

**Cardiff City Football Club
(Holdings) Limited**

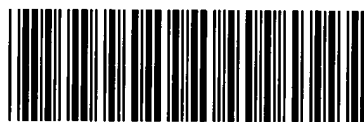
Annual Report and Financial Statements

Year Ended

31 May 2020

Company Number 04044254

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Cardiff City Football Club (Holdings) Limited

Company Information

Directors	S Borley D M R M Caramella D C S Chin V K Choo M Dalman D Rais
Registered number	04044254
Registered office	Cardiff City Stadium Leckwith Road Cardiff CF11 8AZ
Independent auditors	BDO LLP Statutory Auditor 55 Baker Street London W1U 7EU
Bankers	Barclays Bank plc PO Box 1015 3rd Floor Windsor Court 3 Windsor Place Cardiff CF10 3ZL

Cardiff City Football Club (Holdings) Limited

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Cardiff City Football Club (Holdings) Limited

Executive Chairman's Statement For the Year Ended 31 May 2020

Executive Chairman's statement

Season 2019/20

While we as a Board and a Club were only to aware of the challenges we would face following our return to the EFL Championship in balancing the change in our revenue, albeit softened by the receipt of parachute receivables, with our aim to challenge for an immediate return to the Premier League, the impact of the COVID 19 pandemic heightened those challenges to an extent that no one could have predicted at the start of the season.

The season started with a change of manager as we welcomed Neil Harris as our new manager to the Club.

Neil guided the Club to the play offs ultimately falling short of a place in the Play Off final with defeat by the narrowest of margins against Fulham, in the play-off semi-final, who then went on to gain promotion.

However, the achievement of reaching the Play Offs was completely overtaken by the COVID 19 pandemic which resulted in the cessation of all professional sport in March with a halt in the playing of games in the Championship. Playing of matches did not return until late June 2020 and then only under strict return to play protocols and with all remaining games played behind closed doors with the absence of any support from home or away supporters.

While this undoubtedly had an impact on the playing performance the financial impact on football and all Club's including our own has been seismic the full extent of which has only become clear during the current season 2020/21.

The immediate financial cost of the pandemic has included:

- Season ticket refunds of £945,000
- Loss of match day revenue
- Refunds payable by the EPL on their overseas broadcast revenue of near £300m of which we as a Club in receipt of parachute income for 2019/20 had to bear our share, which resulted in a charge against our 2020 results of £2.1m
- The loss of commercial revenue and sponsorship opportunities as the pandemic hit all businesses
- The increased costs of working with the necessary "return to play" protocols put in place by the Club following the guidelines set by the league

In addition, the cessation of matches in March 2020 and the consequent deferment of the remaining 9 games of the 19/20 season until after the end of the 2020 year being reported on resulted in the income recognition from the parachute income and basic award relating to these games, amounting to £8.8m, being deferred into the year ended 31 May 2021 rather than being included in these accounts.

While the Club has taken all the steps it can to ensure that costs within the Club are reduced wherever possible and taking advantage of such Government financial assistance as is available the net loss caused by COVID 19 is significant.

This has obviously meant that we have been reliant upon the continued financial support of our owner Tan Sri Dato' Seri Vincent Tan Chee Yioun throughout this period and continuing into Season 2020/21.

As a Board and a Club we are extremely grateful for the continued support of our owner and without this the future of the Club would look much more precarious.

Cardiff City Football Club (Holdings) Limited

Executive Chairman's Statement For the Year Ended 31 May 2020

Season 2020/21

The pandemic has continued to cause havoc in the world of professional sport probably for far longer than any one could have envisaged back in early 2020.

We now face the realistic possibility that we are likely to go the entire 2020/21 season with playing behind closed doors.

The financial impacts outlined above have only increased as the cost will by the end of the current season have been felt for close on 15 months.

It is also uncertain as to when the current position on "lock downs" will start to be eased and whether we can start Season 2021/22 with an end to behind closed doors and a return, even if it is gradual, to actually having supporters in the Stadium on match days. The Government's 'road-map' to recovery suggests this will be possible, but this is by no means a certainty.

We continue to take all the steps we can to ensure that costs within the Club are reduced wherever possible and continue to take advantage of such Government financial assistance as is available and we are also in the process of applying for a share of the £200m EFL Loan facility that is available to all Championships Clubs that has recently been established.

I would note however that this is a loan, not a grant, and will have to be repaid over the next 2-3 years from our guaranteed solidarity receivables.

I must note that the level of support that we as a sport have received from national and devolved governments since the start of the pandemic has been extremely disappointing and compared to other sports both professional and amateur football itself has been left very much to sort our own problems out.

On a playing side following our challenge for the play offs at the end of season 2019/20 we were confident that we could maintain that drive into the new season and be consistently challenging for the top 6 places.

Despite a run of positive results earlier in the season consistency of performance and results was an issue and the run over Christmas and the New Year resulted in the Board deciding to make a change at management level and parted company with Neil Harris and his assistant David Livermore in January.

The Board would like to thank Neil and David for their efforts during their time with the club and wish them every success for the future.

The Club quickly acted to appoint Mick McCarthy as the 1st team manager along with Terry Connor as Assistant Manager for the remainder of the 2020/21 season.

Our aim and challenge as a Club remains to secure our return to the Premier League at the earliest opportunity and we are hopeful that in the short term that Mick and Terry can return us to winning ways and take us nearer to challenging at the top end of the division.

We are continuing to build the infrastructure of the Club to ensure that once we achieve our aim that we then retain our status for the foreseeable future and break away from the viscous cycle of promotion and relegation.

I must take this opportunity to thank every person at the Club for their unwavering commitment and support during what has been an immensely challenging environment and period for all those involved.

Cardiff City Football Club (Holdings) Limited

Executive Chairman's Statement For the Year Ended 31 May 2020

Finally, to you the fans your support and loyalty has been fantastic and immensely appreciated and your presence on match days greatly missed by everyone at the Club.

Thank you,



M Dalman
Executive Chairman

Date 19 April 2021

Cardiff City Football Club (Holdings) Limited

Group Strategic Report For the Year Ended 31 May 2020

Business Review

	2020 £000	2019 £000
Turnover	46,037	125,216
Players salary costs	27,880	42,519
Profit on sale of player registrations	13,666	2,179

The board consider the key performance indicators for the Group to be turnover, result from player trading and player salary costs.

The results show decreased turnover from that reported in the prior year accounts directly as a result of relegation to the Championship and the impact of COVID 19 with the consequent loss of income from playing the remaining games of the 2019/20 season behind closed doors and the deferral of parachute income and basic award of £8.8m from 2019/20 into 2020/21 to match the actual game profile on the return to play and completion of the season.

Average attendances decreased from 31,409 in season 2018/19 to 22,746 in season 2019/20 as a direct result of relegation back to the Championship.

The Group is reporting an operating loss for the year ended 31 May 2020 of £23,805,000 decreased by £26,033,000 from the £2,228,000 reported profit for the prior year ended 31 May 2019.

The deterioration in the operating performance is due to relegation out of the Premier League back to the Championship, the effects of the COVID 19 pandemic not only on society as a whole but specifically on sport and professional football specifically and the deferment of £8.8m of parachute and basic award referred to above into 2021.

While the Group has significant net liabilities, the principal indebtedness at the year end was to the controlling shareholder.

Principal risks and uncertainties

The principal risks are associated with the performance of the team and the league in which the football club operates, as turnover and costs, particularly those from broadcasting and player costs respectively, vary substantially between the English Premier League and the Championship. The Group manages the impact of that risk through close control of its direct costs, relative to its forecast income.

Credit risk relates primarily to trade debtors from its commercial activities. The Group monitors credit risk closely and its exposure to rate risk is minimal given any borrowings are financed by ultimate owner loans.

Outlook

Our aim remains to regain our status in the English Premier League and maintain this for the foreseeable future.

Engagement with stakeholders

Section 172 of the Companies Act 2006 requires the club's board of directors to take into consideration the interests of stakeholders and other matters in their decision making. The club's board continues to ensure the interests of all employees, supporters, partners, local community and other stakeholders are always given the fullest of consideration, and as a club and charity we have a number of initiatives aimed at regularly engaging with each of these groups.

Cardiff City Football Club (Holdings) Limited

Group Strategic Report (continued) For the Year Ended 31 May 2020

Summary of how the Board engages with out stakeholders

Stakeholder group	Why we engage	How we engage	What matters to the group
Shareholders	<ul style="list-style-type: none"> • The continued support of our shareholders is fundamental to the long- term success of the football club • To ensure our shareholders have a clear understanding of the Club's strategy, business model and culture and the competitive sporting field in which we operate • To create value for our shareholders by generating strong and sustainable results that translate into promoting the success of the football club out on the playing field 	<ul style="list-style-type: none"> • Annual Report and Financial Statements • Company website 	<ul style="list-style-type: none"> • Creating Long-term value by delivering success out on the playing field • Financial stability • Transparency • Ethics and sustainability
Employees	<ul style="list-style-type: none"> • Long-term success is predicated on the commitment of our workforce to the Club's values • To ensure that we are fostering an environment that our employees are happy to work in and that best supports their wellbeing • We believe CCFC is a great place to work and we can only deliver value to our shareholders and success to our fan base through the hard work and commitment and well-being of our employees 	<ul style="list-style-type: none"> • Group Intranet • The Directors and senior management teams involvement with our employees on a regular basis with attendance at the CCFC stadium, the 1st team training ground and the Academy throughout the year on match and non-match days 	<ul style="list-style-type: none"> • Fair employment • Fair pay and benefits • Diversity and inclusion • Training, development and career opportunities • Health and safety • Responsible use of personal data • Environment • Ethics and sustainability • As a result of the outbreak of the pandemic in early 2020 the Club has instituted a work from home policy for all employees and for those employees unable to carry out their duties from home created as safe an environment at work as possible with comprehensive return to work policy and procedures

Cardiff City Football Club (Holdings) Limited

Group Strategic Report (continued) For the Year Ended 31 May 2020

Stakeholder group	Why we engage	How we engage	What matters to the group
Fan and supporter base	<ul style="list-style-type: none"> • To foster and build long-term lasting relationships with our loyal fan base directly and via the various supporter representation bodies including the Supporters Club and Supporters Trust • To provide the best facilities, we can for our disabled supporters by offering a number of reasonable adjustments based on individual needs making the experience inclusive for all our supporters 	<ul style="list-style-type: none"> • Regular meetings and fan forums involving the Directors and Club representatives from across all areas of the Club throughout the football season • Appointed a Disability Access Officer who is available to offer advice and support at any time before, during and after the match 	<ul style="list-style-type: none"> • Pride that our fan base feels in the Club • Not to take that continued support for granted
Suppliers	<ul style="list-style-type: none"> • Our suppliers are fundamental to the delivery of the operational infrastructure that is crucial to ensuring the success of our performance on the playing field • Suppliers must demonstrate that they operate in accordance with recognised standards that uphold human rights and safety, prohibit modern slavery and promote sustainable sourcing 	<ul style="list-style-type: none"> • Regular performance reviews of all key supply chain partners for total reliability in product delivery 	<ul style="list-style-type: none"> • Fair trading and payment terms • Anti-bribery • Ethics and slavery • Environment and sustainable sourcing
Community and environment	<ul style="list-style-type: none"> • We aspire to be responsible members of our community • We are committed to minimising the impact of our business operations on the environment • The community and environment are also important to our workforce, fan base and shareholders 	<ul style="list-style-type: none"> • CCFC is proactive in its corporate responsibility to the local and wider community in which we work • We work closely with the Cardiff City FC Community Foundation the official charity of CCFC, to support children, young people, and families in S. Wales to achieve their full potential and encourage employee involvement in the community projects and programmes 	<ul style="list-style-type: none"> • Charitable donations and sponsorships • Support to the Cardiff City Football Club Community Foundation, our official charity • Energy usage • Recycling • Waste management

Cardiff City Football Club (Holdings) Limited

Group Strategic Report (continued) For the Year Ended 31 May 2020

Key Board Decisions

During the year, the Board made key decisions that are considered to be in the interests of the overall success of the Company and Group. These decisions have impacts on certain stakeholder groups that have, to the extent considered appropriate by the Board, been reflected in the decision making process.

- The Board made the decision to furlough staff on the back of the Covid-19 pandemic, basing this decision on the need to protect jobs in the short, medium and long-term. Key stakeholders considered were employees, the local community and shareholders.

This report was approved by the board on 19 April 2021 and signed on its behalf.



V K Choo
Director

Cardiff City Football Club (Holdings) Limited

Directors' Report For the Year Ended 31 May 2020

The directors present their report and the financial statements for the year ended 31 May 2020.

Principal activity

The principal activity of the Group is that of a professional football club incorporating the operation of a multi-use stadium, whilst the principal activity of the Company is that of a holding company.

Going concern

In assessing the appropriateness of the going concern assumption, the Directors have produced detailed cash flow forecasts which extend to the end of the 2021/2022 football season. However, it is acknowledged that the global and UK outbreak of COVID-19 has had a profound impact on the Company and the Group in a number of respects.

At 31 May 2020, the Group had net liabilities of £24 million and net current liabilities of £107 million of which £49m was owed to shareholders and connected parties.

As noted in the strategic review, the temporary cessation of the 2019/20 football season during the pandemic, and games continuing behind closed doors since reintroduction in June 2020, has had a significant impact on the Club's match day income generation. As such the directors undertook a number of proactive measures to partially mitigate this impact, including cost review and control mechanisms and utilisation of the UK Government Job Retention Scheme for a number of its employees. The resumption of competitive football in June 2020 not only allowed the Club to fulfil its fixtures but also allowed the EFL to continue to deliver the league, and therefore the associated central revenues. Since the resumption of football in June, all matches since that date have been played behind closed doors, and at the time of issuing these accounts there is no guaranteed date when spectators will be allowed to return. However, the Government's 'road-map' currently suggests partial reintroduction of fans from May 2021 with full attendances no earlier than 21 June 2021. Despite this, the Club has been able to look at secondary income generation through live match streaming, online commercial activity and the hiring out of the stadium to other organisations, which again has partially mitigated the impact of COVID-19.

In light of the potential impacts of COVID-19, the directors have modelled various forecast scenarios which indicate that the Company and Group would be required to secure additional shareholder funding which is not yet guaranteed. This represents a material uncertainty that may cast significant doubt over the Club's and hence the Group's ability to continue as a going concern for the foreseeable future.

However, with both the resumption of EFL activities, actions taken by the Directors in regards to significant financial and operational adjustments, and a non-binding letter of support from the principal shareholder, it is the opinion of the directors that the club will remain solvent for the foreseeable future. As such, while there will always remain inherent uncertainty, a gradual return to the Club's previous financial position is expected in the medium/long term and the Directors have therefore concluded that it is appropriate for the financial statements to be prepared on the going concern basis.

The financial statements do not include any adjustments that would result if the going concern basis of preparation were to become no longer appropriate.

Policy on payment of creditors

The Group values its relationship with its many suppliers. As part of meeting its obligations under each purchase transaction, the Group's policy is to pay amounts due for settlement in accordance with the negotiated terms of trade.

Trade payables at 31 May 2020 represented 25 days of annual purchases (2019: 31). This figure excludes creditors in respect of player purchases, which are paid on the date when payment is contractually due.

Cardiff City Football Club (Holdings) Limited

Directors' Report (continued) For the Year Ended 31 May 2020

Professional indemnity

The Group maintains Directors and Officers liability insurance, which gives appropriate cover against any legal action that may be brought against them.

Internal control and risk management

The directors are responsible for the Group's system of internal financial control. Although no system of internal financial control can provide absolute assurance against material misstatement or loss, the Group's system is designed to provide reasonable assurance that problems are identified on a timely basis and dealt with appropriately.

In carrying out their responsibilities the directors have put in place a framework of controls to ensure as far as possible that ongoing financial performance is monitored in a timely manner, that corrective action is taken and that risk is identified as early as practically possible, and they have reviewed the effectiveness of internal financial control.

The Board, subject to delegated authority, review capital investment, player transactions, additional borrowing facilities, guarantees and insurance arrangements.

A review of the business and summary of risks and uncertainties is included in the Strategic Report.

Streamlined Energy and Carbon Reporting

UK Greenhouse gas emissions and energy use data for the period 1 June 2019 to 31 May 2020	2019/20
Energy consumption used to calculate emissions (kWh)	4,883,681
Energy consumption breakdown (kWh) – optional:	
• Gas	1,515,081
• Electricity	3,368,600
• Transport fuel	-
Scope 1 emissions in metric tonnes CO2e	
Gas consumption	278.58
Owned transport	-
TOTAL SCOPE 1	278.58
Scope 2 emissions in metric tonnes CO2e	
Purchased electricity	785.36
Scope 3 emissions in metric tonnes CO2e	
Business travel in employee-owned vehicles	-
Total gross emissions in metric tonnes CO2e	1,063.94
Intensity ratio Tonnes CO2e - per full time employee	5.09
Intensity ratio Tonnes CO2e - per turnover	-

Quantification and reporting methodology

We have followed the 2019 HM Government Environmental Reporting Guidelines. We have also used the GHG Reporting Protocol – Corporate Standard and have used the 2020 UK Government's Conversion Factors for Company Reporting.

Intensity measurement

The chosen intensity measurement ratio is total gross emissions in metric tonnes CO2e per full time employee and per turnover.

Cardiff City Football Club (Holdings) Limited

Directors' Report (continued) For the Year Ended 31 May 2020

Measures taken to improve energy efficiency

We have taken the following measures to improve our energy efficiency:-

Implemented

- Installed LED floodlight system (c. £850k)
- Implemented a change programme where LED lighting has been installed in the main stand, staircases, boxes and function rooms
- Night security are required to perform a lock down programme where all lighting and air conditioning units are turned off and powered down

Planned

- Investigating the viability of installing electric vehicle charging points
- Investigating the switch from petrol to electric mowers
- All department heads have been tasked with developing initiatives to reduce the Club's carbon footprint

Results and dividends

The loss for the year, after taxation, amounted to £12,260,000 (2019 - loss £755,000).

No dividends were declared or paid during the year (2019: £nil).

Directors

The directors who served during the year were:

S Borley
D M R M Caramella
D C S Chin
V K Choo
M Dalman
D Rais

Future developments

A review of future developments has been covered in the Executive Chairman's report.

Disclosure of information to auditors

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company and the Group's auditors are unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company and the Group's auditors are aware of that information.

Post balance sheet events

Post balance sheet events have been disclosed in note 29.

Cardiff City Football Club (Holdings) Limited

Directors' Report (continued) For the Year Ended 31 May 2020

Auditors

Under section 487(2) of the Companies Act 2006, BDO LLP will be deemed to have been reappointed as auditors 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the accounts with the registrar, whichever is earlier.

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



V K Choo
Director

Date: 19 April 2021

Cardiff City Football Club (Holdings) Limited

Directors' Responsibilities Statement For the Year Ended 31 May 2020

The directors are responsible for preparing the Group Strategic Report, the Directors' Report and the consolidated 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 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'. 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 period.

In preparing these financial statements, the directors are required to:

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

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

Cardiff City Football Club (Holdings) Limited

Independent Auditor's report to the members of Cardiff City Football Club (Holdings) Limited

Opinion

We have audited the financial statements of Cardiff City Football Club (Holdings) Limited ("the Parent Company") and its subsidiaries ("the Group") for the year ended 31 May 2020 which comprise Consolidated Statement of Comprehensive Income, Consolidated and Company Statement of Financial Position, Consolidated and Company The Statement of Changes in Equity, and Consolidated statement of cash flows, and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 May 2020 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group and the Parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty related to going concern

We draw attention to note 2.3 to the Company's and Group's financial statements which describes how the ability of the Company and Group to continue as a going concern is affected by the potential impacts of the COVID-19 pandemic. The club is funded by its principal shareholder and various forecast scenarios indicate that the Company and Group will be required to secure additional funding that is not guaranteed. These events indicate that a material uncertainty exists that may cast significant doubt on the Company's and Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other information

The Directors are responsible for the other information. The other information comprises the information included in the annual report and financial statements, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Cardiff City Football Club (Holdings) Limited

Independent Auditor's report to the members of Cardiff City Football Club (Holdings) Limited (continued)

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Group and the Parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report and 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 Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at:

<https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Cardiff City Football Club (Holdings) Limited

Independent Auditor's report to the members of Cardiff City Football Club (Holdings) Limited (continued)

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.



Ian Clayden (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
London
United Kingdom

26 April 2021

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

Cardiff City Football Club (Holdings) Limited

Consolidated Statement of Comprehensive Income For the Year Ended 31 May 2020

	Note	2020 £000	2019 £000
Turnover	4	46,037	125,216
Cost of sales		(34,845)	(60,859)
Gross profit		11,192	64,357
Administrative expenses		(35,454)	(62,129)
Other operating income	5	457	-
Operating (loss)/profit	6	(23,805)	2,228
Profit on disposal of player registrations		13,666	2,179
Interest receivable and similar income	10	25	99
Interest payable and expenses	11	(2,146)	(1,939)
(Loss)/profit before taxation		(12,260)	2,567
Tax on (loss)/profit	12	-	(3,322)
Loss for the financial year		(12,260)	(755)
Movement on deferred tax relating to revaluation of stadium		(271)	-
Other comprehensive expense for the year		(271)	-
Total comprehensive expense for the year		(12,531)	(755)

The notes on pages 24 to 48 form part of these financial statements.

All activities derive from continuing operations:

Cardiff City Football Club (Holdings) Limited
Registered number: 04044254

Consolidated Statement of Financial Position
As at 31 May 2020

	Note	2020 £000	2019 £000
Fixed assets			
Intangible assets	13	24,202	23,516
Tangible assets	14	82,491	84,491
		<u>106,693</u>	<u>108,007</u>
Current assets			
Stocks	16	207	131
Debtors: amounts falling due after more than one year	17	5,925	666
Debtors: amounts falling due within one year	17	8,532	13,556
Cash at bank and in hand		2,388	2,221
		<u>17,052</u>	<u>16,574</u>
Creditors: amounts falling due within one year	18	(118,591)	(114,017)
Net current liabilities		<u>(101,539)</u>	<u>(97,443)</u>
Total assets less current liabilities		<u>5,154</u>	<u>10,564</u>
Creditors: amounts falling due after more than one year	19	(5,883)	(233)
Provisions for liabilities			
Deferred taxation	21	(2,573)	(2,302)
Provisions	22	(20,703)	(19,503)
		<u>(23,276)</u>	<u>(21,805)</u>
Net liabilities		<u><u>(24,005)</u></u>	<u><u>(11,474)</u></u>

Cardiff City Football Club (Holdings) Limited
Registered number:04044254

Consolidated Statement of Financial Position (continued)
As at 31 May 2020

	Note	2020 £000	2019 £000
Capital and reserves			
Called up share capital	23	94,611	94,611
Share premium account	24	15,711	15,711
Revaluation reserve	24	50,244	50,515
Capital redemption reserve	24	3,600	3,600
Profit and loss account	24	(188,171)	(175,911)
Equity attributable to owners of the parent Company		(24,005)	(11,474)

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:



V K Choo
Director

Date: 19 April 2021

The notes on pages 24 to 48 form part of these financial statements.

Cardiff City Football Club (Holdings) Limited
Registered number: 04044254

Company Statement of Financial Position
As at 31 May 2020

	Note	2020 £000	2019 £000
Fixed assets			
Investments	15	685	685
Current assets			
Debtors: amounts falling due within one year	17	109,586	109,586
Net current assets		109,586	109,586
Net assets		110,271	110,271
Capital and reserves			
Called up share capital	23	94,611	94,611
Share premium account	24	15,711	15,711
Capital redemption reserve	24	3,600	3,600
Profit and loss account carried forward		(3,651)	(3,651)
		110,271	110,271

The Company has elected to take exemption under section 408 of the Companies Act 2006 from presenting the Company Statement of Comprehensive Income. The profit for the Company for the year ended 31 May 2020 was £nil (2019: £nil).

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:



V K Choo
Director

Date: 19 April 2021

The notes on pages 24 to 48 form part of these financial statements.

**Cardiff City Football Club (Holdings)
Limited**

**Consolidated Statement of Changes in Equity
For the Year Ended 31 May 2020**

	Called up share capital £000	Share premium account £000	Capital redemption reserve £000	Revaluation reserve £000	Profit and loss account £000	Total equity £000
At 1 June 2018	94,611	15,711	3,600	50,515	(175,156)	(10,719)
Comprehensive expense for the year						
Loss for the year	-	-	-	-	(755)	(755)
Total comprehensive expense for the year	-	-	-	-	(755)	(755)
At 1 June 2019	94,611	15,711	3,600	50,515	(175,911)	(11,474)
Comprehensive expense for the year						
Loss for the year	-	-	-	-	(12,260)	(12,260)
Movement on deferred tax relating to revaluation of stadium	-	-	-	(271)	-	(271)
Total comprehensive expense for the year	-	-	-	(271)	(12,260)	(12,531)
At 31 May 2020	94,611	15,711	3,600	50,244	(188,171)	(24,005)

The notes on pages 24 to 48 form part of these financial statements.

Cardiff City Football Club (Holdings) Limited

Company Statement of Changes in Equity For the Year Ended 31 May 2020

	Called up share capital £000	Share premium account £000	Capital redemption reserve £000	Profit and loss account £000	Total equity £000
At 1 June 2018	94,611	15,711	3,600	(3,651)	110,271
Profit for the year	-	-	-	-	-
At 1 June 2019	94,611	15,711	3,600	(3,651)	110,271
Profit for the year	-	-	-	-	-
At 31 May 2020	94,611	15,711	3,600	(3,651)	110,271

The notes on pages 24 to 48 form part of these financial statements.

Cardiff City Football Club (Holdings) Limited

Consolidated Statement of Cash Flows For the Year Ended 31 May 2020

	2020 £000	2019 £000
Cash flows from operating activities		
(Loss)/profit for the financial year	(12,260)	(755)
Adjustments for:		
Amortisation of intangible assets	17,769	15,208
Depreciation of tangible assets	2,629	2,581
Impairment of intangible assets	67	11,579
Loss on disposal of tangible assets	-	3
Interest paid	2,146	1,939
Interest received	(25)	(99)
Taxation charge	-	3,322
(Increase)/decrease in stocks	(76)	78
Decrease/(increase) in debtors	11,169	(10,139)
Decrease in creditors	(5,391)	(8,795)
Increase in provisions	1,200	19,503
Profit on sale of player registrations	(13,666)	(2,179)
Net cash generated from operating activities	3,562	32,246
Cash flows from investing activities		
Payments to acquire player registrations	(24,714)	(38,235)
Receipts from sale of player registrations	2,262	2,294
Purchase of tangible fixed assets	(629)	(2,353)
Sale of tangible fixed assets	-	2
Interest received	25	99
Net cash from investing activities	(23,056)	(38,193)

Cardiff City Football Club (Holdings) Limited

Consolidated Statement of Cash Flows (continued) For the Year Ended 31 May 2020

	2020 £000	2019 £000
Cash flows from financing activities		
Net inflow from other loans	10,951	39,475
Receipt of shareholder loans	13,950	-
Repayment of shareholder loans	(5,117)	(32,310)
Interest paid	(123)	(1,939)
Net cash used in financing activities	<u>19,661</u>	<u>5,226</u>
Net increase/(decrease) in cash and cash equivalents	<u>167</u>	<u>(721)</u>
Cash and cash equivalents at beginning of year	2,221	2,942
Cash and cash equivalents at the end of year	<u><u>2,388</u></u>	<u><u>2,221</u></u>
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	2,388	2,221
	<u><u>2,388</u></u>	<u><u>2,221</u></u>

The notes on pages 24 to 48 form part of these financial statements.

Cardiff City Football Club (Holdings) Limited

Notes to the Financial Statements For the Year Ended 31 May 2020

1. General information

The Company is a United Kingdom private company limited by shares. It is both incorporated and domiciled in England and Wales. The registered office address is Cardiff City Stadium, Leckwith Road, Cardiff, CF11 8AZ.

These financial statements are presented in Pounds Sterling (GBP), as that is the currency in which the majority of the Group's transactions are denominated. They comprise the financial statements of the Company and Group for the year ended 31 May 2020 and are presented to the nearest thousand pound (£'000).

The Group has determined that GBP is its functional currency, as this is the currency of the economic environment in which the Group predominantly operates.

The principal activity of the Group during the year was that of a professional football club incorporating the operation of a multi-use sports stadium.

2. Accounting policies

2.1 Basis of preparation of financial statements

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

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

2.2 Basis of consolidation

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

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

In accordance with the transitional exemption available in FRS 102, the group has chosen not to retrospectively apply the standard to business combinations that occurred before the date of transition to FRS 102, being 1 June 2017.

Cardiff City Football Club (Holdings) Limited

Notes to the Financial Statements For the Year Ended 31 May 2020

2. Accounting policies (continued)

2.3 Going concern

In assessing the appropriateness of the going concern assumption, the Directors have produced detailed cash flow forecasts which extend to the end of the 2021/2022 football season. However, it is acknowledged that the global and UK outbreak of COVID-19 has had a profound impact on the Company and the Group in a number of respects.

At 31 May 2020, the Group had net liabilities of £24 million and net current liabilities of £107 million of which £49m was owed to shareholders and connected parties.

As noted in the strategic review, the temporary cessation of the 2019/20 football season during the pandemic, and games continuing behind closed doors since reintroduction in June 2020, has had a significant impact on the Club's match day income generation. As such the director's undertook a number of proactive measures to partially mitigate this impact, including cost review and control mechanisms and utilisation of the UK Government Job Retention Scheme for a number of its employees. The resumption of competitive football in June 2020 not only allowed the Club to fulfil its fixtures but also allowed the EFL to continue to deliver the league, and therefore the associated central revenues. Since the resumption of football in June, all matches since that date have been played behind closed doors, and at the time of issuing these accounts there is no guaranteed date when spectators will be allowed to return. However, the Government's 'road-map' currently suggests partial reintroduction of fans from May 2021 with full attendances no earlier than 21 June 2021. Despite this, the Club has been able to look at secondary income generation through live match streaming, online commercial activity and the hiring out of the stadium to other organisations, which again has partially mitigated the impact of COVID-19.

In light of the potential impacts of COVID-19, the directors have modelled various forecast scenarios which indicate that the Company and Group would be required to secure additional shareholder funding which is not yet guaranteed. This represents a material uncertainty that may cast significant doubt over the Club's and hence the Group's ability to continue as a going concern for the foreseeable future.

However, with both the resumption of EFL activities, actions taken by the Directors in regards to significant financial and operational adjustments, and a non-binding letter of support from the principal shareholder, it is the opinion of the directors that the club will remain solvent for the foreseeable future. As such, while there will always remain inherent uncertainty, a gradual return to the Club's previous financial position is expected in the medium/long term and the Directors have therefore concluded that it is appropriate for the financial statements to be prepared on the going concern basis.

The financial statements do not include any adjustments that would result if the going concern basis of preparation were to become no longer appropriate.

Cardiff City Football Club (Holdings) Limited

Notes to the Financial Statements For the Year Ended 31 May 2020

2. Accounting policies (continued)

2.4 Foreign currency translation

Functional and presentation currency

The Company and Group's functional and presentational currency is GBP.

Transactions and balances

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

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

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss except when deferred in other comprehensive income as qualifying cash flow hedges.

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

2.5 Revenue

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable in the normal course of business, net of discounts, VAT and other sales-related tax.

Gate receipts, other match day revenue and prize money in respect of cup competitions are recognised as the games are played. Sponsorship and similar commercial income is recognised over the duration of the respective contracts where it is probable that the income will be received. The fixed element of broadcasting revenues is recognised over the duration of the football season, based on matches played, whilst facility fees received for live coverage or highlights are taken when earned. Merit awards in excess of the minimum receivable are accounted for only when known at the end of the football season.

Merchandising revenue is recognised when goods are delivered and title has passed.

2.6 Operating leases: the Group as lessee

Rentals paid under operating leases are charged to profit or loss on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

2.7 Interest income

Interest income is recognised in profit or loss using the effective interest method.

Cardiff City Football Club (Holdings) Limited

Notes to the Financial Statements For the Year Ended 31 May 2020

2. Accounting policies (continued)

2.8 Finance costs

Finance costs of borrowings are recognised in the Consolidated Statement of Comprehensive Income 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 borrowing.

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 Consolidated Statement of Comprehensive Income.

2.9 Borrowing costs

All borrowing costs are recognised in profit or loss in the year in which they are incurred.

2.10 Pensions

Defined contribution pension plan

The Group operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. Once the contributions have been paid the Group has no further payment obligations.

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of Financial Position. The assets of the plan are held separately from the Group in independently administered funds.

2.11 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

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

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

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

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

Cardiff City Football Club (Holdings) Limited

Notes to the Financial Statements For the Year Ended 31 May 2020

2. Accounting policies (continued)

2.12 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 players.

(ii) Amortisation

These costs are fully amortised on a straight-line basis over their useful economic lives, being the period of the respective contracts. Where a contract life is renegotiated, the unamortised costs, together with the new costs relating to the contract extension, are amortised over the term of the new contract.

(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 number of certain number of First Team appearances or on the occurrence of certain other specified future events. Liabilities in respect of these additional transfer related costs not recognised at date of acquisition are accounted for when they become probable, which is typically when they are confirmed and taken directly to the Statement of Comprehensive Income.

(iv) Impairment

The Group will perform an impairment review on the intangible assets if events or changes in circumstances give cause for a player to be taken out of the football club cash generating unit ("CGU") and that indicate that the carrying amount of the player may not be fully recoverable. The Group compares the carrying amount of the player's registration with its recoverable amount. Impairment losses are recognised in profit or loss during the period and are included within administrative expenses in the Statement of Comprehensive Income.

The Group considers the recoverable amounts of individual player registrations, being the higher of their fair value less costs to sell and their value in use. The Group estimates fair value less costs to sell 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 that there is an agreement to transfer the player 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 or condition, the value attributed to the player by the Group's insurers.

Cardiff City Football Club (Holdings) Limited

Notes to the Financial Statements For the Year Ended 31 May 2020

2. Accounting policies (continued)

2.12 Player costs and transactions (continued)

(v) Disposals

Profits or losses on the disposal of these player 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 signing-on or loyalty fees are capitalised and then amortised over the term of the contract.

Discretionary bonuses, e.g. appearance fees, win/draw bonuses, are provided for, as part of operating expenses, when payment becomes probable or due contractually.

2.13 Goodwill

Goodwill represents the excess of the cost of a business combination over the fair value of the group's share of the net identifiable assets of the acquired subsidiary at the date of acquisition. Goodwill on acquisitions of subsidiaries is included in 'intangible assets'.

For business combinations occurring after 1 January 2019, intangible assets acquired are recognised separately from goodwill only when they are separable from the acquired entity and give rise to other contractual/legal rights. Prior to 1 January 2019 intangible assets acquired were recognised separately from goodwill when they were separable from the acquired entity or gave rise to other contractual/legal rights.

Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold. Goodwill is carried at cost less accumulated amortisation and accumulated impairment losses. Goodwill amortisation is calculated by applying the straight-line method to its estimated useful life. If a reliable estimate cannot be made, the useful life of goodwill is presumed to be 10 years.

Estimates of the useful economic life of goodwill are based on a variety of factors such as the expected use of the acquired business, the expected useful life of the cash generating units to which the goodwill is attributed, any legal, regulatory or contractual provisions that can limit useful life and assumptions that market participants would consider in respect of similar businesses.

2.14 Tangible fixed assets

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

The Group adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the Group. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

Cardiff City Football Club (Holdings) Limited

Notes to the Financial Statements For the Year Ended 31 May 2020

2. Accounting policies (continued)

2.14 Tangible fixed assets (continued)

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

Depreciation is provided on the following basis:

Cardiff City Stadium	- 2%
Training ground improvements	- 10%
Motor vehicles	- 25%
Fixtures and equipment	- 10-25%

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

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

2.15 Revaluation of tangible fixed assets

Individual leasehold properties are carried at current year value at fair value at the date of the revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are undertaken with sufficient regularity to ensure the carrying amount does not differ materially from that which would be determined using fair value at the Statement of Financial Position date.

Fair values are determined from market based evidence normally undertaken by professionally qualified valuers.

Revaluation gains and losses are recognised in other comprehensive income unless losses exceed the previously recognised gains or reflect a clear consumption of economic benefits, in which case the excess losses are recognised in profit or loss.

2.16 Impairment of fixed assets and goodwill

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

2.17 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

Cardiff City Football Club (Holdings) Limited

Notes to the Financial Statements For the Year Ended 31 May 2020

2. Accounting policies (continued)

2.18 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis.

At each reporting date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price. The impairment loss is recognised immediately in profit or loss.

2.19 Debtors

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

2.20 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours.

Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.21 Creditors

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

2.22 Provisions for liabilities

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

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

When payments are eventually made, they are charged to the provision carried in the Statement of Financial Position with any residual difference taken to profit or loss.

2.23 Financial instruments

The Group only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or in case of an

Cardiff City Football Club (Holdings) Limited

Notes to the Financial Statements For the Year Ended 31 May 2020

2. Accounting policies (continued)

2.23 Financial instruments (continued)

out-right short-term loan that is not at market rate, the financial asset or liability is measured, initially at the present value of future cash flows discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost, unless it qualifies as a loan from a director in the case of a small company, or a public benefit entity concessionary loan.

The proceeds received on issue of convertible debt are allocated into their liability and equity components and presented separately in the Statement of Financial Position. The amount initially attributed to the debt component equals the discounted cash flows using a market rate of interest that would be payable on a similar debt instrument that did not include an option to convert. The difference between the net proceeds of the convertible debt and the amount allocated to the debt component is credited direct to equity and is not subsequently remeasured. On conversion, the debt and equity elements are credited to share capital and share premium as appropriate. Transaction costs that relate to the issue of the instrument are allocated to the liability and equity components of the instrument in proportion to the allocation of proceeds.

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

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

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

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

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

In preparing the financial statements, management is required to make estimates and assumptions which affect reported income, expenses, assets, liabilities and disclosure of contingent assets and liabilities. Use of available information and application of judgement are inherent in the formation of estimates, together with past experience and expectations of future events that are believed to be reasonable under the circumstances. Actual results in the future could differ from such estimates.

The directors consider the following areas to involve considerable degree of estimation uncertainty:

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.

Cardiff City Football Club (Holdings) Limited

Notes to the Financial Statements For the Year Ended 31 May 2020

4. Turnover

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

	2020 £000	2019 £000
Gate receipts & match day income	3,727	7,878
Centralised broadcasting & commercial distributions	36,840	106,904
Sponsorship, advertising & other commercial income	5,470	10,434
	<u>46,037</u>	<u>125,216</u>

All turnover arose within the United Kingdom.

5. Other operating income

	2020 £000	2019 £000
Furlough claim income	<u>457</u>	<u>-</u>

6. Operating (loss)/profit

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

	2020 £000	2019 £000
Disposal of tangible fixed assets	-	3
Rent receivable	(37)	(42)
Inventory expensed	698	1,039
Amortisation	17,769	15,208
Impairment of player registrations	67	11,579
Depreciation	2,629	2,581
Other operating lease rentals	<u>380</u>	<u>338</u>

Cardiff City Football Club (Holdings) Limited

Notes to the Financial Statements For the Year Ended 31 May 2020

7. Auditors' remuneration

	2020 £000	2019 £000
Fees payable to the Group's auditor and its associates for the audit of the Group's annual financial statements	<u>55</u>	<u>45</u>
Fees payable to the Group's auditor and its associates in respect of:		
Taxation compliance services	12	10
Advisory	11	13
	<u>23</u>	<u>23</u>

8. Employees

Staff costs, including directors' remuneration, were as follows:

	Group 2020 £000	Group 2019 £000	Company 2020 £000	Company 2019 £000
Wages and salaries	31,504	47,674	-	-
Social security costs	3,985	5,875	-	-
Cost of defined contribution scheme	151	102	-	-
	<u>35,640</u>	<u>53,651</u>	<u>-</u>	<u>-</u>

Included in the above is £27,880,000 (2019: £42,519,000) in respect of player related wages.

The average monthly number of employees, including the directors, during the year was as follows:

	2020 No.	2019 No.
Players	57	49
Other staff	152	141
	<u>209</u>	<u>190</u>

Cardiff City Football Club (Holdings) Limited

Notes to the Financial Statements For the Year Ended 31 May 2020

9. Directors' remuneration

	2020 £000	2019 £000
Directors' emoluments - paid as salary	309	320
Directors' emoluments - paid as tax on other benefits	198	60
Social security costs	69	42
Other benefits	136	111
	<u>712</u>	<u>533</u>

The highest paid director received remuneration of £507,000 (2019 - £380,000).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £15,000 (2019 - £10,000).

10. Interest receivable

	2020 £000	2019 £000
Bank interest receivable	25	35
Loan interest receivable	-	64
	<u>25</u>	<u>99</u>

11. Interest payable and similar expenses

	2020 £000	2019 £000
Loan discounting on director's loan in subsidiary company	17	15
Related undertakings interest and associated withholding tax	123	99
Other interest payable	2,006	1,825
	<u>2,146</u>	<u>1,939</u>

Cardiff City Football Club (Holdings) Limited

Notes to the Financial Statements For the Year Ended 31 May 2020

12. Taxation

	2020 £000	2019 £000
Total current tax	-	-
Deferred tax		
Origination and reversal of timing differences	-	3,322
Total deferred tax	-	3,322
Taxation on loss on ordinary activities	-	3,322

Cardiff City Football Club (Holdings) Limited

Notes to the Financial Statements For the Year Ended 31 May 2020

12. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2019 - higher than) the standard rate of corporation tax in the UK of 19% (2019 - 19%). The differences are explained below:

	2020 £000	2019 £000
(Loss)/profit on ordinary activities before tax	(12,260)	2,567
(Loss)/profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2019 - 19%)	(2,329)	488
Effects of:		
Expenses not deductible for tax purposes	60	100
Fixed asset differences	439	432
Other permanent differences	39	59
Deferred tax relating to other comprehensive income	(271)	-
Adjust opening deferred tax to average rate of 19%	-	(114)
Remeasurement of deferred tax for changes in tax rates	(2,904)	-
Deferred tax not recognised	4,966	2,357
Total tax charge/(credit) for the year	-	3,322

A deferred tax liability of £2.6m (2019: £2.3m) has been recognised in respect of the potential chargeable gain based on the revaluation of the stadium. The assets and liabilities are not offset as the Group does not intend to realise the asset and settle the liability at the same time. The increase in the deferred tax liability solely relates to the change in future tax rates.

A further potential deferred tax asset exists at the reporting date in respect of additional tax losses carried forward. The potential deferred tax asset offsets a deferred tax liability in respect of fixed asset timing differences (other than the chargeable gain). This has not been recognised in the financial statements as there is insufficient evidence that the overall asset will be recoverable. Tax losses carried forward at the reporting date were £170m (2019: £162m). No deferred tax asset has been recognised in respect of these losses.

Cardiff City Football Club (Holdings) Limited

Notes to the Financial Statements For the Year Ended 31 May 2020

13. Intangible assets

Group

	Player registrations £000	Goodwill £000	Total £000
Cost			
At 1 June 2019	57,220	1,514	58,734
Additions	18,522	-	18,522
Disposals	(14,628)	-	(14,628)
At 31 May 2020	<u>61,114</u>	<u>1,514</u>	<u>62,628</u>
Amortisation and impairment			
At 1 June 2019	33,704	1,514	35,218
Charge for the year	17,769	-	17,769
On disposals	(14,628)	-	(14,628)
Impairment charge	67	-	67
At 31 May 2020	<u>36,912</u>	<u>1,514</u>	<u>38,426</u>
Net book value			
At 31 May 2020	<u>24,202</u>	<u>-</u>	<u>24,202</u>
At 31 May 2019	<u>23,516</u>	<u>-</u>	<u>23,516</u>

Amortisation of £17,769,000 (2019: £15,208,000) and impairment of £67,000 (2019: £11,579,000) have been charged and included as part of administration expenses in the Statement of Comprehensive Income as disclosed in note 2.12.

The average remaining amortisation period per player contract as at 31 May 2020 is 16 months (31 May 2019: 19 months).

Cardiff City Football Club (Holdings) Limited

Notes to the Financial Statements For the Year Ended 31 May 2020

14. Tangible fixed assets

Group

	Cardiff City Stadium £000	Training ground improvements £000	Motor vehicles £000	Fixtures and equipment £000	Total £000
Cost or valuation					
At 1 June 2019	84,939	1,129	82	3,247	89,397
Additions	382	-	-	247	629
At 31 May 2020	85,321	1,129	82	3,494	90,026
Depreciation					
At 1 June 2019	2,137	730	39	2,000	4,906
Charge for the year	2,205	85	14	325	2,629
At 31 May 2020	4,342	815	53	2,325	7,535
Net book value					
At 31 May 2020	80,979	314	29	1,169	82,491
At 31 May 2019	82,802	399	43	1,247	84,491

Cardiff City Stadium land is held on a 150-year lease from Cardiff City Council which commenced in September 2009. Cardiff City Council provided a capital contribution towards the cost of the new stadium project. The capital contribution is secured by way of first charge over Cardiff City Stadium leasehold property.

As at 31 May 2018, the Company sought professional advice from Savills (UK) Limited (RICS registered valuers) as to the valuation of the stadium at the year-end date and were advised that the carrying value based on a depreciated replacement cost basis equated to £83,500,000, an increase of £29,253,000 from the previous carrying value. The directors have considered the value of the stadium at 31 May 2020 and consider there to have been no material change to its value in the year.

Cardiff City Football Club (Holdings) Limited

Notes to the Financial Statements For the Year Ended 31 May 2020

14. Tangible fixed assets (continued)

If the land and buildings had not been included at valuation they would have been included under the historical cost convention as follows:

	2020 £000	2019 £000
Group		
Cost	43,073	42,691
Accumulated depreciation	(8,920)	(8,059)
Net book value	34,153	34,632

15. Fixed asset investments

Company

	Investments in subsidiary companies £000
Cost or valuation	
At 1 June 2019	685
At 31 May 2020	685

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Class of shares	Holding
Cardiff City Football Club Limited	Ordinary	100%
Cardiff City Stadium Limited	Ordinary	100%
Cardiff City Premier Seating Limited	Ordinary	100%

Cardiff City Premier Seating Limited is indirectly held.

All subsidiary undertakings are registered at the same address, being Cardiff City Stadium, Leckwith Road, Cardiff, South Glamorgan, CF11 8AZ.

Cardiff City Football Club (Holdings) Limited

Notes to the Financial Statements For the Year Ended 31 May 2020

16. Stocks

	Group 2020 £000	Group 2019 £000	Company 2020 £000	Company 2019 £000
Stocks	207	131	-	-

17. Debtors

	Group 2020 £000	Group 2019 £000	Company 2020 £000	Company 2019 £000
Due after more than one year				
Football receivables	5,925	666	-	-

	Group 2020 £000	Group 2019 £000	Company 2020 £000	Company 2019 £000
Due within one year				
Trade debtors	279	394	-	-
Football receivables	7,119	974	-	-
Amounts owed by group undertakings	-	-	109,586	109,586
Other debtors	446	106	-	-
Prepayments and accrued income	688	1,579	-	-
Premier League accrued income	-	10,503	-	-
	8,532	13,556	109,586	109,586

The directors are satisfied that the amounts owed by group undertakings, in particular the £106,864,000 (2019: £106,864,000) due from Cardiff City Football Club Limited, is fully recoverable because it has the support of the companies' ultimate owner, Tan Sri Dato' Seri Vincent Tan Chee Yioun.

Cardiff City Football Club (Holdings) Limited

Notes to the Financial Statements For the Year Ended 31 May 2020

18. Creditors: Amounts falling due within one year

	Group 2020 £000	Group 2019 £000	Company 2020 £000	Company 2019 £000
Other loans	37,619	40,920	-	-
Loans from shareholders and connected parties	48,933	40,100	-	-
Trade creditors	1,417	1,454	-	-
Football payables	3,866	10,058	-	-
Loans from director of subsidiary company	250	-	-	-
Loans from directors	-	200	-	-
Other taxation and social security	2,723	4,101	-	-
Other creditors	3,550	81	-	-
Accruals and deferred income	20,233	17,103	-	-
	118,591	114,017	-	-

Loans from shareholders and connected parties

The key terms of the interest bearing loan with conversion rights are:

- interest accrues on the £18,426,561 interest bearing element at an annual rate of 7%;
- the loans are secured by way of a charge over the assets and undertaking of the principal trading company within the Group; and
- the lender has the right to convert that element of the loan that is interest bearing with conversion rights, including accrued interest, into equity at any time, at a fixed conversion price of 15.69 pence per share.

The key terms of the non-interest bearing loan without conversion rights is:

- the loans are secured by way of a charge over the assets and undertaking of the principal trading company within the Group.

Also, included above is a £3m loan (2019: £3m) from u-Peng Tan, the son of the ultimate controlling party, which has the same terms and conditions as the shareholder loans described above.

Other loans

Included within other loans is an amount of £32.5m (2019: £40.9m) which is secured on guaranteed future revenue streams. A further amount of £10.9m is secured on deferred player proceeds which are included within football receivables in note 17.

Included within other creditors is £2,091,000 (2019: £nil) relating to clawback amounts owed to the English Premier League.

Included within accruals and deferred income is £8,765,000 (2019: £nil) of deferred income relating to the 2019/20 season's matches postponed until after the year end.

Cardiff City Football Club (Holdings) Limited

Notes to the Financial Statements For the Year Ended 31 May 2020

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

	Group 2020 £000	Group 2019 £000	Company 2020 £000	Company 2019 £000
Other loans	5,875	-	-	-
Football payables	8	-	-	-
Loans from director of subsidiary company	-	233	-	-
	<u>5,883</u>	<u>233</u>	<u>-</u>	<u>-</u>

Loans from director of subsidiary company

At the year end, the balance was repayable by 14 December 2020. Following the year end, the repayment date was extended to be repayable in full on or before 14 December 2021. The loan is unsecured and interest has been waived to date.

The maturity profile of the director's loan at the reporting date which has been discounted at the Group's cost of capital and which does not include interest payments is as follows:

	2020 £000	2019 £000
Due within less than two years	-	250
Discounting on loan	-	(17)
	<u>-</u>	<u>233</u>

Cardiff City Football Club (Holdings) Limited

Notes to the Financial Statements For the Year Ended 31 May 2020

20. Financial instruments

	Group 2020 £000	Group 2019 £000	Company 2020 £000	Company 2019 £000
Financial assets				
Financial assets measured at fair value through profit or loss	2,388	12,724	-	-
Financial assets that are debt instruments measured at amortised cost	13,781	12,653	109,586	109,586
	<u>16,169</u>	<u>25,377</u>	<u>109,586</u>	<u>109,586</u>
Financial liabilities				
Financial liabilities measured at amortised cost	(112,883)	(106,263)	-	-

Financial assets measured at fair value through profit or loss comprise cash at bank and in hand.

Financial assets that are debt instruments measured at amortised cost comprise trade debtors, amounts owed by group undertakings, other debtors and accrued income.

Financial liabilities measured at amortised cost comprise loans, trade creditors, other creditors and accruals.

Cardiff City Football Club (Holdings) Limited

Notes to the Financial Statements For the Year Ended 31 May 2020

21. Deferred taxation liability

Group

	2020 £000
At beginning of year	(2,302)
Charged to profit or loss	-
Charged to other comprehensive income	(271)
At end of year	(2,573)
	Group 2020 £000
Revaluation of property	(2,573)
	(2,573)
Comprising:	
Provision	(2,573)
	(2,573)
	Group 2019 £000
	(2,302)
	(2,302)

22. Provisions

Group

	Other provisions £000
At 1 June 2019	19,503
Charged to profit or loss	1,200
At 31 May 2020 (note 25)	20,703

Cardiff City Football Club (Holdings) Limited

Notes to the Financial Statements For the Year Ended 31 May 2020

23. Share capital

	2020 £000	2019 £000
Allotted, called up and fully paid		
946,106,810 (2019: 946,106,810) Ordinary shares of £0.10 each	94,611	94,611

24. Reserves

Share premium account

This reserve records the excess paid on shares issued.

Revaluation reserve

This reserve records the historical revaluations net of related deferred tax.

Capital redemption reserve

This reserve records the historical nominal value of cancelled share capital.

Profit and loss account

This reserve records retained earnings and accumulated losses.

25. Contingent liabilities

The Group has commitments under player registration transfer contracts with other football clubs to pay up to £7,090,000 (2019: £6,540,000) which are conditional upon one or more future events. Given that such future events are not yet considered probable, no provision has been made for these amounts in these financial statements.

As disclosed in the prior year accounts, a claim has been made against a subsidiary company as at the reporting date. The Board are advised that the claim is misconceived and that no provision is required in the accounts.

In respect of an ongoing contractual dispute with another football club that arose in January 2019, the Club has lodged an appeal with the Court of Arbitration for Sport ("CAS") against an earlier ruling by FIFA.

Although the Directors, after taking legal advice, are of the opinion that the appeal has good prospects of success and will achieve a favourable outcome, no decision has yet been made by CAS. Due to the uncertainty involved, the Directors have prudently included adequate provision in these accounts should their appeal be unsuccessful.

26. Pension commitments

The Group operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Group in an independently administered fund. The pension cost charge represents contributions payable by the Group to the fund and amounted to £151,000 (2019: £102,000). Contributions totalling £28,000 (2019: £27,000) were payable to the fund at the reporting date and are included in creditors.

Cardiff City Football Club (Holdings) Limited

Notes to the Financial Statements For the Year Ended 31 May 2020

27. Commitments under operating leases

At 31 May 2019 the Group and the Company had future minimum lease payments under non-cancellable operating leases as follows:

	Group 2020 £000	Group 2019 £000	Company 2020 £000	Company 2019 £000
Not later than 1 year	540	530	-	-
Later than 1 year and not later than 5 years	2,000	2,120	-	-
Later than 5 years	515	887	-	-
	<u>3,055</u>	<u>3,537</u>	<u>-</u>	<u>-</u>

28. Related party transactions

The Company has taken exemption under FRS 102 section 33.1A from disclosing transactions with group companies, on the grounds that each company party to the transactions is wholly owned within the group.

Transactions with related parties

During the year the Group received loan advances from a director of £4,000,000 (2019: £nil), which was repaid during the year. The interest charged in the year amounted to £123,000 (2019: £nil).

During the year the Group traded with the following companies which have one or more directors in common:

CMB Group of Companies - net purchases of £32,000 (2019: £195,912) in respect of engineering and maintenance services, year-end debtor £6,000 (2019: £459).

Cardiff City House of Sport Limited - net purchases of £158,000 (2019: £147,731) in respect of the hire of facilities, year-end creditor £15,000 (2019: £nil).

HR Owen plc - net sales of £63,000 (2019: £nil) in respect of sales of match tickets and advertising and purchases of transportation services provided during the year. No outstanding balance at the year end (2019: £nil).

Cardiff City FC Foundation - net purchases of £150,000 (2019: £178,913) in respect of charitable activity, year-end creditor £100,000 (2019: £nil).

Other related party transactions

During the year the Group traded with WMG Funds Limited, a company in which a director of Cardiff City Football Club Limited has significant influence over - net purchases of £236,000 (2019: £832,000) in respect of professional services rendered, year-end creditor of £126,000 (2019: £nil).

During the year the Group traded with and borrowed from entities in which a director of Cardiff City Football Club Limited has significant influence over:

Tormen Finance Inc. - advanced £nil (2019: £10m) to the Group at an interest rate of 9%. The interest charged in the year amounted to £nil (2019: £99,000).

Tormen Finance Inc. - net purchases of £350,000 (2019: £135,258) in respect of consultation services, year-end creditor of £nil (2019: £nil).

Cardiff City Football Club (Holdings) Limited

Notes to the Financial Statements For the Year Ended 31 May 2020

28. Related party transactions (continued)

Key management personnel

In addition to the remuneration detailed in note 9, a further £1,578,000 (2019: £3,022,617) was paid to other key management personnel in respect of short term employee benefits.

29. Post balance sheet events

Subsequent to the year end and prior to the signing of these financial statements, the Group has acquired player registrations totalling £5,209,000 (2019: £23,095,359) of which £nil (2019: £420,000) is contingent upon one or more future events. These have been funded by additional shareholder loans.

Subsequent to the year end and at the time of the signing of these financial statements, the Group has received funding of £34.8m on interest rates of up to 9% per annum.

30. Controlling party

The ultimate controlling party is considered to be Tan Sri Dato' Seri Vincent Tan Chee Yioun due to his majority shareholding in Cardiff City Football Club (Holdings) Limited.