

Company registration number 07612487 (England and Wales)

COVENTRY CITY FOOTBALL CLUB LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2023

COVENTRY CITY FOOTBALL CLUB LIMITED

COMPANY INFORMATION

| | | |
|--------------------------|---|-----------------------------|
| Director | Douglas Richard John King | (Appointed 10 January 2023) |
| Secretary | BCS Cosec Limited | |
| Company number | 07612487 | |
| Registered office | Sky Blue Lodge Leamington Road Ryton on Dunsmore Coventry CV8 3FL | |
| Auditor | Edwards 34 High Street Aldridge Walsall West Midlands WS9 8LZ | |

COVENTRY CITY FOOTBALL CLUB LIMITED

CONTENTS

| | Page |
|---------------------------------------|---------|
| Strategic report | 1 - 2 |
| Director's report | 3 - 4 |
| Director's responsibilities statement | 5 |
| Independent auditor's report | 6 - 8 |
| Statement of comprehensive income | 9 |
| Balance sheet | 10 |
| Statement of changes in equity | 11 |
| Notes to the financial statements | 12 - 28 |

COVENTRY CITY FOOTBALL CLUB LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 MAY 2023

The director presents the strategic report together with the audited financial statements for the year ended 31 May 2023.

The result for the year for the company is set out in the statement of comprehensive income. The directors do not recommend a payment of a dividend.

The director considers the key performance indicators of the company to be league status, finishing position of the club, and the year's operating result.

Season Review

From a business point of view, the following financial performance results are highlighted –

Turnover increased by £2.282M to £20.369M (YE22 £18.087M) – the increase arose mainly due to the success of reaching the play-offs and the play-off final, together with improved revenue from taking the retail operation in-house. Accordingly, due to related costs incurred from the play-offs and play-off final, plus from taking the retail operation in-house, the Cost of Sales increased by £1.405M to £4.653M (YE22 £3.248M).

Administrative expenses increased by £3.060M to £23.602M (YE22 £20.542M) – the majority of this increased expenditure was on player wages, combined with a £318K asset write-off related to the replacement of the Ryton training ground pitch.

Profit on sale of players increased to £2.368M (YE22 £494K) – this arose mainly from the sale of Dominic Hyam to Blackburn Rovers FC.

An exceptional income of £2.986M booked for YE23 related to the write back of a withholding tax provision no longer required against loans owed to the previous overseas parent company.

Tax credit of £192K relates to research and development tax credit claims for YE 31 May 2022 expenditure.

Loss after tax decreased to £4.715M (YE22 £6.712M).

The 2022/23 season saw a change in the ownership of the club. Originally Mr. Douglas King (UK based) acquired an 85% share of the club, with Sisu retaining a 15% interest, however, at the end of January'23 Mr. King acquired the remaining 15% to take 100% UK based ownership of the club.

Subsequent, to the change in ownership, Mr. Timothy Fisher resigned from both his positions as director and chairman of the company, with Mr. Douglas King replacing Mr. Fisher in such positions.

Immediately after acquisition existing debt was converted to equity of the company. Such restructure helped the club to avoid incurring any further interest and management charges, thus improving the financial strength of the club.

There were certain challenges to be overcome, such as the new licence agreement that was renegotiated to secure the clubs future of playing its home fixtures at the CBS Arena through to the end of season 2027/28, together with the inherited EFL sanction of a 5 points deduction suspended through to the end of 2023/24 season (a situation that arose due to the cancellation of home fixtures at the start of the 2022/23 season as a direct consequence from the playing of Commonwealth Games Rugby Seven fixtures). To avoid this sanction ever becoming an issue the present Board invested in a brand-new pitch at the stadium, and are confident that this will ensure that the suspended sanction period will expire without penalty.

Together with the excitement of new ownership, the club further improved on its 12th finish in the Championship for season 2021/22, by achieving a play-off position at the end of season 2022/23, which resulted in the further success of reaching the play-off final itself. Although providing our loyal supporters with a memorable day, the final ultimately ended in disappointment, with the team narrowly losing on penalties to Luton Town, however, the players and management are commended for their performance over the 2022/23 season.

COVENTRY CITY FOOTBALL CLUB LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2023

Season Review (continued)

Following the disappointment at Wembley, the board have wasted no time in actioning plans that it feels will help achieve the clubs' ultimate goal of achieving promotion to the Premier League. These plans involved reviewing all aspects of the current operations, and resulted in taking its retail operation fully in-house, with further enhancement through the significant investment in a brand-new club shop at the stadium. Additional investment continues to be made to the infrastructure at the Training Ground, with two new pitches and an overall revamp of the whole site, as it is considered extremely important to achieve an environment to encourage players to want to be at Coventry City.

The Summer 2023/24 transfer window saw both Viktor Gyokeres and Gus Hamer leave the club, but the transfer fees obtained from their disposals have been immediately re-invested into the acquisition of several quality player acquisitions, with the aim of achieving an overall stronger playing squad capable of challenging for promotion to the Premier League on a regular basis.

The new-look squad is well in shape to not only gain fans admiration but also to give the club a competitive advantage in its quest to achieve a play-off position in 2023/24 season.

Together with our remarkable fan base we look forward to continuing this exciting journey together.

Principal risks and uncertainties

The Board acknowledges that there are a number of risks and uncertainties which could have a material impact on the company's performance. The company's future income is affected by the club's performance because significant revenues are dependent upon team performance in the Football League and domestic cup competitions.

In order for the team to remain competitive, significant investment is required on an ongoing basis in both financial and non-financial terms. This investment needs to be balanced with the most important Board responsibility, which is to maintain a financially secure professional football club.

The Board maintains the financial discipline throughout the company to ensure that it is able to continue to operate within its existing facilities. Further details of the going concern position of the company is set out in note 1.

On behalf of the board

Douglas Richard John King
Director

28 February 2024

COVENTRY CITY FOOTBALL CLUB LIMITED

DIRECTOR'S REPORT

FOR THE YEAR ENDED 31 MAY 2023

The director presents his annual report and financial statements for the year ended 31 May 2023.

On 10th January 2023, Doug King received approval from the EFL to become the Club's owner. Following this, CovCityCo Ltd, owned 100% by Doug King at the time, acquired the share capital of the Club. Subsequent to the takeover completing, debts totalling £31m, consisting of amounts acquired by Doug King from the previous owners and amounts owed to SISU Capital Fund Limited, were assigned to CovCityCo Ltd in exchange for shares issued to both SISU Capital Fund Limited (15%) and Doug King (85%). CovCityCo Ltd then executed a debt for equity swap to clear these loans and subsequently acquired the remaining 15% of the Club from the club's previous owners.

Principal activities

The principal activity of the company continued to be that of running a professional football club.

Results and dividends

The results for the year are set out on page 9.

No ordinary dividends were paid. The director does not recommend payment of a final dividend.

Director

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

Timothy Donald Fisher

(Resigned 10 January 2023)

Douglas Richard John King

(Appointed 10 January 2023)

Research and development

The club continues to invest in research and development to enhance our knowledge of injury rehabilitation and performance tracking, and in addition are being supported by our parent undertaking to continue this investment.

Disabled persons

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

Employee involvement

The company's policy is to consult and discuss with employees, through unions, staff councils and at meetings, matters likely to affect employees' interests.

Information about matters of concern to employees is given through information bulletins and reports which seek to achieve a common awareness on the part of all employees of the financial and economic factors affecting the company's performance.

Post reporting date events

Transfers of player registrations subsequent to 31 May 2023, taking into account applicable costs and player acquisitions, resulted in a net £8,918,219 payable by the club.

In addition to the above, subsequent to 31 May 2023, the club received £464,000 and paid £25,000 in relation to sell-on and contingent contractual clauses for ex-players.

Auditor

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

COVENTRY CITY FOOTBALL CLUB LIMITED

DIRECTOR'S REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2023

Statement of disclosure to auditor

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

Going concern

The director has formed a judgement that the club has adequate resources available to continue operating and to discharge all financial obligations as they fall due for a period of at least 12 months from the date of approval of the financial statements.

The club made a loss for the financial year of £4,715,053 (2022 - £6,712,645), had net current liabilities of £3,238,437 (2022 - £36,865,062) and net liabilities of £5,577,601 (2022 - £34,592,808) at 31 May 2023.

CovCityCo Ltd, the immediate parent company, have confirmed they will continue to provide such financial support as the club requires to enable it to meet its liabilities as they fall due, for a period of at least 12 months from the date that these financial statements are approved.

The director has prepared detailed cashflow forecasts to assess potential funding requirements for the period to 31 May 2025 which model the impact of the new credit facility provided to the club by CovCityCo Ltd, and further funds being made available should they be required. The director is confident in his assumption that cash flow forecasts should be based upon the club's continued participation in the EFL Championship. The director is also confident that there are sufficient resources available to mitigate the additional funding requirements in the remote event that the club is relegated to EFL League One including the procurement of further financial support from CovCityCo Ltd and the option to generate funds from player sales.

Additionally, the director would not commit the club to any further spend above the current forecasted levels, particularly in relation to the acquisition of players, without first confirming availability of sufficient funding.

Based upon current expectations and with the continued support of the club's parent undertaking, the club are forecast to have sufficient resources to meet their liabilities for the period to 31 May 2025.

As such, the director does not consider there to be a material uncertainty in relation to the ability of the club to continue as a going concern and believes that preparing the financial statements on the going concern basis is appropriate.

Medium-sized companies exemption

This report has been prepared in accordance with the provisions applicable to companies entitled to the medium-sized companies exemption.

On behalf of the board

Douglas Richard John King
Director

28 February 2024

COVENTRY CITY FOOTBALL CLUB LIMITED

DIRECTOR'S RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 MAY 2023

The director is responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare financial statements for each financial year. Under that law the director has 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 director must not approve the financial statements unless he is 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 director is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The director is 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. He is 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.

COVENTRY CITY FOOTBALL CLUB LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBER OF COVENTRY CITY FOOTBALL CLUB LIMITED

Opinion

We have audited the financial statements of Coventry City Football Club Limited (the 'company') for the year ended 31 May 2023 which comprise the statement of comprehensive income, the balance sheet, the statement of changes in equity and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 May 2023 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the director's 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 director with respect to going concern are described in the relevant sections of this report.

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

COVENTRY CITY FOOTBALL CLUB LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBER OF COVENTRY CITY FOOTBALL CLUB LIMITED

Matters on which we are required to report by exception

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 director's 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 remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of director

As explained more fully in the director's responsibilities statement, the director is 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 director determines 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 director is 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 director either intends to liquidate the company or to cease operations, or has 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.

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 obtained an understanding of the legal and regulatory frameworks within which the Company operates, focusing on those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements. The laws and regulations we considered in this context were the Companies Act 2006, employment law, health and safety regulations and compliance with the EFL handbook, Football League rules and Financial Fair Play.

We identified the greatest risk of material impact on the financial statements from irregularities, including fraud, to be in the following areas: timing of recognition of income, the override of controls by management, inappropriate treatment of non-routine transactions and areas of estimation uncertainty, specifically recognition of player transfer costs liabilities and intangible asset valuations. Our audit procedures to respond to these risks included enquiries of management about their own identification and assessment of the risks of irregularities, review and discussion of non-routine transactions, sample testing on the posting of journals and income transactions and review of accounting estimates for biases.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

These inherent limitations are particularly significant in the case of misstatement resulting from fraud as this may involve sophisticated schemes designed to avoid detection, including deliberate failure to record transactions, collusion or the provision of intentional misrepresentations.

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

COVENTRY CITY FOOTBALL CLUB LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBER OF COVENTRY CITY FOOTBALL CLUB LIMITED

Use of our report

This report is made solely to the company's member 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 member those matters we are required to state to the member 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 member, for our audit work, for this report, or for the opinions we have formed.

Robert Kempson ACA
Senior Statutory Auditor
For and on behalf of Edwards

29 February 2024

Chartered Accountants
Statutory Auditor

34 High Street
Aldridge
Walsall
West Midlands
WS9 8LZ

COVENTRY CITY FOOTBALL CLUB LIMITED

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MAY 2023

| | Notes | 2023 £ | 2022 £ |
|---|-----------|--------------|--------------|
| Turnover | 3 | 20,369,822 | 18,087,610 |
| Cost of sales | | (4,653,145) | (3,248,409) |
| Gross profit | | 15,716,677 | 14,839,201 |
| Administrative expenses | | (23,602,092) | (20,541,927) |
| Other operating income | | - | 118,662 |
| Operating loss | 5 | (7,885,415) | (5,584,064) |
| Interest receivable and similar income | 8 | 105 | 206 |
| Other interest payable and similar expenses | 9 | (2,377,062) | (2,411,845) |
| Profit on sale of player registrations | 10 | 2,368,527 | 494,012 |
| Exceptional income | 4 | 2,986,733 | 542,819 |
| Loss before taxation | | (4,907,112) | (6,958,872) |
| Tax on loss | 11 | 192,059 | 246,227 |
| Loss for the financial year | | (4,715,053) | (6,712,645) |

The statement of comprehensive income has been prepared on the basis that all operations are continuing operations.

COVENTRY CITY FOOTBALL CLUB LIMITED

BALANCE SHEET

AS AT 31 MAY 2023

| | | 2023 | 2022 |
|--|-------|---------------------------|----------------------------|
| | Notes | £ | £ |
| Fixed assets | | | |
| Intangible assets | 12 | 1,753,352 | 2,832,649 |
| Tangible assets | 13 | 1,954,198 | 590,185 |
| | | <u>3,707,550</u> | <u>3,422,834</u> |
| Current assets | | | |
| Stocks | 14 | 88,098 | - |
| Debtors | 15 | 6,260,236 | 4,180,932 |
| Cash at bank and in hand | | 1,653,043 | 103,275 |
| | | <u>8,001,377</u> | <u>4,284,207</u> |
| Creditors: amounts falling due within one year | 16 | <u>(11,239,814)</u> | <u>(41,149,269)</u> |
| Net current liabilities | | <u>(3,238,437)</u> | <u>(36,865,062)</u> |
| Total assets less current liabilities | | <u>469,113</u> | <u>(33,442,228)</u> |
| Creditors: amounts falling due after more than one year | 17 | <u>(6,046,714)</u> | <u>(1,150,580)</u> |
| Net liabilities | | <u><u>(5,577,601)</u></u> | <u><u>(34,592,808)</u></u> |
| Capital and reserves | | | |
| Called up share capital | 21 | 65,217,308 | 65,215,308 |
| Share premium account | | 33,728,260 | - |
| Equity component of convertible loan | 21 | - | 249,087 |
| Profit and loss reserves | | <u>(104,523,169)</u> | <u>(100,057,203)</u> |
| Total equity | | <u><u>(5,577,601)</u></u> | <u><u>(34,592,808)</u></u> |

These financial statements have been prepared in accordance with the provisions relating to medium-sized companies.

The financial statements were approved by the board of directors and authorised for issue on 28 February 2024 and are signed on its behalf by:

Douglas Richard John King
Director

Company Registration No. 07612487

COVENTRY CITY FOOTBALL CLUB LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MAY 2023

| | | Share capital | Share premium | Equity component of convertible loan | Profit and loss reserves | Total |
|--------------------------------|-------|---------------|---------------|--------------------------------------|--------------------------|--------------|
| | Notes | £ | £ | £ | £ | £ |
| Balance at 1 June 2021 | | 65,215,308 | - | 249,087 | (93,344,558) | (27,880,163) |
| Year ended 31 May 2022: | | | | | | |
| Loss for the year | | - | - | - | (6,712,645) | (6,712,645) |
| Balance at 31 May 2022 | | 65,215,308 | - | 249,087 | (100,057,203) | (34,592,808) |
| Year ended 31 May 2023: | | | | | | |
| Loss for the year | | - | - | - | (4,715,053) | (4,715,053) |
| Issue of share capital | 21 | 2,000 | 33,728,260 | - | - | 33,730,260 |
| Other movements | | - | - | (249,087) | 249,087 | - |
| Balance at 31 May 2023 | | 65,217,308 | 33,728,260 | - | (104,523,169) | (5,577,601) |

COVENTRY CITY FOOTBALL CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MAY 2023

1 Accounting policies

Company information

Coventry City Football Club Limited is a private company limited by shares incorporated in England and Wales. The registered office is Sky Blue Lodge, Leamington Road, Ryton on Dunsmore, Coventry, CV8 3FL.

1.1 Accounting convention

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

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

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

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

- Section 4 'Statement of Financial Position': Reconciliation of the opening and closing number of shares;
- Section 7 'Statement of Cash Flows': Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues': Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- Section 26 'Share based Payment': Share-based payment expense charged to profit or loss, reconciliation of opening and closing number and weighted average exercise price of share options, how the fair value of options granted was measured, measurement and carrying amount of liabilities for cash-settled share-based payments, explanation of modifications to arrangements;
- Section 33 'Related Party Disclosures': Compensation for key management personnel.

The financial statements of the company are consolidated in the financial statements of CovCityCo Limited. These consolidated financial statements are available from Companies House.

COVENTRY CITY FOOTBALL CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2023

1 Accounting policies

(Continued)

1.2 Going concern

The director has formed a judgement that the club has adequate resources available to continue operating and to discharge all financial obligations as they fall due for a period of at least 12 months from the date of approval of the financial statements.

The club made a loss for the financial year of £4,715,053 (2022 - £6,712,645), had net current liabilities of £3,238,437 (2022 - £36,865,062) and net liabilities of £5,577,601 (2022 - £34,592,808) at 31 May 2023.

CovCityCo Ltd, the immediate parent company, have confirmed they will continue to provide such financial support as the club requires to enable it to meet its liabilities as they fall due, for a period of at least 12 months from the date that these financial statements are approved.

The director has prepared detailed cashflow forecasts to assess potential funding requirements for the period to 31 May 2025 which model the impact of the new credit facility provided to the club by CovCityCo Ltd, and further funds being made available should they be required. The director is confident in his assumption that cash flow forecasts should be based upon the club's continued participation in the EFL Championship. The director is also confident that there are sufficient resources available to mitigate the additional funding requirements in the remote event that the club is relegated to EFL League One including the procurement of further financial support from CovCityCo Ltd and the option to generate funds from player sales.

Additionally, the director would not commit the club to any further spend above the current forecasted levels, particularly in relation to the acquisition of players, without first confirming availability of sufficient funding.

Based upon current expectations and with the continued support of the club's parent undertaking, the club are forecast to have sufficient resources to meet their liabilities for the period to 31 May 2025.

As such, the director does not consider there to be a material uncertainty in relation to the ability of the club to continue as a going concern and believes that preparing the financial statements on the going concern basis is appropriate.

1.3 Turnover

Turnover, which all arises in the United Kingdom, represents match receipts, executive box rentals and income from commercial activities receivable by the company, excluding VAT and trade discounts. Turnover is recognised for match related income in accordance with the matches played. Sponsorship and similar commercial income is recognised over the duration of the respective contracts in line with the contractual terms. Income arising from the fixed element of TV receipts is recognised over the course of the playing season. The non-fixed element of TV receipts relating to match coverage are recognised as the matches are played.

Income from match receipts, sponsorship and commercial contracts, which has been received prior to the year end in respect of future football seasons, is treated as deferred income.

1.4 Research and development expenditure

Research expenditure is written off against profits in the year in which it is incurred.

COVENTRY CITY FOOTBALL CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2023

1 Accounting policies

(Continued)

1.5 Intangible fixed assets

The company capitalises, as an intangible asset, the element of a player's transfer fee which relates to his registration together with associated costs and amortises that element over the period of his contract including any subsequently agreed extensions. Players' registrations are written down for impairment when the carrying amount exceeds the amount recoverable through use or sale.

Trade marks purchased separately from a business are included at cost and amortised over their useful economic lives of 10 years.

1.6 Tangible fixed assets

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

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their estimated useful lives, using the straight-line method and on the following basis:

| | |
|-------------------------------|-------------------------|
| Freehold buildings | 2% per annum |
| Plant, fixtures and equipment | 7.5% to 33.3% per annum |

Freehold land is not depreciated.

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

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.

1.7 Impairment of fixed assets

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

The carrying amount of the investments accounted for using the equity method is tested for impairment as a single asset. Any goodwill included in the carrying amount of the investment is not tested separately for impairment.

Where a reasonable and consistent basis of allocation can be identified, assets are allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

1.8 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

1.9 Cash and cash equivalents

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

COVENTRY CITY FOOTBALL CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2023

1 Accounting policies

(Continued)

1.10 Financial instruments

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

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

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

Basic financial liabilities

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.

Equity instruments

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

1.11 Taxation

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

Current tax

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

Deferred tax

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

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

COVENTRY CITY FOOTBALL CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2023

1 Accounting policies

(Continued)

1.12 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense.

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

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

1.13 Retirement benefits

The pension costs charged against profits represent the amount of the benefit payable to the scheme in respect of the accounting period.

Certain employees are members of the Football League Pension and Life Assurance (FLPLA) Scheme and the Football League Players' Benefit Scheme ("the schemes"). The company continues to make contributions in respect of its share of the deficit of these defined benefit pension schemes. Accrual of the benefits on a final salary basis was suspended with effect from 31 August 1999, when actuarial review showed a substantial deficit. As one of the number of participating employers the company is advised only of its share of the scheme's deficit and recognises a liability in respect of this. Contributions payable to the scheme's reduce this liability.

1.14 Leases

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

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

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

1.15 Government grants

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

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

1.16 Foreign exchange

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

1.17 Finance costs

Finance costs are charged to the statement of comprehensive 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.

COVENTRY CITY FOOTBALL CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2023

2 Judgements and key sources of estimation uncertainty

The preparation of financial statements in conformity with FRS 102 requires the director to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The nature of the company's business is such that there can be unpredictable variation and uncertainty regarding its business. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Key sources of estimation uncertainty

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

Player transfer costs

The director has to make certain judgements as to whether a liability should be recognised under the terms of the contracts with other football clubs in respect of player transfers. These judgements include the director's opinion, at the balance sheet date, on the likely league status in the next season. It also requires certain judgements as to whether a player will continue to make the contractually agreed number of first team appearances. Based on these judgements, the director decides on an individual player by player basis as to whether the liability is disclosed as a contingent liability or whether it becomes recognised as a liability in trade creditors in the balance sheet.

Intangible assets, tangible assets and impairment

The director is required to test whether intangible and tangible assets have suffered any impairment. The recoverable amount of cash generating units connected to the recorded value of these assets has been determined based on value in use estimates and compared to the book value to determine if an impairment provision is needed.

3 Turnover and other revenue

| | 2023 | 2022 |
|---|-------------------|-------------------|
| | £ | £ |
| Turnover analysed by class of business | | |
| Match receipts | 7,174,681 | 4,277,927 |
| Broadcasting | 9,037,332 | 8,804,173 |
| Other commercial | 4,157,809 | 5,005,510 |
| | <u>20,369,822</u> | <u>18,087,610</u> |
| | 2023 | 2022 |
| | £ | £ |
| Other significant revenue | | |
| Interest income | 105 | 206 |
| Grants received | - | 118,662 |
| | <u>-</u> | <u>118,662</u> |

COVENTRY CITY FOOTBALL CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2023

4 Exceptional income

| | 2023 | 2022 |
|--------------------|-----------|---------|
| | £ | £ |
| Income | | |
| Exceptional income | 2,986,733 | 542,819 |

Exceptional income in the current year represents the write back of accrued withholding tax of £2,923,486 in relation to loans previously owed to an overseas parent company no longer payable and accrued interest previously owed to bond holders of £63,247 which has been waived.

Exceptional income in the prior year represents the write back of accrued management charges of £542,819 which had been waived by Sky Blue Sports & Leisure Limited.

5 Operating loss

| | 2023 | 2022 |
|---|-----------|-----------|
| | £ | £ |
| Operating loss for the year is stated after charging/(crediting): | | |
| Government grants | - | (118,662) |
| Depreciation of owned tangible fixed assets | 161,682 | 104,495 |
| Depreciation of tangible fixed assets held under finance leases | 11,679 | - |
| Loss on disposal of tangible fixed assets | 318,033 | - |
| Amortisation of intangible fixed assets | 2,871,476 | 2,764,331 |
| Operating lease charges | 1,033,754 | 1,390,407 |

6 Auditor's remuneration

| | 2023 | 2022 |
|---|--------|--------|
| | £ | £ |
| Fees payable to the company's auditor and associates: | | |
| For audit services | | |
| Audit of the financial statements of the company | 17,300 | 15,750 |
| For other services | | |
| Taxation compliance services | 2,300 | 2,100 |
| All other non-audit services | 2,900 | 2,650 |
| | 5,200 | 4,750 |

COVENTRY CITY FOOTBALL CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2023

7 Employees

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

| | 2023 Number | 2022 Number |
|-------------------------------|----------------|----------------|
| Players and management | 161 | 134 |
| Administrative and commercial | 35 | 19 |
| Total | 196 | 153 |

During the year, in addition to the above, the company also had available approximately 191 (2022 - 162) temporary staff on match days, the cost of which are included within direct expenses.

Their aggregate remuneration comprised:

| | 2023 £ | 2022 £ |
|-----------------------|------------|------------|
| Wages and salaries | 16,632,550 | 14,072,239 |
| Social security costs | 1,734,587 | 1,522,452 |
| Pension costs | 92,393 | 79,512 |
| | 18,459,530 | 15,674,203 |

Included within wages and salaries, are amounts of £569,404 (2022 - £459,768) which have been included within direct operating costs for the year.

Eligible staff are members of the Football League Limited Pension and Life Assurance Scheme. The latest valuation of the scheme deficit has shown an underfunding of the scheme and accordingly the company's current share of the liability stands at £319,032 (2022 - £384,512). This is included within creditors.

The company operates a defined contribution pension scheme for the benefit of the employees. The assets of the scheme are administered by trustees in a fund independent from those of the company.

8 Interest receivable and similar income

| | 2023 £ | 2022 £ |
|-----------------------|-----------|-----------|
| Interest income | | |
| Other interest income | 105 | 206 |

COVENTRY CITY FOOTBALL CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2023

9 Interest payable and similar expenses

| | 2023 | 2022 |
|---|------------------|------------------|
| | £ | £ |
| Other loan interest payable | - | 2,788 |
| Other interest payable | 2,127,397 | 1,955,495 |
| Interest on forward finance agreements | 237,585 | - |
| Interest on finance lease obligations | 1,344 | - |
| Late repayment interest | 10,736 | - |
| Withholding tax due on interest payable | - | 453,562 |
| | <u>2,377,062</u> | <u>2,411,845</u> |

10 Profit on player sales

| | 2023 | 2022 |
|------------------------|------------------|----------------|
| | £ | £ |
| Profit on player sales | <u>2,368,527</u> | <u>494,012</u> |

COVENTRY CITY FOOTBALL CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2023

11 Taxation

| | 2023 £ | 2022 £ |
|---|-----------|-----------|
| Current tax | | |
| Adjustments in respect of prior periods | (192,059) | (246,227) |
| Total current tax | (192,059) | (246,227) |
| Deferred tax | | |
| Total deferred tax | - | - |
| Total tax credit | (192,059) | (246,227) |

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

| | 2023 £ | 2022 £ |
|--|-------------|-------------|
| Loss before taxation | (4,907,112) | (6,958,872) |
| Expected tax credit based on the standard rate of corporation tax in the UK of 25.00% (2022: 19.00%) | (1,226,778) | (1,322,186) |
| Tax effect of expenses that are not deductible in determining taxable profit | 1,674 | 6,411 |
| Tax effect of income not taxable in determining taxable profit | - | (103,136) |
| Depreciation on assets not qualifying for tax allowances | 15,630 | - |
| R&D tax credit related to prior years | (192,059) | (246,227) |
| Deferred tax not recognised | 1,217,402 | 1,278,633 |
| Deferred tax prior year adjustment not recognised | - | 140,278 |
| Tax effect of enhanced capital allowances | (7,928) | - |
| Taxation credit for the year | (192,059) | (246,227) |

Factors that may affect future tax charges

The company has an unrecognised deferred tax asset of £9,847,194 (2022 - £6,413,756). This has not been recognised as its future recoverability is uncertain.

COVENTRY CITY FOOTBALL CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2023

12 Intangible fixed assets

| | Goodwill | Trademarks | Player registrations | Total |
|------------------------------------|-----------|------------|----------------------|------------|
| | £ | £ | £ | £ |
| Cost | | | | |
| At 1 June 2022 | 2,224,038 | 6,570 | 7,398,473 | 9,629,081 |
| Additions | - | - | 1,806,191 | 1,806,191 |
| Disposals | - | - | (450,071) | (450,071) |
| At 31 May 2023 | 2,224,038 | 6,570 | 8,754,593 | 10,985,201 |
| Amortisation and impairment | | | | |
| At 1 June 2022 | 2,224,038 | 4,255 | 4,568,139 | 6,796,432 |
| Amortisation charged for the year | - | 275 | 2,871,201 | 2,871,476 |
| Disposals | - | - | (436,059) | (436,059) |
| At 31 May 2023 | 2,224,038 | 4,530 | 7,003,281 | 9,231,849 |
| Carrying amount | | | | |
| At 31 May 2023 | - | 2,040 | 1,751,312 | 1,753,352 |
| At 31 May 2022 | - | 2,315 | 2,830,334 | 2,832,649 |

Any players whom the company do not consider to be a long term part of the first team squad and who will therefore not contribute to future cash flows earned by the company are assessed for impairment by considering the carrying value with the company's best estimate of fair value (being post year-end sales proceeds or expected sales proceeds) less costs to sell. The director is satisfied that no further provision is required.

COVENTRY CITY FOOTBALL CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2023

13 Tangible fixed assets

| | Freehold land and buildings £ | Plant, fixtures and fittings £ | Total £ |
|------------------------------------|-------------------------------------|--------------------------------------|------------|
| Cost | | | |
| At 1 June 2022 | 359,999 | 730,993 | 1,090,992 |
| Additions | - | 1,855,407 | 1,855,407 |
| Disposals | - | (343,819) | (343,819) |
| At 31 May 2023 | 359,999 | 2,242,581 | 2,602,580 |
| Depreciation and impairment | | | |
| At 1 June 2022 | 51,305 | 449,502 | 500,807 |
| Depreciation charged in the year | 5,432 | 167,929 | 173,361 |
| Eliminated in respect of disposals | - | (25,786) | (25,786) |
| At 31 May 2023 | 56,737 | 591,645 | 648,382 |
| Carrying amount | | | |
| At 31 May 2023 | 303,262 | 1,650,936 | 1,954,198 |
| At 31 May 2022 | 308,694 | 281,491 | 590,185 |

The carrying value of land and buildings comprises:

| | 2023 £ | 2022 £ |
|---------------|-----------|-----------|
| Freehold land | 118,573 | 118,573 |

The net carrying value of tangible fixed assets includes the following in respect of assets held under finance leases:

| | 2023 £ | 2022 £ |
|---------------------|-----------|-----------|
| Plant and equipment | 72,407 | - |

14 Stocks

| | 2023 £ | 2022 £ |
|-------------------------------------|-----------|-----------|
| Finished goods and goods for resale | 88,098 | - |

COVENTRY CITY FOOTBALL CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2023

15 Debtors

| | 2023 | 2022 |
|---|------------------|------------------|
| | £ | £ |
| Amounts falling due within one year: | | |
| Trade debtors | 1,049,233 | 740,668 |
| Corporation tax recoverable | 192,059 | 246,227 |
| Other debtors | 2,739,172 | 1,946,736 |
| Prepayments and accrued income | 2,279,772 | 1,247,301 |
| | <u>6,260,236</u> | <u>4,180,932</u> |

Included within trade debtors is £30,000 (2022 - £Nil) and included within accrued income is £5,263 (2022 - £132,237) in respect of transfer fees receivable.

16 Creditors: amounts falling due within one year

| | | 2023 | 2022 |
|-----------------------------------|-------|-------------------|-------------------|
| | Notes | £ | £ |
| Obligations under finance leases | 18 | 28,028 | - |
| Trade creditors and transfer fees | | 3,456,435 | 3,014,180 |
| Amounts owed to related parties | 19 | - | 13,033,276 |
| Taxation and social security | | 1,058,330 | 1,274,796 |
| Other creditors | | 1,514,613 | 1,648,501 |
| Accruals and deferred income | | 5,182,408 | 22,178,516 |
| | | <u>11,239,814</u> | <u>41,149,269</u> |

Included within trade creditors is £580,000 (2022 - £1,677,400) and included within accruals is £483,528 (2022 - £703,620) in respect of actual and probable transfer fees payable.

Included within other creditors due within one year is an amount of £61,200 (2022 - £60,800) in respect of a loan advanced by the English Football League ("EFL"). This loan is unsecured and is interest free. In the event of the company defaulting on payment terms, interest will be charged at a rate of 2% above the base rate of the EFL's bankers. In addition, in the event of the Club being promoted or relegated out of the Football League the amount becomes repayable immediately.

Included within other creditors due within one year is an amount of £1,066,668 (2022 - £1,066,666) in respect of a "PAYE" loan advanced by the EFL. This loan is unsecured and is interest free. In the event of the Club being promoted to the Premier League the amount becomes repayable immediately.

COVENTRY CITY FOOTBALL CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2023

17 Creditors: amounts falling due after more than one year

| | Notes | 2023 £ | 2022 £ |
|----------------------------------|-------|------------------|------------------|
| Obligations under finance leases | 18 | 46,714 | - |
| Other borrowings | 19 | 6,000,000 | - |
| Other creditors | | - | 1,150,580 |
| | | <u>6,046,714</u> | <u>1,150,580</u> |

Included within other creditors due after more than one year is an amount of £Nil (2022 - £61,200) in respect of a loan advanced by the EFL and an amount of £Nil (2022 - £1,066,667) in respect of a "PAYE" loan advanced by the EFL. The terms for each loan are described above in note 16.

18 Finance lease obligations

| | 2023 £ | 2022 £ |
|---|---------------|-----------|
| Future minimum lease payments due under finance leases: | | |
| Within one year | 28,028 | - |
| In two to five years | 46,714 | - |
| | <u>74,742</u> | <u>-</u> |

Net obligations under finance leases are secured on the assets to which they relate.

COVENTRY CITY FOOTBALL CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2023

19 Borrowings

| | 2023 £ | 2022 £ |
|--|------------------|-------------------|
| Accrued interest on related party loan | - | 13,067,587 |
| Related party loans | - | 13,033,276 |
| Intercompany loans | 6,000,000 | - |
| | <u>6,000,000</u> | <u>26,100,863</u> |

Included within amounts owed to related parties is an amount of £Nil (2022 - £7,472,556) secured on certain assets of the football club in relation to monies advanced by Arvo Master Fund Limited, a company which has an interest in the shares of the company. Interest of £Nil (2022 - £9,221,210) is included within accruals in relation to this loan.

Included within amounts owed to related parties is an amount of £Nil (2022 - £1,750,913) which relates to monies advanced by Arvo Master Fund Limited, a company which has an interest in the shares of the company. Interest of £Nil (2022 - £2,008,334) is included in accruals in relation to this loan. These loan notes are convertible to ordinary shares in specific circumstances and have been treated as having elements of both debt and equity (see note 21).

Included within amounts owed to related parties is an amount of £Nil (2022 - £2,682,557) which relates to a Revolving Credit Facility agreed with SISU Capital Fund Limited. Interest of £Nil (2022 - £1,697,734) is included within accruals in relation to this loan.

Included within amounts owed to related parties is an amount of £Nil (2022 - £1,127,250) which relates to a Revolving Credit Facility agreed with SISU Capital (UK) Limited. Interest of £Nil (2022 - £140,309) is included within accruals in relation to this loan.

As explained more fully in the Directors Report, all related party loans and associated interest were repaid as part of the Club buy out during the year.

Included within intercompany loans is an amount of £6,000,000 owed to the parent company CovCityCo Ltd under the terms of a credit facility agreement. This facility is unsecured, is interest free and has a maturity date of 16 February 2026.

20 Retirement benefit schemes

| | 2023 £ | 2022 £ |
|---|-----------|-----------|
| Defined contribution schemes | | |
| Charge to profit or loss in respect of defined contribution schemes | 92,393 | 79,512 |

Certain employees of the group participate in the Football League Pension and Life Assurance (FLPLA) Scheme and the Football League Player' Benefit Scheme. Both schemes are defined benefit schemes co-sponsored by the FA Premier League and the Football League.

Accrual of the benefits on a final salary basis was suspended with effect from 31 August 1999, when actuarial review showed a substantial deficit. As one of the number of participating employers the group is advised only of its share of the scheme's deficit and recognises a liability in respect of this.

The latest valuation of the scheme deficit has shown an understanding of the scheme and accordingly the group's current share of the liability stands at £319,032. This is included within creditors.

COVENTRY CITY FOOTBALL CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2023

21 Share capital

| | 2023 Number | 2022 Number | 2023 £ | 2022 £ |
|----------------------------------|-------------------|-------------------|-------------------|-------------------|
| Ordinary share capital | | | | |
| Issued and fully paid | | | | |
| Ordinary shares of £1 each | 3,000 | 1,000 | 3,000 | 1,000 |
| 'A' preference shares of £1 each | 15,258,720 | 15,258,720 | 15,258,720 | 15,258,720 |
| 'B' preference shares of £1 each | 49,955,588 | 49,955,588 | 49,955,588 | 49,955,588 |
| | <u>65,217,308</u> | <u>65,215,308</u> | <u>65,217,308</u> | <u>65,215,308</u> |

Ordinary shares have the right to vote on the basis of one vote per share held.

'A' Preference shares have no rights as to voting.

'B' Preference shares have no rights as to voting.

On 10 January 2023, the company issued 2,000 ordinary shares of £1 each for a total consideration of £33,730,260.

| | |
|---|-----------|
| Equity component of convertible debt | £ |
| At 1 June 2022 | 249,087 |
| Released to profit and loss | (249,087) |
| | <u>-</u> |
| At 31 May 2023 | <u>-</u> |

The company had issued £2,000,000 of unsecured convertible loan notes to a related party. These loan notes were convertible to ordinary shares in specific circumstances and have been treated as having elements of both debt and equity. As part of the takeover of the Club, these loan notes were repaid and the equity component was subsequently released to the profit and loss reserve.

22 Operating lease commitments

Lessee

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

| | 2023 £ | 2022 £ |
|----------------------------|------------------|------------------|
| Within one year | 740,008 | 794,048 |
| Between two and five years | 4,537,663 | 2,548,722 |
| In over five years | - | 650,000 |
| | <u>5,277,671</u> | <u>3,992,770</u> |

COVENTRY CITY FOOTBALL CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2023

23 Capital commitments

Amounts contracted for but not provided in the financial statements:

| | 2023 £ | 2022 £ |
|--------------------------------------|-----------|-----------|
| Acquisition of tangible fixed assets | 1,818,918 | - |

24 Related party transactions

The company has taken advantage of the exemption conferred within FRS102 section 33.1A not to disclose transactions between wholly owned members of the same group.

Until Doug King's takeover on 10 January 2023, ARVO Master Fund Limited were shareholders owning the 'A' preference shares and Sky Blue Sports & Leisure Limited were the majority shareholders owning the 'B' preference shares.

Included within note 19 are details of loans payable to the minority shareholder, other loans and associated accrued interest. Interest charged on these loans is included in note 9.

25 Events after the reporting date

Transfers of player registrations subsequent to 31 May 2023, taking into account applicable costs and player acquisitions, resulted in a net £8,918,219 payable by the club.

In addition to the above, subsequent to 31 May 2023, the club received £464,000 and paid £25,000 in relation to sell-on and contingent contractual clauses for ex-players.

26 Contingent liabilities

The company has, under transfer agreements, a liability to pay additional sums dependent on players' attainment of agreed numbers of first team appearances and any subsequent transfer value. No provision has been made in these accounts for such liabilities as the conditions are not met at the balance sheet date and no reliable estimates can be made of any subsequent transfer values.

| | 2023 £ | 2022 £ |
|--------------------------|-----------|-----------|
| Maximum amounts payable: | 150,000 | 834,056 |

27 Contingent assets

Based on transfer agreements signed prior to the year-end the company could potentially receive additional amounts of at least £190,000 (2022 - £197,500). These sums are dependent on the attainment of certain objectives by the player and the club they are now employed by. Conditions have not been met at the balance sheet date and no asset has been recognised.

28 Ultimate controlling party

At the balance sheet date, the parent undertaking of the company is CovCityCo Ltd, which is registered in England and Wales. CovCityCo Ltd is wholly owned by Mr Douglas King who is considered to be the ultimate controlling party.

The largest and smallest group in which the results of the company are consolidated is that headed by CovCityCo Ltd. The consolidated accounts of this company are available to the public and may be obtained from Companies House.

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.