

AFC Wimbledon Limited

Report and Financial Statements

Year Ended

30 June 2022

Company Number 04458490

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AFC Wimbledon Limited

Company Information

Directors	M A Buckley K Stewart G Price N J Robertson M M Little I R McNay
Company secretary	W D Charles
Registered number	04458490
Registered office	Plough Lane Stadium Plough Lane London SW17 0NR
Independent auditor	BDO LLP 2 City Place Beehive Ring Road Gatwick West Sussex RH6 0PA

AFC Wimbledon Limited

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AFC Wimbledon Limited

Strategic Report For the Year Ended 30 June 2022

The directors present their strategic report and a review of the business for the financial year ended 30 June 2022.

Business review

On the pitch

The 2021/22 season was our sixth consecutive season in League One and marked a historic moment for the club as we played our first full season at Plough Lane with fans in full attendance following COVID-19 restrictions. Despite this key landmark in the club's history, the season was extremely challenging on the pitch in terms of results, which eventually saw the club relegated from League One on the final day of the season.

The season started brightly on the pitch and by mid-September the club sat in fourth position in the table whilst also enjoying a lucrative third round EFL Cup tie away at Arsenal. A slight downturn in form followed and by Christmas, the club were in a comfortable 17th position within the league on the back of an unbeaten run of four games.

Just prior to Christmas, two important games were postponed at very short notice as the club were informed the opposition teams were experiencing a number of COVID-19 cases within their playing squads, rendering them unable to fulfil the fixtures. This disruption, combined with a disappointing exit from the FA Cup in the third round away to National League side Boreham Wood and then a congested fixture schedule following the cancellations, coincided with a poor run of form whereby the club did not win another league game for the remainder of the season, ultimately ending in relegation.

In an attempt to improve matters on the field, the club parted ways with Mark Robinson on 28 March 2022, relieving him from his position of head coach. Mark had been at the club since 2004 and the club are extremely grateful to Mark for all his hard work, loyalty and commitment during his time at the club.

On 30 March 2022, Mark Bowen was appointed as the new first-team manager for the final seven games of the season. This brought around an improvement in results, however, the club's fortunes didn't change sufficiently, and despite taking the lead in four of the last seven games, the club were unable to find that elusive win to aid their bid for survival in League One. The club were officially confirmed as relegated on the last day of the season following a run of 27 league games without a win.

On 7 May 2022, Mark Bowen departed AFC Wimbledon Limited leaving the club to embark on the search for a new first team manager. On 16 May 2022, Johnnie Jackson was appointed on a two-year deal, assisted by Terry Skiverton.

In the cup competitions, the club reached the third round of both the EFL Cup and the FA Cup, with the EFL Cup third round away tie at Arsenal the particular highlight. The club exited the Football League Trophy in the group stages.

Youth development

Youth development continues to be an important part of the club. While the focus is on development and bringing out the best in our young players, rather than results, it is always rewarding to see them progress in competitions. Over the years, the Under-18 team has performed well in the FA Youth Cup, so it was slightly disappointing to see the Under-18 team bow out of the competition in the second round against Charlton after losing in extra time.

Despite this, the Under 18's won the EFL Youth Alliance South East league and reached the Southern final of the EFL Youth Alliance Cup before losing to Luton Town. In addition, it was encouraging to see the club gain recognition for the hugely impressive work it is doing in developing youngsters, demonstrated by one of our Academy players being called into international squads for their respective country and age group during the season.

The success of the academy has not gone unnoticed outside of the club and during the season, two academy players departed for Premier League clubs. It continues to remain a challenge for the club as to how it can best retain its top young talent and not lose them to larger and better resourced clubs.

AFC Wimbledon Limited

Strategic Report For the Year Ended 30 June 2022

Financial performance

The 2020/21 season posed a significant financial challenge to the club with the whole season played behind closed doors without any supporters. For the year ended 30 June 2022, the club budgeted for break-even EBITDA, however, as the season started, there was significant uncertainty as to whether government restrictions would continue in place throughout the season.

With less than three weeks before the start of the new season, the government announced that most legal limits on social contact were removed in England. This allowed the club to operate the entire year without having to restrict attendance. Consequently, the club enjoyed its first full season at Plough Lane with fans in attendance and returned an operating profit of £0.3m (2021 - operating loss of £1.1m) resulting in a profit before tax of £0.2m (2021 - loss before tax of £1.1m).

The club considers the financial performance for the season as strong, despite the club's relegation on the pitch. The operation of the new stadium with supporters for the first time saw revenues increase by over 60% to just over £8.0m demonstrating the financial potential of the new stadium. Operating profit improvement of £1.3m can be attributed to some of the following; (i) the club's success in generating transfer revenues (£0.7m) (ii) additional Premier League funding received in the year (£0.5m) and (iii) success in cup competitions (£0.3m).

Administrative expenses increased in the year by 64% as the club operated a full year of the new stadium with supporters. This is reflective of a larger staff team required to operate the new stadium in addition to the increased operating costs associated with a much larger and new stadium for a full season.

As in previous years, the Academy is a substantial net cost to the club. This is a conscious decision of the club to invest in future talent and does not take into account any income from transfer fees and the benefit the first team derives from the Academy.

Financial position

Shareholders' funds have increased by £0.5m due to the profit earned as highlighted above. This results in an improvement in net current assets of £1.1m including an improved cash position of £0.7m and an improvement of £0.5m in the net liability position.

Principal risks and uncertainties

Risk is normally regarded as having two elements: the likelihood that something will happen, and the probable consequences if it did. In reviewing the risks we face, we have taken both these elements into account.

Strategic risks

The key strategic risks to the club and majority shareholder, the Dons Trust, arise from the continued operation of, the new stadium. In addition to the obvious financial risks, which include attempting to control and manage rising energy and other operational costs, there are cultural risks. In particular, the club needs to maintain the increase it has seen in its regular fanbase, despite the club's relegation, and there is a substantial task to be done in terms of helping new fans understand our ethos and our principles and to play their part in the future direction of the club.

How the club and Trust manage these changes is a key strategic risk and much work is going into making sure that management and staff are thoroughly prepared as we embark on developing our long-term strategy at the new stadium.

People risks

Part of the preparation for the transition to the new stadium was making sure that any transition of people was also carefully managed. With the increase in staff, there has been and will continue to be a lot of work required to ensure the new hires understand the culture, yet still improve the professionalism, of the club. Joe Palmer, former Chief Executive, was responsible for delivering the construction of the new stadium, as well as all football

AFC Wimbledon Limited

Strategic Report For the Year Ended 30 June 2022

decisions and the day-to-day management of the club. Since his departure in February 2022, Mick Buckley has been acting as Interim Chair. He was tasked with recruiting a new Managing Director who will be responsible for ensuring the new stadium is put to its maximum use and Danny Macklin was appointed to this role in November 2022. As a small business, there are a number of single points of failures and any loss of senior staff will need to be carefully managed. The AFCW PLC Board and Dons Trust Board each have monthly meetings where it discusses succession planning.

Financing risks

There are financial risks involved in being a fans-owned club as, despite some very generous fans, the majority of our income has to be earned from our own resources. This leaves us more exposed than many other clubs to the adverse financial consequences if we were to be relegated from the English Football League. Relegation to League Two has not been welcome, however, the Board is satisfied that finances are sufficiently robust to manage this and a detailed budget and cash flow forecast has been prepared for the upcoming season to ensure the club has adequate financial resources to continue as a going concern. We deal with this risk by not over-extending ourselves on long-term commitments in players' contracts and by carrying out regular cash flow forecasting to make sure that if the worst were to happen, we would manage.

With the new stadium and having now successfully refinanced the secured bridging loan from MSP Capital LTD, the Plough Lane Bond is now the most obvious risk from a financial perspective. The club is embarking on a long-term refinancing plan, which will include a detailed business plan and cash flow forecast, which will be regularly reviewed and reported to both the AFCW PLC Board and Dons Trust Board.

Reputational risks

We have always been aware of the importance of our reputation, and maintaining it was a particular focus as we sought support for the planning process for the new stadium. Our approach throughout was to stress the positive aspects of a return to Merton and the benefits to the community.

We believe that we are a particularly welcoming club, and new visitors frequently comment on the friendly atmosphere on matchdays. Nonetheless, we remain alert to the reputational damage that can be done by one-off events, and so will continue the rigorous pursuit of fans whose behaviour could bring the club into disrepute.

Operational risks

By their nature, operational risks arise from a wide range of issues. They are managed on a day-to-day basis by regular communications between the Senior Leadership Team and the AFCW PLC Board. These discussions are reinforced by regular operational meetings and key issues are elevated to the Board for feedback and guidance.

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Strategic Report For the Year Ended 30 June 2022

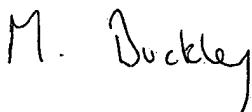
Financial key performance indicators

Cash is considered to be the critical issue for the football club with the bank balance monitored on a daily basis. In addition, cash flow forecasting is regularly updated for the latest developments. The cash position improved in the year with a balance at year end of £2.7m (2021: £2.0m).

Once a season is under way, the finances are largely predictable with the exception of player sales, with season tickets paid for and corporate sponsorships already sold (and, by and large, collected) in the early part of the season. The major factor that then affects the finances is attendances, since they directly affect matchday income from bars and merchandise sales, for example. A table of attendances, including comparisons with the pre-season estimates, is regularly produced and reviewed by the AFCW PLC Board, and steps are taken to ensure that we promote games which are likely to have lower crowds.

The other major area of focus is costs, specifically in football-related areas. The fixed annual commitments within players' contracts and the policy of only paying substantial bonuses out of additional earnings, such as prize money, means that the exposures are limited.

This report was approved by the board on 28 June 2023 and signed on its behalf by



M A Buckley
Director

AFC Wimbledon Limited

Directors' Report For the Year Ended 30 June 2022

The directors present their report and the financial statements for the year ended 30 June 2022.

Principal activity and future developments

The principal activities of the company throughout the year were those of an association football club. The profit for the year is shown on page 11. The financial position of the company was considered satisfactory by the directors who expect revenue growth in the future now that the club has now moved into its new stadium and COVID-19 restrictions have been lifted.

Results and dividends

The result for the year, after taxation, amounted to a profit of £0.5m (2021 – loss of £1.1m). The directors do not propose payment of a final dividend (2021 – £Nil).

In preparing these financial statements, the company has made use of the disclosure exemptions available to it under FRS 102, as set out in Note 2.2.

Directors

The directors who served during the year and to the date of this report were:

J B Palmer - resigned 30/06/22
W D Charles – resigned 31/08/21
J J Stanley – appointed 30/09/21, resigned 15/02/23
M A Buckley – appointed 30/06/22

Post year end the undernoted were appointed as directors:

K Stewart – appointed 28/01/23
G Price - appointed 28/01/23
M M Little – appointed 02/02/23
N J Robertson – appointed 03/02/23
I R McNay – appointed 04/02/23

Financial instruments

Credit risk

The company is exposed to credit risk mainly through the invoicing of customers for sponsorship, player transfers and hiring of facilities. The risk is monitored and controlled on a monthly basis and regular follow ups performed by the finance team to ensure amounts are collected timeously.

Interest rate risk

The company has no external borrowings. Amounts due to group companies are interest free and therefore the company does not have any significant exposure to interest rates.

Going concern

Having reviewed the performance of the company subsequent to the year-end and having prepared prudent forecasts for the out-turn of the 2022/23 season, the directors are confident that the company will have adequate financial resources to continue in operational existence for the foreseeable future, being a period of not less than 12 months from the date of approval of the financial statements. Relegation to League Two with the consequent drop in EFL funding and expected lower away attendances has created a larger financial challenge than in League One. Despite that the directors and club are confident that 2022-23 will be another year of improved finances, with continued careful management of costs.

Post balance sheet events

Subsequent to year-end, in August 2022 the club sold Jack Rudoni to Huddersfield and Luke McCormick to Bristol Rovers, in January 2023 sold Ayoub Assal to Al Wakrah and in May 2023 sold Spike Brits to Manchester City for undisclosed fees.

AFC Wimbledon Limited

Directors' Report For the Year Ended 30 June 2022

Directors Indemnities

Directors' and Officers' insurance cover has been established for all Directors to provide appropriate cover for their reasonable actions on behalf of the Company. The indemnities, which constitute a qualifying third-party indemnity provision as defined by section 234 of the Companies Act 2006, were in force during the 2022 financial year and remain in force for all current and past Directors of the Company.

Disclosure of information to auditor

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

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

Auditor

The auditor, BDO LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 28 June 2023 and signed on its behalf.



M A Buckley
Director

AFC Wimbledon Limited

Statement of Directors' Responsibilities For the Year Ended 30 June 2022

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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). Under Company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

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

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

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

AFC Wimbledon Limited

Independent Auditor's Report to the Members of AFC Wimbledon Limited

Opinion on the financial statements

In our opinion, the financial statements:

- give a true and fair view of the state of the Company's affairs as at 30 June 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of AFC Wimbledon Limited ("the Company") for the year ended 30 June 2022, which comprise the statement of comprehensive income, statement of financial position, statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

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

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

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

AFC Wimbledon Limited

Independent Auditor's Report to the Members of AFC Wimbledon Limited

Other information

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

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.

Other Companies Act 2006 reporting

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

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

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

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

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

Responsibilities of Directors

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

In preparing the financial statements, the Directors are responsible for assessing the 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.

AFC Wimbledon Limited

Independent Auditor's Report to the Members of AFC Wimbledon Limited

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

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

- making enquiries of management of the Company's policies and procedures relating to:
 - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
 - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud; and
 - the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations.
- evaluating where fraud might occur in the financial statements and any potential indicators of fraud. We identified potential for fraud in the following areas and performed the following procedures:
 - management override of controls: we evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to manipulate financial results and management bias in accounting estimates and judgements. Audit procedures performed included:
 - challenging assumptions made by management in their accounting estimates;
 - identifying and testing journal entries, in particular any journal entries to revenue which are not in line with expectations and reviewing journal entries for journals inconsistent with the usual transactions of the Company.

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

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

Use of our report

This report is made solely to the 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.

DocuSigned by:

Mark Hutton

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Mark Hutton (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
Gatwick

Date: 28 June 2023

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

AFC Wimbledon Limited

Statement of Comprehensive Income For the Year Ended 30 June 2022

	Note	2022 £	2021 £
Turnover	4	8,061,584	4,962,199
Cost of sales		<u>(5,708,396)</u>	<u>(4,457,331)</u>
Gross profit		2,353,188	504,868
Administrative expenses (including exceptional costs of £152,606 (2021 - £92,579))	6	(2,892,757)	(1,761,469)
Other income		72,750	182,677
Gain on disposal of players' registrations		<u>726,750</u>	<u>20,000</u>
Operating profit / (loss)	5	259,931	(1,053,924)
Interest receivable	9	139	5,662
Interest payable		<u>(17,045)</u>	<u>(9,184)</u>
Profit/ (loss) before tax		243,025	(1,057,446)
Taxation	10	<u>305,190</u>	<u>-</u>
Profit / (loss) for the year		548,215	(1,057,446)
Other comprehensive income		<u>-</u>	<u>-</u>
Total comprehensive profit / (loss) for the year		<u>548,215</u>	<u>(1,057,446)</u>

All amounts relate to continuing activities.

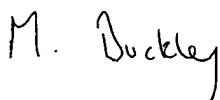
The notes on pages 14 to 27 form part of these financial statements.

AFC Wimbledon Limited

Statement of Financial Position As at 30 June 2022

Registered number 04458490			2022		2021
	Note	£	£	£	£
Fixed assets					
Intangible assets	11		124,026		145,908
Tangible assets	12		<u>155,903</u>		<u>11,750</u>
			279,929		157,658
Current assets					
Stocks	13	104,101		146,437	
Debtors: amounts falling due within one year	14	20,654,260		15,034,826	
Cash at bank and in hand		<u>2,717,963</u>		<u>1,956,715</u>	
		23,476,324		17,137,978	
Current liabilities					
Creditors: amounts falling due within one year	15	<u>(21,931,609)</u>		<u>(16,698,157)</u>	
Net current assets			<u>1,544,715</u>		<u>439,821</u>
Total assets less current liabilities			1,824,644		597,479
Creditors: amounts falling due after more than one year	16		<u>(2,068,987)</u>		<u>(1,390,037)</u>
Net (liabilities)			<u>(244,343)</u>		<u>(792,558)</u>
Capital and reserves					
Called up share capital	18		2		2
Profit and loss account	19		<u>(244,345)</u>		<u>(792,560)</u>
Shareholders' funds			<u>(244,343)</u>		<u>(792,558)</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 28 June 2023



M A Buckley
Director



M M Little
Director

The notes on pages 14 to 27 form part of these financial statements.

AFC Wimbledon Limited

Statement of Changes in Equity For the Year Ended 30 June 2022

	Called up share capital £	Profit and loss account £	Total equity £
At 30 June 2021	2	(792,560)	(792,558)
Comprehensive profit for the year	<u>-</u>	<u>548,215</u>	<u>548,215</u>
At 30 June 2022	<u>2</u>	<u>(244,345)</u>	<u>(244,343)</u>

Statement of Changes in Equity For the Year Ended 30 June 2021

	Called up share capital £	Profit and loss account £	Total equity £
At 30 June 2020	2	264,886	264,886
Comprehensive loss for the year	<u>-</u>	<u>(1,057,446)</u>	<u>(1,057,446)</u>
At 30 June 2021	<u>2</u>	<u>(792,560)</u>	<u>(792,558)</u>

The notes on pages 14 to 27 form part of these financial statements.

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Notes to the Financial Statements For the Year Ended 30 June 2022

1. General information

AFC Wimbledon Limited is a company incorporated in England & Wales under the Companies Act 2006. The address of the registered office is given in the Company Information page. The nature of the company's operations and its principal activities are given in the Directors' Report.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with FRS 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

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

Items included in the financial statements are measured using the currency of the primary economic environment in which the company operates ('the functional currency'), being sterling.

The following principal accounting policies have been applied:

2.2 Financial Reporting Standard 102 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.39 to 11.48A;
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.29; and
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of AFCW PLC as at 30 June 2021 which may be obtained from Companies House, Crown Way, Cardiff, CF14 3UZ.

2.3 Going concern

During the year the company made a profit of £0.5m (2021: Loss £1.1m) and the balance sheet shows net liabilities of £0.2m (2021: £0.8m).

Having prepared prudent forecasts for the out-turn of the 2022/23 season including updating forecasts for post year end player sales, the directors are confident that the company will have adequate financial resources to continue in operational existence for the foreseeable future, being a period of not less than 12 months from the date of approval of the financial statements. Relegation to League Two with the consequent drop in EFL funding and expected lower away attendances has created a larger financial challenge than in League One. Despite that the directors and club are confident that 2022-23 will be another year of improved finances, with continued careful management of costs. The appointment of a new Managing Director Danny Macklin in November 2022 and the appointment of a Head of Football Operations should give the club the opportunity to both exploit the potential of Plough Lane to grow revenues at the ground, and work with the football team to manage player recruitment and sales more strategically. As a result, the directors consider that it is appropriate to prepare the financial statements on a going concern basis.

AFC Wimbledon Limited

Notes to the Financial Statements For the Year Ended 30 June 2022

2.4 Turnover

Turnover represents gate receipts, commercial, online streaming and other income associated with the principal activity of running a football club and related activities, exclusive of VAT. Season tickets, debenture income and other revenues relating to future periods are held as deferred income in the statement of financial position and released to revenue in the future periods to which they relate. Merchandise and bar income are recognised as at the point of sale, whereas sponsorship, donations and youth development income are recognised in the relevant period in which they occur.

2.5 Intangible assets

The cost of players' registrations, comprising transfer fees payable and signing-on fees (if any), is capitalised at the fair value of consideration payable as at the date of acquisition and is amortised over the period to which the registration relates. The carrying value is reviewed to take into account any perceived impairment of the value of the registrations. Contingent transfer fees payable are recognised once the contingent event occurs.

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 on his own. 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 football club single cash generating unit and valued at the lower of amortised cost and recoverable amount, 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.

Examples of such circumstances include: the player falling out of favour with the senior football management, career-threatening injury and a clear intention on behalf of the player to leave the club. The directors' assessment of fair value will be based on:

- in the case of a player who has fallen out of favour with senior football management or intends to leave the club, either the agreed selling price if a transfer has been agreed subsequent to the year end or, if a transfer has not yet been agreed, the directors' best estimate of disposal value taking into account relevant transfer market information; or
- in the case of a player who has suffered a career-threatening injury, the value attributed by the club's insurers.

Gains or losses on the disposal of player registrations are calculated as the amount received for the sale of the player registration less the carrying value of the player registration at the date of the sale.

Where computer licences relate to software that is not an integral part of a related item of computer hardware, the licence is treated as an intangible asset. Capitalised licence costs include external direct costs of goods and services. Capitalised licences are amortised on a straight line basis over their expected useful lives of five years. Any impairment in value is recognised within profit or loss.

AFC Wimbledon Limited

Notes to the Financial Statements For the Year Ended 30 June 2022

2.6 Tangible fixed assets

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

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

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

The estimated useful lives range as follows:

Motor vehicles	- 3 years
Plant and machinery	- 5 years
Fixtures and fixtures	- 4 years
Computer equipment	- 3 years

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

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of Comprehensive Income.

2.7 Stocks

Stocks are stated at the lower of cost and net realisable value, after allowance for slow moving and obsolete stock. Cost is based on the cost of purchase on a first-in first-out basis.

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

2.8 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

AFC Wimbledon Limited

Notes to the Financial Statements For the Year Ended 30 June 2022

2.9 Financial instruments

The company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable, loans from banks and other third parties and loans to related parties.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade payables or receivables, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Short term debtors and creditors are measured at the transaction price, less any impairment in respect of debtor balances.

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

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

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

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

2.10 Grants

Grants relating to expenditure on tangible fixed assets that require those assets to continue to comply with the terms of the grant are credited to the Statement of Comprehensive Income at the same rate as the depreciation on the assets to which the grant relates. The deferred element of such grants is included in creditors as deferred income.

Grants that have no ongoing obligations on the part of the company are recognised in the Statement of Comprehensive Income once all the conditions of entitlement have been met and the grantor has no right of repayment.

AFC Wimbledon Limited

Notes to the Financial Statements For the Year Ended 30 June 2022

2.11 Leased assets: the company as lessee

Assets obtained under hire purchase contract and finance leases are capitalised as tangible fixed assets. Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives. Assets acquired by hire purchase are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the company. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to profit or loss so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

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

2.12 Taxation

Tax is recognised in profit or loss, except that a credit or charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company operates and generates income.

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

- the recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

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

AFC Wimbledon Limited

Notes to the Financial Statements For the Year Ended 30 June 2022

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

In preparing these financial statements, the directors have made the following key judgements:

- Determine whether leases entered into by the company either as 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.
- Determine whether there are indicators of impairment of the company's tangible and intangible assets. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit.
- Determine whether, at the year end, players are available to play for the club. In circumstances where it is apparent that the player would not be available and has not yet been sold (for example, has suffered a career-threatening injury) that player is valued on a 'recoverable amount' basis which is based on the directors' best estimate of his valuation at the next available transfer opportunity. Any resulting impairment charge is recorded within operating expenses.
- Determine whether, at the year end, contingent player acquisition payables are probable or contingent player disposal receivables are virtually certain. In general these conditions are not considered to be met until the underlying contingency has been satisfied.

Other key sources of estimation uncertainty:

- 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 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.

4. Turnover

	2022 £	2021 £
Match receipts, player loans and prize money	5,157,492	3,248,397
Merchandise and programmes	515,928	394,861
Sponsorships and advertising	770,559	478,149
Bar and catering	960,064	-
Donations and sundry	148,826	287,692
Youth development income	<u>508,715</u>	<u>553,100</u>
	<u>8,061,584</u>	<u>4,962,199</u>

All turnover arose within the United Kingdom.

AFC Wimbledon Limited

Notes to the Financial Statements For the Year Ended 30 June 2022

5. Operating profit / (loss)

The operating loss is stated after charging:

	2022 £	2021 £
Depreciation of tangible fixed assets	50,374	12,023
Amortisation of intangible fixed assets	122,563	116,885
Other income – COVID-19 support grant	(6,000)	(147,824)
Other income – insurance claim	(16,750)	(34,853)
Fees payable to the company's auditor for the audit of the financial statements	<u>42,000</u>	<u>30,400</u>

6. Exceptional costs

Exceptional costs of £152,606 (2021: £92,579) relate to consultancy, legal and professional fees incurred, in addition to initial one-off purchases required, in relation to the construction and opening of the new stadium. These items are non-capital and non-recurring in nature.

7. Employees

	2022 £	2021 £
Wages and salaries	4,077,133	3,118,723
Player and football staff expenses	39,581	45,883
Social security costs	<u>372,308</u>	<u>299,694</u>
	<u>4,489,022</u>	<u>3,464,300</u>
The average number of employees during the year was:	2022 £	2021 £
Football staff (including Scholars and Development Squad)	63	52
Bar and other part-time staff	8	-
Administration	27	24
Academy staff	<u>27</u>	<u>28</u>
	<u>125</u>	<u>104</u>

In addition to the numbers of paid staff included above, there are many unpaid volunteers who carry out a wide range of work. Their importance to the club's operations is fundamental, particularly on a match day to ensure that everything runs smoothly in addition to many other volunteers work during the week.

8. Directors' remuneration

	2022 £	2021 £
Directors' emoluments	133,488	131,750
Company pension contributions to defined contribution scheme	2,202	1,315
Amount paid to third parties in respect of a director's services	<u>-</u>	<u>-</u>
	<u>135,690</u>	<u>133,065</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amount to two (2021: one).

The highest paid director received remuneration of £91,750 (2021 - £91,750).

AFC Wimbledon Limited

Notes to the Financial Statements For the Year Ended 30 June 2022

9. Interest receivable

	2022 £	2021 £
Bank interest receivable	<u>139</u>	<u>5,662</u>

10. Taxation

	2022 £	2021 £
Tax charge for the year	-	-
Prior years – R&D Tax credit	<u>305,190</u>	<u>-</u>
Total credit / (charge) for the year	<u>305,190</u>	<u>-</u>

Factors affecting tax charge for the year

The tax assessed for the year differs from the standard rate of corporation tax in the UK. The differences are explained below:

	2022 £	2021 £
Profit / (loss) on ordinary activities before tax	<u>243,025</u>	<u>(1,057,446)</u>
Profit / (loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.00% (2021 – 19.00%)	46,175	(200,915)

Effects of:

Depreciation in excess of capital allowances	(44,685)	2,285
Non-taxable income	(37,777)	(27,467)
Disallowed expenses	7,432	8,973
Prior years – R&D Tax credit	305,190	-
Losses carried forward	<u>28,855</u>	<u>217,124</u>

Total tax charge for the year	<u>305,190</u>	<u>-</u>
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Factors that may affect future tax charges

A change in the main UK corporation tax rate was substantively enacted on 24 May 2021. From 1 April 2023 the main corporation tax rate will increase from 19% to 25% on profits over £250,000. The rate for small profits under £50,000 will remain at 19%. Where the profits of UK companies fall between £50,000 and £250,000, the lower and upper limits, they will be able to claim an amount of marginal relief providing a gradual increase in the corporation tax rate. This will increase the company's future tax charge accordingly.

A deferred tax asset of £1,447,585 (2021 - £1,110,294) arising due to the availability of tax losses and depreciation in advance of capital allowances has not been recognised in the financial statements, as on available evidence it does not meet the recognition criteria stipulated by Section 29 of FRS 102.

AFC Wimbledon Limited

Notes to the Financial Statements For the Year Ended 30 June 2022

11. Intangible assets

	Player registrations £	Computer licenses £	Total £
Cost			
At 30 June 2021	143,776	184,292	328,068
Additions	100,681	-	100,681
Disposals in the year	<u>(19,408)</u>	<u>-</u>	<u>(19,408)</u>
At 30 June 2022	<u>225,049</u>	<u>184,292</u>	<u>409,341</u>
Amortisation			
At 30 June 2021	127,760	54,400	182,160
Charge for the year	85,705	36,858	122,563
Disposals in the year	<u>(19,408)</u>	<u>-</u>	<u>(19,408)</u>
At 30 June 2022	<u>194,057</u>	<u>91,258</u>	<u>285,315</u>
Net book value			
At 30 June 2021	<u>16,016</u>	<u>129,892</u>	<u>145,908</u>
At 30 June 2022	<u>30,992</u>	<u>93,034</u>	<u>124,026</u>

AFC Wimbledon Limited

Notes to the Financial Statements For the Year Ended 30 June 2022

12. Tangible assets

	Motor vehicles £	Plant and machinery £	Computer equipment £	Furniture and fixtures £	Total £
Cost or valuation					
At 30 June 2021	17,462	49,044	79,075	8,332	153,913
Additions	16,798	75,252	11,409	91,068	194,527
At 30 June 2022	<u>34,260</u>	<u>124,296</u>	<u>90,484</u>	<u>99,400</u>	<u>348,440</u>
Depreciation					
At 30 June 2021	11,642	43,114	79,075	8,332	142,163
Charge for the year	5,821	18,934	2,852	22,767	50,374
At 30 June 2022	<u>17,463</u>	<u>62,048</u>	<u>81,927</u>	<u>31,099</u>	<u>192,537</u>
Net book value					
At 30 June 2021	<u>5,820</u>	<u>5,930</u>	<u>-</u>	<u>-</u>	<u>11,750</u>
At 30 June 2022	<u>16,797</u>	<u>62,248</u>	<u>8,557</u>	<u>68,301</u>	<u>155,903</u>

13. Stocks

	2022 £	2021 £
Goods for resale – merchandise	<u>104,101</u>	<u>146,437</u>

The difference between purchase price of stocks and their replacement cost is not material.

AFC Wimbledon Limited

Notes to the Financial Statements For the Year Ended 30 June 2022

14. Debtors

	2022 £	2021 £
Trade debtors	647,511	279,694
Amounts owed by group undertakings	19,799,041	14,470,891
Other debtors	6,937	40,914
Other taxes and social security	-	27,262
Prepayments and accrued income	<u>200,771</u>	<u>216,065</u>
	<u>20,654,260</u>	<u>15,034,826</u>

Included within Trade Debtors in an amount of £49,327 falling due after one year (2021: £nil).

Amounts owed by group companies are interest free and repayable on demand.

The impairment loss recognised in profit and loss for the year in respect of bad and doubtful trade debtors was £39,118 (2021 - £23,000).

15. Creditors: Amounts falling due within one year

	2022 £	2021 £
Loans – unsecured (note 17)	66,252	64,615
Finance leases (note 20)	68,308	53,971
Trade creditors	508,643	211,787
Amounts owed to group undertakings	19,298,863	14,336,692
Taxation and social security	140,410	124,528
Other creditors	209	3,036
Accruals and deferred income	<u>1,848,924</u>	<u>1,903,528</u>
	<u>21,931,609</u>	<u>16,698,157</u>

Amounts owed to group undertakings are interest free and repayable on demand.

AFC Wimbledon Limited

Notes to the Financial Statements For the Year Ended 30 June 2022

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

	2022 £	2021 £
Loans – unsecured (note 17)	103,073	168,185
Finance leases (note 20)	101,290	126,044
Accruals and deferred income	<u>1,864,624</u>	<u>1,095,808</u>
	<u>2,068,987</u>	<u>1,390,037</u>

17. Loans

	2022 £	2021 £
Amounts falling due:		
Within one year	66,252	64,615
Between one and two years	66,789	67,340
Between two and five years	17,196	80,820
In more than five years	<u>19,088</u>	<u>20,025</u>
	<u>169,325</u>	<u>232,800</u>

On 25 March 2020, the company agreed an unsecured loan with The Football League Limited for £182,800. The loan attracts an interest rate of 0% per annum and is due to expire in June 2023. Two repayments totalling £60,800 were made in the year.

On 18 May 2020, the company agreed an unsecured loan with The Co-operative Bank Plc for £50,000. The loan attracts an interest rate of 2.5% per annum and is due to expire in May 2030. The loan is being repaid monthly from January 2022.

18. Share capital

	2022 £	2021 £
Authorised, allotted, called up and fully paid		
2 Ordinary shares of £1 each	<u>2</u>	<u>2</u>

AFC Wimbledon Limited

Notes to the Financial Statements For the Year Ended 30 June 2022

19. Reserves

The company's capital and reserves are as follows:

Share capital

The called up share capital represents the nominal value of the shares issued.

Profit and loss account

The profit and loss account represents cumulative profits or losses, net of dividends paid and other adjustments.

20. Finance leases

	2022 £	2021 £
Amounts falling due:		
Within one year	68,308	53,971
Between one and five years	101,290	126,044
In more than five years	—	—
	<u>169,598</u>	<u>180,015</u>

The company holds finance lease arrangements with third parties in respect of the LED advertising board and TV's located around the stadium that are held by a fellow group undertaking. The amount outstanding at 30 June 2022 was £169,598 (2021 - £180,015) with £68,308 falling due in the next year (2021 - £53,971).

21. Related party transactions

During the year, the company received sponsorship income of £233,333 (2021: £33,333) from a company for which one of the directors of the intermediate parent company, AFCW PLC, is also a director of. There is a further amount of £433,333 (2021: £66,666) recorded within deferred income from the same company.

During the year, the company paid for a number of transactions on behalf of AFC Wimbledon Foundation, an independent charity which has one Trustees who is a current director of the company. The total of such transactions during the year was £572,249 (2021 - £404,703), and the amount outstanding at 30 June 2022 was £43,755 (2021 - £35,152).

AFC Wimbledon Limited

Notes to the Financial Statements For the Year Ended 30 June 2022

22. Controlling party

The immediate parent is AFCW PLC which owns 100% of the issued share capital of the company and is the parent company of the smallest and largest group to prepare financial statements which include the results of the company. The consolidated financial statements of AFCW PLC are available to the public and can be obtained from Companies House.

The ultimate parent company is Wimbledon Football Club Supporters' Society Limited, a registered society under the Co-operative and Community Benefit Societies Act 2004.

23. Subsequent events

Subsequent to year-end, in August 2022 the club sold Jack Rudoni to Huddersfield and Luke McCormick to Bristol Rovers, in January 2023 sold Ayoub Assal to Al Wakrah and in May 2023 sold Spike Brits to Manchester City for undisclosed fees.

24. Commitments under operating lease

The company had minimum lease payments under non-cancellable operating leases of £80,000 (2021: Nil).