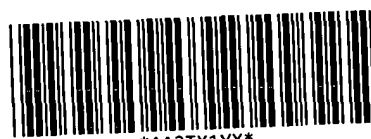


Company Registration No. 04305508 (England and Wales)

SWANSEA CITY FOOTBALL 2002 LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2020

TUESDAY



AA2TX1YX

A08

20/04/2021

#184

COMPANIES HOUSE

SWANSEA CITY FOOTBALL 2002 LIMITED

COMPANY INFORMATION

Directors	Mr R Chaudhari Mr R E Hernreich Mr H M Jenkins Mr J Levien Mr S J McDonald Mr M W Morgan Mr J Silverstein Mr J Winter Mr S Porter	(Appointed 11 September 2020) (Appointed 21 September 2020) (Appointed 21 September 2020)
Secretary	Mr G Davies	
Company number	04305508	
Registered office	Liberty Stadium Landore SWANSEA UK SA1 2FA	
Auditor	Azets Audit Services Charter Court Phoenix Way Enterprise Park Swansea SA7 9FS	

SWANSEA CITY FOOTBALL 2002 LIMITED

CONTENTS

	Page
Strategic report	1 - 4
Directors' report	5 - 6
Independent auditor's report	7 - 9
Group statement of comprehensive income	10
Group balance sheet	11
Company balance sheet	12
Group statement of changes in equity	13
Company statement of changes in equity	14
Group statement of cash flows	15
Notes to the financial statements	16 - 43

SWANSEA CITY FOOTBALL 2002 LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 JULY 2020

The directors present the strategic report for the year ended 31 July 2020.

Business review

During the year under review, Swansea City Football Club competed in the EFL Championship. It proved to be a very difficult year for all football clubs due to the impact of the COVID-19 pandemic which led to a fragmented and delayed end to the season. Despite all the challenges of dealing with the disruption, Steve Cooper's team performed admirably and achieved a play off place after an exciting last round of fixtures which saw the Club overtake Nottingham Forest to finish in 6th place in the Championship before losing in the play offs to an experienced Brentford team. The playing squad has seen a number of experienced players leave as part of Club's restructuring process and Steve Cooper has continued to provide Academy players, Ben Cabango, Jordan Garrick, Jack Evans, Tivonge Rushesha, Kees de Boer and Liam Cullen the opportunity to experience Championship football. The Club also benefited from a number of young loan players, Freddie Woodman, Connor Gallagher, Marc Guehi, Rhian Brewster, Aldo Kalulu, Ben Wilmot and Sam Surridge who all made a significant contribution during the season.

Since the 2019-20 season ended, Trevor Birch has left the Club to move on to a new challenge with a Premier League Club. This has led to the Club appointing a new Chief Executive Officer, Julian Winter. Julian has a great deal of experience having been Chief Executive at Watford, Sheffield United and, most recently, Huddersfield Town.

Turnover for the year was £50.6 million compared with £69.4 million for the previous year. Total operating costs, including player amortisation and impairment costs of £10.7 million (2019: £29.6 million), amounted to £65.2 million compared with £103.8 million for the previous year. Profits generated from player trading in the year of £17.8 million (2019: £30.1 million) have been used to fund the overall operating loss otherwise incurred.

At the Balance Sheet date, net current liabilities reduced to £8.1 million from £18.6 million the previous year whilst net assets increased to £13.8 million from £12.1 million the previous year. The group's cash reserves reduced to £17.4 million from £20.1 million.

Youth Academy

Following a review of the business, the decision was made to change the Academy status from a Category 1 to a Category 2 academy with effect from the start 2020-21 season. This was a difficult but necessary decision for the Club as we continue to restructure the business following relegation from the Premier League.

Principal Risks and Uncertainties

Relegation

The main risk continues to be relegation from the EFL Championship. The Directors are committed to facilitating the provision of funding necessary for investment in players, coaches and management to ensure the team is competitive. However this funding is dependent on player trading in the absence of available external investment. In the event of relegation then the Directors will address this risk by divesting in members of their playing squad to strive to achieve an appropriate cost base for the League Division they are competing in.

There are also a number of other risks and uncertainties but the board believes that adequate controls and key performance indicators are in place to minimise these.

SWANSEA CITY FOOTBALL 2002 LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2020

Principal risks and uncertainties (continued)

COVID-19 Pandemic

As referred to in the Business Review; since March 2020, the Government of the United Kingdom, along with the devolved Welsh Government have implemented a wide range of restrictive measures upon the population of the United Kingdom. These measures have had a major impact on the operating activities of the Group, the most significant can be summarised as follows:

- The suspension of all games' programmes among both our senior and youth sections. The conclusion of the EFL Championship season was significantly delayed, eventually being concluded in early August 2020. This has consequently led to a delayed start to the 2020-21 season.
- A restriction preventing any supporter being permitted entry to our Stadium. This restriction remains in place and at the date of this report it remains to be confirmed the date on which this restriction will be removed.
- General restrictions on retail and hospitality sectors have led to the cancellation of hospitality and catering events at the Stadium, along with the reduction in opening hours and capacities of our retail outlets

The Group implemented several immediate measures in order to try and protect cashflow during this challenging period. These included:

- Taking advantage of all available government support packages including the Job Retention Scheme and tax and business rates deferral schemes.
- Negotiating revised payment terms with a number of key suppliers.

In addition, the Directors wish to express their gratitude to the Club's loyal supporters, players and employees, many of whom have helped support the Group during this challenging period either by opting not to take up refunds on their season ticket purchases, or by agreeing to defer a proportion of their salaries.

The current outlook suggests that COVID-19 restrictions will remain in place for the foreseeable future; however the company remains confident that it is well positioned and has appropriate strategies in place in order to manage the company through this period.

There are also a number of other risks and uncertainties but the board believes that adequate controls and key performance indicators are in place to minimise these.

Key performance indicators

Financial

	2020	2019
Cash Flow (Annual movement in cash at bank and in hand balance)	-£2.7m	+£19.8m
Turnover	£50.6m	£69.4m
Operating loss before profit on disposal of player registrations	£14.4m	£34.3m
Profit on disposal of player registrations	£17.8m	£30.3m

Non-financial: playing squad performance.

The performance of our playing squad has been commented on within the Business Review.

SWANSEA CITY FOOTBALL 2002 LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2020

Financial risk management

The group's operations expose it to a variety of financial risks.

Price risk

The group's principal financial instruments comprise bank balances, temporary bank overdrafts, loans, trade debtors and creditors and finance lease agreements. The main purpose of these instruments is to finance the group's operations. Due to the nature of the financial instruments used by the group there is no exposure to price risk. The group's approach to managing other risks applicable to the financial instruments concerned is shown below.

Liquidity risk

In respect of bank balances, the liquidity risk is managed by maintaining a balance between the continuity of funding on the one hand, and on the other hand flexibility through the use of temporary overdrafts at floating rates of interest.

In respect of loans, these are comprised of loans from various sources. The interest rates on these loans are variable, but the capital repayments are fixed. The group prepares regular forecasts of cash flow and liquidity, and any requirement for additional funding is managed as part of the overall liquidity requirement to ensure there are sufficient funds to meet the payments as they fall due.

The group is a lessee in respect of finance lease assets. The liquidity risk in respect of these is managed in the same as loans.

Credit risk

Trade debtors are managed in respect of credit and cashflow risk by policies concerning the credit offered to customers and the regular monitoring of amounts outstanding for both time and credit risk. The risk of debtor default from UK football clubs is mitigated by the preferential football creditor rules. The credit-worthiness of non UK football debtors is considered on a case by case basis prior to concluding any major transactions with these potential customers.

Appropriate terms are negotiated with suppliers. Trade creditors liquidity risk is managed by ensuring sufficient funds are available to meet amounts due.

Currency risk

Currency risk is managed by careful monitoring of the exchange rates and the maintenance of bank accounts in foreign currencies.

Energy and emissions report

2020

UK Greenhouse gas emissions and energy use data for the period 1 August 2019 to 31 July 2020

UK Energy use, kWh	5,891,402 kWh
Associated Greenhouse Gas Emissions, Tonnes CO equivalent	1,286.11 tCO ₂ e
Intensity ratio, Emissions per employee	2.1 tCO ₂ e

Associated Greenhouse gases have been calculated following the 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. The group recognises its responsibility to ensure a safe and healthy environment and always endeavours to maintain sound environmental performance through the continued maintenance of our environmental management system, which is integrated into our overall business activities. The group remains focused on wherever possible improving energy efficiency and reducing carbon emissions.

SWANSEA CITY FOOTBALL 2002 LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2020

Section 172 statement

The board of directors of Swansea City Football 2002 Limited consider, both individually and as a collective, that they have acted in the way they consider in good faith, would be most likely to promote the success of the Group, inclusive of Swansea City Association Football Club Limited (the Club), for the benefit of its members as a whole (having regard to the stakeholders and matters set out in s172(1)(a-f) of the Companies Act 2002) in the decisions taken during the year ended 31 July 2020.

The Directors recognise that, as stewards of such a historic and prestigious football club, it is vital that the long term interests of the valued supporters are considered in every key decision made by the Directors. Regular dialogue is maintained with the Club's supporters via a range of methods. For example, meetings are held with representatives of the Swansea City Supporters Trust and there are also opportunities for supporters to address the Directors directly via Fans Forum events which are held on a regular basis. The Chief Executive also addresses supporters directly via communications published on the official Club website, and the matchday programme. These are just a small number of examples in which two way dialogue is maintained between the Club and its supporters.

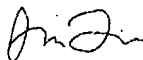
Our employees are fundamental to the success of our business. We have worked hard over the past year to ensure that our training ground facilities have been maintained to an appropriate standard. We also aim to be a responsible employer in our approach to the pay and benefits our employees receive. We also recognise the need to consider the wellbeing of our employees, and we regularly reach out to employees on such matters via a number of initiatives.

The Club is also supported by a reliable supplier base. We value our suppliers extremely highly, and we aim to act responsibly and fairly in how we engage with our suppliers. We also aim to ensure suppliers are paid promptly, and on average we take significantly less than 30 days to pay our suppliers.

The Club is viewed as a representative of the local community; the Directors therefore recognise the importance of the Club in being active in supporting the local community. This is primarily achieved by working closely and in conjunction with the affiliated Swansea City Community Trust which works hard to promote sport and education in the local community. The Club provides human and financial resource to the Community Trust to ensure that they remain well supported in this regard.

It is the intention of the Directors to behave responsibly and ensure that management operate the business in a responsible manner, operating within the high standards of business conduct and good governance expected for a business such as the Club.

On behalf of the board



Mr J Levien

Director

12.11.2020

SWANSEA CITY FOOTBALL 2002 LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 JULY 2020

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

Principal activities

The principal activity of the group continued to be the operation of a professional football club, together with associated activities.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

Mr R Chaudhari	
Mr R E Hemreich	
Mr H M Jenkins	
Mr S Kaplan	(Resigned 21 September 2020)
Mr J Levien	
Mr S J McDonald	
Mr M W Morgan	
Mr J Silverstein	(Appointed 11 September 2020)
Mr J Winter	(Appointed 21 September 2020)
Mr S Porter	(Appointed 21 September 2020)
Mr T Birch	(Resigned 31 August 2020)

Results and dividends

The results for the year are set out on page 10.

No ordinary dividends were paid. The directors do not recommend payment of a further dividend.

Disabled persons

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment within the group continues and that the appropriate training is arranged. It is the policy of the group that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

Employee involvement

The group places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on the various factors affecting the performance of the company. This is achieved through formal and informal communications issued to staff. Employee representatives are consulted regularly on a wide range of matters affecting their current and future interests.

The Strategic Report contains details on how the directors have engaged with employees and taken account of their interests as part of the wider Stakeholder Engagement note contained in that report.

Post reporting date events

Material post balance sheet events are disclosed in note 30 to the financial statements.

Future developments

The strategy and future developments in the business are set out in the Strategic Report.

SWANSEA CITY FOOTBALL 2002 LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2020

Auditor

On 7 September 2020 Group Audit Service Limited trading as Baldwins Audit Services changed its name to Azets Audit Services Limited. The name they practice under is Azets Audit Services and accordingly they have signed their report in their new name.

Statement of directors' responsibilities

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and company, and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

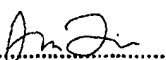
- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;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

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

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the auditor of the company is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the auditor of the company is aware of that information.

On behalf of the board



Mr J Levien
Director

Date: 12/11/2020

SWANSEA CITY FOOTBALL 2002 LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF SWANSEA CITY FOOTBALL 2002 LIMITED

Opinion

We have audited the financial statements of Swansea City Football 2002 Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 July 2020 which comprise the group statement of comprehensive income, the group balance sheet, the company balance sheet, the group statement of changes in equity, the company statement of changes in equity, the group statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 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 the parent company's affairs as at 31 July 2020 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the 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 1 to the financial statements concerning the group and parent company's ability to continue as a going concern. Should the forecasts, which include receipts from player trading, continuation of external facilities and operating cost reductions, prepared by the board not be realised, the group would need to find further sources of funding in order to bridge its cash flow position until appropriate player transactions are fulfilled. These conditions indicate the existence of a material uncertainty which may cast significant doubt about the group and parent company'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, 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.

SWANSEA CITY FOOTBALL 2002 LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF SWANSEA CITY FOOTBALL 2002 LIMITED

Opinions on other matters prescribed by the Companies Act 2006

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

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

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 the directors' report.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, 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: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

SWANSEA CITY FOOTBALL 2002 LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF SWANSEA CITY FOOTBALL 2002 LIMITED

Use of our report

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.



Matthew Thomas (Senior Statutory Auditor)
for and on behalf of Azets Audit Services
Chartered Accountants
Statutory Auditor

12th November 2020

Charter Court
Phoenix Way Enterprise Park
Swansea
SA7 9FS

SWANSEA CITY FOOTBALL 2002 LIMITED

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 JULY 2020

	Notes	Operations excluding player amortisation & trading	Player amortisation & trading	2020 £	2019 £
Turnover	3	50,353,303	232,884	50,586,187	69,418,588
Operating expenses		(54,523,890)	(10,657,895)	(65,181,785)	(103,826,631)
Other operating income		152,046	-	152,046	65,401
Operating loss before profit on disposal of player registrations	4	(4,018,541)	(10,425,011)	(14,443,552)	(34,342,642)
Profit on disposal of player registrations		-	17,762,433	17,762,433	30,305,464
Profit/(loss) on ordinary activities before interest and taxation		(4,018,541)	7,337,422	3,318,881	(4,037,178)
Interest receivable and similar income	7			377,935	980,879
Interest payable and similar expenses	8			(906,607)	(3,548,416)
Profit/(loss) before taxation				2,790,209	(6,604,715)
Tax on profit/(loss)	9			(1,084,131)	992,615
Profit/(loss) for the financial year				1,706,078	(5,612,100)

The profit and loss account has been prepared on the basis that all operations are continuing operations.

SWANSEA CITY FOOTBALL 2002 LIMITED

GROUP BALANCE SHEET

AS AT 31 JULY 2020

	Notes	2020 £	2019 £
Fixed assets			
Intangible assets	12	6,652,240	18,617,857
Tangible assets	13	21,932,984	22,678,126
Investments	14	1	1
		<u>28,585,225</u>	<u>41,295,984</u>
Current assets			
Stocks	17	532,026	471,342
Debtors	18	6,200,405	18,764,816
Investments	19	-	12,500,000
Cash at bank and in hand		17,431,600	7,598,727
		<u>24,164,031</u>	<u>39,334,885</u>
Creditors: amounts falling due within one year	20	<u>(32,299,622)</u>	<u>(57,954,148)</u>
Net current liabilities		<u>(8,135,591)</u>	<u>(18,619,263)</u>
Total assets less current liabilities		<u>20,449,634</u>	<u>22,676,721</u>
Creditors: amounts falling due after more than one year	21	(521,155)	(5,893,792)
Provisions for liabilities	24	(6,113,362)	(4,673,890)
Net assets		<u>13,815,117</u>	<u>12,109,039</u>
Capital and reserves			
Called up share capital	27	950,000	950,000
Capital redemption reserve		50,000	50,000
Profit and loss reserves		12,811,686	11,105,608
Equity attributable to owners of the parent company		<u>13,811,686</u>	<u>12,105,608</u>
Non-controlling interests		3,431	3,431
		<u>13,815,117</u>	<u>12,109,039</u>

The financial statements were approved by the board of directors and authorised for issue on 12/11/2020 and are signed on its behalf by:



 Mr J Levien
 Director

SWANSEA CITY FOOTBALL 2002 LIMITED

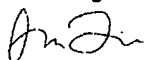
COMPANY BALANCE SHEET

AS AT 31 JULY 2020

	Notes	2020 £	£	2019 £	£
Fixed assets					
Investments	14		1,500,767		1,500,767
Current assets					
Cash at bank and in hand		9,299		9,299	
Creditors: amounts falling due within one year	20	(470,032)		(470,032)	
Net current liabilities			(460,733)		(460,733)
Total assets less current liabilities			1,040,034		1,040,034
Capital and reserves					
Called up share capital	27		950,000		950,000
Capital redemption reserve			50,000		50,000
Profit and loss reserves			40,034		40,034
Total equity			1,040,034		1,040,034

As permitted by s408 Companies Act 2006, the company has not presented its own profit and loss account and related notes. The company's profit for the year was £0 (2019 - £0 profit).

The financial statements were approved by the board of directors and authorised for issue on 12/11/2020 and are signed on its behalf by:



Mr J Levien
Director

Company Registration No. 04305508

SWANSEA CITY FOOTBALL 2002 LIMITED

GROUP STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 JULY 2020

	Share capital £	Capital redemption reserve £	Profit and loss reserves £	Total controlling interest £	Non- controlling interest £	Total £
Balance at 1 August 2018	950,000	50,000	16,717,708	17,717,708	3,431	17,721,139
Year ended 31 July 2019:						
Loss and total comprehensive income for the year	-	-	(5,612,100)	(5,612,100)	-	(5,612,100)
Balance at 31 July 2019	950,000	50,000	11,105,608	12,105,608	3,431	12,109,039
Year ended 31 July 2020:						
Profit and total comprehensive income for the year	-	-	1,706,078	1,706,078	-	1,706,078
Balance at 31 July 2020	950,000	50,000	12,811,686	13,811,686	3,431	13,815,117

SWANSEA CITY FOOTBALL 2002 LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 JULY 2020

	Share capital £	Capital redemption reserve £	Profit and loss reserves £	Total £
Balance at 1 August 2018	950,000	50,000	40,034	1,040,034
Year ended 31 July 2019:				
Profit and total comprehensive income for the year	-	-	-	-
Balance at 31 July 2019	950,000	50,000	40,034	1,040,034
Year ended 31 July 2020:				
Profit and total comprehensive income for the year	-	-	-	-
Balance at 31 July 2020	950,000	50,000	40,034	1,040,034

SWANSEA CITY FOOTBALL 2002 LIMITED

GROUP STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 JULY 2020

	Notes	2020 £	£	2019 £	£
Cash flows from operating activities					
Cash (absorbed by)/generated from operations	33	(20,584,813)		8,326,808	
Interest paid		(906,607)		(835,478)	
Net cash (outflow)/inflow from operating activities		(21,491,420)		7,491,330	
Investing activities					
Purchase of intangible assets		(5,371,923)		(37,931,528)	
Proceeds on disposal of intangibles		33,249,231		57,459,726	
Purchase of tangible fixed assets		(850,237)		(2,008,324)	
Proceeds on disposal of tangible fixed assets		78,561		15,411	
Interest received		377,935		25,613	
Net cash generated from investing activities		27,483,567		17,560,898	
Financing activities					
Proceeds from borrowings		584,000		-	
Repayment of bank loans		(9,177,107)		(5,222,908)	
Payment of finance leases obligations		(66,167)		(51,535)	
Net cash used in financing activities		(8,659,274)		(5,274,443)	
Net (decrease)/increase in cash and cash equivalents		(2,667,127)		19,777,785	
Cash and cash equivalents at beginning of year		20,098,727		273,421	
Effect of foreign exchange rates		-		47,521	
Cash and cash equivalents at end of year		17,431,600		20,098,727	
Relating to:					
Cash at bank and in hand		17,431,600		7,598,727	
Short term deposits included in current asset investments		-		12,500,000	

SWANSEA CITY FOOTBALL 2002 LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JULY 2020

1 Accounting policies

Company information

Swansea City Football 2002 Limited ("the company") is a private limited company domiciled and incorporated in England and Wales. The registered office is Liberty Stadium, Landore, Swansea, West Glamorgan, SA1 2FA.

The group consists of Swansea City Football 2002 Limited and all of its subsidiaries.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of freehold properties and to include investment properties and certain financial instruments at fair value. The principal accounting policies adopted are set out below.

The company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements for parent company information presented within the consolidated financial statements:

- Section 7 'Statement of Cash Flows': Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues': Interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- Section 26 'Share based Payment': Share-based payment expense charged to profit or loss, reconciliation of opening and closing number and weighted average exercise price of share options, how the fair value of options granted was measured, measurement and carrying amount of liabilities for cash-settled share-based payments, explanation of modifications to arrangements;
- Section 33 'Related Party Disclosures': Compensation for key management personnel.

1.2 Basis of consolidation

In the parent company financial statements, the cost of a business combination is the fair value at the acquisition date of the assets given, equity instruments issued and liabilities incurred or assumed, plus costs directly attributable to the business combination. The excess of the cost of a business combination over the fair value of the identifiable assets, liabilities and contingent liabilities acquired is recognised as goodwill. The cost of the combination includes the estimated amount of contingent consideration that is probable and can be measured reliably, and is adjusted for changes in contingent consideration after the acquisition date. Provisional fair values recognised for business combinations in previous periods are adjusted retrospectively for final fair values determined in the 12 months following the acquisition date. Investments in subsidiaries, joint ventures and associates are accounted for at cost less impairment.

Deferred tax is recognised on differences between the value of assets (other than goodwill) and liabilities recognised in a business combination accounted for using the purchase method and the amounts that can be deducted or assessed for tax, considering the manner in which the carrying amount of the asset or liability is expected to be recovered or settled. The deferred tax recognised is adjusted against goodwill or negative goodwill.

SWANSEA CITY FOOTBALL 2002 LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2020

1 Accounting policies

(Continued)

The consolidated financial statements incorporate those of Swansea City Football 2002 Limited and all of its subsidiaries (ie entities that the group controls through its power to govern the financial and operating policies so as to obtain economic benefits). Subsidiaries acquired during the year are consolidated using the purchase method. Their results are incorporated from the date that control passes.

All financial statements are made up to 31 July 2020. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the group.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

1.3 Going concern

These financial statements are prepared on the going concern basis. The directors have a reasonable expectation that the group will continue in operational existence for the foreseeable future. However, the directors are aware of certain material uncertainties which may cause doubt on the company's ability to continue as a going concern.

Following relegation to the Football League Championship, and the resultant reduction in revenues as compared to the Premier League, the Board and key management have paid due consideration to the overall club's strategy, playing squad, and operating and financing cash flows, including all significant revenue streams, the operating cost base of the club, player trading and sources of finance.

The group prepares detailed profit and loss, balance sheet and cash flow forecasts each financial year considering a range of reasonably foreseeable potential scenarios (including promotion and relegation) and material uncertainties in relation to income and costs.

The Football League and Premier League transfer markets remain strong and, given the various options available to it, the group believes that forecasted player trading is reasonably achievable and that accordingly the company should be able to meet its liabilities as they fall due for a period of at least 12 months from the date of signing the financial statements. However, should the forecasted player trading not be achieved, the group would need to both maintain existing and find further sources of funding in order to bridge its cash flow position until appropriate player transactions are fulfilled. This represents a material uncertainty which may cast significant doubt about the group's ability to continue as a going concern.

The club retains a level of flexibility in its playing squad options and the Board will balance its financial needs with a squad that has the ability to still strive for promotion.

Based on these forecasts, which include expectations for net player trading and the availability and use of external finance, and other cost reductions, the directors remain confident the group will generate sufficient resources to meet its liabilities as they fall due and the board has concluded that it is appropriate for the financial statements to be prepared on a going concern basis.

SWANSEA CITY FOOTBALL 2002 LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2020

1 Accounting policies

(Continued)

1.4 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. Principal sources of income include broadcasting and media, match day income, commercial activities and grants. Revenue is recognised when the underlying event or service takes place.

Advanced season ticket sales, broadcasting/media and advertising/sponsorship income is included within deferred income and is recognised as turnover in the relevant season.

In the instance of merchandise sales, revenue is recognised on the transfer of goods to customers, which is usually on delivery or on-site purchase.

Income arising from the temporary transfer of a player registration is recognised over the period of the temporary transfer and presented within player amortisation and trading in the Statement of Comprehensive Income.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on dispatch of the goods), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

1.5 Intangible fixed assets - goodwill

Goodwill represents the excess of the cost of acquisition of a business over the fair value of net assets acquired. It is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is considered to have a finite useful life and is amortised on a systematic basis over its expected life and has been fully amortised in these accounts.

1.6 Intangible fixed assets other than goodwill

Patents and licences

Patents and licences that are owned by the group are capitalised as intangible fixed assets and initially measured at cost less amortisation.

Signing-on fees

Players' contracts of employment may include a signing on fee payable in equal instalments over the period of the contract. Where a player's registration is transferred, any signing-on fees payable in respect of future periods may be effectively cancelled. Therefore such fees are charged to the Statement of Comprehensive Income as they fall due under the terms of the contract.

Players' registration fees

The costs associated with the acquisition of players' registrations are capitalised as intangible fixed assets, with cost discounted to present value where payments are deferred. Cost of players' registrations are comprised of transfer fees, transfer levies, intermediary fees and solidarity payments. These costs are fully amortised in equal instalments over the period of the players' individual contracts. Where a player's contract is extended beyond its initial period, amortisation is calculated over the period of the extended contract from the date the extension is signed. Players' registrations are written down for impairment in certain circumstances when the carrying amount is assessed as exceeding the amount recoverable through use or sale.

The profit or loss on disposal of a player's registration is calculated as the difference between the present value of the transfer fee receivable less the net book value at the date of sale and less any direct costs of the transfer. Receipts of transfer fees based on the future performance of the transferred player or the buying club are recognised when the future criteria are met or are virtually certain to be met. Similarly, payments of transfer fees based on future performance criteria are recognised when the criteria are assessed as being probable that they will be met.

SWANSEA CITY FOOTBALL 2002 LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2020

1 Accounting policies

(Continued)

Amortisation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Patents & licences	10 years
Players' registration costs	In accordance with terms of the contract

1.7 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Land	Not depreciated
Buildings	25-50 years
Stadium fittings	25 years
Plant and equipment	5 years
Fixtures and fittings	5 years

Assets in the course of construction are not depreciated.

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the profit and loss account.

1.8 Fixed asset investments

Equity investments are measured at fair value through profit or loss, except for those equity investments that are not publicly traded and whose fair value cannot otherwise be measured reliably, which are recognised at cost less impairment until a reliable measure of fair value becomes available.

In the parent company financial statements, investments in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses.

Interests in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in or .

A subsidiary is an entity controlled by the company. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

An associate is an entity, being neither a subsidiary nor a joint venture, in which the company holds a long-term interest and where the company has significant influence. The company considers that it has significant influence where it has the power to participate in the financial and operating decisions of the associate.

Entities in which the group has a long term interest and shares control under a contractual arrangement are classified as jointly controlled entities.

SWANSEA CITY FOOTBALL 2002 LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2020

1 Accounting policies

(Continued)

1.9 Impairment of fixed assets

At each reporting period end date, the group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The directors do not consider it possible to determine the value in use of an individual player in isolation, as that player cannot generate cash flows independently. However, in circumstances where it is apparent that as at the period end the player would not be available for selection to play for the Club, the player is taken outside of the wider cash generating-unit ("CGU") and valued on a recoverable amount basis being the directors' best estimate of the player's fair value less cost to sell, with any resulting impairment charge being made in operating expenses

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Where there is an impairment of a particular player's registration costs consideration is given to whether there is simultaneously an onerous contract arising. Where onerous contracts exists, a provision is recognised equal to the minimum net cost of practically exiting from the contract.

1.10 Stocks

Stocks are stated at the lower of cost and net realisable value. Cost comprises purchase price less discounts where applicable. Net realisable value is based on estimated selling price.

Provision is made for obsolete and slow moving items where appropriate.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

The value of impaired stock as at 31 July 2020 was £nil (2019: £270,398).

1.11 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

SWANSEA CITY FOOTBALL 2002 LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2020

1 Accounting policies

(Continued)

1.12 Financial instruments

The group has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the group's balance sheet when the group becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally 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.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the group transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities.

SWANSEA CITY FOOTBALL 2002 LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2020

1 Accounting policies

(Continued)

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Other financial liabilities

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

Derecognition of financial liabilities

Financial liabilities are derecognised when the group's contractual obligations expire or are discharged or cancelled.

1.13 Equity instruments

Equity instruments issued by the group are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the group.

1.14 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

SWANSEA CITY FOOTBALL 2002 LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2020

1 Accounting policies

(Continued)

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset if, and only if, there is a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.15 Provisions

Provisions are recognised when the group has a legal or constructive present obligation as a result of a past event, it is probable that the group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting end date, taking into account the risks and uncertainties surrounding the obligation. Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value. When a provision is measured at present value, the unwinding of the discount is recognised as a finance cost in profit or loss in the period in which it arises.

1.16 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.17 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

Where the group participates in a defined benefit plan, which is a multi-employer plan that is accounted for as if the plan were a defined contribution plan, and the group has entered into an agreement with the multi-employer plan that determines how the group will fund a deficit, the group recognises a liability for the contributions payable that arise from the agreement and a resulting expense in the Statement of Comprehensive Income.

A provision has also been made to cover the group's share of the liabilities of the Football League Limited Pension and Life Assurance Scheme. This is a defined benefit scheme which has been closed to new contributions since 31 August 1995.

SWANSEA CITY FOOTBALL 2002 LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2020

1 Accounting policies

(Continued)

1.18 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the balance sheet as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to profit or loss so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

1.19 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation in the period are included in profit or loss.

1.20 Deferred Income

Deferred income comprises amounts received on sales of season tickets, sponsorship, broadcasting and other commercial contracts prior to the period end in respect of the current and future football seasons. These amounts will be released to the Statement of Comprehensive Income over the period to which the income relates.

SWANSEA CITY FOOTBALL 2002 LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2020

2 Judgements and key sources of estimation uncertainty

In the application of the group's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Critical judgements

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

Impairment of Capitalised Player Registration Costs

The carrying values of capitalised player registration costs, where removed from the wider football club CGU, are subject to impairment tests on a player-by-player basis. On performing the individual tests of impairment, the group primarily considers the following factors:

- Injury - Where the medical opinion provided suggests that a player has suffered a career ending injury then an impairment loss will be recognised in full less any anticipated insurance receivable, against the carrying value of that particular player. Career threatening injuries may also result in impairment losses depending on the medical opinion received and other external factors.
- Loss of player form - The assessment of player form is considered to be highly subjective and accordingly it is unlikely that the loss of player form will result in an impairment loss unless there is firm intention to release the player without further first team performance subsequent to the period end for a fee less than his carrying amount.
- Transfer of a player's registration after the end of an accounting period - Where a player is sold after the end of an accounting period, consistent with management's intentions at the year end date, without further first team action for an amount lower than the carrying value this is strong indicator of impairment and accordingly an Impairment loss will be recognised in the accounting period if there is sufficient evidence that the underlying impairment existed as at the accounting period end date.

Revenue Recognition

The group's primary source of revenue during the financial year ended 31 July 2020 was The F.A. Premier League (FAPL). The quantum of income received directly from the FAPL each year is set out in the FAPL annual budget which is revised periodically throughout the financial year. Any additional income is only recognised either on receipt of cash consideration, or when the entitlement to additional income is formally communicated by the FAPL in a Shareholders' Meeting of the FAPL or can otherwise be reliably measured at the financial reporting period end date. In the event of the FAPL needing to recover revenue which was previously distributed then provision is made for the full value of the recovery as soon as the intention is notified by the FAPL. Where the fundamental event which triggered the recovery can be established, then provision is made in the period in which the fundamental event occurred.

Leases

Determining whether leases entered into by the group either as a lessor or a lessee are operating or finance leases. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease by lease basis.

SWANSEA CITY FOOTBALL 2002 LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2020

2 Judgements and key sources of estimation uncertainty

(Continued)

Key sources of estimation uncertainty

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

Tangible Fixed Assets

Tangible fixed assets are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

Corporation taxes

The determination of the group's provision for corporation tax as well as deferred tax assets and liabilities involves significant judgements and estimates on certain matters and transactions, for which the ultimate outcome may be uncertain. If the final outcome differs from the group's estimates, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made.

3 Turnover and other revenue

	2020	2019
	£	£
Turnover analysed by class of business		
Sale of goods		
Commercial	1,364,931	1,860,359
Media	54,921	72,008
Other	21,983	34,606
Rendering of services		
Media	38,952,351	51,606,675
Match	5,014,467	6,992,408
Commercial	3,007,669	3,715,985
Other	2,169,865	5,136,547
	<u>50,586,187</u>	<u>69,418,588</u>
	2020	2019
	£	£
Other significant revenue		
Interest income	<u>377,935</u>	<u>980,879</u>

SWANSEA CITY FOOTBALL 2002 LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2020

4 Operating profit/(loss)

	2020	2019
	£	£
Operating profit/(loss) for the year is stated after charging/(crediting):		
Exchange losses/(gains)	97,199	(204,266)
Depreciation of owned tangible fixed assets	1,596,731	1,723,130
Depreciation of tangible fixed assets held under finance leases	38,836	34,018
(Profit)/loss on disposal of tangible fixed assets	(77,364)	565,843
Amortisation of intangible assets	9,736,937	28,177,387
Impairment of player registration costs	925,714	1,443,409
Cost of stocks recognised as an expense	755,796	1,400,693
Operating lease charges	390,487	425,006
Provision for onerous contracts	1,658,445	1,149,498

Exchange differences recognised in profit or loss during the year, except for those arising on financial instruments measured at fair value through profit or loss, amounted to £97,199 (2019 - £204,266).

5 Auditor's remuneration

	2020	2019
	£	£
Fees payable to the company's auditor and associates:		
For audit services		
Audit of the financial statements of the group and company	3,000	3,000
Audit of the financial statements of the company's subsidiaries	20,700	24,100
	<u>23,700</u>	<u>27,100</u>
For other services		
Audit-related assurance services	7,600	-
Taxation compliance services	3,600	6,000
Other taxation services	56,500	-
	<u>67,700</u>	<u>6,000</u>

SWANSEA CITY FOOTBALL 2002 LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2020

6 Employees

The average monthly number of persons (including directors) employed by the group and company during the year was:

	Group 2020 Number	2019 Number	Company 2020 Number	2019 Number
Football	236	260	-	-
Administration (including directors)	18	16	-	-
Commercial	55	67	-	-
Media	12	16	-	-
Stadium	292	324	-	-
Total	613	683	-	-

Their aggregate remuneration comprised:

	Group 2020 £	2019 £	Company 2020 £	2019 £
Wages and salaries	36,033,048	44,344,066	-	-
Social security costs	5,126,993	5,857,875	-	-
Pension costs	91,723	98,765	-	-
	41,251,764	50,300,706	-	-

7 Directors' remuneration

	2020 £	2019 £
Remuneration for qualifying services	310,181	243,095
Company pension contributions to defined contribution schemes	-	513
	310,181	243,608

Remuneration disclosed above includes the following amounts paid to the highest paid director:

	2020 £	2019 £
Remuneration for qualifying services	310,181	243,095
Company pension contributions to defined contribution schemes	-	513

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounts to 0 (2019 - 1).

SWANSEA CITY FOOTBALL 2002 LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2020

8 Interest receivable and similar income

	2020 £	2019 £
Interest on bank deposits	118,915	25,613
Finance income on unwinding of discount of player receivables	259,020	955,266
	<u>377,935</u>	<u>980,879</u>

9 Interest payable and similar expenses

	2020 £	2019 £
Interest on bank overdrafts and loans	3,381	271,519
Other interest on financial liabilities	820,372	773,921
Interest on finance leases and hire purchase contracts	1,486	3,521
Finance charges on unwinding of discount of player liabilities	81,368	2,499,455
	<u>906,607</u>	<u>3,548,416</u>

10 Taxation

	2020 £	2019 £
Current tax		
UK corporation tax on profits for the current period	350,776	-
	<u>350,776</u>	<u>-</u>
Deferred tax		
Origination and reversal of timing differences	733,355	(992,615)
	<u>733,355</u>	<u>(992,615)</u>
Total tax charge/(credit)	<u>1,084,131</u>	<u>(992,615)</u>

SWANSEA CITY FOOTBALL 2002 LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2020

10 Taxation

(Continued)

The actual charge/(credit) for the year can be reconciled to the expected charge/(credit) for the year based on the profit or loss and the standard rate of tax as follows:

	2020 £	2019 £
Profit/(loss) before taxation	2,790,209	(6,604,715)
Expected tax charge/(credit) based on the standard rate of corporation tax in the UK of 19.00% (2019: 19.00%)	530,140	(1,254,896)
Tax effect of expenses that are not deductible in determining taxable profit	114,173	183,396
Deferred tax adjustments in respect of prior years	34,442	192,778
Increase in tax rate on deferred tax balances	368,162	-
Fixed asset timing differences	37,214	87,673
Deferred tax not recognised	-	(201,566)
Taxation charge/(credit)	1,084,131	(992,615)

11 Impairments

Impairment tests have been carried out where appropriate and the following impairment losses have been recognised in profit or loss:

	Notes	2020 £	2019 £
In respect of:			
Intangible assets	12	925,714	1,443,409
Recognised in:			
Administrative expenses		925,714	1,443,409

The impairment recognised in both the current and comparative periods on intangible assets (excluding goodwill) relates to an assessment of the carrying values of capitalised players registration costs. See note 2 for further details.

SWANSEA CITY FOOTBALL 2002 LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2020

12 Intangible fixed assets

Group	Goodwill	Patents & licences	Players' registration costs	Total
	£	£	£	£
Cost				
At 1 August 2019	478,168	58,990	70,148,780	70,685,938
Additions	-	-	1,064,716	1,064,716
Disposals	-	-	(39,598,598)	(39,598,598)
At 31 July 2020	478,168	58,990	31,614,898	32,152,056
Amortisation and impairment				
At 1 August 2019	478,168	30,960	51,558,953	52,068,081
Amortisation charged for the year	-	4,756	9,732,181	9,736,937
Impairment losses	-	-	925,714	925,714
Disposals	-	-	(37,230,916)	(37,230,916)
At 31 July 2020	478,168	35,716	24,985,932	25,499,816
Carrying amount				
At 31 July 2020	-	23,274	6,628,966	6,652,240
At 31 July 2019	-	28,030	18,589,827	18,617,857

The company had no intangible fixed assets at 31 July 2020 or 31 July 2019.

More information on impairment movements in the year is given in note 11.

SWANSEA CITY FOOTBALL 2002 LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2020

13 Tangible fixed assets

Group	Freehold land and buildings	Leasehold land and buildings	Stadium fittings	Plant and equipment	Fixtures and fittings	Total
	£	£	£	£	£	£
Cost						
At 1 August 2019	8,885,062	11,997,843	1,122,537	7,424,926	634,117	30,064,485
Additions	-	-	-	870,388	21,234	891,622
Disposals	-	-	-	(161,508)	(2,053)	(163,561)
At 31 July 2020	8,885,062	11,997,843	1,122,537	8,133,806	653,298	30,792,546
Depreciation and impairment						
At 1 August 2019	1,175,595	1,134,698	180,282	4,451,892	443,892	7,386,359
Depreciation charged in the year	241,649	259,619	24,204	859,854	250,241	1,635,567
Eliminated in respect of disposals	-	-	-	(161,508)	(856)	(162,364)
At 31 July 2020	1,417,244	1,394,317	204,486	5,150,238	693,277	8,859,562
Carrying amount						
At 31 July 2020	7,467,818	10,603,526	918,051	2,983,568	(39,979)	21,932,984
At 31 July 2019	7,709,467	10,863,145	942,255	2,973,034	190,225	22,678,126

The company had no tangible fixed assets at 31 July 2020 or 31 July 2019.

The net carrying value of tangible fixed assets includes the following in respect of assets held under finance leases or hire purchase contracts.

	Group 2020 £	2019 £	Company 2020 £	2019 £
Fixtures and fittings	102,187	104,886	-	-

14 Fixed asset investments

	Notes	Group 2020 £	2019 £	Company 2020 £	2019 £
Investments in subsidiaries	15	-	-	513,370	513,370
Loans to subsidiaries	15	-	-	987,397	987,397
Investments in associates	16	1	1	-	-
		1	1	1,500,767	1,500,767

SWANSEA CITY FOOTBALL 2002 LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2020

14 Fixed asset investments

(Continued)

Movements in fixed asset investments Group

Shares in
group
undertakings
and
participating
interests
£

Cost or valuation

At 1 August 2019 and 31 July 2020

1

Carrying amount

At 31 July 2020

1

At 31 July 2019

1

Movements in fixed asset investments Company

Shares in group undertakings £	Loans to group undertakings £	Total £
---	--	------------

Cost or valuation

At 1 August 2019 and 31 July 2020

513,370	987,397	1,500,767
---------	---------	-----------

Carrying amount

At 31 July 2020

513,370	987,397	1,500,767
---------	---------	-----------

At 31 July 2019

513,370	987,397	1,500,767
---------	---------	-----------

15 Subsidiaries

Details of the company's subsidiaries at 31 July 2020 are as follows:

Name of undertaking	Address	Nature of business	Class of shares held	% Held	
				Direct	Indirect
Swansea City Football Club Limited	United Kingdom	Dormant	Ordinary	99.40	-
Swansea City Association Football Club Limited	United Kingdom	Professional Association Football Club	Ordinary	100.00	-
Swansea Stadium Management Company Limited	United Kingdom	Stadium Management	Ordinary	-	100.00

Registered office addresses (all UK unless otherwise indicated):

Liberty Stadium, Landore, Swansea, SA1 2FA.

SWANSEA CITY FOOTBALL 2002 LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2020

15 Subsidiaries

(Continued)

The aggregate capital and reserves and the result for the year of the subsidiaries noted above was as follows:

Name of undertaking	Capital and Reserves £	Profit/(Loss) £
Swansea City Football Club Limited	470,000	-
Swansea City Association Football Club Limited	12,505,099	1,704,470
Swansea Stadium Management Company Limited	389,476	1,606

16 Associates

Details of associates at 31 July 2020 are as follows:

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held Direct	Indirect
Swansea Stadium Premier Club Limited	United Kingdom	Management of the Stadium Premier Club	Ordinary	-	50.00

The registered office of the associated company is Liberty Stadium, Landore, Swansea, SA1 2FA.

17 Stocks

	Group 2020 £	2019 £	Company 2020 £	2019 £
Finished goods and goods for resale	532,026	471,342	-	-

SWANSEA CITY FOOTBALL 2002 LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2020

18 Debtors

	Group 2020 £	2019 £	Company 2020 £	2019 £
Amounts falling due within one year:				
Trade debtors	975,584	1,535,683	-	-
Other debtors	3,764,632	13,805,134	-	-
Prepayments and accrued income	1,460,189	3,101,258	-	-
	<u>6,200,405</u>	<u>18,442,075</u>	<u>-</u>	<u>-</u>
Amounts falling due after more than one year:				
Other debtors	-	322,741	-	-
	<u>-</u>	<u>322,741</u>	<u>-</u>	<u>-</u>
Total debtors	<u>6,200,405</u>	<u>18,764,816</u>	<u>-</u>	<u>-</u>

Other debtors due within and after one year include amounts receivable on disposal of player registrations. For the year ended 31 July 2020 there were no amounts receivable in more than one year.

19 Current asset investments

	Group 2020 £	2019 £	Company 2020 £	2019 £
Bank deposit accounts	-	12,500,000	-	-
	<u>-</u>	<u>12,500,000</u>	<u>-</u>	<u>-</u>

Investments in bank deposit accounts have an original maturity of 3 months or less. As of the comparative balance sheet date the average maturity of the deposits was 1 month, with an average interest rate of 0.8%. No investments were held on deposit at the current year end.

20 Creditors: amounts falling due within one year

	Notes	Group 2020 £	2019 £	Company 2020 £	2019 £
Bank loans	22	-	9,177,107	-	-
Obligations under finance leases	23	30,724	53,571	-	-
Other borrowings	22	194,600	-	-	-
Trade creditors		3,396,678	1,679,177	-	-
Other taxation and social security		7,915,111	6,220,772	-	-
Other creditors		3,788,750	7,402,681	470,032	470,032
Accruals and deferred income		16,973,759	33,420,840	-	-
		<u>32,299,622</u>	<u>57,954,148</u>	<u>470,032</u>	<u>470,032</u>

SWANSEA CITY FOOTBALL 2002 LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2020

21 Creditors: amounts falling due after more than one year

		Group 2020	2019	Company 2020	2019
	Notes	£	£	£	£
Obligations under finance leases	23	7,197	9,132	-	-
Other borrowings	22	389,400	-	-	-
Other creditors		124,558	945,412	-	-
Accruals and deferred income		-	4,939,248	-	-
		<u>521,155</u>	<u>5,893,792</u>	<u>-</u>	<u>-</u>

Other creditors due within and after one year include amounts payable on purchase of player registrations.

22 Loans and overdrafts

	Group 2020	2019	Company 2020	2019
	£	£	£	£
Bank loans	-	9,177,107	-	-
Other loans	584,000	-	-	-
	<u>584,000</u>	<u>9,177,107</u>	<u>-</u>	<u>-</u>
Payable within one year	194,600	9,177,107	-	-
Payable after one year	389,400	-	-	-
	<u>584,000</u>	<u>9,177,107</u>	<u>-</u>	<u>-</u>

The bank loan drawn down, which accrued interest at a rate of 4.5% per annum, was fully repaid at the balance sheet date (2019: £9,177,107). The final repayment was made on 20 August 2019. During 2019 the group also had use of a flexible overdraft facility which was secured by way of a fixed and floating charge over the company's assets. This facility ceased during the 2019 financial year.

During 2020 the group applied for a loan made available by the English Football League. At 31 July 2020 the amount payable was £584,000. An interest rate of 2% above base rate is applied but only if the group was to default on any repayments.

23 Finance lease obligations

	Group 2020	2019	Company 2020	2019
	£	£	£	£
Future minimum lease payments due under finance leases:				
Within one year	30,724	53,571	-	-
In two to five years	7,197	9,132	-	-
	<u>37,921</u>	<u>62,703</u>	<u>-</u>	<u>-</u>

Hire purchase contract liabilities are secured on the underlying fixed assets.

SWANSEA CITY FOOTBALL 2002 LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2020

24 Provisions for liabilities

	Notes	Group 2020 £	2019 £	Company 2020 £	2019 £
Dilapidation provision		626,631	429,460	-	-
Onerous contracts		1,658,445	1,149,498	-	-
		<u>2,285,076</u>	<u>1,578,958</u>	<u>-</u>	<u>-</u>
Deferred tax liabilities	25	3,828,286	3,094,932	-	-
		<u>6,113,362</u>	<u>4,673,890</u>	<u>-</u>	<u>-</u>

Movements on provisions apart from deferred tax liabilities:

Group	Dilapidation provision £	Onerous contracts £	Total £
At 1 August 2019	429,460	1,149,498	1,578,958
Additional provisions in the year	296,658	1,658,445	1,955,103
Reversal of provision	(54,572)	-	(54,572)
Utilisation of provision	(44,915)	(1,149,498)	(1,194,413)
At 31 July 2020	<u>626,631</u>	<u>1,658,445</u>	<u>2,285,076</u>

Onerous contracts

The provision for onerous contracts is expected to be utilised within one year.

SWANSEA CITY FOOTBALL 2002 LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2020

24 Provisions for liabilities

(Continued)

Dilapidation provision

The group occupies the Liberty Stadium under a lease from the City and County of Swansea. The lease is for a term of 50 years and commenced in April 2005.

Under the terms of that lease the group has an obligation to maintain the Stadium in a state of good and sustainable repair. In order to comply with this obligation the group has worked in conjunction with its professional advisors, Messrs Faithful and Gould, Quantity Surveyors, to carry out work on the Stadium in accordance with a 'Lifecycle Maintenance Plan' prepared by that firm.

The Plan was initially prepared in 2011 and estimated that £5,793,601 should be expended on the Stadium over the first 25 years of the lease term. The object of the Plan is that the Stadium will be properly maintained during the term of the lease and in conjunction required by the lease at the end of the lease term. The Plan was last updated in June 2017 and estimated that £16,038,499 is required to be expended on the Stadium over the 25 year period ending June 2042.

In order to do this, the group:

- 1) Undertakes the works required under the Plan.
- 2) Commissions regular surveys by Faithful and Gould so that any necessary amendments can be made to the Plan (see above).
- 3) Is subject to annual checks by the Landlord in order to verify whether the work is being performed in accordance with the Plan.
- 4) Obtains a specific survey on an ad hoc basis to value the cost of dilapidations at the survey date.

Under the Plan, work may be scheduled for the future years where an element of deterioration in the condition of the Stadium has taken place by the balance sheet date. It is necessary for the financial statements to include a reliable estimate of the group's liability under the lease in respect of such deterioration at the balance sheet date.

SWANSEA CITY FOOTBALL 2002 LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2020

24 Provisions for liabilities

(Continued)

Dilapidations survey

Faithful and Gould undertook a dilapidations survey of the Stadium in February 2014, which identified the deterioration in the condition of the Stadium that had occurred at that date. Faithful and Gould had quantified the work by making notional estimates based upon standard costing data. Under the Lifecycle Maintenance Plan, the group will undertake work by either using its own labour or that of local contractors and has evaluated the cost of such work with reference to quotations from local contractors or by calculating the costs of using in house labour. Faithful and Gould have agreed that this is an appropriate approach at arriving at a reliable estimate of actual cost outlay.

Interval Survey

In August 2020 Faithful and Gould carried out the annual survey and updated Plan accordingly. The directors have referred to the schedule of work needed over the 3 years from this date and identified repair work that they consider represents deterioration as at the balance sheet date. A provision of £226,631 (2019: £179,460) has been included in the accounts in respect of this.

Due to the scope of the Faithful and Gould report and the inherent risk of predicting future events, it is possible that additional costs may be expended in future years in relation to deterioration of the stadium at 31 July 2020 in addition to the amounts quantified above.

The directors have also identified future capital expenditure that the company is required to expend under the terms of the lease. The provision for dilapidation does not include capital expenditure, as the economic benefit of such will be enjoyed by the company in future years and to provide for capital expenditure would not impact upon reported profits, but instead augment reported assets, which have not been acquired at the balance sheet date. The cost of capital expenditure requiring to be replenished over the immediate maintenance period has been assessed as £262,546 (2019: £356,380). Both the repair and capital costs referred to above are expected to be expended within the 3 years from the report date. Such 3 year repair and capital cost estimates are revised on an ongoing rolling basis.

In addition to the above items, the directors recognise that remedial work is also required in relation to the Stadium steelwork. An assessment of the cost of the remedial work has been conducted in this financial year and is estimated to be £400,000. Therefore, the previous year's provision of £250,000 has been increased and is included in dilapidations provision as at 31 July 2020.

25 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the group and company, and movements thereon:

	Liabilities 2020 £	Liabilities 2019 £
Group		
Accelerated capital allowances	267,050	136,616
Capital gains	3,774,664	3,136,288
Other short term timing differences	(213,428)	(177,972)
	<u>3,828,286</u>	<u>3,094,932</u>

The company has no deferred tax assets or liabilities.

SWANSEA CITY FOOTBALL 2002 LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2020

25 Deferred taxation

(Continued)

	Group 2020 £	Company 2020 £
Movements in the year:		
Liability at 1 August 2019	3,094,932	-
Charge to profit or loss	733,354	-
Liability at 31 July 2020	<u>3,828,286</u>	<u>-</u>

26 Retirement benefit schemes

	2020 £	2019 £
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	<u>91,723</u>	<u>98,765</u>

A defined contribution pension scheme is operated for all qualifying employees. The assets of the scheme are held separately from those of the group in an independently administered fund.

27 Share capital

	Group and company 2020 £	2019 £
Ordinary share capital		
Issued and fully paid		
950,000 Ordinary shares of £1 each	<u>950,000</u>	<u>950,000</u>

SWANSEA CITY FOOTBALL 2002 LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2020

28 Financial commitments, guarantees and contingent liabilities

Under the terms of certain contracts for the purchase of players' registrations, future payments may be due, dependent on the future success of the team and/or the future team selection and performance of individual players. As at 31 July 2020 the maximum that could be payable is £2,969,052 (2019: £7,429,835). Signing on fees of £1,002,111 (2019: £2,511,834) will become due to certain players if they are still in the service of the group on specific future dates. In accordance with the group's stated accounting policies these amounts have not been recognised as liabilities as at 31 July 2020.

As at the prior year end the club had responded to certain HMRC requests for further details pertaining to historic employment tax matters, and the directors had taken professional tax advice (including Tax Counsel). However, whilst the directors' informed position was that further enquiry from HMRC would not result in additional material liabilities to that already accrued, they acknowledge that these matters had not yet been concluded with HMRC. During the year ended 31 July 2020 these matters concluded and the group has fully recognised its tax liabilities in this regard the current year. Accordingly there is no ongoing uncertainty remaining for further potential exposure as at 31 July 2020.

During the prior year, the group entered in to finance arrangement with Aldermore bank to sell the debt from player sales. The group guaranteed these arrangements and was therefore liable for the full amount if the purchasing club did not pay. As at the year end, there were no arrangements of this type (2019: 1 arrangement outstanding for total of £2,450,000).

The Director's note that in 2013 the European Commission contacted Swansea City Council following an allegation by a constituent that in the course of developing the Liberty Stadium, Swansea City Council made an unlawful aid to certain members of the group. Swansea City Council formally responded to the European Commission's information requests, the last request received from the European Commission was responded to in 2014. Whilst the group has received no formal notification from Swansea City Council, the Directors have formed a reasonable expectation that the possibility of any liability arising to the group in respect of this matter is remote. This expectation has been formed based on informal discussions with Swansea City Council executives; the lack of any further action from the European Commission since 2014 and a review of information available in the public domain. Accordingly no provision is recognised in these financial statements in respect of this matter.

29 Operating lease commitments

Lessee

At the reporting end date the group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	Group 2020 £	2019 £	Company 2020 £	2019 £
Within one year	406,342	405,396	-	-
Between two and five years	1,419,589	1,461,174	-	-
In over five years	15,200,000	15,500,000	-	-
	<u>17,025,931</u>	<u>17,366,570</u>	<u>-</u>	<u>-</u>

SWANSEA CITY FOOTBALL 2002 LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2020

30 Events after the reporting date

Subsequent to the balance sheet date, the group received income in respect of the transfer of certain player registrations for a total consideration of £14,580,741 (2019 : £15,049,629). In addition the group acquired new player registrations and extended the registrations of existing players for a total consideration of £1,641,740 (2019 : £746,267).

In September 2020, the company entered into an agreement to issue £5,000,000 of convertible loan notes which may be converted to shares in the company at a later date.

31 Related party transactions

Remuneration of key management personnel

The remuneration of key management personnel is as follows.

	2020 £	2019 £
Aggregate compensation	351,664	737,366

Transactions with related parties

During the year the group entered into the following transactions with related parties:

	Sales		Purchases	
	2020	2019	2020	2019
	£	£	£	£
Group				
Entities over which the group has control, joint control or significant influence	570,980	1,198,340	-	-
Key management personnel	1,052	2,980	-	-
Other related parties	12,940	13,783	41,808	561,965

The following amounts were outstanding at the reporting end date:

Amounts due from related parties	2020 Balance £	2019 Balance £
Group		
Entities over which the group has control, joint control or significant influence	28,842	33,480
Key management personnel	-	462
Other related parties	-	9,000

32 Controlling party

In the opinion of the directors, the Company's ultimate parent company and ultimate controlling party is Swansea Football LLC, a company incorporated in the United States of America. Swansea Football LLC is the parent company of the largest group which includes the company.

SWANSEA CITY FOOTBALL 2002 LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2020

33 Cash (absorbed by)/generated from group operations

	2020 £	2019 £
Profit/(loss) for the year after tax	1,706,078	(5,612,100)
Adjustments for:		
Taxation charged/(credited)	1,084,131	(992,615)
Finance costs	906,607	3,548,416
Investment income	(377,935)	(980,879)
(Gain)/loss on disposal of tangible fixed assets	(77,364)	565,843
Gain on disposal of intangible assets	(17,762,433)	(30,305,464)
Amortisation and impairment of intangible assets	10,662,651	29,620,796
Depreciation and impairment of tangible fixed assets	1,635,567	1,757,148
Foreign exchange gains on cash equivalents	-	(204,266)
Increase in provisions	706,118	-
Movements in working capital:		
(Increase)/decrease in stocks	(60,684)	468,635
(Increase)/decrease in debtors	(905,483)	1,267,073
(Decrease)/increase in creditors	(18,102,066)	9,194,221
Cash (absorbed by)/generated from operations	(20,584,813)	8,326,808

34 Analysis of changes in net funds - group

	1 August 2019 £	Cash flows £	31 July 2020 £
Cash and cash equivalents	20,098,727	(2,667,127)	17,431,600
Borrowings excluding overdrafts	(9,177,107)	8,593,107	(584,000)
Obligations under finance leases	(62,703)	24,782	(37,921)
	10,858,917	5,950,762	16,809,679