented in these consolidated financial statements are set out below.

The preparation of financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the accounting policies selected for use by the Group. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed below. Use of available information and application of judgement are inherent in the formation of estimates. Actual outcomes in the future could differ from such estimates.

c) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the company and all group undertakings. These are adjusted, where appropriate, to conform to group accounting policies. As a consolidated profit and loss account is published, a separate profit and loss account for the parent company is omitted from the group financial statements by virtue of section 408 of the Companies Act 2006.

d) Revenue

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable in the normal course of business.

Turnover represents match receipts, sponsorship and other income associated with the continuing principal activity of running a professional football club and excludes Value Added Tax.

e) Player costs and transactions

(i) Initial capitalisation

The costs associated with the acquisition of player registrations are capitalised as intangible fixed assets. Any intangible assets acquired on deferred terms are recorded at the fair value at the date of acquisition. The fair value represents the net present value of the costs of acquiring player registrations.

(ii) Amortisation discounted

These costs are fully amortised on a straight-line basis over their useful economic lives, in equal annual instalments over the period of the respective contracts.

(iii) Contingent consideration

Under the conditions of certain transfer agreements, further fees will be payable to the vendors in the event of the players concerned making a certain number of First Team appearances. Liabilities in respect of these additional transfers are accounted for, as provisions, when it becomes probable that the number of appearances will be achieved or the specified future events will occur.

(iv) Impairment

The Group will perform an impairment review on the intangible assets if events or changes in circumstances indicate that the carrying amount of the player may not be recoverable. The Group compares the carrying amount of the asset with its recoverable amount.

The Group does not consider that it is possible to determine the value in use of an individual football player in isolation as that player (unless via a sale or insurance recovery) cannot generate cash flows on his own. Furthermore, the Group also considers that all of the players are unable to generate cash flows even when considered together. Accordingly the Group considers the smallest cash-generating unit to contain all the other First Team players, the Stadium and the training facilities.

The Group calculates the value in use of this cash-generating unit by discounting estimated expected future cash flows (being the pre-player trading cash flows generated by the Group's existing operations and any future capital expenditure on the ground and First Team squad). The Group compares this with its assessment of the fair value less costs to sell off all of the First Team players and the higher of these two numbers is deemed to be the recoverable amount.

1. Accounting policies (continued)

In certain rare instances there may be an individual player whom the Group does not consider to be part of the First Team squad and who will therefore not contribute to the future cash flows earned by the cash-generating unit. This is normally due to a permanent career-threatening injury/condition or due to a serious and permanent fall out with the Group's senior football management and Directors which, as a consequence, means the Group consider it highly unlikely he will ever play for the First Team again. In this situation, the carrying value of the player is removed from the carrying value of players assessed as part of the cash-generating unit referred to above and instead this player will be assessed for impairment in isolation by considering his carrying value with the Group's best estimate of his fair value less costs to sell. The Group estimate this using one of the following sources:

- in the case of a player who has permanently fallen out with the Group's senior football management and directors, either the agreed selling price in the event the player has been transferred subsequent to the year end; or
- If there have not been any bids for the player, management's best estimation of the disposal proceeds (less costs) of the player on an arm's length basis. This is determined by the Group's senior football management in conjunction with the Directors who will use the outcome of recent player disposals (by both the Group and other football clubs) as a basis for their estimation. Any costs to sell, such as agency costs are deducted from the fair value; or
- in the case of a player who has suffered a career-threatening injury/condition, the value attributed to the player by the Group's insurers.

(v) Disposals

Profits or losses on the disposal of these registrations represent the fair value of the consideration receivable, net of any transaction costs, less the unamortised cost of the original registration.

(vi) Remuneration

Remuneration of players is charged in accordance with the terms of the applicable contractual agreements and any discretionary bonus when there is a legal or contractual obligation. Liabilities in respect of player loyalty fees are provided for, as part of operating expenses, when payment becomes probable as the player is contracted to the football club and the loyalty fee is payable prior to the next transfer window at the date the accounts are signed.

f) Fixed assets

All fixed assets are initially recorded at cost net of any capital contribution, with the exception of the stadium which has been included at a valuation of the replacement cost of the new stadium.

g) Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Fixtures & fittings	- 5 years straight line
Plant & machinery	- 5 years straight line
Freehold Buildings	- 10 to 50 years straight line

h) Inventories

Inventories are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

i) Operating lease agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

j) Foreign exchange

Transactions denominated in foreign currencies are translated into Sterling and recorded at the rates of exchange ruling at the date of the transactions. Translation differences are dealt with in the Statement of Profit and loss.

k) Deferred taxation

Deferred tax is recognised in respect of all material 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. 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. Deferred tax assets are recognised to the extent that it is regarded more likely than not that they will be recovered.

1. Accounting policies (continued)

l) Financial instruments

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as either financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities.

Financial assets

The Group's financial-assets relate to trade and other receivables and cash and cash equivalents. Trade and other receivables are classified as loans and receivables and are measured initially at fair value plus transaction costs and are carried subsequently at amortised cost under the effective interest method, less provision for any impairment. Any change in their value through impairment or reversal of impairment is recognised in the consolidated statement of comprehensive income. There are no financial assets classified as fair value through profit and loss or as held to maturity or available for sale. All financial assets are assessed for indicators of impairment at each consolidated statement of financial position date. Financial assets are impaired where there is evidence that a loss has occurred and that estimated future cash flows of the financial asset have been impacted. Objective evidence of impairment for a portfolio of receivables could include a Group's past experience of collecting payments, an increase in the delayed number of payments in the portfolio and the average credit period, as well as observed changes in the national or local economic conditions that correlate with default on receivables.

Impairment of financial assets

All financial assets are assessed for indicators of impairment at each balance sheet date.

Financial liabilities

Financial liabilities which include bank loans, overdrafts and trade and other payables are measured initially at fair value net of transaction costs under the effective interest method and thereafter at amortised cost. Finance charges are accounted for on an accruals basis in the consolidated statement of comprehensive income using the effective interest method.

De-recognition of financial liabilities

The group derecognises financial liabilities when, and only when, the group's obligations are discharged, cancelled, or they expire.

m) Finance costs

Finance costs of borrowings are recognised in the income statement using the effective interest method. The effective interest rate is the rate that exactly discounts estimated future cash flows through the expected life of the borrowings.

Any non-current assets acquired on deferred terms are recorded at the discounted present value at the date of acquisition. The associated payable is then increased to the settlement value over the period of deferral, with this value being charged as a notional finance cost through the income statement.

Similarly any intangible asset disposed of on deferred terms will be initially recorded at the discounted present value of future receipts and the receivable is then increased to the settlement value over the period of deferral with this value being charged as notional finance income through the income statement.

In respect of intangible asset acquisitions, the differing rate at which the finance cost and amortisation are recognised in the income statement produces a deferred tax credit. In respect of intangible asset disposals, the finance income recognised produces a deferred tax asset. The adjustments are stated net of deferred tax.

n) Critical accounting judgements and estimates

In the application of the group's accounting policies, which are described herein, the directors are required to make judgements, estimates and assumptions about the carrying value of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The principal balances in the financial statements where changes in estimates and assumptions may have a material impact are:

(i) Contingent liabilities

Current liabilities and provisions contain contingent bonuses payable to employees, players and football clubs and are based on the best information available to management at the balance sheet date. However, the future costs assumed are inevitably only estimates, which may differ from those ultimately incurred.

1. Accounting policies (continued)**(i) Contingent liabilities (continued)**

The potential contingent liability from the ongoing legal proceeding with the Football League has also been carefully considered by the Directors based on legal advice given. A detailed explanation on the status of these proceedings are covered in note 26.

(ii) Recoverable amount of non-current assets

All non-current assets, including property, plant and equipment and intangible assets, are reviewed for potential impairment using estimates of the future economic benefits attributable to them. Such estimates involve assumptions in relation to future ticket income, media and sponsorship revenue and on pitch performance. Any estimates of future economic benefits made in relation to non-current assets may differ from the benefits that ultimately arise, and materially affect, the recoverable value of the asset.

(iii) Player Registrations

Fees payable to other football clubs on the transfer of players' registrations, including league levies are recorded as intangible fixed assets. Fees payable which are contingent on a future event are recorded as intangible fixed assets, if in the opinion of the Directors, the future event is more likely than not to occur during the life of the player's contract. Fees contingent on a future event which has a material uncertainty are dealt with through the profit and loss account in the year in which the event occurs. These intangible assets are written down for impairment when the carrying amount exceeds the amount recoverable through use or sale.

2. Revenue

The revenue and loss before tax are attributable to the one principal activity of the group, and are derived from activities wholly within the United Kingdom.

Revenue may be analysed as follows:

	2016 £'000	2015 £'000
Gate receipts	5,466	8,125
Broadcasting rights	29,575	65,903
Sponsorship, advertising	1,891	5,112
Commercial income	3,311	4,270
Sales of inventories	1,119	1,353
Other income	491	1,112
	<u>41,853</u>	<u>85,875</u>

3. Operating loss

This is stated after charging the following:

	2016 £'000	2015 £'000
Amortisation of intangible assets	10,136	16,130
Impairment of intangible assets	-	11,641
Depreciation of owned fixed assets	1,452	1,331
Operating lease rentals		
- land & buildings	565	340
Auditor's remuneration		
- as auditor	30	30
- accountancy	36	35
- taxation advice	4	4
Cost of inventory	1,107	850
	<u>1,107</u>	<u>850</u>

4. Particulars of employees

The average number of staff, including executive directors, employed by the group during the financial year can be analysed as follows:

	2016	2015
	No.	No.
Number of football support staff	14	13
Players, managers and coaches	111	108
Administrative staff	15	15
Commercial, marketing and retail staff	19	19
Stadium and maintenance staff	7	8
	166	163

The aggregate payroll costs of the above were:

	2016	2015
	£'000	£'000
Wages and salaries	35,926	63,355
Social security costs	4,764	9,461
Other pension costs	128	98
	40,818	72,914

5. Directors' remuneration

No remuneration was paid to directors during the year (2015: £Nil)

6. Profit on disposal of non-current assets

	2016	2015
	£'000	£'000
Profit on disposal of players' registrations	12,645	1,814

7. Finance Costs

	2016 £'000	2015 £'000
Finance costs		
- Interest on other loans	(737)	(953)
- Amortised cost charge	(82)	-
- Shareholder loans	(1,616)	-
	<u>(2,435)</u>	<u>(953)</u>
Finance Income		
- Bank interest	2	3
- Amortised cost credit	8	231
	<u>10</u>	<u>234</u>

8. Taxation on ordinary activities**(a) Analysis of charge in the year**

	2016 £'000	2015 £'000
Current tax:		
UK Corporation tax based on the results for the year	-	-

(b) Factors affecting current tax charge

The tax assessed for the period is lower than the standard rate of corporation tax in the UK of 22.67%. The differences are explained below:

	2016 £'000	2015 £'000
Loss on ordinary activities before taxation	<u>(10,964)</u>	<u>(45,575)</u>
Loss on ordinary activities multiplied by standard rate of tax of 20% (2015 - 20.83%)	(2,193)	(9,493)
Expenses not deductible for tax purposes	265	301
Unrelieved tax losses	1,764	7,917
Fixed assets and other differences	164	1,275
Total current tax (note 8(a))	<u>-</u>	<u>-</u>

A potential deferred tax asset exists at the balance sheet date in respect of tax losses carried forward. This has not been recognised in the accounts as there is insufficient evidence that the asset will be recoverable.

Tax losses carried forward at the balance sheet date were £307m (2015 - £299m).

9. Loss attributable to members of the parent company

The loss dealt with in the financial statements of the parent company was £11,050,000 (2015: £46,044,000).

10. Intangible fixed assets

Group	Player registrations £'000
Cost	
At 1 June 2015	54,269
Additions	10,433
Disposals	(7,020)
At 31 May 2016	57,682
Amortisation	
At 1 June 2015	21,790
Charge for the year	10,136
On disposals	(4,382)
At 31 May 2016	27,544
Impairment	
At 1 June 2015	11,641
Charge for the year	-
At 31 May 2016	11,641
Net book value	
At 31 May 2016	18,497
At 31 May 2015	20,838

Impairment charges are included within the profit and loss under cost of sales.

The group has chosen not to disclose carrying amounts for individual players, the average remaining amortisation period for the current players is 25 months.

11. Tangible fixed assets

Group and company

	Freehold land and buildings £'000	Assets under construction £'000	Plant & Machinery £'000	Fixtures & Fittings £'000	Total £'000
2016					
Cost or valuation					
At 1 June 2015	20,982	3,124	4,102	955	29,163
Additions	14	1,141	381	2	1,538
Reallocation	-	(619)	619	-	-
At 31 May 2016	20,996	3,646	5,102	957	30,701
Depreciation					
At 1 June 2015	1,018	-	3,503	770	5,291
Charge for the year	1,028	-	331	93	1,452
At 31 May 2016	2,046	-	3,834	863	6,743
Net book value					
At 31 May 2016	18,950	3,646	1,268	94	23,958
At 31 May 2015	19,964	3,124	599	185	23,872

12. Investments**Company**

	2016 £000	2015 £000
Net book value at 1 June and 31 May	5,520	5,520

The investment represents a 100% holding in Queens Park Rangers Football & Athletic Club Limited, a professional football club, incorporated in England and Wales. Queens Park Rangers Football & Athletic Club Limited is included in this set of consolidated financial statements.

13. Inventories

	2016 £000	Group 2015 £000	2016 £000	Company 2015 £000
Goods held for resale.	75	528	75	528

14. Trade and other receivables

	2016 £000	Group 2015 £000	2016 £000	Company 2015 £000
Trade receivables	1,056	428	1,056	428
Player registration transfer receivables	6,362	1,774	-	-
Other receivables	54	3,438	55	3,438
Prepayments and accrued income	3,482	6,903	165	243
Amounts owed by group undertakings	-	-	1,711	-
	10,954	12,543	2,987	4,109
Player registration transfers - greater than one year	2,068	-	-	-
	13,022	12,543	2,987	4,109

Player registration transfer debtors – greater than one year is shown at an amortised cost basis, discounted from a £2,150,000 full value, (2015: Nil).

15. Current liabilities

	2016 £000	Group 2015 £000	2016 £000	Company 2015 £000
Bank Loan	6,250	20,881	6,250	20,881
Trade payables	646	1,738	646	1,738
Player registration transfer payables	12,333	19,157	-	-
Taxation and social security	2,926	5,548	997	1,589
Accruals and deferred income	8,818	13,283	5,265	4,237
Other creditors	8	157,755	7	157,753
Amounts owed by group undertakings	-	-	-	17,929
	30,981	218,362	13,165	204,127

The bank loan of £11,250,000 of which £6,250,000 falls due in one year which is secured by a charge on Loftus Road Stadium, with interest charged at 3.5% plus LIBOR.

£157,584,000 of the amount shown under other creditors in 2015 related to shareholder loans which have now been capitalised, further information in relation to this is shown under note 21.

16. Non-current liabilities

	2016 £000	Group 2015 £000	2016 £000	Company 2015 £000
Bank loan	5,000	-	5,000	-
Player registration transfer payables	197	3,632	-	-
Other creditors	-	15,254	-	15,254
Convertible shareholder loans	35,616	-	35,616	-
	40,813	18,886	40,616	15,254

Convertible shareholder loans relates to the following amount which is interest bearing.

£34,000,000 from Total Soccer Growth Sdn Bhd repayable on 30 June 2017. £30,000,000 has an interest rate of 1% per month, the remainder £4,000,000 has an interest rate of 2% per month. As at 31 May 2016 total interest of £1,616,000 has been charged.

Player registration transfer payables is shown at an amortised cost basis, discounted from a £205,000 full value, (2015: £3,946,000).

The £15,254,000 shown under other creditors in 2015 related to shareholder loans which have now been capitalised, further information in relation to this is shown under note 21.

The company's player registration transfer payables at the balance sheet date which have been discounted at the company's cost of capital and which do not include interest payments are detailed as follows:-

	2016 £'000	2015 £'000
Player registration transfer payables	205	3,946
Discounting adjustment	(8)	(314)
Carrying value	197	3,632

17. Payables - capital instruments

The maturity profile of the group's total borrowings at the balance sheet date which have been discounted using the group's weighted average cost of capital and which do not include interest payments are as follows:

	2016			2015		
	Principal £'000	Interest £'000	Total £'000	Principal £'000	Interest £'000	Total £'000
In one year or less or on demand	6,250	369	6,619	178,465	953	194,672
In more than one year but not more than five years	39,000	1,906	40,906	15,254	-	-
In more than 5 years	-	-	-	-	-	-
	<u>45,250</u>	<u>2,275</u>	<u>47,525</u>	<u>193,719</u>	<u>953</u>	<u>194,672</u>

18. Commitments under operating leases

The Club is committed to paying a non-cancellable operating lease in relation to land & buildings which does expire within the next five years.

	Group		Company	
	2016 £'000	2015 £'000	2016 £'000	2015 £'000
Not later than 1 year	565	52	565	52
Later than 1 year and not later than 5 years	2,260	-	2,260	-
Later than 5 years	-	-	-	-
	<u>2,825</u>	<u>52</u>	<u>2,825</u>	<u>52</u>

19. Related parties

During the period, loans were provided to the company by Total Soccer Growth Sdn Bhd a shareholder of the company. Details of these loans are shown in note 16.

During the period the Company pledged £96,750 (2015: £120,000) to QPR in the Community Trust. Included within other creditors is NIL (2015: £163,000) owed by the Company to the Trust at the balance sheet date.

During the year AirAsia sponsored the Club's playing shirts. Both Tony Fernandes and Kamarudin Meranun hold an interest in AirAsia.

During the year the company spent £567,100 (2015: £6,827,000) on behalf of Rangers Developments Limited, an entity under common control. £53,713 (2015: £3,409,000) that is still owed to the company at the balance sheet date and is included within other receivables in note 14.

In accordance with the exemption permitted by Financial Reporting Standard 102, Section 33 "Related Party Disclosures", transactions with other group undertakings have not been disclosed in these financial statements.

20. Ultimate Controlling Party

The company is incorporated in England and Wales. The address of the Company's registered address is Loftus Road Stadium, South Africa Road, London, W12 7PJ. The company is a subsidiary of Pembinaan Redzai Sdn Bhd Sdn Bhd which is the ultimate holding company incorporated in Malaysia. The largest group in which results of the company are consolidated is that headed by Pembinaan Redzai Sdn Bhd which is the holding company of Total Soccer Growth Sdn Bhd. The consolidated accounts of this company are available to the public and may be obtained from the company registrar.

The current ownership of QPR Holdings Limited is as follows

- 51.04% Total Soccer Growth Sdn Bhd, the ultimate owner of which is Ruben Gnanaalingam
- 41.08% Tune QPR Sdn. Bhd., the ultimate owners of which are Tony Fernandes, Kamarudin Meranun
- 7.40% Sea Dream Ltd., the ultimate owners of which are the L.N.Mittal Family
- 0.48% variety of minority shareholders

21. Share capital and reserves**Authorised share capital:**

	2016 £000	2015 £000
6,401,399,029 Ordinary shares of £0.01 each	<u>64,014</u>	<u>36,000</u>

Allotted and called up:

	No	2016 £000	No	2015 £000
Ordinary shares of £0.01 each	<u>6,401,399,029</u>	<u>64,014</u>	<u>3,599,493,700</u>	<u>36,000</u>

During the year the Club undertook a review of its overall debt position, which resulted in the Directors approving the capitalisation of the outstanding shareholder loans amounting to £180,697,000. This agreement was signed on the 15th October and the process completed on the 31st May 2016.

£163,584,000 of these loans were converted into 1,090,562,629 Ordinary shares of 1p each with the remaining £17,113,000 being converted into 1,711,342,700 Ordinary shares of 1p each.

Reserves

Share premium account - This reserve records the amount above the nominal value received for shares sold, less transaction costs.

Profit and loss account - This reserve records retained earnings and accumulated losses.

22. Notes to the cash flow statement**Group****Reconciliation of operating loss to net cash (outflow)/inflow from operating activities**

	2016 £000	2015 £000
Operating loss	(21,184)	(46,671)
Amortisation	10,136	16,130
Depreciation	1,452	1,331
Impairment of intangible assets	-	11,641
Impairment of fixed assets	-	499
Change in stocks	453	(62)
Change in debtors	(478)	6,223
Change in creditors	(13,126)	22,128
Net cash (outflow)/inflow from operating activities	<u>(22,747)</u>	<u>11,219</u>

Returns on investments and servicing of finance

	2016 £000	2015 £000
Interest received	10	234
Interest paid	(2,435)	(953)
Net cash outflow from returns on investments and servicing of finance	<u>(2,425)</u>	<u>(719)</u>

Capital expenditure

	2016 £000	2015 £000
Payments to acquire intangible fixed assets	(10,433)	(38,060)
Payments to acquire tangible fixed assets	(1,538)	(1,764)
Receipts from sale of fixed assets	15,283	16,021
Net cash inflow/(outflow) from capital expenditure	<u>3,312</u>	<u>(23,803)</u>

Financing

	2016 £000	2015 £000
Net inflow from other long-term creditors	38,000	14,754
Net (outflow) from short-term borrowing	(9,631)	(6,119)
Net cash inflow from financing	<u>28,369</u>	<u>8,635</u>

Net cash is defined as cash and cash equivalents.

22. Notes to the cash flow statement (continued)**Company****Reconciliation of operating loss to net cash outflow from operating activities**

	2016 £000	2015 £000
Operating loss	(8,777)	(45,092)
Depreciation	1,452	1,331
Impairment of fixed assets	-	499
Change in stocks	453	(63)
Change in debtors	1,122	16,790
Change in creditors	(13,271)	16,685
Net cash outflow from operating activities	<u>(19,021)</u>	<u>(9,850)</u>

Returns on investments and servicing of finance

	2016 £000	2015 £000
Interest received	2	3
Interest paid	(2,275)	(953)
Net cash outflow from returns on investments and servicing of finance	<u>(2,273)</u>	<u>(950)</u>

Capital expenditure

	2016 £000	2015 £000
Payments to acquire tangible fixed assets	(1,538)	(1,764)
Net cash outflow from capital expenditure	<u>(1,538)</u>	<u>(1,764)</u>

Financing

	2016 £000	2015 £000
Net inflow from other long-term creditors	38,000	14,925
Net (outflow) from short-term borrowing	(9,631)	(6,121)
Net cash inflow from financing	<u>28,369</u>	<u>8,804</u>

23. Financial instruments**Capital risk management**

The Group manages its capital to ensure that the Group will be able to continue as a going concern through the optimisation of the debt and equity balance. The capital structure of the Group consist of debt, which includes borrowings disclosed in note 16, cash and cash equivalents and equity attributable to equity holders, comprising issued share capital, reserves and retained earnings.

The main purpose of financial instruments is to finance the group's operations. The group has other financial assets and liabilities such as trade and other receivables and trade and other payables, which arise directly from its operations.

Categories of financial instruments

	2016 £000	2015 £000
Financial Assets		
- cash and cash equivalent	7,358	849
- trade and other receivables	9,540	5,640
	<u>16,898</u>	<u>6,489</u>
Financial Liabilities		
- trade and transfer related creditors	13,184	24,698
- borrowings	46,866	193,719
	<u>60,050</u>	<u>218,417</u>

The above financial assets and financial liabilities do not include prepayments and accruals respectively

Financial risk management objectives and policies

Management monitor and manage the financials risks relating to the operations of the Group through internal controls. These risks include currency risk, credit risk and liquidity risk.

Foreign currency risk

The Group has no significant exposure to the risk of changes in foreign currency exchange rates

Credit risk

The Group's principal financial assets are bank balances, cash and trade receivables. The Group's credit risk is primarily attributable to its trade receivables. Credit risk is managed by monitoring the aggregate amount and duration of exposure to any one customer depending upon their credit rating. The amounts presented in the statement financial position are net of allowances for doubtful debts, estimated by the Group's management based on prior experience and their assessment of the current economic environment.

The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies. The Group has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers.

Liquidity risk

Ultimate responsibility for liquidity risk management rests with the Directors. The Directors use management information tools including budgets and cash flow forecasts to be able to constantly monitor and manage current and future liquidity.

The funding of the Group is through loans from the principal shareholder as disclosed in note 16.

25. Post balance sheet events

The Club undertook significant transfer activity in the 2016 summer transfer window, securing the services of Jake Bidwell, Ariel Borysiuk, Jordan Cousins, Joel Lynch, Yeni N'gbakoto and Sylla Idrissa on permanent contracts, as well as Pawel Wszolek on season-long international loan.

Leroy Fer (Swansea) and Matthew Phillips (West Bromwich Albion) were sold and a season-long loan was agreed for Jay Emmanuel-Thomas (Gillingham). Daniel Tozser's contract was terminated by mutual consent and in addition a number of players departed when their contracts expired, including Samba Diakite, Alejandro Faurin, Oscor Gobern, Robert Green, Clint Hill, Junior Hoilett, Suk Young and Armand Traore.

26. Contingent Liability

Legal proceedings are ongoing as between Queen's Park Rangers and the Football League. QPR challenges the legality of the Football League's Championship Financial Fair Play Rules and any charge against QPR (if any) for breach of FFP Rules shall not be commenced pending the outcome of that challenge. The proceedings are confidential in nature and neither party is entitled to comment upon the proceedings until the independent arbitral panel has delivered its decision.

As a result the financial information usually associated with FRS102 – Section 21 has not been disclosed.

The directors are of the opinion that the claim by the Football League can be successfully resisted by the company.

27. Commitments

As at 31 May 2016, the Club was committed to paying signing on fees in respect of players of £104,000 (2015: £1,360,000).

28. Transition to FRS 102

These financial statements for the year ended 31 May 2016 are the group and company's first financial statements that comply with FRS 102. The group and company's date of transition to FRS 102 was 1 June 2014. The group and company's last financial statements prepared in accordance with previous UK GAAP were for the year ended 31 May 2015.

The transition to FRS 102 has resulted in some changes in the group and company's accounting policies compared to those used when applying previous UK GAAP.

The following explanatory notes to the financial statements describe the differences between the equity and profit or loss presented under previous UK GAAP and the newly presented amounts under FRS 102 for the reporting period ended at 31 May 2015 (ie comparative information), as well as the equity presented in the opening statement of financial position (ie at 1 June 2014). It also describes the changes in accounting policies made on first-time adoption of FRS 102.

Financial instruments

Under FRS 102, basic financial instruments are to be carried at amortised cost using a market rate of interest to notionally reflect the income or expenditure associated with holding such financial assets or liabilities, unless those financial instruments are of a short term nature. The Club's financial instruments which are affected by this change are those which arise from the proceeds it receives and pays for the acquisition and disposal of player registrations.

Player registrations

Under FRS 102, any intangible assets acquired on deferred terms are recorded at the fair value at the date of acquisition. The fair value represents the net present value of the costs of acquiring player registrations. Fees payable which are contingent on a future event are recorded as intangible fixed assets, if in the opinion of the Directors, the future event is more likely than not to occur during the life of the player's contract. Fees contingent on a future event which has a material uncertainty are dealt with through the profit and loss account in the year in which the event occurs. Under previous UK GAAP, payments or receipts that were contingent on future events were accounted for in the period that the events crystallising such payments or receipts took place. As a result, the value of player registrations has increased on transition along with a higher amortisation charge based on the increased value.

28. Transition to FRS 102 (continued)**Deferred taxation**

Under FRS 102, deferred tax is recognised on a timing difference plus approach, whereas previous UK GAAP required a timing difference approach. Consequently, deferred tax has been recognised on all fair value remeasurements and adjustments.

Revaluation reserve

This reserve is not a requirement under FRS 102, therefore, the directors have decided to transfer this reserve to the profit and loss account within equity.

Reconciliation of equity

Group	1 Jun 2014			31 May 2015		
	As previously stated £'000	Effect of transition £'000	FRS 102 (as restated) £'000	As previously stated £'000	Effect of transition £'000	FRS 102 (as restated) £'000
Assets						
Intangible assets	23,751	1,006	24,757	20,686	152	20,838
Property, plant & equipment	23,937	-	23,937	23,872	-	23,872
Non-current assets	47,688	1,006	48,694	44,558	152	44,710
Inventories	465	-	465	528	-	528
Trade and other receivables	18,683	-	18,766	12,543	-	12,543
Cash and cash equivalents	5,517	-	5,517	849	-	849
Current assets	24,665	-	24,748	13,920	-	13,920
Total assets	72,353	1,006	73,442	58,478	152	58,630
Liabilities						
Current liabilities	(63,487)	(1,464)	(65,033)	(217,538)	(824)	(218,362)
Non-current liabilities	(141,451)	-	(141,451)	(19,200)	314	(18,886)
Total liabilities	(204,938)	(1,464)	(206,484)	(236,738)	(510)	(237,248)
Equity						
Share capital	36,000	-	36,000	36,000	-	36,000
Share premium account	7,617	-	7,617	7,617	-	7,617
Revaluation reserve	7,981	(7,981)	-	7,981	(7,981)	-
Profit and loss account	(184,183)	7,523	(176,660)	(229,858)	7,623	(222,235)
Total equity	(132,585)	(458)	(133,043)	(178,260)	(358)	(178,618)

28. Transition to FRS 102 (*continued*)

Reconciliation of equity

Company	1 Jun 2014			31 May 2015		
	As previously stated £'000	Effect of transition £'000	FRS 102 (as restated) £'000	As previously stated £'000	Effect of transition £'000	FRS 102 (as restated) £'000
Assets						
Property, plant & equipment	23,937	-	23,937	23,872	-	23,872
Investments	5,520	-	5,520	5,520	-	5,520
Non-current assets	29,457	-	29,457	29,392	-	29,392
Inventories	465	-	465	528	-	528
Trade and other receivables	21,361	(462)	20,899	4,109	-	4,109
Cash and cash equivalents	4,447	-	4,447	687	-	687
Current assets	26,273	(462)	25,811	5,324	-	5,324
Total assets	55,730	(462)	55,268	34,716	-	34,716
Liabilities						
Current liabilities	(54,347)	-	(54,347)	(203,763)	(364)	(204,127)
Non-current liabilities	(139,542)	-	(139,542)	(15,254)	-	(15,254)
Total liabilities	(193,889)	-	(193,889)	(219,017)	(364)	(219,381)
Equity						
Share capital	36,000	-	36,000	36,000	-	36,000
Share premium account	7,617	-	7,617	7,617	-	7,617
Revaluation reserve	7,981	(7,981)	-	7,981	(7,981)	-
Profit and loss account	(189,757)	7,519	(182,238)	(235,899)	7,617	(228,282)
Total equity	(138,159)	(462)	(138,621)	(184,301)	(364)	(184,665)

Reconciliation of profit or loss for the year

Group

Year ended 31 May 2015

	As previously stated £'000	Effect of transition £'000	FRS 102 (as restated) £'000
Turnover	85,875	-	85,875
Cost of sales	116,823	131	116,954
Gross loss	(30,948)	(131)	(31,079)
Administrative expenses	(15,591)	-	(15,591)
Operating loss	(46,539)	(131)	(46,670)
Profit on disposal of player registrations	1,814	-	1,814
Interest receivable and similar income	3	231	234
Interest payable and similar charges	(953)	-	(953)
Taxation on ordinary activities	-	-	-
Loss for the financial year	(45,675)	100	(45,575)

Company

The above transition adjustment was also processed through the company profit and loss account for the year ended 31 May 2015.