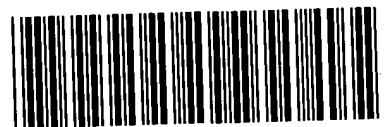


**Company Registration No. 04305508 (England and Wales)**

**SWANSEA CITY FOOTBALL 2002 LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 JULY 2021**

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# **SWANSEA CITY FOOTBALL 2002 LIMITED**

## **COMPANY INFORMATION**

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<b>Directors</b>	Mr R Chaudhari Mr R E Hamreich Mr H M Jenkins Mr J Leviau Mr M W Morgan Mr J Silverstein Mr J Winter Mr S Porter Mr T S Sinnett	(Appointed 11 September 2020) (Appointed 21 September 2020) (Appointed 21 September 2020) (Appointed 24 August 2021)
<b>Secretary</b>	Mr G Davies	
<b>Company number</b>	04305508	
<b>Registered office</b>	Liberty Stadium Landore Swansea United Kingdom SA1 2FA	
<b>Auditor</b>	Azets Audit Services Charter Court Phoenix Way Enterprise Park Swansea United Kingdom SA7 9FS	

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# **SWANSEA CITY FOOTBALL 2002 LIMITED**

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# **SWANSEA CITY FOOTBALL 2002 LIMITED**

## **STRATEGIC REPORT**

**FOR THE YEAR ENDED 31 JULY 2021**

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The directors present the strategic report for the year ended 31 July 2021.

### **Business review**

During the year under review, Swansea City Football Club participated in the 2020/2021 season of the EFL Championship division. Throughout the period, the COVID-19 pandemic continued to have a major impact on the Club's operations, with the League stage of the competition being played entirely behind closed doors, and only a limited number of supporters being permitted to attend the Play-Off phase of the competition in May 2021. Despite the negativity presented by the COVID-19 pandemic, the Club's Senior Men's Team excelled. Throughout the majority of the season, the Club was in contention for an automatic promotion place, but ultimately fell just short and finished the League stage of the competition in 4th place with 80 points (2020: 6th place with 70 points). As a result of its final League position, the Club qualified for the Play-Off stage of the competition; a place in the FA Premier League awaited the ultimate victor. The Club managed to narrowly overcome Barnsley F.C. over two legs in the Semi-Final of the Play-Off competition to qualify to play Brentford F.C. in the final of the Play-Off competition at Wembley in front of a restricted capacity crowd of 11,889. Unfortunately, the Club was unable to beat a very strong Brentford F.C. team, ultimately losing 2 – 0, meaning that the Club will continue to compete in the EFL Championship division in the 2021/2022 season.

Despite narrowly missing out on promotion to the FA Premier League, the Team (under the helm of Head Coach, Steve Cooper) acquitted themselves admirably throughout the season, demonstrating considerable progression from the previous season. During the season, several established players were acquired by the Club, including Korey Smith, Ryan Bennett, Ryan Manning and Jamal Lowe. In addition, the Club invested in its future by acquiring several highly regarded developmental players which it is hoped will add long term value to the playing squad.

Following the conclusion of the 2020/2021 season, it was mutually agreed that the Club's Head Coach, Steve Cooper, together with several members of his staff would leave the Club ahead of the start of the 2021/2022 season. In August 2021, following a review of the Club's footballing strategy the Club appointed Mark Allen as Sporting Director, and former M K Dons Head Coach, Russell Martin as the Club's new Head Coach.

Turnover for the year was £27.8 million (2020: £50.6 million) and included the final tranche of Parachute Payments to club's who are relegated out of the FA Premier League. Turnover was also negatively impacted by the COVID-19 pandemic (despite the Club being well insured against losses caused as a result of the COVID-19 pandemic). Total operating costs, including player amortisation and impairment costs of £4.7 million (2020: £10.7 million), amounted to £47.9 million (2020: £65.2 million). Profits generated from player trading in the year of £12.6 million (2020: £17.8 million) have been used to partially fund the operating loss incurred.

At the Balance sheet date, net current assets were £8 million, a significant improvement on the net current liabilities position in 2020 of £8.1 million. Net assets amounted to £10.7 million at the balance sheet date (2020: £13.8 million), and cash reserves were £10.3 million (2020: £17.4 million). To support the footballing operations additional finance was raised by way of an issue of Convertible Loan Notes. This round of financing raised £13.1 million, meeting the Club's requirement for a long term financing solution.

### **Youth Academy**

The Club operated a Category 2 status Academy throughout the 2020/2021 season and will continue to operate at this Category for the 2021/2022 season. Youth Development is at the forefront of the Club's footballing strategy, and whilst the Club endeavors to provide adequate facilities and resources in order to generate talent suitable for the Senior Team environment, the Academy status will continue to be evaluated particularly as the Club transitions out of the Parachute Payment window.

### **Swansea City Ladies F.C.**

Our affiliated team, Swansea City Ladies F.C., were successful in defending their Welsh Premier Women's League Championship title in the 2020/2021 season. The Club is committed to developing a close working affiliation with Swansea City Ladies F.C. and will continue to provide funding as appropriate.

# SWANSEA CITY FOOTBALL 2002 LIMITED

## STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2021

### 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 and / or 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.

#### 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 Company during the year under review, the most significant can be summarised as follows:

- Restrictions preventing any supporters being permitted entry to our Stadium. These restrictions were in place throughout the entire League stage of the 2020/21 season and partly during the 2021/22 season, however at the time of this report the restrictions have been lifted.
- General restrictions on retail and hospitality sectors led to the cancellation of hospitality and catering events at the Stadium, along with a reduction in opening hours and capacities of our retail outlets. Whilst most of these restrictions were lifted in time for the start of the 2021/22 season, the continued impact of the COVID-19 pandemic has meant that the Club is not currently trading at the levels it experienced immediately prior to the start of the COVID-19 pandemic.

The Company 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.

The current outlook remains uncertain and whilst over recent months a number of the COVID-19 restrictions have been lifted, constant speculation remains which suggests that further restrictions may be necessary in order to respond to the COVID-19 pandemic. The company remains confident that it is well positioned and has appropriate strategies in place in order to manage the company through this period of uncertainty.

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

Key performance indicators are:-

##### Financial

	2021	2020
Cash Flow (Annual movement in cash at bank and in hand balance)	-£7.1m	-2.7m
Turnover	£27.8m	£50.6m
Operating loss before profit on disposal of player registrations	£16.6m	£14.4m
Profit on disposal of player registrations	£12.5m	£17.8m

##### 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 2021**

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### **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 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.

# SWANSEA CITY FOOTBALL 2002 LIMITED

## STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2021

### Section 172 statement

The board of directors of The Swansea City Association Football Club Limited (the Club) 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 company 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 2021.

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 Football Club and its supporters.

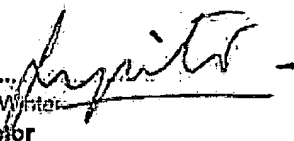
Our employees are fundamental to the success of our business. We aim to be a responsible employer in our approach to the pay and benefits our employees receive. We also recognise the need to consider the wellbeing of our employees, and we regularly reach out to employees on such matters via a number 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 Foundation which works hard to promote sport and education in the local community. The Club provides human and financial resource to the Foundation 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 Winter  
Director

Date: 24/02/2022  
.....

# **SWANSEA CITY FOOTBALL 2002 LIMITED**

## **DIRECTORS' REPORT**

**FOR THE YEAR ENDED 31 JULY 2021**

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

### **Principal activities**

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

### **Results and dividends**

The results for the year are set out on page 11.

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

### **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 Leviau	
Mr S J McDonald	(Resigned 3 August 2021)
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)
Mr T S Sinnott	(Appointed 24 August 2021)

### **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 2021

### Auditor

In accordance with the company's articles, a resolution proposing that Azets Audit Services be reappointed as auditor of the group will be put at a General Meeting.

### Energy and carbon report

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

	2021	2020
UK Energy use, kWh	8,928,838 kWh	5,891,402 kWh
Associated Greenhouse gas Emissions, Tonnes CO equivalent	1,808.96 tCO <sub>2</sub> e	1,286.11 tCO <sub>2</sub> e
Intensity Ratio, Emissions per employee	5.02 tCO <sub>2</sub> e	2.10 tCO <sub>2</sub> 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 2021 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.

### 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.

**SWANSEA CITY FOOTBALL 2002 LIMITED**

**DIRECTORS' REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 JULY 2021**

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On behalf of the board

.....  
Mr J Winter  
Director

Date: 24/02/2022

# **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 2021 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 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 2021 and of the group's loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### **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 other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

# **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 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 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 is available on the Financial Reporting Council's website at: <https://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**

**Extent to which the audit was considered capable of detecting irregularities, including fraud**  
Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above and on the Financial Reporting Council's website, to detect material misstatements in respect of irregularities, including fraud.

We obtain and update our understanding of the entity, its activities, its control environment, and likely future developments, including in relation to the legal and regulatory framework applicable and how the entity is complying with that framework. Based on this understanding, we identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. This includes consideration of the risk of acts by the entity that were contrary to applicable laws and regulations, including fraud.

In response to the risk of irregularities and non-compliance with laws and regulations, including fraud, we designed procedures which included:

- Enquiry of management and those charged with governance around actual and potential litigation and claims as well as actual, suspected and alleged fraud;
- Reviewing minutes of meetings of those charged with governance;
- Assessing the extent of compliance with the laws and regulations considered to have a direct material effect on the financial statements or the operations of the entity through enquiry and inspection;
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations;
- Performing audit work over the risk of management bias and override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing accounting estimates for indicators of potential bias.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

#### **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.

*Azets Audit Services*

**Paul Bowden (Senior Statutory Auditor)**  
**For and on behalf of Azets Audit Services**

**Date: 24/02/2022**

**Chartered Accountants**  
**Statutory Auditor**

**Charter Court**  
**Phoenix Way Enterprise Park**  
**Swansea**  
**United Kingdom**  
**SA7 9FS**

# SWANSEA CITY FOOTBALL 2002 LIMITED

## STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 JULY 2021

	Notes	Operations excluding player amortisation & trading	Player amortisation & trading	2021 £	2020 £
Turnover	3	27,768,812	6,845	27,775,457	50,588,187
Operating expenses		(43,245,560)	(4,679,021)	(47,924,581)	(65,181,785)
Other operating income		3,502,437	-	3,502,437	152,046
<b>Operating loss before profit on disposal of player registrations</b>	4	<b>(11,974,311)</b>	<b>(4,672,376)</b>	<b>(16,646,687)</b>	<b>(14,443,552)</b>
Profit on disposal of player registrations		-	12,482,684	12,482,684	17,762,433
<b>(Loss)/profit on ordinary activities before interest and taxation</b>		<b>(11,974,311)</b>	<b>7,810,508</b>	<b>(4,163,803)</b>	<b>3,318,881</b>
Interest receivable and similar income	8			258,392	377,835
Interest payable and similar expenses	9			(604,159)	(906,607)
<b>(Loss)/profit before taxation</b>				<b>(4,508,570)</b>	<b>2,790,209</b>
Tax on (loss)/profit	10			523,707	(1,084,131)
<b>(Loss)/profit for the financial year</b>				<b>(3,985,863)</b>	<b>1,706,078</b>

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 2021

	Notes	2021 £	£	2020 £	£
<b>Fixed assets</b>					
Intangible assets	12	3,770,421		6,852,240	
Tangible assets	13	21,135,734		21,932,984	
Investments	14		1		1
		<u>24,906,156</u>		<u>28,585,225</u>	
<b>Current assets</b>					
Stocks	17	575,487		532,028	
Debtors	18	13,978,395		6,200,405	
Cash at bank and in hand		10,323,431		17,431,600	
		<u>24,877,313</u>		<u>24,164,031</u>	
<b>Creditors: amounts falling due within one year</b>	19	(15,904,728)		(32,299,622)	
<b>Net current assets/(liabilities)</b>		<u>8,972,587</u>		<u>(8,135,591)</u>	
<b>Total assets less current liabilities</b>		<u>33,878,743</u>		<u>20,449,634</u>	
<b>Creditors: amounts falling due after more than one year</b>	20	(19,132,337)		(521,155)	
<b>Provisions for liabilities</b>					
Provisions	24	574,898		2,285,078	
Deferred tax liability	25	3,507,352		3,828,288	
		<u>(4,082,248)</u>		<u>(6,113,362)</u>	
<b>Net assets</b>		<u>10,664,168</u>		<u>13,815,117</u>	
<b>Capital and reserves</b>					
Called up share capital	27	950,000		950,000	
Equity reserve		834,904		-	
Capital redemption reserve		50,000		50,000	
Profit and loss reserves		8,825,823		12,811,688	
<b>Equity attributable to owners of the parent company</b>		<u>10,660,727</u>		<u>13,811,688</u>	
<b>Non-controlling interests</b>		3,431		3,431	
		<u>10,664,168</u>		<u>13,815,117</u>	

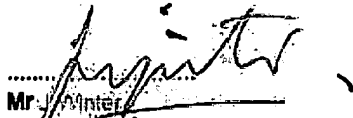
**SWANSEA CITY FOOTBALL 2002 LIMITED**

**GROUP BALANCE SHEET (CONTINUED)**

**AS AT 31 JULY 2021**

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The financial statements were approved by the board of directors and authorised for issue on 24/02/2022  
and are signed on its behalf by:

  
.....  
Mr. Winter  
Director

# SWANSEA CITY FOOTBALL 2002 LIMITED

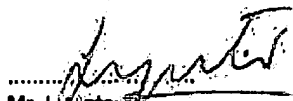
## COMPANY BALANCE SHEET

AS AT 31 JULY 2021

	Notes	2021 £	£	2020 £	£
<b>Fixed assets</b>					
Investments	14		1,500,767		1,500,767
<b>Current assets</b>					
Debtors	18	13,815,088		-	
Cash at bank and in hand		9,334		9,289	
		<u>13,824,422</u>		<u>9,289</u>	
<b>Creditors: amounts falling due within one year</b>	19	<u>(470,032)</u>		<u>(470,032)</u>	
<b>Net current assets/(liabilities)</b>			13,154,380		(460,733)
<b>Total assets less current liabilities</b>			<u>14,855,157</u>		<u>1,040,034</u>
<b>Creditors: amounts falling due after more than one year</b>	20		(12,780,184)		-
<b>Net assets</b>			<u>1,874,973</u>		<u>1,040,034</u>
<b>Capital and reserves</b>					
Called up share capital	27		950,000		950,000
Equity reserve			834,804		-
Capital redemption reserve			50,000		50,000
Profit and loss reserves			40,069		40,034
<b>Total equity</b>			<u>1,874,973</u>		<u>1,040,034</u>

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 £35 (2020 - £0 profit).

The financial statements were approved by the board of directors and authorised for issue on 24/02/2022 and are signed on its behalf by:

  
 .....  
 Mr J Winter  
 Director

Company Registration No. 04305508

**SWANSEA CITY FOOTBALL 2002 LIMITED**

**GROUP STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 JULY 2021**

	Notes	Share capital £	Equity reserve £	Capital redemption reserve £	Profit and loss reserves £	Total controlling interest £	Non-controlling interest £	Total £
Balance at 1 August 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		-	-	-	1,708,078	1,708,078	-	1,708,078
Balance at 31 July 2020		950,000	-	50,000	12,811,686	13,811,686	3,431	13,815,117
Year ended 31 July 2021:								
Loss and total comprehensive income for the year		-	-	-	(3,985,863)	(3,985,863)	-	(3,985,863)
Issue of convertible loan	23	-	834,904	-	-	834,904	-	834,904
Balance at 31 July 2021		950,000	834,904	50,000	8,825,823	10,660,727	3,431	10,664,158

# SWANSEA CITY FOOTBALL 2002 LIMITED

## COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 JULY 2021

	Notes	Share capital £	Equity reserve £	Capital redemption reserve £	Profit and loss reserves £	Total £
Balance at 1 August 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
Year ended 31 July 2021: Profit and total comprehensive income for the year		-	-	-	35	35
Issue of convertible loan	23	-	834,904	-	-	834,904
Balance at 31 July 2021		950,000	834,904	50,000	40,069	1,874,973

# SWANSEA CITY FOOTBALL 2002 LIMITED

## GROUP STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 JULY 2021

	Notes	2021 £	£	2020 £	£
<b>Cash flows from operating activities</b>					
Cash absorbed by operations	33	(37,280,764)		(20,584,813)	
Interest paid		(136,409)		(906,607)	
Income taxes refunded/(paid)		202,773		-	
<b>Net cash outflow from operating activities</b>		<b>(37,224,400)</b>		<b>(21,491,420)</b>	
<b>Investing activities</b>					
Purchase of intangible assets		(4,314,094)		(5,371,923)	
Proceeds on disposal of intangibles		14,985,101		33,249,231	
Purchase of tangible fixed assets		(945,512)		(891,822)	
Proceeds on disposal of tangible fixed assets		75,388		78,561	
Interest received		258,392		377,935	
<b>Net cash generated from investing activities</b>		<b>10,069,276</b>		<b>27,442,182</b>	
<b>Financing activities</b>					
Issue of convertible loans		13,147,338		-	
Proceeds from borrowings		6,941,667		584,000	
Repayment of bank loans		-		(8,177,107)	
Payment of finance leases obligations		(42,049)		(24,782)	
<b>Net cash generated from/(used in) financing activities</b>		<b>20,046,956</b>		<b>(8,617,889)</b>	
<b>Net decrease in cash and cash equivalents</b>		<b>(7,108,169)</b>		<b>(2,667,127)</b>	
<b>Cash and cash equivalents at beginning of year</b>		<b>17,431,600</b>		<b>20,098,727</b>	
<b>Cash and cash equivalents at end of year</b>		<b>10,323,431</b>		<b>17,431,600</b>	

# SWANSEA CITY FOOTBALL 2002 LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JULY 2021

### 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': The disclosure requirements of paragraphs 11.42, 11.44, 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b), 11.48(c), 12.26, 12.27, 12.28(a), 12.28(b), and 12.29A;
- Section 26 'Share based Payment': Share based payment arrangements required under FRS 102 paragraphs 26.18(b), 26.19 to 26.21 and 26.23;
- 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 2021**

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### **1 Accounting policies**

**(Continued)**

The consolidated group financial statements consist of the financial statements of the parent company Swansea City Football 2002 Limited together with all entities controlled by the parent company (its subsidiaries) and the group's share of its interests in joint ventures and associates.

All financial statements are made up to 31 July 2021. 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 a going concern basis. The directors have a reasonable expectation that the company 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.

The directors acknowledge the difficult financial and operational conditions the company, along with other Championship football clubs, has suffered in 2020-21 season and will continue to suffer in the 2021-22 season due to the impact of the Covid-19 pandemic. The Board and key management have paid due consideration to the club's overall strategy, playing squad and operating and financing cashflow, including all significant revenue streams, the operating cost base of the club, player trading and sources of finance.

The company prepares detailed profit and loss, balance sheet and cashflow forecasts each financial year considering a range of reasonably foreseeable scenarios, including promotion and relegation and material uncertainties in relation to income and costs.

The football transfer markets have been impacted by the pandemic but the company 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 company 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 doubt about the company's ability to continue as a going concern.

The company 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 company will generate sufficient resources to meet its liabilities as they fall due and the board has concluded it is appropriate for the financial statement 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 2021

### 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 2021

### 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:

Freehold land buildings	Not depreciated
Leasehold land and 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 2021**

### **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 2021 was £nil (2020: £nil).

#### **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 2021

### 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 2021

### 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 Compound instruments**

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.

#### **1.14 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.

#### **1.15 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 2021

### 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.

#### 1.16 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.

#### 1.17 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.

# **SWANSEA CITY FOOTBALL 2002 LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 31 JULY 2021**

### **1 Accounting policies**

**(Continued)**

#### **1.18 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.

#### **1.19 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.

#### **1.20 Government grants**

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

#### **1.21 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.

#### **1.22 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 2021

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### 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 2021 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 2021

### 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

	2021 £	2020 £
<b>Turnover analysed by class of business</b>		
<b>Sale of goods</b>		
Commercial	1,865,482	1,364,931
Media	3,498	54,921
Other	-	21,983
<b>Rendering of services</b>		
Media	21,678,882	38,952,351
Match	1,871,257	5,014,487
Commercial	1,419,833	3,007,889
Other	936,505	2,169,865
	<b>27,775,457</b>	<b>50,586,187</b>
	<b>2021 £</b>	<b>2020 £</b>
<b>Other significant revenue</b>		
Interest income	258,392	377,935
Grants received	95,133	-
Insurance proceeds received	3,341,172	-

# SWANSEA CITY FOOTBALL 2002 LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2021

### 4 Operating (loss)/profit

	2021 £	2020 £
Operating (loss)/profit for the year is stated after charging/(crediting):		
Exchange losses	79,851	97,199
Government grants	(85,133)	-
Depreciation of owned tangible fixed assets	1,482,792	1,596,731
Depreciation of tangible fixed assets held under finance leases	50,595	38,836
Loss/(profit) on disposal of tangible fixed assets	521,412	(77,364)
Amortisation of intangible assets	4,683,698	9,736,937
Impairment of player registration costs	-	925,714
Cost of stocks recognised as an expense	1,070,155	755,796
Operating lease charges	368,137	390,487
Provision for onerous contracts	-	1,658,445

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 £79,851 (2020 - £97,199).

### 5 Auditor's remuneration

	2021 £	2020 £
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	20,750	20,700
	<u>23,750</u>	<u>23,700</u>
For other services		
Audit-related assurance services	7,300	7,600
Taxation compliance services	3,700	3,600
Other taxation services	8,038	58,500
	<u>19,038</u>	<u>67,700</u>

# SWANSEA CITY FOOTBALL 2002 LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2021

### 6 Employees

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

	Group 2021 Number	2020 Number	Company 2021 Number	2020 Number
Football	232	236	-	-
Administration (including directors)	16	18	-	-
Commercial	33	65	-	-
Media	7	12	-	-
Stadium	12	282	-	-
<b>Total</b>	<b>300</b>	<b>613</b>	<b>-</b>	<b>-</b>

Their aggregate remuneration comprised:

	Group 2021 £	2020 £	Company 2021 £	2020 £
Wages and salaries	25,289,735	38,033,048	-	-
Social security costs	3,118,303	5,126,993	-	-
Pension costs	98,671	91,723	-	-
	<b>28,506,709</b>	<b>41,251,764</b>	<b>-</b>	<b>-</b>

### 7 Directors' remuneration

	2021 £	2020 £
Remuneration for qualifying services	555,149	310,181
Company pension contributions to defined contribution schemes	12,720	-
	<b>567,869</b>	<b>310,181</b>

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

	2021 £	2020 £
Remuneration for qualifying services	142,381	310,181

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounts to 2 (2020 - nil).

# SWANSEA CITY FOOTBALL 2002 LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2021

### 8 Interest receivable and similar income

	2021	2020
	£	£
Interest income		
Interest on bank deposits	14,740	118,915
Finance income on unwinding of discount on player receivables	243,652	269,020
Total income	<u>258,392</u>	<u>377,935</u>

### 9 Interest payable and similar expenses

	2021	2020
	£	£
Interest on bank overdrafts and loans	2,794	3,381
Interest on convertible loan notes	487,760	-
Other interest on financial liabilities	114,550	820,372
Interest on finance leases and hire purchase contracts	4,373	1,486
Finance charges on unwinding of discount on player liabilities	14,692	81,368
	<u>604,159</u>	<u>906,607</u>

### 10 Taxation

	2021	2020
	£	£
Current tax		
UK corporation tax on profits for the current period	(202,778)	350,776
Deferred tax		
Origination and reversal of timing differences	(344,381)	733,355
Changes in tax rates	18,320	-
Adjustment in respect of prior periods	5,133	-
Total deferred tax	<u>(320,928)</u>	<u>733,355</u>
Total tax (credit)/charge	<u>(523,707)</u>	<u>1,084,131</u>

# SWANSEA CITY FOOTBALL 2002 LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2021

### 10 Taxation

(Continued)

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

	2021 £	2020 £
(Loss)/profit before taxation	(4,509,570)	2,790,209
Expected tax (credit)/charge based on the standard rate of corporation tax in the UK of 19.00% (2020: 19.00%)	(858,818)	530,140
Tax effect of expenses that are not deductible in determining taxable profit	69,712	114,173
Gains not taxable	(202,739)	-
Other permanent differences	(41,584)	-
Deferred tax adjustments in respect of prior years	-	34,442
Increase in tax rate on deferred tax balances	507,722	368,162
Fixed asset timing differences	-	37,214
Taxation (credit)/charge	(523,707)	1,084,131

### 11 Impairments

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

	Notes	2021 £	2020 £
In respect of:			
Intangible assets	12	-	925,714
Recognised in:			
Administrative expenses		-	925,714

The impairment recognised in the comparative period 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 2021

### 12 Intangible fixed assets

Group	Goodwill	Patents & licences	Players' registration costs	Total
	£	£	£	£
<b>Cost</b>				
At 1 August 2020	478,168	58,990	31,614,898	32,152,056
Additions	-	-	4,314,094	4,314,094
Disposals	-	-	(28,851,955)	(28,851,955)
At 31 July 2021	478,168	58,990	7,077,037	7,614,195
<b>Amortisation and impairment</b>				
At 1 August 2020	478,168	35,716	24,985,932	25,499,816
Amortisation charged for the year	-	4,676	4,679,021	4,683,698
Disposals	-	-	(26,339,738)	(26,339,738)
At 31 July 2021	478,168	40,391	3,325,215	3,843,774
<b>Carrying amount</b>				
At 31 July 2021	-	18,599	3,751,822	3,770,421
At 31 July 2020	-	23,274	6,628,968	6,652,240

The company had no intangible fixed assets at 31 July 2021 or 31 July 2020.

# SWANSEA CITY FOOTBALL 2002 LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2021

### 13 Tangible fixed assets

Group	Freehold land buildings	Leasehold land and buildings	Stadium fittings	Plant and equipment	Furniture and fittings	Total
	£	£	£	£	£	£
<b>Cost</b>						
At 1 August 2020	8,885,082	11,997,843	1,122,537	8,133,808	653,298	30,792,546
Additions	-	-	-	1,332,937	-	1,332,937
Disposals	-	(112,775)	-	(879,286)	(38,569)	(1,030,610)
<b>At 31 July 2021</b>	<b>8,885,082</b>	<b>11,885,068</b>	<b>1,122,537</b>	<b>8,587,477</b>	<b>614,729</b>	<b>31,094,873</b>
<b>Depreciation and impairment</b>						
At 1 August 2020	1,417,244	1,394,317	204,486	5,150,238	693,277	8,859,562
Depreciation charged in the year	241,650	259,620	24,204	1,007,913	-	1,533,387
Eliminated in respect of disposals	-	(41,949)	-	(353,292)	(38,569)	(433,810)
Transfers	-	-	-	77,452	(77,452)	-
<b>At 31 July 2021</b>	<b>1,658,894</b>	<b>1,611,988</b>	<b>228,690</b>	<b>5,882,311</b>	<b>577,256</b>	<b>9,959,139</b>
<b>Carrying amount</b>						
At 31 July 2021	7,226,188	10,273,080	893,847	2,705,166	37,473	21,135,734
At 31 July 2020	7,467,818	10,603,528	918,051	2,983,568	(39,979)	21,932,984

The company had no tangible fixed assets at 31 July 2021 or 31 July 2020.

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

	Group 2021 £	2020 £	Company 2021 £	2020 £
Plant and equipment	539,014	102,187	-	-

### 14 Fixed asset investments

	Notes	Group 2021 £	2020 £	Company 2021 £	2020 £
Investments in subsidiaries	16	-	-	513,370	513,370
Loans to subsidiaries	15	-	-	987,397	987,397
Investments in associates	16	1	1	-	-
		<b>1</b>	<b>1</b>	<b>1,500,767</b>	<b>1,500,767</b>

# SWANSEA CITY FOOTBALL 2002 LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JULY 2021

### 14 Fixed asset investments

(Continued)

#### Movements in fixed asset investments Group

Shares in  
associates  
£

#### Cost or valuation

At 1 August 2020 and 31 July 2021

1

#### Carrying amount

At 31 July 2021

1

At 31 July 2020

1

#### Movements in fixed asset investments Company

Shares in  
subsidiaries  
£

Loans to  
subsidiaries  
£

Total  
£

#### Cost or valuation

At 1 August 2020 and 31 July 2021

513,370

987,397

1,500,767

#### Carrying amount

At 31 July 2021

513,370

987,397

1,500,767

At 31 July 2020

513,370

987,397

1,500,767

### 15 Subsidiaries

Details of the company's subsidiaries at 31 July 2021 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):

Swansea.com Stadium, Landore, Swansea, SA1 2FA.

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

# SWANSEA CITY FOOTBALL 2002 LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2021

### 15 Subsidiaries

(Continued)

Name of undertaking	Capital and Reserves £	Profit/(Loss) £
Swansea City Football Club Limited	1,040,089	35
Swansea City Association Football Club Limited	8,555,598	(3,949,500)
Swansea Stadium Management Company Limited	503,852	114,476

### 16 Associates

Details of associates at 31 July 2021 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 Swansea.com Stadium, Landore, Swansea, SA1 2FA.

### 17 Stocks

	Group 2021 £	2020 £	Company 2021 £	2020 £
Finished goods and goods for resale	576,487	532,026	-	-

# SWANSEA CITY FOOTBALL 2002 LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2021

### 18 Debtors

	Group 2021 £	2020 £	Company 2021 £	2020 £
<b>Amounts falling due within one year:</b>				
Trade debtors	801,209	975,584	-	-
Amounts owed by group undertakings	-	-	13,615,088	-
Other debtors	6,485,122	3,764,632	-	-
Prepayments and accrued income	1,549,899	1,460,189	-	-
	<u>8,836,030</u>	<u>6,200,405</u>	<u>13,615,088</u>	<u>-</u>
<b>Amounts falling due after more than one year:</b>				
Other debtors	<u>5,142,385</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total debtors</b>	<u>13,978,395</u>	<u>6,200,405</u>	<u>13,615,088</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 Creditors: amounts falling due within one year

	Notes	Group 2021 £	2020 £	Company 2021 £	2020 £
Obligations under finance leases	22	120,788	30,724	-	-
Other borrowings	21	1,582,933	184,600	-	-
Trade creditors		2,236,077	3,396,678	-	-
Other taxation and social security		1,884,543	7,815,111	-	-
Other creditors		3,688,666	3,788,750	470,032	470,032
Accruals and deferred income		6,392,719	16,973,759	-	-
		<u>15,904,726</u>	<u>32,299,622</u>	<u>470,032</u>	<u>470,032</u>

### 20 Creditors: amounts falling due after more than one year

	Notes	Group 2021 £	2020 £	Company 2021 £	2020 £
Convertible loans	23	12,780,184	-	12,780,184	-
Obligations under finance leases	22	282,609	7,197	-	-
Other borrowings	21	5,942,734	389,400	-	-
Other creditors		146,910	124,558	-	-
		<u>19,132,337</u>	<u>521,155</u>	<u>12,780,184</u>	<u>-</u>

# SWANSEA CITY FOOTBALL 2002 LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2021

### 20 Creditors: amounts falling due after more than one year (Continued)

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

### 21 Loans and overdrafts

	Group 2021 £	2020 £	Company 2021 £	2020 £
Other loans	7,525,867	584,000	-	-
Payable within one year	1,582,933	194,800	-	-
Payable after one year	5,942,734	389,400	-	-

During 2020 the group applied for a loan made available by the English Football League. At 31 July 2021 the amount payable was £584,000 (2020: £584,000). An interest rate of 2% above base rate is applied but only if the group was to default on any repayments.

During 2021 Swansea City Association Football Club Limited applied for a loan made available by the English Football League. At 31 July 2021 the amount payable was £6,941,867 (2020: £nil). Interest is only payable if the Company wish to extend the loan beyond the Termination Date.

### 22 Finance lease obligations

	Group 2021 £	2020 £	Company 2021 £	2020 £
Future minimum lease payments due under finance leases:				
Within one year	120,788	30,724	-	-
In two to five years	282,509	7,197	-	-
	383,297	37,921	-	-

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

### 23 Convertible loan notes

	Group 2021 £	2020 £	Company 2021 £	2020 £
Liability component of convertible loan notes	12,780,184	-	12,780,184	-

The net proceeds received from the issue of the convertible loan notes have been split between the financial liability element and an equity component, representing the fair value of the embedded option to convert the financial liability into equity.

# SWANSEA CITY FOOTBALL 2002 LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2021

### 23 Convertible loan notes

(Continued)

The liability component is measured at amortised cost, and the difference between the carrying amount of the liability at the date of issue and the amount reported in the Balance Sheet represents the effective interest rate less interest paid to that date.

The effective rate of interest is 5%.

### 24 Provisions for liabilities

	Notes	Group 2021 £	2020 £	Company 2021 £	2020 £
Dilapidation provision		574,896	626,631	-	-
Onerous contracts		-	1,658,445	-	-
		<u>574,896</u>	<u>2,285,076</u>	<u>-</u>	<u>-</u>
Deferred tax liabilities	26	3,507,352	3,828,288	-	-
		<u>4,082,248</u>	<u>6,113,362</u>	<u>-</u>	<u>-</u>

Movements on provisions apart from deferred tax liabilities:

Group	Dilapidation provision £	Onerous contracts £	Total £
At 1 August 2020	626,631	1,658,445	2,285,076
Additional provisions in the year	323,694	-	323,694
Reversal of provision	(72,588)	-	(72,588)
Utilisation of provision	(302,841)	(1,658,445)	(1,961,286)
At 31 July 2021	<u>574,896</u>	<u>-</u>	<u>574,896</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 2021**

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#### **24 Provisions for liabilities**

**(Continued)**

##### **Dilapidation provision**

The group occupies the Swansea.com 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, to carry out work on the Stadium in accordance with a 'Lifecycle Maintenance Plan' prepared by its professional advisors.

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 periodic 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 2021

#### 24 Provisions for liabilities

(Continued)

##### Dilapidations survey

Professional advisors 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 2021 professional advisors 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 £525,895 (2020: £226,631 based on Faithful and Gould annual survey and updated plan conducted in August 2020) has been included in the accounts in respect of this.

Due to the scope of the 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 2021 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 £233,681 (2020: £262,546). 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 have recognised that remedial work has and is also required in relation to Stadium steelwork. An assessment of the cost of the remedial work was conducted in the prior year with a estimated provision of £400,000 being included as at 31 July 2020. Following works conducted in the year, the remaining provision in excess of that identified by the survey is £45,000 as at 31 July 2021.

#### 25 Deferred taxation

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

	Liabilities 2021 £	Liabilities 2020 £
Group		
Accelerated capital allowances	588,887	267,050
Tax losses	(105,063)	-
Capital gains	3,118,737	3,774,664
Other short term timing differences	(94,989)	(213,428)
	<u>3,507,352</u>	<u>3,828,286</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 2021

### 25 Deferred taxation (Continued)

	Group 2021 £	Company 2021 £
<b>Movements in the year:</b>		
Liability at 1 August 2020	3,828,286	-
Credit to profit or loss	(328,087)	-
Effect of change in tax rate - profit or loss	5,153	-
Liability at 31 July 2021	<u>3,507,352</u>	<u>-</u>

### 26 Retirement benefit schemes

	2021 £	2020 £
<b>Defined contribution schemes</b>		
Charge to profit or loss in respect of defined contribution schemes	<u>98,671</u>	<u>91,723</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

	2021 Number	2020 Number	2021 £	2020 £
<b>Ordinary share capital</b>				
Issued and fully paid				
Ordinary shares of £1 each	<u>950,000</u>	<u>950,000</u>	<u>950,000</u>	<u>950,000</u>

### 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 2021 the maximum that could be payable is £5,243,485 (2020: £2,989,052). Signing on fees of £873,848 (2020: £1,002,111) will become due to certain players if they are still in the service of the Company on specific future dates. In accordance with the Company's stated accounting policies these amounts have not been recognised as liabilities as at 31 July 2021.

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.

# SWANSEA CITY FOOTBALL 2002 LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2021

### 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 2021 £	2020 £	Company 2021 £	2020 £
Within one year	400,822	406,342	-	-
Between two and five years	1,478,280	1,419,589	-	-
In over five years	14,800,000	15,200,000	-	-
	<u>16,679,102</u>	<u>17,025,931</u>	<u>-</u>	<u>-</u>

### 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 £4,500,150 (2020 : £14,580,741). In addition the group acquired new player registrations and extended the registrations of existing players for a total consideration of £4,581,416 (2020 : £1,841,740).

### 31 Related party transactions

#### Remuneration of key management personnel

The remuneration of key management personnel is as follows.

	2021 £	2020 £
Aggregate compensation	<u>567,869</u>	<u>351,664</u>

#### Transactions with related parties

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

	Sales 2021 £	2020 £	Purchases 2021 £	2020 £
Group				
Entities over which the group has control, joint control or significant influence	-	570,980	-	-
Key management personnel	1,108	1,052	-	-
Other related parties	-	12,840	43,607	41,808
	<u>-</u>	<u>583,872</u>	<u>43,607</u>	<u>41,808</u>

During the year Swansea City Football 2002 Limited issued a number of loans to Swansea City Association Football Club Limited (The). These loans accrue interest at 5% and are repayable on demand.

# SWANSEA CITY FOOTBALL 2002 LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2021

### 31 Related party transactions

(Continued)

The following amounts were outstanding at the reporting end date:

#### Amounts due from related parties

	2021 Balance £	2020 Balance £
<b>Group</b>		
Entities over which the group has control, joint control or significant influence	-	28,842

### 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.

### 33 Cash absorbed by group operations

	2021 £	2020 £
(Loss)/profit for the year after tax	(3,885,883)	1,706,078
<b>Adjustments for:</b>		
Taxation (credited)/charged	(523,707)	1,084,131
Finance costs	604,159	906,607
Investment income	(258,392)	(377,935)
Loss/(gain) on disposal of tangible fixed assets	521,412	(77,384)
Gain on disposal of intangible assets	(12,482,884)	(17,762,433)
Amortisation and impairment of intangible assets	4,683,898	10,862,651
Depreciation and impairment of tangible fixed assets	1,533,387	1,635,587
(Decrease)/increase in provisions	(1,710,180)	706,118
<b>Movements in working capital:</b>		
Increase in stocks	(43,461)	(60,684)
Increase in debtors	(7,777,991)	(905,482)
Decrease in creditors	(17,860,940)	(18,102,067)
<b>Cash absorbed by operations</b>	<b>(37,290,764)</b>	<b>(20,584,813)</b>

## SWANSEA CITY FOOTBALL 2002 LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2021

**34 Analysis of changes in net funds/(debt) - group**

	1 August 2020	Cash flows	New finance leases	31 July 2021
	£	£	£	£
Cash at bank and in hand	17,431,800	(7,108,169)	-	10,323,431
Borrowings excluding overdrafts	(584,000)	(6,941,667)	-	(7,525,667)
Obligations under finance leases	(37,921)	42,049	(387,425)	(383,297)
Convertible loan notes	-	(12,780,184)	-	(12,780,184)
	<u>16,809,879</u>	<u>(26,787,971)</u>	<u>(387,425)</u>	<u>(10,365,717)</u>