EFL Digital Limited

Annual report and financial statements

Registered number 4112553

Period ended 31 July 2021

Contents

Officers and Professional Advisors

Directors

T N Birch
J A G Karran
B M Wright

Secretary

N Craig

Registered office

EFL House
10-12 West Cliff
Preston
PR1 8HU

Banker

Barclays Bank PLC
PO Box 378
71 Grey Street
Newcastle upon Tyne
NE99 1JP

Auditor

KPMG LLP
1 St Peter's Square
Manchester
M2 3AE

Strategic Report

The directors present their strategic report of the company for the period ended 31 July 2021.

Review of the business

The principal activity of the company is the exploitation of certain internet, mobile and other commercial rights granted to it by The Football League Limited and by a number of football clubs that compete in the English Football League ("EFL"), Premier League and the National League (the "Participating Clubs").

The directors are satisfied with the company's performance during the period under review and continue to seek growth both in new areas and through the delivery of "Live Streams" to domestic customers who are unable to attend matches as a result of the COVID-19 Pandemic, whilst making every effort to retain established revenue sources.

This period was the fourth full year of the EFL Digital agreement, the fundamental commercial element of which is the delivery of "Live Streams" of select EFL matches (iFollow) to various markets. This product supplements the ongoing commercial opportunities and revenue streams that the digital platform provides.

The results for the period are set out on page 12. Turnover increased by £20,368k to £35,344k (2020: £14,976k). This increase was driven by the UK "Live Stream" growth, following the government enforced lockdown. Article 48 was suspended for the 2020/21 season allowing all fixtures except for those chosen for TV broadcasting to be streamed live domestically, whilst fans were unable to attend the stadium in person. Total expenditure has increased by £20,238k to £35,426k *(2020: £15,188k)* driven by an overall distributions increase to both EFL Digital and Non-EFL Digital Clubs of £20,083k to £27,596k *(2020: £7,513k)*.

In addition to this, Clubs were able to leverage iFollow to provide viewing access for Season Ticket holders, where those same fans were unable to attend behind-closed-doors during the pandemic. This facility enabled Clubs to retain the value of their season tickets rather than issue refunds or rebates, thus securing them an estimated £35m worth of revenue.

The 2021/22 Season has commenced with fans back in stadiums across all EFL competitions and as a result the company expects a decrease in revenue and a resulting decrease in distributions for the next financial year.

Key performance indicators

The company has set specific business objectives which are monitored using a number of key performance indicators ("KPIs"). The relevant KPIs for this report are detailed below:

	2021	2020
	£'000	£'000
Revenues		
Syndication	**5,489**	5,314
iFollow Product	**25,582**	4,941
Advertising	**2,878**	2,537
Service Fees	**752**	1,529
Betting	**454**	466
YouTube	**189**	189
Distributions to EFL Digital Member Clubs	**24,504**	3,910
	No.	No.
Number of EFL Digital Clubs	**59**	62
Average Number of iFollow subscribers	**23,636**	49,119

The 55 EFL Clubs (2020: 54) on the EFL Digital platform had 45,097 domestic audio unique customers during the 2020/21 season (2020: 56,549) and 28,069 international streaming unique customers (2020: 32,831) made up of 8,771 season ticket holders (2020: 11,454), 4,606 monthly pass holders (2020: 0) and 16,758 match pass holders (2020: 23,185) who between them purchased 56,220 international match passes (2020: 80,860).

In 2020/21 the UK Live Streaming product for the 55 EFL Clubs (2020: 54) within the platform produced 322,382 unique customers (2020: 81,603), who between them purchased 2,571,238 UK match passes (2020: 220,226) thus

Strategic Report *(continued)*

contributing to the significant increase in iFollow Product revenue and the reduced number of monthly and seasonal subscribers as highlighted above.

Principal risks and uncertainties

The company recognises that effective risk management is fundamental to achieving its business objectives. Risk management contributes to the success of the business by identifying opportunities and anticipating risks in order to improve business performance and fulfil the company's contractual obligations.

Financial risk management objectives and policies

The company's activities expose it to a number of financial risks including credit risk, cash flow risk and liquidity risk.

Cash flow risk

In order to fund the new Website Platform in 2017, the Company received a loan of £3,874,273 from The Football League Limited which is repayable over the length of the new licence agreements running up to 30 June 2023. At the period-end the outstanding balance was £1,244,412 (2020: £1,839,372).

Clubs have welcomed the return of fans, which has decreased the level of activity within EFL Digital. Due to the unpredictability of the COVID-19 Pandemic, we may need to revert to EFL Digital being used to replace gate revenue if matches were required to be played behind closed doors. The current Distribution model would enable the company to react accordingly to any potential changes that would affect EFL Digital's iFollow revenue.

The company has made losses year on year due to the Distribution model, but cash flow forecasts have been prepared up to June 2023, which is when the contract for the current platform expires. The cash flow forecasts provide a positive headroom throughout each month.

Interest bearing assets and liabilities are held at fixed rate to ensure certainty of cash flows.

The company's activities do not expose it to material financial risks of changes in foreign currency exchange rates and interest rates. Therefore, there is no requirement for the use of foreign exchange forward contracts and interest rate swap contracts to hedge these exposures.

Credit risk

The company's principal financial assets are bank balances, cash and trade and other receivables.

The company's credit risk is primarily attributable to its trade receivables. The amounts presented in the balance sheet are net of allowances for doubtful receivables. An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows.

The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

The concentration of the company's credit risk is spread over a small number of customers and therefore this has to be managed through a due diligence process prior to completion of any contract agreements in addition to a strict credit control policy.

Liquidity risk

To ensure that sufficient funds are available for ongoing operations and future developments, the company maintains a strong invoicing and credit control policy.

Research and development

In the current period, the company has incurred additional research and development expenditure of £nil (*2020: £nil*).

Strategic Report *(continued)*

Future developments

The directors expect the general level of activity within EFL Digital to decrease in the forthcoming year as a result of the return of fans into stadia and reverting back to the application of Article 48 which prevents the domestic streaming of all fixtures during blocked hours that are not selected for TV broadcast.

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Trevor Birch
Director

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PR1 8HU

17 December 2021

Directors' Report

The directors present their annual report and the audited financial statements for the period ended 31 July 2021.

Going concern

The Company's business activities, together with the factors likely to affect its future development and its financial position are described in the Strategic Report on pages 2, 3 and 4. The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future.

This assessment has been made by the Directors taking into account the following:

- The uncertainties of the consequences and duration of the Covid-19 pandemic, specifically around the return of fans into stadia and the ability to complete fixtures.
- Stress testing on the Group's forecasts to ensure it has the ability to cover cash requirements in the event of another pause in the season.

The Company has considered several adverse scenarios, including the suspension of the Season of a period of up to 6 months. Ultimately if revenue were to stop due to a suspended Season, the Company is well positioned to manage costs and distributions. Furthermore, any remaining costs would be funded through support from the Company's parent entity, The Football League Limited, which has indicated its intention to continue to support the Company for at least the next 12 months.

Thus they continue to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in note 1 of the financial statements.

Dividends

The directors do not recommend the payment of a dividend *(2020: £nil)*.

Change of financial period end

The financial statements have been prepared for the period 5 August 2020 to the 31 July 2021. The financial period end has therefore changed from 4 August to 31 July to align to the statutory year end.

The comparative figures for the income statements, statements of changes in equity, cash flow statements and the related notes are for thirteen months from 1 July 2019 to 4 August 2020 following a change in the financial period from 30 June to 31 July.

Directors

The current directors of the company are listed on page 1. The directors who served during the period are listed below.

D F Baldwin (appointed 12 October 2020 and resigned 31 December 2020)
T N Birch (appointed 1 January 2021)
N Craig (resigned 12 October 2020)
T S Detko (resigned 31 August 2020)
J A G Karran (appointed 12 October 2020)
B M Wright

Strategic Report

Disclosures required by s414C of the Companies Act 2006 which have been included within the Strategic Report on pages 2, 3 and 4 are:

- Financial risk management objectives and policies;
- Research and development;
- Future developments; and
- Events which have occurred since the end of the financial period.

Disclosure of information to the auditor

The directors who held office at the date of approval of this Directors' Report confirm that, so far as they are each aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the company's auditor is unaware; and each director has taken all the steps that they ought to have

Directors' Report *(continued)*

taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Auditor

In accordance with Section 485 of the Companies Act 2006, a resolution for the re-appointment of KPMG LLP as auditor of the company is to be proposed at the forthcoming Annual General Meeting.

Approved by the board of directors and signed on behalf of the board.

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Trevor Birch
Director

EFL House
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Preston
PR1 8HU

17 December 2021

Statement of Directors' Responsibilities in respect of the Strategic Report, the Directors' Report and the Financial Statements

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

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 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 of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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 enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

Independent auditor's report to the members of EFL Digital Limited

Opinion

We have audited the financial statements of EFL Digital Limited ("the Company") for the period ended 31 July 2021 which comprise the Profit and Loss Account and Other Comprehensive Income, Balance Sheet, Statement of Changes in Equity and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 July 2021 and of its loss for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Company or to cease its operations, and as they have concluded that the Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

In our evaluation of the directors' conclusions, we considered the inherent risks to the Company's business model and analysed how those risks might affect the Company's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the company will continue in operation.

KPMG

Independent auditor's report to the members of EFL Digital Limited (continued)

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of directors and the audit committee, and inspection of policy documentation as to the Company's high-level policies and procedures to prevent and detect fraud, including the Company's channel for "whistleblowing", as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Board meeting minutes.
- Considering remuneration incentive schemes and performance targets for directors.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, we perform procedures to address the risk of management override of controls, in particular the risk that management may be in a position to make inappropriate accounting entries. On this audit we do not believe there is a fraud risk related to revenue recognition because there are limited incentives and opportunities to manipulate revenue and no significant judgements applied in determining revenue recognition.

We did not identify any additional fraud risks.

We performed procedures including:

- Identifying journal entries to test based on risk criteria and comparing the identified entries to supporting documentation. These included those posted to unusual accounts.
- Assessing whether the judgements made in making accounting estimates are indicative of a potential bias.

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience, and through discussion with the directors and other management (as required by auditing standards), and discussed with the directors and other management the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation, and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Company is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: health and safety, data protection laws, anti-bribery, employment law and certain aspects of company legislation recognising the nature of the Company's activities and its legal form. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. Therefore, if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

KPMG

Independent auditor's report to the members of EFL Digital Limited (continued)

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

Strategic report and directors' report

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 7, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing 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 they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Independent auditor's report to the members of EFL Digital Limited (continued)

Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Roger Nixon

Roger Nixon (Senior Statutory Auditor)
for and on behalf of KPMG LLP
Chartered Accountants
1 St Peter's Square
Manchester
M2 3AE

22 December 2021

Profit and Loss Account and Other Comprehensive Income

for the period ended 31 July 2021

	Note	2021 £	2020 £
Turnover	2	35,343,841	14,975,905
Other operating charges		(35,426,192)	(15,187,711)
Operating loss	5	(82,351)	(211,806)
Interest receivable and similar income	6	441	2,910
Interest payable and similar charges	7	(50,752)	(68,207)
Loss before taxation		(132,662)	(277,103)
Tax on loss	8	28,726	32,966
Loss for the financial period		(103,936)	(244,137)
Other comprehensive income		-	-
Total comprehensive loss for the period		(103,936)	(244,137)

All transactions derive from continuing activities.

The accompanying notes on pages 15 to 23 form part of the financial statements.

Balance Sheet
as at 31 July 2021

	Note	2021	2021	2020	2020
		£	£	£	£
Fixed assets					
Intangible assets	*9*		**2,276,894**		3,139,049
Current assets					
Debtors	*10*	**2,050,256**		2,340,902	
Cash at bank and in hand		**153,590**		1,434,660	
		2,203,846		3,775,562	
Creditors: amounts falling due within one year	*11*	**(2,405,273)**		(4,122,265)	
Net current liabilities			**(201,427)**		(346,703)
Creditors: amounts falling due after more than one year	*12*		**(631,469)**		(1,244,412)
Net assets			**1,443,998**		1,547,934
Capital and reserves					
Called up share capital	*13*		**1,000**		1,000
Capital contribution reserve	*13*		**349,335**		349,335
Profit and loss account			**1,093,663**		1,197,599
Shareholder's funds			**1,443,998**		1,547,934

These financial statements were approved by the board of directors and were subsequently signed on the 17 December 2021 on its behalf by:

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Trevor Birch
Director

Company registered number: 4112553

The accompanying notes on pages 15 to 23 form part of the financial statements.

Statement of Changes in Equity
for the period ended 31 July 2021

	Called up Share capital £	Capital contribution reserve £	Profit and loss account £	Total equity £
Balance at 1 July 2019	1,000	349,335	1,441,736	1,792,071
Total comprehensive loss for the period				
Loss	-	-	(244,137)	(244,137)
Total comprehensive loss for the period	-	-	(244,137)	(244,137)
Balance at 4 August 2020	**1,000**	**349,335**	**1,197,599**	**1,547,934**

	Called up Share capital £	Capital contribution reserve £	Profit and loss account £	Total equity £
Balance at 5 August 2020	1,000	349,335	1,197,599	1,547,934
Total comprehensive loss for the period				
Loss	-	-	(103,936)	(103,936)
Total comprehensive loss for the period	-	-	(103,936)	(103,936)
Balance at 31 July 2021	**1,000**	**349,335**	**1,093,663**	**1,443,998**

The accompanying notes on pages 15 to 23 form part of the financial statements.

Notes

(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items that are considered material in relation to the company's financial statements.

Basis of preparation

EFL Digital Limited (the "company") is a company incorporated and domiciled in the United Kingdom. The address of the registered office is given on Page 1. The nature of the company's operations and its principal activities are set out in the Strategic Report on pages 2, 3 and 4.

The financial statements were prepared in accordance with Financial Reporting Standard 102 *The Financial Reporting Standard* applicable in the UK and Republic of Ireland (*"FRS 102"*). The presentation currency of these financial statements is sterling.

The company's ultimate parent undertaking, The Football League Limited includes the company in its consolidated financial statements. The consolidated financial statements of The Football League Limited are available to the public and may be obtained from Companies House. In these financial statements, the company is considered to be a qualifying entity (for the purposes of this FRS) and has applied the exemptions available under FRS 102 in respect of the following disclosures:

- Reconciliation of the number of shares outstanding from the beginning to end of the period;
- Cash Flow Statement and related notes; and
- Key Management Personnel compensation.

As the consolidated financial statements of the Football League Limited include the equivalent disclosures, the company has also taken the exemptions under FRS 102 available in respect of the following disclosures:

- The disclosures required by FRS 102.11 Basic Financial Instruments and FRS 102.12 Other Financial Instrument Issues in respect of financial instruments not falling within the fair value accounting rules of Paragraph 36(4) of Schedule 1.

The company proposes to continue to adopt the exemptions available under FRS102 in its next financial statements.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements. Judgements made by the directors in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed within note 19.

Change of financial period end

The financial statements have been prepared for the period 5 August 2020 to the 31 July 2021. The financial period end has therefore changed from 4 August to 31 July to align to the statutory year end.

The comparative figures for the income statements, statements of changes in equity, cash flow statements and the related notes are for thirteen months from 1 July 2019 to 4 August 2020 following a change in the financial period from 30 June to 31 July.

Going concern

The company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic Report. The Directors' Report further describes the financial position of the company, its cash flows, liquidity position and borrowing facilities; the company's objectives, policies and processes for managing its capital; its financial risk management objectives; and its exposure to credit risk and liquidity risk.

Notwithstanding net current liabilities of £201,427 as at 31 July 2021 and a loss for the period then ended of £103,936, the financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons.

The directors have prepared cash flow forecasts for a period of at least 12 months from the date of approval of these financial statements which indicate that, taking account of reasonably possible downsides, the company will have

Notes *(continued)*

1 Accounting policies *(continued)*

Going concern *(continued)*

sufficient funds, through funding from its ultimate parent company, The Football League, to meet its liabilities as they fall due for that period.

The Football League Limited has indicated its intention to continue to make available such funds as are needed by the company for the period covered by the forecasts. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

This assessment has been made by the Directors taking into account the following:

- The ongoing uncertainties of the consequences of the Covid-19 pandemic, specifically the potential for another lockdown resulting in behind closed doors football.
- Stress testing on the Group's forecasts to ensure it has the ability to cover cash requirements in the event of another pause in the Season.

The Company has considered several adverse scenarios, including the suspension of the Season of a period of up to 6 months. Ultimately if revenue were to stop due to a suspended Season, the Company is well positioned to manage costs and distributions. Furthermore, any remaining costs would be funded through support from the parent entity as described above.

Consequently, the directors are confident that the company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

Intangible assets – internet and media rights

The company has a licence for the exploitation of certain internet and other commercial rights granted to it by The Football League Limited and by the Participating Clubs, the cost of which had been capitalised as an asset. For the 2020/21 season there were 55 EFL *(2019/20: 54)* and 4 Non EFL *(2019/20: 8)* Clubs opted into the licence agreement running up to 30 June 2023.

The carrying values of intangible assets are reviewed for impairment, if events or changes in circumstances indicate that those carrying values may not be reasonable.

Intangible assets - Website research and development costs

Website research expenditure is written off as incurred. In accordance with FRS 102, website design and development costs are capitalised as intangible assets, having previously been capitalised as tangible fixed assets, only to the extent that the directors are satisfied as to the technical, commercial and financial viability of the individual project. Historically, all costs incurred from the development of the new platform for the EFL Digital network were capitalised. If there is insufficient evidence on which to base reasonable estimates of the economic benefits that will be generated in the period until the design and content are next updated, the costs of developing the design and content are charged to the profit and loss account as incurred.

Development costs attached to the platform have been capitalised and will be amortised up to 30 June 2023.

Capitalised intangible fixed assets are stated at cost, net of amortisation and any provision for impairment. Amortisation on intangible fixed assets is calculated on a straight line basis and aims to write down their cost over the period during which the company is expected to benefit as follows:

Website development costs	0 - 72 months

Deferred income

Deferred income comprises of subscription income received prior to the period-end in respect of the next football season.

Taxation

The taxation charge for the period is detailed in note 8.

Notes *(continued)*

1 Accounting policies *(continued)*

Taxation *(continued)*

Current tax, including UK corporation tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date. The charge for taxation is based on the profit or loss for the period and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred taxation is provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of income and expenditure in tax computations in periods different from those in which they are included in the financial statements. Deferred tax assets are recognised, without discounting, to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax is not provided on timing differences arising from the revaluation of fixed assets where there is no binding contract to dispose of these assets.

Pension costs

Retirement benefits to eligible employees are provided by way of contributions to a company personal pension plan. The amounts charged to operating profit are the contributions payable in the period. They are included as part of a management recharge from The Football League Limited. Differences between contributions payable in the period and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

Loan due to parent undertaking

Interest-bearing borrowings are recognised initially at the present value of future payments discounted at a market rate of interest. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest rate method, less any impairment losses.

2 Turnover

Turnover represents amounts receivable for goods and services provided in the normal course of business, net of trade discounts, VAT and other sales related taxes. Turnover from the supply of services represents the value of services provided under contracts to the extent that there is a right to consideration and is recorded at the value of the consideration due. All turnover arises in the United Kingdom, with the exception of £1,858,725 *(2020: £1,428,689)* which arises from the sale of subscriptions to the iFollow product to overseas customers, of which sales to the United States totalled £419,242 *(2020: £391,048)* and Australia totalled £179,759 *(2020: £137,215)*, with the remaining £1,259,724 *(2020: £900,426)* being sold to a number of different countries.

3 Staff Costs

All employees of the Company were transferred to The Football League Limited on 1 April 2018. Management charges of £332,872 in respect of the period ended 31 July 2021 *(2020: £276,569)* have been made by The Football League Limited to EFL Digital Limited to cover the wage costs of employees engaged in the business of EFL Digital. This management charge has been included in Other Operating charges.

4 Directors' remuneration

	2021	2020
	£	£
The total amounts for directors' remuneration and other benefits were as follows:		
Emoluments	-	-

In addition, there were no pension contributions made on behalf of the Directors in the period *(2020: £nil)*.

The remuneration for the current directors' services to the company is borne by the parent undertaking. An allocation of the services provided would not be material and therefore no amount has been attributed.

Notes *(continued)*

5 Expenses and auditor's remuneration

	2021	2020
	£	£
Operating loss is stated after charging:		
Amortisation of intangible fixed assets	**1,170,174**	1,180,649
Fees payable to the company auditor for the audit of the company's annual accounts	**16,000**	13,700
Fees payable to the company auditor for other services:		
Corporation tax compliance	**1,040**	1,040

6 Net interest receivable and similar income

	2021	2020
	£	£
Interest receivable	**441**	2,910

7 Net interest payable and similar charges

	2021	2020
	£	£
Interest payable on parent undertaking loan (notional interest rate 3%)	**50,752**	68,207

8 Taxation

Total tax credit recognised in the profit and loss account and other comprehensive income and equity

	2021	**2021**	2020	2020
	£	**£**	£	£
Current tax				
Current tax on loss for the period	-		-	
Adjustments in respect of prior periods	-		-	
Total current tax credit		-		-
Deferred tax				
Origination and reversal of timing differences	(28,726)		(32,966)	
Total deferred tax credit		**(28,726)**		(32,966)
Total tax credit		**(28,726)**		(32,966)

Notes *(continued)*

8 Taxation *(continued)*

			2021			2020
	Current tax	**Deferred tax**	**Total tax**	Current tax	Deferred tax	Total tax
	£	**£**	**£**	£	£	£
Recognised in profit and loss account	**-**	**(28,726)**	**(28,726)**	-	(32,966)	(32,966)

Reconciliation of effective tax rate

	2021	2020
	£	£
Loss for the period	**(103,936)**	(244,137)
Total tax credit	**(28,726)**	(32,966)
Loss excluding taxation	**(132,662)**	(277,103)
Tax on loss at standard UK corporation tax rate of 19% (*2020: 19%*)	**(25,206)**	(52,650)
Expenses not deductible for tax purposes	**15**	162
Adjustment to tax charge in respect of previous periods	**(16,895)**	(12,347)
Difference between current and deferred tax rate on b/fwd losses	**-**	(7,175)
Other	**13,360**	14,350
Total tax credit included in profit or loss account	**(28,726)**	(32,966)

Notes *(continued)*

9 Intangible fixed assets

	Internet & Media Rights £	Website Development Costs £	Total £
Cost			
At 5 August 2020	34,872,380	6,260,759	41,133,139
Additions	-	308,019	308,019
At 31 July 2021	34,872,380	6,568,778	**41,441,158**
Amortisation			
At 5 August 2020	34,872,379	3,121,711	37,994,090
Charge for the period	-	1,170,174	1,170,174
At 31 July 2021	34,872,379	4,291,885	**39,164,264**
Net book value			
At 31 July 2021	**1**	**2,276,893**	**2,276,894**
At 4 August 2020	1	3,139,048	3,139,049

10 Debtors

	2021 £	2020 £
Trade debtors	**346,990**	408,459
Other debtors	-	271,102
Amounts due from parent undertaking	**220,776**	609,647
VAT receivable	**843,622**	74,312
Corporation tax	-	69,723
Deferred tax	**135,034**	106,308
Prepayments and accrued income	**503,834**	801,351
	2,050,256	2,340,902

Notes *(continued)*

11 Creditors: Amounts falling due within one year

	2021	2020
	£	£
Trade creditors	**542,283**	449,077
Amounts owed to parent undertaking	**110,220**	883,341
Accruals and deferred income	**1,139,827**	2,194,887
Loan due to parent undertaking	**612,943**	594,960
	2,405,273	4,122,265

12 Creditors: Amounts falling due after more than one year

	2021	2020
	£	£
Loan due to parent undertaking	**631,469**	1,244,412

In order to fund the new Platform, in 2017 the Company received a loan from The Football League Limited of £3,874,273 which has been discounted using an imputed interest rate of 3%. The loan is repayable over the length of the new licence agreement, payable in 12 instalments, and running up to 30 June 2023. At the period end the Company had an outstanding balance of £1,244,412 *(2020: £1,839,372)*.

13 Capital and reserves

	2021	2020
Allotted, called up and fully paid	**£**	£
1,000 ordinary shares of £1 each	**1,000**	1,000

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

Capital contribution reserve

The capital contribution reserve comprises the interest expense in relation to the loan due to the parent undertaking.

14 Financial commitments

Capital commitments are as follows:	2021	2020
	£	£
Website development costs	**37,500**	129,346

Operating lease commitments

There were no operating lease commitments at 31 July 2021 (*2020: £nil*).

15 Contingent liabilities

There were no contingent liabilities at 31 July 2021 (*2020: £nil*).

Notes *(continued)*

16 Pension scheme

The Football League Limited operates a defined contribution pension scheme for all qualifying employees. The management charge made by The Football League Limited to EFL Digital Limited to cover the wage costs of 4 employees between 5 August 2020 and 31 July 2021 disclosed in Note 3 includes contributions payable by the Football League Limited to the scheme for those employees and amounted to £21,059 (*2020: £23,292*).

Contributions amounting to £nil (*2020: £nil*) were outstanding at the period end.

17 Related party transactions

The company distributed amounts to The Football League Limited, the ultimate parent company, in relation to income that was generated using The Football League Limited's rights of £492,496 (*2020: £668,232*), and is included within other operating charges. The company also received amounts from The Football League Limited in relation to a proportion of The Football League Limited's broadcasting and sponsorship monies that related to internet and media rights of £8,237,155, (*2020: £7,743,514*). A management recharge of £332,872 *(2020: £276,569)* was made to the company from The Football League Limited in relation to staff costs for employees who transferred to The Football League Limited on 1 April 2018. At the period-end an amount of £220,776 *(2020: £609,647)* was payable to the company by The Football League Limited and an amount of £110,220 (*2020: £883,341*) was payable by the company to The Football League Limited. At the period end the company also had a discounted loan balance amount outstanding with The Football League Limited of £1,244,412 *(2020: £1,839,372)*. An interest charge of £50,752 *(2020: £68,207*) was incurred in the period in relation to the loan from The Football League Limited.

18 Ultimate parent company and controlling party

The ultimate parent company is The Football League Limited, EFL House, 10-12 West Cliff, Preston, PR1 8HU. This company heads the largest and smallest group in which the results of the company are consolidated.

Copies of the consolidated financial statements of The Football League Limited are available to the public from the Registrar of Companies, Companies House, Crown Way, Cardiff, CF14 3UZ.

19 Key judgements and estimates

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the period. However, the nature of estimation means that actual outcomes could differ from those estimates.

The following judgement (apart from those involving estimates) has had the most significant effect on amounts recognised in the financial statements:

Development expenditure
Development expenditure is capitalised in accordance with the accounting policy given within note 1. Initial capitalisation of costs is based on management's judgement that technical and economic feasibility is confirmed, usually when a product development project has reached a defined milestone according to an established project management model. In determining the amounts to be capitalised management makes assumptions regarding the expected future cash generation of the assets, discount rates to be applied and the expected period of benefits.

The following are the company's key sources of estimation uncertainty:

Impairment of non-financial assets
Where there are indicators of impairment of individual assets, the company performs impairment tests based on fair value less costs to sell. The fair value less costs to sell calculation is based on available data from binding sales transactions in an arm's length transaction on similar assets or observable market prices less incremental costs for disposing of the asset.

Notes *(continued)*

19 Key judgements and estimates *(continued)*

As outlined in the Directors Report and Basis of Preparation note, the Directors have had to exercise judgement in relation to the Company's Going Concern in the face of the ongoing Covid-19 pandemic.

The Company has considered several adverse scenarios, including the suspension of the Season of a period of up to 6 months. Ultimately if revenue were to stop due to a suspended Season, the Company is well positioned to manage costs and distributions. Furthermore, any remaining costs would be funded through Group support.

As a result of the above, the Company continues to adopt the going concern basis in preparing the financial statements.