

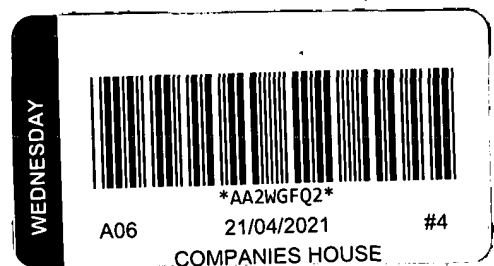
Kennington Oval Limited

Annual Report and Financial Statements

For the Year Ended

31 January 2021

Company Number 04865918



Kennington Oval Limited

Company Information

Directors

M Eadon
R A Gould
I Jamieson
A J Lane
R W Thompson

Company secretary A J Lane

Registered number 04865918

Registered office

The Oval
Kennington
London
SE11 5SS

Independent auditor

Deloitte LLP
1 New Street Square
London
EC4A 3HQ
United Kingdom

Kennington Oval Limited

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Kennington Oval Limited

Group Strategic Report

For the year ended 31 January 2021

Company Status

Kennington Oval Limited is a registered company limited by shares. This strategic report has been prepared for the group as a whole.

Principal risks and uncertainties and risk management

The company's operations expose it to a variety of financial risks. The risk register of the Group is reviewed on a regular basis, to identify, evaluate and manage the key risks of the business. The process of constructing the annual budget also provides the Company with an opportunity to review its financial and commercial risks. The risk surrounding the impact of COVID-19 is dealt with in the Going Concern section of the Directors' Report.

Market risk

The principal risk to the company is the failure to achieve required sales in hospitality and public tickets. Sales for these two revenue streams are monitored on a regular basis so that corrective action can be taken in the event that targets are not being met.

Price risk

The company is susceptible to price increases from its major suppliers. Management frequently monitor information from suppliers so that the Company can act accordingly.

Credit risk

Credit risk is minimal as for the majority of sales payment is received in advance of the point of sale.

Non-financial risk

The Company is dependent on the continued popularity of cricket as a national sport to drive its principal revenue streams.

Principal business activity and performance

The group's principal activity is the operation of the Kia Oval. The main objective of the group is to maintain and develop the Kia Oval as one of the foremost international cricket venues in the world, whilst providing a home for Surrey County Cricket Club. The group also operates a conference venue and seeks to put high levels of service to all of its customers at the heart of its activities.

The group achieved a loss on ordinary activities before tax of £1,682k (2020 – profit of £6,240k) in the year. A dividend of £nil (2020 – £188k) was payable at the year end.

Kennington Oval Limited
Group Strategic Report (continued)
For the year ended 31 January 2021

Analysis of turnover

	2021 £'000	2020 £'000	2019 £'000
International Gate Receipts	5,274	9,515	5,631
Corporate Hospitality	52	13,285	6,576
Conference and Events	1,020	5,678	5,573
Other	186	551	374
Retail Catering	38	5,345	3,422
Sponsorship and Advertising	648	3,062	2,816
	<u>7,218</u>	<u>37,436</u>	<u>24,392</u>

The turnover of the Group was significantly impacted by Covid-19 related government restrictions. Social distancing requirements led to stadiums being unable to open for spectators. The International Gate Receipts recorded above were the result of proceeds from the England and Wales Cricket Board insurance policy for International fixtures. For much of the year there was little or no scope for opening the Conference and Events facilities which also contributed to greatly reduced sales compared to the two previous years. Similarly, little could be delivered by way of inventory for Sponsorship and Advertising partners with most of these deals being extended for another year of their term.

Future Developments

During Summer 2021, The Kia Oval is scheduled to host a Test Match against India, an ODI against Sri Lanka and four games of the new Hundred Tournament. These and other domestic cricket matches are subject to the uncertainties arising from the impact of COVID-19 virus on the staging of sporting events as outlined in the Directors' Report.

In September 2019 Surrey County Cricket Club Ltd commenced a major new development at The Oval which will include increased capacity and further hospitality areas on match days and additional Conference and Events space on non-match days. This development is expected to be completed in time for the 2021 season.

In October 2020, two subsidiaries of the Company completed on the purchase of land opposite the Oval. Planning permission has been granted for a hotel to be developed on one of the sites.

Kennington Oval Limited
Group Strategic Report (continued)
For the year ended 31 January 2021

Key Performance Indicators (KPIs)

The group usually uses a range of Key Performance Indicators to manage the business effectively and monitor performance. These indicators are both financial and non-financial.

The key financial indicators are turnover and group pre-tax profit. The key non-financial indicator is attendance numbers for International fixtures. With the suspension of spectators at sporting events during 2020 due to the Covid-19 pandemic, and the consequential loss of revenue, these KPIs have been significantly impacted.

	2021	2020	2019
Turnover (£000s)	7,218	37,436	24,392
Group pre-tax (loss)/profit (£000s)	(1,682)	6,240	2,755
International attendances	-	109,018	115,394

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



A J Lane
Secretary

6th April 2021

Kennington Oval Limited

Directors' Report For the year ended 31 January 2021

The directors present their annual report and the audited consolidated financial statements of the company and its subsidiaries for the year ended 31 January 2021.

Future developments

The future developments of the group have been included in the Strategic Group Report on page 2.

Financial risk management and internal control

The Board of Directors have overall responsibility for the group's systems of internal control which are designed to provide reasonable assurance against material misstatement or loss. The key features of the group's system of internal financial control are as follows:

- a. Detailed budgets and plans which are approved by the Board;
- b. Regular consideration by the Board of actual results compared with budgets and forecasts;
- c. Compliance by the subsidiary company with the group's operating procedures and policies; and
- d. Annual review of the company's insurance cover.

The directors who served during the year were:

M Eadon (Non-Executive)
R A Gould (Executive)
I Jamieson (Non-Executive)
A J Lane (Executive)
R W Thompson (Non-Executive)

Going concern

Since the balance sheet date the UK Government has published a roadmap for the ending of its lockdown regulations and the easing of restrictions on social distancing. The roadmap indicates that performances and live events (which includes public attendances at sports stadiums) will be permissible from 17th May 2021, albeit at reduced capacities to allow for social distancing. In the following stage of the roadmap, commencing on 21st June 2021, stadiums will be allowed to host spectators without restriction. The Government's plan as it currently stands would allow for Members of Surrey County Cricket Club to attend matches in the early part of the season and also allow for some spectators to attend the first three T20 matches that fall before 21st June. Thereafter the operations of the Group would return to full capacity for the remainder of the T20 matches and the One Day International and Test match. With the addition of the revenue from Conference and Events this would enable the Group to return to levels of activity and financial performance comparable with those achieved before the pandemic.

As the roadmap for the ending of the lockdown regulations has only recently been released and because the dates that are outlined in that roadmap are the earliest possible dates and not necessarily the definitive dates that these restrictions will be lifted, it has been necessary for directors to evaluate the financial impact of various scenarios, and various mitigating actions that would be taken in each scenario. In assessing these scenarios, management have evaluated the impact of a delay in the easing of the lockdown rules on liquidity and on compliance with the financial covenants in the Club's borrowing facilities. Whilst management believe it is not a likely scenario, these stress tests include the impact of crowds not being able to return to the Oval for any cricket that is scheduled prior to the September test match. Even in these scenarios whilst the headroom narrows, management are satisfied that mitigating measures can be implemented to maintain compliance with all banking arrangements.

Kennington Oval Limited

Directors' Report (continued) For the year ended 31 January 2021

The completion of the development of the new stand and associated members' facilities and conference and events capacity commenced is currently scheduled for completion in May 2021. The final payments to the contractor for finalising this project are funded from a term bank loan and there are no further payments required from the Group's own cash resources.

While the Company has net current liabilities the directors have a reasonable expectation that the Group and the Company have adequate resources to meet liabilities as they fall due and continue in operational existence for the foreseeable future. This is on the basis that much of the current liability balance is deferred income which will not require a cash repayment.

Based on the Group's forecast cash position and a prudent evaluation of the financial impact of all reasonably possible scenarios, the directors have a reasonable expectation that the Group will have adequate resources to meet its liabilities as they fall due, and accordingly the directors have concluded that the going concern basis remains appropriate for the preparation of these financial statements.

Post balance sheet events

The post balance sheet events affecting the company have been included in note 25 on page 30.

Employee involvement

The Group and Company keeps employees well informed of the performance and objectives of the business through personal briefings, regular company meetings and email.

Equal opportunities

The Company is fully committed to promoting equal opportunities in all aspects of employment and fully considers applications for employment by disabled persons, bearing in mind the abilities of the applicant concerned. In the event of a member of staff becoming disabled every effort will be made to ensure that their employment continues.

Disclosure of information to auditor

Each of the persons who were directors at the time when this Directors' Report was approved have confirmed that:

- so far as that director is aware, there is no relevant audit information of which the Company and the Group'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 and the Group's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with provision of Section 418 of the Companies Act 2006.

Kennington Oval Limited

Directors' Report (continued) For the year ended 31 January 2021

Auditors

Deloitte LLP have expressed their willingness to continue in office as auditor and a resolution to re-appoint them will be proposed at the annual general meeting.

This report was approved by the board on 6th April 2021 and signed on its behalf.



**A J Lane
Secretary**

6th April 2021

Kennington Oval Limited

Directors' Responsibilities Statement

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 Company and the Group and of the profit or loss of the Company and 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 judgments 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 and the Group will continue in business.

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

Kennington Oval Limited

Independent Auditor's report to the members of Kennington Oval Limited

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Kennington Oval Limited (the 'parent company') and its subsidiaries (the 'group'):

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 January 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 including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the Consolidated Statement of Income and Retained Earnings;
- the Consolidated Statement of Financial Position;
- the Company Statement of Financial Position;
- the Consolidated Statement of Cashflows; and
- the related notes 1 to 25.

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 are independent of the group and the parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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 group's and 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.

Kennington Oval Limited

Independent Auditor's report to the members of Kennington Oval Limited (continued)

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 audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements 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.

Responsibilities of directors

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

In preparing the financial statements, the directors are responsible for assessing the group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Kennington Oval Limited

Independent Auditor's report to the members of Kennington Oval Limited (continued)

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, 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.

We considered the nature of the group's industry and its control environment, and reviewed the group's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management about their own identification and assessment of the risks of irregularities.

We obtained an understanding of the legal and regulatory framework that the group operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included UK Companies Act, pensions legislation and tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty.

We discussed among the audit engagement team regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements. In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management and in-house legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance.

Kennington Oval Limited

Independent Auditor's report to the members of Kennington Oval Limited (continued)

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has 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 any material misstatements in the directors' report.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters 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; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the directors' report and from the requirement to prepare a strategic report.

We have nothing to report in respect of these matters.

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.



Andrew Halls FCA (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom
6th April 2021

Kennington Oval Limited

Consolidated Statement of Income and Retained Earnings For the year ended 31 January 2021

	Note	2021 £'000	2020 £'000
Turnover	3	7,218	37,436
Cost of sales		(901)	(15,559)
Gross profit		6,317	21,877
Other income		325	-
Administrative expenses		(8,077)	(15,402)
Operating (Loss)/ Profit	4	(1,435)	6,475
Interest receivable and similar income		5	107
Interest payable and similar charges	7	(252)	(342)
(Loss)/ Profit on ordinary activities before taxation		(1,682)	6,240
Taxation on profit on ordinary activities	8	(198)	(1,533)
(Loss) /Profit on ordinary activities after taxation		(1,880)	4,707
Retained earnings at the beginning of the year		11,634	7,125
(Loss)/ Profit for the year attributable to the parent		(1,714)	4,509
Retained earnings at the end of the year		9,920	11,634
Non-Controlling Interest at the beginning of the year		260	250
(Loss)/Profit for the year attributable to the non-controlling interest		(166)	198
Dividend Payable		-	(188)
Non-controlling interest at the end of the year		94	260

The notes on pages 15 to 31 form part of these financial statements.

All results were derived from continuing operations in the current and prior year.

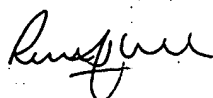
Kennington Oval Limited
Registered number: 04865918
Consolidated Statement of Financial Position
as at 31 January 2021

	Note	2021 £'000	2020 £'000
Fixed assets			
Tangible assets	10	60,180	35,157
		<u>60,180</u>	<u>35,517</u>
Current assets			
Stocks	12	388	249
Debtors due within one year	13	4,950	7,694
Cash at bank and in hand		3,097	14,499
		<u>8,435</u>	<u>22,442</u>
Creditors: Amounts falling due within one year	14	(16,616)	(25,888)
Net current liabilities		<u>(8,181)</u>	<u>(3,446)</u>
Total assets less current liabilities		<u>51,999</u>	<u>31,711</u>
Creditors: Amounts falling due after more than one year	15	(40,495)	(18,890)
Provisions for liabilities			
Deferred taxation	18	(1,489)	(927)
		<u>(1,489)</u>	<u>(927)</u>
Net assets		<u>10,014</u>	<u>11,894</u>
Capital and Reserves			
Profit and loss account	19	9,920	11,634
Equity attributable to members of the parent company	19	9,920	11,634
Non-controlling interests		94	260
Shareholders' Funds		<u>10,014</u>	<u>11,894</u>

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



M Eadon
Director



R W Thompson
Director

Date: 6th April 2021

The notes on pages 15 to 31 form part of these financial statements.

Kennington Oval Limited
Registered number: 04865918
Company Statement of Financial Position
as at 31 January 2021

	Note	2021 £'000	2020 £'000
Fixed assets			
Tangible assets	10	49,132	34,452
Investments	11	-	-
		<u>49,132</u>	<u>34,452</u>
Current assets			
Stocks	12	127	106
Debtors due within one year	13	12,935	4,420
Cash at bank and in hand		2,550	12,998
		<u>15,612</u>	<u>17,524</u>
Creditors: Amounts falling due within one year	14	(13,148)	(21,352)
Net current assets/ (liabilities)		<u>2,464</u>	<u>(3,828)</u>
Total assets less current liabilities		<u>51,596</u>	<u>30,624</u>
Creditors: Amounts falling due after more than one year	15	(40,495)	(18,890)
Provisions for liabilities			
Deferred taxation	18	(1,497)	(922)
Net assets		<u>9,604</u>	<u>10,812</u>
Capital and reserves			
Profit and loss account	19	9,604	10,812
		<u>9,604</u>	<u>10,812</u>

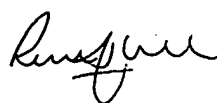
The loss after tax for the financial year dealt with in the financial statements of the parent Company was (£1,208k) (2020 - £3,123k).

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



M Eadon
Director

Date: 6th April 2021



R W Thompson
Director

The notes on pages 15 to 31 form part of these financial statements.

Kennington Oval Limited

Consolidated Statement of Cashflows For the year ended 31 January 2021

	2021 £'000	2020 £'000
Cash flows from operating activities		
(Loss)/Profit for the financial year after tax	(1,880)	4,707
Adjustments for:		
Depreciation of fixed assets	1,945	2,004
(Increase)/Decrease in stocks	(139)	46
Interest paid	252	342
Interest received	(5)	(107)
Taxation	198	1,533
Loss on disposal of tangible fixed assets	-	(90)
Decrease in debtors	865	1,651
Decrease/(Increase) in creditors	1,234	(4,158)
Increase/(Decrease) in amounts owed to group companies	2,240	(738)
Corporation tax paid	(817)	(902)
Net cash generated from operating activities	<u>3,893</u>	<u>4,288</u>
Cash flows from investing activities		
Purchase of tangible fixed assets	(26,969)	(4,361)
Interest received	5	107
Net cash used in investing activities	<u>(26,964)</u>	<u>(4,254)</u>
Cash flows from financing activities		
Interest paid	(252)	(342)
Dividend paid	(188)	-
Repayment of loans	(850)	(1,150)
Issue of new loan	3,000	-
Issue of new loan from group companies	9,959	-
Net cash generated from/ (used in) financing activities	<u>11,669</u>	<u>(1,492)</u>
Net increase in cash and cash equivalents	<u>(11,402)</u>	<u>(1,458)</u>
Cash and cash equivalents at beginning of year	<u>14,499</u>	<u>15,957</u>
Cash and cash equivalents at the end of year	<u>3,097</u>	<u>14,499</u>
Cash at bank and in hand	<u>3,097</u>	<u>14,499</u>

The notes on pages 15 to 31 form part of these financial statements.

Kennington Oval Limited

Notes to the financial statements For the year ended 31 January 2021

1. Accounting policies

1.1 Basis of preparation of financial statements

The Company is a private company incorporated in England and Wales under the Companies Act. The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland and the Companies Act 2006.

Kennington Oval Limited meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available to it in respect of its separate financial statements, which are presented alongside the consolidated financial statements. Exemptions have been taken in relation to financial instruments, presentation of a cash flow statement and remuneration of key management personnel.

Since the balance sheet date the UK Government has published a roadmap for the ending of its lockdown regulations and the easing of restrictions on social distancing. The roadmap indicates that performances and live events (which includes public attendances at sports stadiums) will be permissible from 17th May 2021, albeit at reduced capacities to allow for social distancing. In the following stage of the roadmap, commencing on 21st June 2021, stadiums will be allowed to host spectators without restriction. The Government's plan as it currently stands would allow for Members of Surrey County Cricket Club to attend matches in the early part of the season and also allow for some spectators to attend the first three T20 matches that fall before 21st June. Thereafter the operations of the Group would return to full capacity for the remainder of the T20 matches and the One Day International and Test match. With the addition of the revenue from Conference and Events this would enable the Group to return to levels of activity and financial performance comparable with those achieved before the pandemic.

As the roadmap for the ending of the lockdown regulations has only recently been released and because the dates that are outlined in that roadmap are the earliest possible dates and not necessarily the definitive dates that these restrictions will be lifted, it has been necessary for directors to evaluate the financial impact of various scenarios, and various mitigating actions that would be taken in each scenario. In assessing these scenarios, management have evaluated the impact of a delay in the easing of the lockdown rules on liquidity and on compliance with the financial covenants in the Club's borrowing facilities. Whilst management believe it is not a likely scenario, these stress tests include the impact of crowds not being able to return to the Oval for any cricket that is scheduled prior to the September test match. Even in these scenarios whilst the headroom narrows, management are satisfied that mitigating measures can be implemented to maintain compliance with all banking arrangements.

The completion of the development of the new stand and associated members' facilities and conference and events capacity commenced is currently scheduled for completion in May 2021. The final payments to the contractor for finalising this project are funded from a term bank loan and there are no further payments required from the Group's own cash resources.

While the Company has net current liabilities the directors have a reasonable expectation that the Group and the Company have adequate resources to meet liabilities as they fall due and continue in operational existence for the foreseeable future. This is on the basis that much of the current liability balance is deferred income which will not require a cash repayment.

Kennington Oval Limited

Notes to the financial statements For the year ended 31 January 2021(continued)

1. Accounting policies (continued)

Based on the Group's forecast cash position and a prudent evaluation of the financial impact of all reasonably possible scenarios, the directors have a reasonable expectation that the Group will have adequate resources to meet its liabilities as they fall due, and accordingly the directors have concluded that the going concern basis remains appropriate for the preparation of these financial statements.

The following principal accounting policies have been applied:

1.1 Basis of consolidation

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

Included in the consolidated financial statements are Oval Events Holdings Limited which is principally engaged in corporate hospitality, retail catering and conferencing. Oval Events Limited, Oval Whitehouse Holdings Limited and Oval Hotel Holding Limited are also included in the consolidated financial statements, none of which traded in the year. Surrey County Cricket Club Limited is the largest group that prepares consolidated accounts including the financial position and results of Kennington Oval Limited and its subsidiaries.

1.2 Turnover

Turnover comprises the value of goods and services (net of VAT and trade discounts) in the normal course of business. Revenue derived from the sale of match tickets, hospitality, public catering and conferences is recognised as revenue when the relevant event takes place. Revenue in relation to sponsorship and the lease of hospitality boxes is recognised in accordance with the terms of the contracts.

1.3 Tangible fixed assets

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

The group adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the group. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to the Statement of Income 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:

Stand and Buildings	-	5 to 50 years
Fixtures and fittings	-	3 to 12 years
Equipment	-	3 to 10 years
Motor Vehicles	-	5 years

Kennington Oval Limited

Notes to the financial statements For the Year ended 31 January 2021(continued)

1. Accounting policies (continued)

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 within the Statement of Income.

1.5 Operating leases: Lessee

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

1.6 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

1.7 Stocks

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

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

1.8 Debtors

Short- term debtors are measured at transaction price, less any impairment.

1.9 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.

In the Consolidated Statement of Cash Flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the group's cash management.

1.10 Financial instruments

The group 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, loans to related parties and investments in non-puttable ordinary shares.

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 Income.

Kennington Oval Limited

Notes to the financial statements For the year ended 31 January 2021(continued)

1. Accounting policies (continued)

1.11 Creditors

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

1.12 Grants

Grants in respect of capital expenditure are credited to a deferred income account and are released to the Statement of Income by equal annual instalments over the expected useful lives of the relevant assets. Grants of a revenue nature are credited to the Statement of Income in the same year as and in line with the related expenditure incurred.

The Coronavirus Job Retention Scheme Grant has been recognised as other income under the accruals basis.

1.13 Finance costs

Finance costs are charged to the Statement of Income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

1.14 Current and deferred taxation

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

The current income tax charge and deferred income tax is determined and calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date.

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

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

Kennington Oval Limited

Notes to the financial statements For the year ended 31 January 2021(continued)

1.14 Pension costs

Contributions to the group's defined contribution pension scheme are charged to the Statement of Income in the period in which they become payable.

1.15 Non-controlling interest

Minority interests represent the share of the profits less losses on ordinary activities attributable to the interests of equity shareholders in subsidiaries which are not wholly owned by the Group.

2. Judgments in applying accounting policies and key sources of estimation uncertainty

In application of the accounting policies described in note 1, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. The estimates and underlying assumptions are reviewed on an ongoing basis.

There are no critical judgements that the directors have made in the process of applying the accounting policies. Management did not consider there to be any key sources of estimation uncertainty at year-end due to the nature of the services provided by the Company and its subsidiaries and the current outlook based on the Government's Covid-19 road map.

3. Turnover

Turnover is wholly attributable to the principal activity of the group and arises solely within the United Kingdom.

4. Operating (loss)/profit

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

	2021 £'000	2020 £'000
Coronavirus Job Retention Scheme Grant Income	325	-
Depreciation of tangible fixed assets	1,947	2,004
Hire of other assets - operating leases	417	1,333
Fees payable to the Group's auditor in respect of the audit of the Company's annual accounts	28	25
Fees payable to the Group's auditor in respect of the audit of the Group's subsidiaries accounts	22	22
Fees payable to the Group's auditor for non-audit services	10	10

Kennington Oval Limited

Notes to the financial statements For the year ended 31 January 2021(continued)

5. Employees

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

	Group 2021 £'000	Group 2020 £'000
Wages and salaries	2,896	3,179
Social security costs	324	366
Other pension costs	267	223
	<u>3,487</u>	<u>3,768</u>

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

	2021 No.	2020 No.
Commercial staff	20	24
Administration	22	22
Ground staff	6	6
Operations	8	3
House Keeping	7	1
Security	7	1
	<u>70</u>	<u>57</u>

6. Directors' remuneration

	2021 £'000	2020 £'000
Directors' emoluments	366	639
Company contributions to defined contribution pension schemes	40	39
	<u>406</u>	<u>678</u>

During the year retirement benefits were accruing to 2 directors (2020 - 2) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £223,125 (2020 - £450,000).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £25,500 (2020 - £25,000).

Kennington Oval Limited

Notes to the financial statements For the year ended 31 January 2021(continued)

7. Interest payable and similar charges

	2021 £'000	2020 £'000
Bank interest payable	87	123
Loans from group undertakings	165	219
	<u>252</u>	<u>342</u>

8. Taxation

	2021 £'000	2020 £'000
Corporation tax		
Current tax on profits for the year	(270)	1,408
Adjustments in respect of previous periods	(95)	(11)
Total current tax	<u>(365)</u>	<u>1,397</u>
Deferred tax		
Origination and reversal of timing differences	361	141
Adjustment in respect of previous periods	83	10
Effects of changes in tax rates	119	(15)
	<u>561</u>	<u>136</u>
Taxation on profit on ordinary activities	<u>198</u>	<u>1,533</u>

Kennington Oval Limited

Notes to the financial statements For the year ended 31 January 2021(continued)

8. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2020- higher than), the standard rate of corporation tax in the UK of 19% (2020 – 19%). The differences are explained below:

	2021 £'000	2020 £'000
(Loss)/Profit on ordinary activities before tax	(1,682)	6,242
Tax on profit at standard UK rate of 19% (2020 – 19%)	(319)	1,186
Effects of:		
Expenses not deductible for tax purposes	266	363
Adjustments to tax charge in respect of prior periods	(11)	(1)
Tax rate changes	119	(15)
Group Relief/Other Relief	143	-
Total tax charge for the year	198	1,533

9. (Loss)/Profit for the financial year

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of Income and Retained Earnings in these financial statements. The loss after tax of the parent Company for the year was £1,208k (2020 – Profit - £3,123k).

Kennington Oval Limited

Notes to the financial statements For the year ended 31 January 2021(continued)

10. Tangible fixed assets Group

	Stand & Buildings £'000	Fixtures & Fittings £'000	Motor vehicles £'000	Equipment £'000	Total £'000
Cost or valuation					
At 1 February 2020	54,079	7,186	24	2,369	63,658
Additions	26,776	186	-	7	26,969
Disposals	-	-	-	-	-
At 31 January 2021	80,855	7,372	24	2,376	90,627
Depreciation					
At 1 February 2020	21,592	5,112	24	1,773	28,501
Additions	1,428	412	-	106	1,946
Disposals	-	-	-	-	-
At 31 January 2021	23,020	5,524	24	1,879	30,447
Net book value					
At 31 January 2021	57,835	1,848	-	497	60,180
At 31 January 2020	32,487	2,074	-	596	35,157

Kennington Oval Limited

Notes to the financial statements For the year ended 31 January 2021(continued)

10. Tangible fixed assets (continued)

Company

	Stand & Buildings £'000	Fixtures & Fittings £'000	Motor vehicles £'000	Equipment £'000	Total £'000
Cost or valuation					
At 1 February 2020	53,541	6,127	24	2,198	61,890
Additions	16,331	115	-	7	16,453
Disposals	-	-	-	-	-
At 31 January 2021	69,872	6,242	24	2,205	78,343
Depreciation					
At 1 February 2020	21,267	4,470	24	1,677	27,438
Provision charge for the year	1,423	267	-	83	1,773
Disposals	-	-	-	-	-
At 31 January 2021	22,690	4,737	24	1,760	29,211
Net book value					
At 31 January 2021	47,182	1,505	-	445	49,132
At 31 January 2020	32,274	1,657	-	521	34,452

Kennington Oval Limited

Notes to the financial statements For the year ended 31 January 2021(continued)

11. Fixed asset investments

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Country of incorporation	Class of shares	Holding	Principal activity
Oval Events Holdings Limited	United Kingdom	Ordinary	75 %	Hospitality Services
Oval Events Limited	United Kingdom	Ordinary	75 %	Non-trading
Oval Whitehouse Holdings Limited	United Kingdom	Ordinary	100%	Non-trading
Oval Hotel Holdings Limited	United Kingdom	Ordinary	100%	Non-trading

The investment in Oval Events Limited is held indirectly through the 75% holding in Oval Events Holdings Limited.

All companies' registered addresses are The Oval, Kennington, London, SE11 5SS. All companies are included in these consolidated accounts, as stated in note 1.2.

12. Stocks

	Group 2021 £'000	Group 2020 £'000	Company 2021 £'000	Company 2020 £'000
Goods for resale	388	249	127	106
	<u>388</u>	<u>249</u>	<u>127</u>	<u>106</u>

13. Debtors

	Group 2021 £'000	Group 2020 £'000	Company 2021 £'000	Company 2020 £'000
Due within one year				
Trade debtors	2,855	2,506	577	93
Amounts owed by group undertakings	33	2,273	10,445	3,404
Other debtors	24	1,668	8	138
Taxation and social security	932	-	932	-
Corporation Tax	365	-	225	-
Prepayments and accrued income	748	1,247	748	785
	<u>4,950</u>	<u>7,694</u>	<u>12,935</u>	<u>4,420</u>

The amounts owed by group undertakings relate to Surrey County Cricket Club Limited, the ultimate parent company (see note 24). They do not carry any interest charge and are repayable on demand.

Kennington Oval Limited

Notes to the financial statements For the year ended 31 January 2021(continued)

14. Creditors: Amounts falling due within one year

	Group 2021 £'000	Group 2020 £'000	Company 2021 £'000	Company 2020 £'000
Bank loans	1,700	850	1,700	850
Trade creditors	3,878	1,231	3,828	886
Amounts owed to group undertakings	-	10,673	83	11,173
Corporation tax	-	817	-	486
Taxation and social security	85	455	85	455
Other creditors	121	143	12	115
Accruals	1,066	3,152	875	1,936
Deferred income	9,766	8,567	6,565	5,451
	<u>16,616</u>	<u>25,888</u>	<u>13,148</u>	<u>21,352</u>

The amounts owed to group undertakings relate to Surrey County Cricket Club Limited, the ultimate parent company (see note 24). They do not carry any interest charge and are repayable on demand.

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

	Group 2021 £'000	Group 2020 £'000	Company 2021 £'000	Company 2020 £'000
Bank loans	799	2,569	799	2,569
Other loans	9,300	6,300	9,300	6,300
Amounts owed to group undertakings	25,938	5,307	25,938	5,307
Accruals and deferred income	4,458	4,714	4,458	4,714
	<u>40,495</u>	<u>18,890</u>	<u>40,495</u>	<u>18,890</u>

The bank loan is secured by a fixed and floating charge over all the group's assets. Interest is charged quarterly at a fixed rate. The loan will be fully repaid by March 2022 and is repayable in instalments.

The amounts owed to group undertakings represent an unsecured loan with Surrey County Cricket Club. Interest is charged at a fixed percentage above base rate on an annual basis. The loan is repayable in equal annual instalments from January 2023.

The £9,300k other loans balance in balance in current and prior year relates to amounts payable to Compass Catering Services Limited. The amount only becomes repayable on the expiration of the contract. During the year, the contract was extended until January 2027.

Kennington Oval Limited

Notes to the financial statements For the year ended 31 January 2021(continued)

16. Loans

	Group 2021 £'000	Group 2020 £'000	Company 2021 £'000	Company 2020 £'000
Current Bank loans	1,700	850	1,700	850
	<u>1,700</u>	<u>850</u>	<u>1,700</u>	<u>850</u>
In more than one year but not more than two years	799	1,700	799	1,700
In more than two years but not more than five years	-	869	-	869
In more than five years	9,300	6,300	9,300	6,300
Other loans				
	<u>11,799</u>	<u>8,869</u>	<u>11,799</u>	<u>8,869</u>

17. Financial Instruments

	Group 2021 £'000	Group 2020 £'000
Financial assets		
Measured at amortised cost		
- Trade and other debtors (see note 13)	4,957	7,694
Financial liabilities		
Measured at amortised cost		
- Bank loans (see notes 14 and 15)	2,499	3,419
- Other loans (see note 15)	9,300	6,300
- Trade and other creditors (see note 14 and 15)	45,312	35,059
Total	<u>57,111</u>	<u>44,778</u>

Kennington Oval Limited

Notes to the financial statements For the year ended 31 January 2021(continued)

18. Deferred Taxation

Group

**Deferred tax
£'000**

At 1 February 2020	(927)
Charged to the Statement of Income	(563)
At 31 January 2021	<u>(1,490)</u>

Company

**Deferred tax
£'000**

At 1 February 2020	(922)
Charged to the Statement of Income	(575)
At 31 January 2021	<u>(1,497)</u>

The provision for deferred taxation is made up as follows:

	Group 2021 £'000	Group 2020 £'000	Company 2021 £'000	Company 2020 £'000
Fixed asset timing differences	(1,502)	(935)	(1,509)	(930)
Short term timing differences	12	8	12	8
	<u>(1,490)</u>	<u>(927)</u>	<u>(1,497)</u>	<u>(922)</u>

19. Reserves

**Profit and
loss account
2021
£'000**

Company

At 1 February 2020	11,634
Loss for the year	(1,714)
At 31 January 2021	<u>9,920</u>

Kennington Oval Limited

Notes to the financial statements For the year ended 31 January 2021(continued)

20. Share capital

	2021 £	2020 £
Allotted, called up and fully paid		
1 ordinary share of £1	<u>1</u>	<u>1</u>

21. Pension commitments

The group operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the group in an independently administered fund. The pension charge amounted to £267k (2020 - £223k). There were no outstanding or prepaid contributions at either the beginning or end of the financial period.

22. Commitments under operating leases

As at the year end, the company had non-cancellable lease commitments in respect of the lease of 'The Oval'. The total commitment is an annual payment, calculated as 3% of turnover in that year, for the duration of the lease, which expires in 2112.

23. Related party transactions

The company received £420k (2020 - £1,773k) from Oval Events Holdings Limited in respect of overheads, £52k (2020 - £2,070k) in respect of costs of sale and £nil (2020 - £5,396k) in respect of management charges during the year. The company also paid £39k (2020 - £551k) to Oval Events Holdings Limited in respect of catering services. At the year-end (£83k) (2020 - £1,400k owed to) Oval Events Holdings Limited. During the year remuneration paid to key management personnel was £672k (2020 - £1,009k).

At the year end, Oval Hotel Holding Limited owed £8,060k (2020 - £1,387k) to Kennington Oval Limited. At the year end, Oval Whitehouse Holdings Limited owed £2,385k (2020 - £125k) to Kennington Oval Limited.

During the year the company paid £80k (2020 - £149k) of cricket centre costs and paid £165k (2020 - £218k) of interest in respect of the inter-company loan to Surrey County Cricket Club. The company received £505k (2020 - £392k) from Surrey County Cricket Club in respect of overheads. At the year end the Company owed £25,938 (2020 - £15,979k) to Surrey County Cricket Club.

During the year, Oval Events Holdings Limited paid £nil (2020 - £179k) in respect of costs of sale to Surrey County Cricket Club, the ultimate parent undertaking. Oval Events Holdings Limited also provided catering services to Surrey County Cricket Club of £49k (2020 - £174k). At the year end, Oval Events Holdings Limited was owed £33k by (2020 - £2,236k owed to) Surrey County Cricket Club.

Oval Events Holdings Limited purchased £1,072k (2020 - £8,430k) of goods and services from Compass Contract Services (UK) Limited and subsidiaries, a shareholder, in respect of the provision of corporate hospitality, retail catering and conference and events services. Oval Events Holdings Limited also paid a management charge to Compass Contract Services (UK) Limited of £nil (2020 - £1,351k). Oval Events Holdings Limited provided catering to Compass Contract Services (UK) Limited and subsidiaries of £3k (2020 - £5k). At the year-end £53k was owed to (2020 - £347k owed to) Compass Contract Services (UK) Limited and subsidiaries.

Kennington Oval Limited owed £9,300k (2019 - £6,300k) to Compass Contract Services (UK) which is due for repayment in 2027.

Kennington Oval Limited

Notes to the financial statements For the year ended 31 January 2021(continued)

24. Ultimate Controlling party

The company is a subsidiary of Surrey County Cricket Club Ltd, which is the ultimate parent company incorporated under the Co-operative and Community Benefit Societies Act in England and Wales.

25. Post balance sheet event

Since the balance sheet date the UK Government has outlined a schedule for the ending of its lockdown regulations and the easing of restrictions on social distancing. The plan outlines that performances and live events (which incorporates public attendances at sports stadiums) will be permissible from 17th May 2021, albeit at reduced capacities to allow for social distancing. In the following stage of the timetable, commencing on 21st June 2021, stadiums will be allowed to host spectators without restriction. The Government's plan as it currently stands would allow for the attendance of Members of Surrey County Cricket Club to attend matches in the early part of the season and also allow for some spectators to attend the first three T20 matches that fall before 21st June. Thereafter the operations of the Company would return to full capacity for the remainder of the T20 matches and the One Day International and Test match.