

Company Registration Number 03197756

QPR Holdings Limited

Financial Statements

31 May 2022

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QPR Holdings Limited

Financial statements

Year ended 31 May 2022

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QPR Holdings Limited

Company information

Year ended 31 May 2022

The board of directors

Mr T Fernandes
Mr A Bhatia
Mr R Gnanalingam
Mr R Reilly

Registered office

Loftus Road Stadium
South Africa Road
London
W12 7PJ

Auditor

BDO LLP
Chartered Accountants
Statutory Auditor
55 Baker Street
London
W1U 7EU

Bankers

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

Metro Bank
One Southampton Row
London
WC1B 5HA

QPR Holdings Limited

Executive Chairman's Report

Year ended 31 May 2022

On behalf of the Board of Directors, I present the annual financial statements and reports for the year ended 31 May 2022.

On the Field

The 2021/22 season was one of the most anticipated, due to the return of fans after nearly the full preceding season's fixtures being conducted behind closed doors. Prior to the start of the season, the Club welcomed back our fans with a "Stronger Together" campaign which highlighted how much the Club and significantly the players had missed the support at the Kiyan Prince Foundation Stadium (as it was still known then) and were looking forward to playing in front of them again.

The squad was strengthened with the conversion of the loan players from the 2020/21 season into permanent signings, namely Stefan Johansen, Charlie Austin, Jordy DeWijs and Sam Field. We also welcomed Moses Odubajo and Jimmy Dunne as further permanent signings, while Andre Gray and Sam McCallum joined us as season long temporary signings. The team started well going unbeaten in the first six league fixtures. Having performed consistently, by the end of December the team were in 5th position.

January saw the departure of Seny Dieng, Ilias Chair and Oman Kakay for the African Cup of Nations (AFCON). The Club also signed Jeff Hendricks on loan and David Marshall on a free transfer during the winter transfer window. The team kept performing well till the end of January thereby holding onto a top six position in the league. However, from February, a combination of injuries to key players and a dip in form in general from the team resulted in a slide out of the top six, which the team were inevitably unable to reverse. Injuries were especially a concern in the goal keeping position which resulted in the club fielding five different keepers during the season.

Ultimately, we were unsuccessful in securing a play-off position. Mark Warburton had also come to the end of his contract and left us with our best wishes in June 2022. In the post season, we secured the services of Michael Beale as First Team Head Coach. However, at the end of November, he decided to join Glasgow Rangers as their First Team Manager, a club he was previously employed with. Therefore, at the time of writing, we are currently in the midst of recruiting a Head Coach for the First Team.

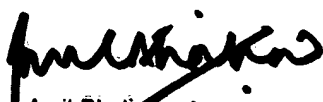
Training Ground

The construction of the new training ground at Heston is progressing well and on a timely basis. We have completed the three first-team pitches and two of the four academy pitches. And on that basis the first team moved from the previous facility in Harlington into Heston. At Heston they are currently being housed in a temporary facility which consists of a gym, medical and physio units, offices, analysis rooms and a cafeteria. This allows the First Team's operations to be conducted seamlessly at Heston, while work continues with the new building which we are hoping will be unveiled before the start of or during the 2023/24 season. The current economic climate which has resulted in an increase in costs in the country has also affected the construction of the training ground, but we are confident that any shortfall for funding from the private and retail bond issuance will be covered by the shareholders.

Loftus Road Stadium

Prior to the start of the 2019/20 season, after conducting a consultation exercise with the fans, Loftus Road was renamed the Kiyan Prince Foundation Stadium. Kiyan Prince was a promising footballer in the QPR academy who was tragically stabbed to death outside his school when he broke up a fight on 18th May 2006. He was just 15. His father, Mark, set up The Kiyan Prince Foundation to educate young people about the devastating consequences of knife crime. The renaming of the stadium after Kiyan has raised the profile of the Foundation and assisted in the growth of its projects. And after three seasons, we believe that we have maximised the output from this exercise and have therefore reverted to Loftus Road Stadium before the start of the 2022/23 season.

Pursuant to requests from fans, the Club conducted a consultation exercise with a wide section of our fan groups regarding the renaming of the Ellerslie Road Stand. And with an overwhelming majority, the result was that if the stand was to be renamed, it should be after Stan Bowles. The cost of the name change was funded by the fans, and at the first home fixture, we unveiled the new Stan Bowles Stand. Due to ill health, Stan himself was unable to attend the unveiling, but we welcomed his family who attended on his behalf to witness this historic event.



Amit Bhatia
Chairman

2 December 2022

QPR Holdings Limited

Strategic report

Year ended 31 May 2022

Principal activities

The principal activity of the Company and 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 £22.1m, which is higher than in the previous year (£14.5m). This is a result of Covid 19 restrictions being lifted and business returning to normal.
- Total ticketing revenue was £5.6m, a huge increase compared to the prior year (£207k). This is a result fans returning to the ground as well as reaching round four in the Carabao Cup
- Group operating losses increased to £24.1m after player trading, compared to £3.5m in the prior year (restated).
- At the reporting date the Group had bank reserves of £8.1m, compared to £8.7m in the prior year.
- At the reporting date the Group's deficit position was £49.6m, compared with a £36m deficit in the prior year.

Cash flow and treasury

Net cash outflow from operations amounted to £22.6m as compared to £11.5m in the previous year.

The Group incurred a cash cost of £2.9m (2021: £6.7m) to acquire additional players during the year. The Group received £16.9m (2021: £10.6m) in shareholder financing during the year and completed a bond issue of £6.8m (2021: £10m) for the development of Heston Sports Ground.

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 Football League; the Group does not have any influence on the outcome of the relevant contract negotiations.

Post reporting date events

The details of these are included in note 24 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 primary aim is also to implement the strategic plans to ensure that the Club is self-sustainable in the near 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 Group is dependent on the continued support of its significant shareholders, Total Soccer Growth Sdn Bhd, QPR Asia Sdn Bhd, QPR Newco LLC and Sea Dream Limited in order to remain a going concern. These shareholders have confirmed under deed that they will continue to provide financial support to the Group for at least a period until 31 May 2024, in order for the Group to be able to meet its liabilities as they fall due. The directors have considered the Group's financial position, forecast cashflow and the availability of financial support from its significant shareholders and consider that it is appropriate to prepare the financial statements on a going concern basis.

QPR Holdings Limited

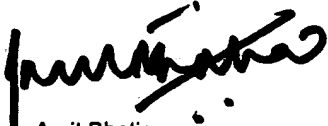
Strategic report continued

Year ended 31 May 2022

Financial risk management objectives and policies

Financial instruments are used for financing purposes only. It is Group 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.



Amit Bhatia
Chairman

Approved by the directors on 2 December 2022

QPR Holdings Limited

Directors' report

Year ended 31 May 2022

The directors have pleasure in presenting their report and the audited financial statements of the Group for the year ended 31 May 2022.

Results and dividends

The loss for the year amounted to £24.7m (2021: £4.1m). 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	Resigned 30 May 2022
Mr R Gnanalingam	
Mr R Reilly	Appointed 10 February 2022

Directors' responsibilities

The directors are responsible for preparing the strategic and 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 company and Group will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group and Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Group and Company hence taking reasonable steps for the prevention and detection of fraud and other irregularities.

Directors' indemnities

The Group maintains directors' and officers' liability insurance providing appropriate cover for any legal action brought against its Directors.

Strategic Report

The business review and risk management policy are located in the strategic report on pages 3 to 4.

Auditor

BDO 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


Amit Bhatia
Chairman

Approved by the directors on 2 December 2022

QPR Holdings Limited

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

Year ended 31 May 2022

Opinion on the financial statements

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 31 May 2022 and of the Group's loss for the year then ended;
- the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of QPR Holdings Limited ("the Parent Company") and its subsidiaries ("the Group") for the year ended 31 May 2022 which comprise the consolidated statement of comprehensive expense, the consolidated statement of financial position, the Company statement of financial position, the consolidated statement of cash flows, the company statement of cash flows, the consolidated statement of changes in equity, the company statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion

Independence

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.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's and Parent Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

Other information

The Directors are 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.

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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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.

QPR Holdings Limited

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

Year ended 31 May 2022

Other Companies Act 2006 reporting

In our opinion, based on the work undertaken in the course of the audit:

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

In the light of the knowledge and understanding of the Group and Parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report or the Directors' report.

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 Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of Directors

As explained more fully in the Statement of Directors Responsibilities, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

Extent to which the audit was capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

We also considered potential financial or other pressures, opportunity and motivations for fraud. As part of this discussion we identified the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations and how management monitor these processes. Appropriate procedures included the review and testing of manual journals and key estimates and judgements made by management. We gained an understanding of the legal and regulatory framework applicable to the Group and the industry in which it operates, drawing on our broad sector experience, and considered the risk of acts by the Group that were contrary to these laws and regulations, including fraud.

We focused on laws and regulations that could give rise to a material misstatement in the financial statements, including, but not limited to, the Companies Act 2006, UK tax legislation, the Football Association rules and regulations and equivalent local laws and regulations.

QPR Holdings Limited

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

Year ended 31 May 2022

We made enquiries of management with regards to compliance with the above laws and regulations and corroborated any necessary evidence to relevant information, for example, minutes of the Board of Directors meetings and correspondence between the Group or Company and its solicitors. Our tests included agreeing the financial statements disclosures to underlying supporting documentation and enquiries with management.

We did not identify any key audit matters relating to irregularities, including fraud. As in all of our audits, we also addressed the risk of management override of internal controls including testing journals and evaluation whether there was evidence of bias by the Directors that represented a risk of material misstatement due to fraud.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

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

Use of our report

This report is made solely to the Parent 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 Parent 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 Parent Company and the Parent Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Gareth M Jones (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
London, UK

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

QPR Holdings Limited**Consolidated statement of comprehensive expense****Year ended 31 May 2022**

	Note	2022 £'000	As restated 2021 £'000
Revenue	2	22,124	14,520
Cost of sales		(37,275)	(28,392)
Gross loss		(15,151)	(13,872)
Administration expenses		(9,084)	(7,205)
Operating loss	3	(24,235)	(21,077)
Profit on disposal of plant & equipment	6	2	-
Profit on disposal of player registrations	6	221	17,648
		(24,102)	(3,429)
Finance income	7	188	190
Finance costs and similar charges	7	(843)	(875)
Loss on ordinary activities before taxation		(24,667)	(4,114)
Tax	8	-	-
Loss for the financial year and total comprehensive expense		(24,667)	(4,114)

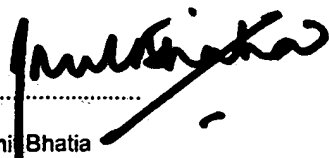
All of the activities of the Group are classed as continuing.

The notes on pages 15 to 29 form part of these financial statements

QPR Holdings Limited**Consolidated statement of financial position****As at 31 May 2022**

	Note	2022 £'000	As restated 2021 £'000
Non-current assets			
Intangible assets	9	6,186	6,897
Property plant and equipment	10	28,724	21,295
		<u>34,910</u>	<u>28,192</u>
Current assets			
Inventories	12	307	390
Trade and other receivables	13	3,589	12,091
Cash and cash equivalents		8,097	8,745
		<u>11,993</u>	<u>21,226</u>
Current liabilities	14	<u>(69,525)</u>	<u>(64,154)</u>
Net current liabilities		<u>(57,532)</u>	<u>(42,928)</u>
Total assets less current liabilities		<u>(22,622)</u>	<u>(14,736)</u>
Non-current liabilities	15	<u>(26,997)</u>	<u>(21,216)</u>
Net Liabilities		<u>(49,619)</u>	<u>(35,952)</u>
Capital and reserves			
Share capital	21	121,565	110,565
Share premium account		160,301	160,301
Convertible bond - equity component		1,263	1,263
Profit and loss account		<u>(332,748)</u>	<u>(308,081)</u>
Net deficit		<u>(49,619)</u>	<u>(35,952)</u>

These financial statements were approved by the directors and authorised for issue on 2 December 2022, and are signed on their behalf by:



 Ami Bhatia
 Chairman

The notes on pages 15 to 29 form part of these financial statements

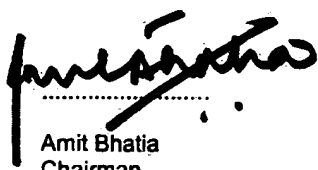
QPR Holdings Limited**Company statement of financial position****As at 31 May 2022**

		2022	As restated
	Note	£'000	2021
			£'000
Non-current assets			
Property plant and equipment	10	28,724	21,295
Investments	11	5,520	5,520
		34,244	26,815
Current assets			
Inventories	12	307	390
Trade and other receivables	13	2,945	2,505
Cash and cash equivalents		7,792	6,141
		11,044	9,036
Current liabilities	14	(71,125)	(54,187)
Net current liabilities		(60,081)	(45,151)
Total assets less current liabilities		(25,837)	(18,336)
Non-current liabilities	15	(15,703)	(9,259)
Net Liabilities		(41,540)	(27,595)
Capital and reserves			
Share capital	21	121,565	110,565
Share premium account		160,301	160,301
Convertible bond - equity component		1,263	1,263
Profit and loss account		(324,669)	(299,724)
Net deficit		(41,540)	(27,595)

The Company has taken advantage of section 408 (3) of the Companies Act 2006 not to publish its statement of profit or loss.

The loss dealt with in the financial statements of the parent Company was £24,945,000 (2021 as restated: £4,159,000).

These financial statements were approved by the directors and authorised for issue on 2 December 2022, and are signed on their behalf by:



Amit Bhatia
Chairman

Company Registration Number: 03197756

The notes on pages 15 to 29 form part of these financial statements

QPR Holdings Limited
Statement of cash flows
Year ended 31 May 2022

Consolidated		Note	2022	As restated
			£'000	2021 £'000
Net cash outflow from operating activities		22	(22,682)	(11,511)
Net cash outflow from investing activities		22	(1,598)	(1,416)
Net cash inflow from financing activities		22	23,632	20,542
Net change in cash and cash equivalents			(648)	7,615
Cash and cash equivalents at beginning of year			8,745	1,130
Cash and cash equivalents at end of year			<u>8,097</u>	<u>8,745</u>
Company		Note	2022	As restated
			£'000	2021 £'000
Net cash outflow from operating activities		22	(14,023)	(9,146)
Net cash outflow from investing activities		22	(7,958)	(6,063)
Net cash inflow from financing activities		22	23,632	20,542
Net change in cash and cash equivalents			1,651	5,333
Cash and cash equivalents at beginning of year			6,141	808
Cash and cash equivalents at end of year			<u>7,792</u>	<u>6,141</u>

The notes on pages 15 to 29 form part of these financial statements

QPR Holdings Limited**Consolidated statement of changes in equity****Year ended 31 May 2022**

Consolidated	Share capital £'000	Share premium £'000	Convertible bond £'000	Profit and loss account £'000	Total £'000
Equity shareholders' funds as at 1 June 2020	93,465	160,301	-	(303,967)	(50,201)
Convertible bond issue	-	-	1,263	-	1,263
Transactions with owners					
Ordinary Share issue	17,100	-	-	-	17,100
Loss and total comprehensive expense for the year	-	-	-	(4,526)	(4,526)
Equity shareholders' funds as at 31 May 2021 (as previously stated)	110,565	160,301	1,263	(308,493)	(36,364)
Prior year adjustment (note 26)	-	-	-	412	412
Equity shareholders' funds as at 31 May 2021 (as restated)	110,565	160,301	1,263	(308,081)	(35,952)
Transactions with owners					
Ordinary Share issue	11,000	-	-	-	11,000
Loss and total comprehensive expense for the year	-	-	-	(24,667)	(24,667)
Equity shareholders' funds as at 31 May 2022	121,565	160,301	1,263	(332,748)	(49,619)

The notes on pages 15 to 29 form part of these financial statements

QPR Holdings Limited**Company statement of changes in equity****Year ended 31 May 2022**

Company	Share capital £'000	Share premium £'000	Convertible bond £'000	Profit and loss account £'000	Total £'000
Equity shareholders' funds as at 1 June 2020	93,465	160,301	-	(295,565)	(41,799)
Convertible bond issue	-	-	1,263	-	1,263
Transactions with owners					
Ordinary Share issue	17,100	-	-	-	17,100
Loss and total comprehensive expense for the year	-	-	-	(4,571)	(4,571)
Equity shareholders' funds as at 31 May 2021 (as previously stated)	110,565	160,301	1,263	(300,136)	(28,007)
Prior year adjustment (note 26)	-	-	-	412	412
Equity shareholders' funds as at 31 May 2021 (as restated)	110,565	160,301	1,263	(299,724)	(27,595)
Transactions with owners					
Ordinary Share issue	11,000	-	-	-	11,100
Loss and total comprehensive expense for the year	-	-	-	(24,945)	(24,945)
Equity shareholders' funds as at 31 May 2022	121,565	160,301	1,263	(324,669)	(41,540)

The notes on pages 15 to 29 form part of these financial statements

QPR Holdings Limited

Notes to the financial statements

Year ended 31 May 2022

1. Accounting policies

a) Statement of compliance

QPR Holdings Limited is a private Company limited by shares incorporated in England and Wales, No: 03197756. 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 except for player registration fees greater than one year, the FFP settlement and loans from the EFL which are recorded at amortised cost. 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 financial statements are prepared in sterling, rounded to the nearest thousand, which is the functional currency of the entity.

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) Going concern

In assessing the appropriateness of the going concern assumption, the Directors have produced detailed cashflow projections. These cash flow projections show a significant net operating and investing cash outflow for the going concern review period. Having made appropriate enquiries, the financial statements have been prepared on the going concern basis on the grounds that the Group's main shareholders have confirmed under deed of support to provide loan facilities of up to £40.9m to the period ending 31 May 2024. The deed of support also provides that loans will not be recalled during the commitment period unless there is a material deviation from the cash flow projections, or the Group enters into debt restructuring exercise with the agreement of its creditors.

The financial statements make no provision for any adjustment should the going concern basis not be appropriate.

d) 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.

e) Revenue

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable in the normal course of business. Revenue represents match receipts, sponsorship and other income associated with the continuing principal activity of running a professional football club and excludes Value Added Tax.

Match day revenue is recognised over the period of the football season as games are played. League income is spread over the financial year in which they relate. Sponsorship and similar commercial income is recognised over the duration of the respective contracts. Facility fees for live television coverage of games are recognised when the match is played.

f) 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

These costs are fully amortised on a straight-line basis 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.

1. Accounting policies (*continued*)

(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.

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 therefore 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 after 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.

g) *Fixed assets*

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

h) *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:

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

Land and assets under construction are not depreciated.

i) *Inventories*

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

QPR Holdings Limited

Notes to the financial statements

Year ended 31 May 2022

1. Accounting policies (*continued*)

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 consolidated statement of comprehensive expense.

k) Deferred taxation

Deferred tax is recognised in respect of all material timing differences that have originated but not reversed at the reporting 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 reporting date. Deferred tax assets are recognised to the extent that it is regarded more likely than not that they will be recovered.

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 profit or loss. There are no financial assets classified as fair value through profit or 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 reporting 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 expense 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 on all borrowings except those that are directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss 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.

For qualifying assets if the borrowed funds are specifically for the purpose of obtaining a qualifying asset, the Group determines the amount of borrowing costs eligible for capitalisation as the actual borrowing costs incurred on that borrowing during the period less any investment income on the temporary investment of those borrowings. If obtained via general borrowings, then the amount capitalised is determined by applying the applicable capitalisation rate for the period. The capitalisation rate used in the period shall be the weighted average of rates applicable to the Group's general borrowings that are outstanding during the period.

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 to profit or loss.

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 to profit or loss.

QPR Holdings Limited

Notes to the financial statements

Year ended 31 May 2022

1. Accounting policies (*continued*)

n) Pension costs

The Group operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the Company. The annual contributions payable are charged to profit or loss.

o) Leases

Where assets are financed by leasing agreements that give rights approximating to ownership (finance leases, hire purchase agreements), the assets are treated as if they have been purchased outright. The amount capitalised is the fair value of the leased asset or, if lower, the present value of the minimum lease payments. If there is reasonable certainty of obtaining ownership the asset is depreciated over its useful life, if not it is depreciated over the lease term if this is shorter.

Lease payments are analysed between capital and interest components so that the interest element of the payment is charged to profit or loss over the term of the lease and is calculated so that it represents a constant proportion of the balance of the capital repayments outstanding. The capital element reduces the amounts payable to the lessor.

All other leases are treated as operating leases. Their annual rents are charged to the Statement of Comprehensive Income on a straight-line basis over the term of the lease.

p) Investments

Investments in subsidiaries are stated at cost less impairment. Impairment reviews are carried out as required.

q) Cash and cash equivalents

Cash and cash equivalents consist of cash in hand and balances with banks including deposits with an original maturity of three months or less. Cash and cash equivalents are measured at fair value.

r) 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 reporting date. However, the future costs assumed are inevitably only estimates, which may differ from those ultimately incurred.

(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.

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:

	2022 £'000	2021 £'000
Gate receipts	5,806	207
Broadcasting rights	9,185	8,560
Sponsorship, advertising	1,849	1,509
Commercial income	2,809	1,970
Sales of inventories	1,487	886
Other income	1,188	1,388
	<u>22,124</u>	<u>14,520</u>

Included within other income is £3,000 (2021: £515,000) of UK Government Furlough payments.

QPR Holdings Limited**Notes to the financial statements****Year ended 31 May 2022****3. Operating loss**

This is stated after charging the following:

	2022	As restated 2021
	£'000	£'000
Amortisation of intangible assets	3,552	1,432
Depreciation of owned fixed assets	1,349	1,428
Inventory impairment	-	16
Operating lease rentals		
- land & buildings	484	531
Auditor's remuneration		
- as auditor	28	27
- accountancy	14	13
- tax advice	9	4
	<u>9</u>	<u>4</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:

	2022	2021
	No.	No.
Number of football support staff	10	15
Players, managers and coaches	136	113
Administrative staff	19	18
Commercial, marketing and retail staff	18	17
Stadium and maintenance staff	8	8
	<u>191</u>	<u>171</u>

The aggregate payroll costs of the above were:

	2022	2021
	£'000	£'000
Wages and salaries	24,215	21,231
Social security costs	3,135	2,687
Other pension costs	211	223
	<u>27,561</u>	<u>24,141</u>

Key management compensation:

	2022	2021
	£'000	£'000
Wages and salaries	1,942	1,396
Other pension costs	2	28
	<u>1,944</u>	<u>1,424</u>

5. Directors remuneration

No remuneration or benefits were paid to directors during the year (2021: £Nil)

QPR Holdings Limited

Notes to the financial statements

Year ended 31 May 2022

6. Profit on disposal of non-current assets

	2022	2021
	£'000	£'000
Profit on disposal of plant & equipment	2	-
Profit on disposal of players' registrations	221	17,648
	<u>223</u>	<u>17,648</u>

7. Finance income and costs

	2022	As restated 2021
	£'000	£'000
Finance income		
- Bank interest	2	-
- Amortised cost credit - EFL loans	186	187
- Amortised cost credit - Football creditor greater than one year	-	3
	<u>188</u>	<u>190</u>
Finance costs and similar charges		
- Interest on deferred payments due to HMRC	(6)	(39)
- Amortised cost charge - EFL loans	(141)	(24)
- Amortised cost charge - FFP settlement	(676)	(795)
- Amortised cost charge - Football creditor greater than one year	(3)	-
- Finance lease and hire purchase	(17)	(17)
	<u>(843)</u>	<u>(875)</u>

8. Taxation on ordinary activities

(a) Analysis of charge in the year

	2022	2021
	£'000	£'000
Current tax:		
UK Corporation tax based on the results for the year (note 8(b))	-	-
	<u>-</u>	<u>-</u>

(b) Factors affecting current tax charge

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

	2022	As restated 2021
	£'000	£'000
Loss on ordinary activities before taxation	(24,667)	(4,114)
Loss on ordinary activities multiplied by standard rate of tax of 19% (2021 - 19%)	(4,687)	(782)
Expenses not deductible for tax	37	32
Unrecognised deferred tax	4,650	750
	<u>-</u>	<u>-</u>
Total current tax (note 8(a))	-	-

It was substantively enacted on 24 May 2021 that the main rate of corporation tax will increase from 19% to 25% from 1 April 2023. For profits up to £50,000, the corporation tax rate will remain at 19% and for profits over £250,000, the corporation rate will be 25%. Marginal relief provisions will be introduced for profits between the lower and upper limits.

Tax losses carried forward at the reporting date were £382m (2021: £372m) relating to trading losses and £4.5m (2021: £4m) relating to capital losses. A deferred tax assets has not been recognised in the accounts as there is insufficient evidence that the asset will be recoverable. The unprovided deferred tax asset is calculated at £95.5m (2021: £70.1m) for trading losses and £1.1m (2021: £0.8m) for capital losses.

QPR Holdings Limited
Notes to the financial statements
Year ended 31 May 2022

9. Intangible fixed assets

Group	Player registrations £'000
Cost	
At 1 June 2021	8,342
Additions	2,868
Disposals	(55)
At 31 May 2022	<u>11,155</u>
Amortisation	
At 1 June 2021	1,445
Charge for the year	3,552
On disposals	(28)
At 31 May 2022	<u>4,969</u>
Net book value	
At 31 May 2022	<u>6,186</u>
At 31 May 2021	<u>6,897</u>

The Group has chosen not to disclose carrying amounts for individual players, the average remaining amortisation period for the current players is 22 months.

Amortisation charges are included within the statement of comprehensive income under cost of sales.

10. Tangible fixed assets

Group and Company

As restated	Freehold land and buildings £'000	Assets under construction £'000	Plant & Machinery £'000	Fixtures & Fittings £'000	Total £'000
Cost or valuation					
At 1 June 2021	27,338	645	6,231	1,008	35,222
Additions	36	8,500	241	1	8,778
Reallocation	(1,246)	1,217	29	-	-
Disposals	-	-	(3)	-	(3)
At 31 May 2022	<u>26,128</u>	<u>10,362</u>	<u>6,498</u>	<u>1,009</u>	<u>43,997</u>
Depreciation					
At 1 June 2021	7,357	-	5,578	992	13,927
Charge for the year	1,051	-	288	10	1,349
Disposals	-	-	(3)	-	(3)
At 31 May 2022	<u>8,408</u>	<u>-</u>	<u>5,863</u>	<u>1,002</u>	<u>15,273</u>
Net book value					
At 31 May 2022	<u>17,720</u>	<u>10,362</u>	<u>635</u>	<u>7</u>	<u>28,724</u>
At 31 May 2021	<u>18,735</u>	<u>1,891</u>	<u>653</u>	<u>16</u>	<u>21,295</u>

The net carrying value of assets held under finance lease and hire purchase contracts is £268,343 (2021: £258,333).

Borrowing costs of £878,860 have been capitalised in period (as restated 2021: £343,562).

The opening cost and accumulated depreciation brought forward on freehold land and buildings and the opening cost of assets under construction has been restated because of a prior period adjustment set out in note 26.

Certain fixed assets have been reclassified to reflect the nature of the assets as well as a change in accounting policy regarding the capitalisation of borrowing costs.

QPR Holdings Limited**Notes to the financial statements****Year ended 31 May 2022****11. Investments****Company**

	2022	2021
	£'000	£'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. The registered office of the subsidiary is the same as QPR Holdings Limited, noted on page 1. Queens Park Rangers Football & Athletic Club Limited is included in this set of consolidated financial statements. The Directors have assessed the carrying value of the investment and are of the opinion that it is supported by the underlying membership to the English Football League.

12. Inventories

	2022	Group	2022	Company
	£'000	2021	£'000	2021
		£'000		£'000
Goods held for resale.	307	390	307	390

13. Trade and other receivables

	2022	Group	2022	Company
	£'000	2021	£'000	2021
		£'000		£'000
Trade receivables	1,759	1,378	1,759	1,378
Player registration transfer receivables	132	9,120	-	-
VAT	775	799	775	799
Other receivables	114	127	114	126
Prepayments and accrued income	809	667	297	202
	3,589	12,091	2,945	2,505

14. Current liabilities

	2022	Group	2022	Company
	£'000	2021	£'000	2021
		£'000		£'000
Trade payables	1,560	575	1,560	575
Player registration transfer payables	2,158	1,845	-	-
Amounts owed to Group undertakings	-	-	12,388	3,006
Convertible shareholder loans	52,255	46,345	52,255	46,345
Taxation and social security	2,185	2,337	1,241	1,269
Other creditors	26	22	26	22
EFL loans	3,055	3,048	-	-
FFP settlement	1,700	3,400	-	-
Accruals and deferred income	5,420	6,508	2,489	2,896
Obligations under finance lease and hire purchase contracts	95	74	95	74
Accrued interest – convertible bond	945	-	945	-
Accrued interest – non-convertible bonds	126	-	126	-
	69,525	64,154	71,125	54,187

The shareholder loans relate to loans repayable to QPR Asia Sdn Bhd, Total Soccer Growth Sdn Bhd, Sea Dream Limited and QPR Newco LLC. The loans and amounts owed to Group undertakings are unsecured, interest free and repayable on demand. Shareholder loan drawdowns for the year were £16,910,000 (2021: £10,600,000). During the period the Company capitalised £11,000,000 of shareholder loans, further details on this are shown under note 21.

QPR Holdings Limited

Notes to the financial statements

Year ended 31 May 2022

15. Non-current liabilities

	2022	Group	2022	Company
	£'000	2021	£'000	2021
		£'000		£'000
Player registration transfer payables	-	322	-	-
EFL loans	2,732	3,749	-	-
FFP settlement	8,562	7,886	-	-
Convertible bond – liability component	8,737	9,080	8,737	9,080
Non-convertible bonds	6,800	-	6,800	-
Obligations under finance lease and hire purchase contracts	166	179	166	179
	26,997	21,216	15,703	9,259

The FFP settlement is shown at an amortised cost basis, discounted from a £11,900,000 full value (2021: £13,600,000), £1,700,000 falls due within one year and is shown within note 14, the remainder is payable over a set number of years as agreed with the English Football League (EFL).

The EFL loans are shown at an amortised cost basis, discounted from a £6,033,000 full value (2021: £6,998,000), £3,055,000 falls due within one year and is shown within note 14. The loans are unsecured, carry no interest and are due to be fully settled by April 2024.

The convertible bond represents the present value of the financial liability of a bond issue undertaken in November 2020 to raise funds for the purchase and development of Heston Sports Ground, the site will become the training ground for the First Team, Under 23s and Academy. The £10,000,000 bond issued to Shirieene Hajamaideen (the spouse of Ruben Gnanaingham a director of the Company) on 2 November 2020, has an initial term of five years, is unsecured and carries a fixed rate of interest of 6% per annum.

The financial liability has been calculated by comparing it to similar debt at the date of issue with no conversion option, the residual amount of £1,263,000 has been allocated to equity.

The £9,080,000 carrying value in the prior year includes accrued interest of £343,000, this is now reflected in note 14 as payment falls due on 1 June 2022.

The non-convertible bond was issued to the public in November 2021 to raise additional funds for the development of Heston Sports Ground. The bond will be repaid in five years from the date of investment, with interest paid annually from 1 June 2022 at 8% (5% cash and 3% Club credit). At the year end £151,000 had been settled, the balance of £126,000 is shown within note 14

The Group's FFP settlement, EFL loans and Player registration transfer payables at the reporting date which have been discounted at the Group's cost of capital and which do not include interest payments are detailed as follows:-

	2022			2021		
	Full value	Discounting	Carrying	Full value	Discounting	Carrying
	£'000	adjustment	value	£'000	adjustment	value
		£'000	£'000		£'000	£'000
Less than 1 year						
FFP settlement	1,700	-	1,700	3,400	-	3,400
EFL loans	3,055	-	3,055	3,048	-	3,048
Player registration transfer payables	2,158	-	2,158	1,845	-	1,845
Greater than 1 year						
FFP settlement	10,200	(1,638)	8,562	10,200	(2,314)	7,886
EFL loans	2,978	(246)	2,732	3,950	(201)	3,749
Player registration transfer payables	-	-	-	325	(3)	322
Total	20,091	(1,884)	18,207	22,768	(2,518)	20,250

QPR Holdings Limited**Notes to the financial statements****Year ended 31 May 2022****16. Payables - capital instruments**

The maturity profile of the Group's total borrowings at the reporting date which are carried at amortised cost are as follows:

	Principal £'000	2022 Interest £'000	Total £'000	Principal £'000	2021 Interest £'000	Total £'000
In one year or less or on demand	56,278	731	57,009	52,022	771	52,793
In more than one year but not more than five years	8,730	1,049	9,779	9,110	1,640	10,750
In more than five years	3,296	104	3,400	3,296	104	3,400
	<u>68,304</u>	<u>1,884</u>	<u>70,188</u>	<u>64,428</u>	<u>2,515</u>	<u>66,943</u>

17. Commitments under operating leases

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

	Group 2022 £'000	2021 £'000	Company 2022 £'000	2021 £'000
Not later than 1 year	44	523	44	523
Later than 1 year and not later than 5 years	-	44	-	44
	<u>44</u>	<u>567</u>	<u>44</u>	<u>567</u>

18. Finance lease and hire purchases

Minimum lease payments under finance lease and hire purchases fall due as follows

	Group 2022 £'000	2021 £'000	Company 2022 £'000	2021 £'000
Not later than 1 year	95	74	95	74
Later than 1 year and not later than 5 years	166	179	166	179
	<u>261</u>	<u>253</u>	<u>261</u>	<u>253</u>

Obligations under finance leases and hire purchase contracts are secured upon the assets to which they relate as shown in note 10.

19. Related parties

During the year, loans were provided to the Group by to Total Soccer Growth Sdn Bhd, QPR Newco LLC and Sea dream Limited, all shareholders of the Group. Details of these loans are shown in note 14 and 15.

During the year the Group pledged £115,000 (2021: £70,000) to QPR in the Community Trust.

During the year the Group spent £107,678 (2021: £100,221) on behalf of Rangers Developments Limited, an entity under common control, with £32,448 (2021: £53,862) is still owed to the Group at the reporting date and is included within other receivables in note 13.

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.

QPR Holdings Limited**Notes to the financial statements****Year ended 31 May 2022****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 Total Soccer Growth Holdings Ltd which is the ultimate holding Company incorporated in Malaysia. The smallest and largest Group in which results of the Company are consolidated is that headed by Total Soccer Growth Holdings Ltd 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.

On 10 February 2022, QPR Newco LLC, a company based in the USA acquired a minority interest in the ownership of QPR Holdings Limited. On the same date, Sea Dream Limited also increased its shareholding in the Company. On 31 March 2022 the Company then capitalised £11m of shareholder loans, as a result, the current ownership of QPR Holdings Limited is as follows

- 51.03% Total Soccer Growth Sdn Bhd, the ultimate owner of which is Ruben Gnanalingam
- 26.81% QPR Asia Sdn. Bhd, the ultimate owners of which are Tony Fernandes, Kamarudin Meranun
- 12.00% QPR Newco LLC, the ultimate owner of which is Richard Reilly
- 10.00% Sea Dream Ltd, the ultimate owners of which are the L.N.Mittal Family
- 0.16% variety of minority shareholders

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

	2022 £'000	2021 £'000
11,407,899,029 Ordinary shares of £0.01 each	114,079	103,079
7,486,367,000 Ordinary B shares of £0.001 each	7,486	7,486
	<u>121,565</u>	<u>110,565</u>

Allotted and called up:

	No	2022 £'000	No	2021 £'000
Ordinary shares of £0.01 each	11,407,899,029	114,079	10,307,899,029	103,079
Ordinary B shares of £0.001 each	7,486,367,000	7,486	7,486,367,000	7,486
		<u>121,565</u>		<u>110,565</u>

The ordinary B shares have a different par value but carry the same voting rights.

The £11m of shareholder loans capitalised on 31 March 2022 have been allotted into 1,100,000,000 ordinary shares of £0.01 as follows

Total Soccer Growth Sdn Bhd: 562,222,800
 QPR Asia Sdn. Bhd: 295,359,000
 QPR Newco LLC: 132,228,100
 Sea Dream Ltd: 110,190,100

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.

Convertible bond – equity component of convertible instruments issued.

QPR Holdings Limited

Notes to the financial statements

Year ended 31 May 2022

22. Notes to the cash flow statement

Group

	2022 £'000	As restated 2021 £'000
Cash flows from operating activities		
Loss for financial year	(24,667)	(4,114)
Amortisation	3,552	1,432
Depreciation	1,349	1,428
Interest receivable	(188)	(190)
Interest payable & similar charges	843	875
Change in stocks	83	(150)
Change in debtors	(487)	(703)
Change in creditors	(891)	7,615
Profit on sale of plant & equipment	(2)	-
Profit on player registrations	(221)	(17,648)
Cash used in operations	(20,629)	(11,455)
Interest paid	(23)	(56)
Net cash outflow from operating activities	(20,652)	(11,511)
Investing activities		
Payments to acquire player registrations	(2,877)	(6,672)
Payments to acquire tangible fixed assets	(7,958)	(6,063)
Receipts from sale of player registrations	9,237	11,319
Receipts from sale of tangible fixed assets	2	-
Interest received	2	-
Net cash outflow from investing activities	(1,594)	(1,416)
Financing activities		
Convertible shareholder loans receipt	16,910	10,600
Bond proceeds	6,800	10,000
Loan repayment	(2,034)	-
Finance lease and hire purchase contracts – reduction in liability	(78)	(58)
Net cash inflow from financing activities	21,598	20,542
Net movement in cash and cash equivalents	(648)	7,615

Analysis of changes in net debt

	At 1 June 2021 £'000	Cash flows £'000	Non-cash changes £'000	At 31 May 2022 £'000
Cash:				
Cash in hand and at bank	8,745	(648)	-	8,097
Debt:				
Debt due within one year	(52,867)	(13,459)	9,221	(57,105)
Debt due after one year	(20,894)	(8,139)	2,036	(26,997)
	(73,761)	(21,598)	11,257	(84,102)
Net debt	(65,016)	(22,332)	11,257	(76,005)

QPR Holdings Limited

Notes to the financial statements

Year ended 31 May 2022

22. Notes to the cash flow statement (continued)

Company

	2022	As restated
	£'000	2021
		£'000
Cash flows from operating activities		
Loss for financial year	(24,945)	(4,159)
Depreciation	1,349	1,428
Interest receivable	(2)	-
Interest payable & similar charges	23	56
Change in stocks	83	(150)
Change in debtors	(440)	(309)
Change in creditors	9,934	(5,956)
Profit on sale of plant & equipment	(2)	-
Cash used in operations	(14,000)	(9,090)
Interest paid	(23)	(56)
Net cash outflow from operating activities	(14,023)	(9,146)
Investing activities		
Payments to acquire tangible fixed assets	(7,962)	(6,063)
Receipts from sale of tangible fixed assets	2	-
Interest received	2	-
Net cash outflow from investing activities	(7,958)	(6,063)
Financing activities		
Convertible shareholder loans	16,910	10,600
Bond proceeds	6,800	10,000
Finance lease – reduction in liability	(78)	(58)
Net cash inflow from financing activities	23,632	20,542
Net movement in cash and cash equivalents	1,651	5,333

Analysis of changes in net debt

	At 1 June 2021 £'000	Cash flows £'000	Non cash changes £'000	At 31 May 2022 £'000
Cash:				
Cash in hand and at bank	6,141	1,651	-	7,792
Debt:				
Debt due within 1 year	(46,419)	(16,835)	10,904	(52,350)
Debt due after one year	(9,259)	(6,797)	353	(15,703)
	(56,598)	(23,632)	11,257	(69,569)
Net debt	(50,457)	(22,059)	11,257	(61,777)

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 notes 14 and 15, cash and cash equivalents and equity attributable to equity holders, comprising issued share capital, share premium and the profit and loss account.

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

	2022 £'000	2021 £'000
Financial Assets		
- Cash and cash equivalent	8,097	8,745
- Trade and other receivables	2,005	10,625
	<u>10,102</u>	<u>19,370</u>
Financial Liabilities		
- Trade and transfer related creditors	3,718	2,764
- FFP	10,262	11,286
- EFL loan	5,787	6,797
- Borrowings – shareholder loans	52,255	46,345
- Convertible bond – liability element including capitalised interest	9,682	9,080
- Non - convertible bonds including capitalised interest	6,926	-
- Finance lease and hire purchase contracts	261	253
	<u>88,891</u>	<u>76,525</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 financial risks relating to the operations of the Group through internal controls. These risks include currency risk, credit risk and liquidity risk.

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 significant 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 14.

QPR Holdings Limited**Notes to the financial statements****Year ended 31 May 2022**

24. Post reporting date events

During the 2022 summer transfer window we secured Jake Clarke-Salter, Kenneth Paal and Leon Balogun on free transfers, along with Tyler Roberts, Taylor Richards, Ethan Laird, and Timothy Iroegbunam on season long loans.

In addition, Jordy de Wijs transferred to Fortuna Düsseldorf. Charlie Austin, Yoann Barbet, Dillon Barnes, David Marshall, Moses Odubajo, Marco Ramkilde, Lee Wallace, and Keiren Westwood departed due to their contracts expiring.

Head coach Mick Beale and first team coaches Neil Banfield, Damian Matthew and Harry Watling left QPR on the 27th of November 2022 to join Glasgow Rangers. QPR B Team manager Paul Hall has taken over first-team duties in the interim period while the club look to identify a new head coach.

25. Commitments

As at 31 May 2022, the Group was committed to paying signing on fees in respect of players of £Nil (2021: £50,000).

As at 31 May 2022, the Group is committed to spending a further £9m in respect of the development of Heston Sports Ground

26. Prior year adjustment

A prior year adjustments have been made resulting in a total credit of £411,758 to the Group and Company Statement of comprehensive expense, details as follows.

Capitalisation of borrowing costs

Previously borrowing costs in relation to qualifying assets had been charged to profit and loss, the directors reviewed this policy and have agreed to capitalise these costs, in line with the accounting standards in relation to a change in accounting policy the cost in the prior year has been restated to reflect this change.

The prior year adjustment resulted in the following

Interest reduction £343,562

Assets under construction increase £343,562

	Freehold land and buildings £'000	Assets under construction £'000
Cost or valuation		
At 1 June 2021 (as previously stated)	27,338	1,547
Interest capitalisation	-	344
At 1 June 2021 (as restated)	27,338	1,891
Depreciation		
At 1 June 2021 (as previously stated)	7,425	-
Adjustment	(68)	-
At 1 June 2021 (as restated)	7,357	-
Net book value		
At 31 May 2021 (as previously stated)	19,913	301
At 31 May 2021 (as restated)	18,735	1,891

The restatement resulted in a reduction of depreciation charged to profit and loss of £68,196.