

Company Registration No. 07698872 (England and Wales)



**WREXHAM AFC LIMITED**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 30 JUNE 2023**

# WREXHAM AFC LIMITED

## COMPANY INFORMATION

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<b>Directors</b>	Mr H Ker Mr R McElhenney Mr R R Reynolds Mr S A Harvey	(Appointed 30 November 2023)
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<b>Company number</b>	07698872
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<b>Registered office</b>	Racecourse Ground Mold Road Wrexham LL11 2AH
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<b>Auditor</b>	Xeinadin Audit Limited St Andrews House Yale Business Village Ellice Way Wrexham LL13 7YL
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<b>Business address</b>	Racecourse Ground Mold Road Wrexham LL11 2AH
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# **WREXHAM AFC LIMITED**

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# WREXHAM AFC LIMITED

## STRATEGIC REPORT

### FOR THE YEAR ENDED 30 JUNE 2023

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The directors present the strategic report for the year ended 30 June 2023.

#### Strategy and Objectives

The directors' objective is clearly declared in the Club's mission statement.

There is a specific emphasis on delivering success on the pitch and to take each of the Club's senior teams through their respective divisions at the earliest opportunity. This objective sits alongside the desire to deliver benefit for the community from which the Club takes its name, while raising the profile of the City of Wrexham around the world.

The strategy to achieve this objective includes the following key elements:

- Providing the required support to our football management staff.
- Identifying and securing the registrations of the players to deliver the on-field success we desire.
- Utilising the marketing platform created by the Welcome to Wrexham documentary to raise both the profile and the financial value of sponsorship inventory of the Club.
- Using the image and profile of the Club's owners in an agreed way, to create value that wouldn't normally be available to a Club of our status.
- Ensuring that the Club remains loyal to its long-standing support.
- Always having the Club's best long-term interests at the centre of all decision making.

The financial losses suffered by the Club since the takeover shouldn't be repeated, with income generated by the Club now sufficient to meet the operational costs of the Club going forward. These losses were deemed necessary to allow the Club to maximise its full potential in the shortest time practically possible. The Club is under no immediate pressure to repay the loans at the expense of the progress we seek to achieve and further financial support will be provided / secured to support the capital expenditure projects the Club is currently planning, which includes increasing the capacity of The Racecourse Ground and the development of a training facility for all the Club's teams.

The shareholders will continue to consider offering minority equity positions to strategic partners who have unique capabilities to help drive progress, having brought in the first minority shareholder since the year end.

#### Principal risks and uncertainties

There are several risks that exist that could have a material impact on the Club's long-term ambitions. The most significant would be a loss of the progress that has been made since the takeover in 2021, although the directors remain confident that this will not occur.

The continued popularity of Welcome to Wrexham will continue to stimulate interest in the Club, but we need to be conscious of ensuring that when the series comes to an end, we can manage the change effectively and still deliver our objectives based on the legacy that has been created.

# WREXHAM AFC LIMITED

## STRATEGIC REPORT (CONTINUED)

**FOR THE YEAR ENDED 30 JUNE 2023**

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### Key performance indicators

The year-on-year income comparisons since the takeover, show the potential of the Club. These will significantly increase again, following promotion and the continued popularity of Welcome to Wrexham.

Turnover for the year was £10.478m (2022: £5.972m) with the loss increasing to £5.113m (2022: £2.914m).

The average attendance for league games was 9,975 (2022: 8,640) with the Club having a successful run in the FA Cup, beating Championship Coventry City in the 3rd Round before going out after a replay in the 4th Round to Sheffield United who were promoted to the Premier League that season.

Income was increased across the board, with the most significant being our retail operation reaching £3.430m (2022: £1.303m) and Sponsorship / Advertising rising to £1.883m (2022: £1.053m). The increase in Football revenue £1.314m (2022: £0.531m) can be attributed to our success in the FA Cup.

The increase in turnover from the Rest of the World to £2.582m (2022: £0.657m) was staggering but this still falls behind the UK £7.841m (2022: £5.301m). The directors await with interest to see how this ratio changes going forward.

The payroll of the Club increased to £6.910m (2022: £4.050m).

The amount owed to The R.R. McReynolds Company LLC at the year-end was £8.977m (2022: £3.714m).

On behalf of the board

Mr H Ker  
Director

21 March 2024

# WREXHAM AFC LIMITED

## DIRECTORS' REPORT

### FOR THE YEAR ENDED 30 JUNE 2023

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The directors present their annual report and financial statements for the year ended 30 June 2023.

#### Principal activities

The principal activities of Wrexham AFC Limited ('the Club') are the operation of a professional football club, together with related and ancillary activities, including the day-to-day management of the Racecourse Ground.

#### Results and dividends

The results for the year are set out on page 8.

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

#### Directors

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

Mr H Ker

Mr R McElhenney

Mr R R Reynolds

Mr S A Harvey

(Appointed 30 November 2023)

#### Auditor

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

#### Statement of directors' responsibilities

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

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

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

#### Strategic report

The company has chosen in accordance with Companies Act 2006, s. 414C(11) to set out in the company's strategic report information required by Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, Sch. 7 to be contained in the directors' report. It has done so in respect of risks and future developments.

## **WREXHAM AFC LIMITED**

### **DIRECTORS' REPORT (CONTINUED)**

***FOR THE YEAR ENDED 30 JUNE 2023***

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#### **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.

On behalf of the board

Mr H Ker  
**Director**

21 March 2024

# WREXHAM AFC LIMITED

## INDEPENDENT AUDITOR'S REPORT

### TO THE MEMBERS OF WREXHAM AFC LIMITED

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#### Opinion

We have audited the financial statements of Wrexham AFC Limited (the 'company') for the year ended 30 June 2023 which comprise the profit and loss account, the statement of comprehensive income, the balance sheet, the statement of changes in equity, the statement of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including 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 30 June 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 directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

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

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

#### Other information

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

We have nothing to report in this regard.

#### Opinions on other matters prescribed by the Companies Act 2006

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

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

# WREXHAM AFC LIMITED

## INDEPENDENT AUDITOR'S REPORT (CONTINUED)

### TO THE MEMBERS OF WREXHAM AFC LIMITED

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#### **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 directors' report.

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

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

#### **Responsibilities of directors**

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

The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Enquiries of management and those charged with governance were held in order to identify any laws and regulations that could be expected to have a material impact on the financial statements. Throughout the audit, the team were updated with the outcomes of these enquiries including consideration as to where and how fraud may occur in the company.

The audit procedures undertaken to address any potential risk in relation to irregularities (which include fraud and non-compliance with laws and regulations) included: enquiries of management and those charged with governance on how the company complies with relevant laws, regulations and any cases of actual or potential litigation or claims; examination of appropriate legal correspondence; testing of journal entries for appropriateness; and analytical procedures on account balances to identify variances against expectation which may show indications of fraud.

No instances of material non-compliance were identified, although the prospect of detecting irregularities, including fraud, is inherently difficult. This is due to; difficulty in detecting irregularities; limits imposed by the effectiveness of the entity's controls; and the nature, timing and extent of the audit procedures performed. Irregularities as a result of fraud are inherently more difficult to detect than those that resulting from error. Despite this, the audit has been planned and performed in accordance with ISAs (UK), there is an unavoidable risk that material misstatements may not be detected.

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.

## **WREXHAM AFC LIMITED**

### **INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF WREXHAM AFC LIMITED**

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#### **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.

**Timothy Mitchell BSc FCA**  
**For and on behalf of Xeinadin Audit Limited**

21 March 2024

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

St Andrews House  
Yale Business Village  
Ellice Way  
Wrexham  
LL13 7YL

## WREXHAM AFC LIMITED

### PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 30 JUNE 2023

	Notes	2023 £	2022 £
Turnover	3	10,477,781	5,972,135
Cost of sales		(10,800,776)	(5,952,473)
<b>Gross (loss)/profit</b>		<b>(322,995)</b>	<b>19,662</b>
Administrative expenses		(4,487,577)	(2,940,142)
Other operating income		112,049	51,487
<b>Operating loss</b>	<b>4</b>	<b>(4,698,523)</b>	<b>(2,868,993)</b>
Interest receivable and similar income	6	231	-
Interest payable and similar expenses	7	(414,286)	(44,639)
<b>Loss before taxation</b>		<b>(5,112,578)</b>	<b>(2,913,632)</b>
Tax on loss	8	-	-
<b>Loss for the financial year</b>		<b>(5,112,578)</b>	<b>(2,913,632)</b>

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

# WREXHAM AFC LIMITED

## STATEMENT OF COMPREHENSIVE INCOME

*FOR THE YEAR ENDED 30 JUNE 2023*

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	2023 £	2022 £
Loss for the year	(5,112,578)	(2,913,632)
Other comprehensive income	-	-
Total comprehensive income for the year	<u>(5,112,578)</u>	<u>(2,913,632)</u>

# WREXHAM AFC LIMITED

## BALANCE SHEET

AS AT 30 JUNE 2023

		2023		2022	
	Notes	£	£	£	£
<b>Fixed assets</b>					
Intangible assets	9		1,289,833		916,517
Tangible assets	10		7,395,000		4,395,039
			<u>8,684,833</u>		<u>5,311,556</u>
<b>Current assets</b>					
Stocks	11	656,737		205,413	
Debtors	12	690,521		444,552	
Cash at bank and in hand		1,401,943		1,286,806	
		<u>2,749,201</u>		<u>1,936,771</u>	
<b>Creditors: amounts falling due within one year</b>	13	<u>(5,149,147)</u>		<u>(4,035,833)</u>	
<b>Net current liabilities</b>			<u>(2,399,946)</u>		<u>(2,099,062)</u>
<b>Total assets less current liabilities</b>			<u>6,284,887</u>		<u>3,212,494</u>
<b>Creditors: amounts falling due after more than one year</b>	14		<u>(12,217,977)</u>		<u>(4,033,006)</u>
<b>Net liabilities</b>			<u><u>(5,933,090)</u></u>		<u><u>(820,512)</u></u>
<b>Capital and reserves</b>					
Called up share capital	17		4,447,484		4,447,484
Profit and loss reserves			<u>(10,380,574)</u>		<u>(5,267,996)</u>
<b>Total equity</b>			<u><u>(5,933,090)</u></u>		<u><u>(820,512)</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 21 March 2024 and are signed on its behalf by:

Mr H Ker  
Director

Company registration number 07698872 (England and Wales)

# WREXHAM AFC LIMITED

## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2023

		Share capital	Profit and loss reserves	Total
	Notes	£	£	£
Balance at 1 July 2021		3,247,484	(2,354,364)	893,120
Year ended 30 June 2022:				
Loss and total comprehensive income		-	(2,913,632)	(2,913,632)
Issue of share capital	17	1,200,000	-	1,200,000
Balance at 30 June 2022		4,447,484	(5,267,996)	(820,512)
Year ended 30 June 2023:				
Loss and total comprehensive income		-	(5,112,578)	(5,112,578)
Balance at 30 June 2023		4,447,484	(10,380,574)	(5,933,090)

# WREXHAM AFC LIMITED

## STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2023

	Notes	2023 £	£	2022 £	£
<b>Cash flows from operating activities</b>					
Cash (absorbed by)/generated from operations	24				
		(157,063)		1,171,353	
Interest paid		(414,286)		(44,639)	
<b>Net cash (outflow)/inflow from operating activities</b>		<b>(571,349)</b>		<b>1,126,714</b>	
<b>Investing activities</b>					
Purchase of intangible assets		(1,027,643)		(1,175,992)	
Proceeds on disposal of intangibles		3,321		-	
Purchase of tangible fixed assets		(3,549,017)		(4,433,251)	
Proceeds on disposal of tangible fixed assets		6,237		-	
Interest received		231		-	
<b>Net cash used in investing activities</b>		<b>(4,566,871)</b>		<b>(5,609,243)</b>	
<b>Financing activities</b>					
Proceeds from issue of shares		-		1,200,000	
Advancement of borrowings		5,263,789		3,713,679	
Repayment of bank loans		(10,432)		(8,333)	
<b>Net cash generated from financing activities</b>		<b>5,253,357</b>		<b>4,905,346</b>	
<b>Net increase in cash and cash equivalents</b>		<b>115,137</b>		<b>422,817</b>	
Cash and cash equivalents at beginning of year		1,286,806		863,989	
<b>Cash and cash equivalents at end of year</b>		<b>1,401,943</b>		<b>1,286,806</b>	

# WREXHAM AFC LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

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### 1 Accounting policies

#### Company information

Wrexham AFC Limited is a private company limited by shares incorporated in England and Wales. The registered office is Racecourse Ground, Mold Road, Wrexham, LL11 2AH.

#### 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.

#### 1.2 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future despite the net liability position. Therefore the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

The directors have received confirmation that its ultimate parent company R.R. McReynolds Company LLC will continue to support Wrexham AFC Limited for the foreseeable future and will continue to provide financial support where required to the company for a minimum of 12 months from the date of signing the financial statements.

#### 1.3 Turnover

Turnover represents all income arising from the activities of the company exclusive of player transfer fees and value added tax. Included within turnover are retail, stadium, sponsorship and advertising, other income and match receipts which are recognised net of payments owing to visiting clubs, the Football Association and the Football Conference.

Retail income is recognised at the point of sale. Stadium income is recognised on the date of the event. Sponsorship income is recognised over the duration of the contract. Broadcasting fees are recognised when earned. Gate and other match day revenue is recognised over the period of the football season as games are played.

#### 1.4 Intangible fixed assets other than goodwill

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

Website	Amortised evenly over their estimated useful life of 5 years.
Trademarks	Amortised evenly over their estimated useful life of 10 years.
Player Registration	Amortised evenly over the life of the individual contracts.

# WREXHAM AFC LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2023

### 1 Accounting policies

(Continued)

#### 1.5 Tangible fixed assets

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

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

Freehold land and buildings	2% on cost, land not depreciated
Property improvements	10% on cost
Assets under construction	not depreciated
Plant and equipment	20% on cost
Fixtures and fittings	20% on cost
Computers	30% on cost
Motor vehicles	20% on cost

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.

#### 1.6 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.

#### 1.7 Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

#### 1.8 Cash and cash equivalents

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

#### 1.9 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**

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

# WREXHAM AFC LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2023

### 1 Accounting policies

(Continued)

#### **Other financial assets**

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

#### **Impairment of financial assets**

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

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

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

#### **Derecognition of financial assets**

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

#### **Classification of financial liabilities**

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

#### **Basic financial liabilities**

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

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

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

# WREXHAM AFC LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2023

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### 1 Accounting policies

(Continued)

#### **Other financial liabilities**

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

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

#### **Derecognition of financial liabilities**

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

#### **1.10 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 Employee benefits**

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

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

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

#### **1.12 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.

Government grants relating to turnover are recognised as income over the periods when the related costs are incurred. Grants relating to an asset are recognised in income systematically over the asset's expected useful life. If part of such a grant is deferred it is recognised as deferred income rather than being deducted from the asset's carrying amount.

#### **1.13 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.

# WREXHAM AFC LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2023

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### 2 Judgements and key sources of estimation uncertainty

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

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

#### **Key sources of estimation uncertainty**

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

#### ***Tangible assets, depreciation and residual values***

The Directors have reviewed the estimated useful lives and residual values of all tangible asset classes and have concluded that useful lives and residual values are appropriate.

The useful lives of the tangible assets are reviewed regularly and may vary depending on a number of factors. The review includes consideration of issues such as future market conditions, the remaining life of the asset and potential disposal values.

#### ***Intangible assets, amortisation and residual values***

The Directors have reviewed the estimated useful lives and residual values of all intangible asset classes and have concluded that useful lives and residual values are appropriate.

The useful lives of the intangible assets are reviewed regularly and may vary depending on a number of factors. The review includes consideration of issues such as player health and fitness. Residual value assessments consider issues such as future market conditions, current league status retention and the remaining life of the asset.

#### ***Impairment of non-current assets***

The club assesses the impairment of tangible and intangible assets subject to amortisation or depreciation whenever events or changes in circumstances indicate that the carrying value may not be recoverable. Factors considered important that could instigate an impairment review include:

- Significant underperformance relative to historic or projected future operating results, including relegation from the current league
- Significant damage or injury of players
- Significant changes in the matter of the use of the acquired assets or the strategy of the club
- Significant negative industry or economic trends.

# WREXHAM AFC LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2023

### 3 Turnover and other revenue

	2023	2022
	£	£
<b>Turnover analysed by class of business</b>		
Matchday Admissions	2,839,551	2,395,819
Matchday Commercial	284,287	254,368
Football	1,314,220	531,082
Retail	3,430,103	1,303,103
Sponsorship and Advertising	1,882,816	1,052,663
Stadium Hire and Catering	702,321	428,558
Other	24,483	6,542
	<u>10,477,781</u>	<u>5,972,135</u>
	2023	2022
	£	£
<b>Turnover analysed by geographical market</b>		
United Kingdom	7,841,049	5,301,182
Europe	55,105	13,619
Rest of World	2,581,627	657,334
	<u>10,477,781</u>	<u>5,972,135</u>
	2023	2022
	£	£
<b>Other revenue</b>		
Interest income	231	-
Grants received	112,049	51,487
	<u></u>	<u></u>

The geographical market of retail sales is judged to be the delivery location of the customer.

### 4 Operating loss

	2023	2022
	£	£
Operating loss for the year is stated after charging/(crediting):		
Exchange losses/(gains)	25,545	(2,715)
Government grants	(112,049)	(51,487)
Fees payable to the company's auditor for the audit of the company's financial statements	12,000	8,000
Depreciation of owned tangible fixed assets	526,342	345,564
Loss on disposal of tangible fixed assets	16,477	-
Amortisation of intangible assets	651,006	270,810

# WREXHAM AFC LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2023

### 5 Employees

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

	2023 Number	2022 Number
Football players	36	35
Football management	14	13
Administrative staff	30	25
Matchday staff	119	122
Total	199	195

	2023 £	2022 £
Wages and salaries	6,058,020	3,595,531
Social security costs	724,083	367,302
Pension costs	127,664	87,009
Total	6,909,767	4,049,842

### 6 Interest receivable and similar income

	2023 £	2022 £
Interest income		
Interest on bank deposits	231	-

### 7 Interest payable and similar expenses

	2023 £	2022 £
Interest on financial liabilities measured at amortised cost:		
Interest on bank overdrafts and loans	497	960
Other finance costs:		
Other interest	413,789	43,679
	414,286	44,639

# WREXHAM AFC LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2023

### 8 Taxation

The actual charge 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	(5,112,578)	(2,913,632)
Expected tax credit based on the standard rate of corporation tax in the UK of 20.50% (2022: 19.00%)	(1,047,868)	(553,590)
Tax effect of expenses that are not deductible in determining taxable profit	37,926	-
Unutilised tax losses carried forward	1,117,566	558,922
Permanent capital allowances in excess of depreciation	111,256	65,657
Depreciation on assets not qualifying for tax allowances	(218,880)	(70,989)
Taxation charge for the year	-	-

### 9 Intangible fixed assets

	Website £	Trademarks £	Player Registration £	Total £
<b>Cost</b>				
At 1 July 2022	29,255	340	1,185,337	1,214,932
Additions	-	-	1,027,643	1,027,643
Disposals	(2,490)	-	(3,661)	(6,151)
At 30 June 2023	26,765	340	2,209,319	2,236,424
<b>Amortisation and impairment</b>				
At 1 July 2022	21,785	306	276,324	298,415
Amortisation charged for the year	1,353	34	649,619	651,006
Disposals	(432)	-	(2,398)	(2,830)
At 30 June 2023	22,706	340	923,545	946,591
<b>Carrying amount</b>				
At 30 June 2023	4,059	-	1,285,774	1,289,833
At 30 June 2022	7,470	34	909,013	916,517

# WREXHAM AFC LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2023

10	Tangible fixed assets	Freehold land and buildings	Property improvements	Assets under construction	Plant and equipment	Fixtures and fittings	Computers	Motor vehicles	Total
		£	£	£	£	£	£	£	£
Cost	At 1 July 2022	2,107,000	2,450,448	-	103,625	141,556	174,706	-	4,977,335
	Additions	8,250	1,396,427	2,059,206	24,319	23,385	13,270	24,160	3,549,017
	Disposals	-	(30,000)	-	-	-	-	-	(30,000)
	Transfers	-	(337,968)	337,968	-	-	-	-	-
	At 30 June 2023	2,115,250	3,478,907	2,397,174	127,944	164,941	187,976	24,160	8,496,352
Depreciation and impairment									
	At 1 July 2022	-	383,278	-	59,693	44,506	94,819	-	582,296
	Depreciation charged in the year	-	446,106	-	13,893	25,741	38,991	1,611	526,342
	Eliminated in respect of disposals	-	(7,286)	-	-	-	-	-	(7,286)
	At 30 June 2023	-	822,098	-	73,586	70,247	133,810	1,611	1,101,352
Carrying amount									
At 30 June 2023	2,115,250	2,656,809	2,397,174	54,358	94,694	54,166	22,549	7,395,000	
At 30 June 2022	2,107,000	2,067,170	-	43,932	97,050	79,887	-	4,395,039	

# WREXHAM AFC LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2023

### 10 Tangible fixed assets

(Continued)

During the year ended 30 June 2023, prior year Property Improvements with a cost brought forward of £337,978 were reclassified to Assets Under Construction. The depreciation brought forward of £14,207 in relation to these assets has been adjusted through the profit and loss.

### 11 Stocks

	2023 £	2022 £
Finished goods and goods for resale	656,737	205,413

### 12 Debtors

	2023 £	2022 £
<b>Amounts falling due within one year:</b>		
Trade debtors	157,958	388,001
Other debtors	296,571	1,205
Prepayments and accrued income	235,992	55,346
	690,521	444,552

### 13 Creditors: amounts falling due within one year

	Notes	2023 £	2022 £
Bank loans	15	9,879	9,394
Trade creditors		1,883,164	1,702,565
Taxation and social security		445,478	310,532
Deferred grant income	16	75,060	75,060
Other creditors		29,476	31,751
Accruals and deferred income from ticket sales		2,706,090	1,906,531
		5,149,147	4,035,833

Included in deferred grant income is a non-repayable deferred capital grant totalling £75,060 which will be released over the life of the related asset, this is secured by a fixed charge on the leasehold property.

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

		2023 £	2022 £
Bank loans and overdrafts	15	21,356	32,273
Other borrowings	15	8,977,468	3,713,679
Deferred grant income	16	3,196,244	256,455
Other creditors		22,909	30,599
		12,217,977	4,033,006

# WREXHAM AFC LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2023

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

(Continued)

Included in deferred grant income is a non-repayable deferred capital grant totalling £181,395 which will be released over the life of the related asset, this is secured by a fixed charge on the leasehold property.

Included in deferred grant income is an unsecured non-repayable deferred capital grant totalling £3,014,849 which will be released over the life of the related asset.

Other borrowings is a related party loan. Further detail is provided in note 22.

Amounts included above which fall due after five years are as follows:

Payable by instalments	583,334	583,334
	<u>          </u>	<u>          </u>

### 15 Loans and overdrafts

	2023 £	2022 £
Bank loans	31,235	41,667
Loans from related parties	8,977,468	3,713,679
	<u>          </u>	<u>          </u>
	9,008,703	3,755,346
	<u>          </u>	<u>          </u>
Payable within one year	9,879	9,394
Payable after one year	8,998,824	3,745,952
	<u>          </u>	<u>          </u>

### 16 Deferred income

	2023 £	2022 £
Deferred grant income	3,271,304	331,515
	<u>          </u>	<u>          </u>
Included in the financial statements as follows:		
Current liabilities	75,060	75,060
Non-current liabilities	3,196,244	256,455
	<u>          </u>	<u>          </u>
	3,271,304	331,515
	<u>          </u>	<u>          </u>

### 17 Share capital

	2023 Number	2022 Number	2023 £	2022 £
Ordinary share capital Issued and fully paid				
Ordinary of £1 each	4,447,484	4,447,484	4,447,484	4,447,484
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>

# WREXHAM AFC LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 30 JUNE 2023

#### 18 Financial commitments, guarantees and contingent liabilities

The terms of the agreements entered into with other football clubs for the transfer of players' registrations provide for the payment of additional sums should Wrexham AFC gain promotion to EFL League 1 at the end of the 2023/24 season, totalling £207,500. In addition the provisions of certain players' contracts and bonus scheme also contain promotion related payments. For 2023 the liability is £509,710 (2022: £250,676).

Further bonuses should the Club gain promotion to the EFL Championship may be payable, however there is uncertainty over the remoteness and timing of these liabilities.

#### 19 Pension commitments

Wrexham Association Football Club ('the Club') participates in the Football League Pension and Life Assurance Scheme ('the Scheme'). The Scheme is a funded multi-employer defined benefit scheme, with 92 participating employers, and where members may have periods of service attributable to several participating employers. The Club is unable to identify its share of the assets and liabilities of the Scheme and therefore accounts for its contributions as if they were paid to a defined contribution scheme.

The last actuarial valuation was carried out at 31 August 2020 where the total deficit on the on-going valuation basis was £27.553 million. The key assumptions used to calculate the deficit at the 31 August 2020 actuarial valuation are:

Discount Rate: Gilt Yield Curve + 2.0% per annum  
RPI inflation: Bank of England Inflation Curve  
Pension Increases: Fixed 3.0% per annum for benefits accrued prior to 6 April 1997, and modelled using the RPI inflation assumption with a cap of 5.0% per annum and a floor of 3.0% per annum for benefits accrued after 6 April 1997.  
Mortality (pre-retirement): None  
Mortality (post-retirement): SAPS (Series 3) with CMI\_2019 projections, a long-term improvement rate of 1.5% p.a. and an initial additional parameter of 0.5% p.a.

The accrual of benefits ceased within the Scheme on 31 August 1999, therefore there are no contributions relating to current accrual. The Club pays monthly contributions based on a notional split of the total expenses and deficit contributions of the Scheme.

The results of the 2020 valuation were rolled forward to 30 June 2023 on the same assumptions as detailed above, and the Club's notional share of the deficit was £29,866 (£36,090 as at 30 June 2022).

As at 30 June 2023, the Club was paying total contributions of £646 per month (increasing by 5% p.a. on 1 September each year) and based on the actuarial valuation assumptions detailed above will be sufficient to pay off the deficit by 30 June 2027.

As at 30 June 2023, based on an appropriate discount rate of 6.39% per annum (3.35% per annum as at 30 June 2022), the present value of the Club's outstanding contributions (i.e. their future liability) is £30,701 (£39,052 as at 30 June 2022). This amounts to £8,075 (30 June 2022: £7,690) due within one year and £22,626 (30 June 2022: £31,362) due after more than one year and is included within other payables.

#### Present Value of Defined Benefit Obligation

	2023	2022
	£	£
Present Value of Defined Benefit Obligation	30,701	39,052

#### Reconciliation of Defined Benefit Obligation

	2023	2022
	£	£
Defined Benefit Obligation at start of year	39,052	48,594

## WREXHAM AFC LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

**FOR THE YEAR ENDED 30 JUNE 2023**

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<b>19 Pension commitments</b>		<b>(Continued)</b>
Net Interest Charge (Unwinding of discount rate)	1,178	350
Club contribution (deficit contribution)	(7,690)	(7,299)
Remeasurement (changes in assumptions)	(1,839)	(2,593)
Remeasurement (changes to contribution schedule)	-	-
Defined Benefit Obligation at end of year	30,701	39,052

# WREXHAM AFC LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2023

### 19 Pension commitments

(Continued)

#### Income and Expenditure Impact

	2023	2022
	£	£
Net Interest Charge (Unwinding of discount rate)	1,178	350
Remeasurement (changes in assumptions)	(1,839)	(2,593)
Remeasurement (changes to contribution schedule)	-	-

#### Assumptions

	2023	2022
Discount Rate (based on AA Corporate Bond Yields of appropriate currency/duration)	6.39%	3.35%

The funding objective of the Trustees of the Scheme is to have sufficient assets to meet the Technical Provisions of the Scheme. In order to remove the deficit revealed at the previous actuarial valuation (dated 31 August 2020), deficit contributions are payable by all participating clubs. Payments are made in accordance with a pension contribution schedule. As the Scheme is closed to accrual, there are no additional costs associated with the accruing of members' future benefits. In the case of a club being relegated from the Football League and being unable to settle its debt then the remaining clubs may, in exceptional circumstances, have to share the deficit.

Upon the wind-up of the Scheme with a surplus, any surplus will be used to augment benefits. Under the more likely scenario of there being a deficit, this will be split amongst the clubs in line with their contribution schedule. Should an individual club leave the Scheme, they may be required to pay their share of the deficit based on a proxy buyout basis (i.e. valuing the benefits on a basis consistent with buying out the benefits with an insurance company).

### 20 Operating lease commitments

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	28,786	31,470
Between two and five years	75,579	73,621
In over five years	242,500	257,500
	<u>346,865</u>	<u>362,591</u>

### 21 Capital commitments

Amounts contracted for but not provided in the financial statements:

	2023	2022
	£	£
Acquisition of tangible fixed assets	<u>568,476</u>	<u>862,680</u>

## WREXHAM AFC LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

#### FOR THE YEAR ENDED 30 JUNE 2023

#### 22 Related party transactions

##### Remuneration of key management personnel

The remuneration of key management personnel is as follows.

	2023 £	2022 £
Aggregate compensation	773,399	497,629

The remuneration of Key Management Personnel reflects the group of employees that have direct influence on the day to day operation and strategic influence within the Club.

##### Transactions with related parties

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

The following amounts were outstanding at the reporting end date:

Amounts due to related parties	2023 £	2022 £
Entities with control, joint control or significant influence over the company	8,977,468	3,713,679

The above balance attracts interest at 3% over the Bank of England base rate. The interest charged in the period amounts to £413,789 (2022: £43,679), which is included in the above balance.

##### Other information

On the 27 June 2023, both Robert McElhenney and Ryan Reynolds granted a licence to the Club to use their image and other personal characteristics to support the Club's commercial activities.

On the 19 June 2023, the Club entered into an agreement with The R.R. McReynolds Company LLC, Robert McElhenney and Ryan Reynolds to permit them to use the Club's Intellectual Property.

On the 13 February 2023, the Club entered into a sponsorship agreement to commence in the 2023/24 season with Betty Buzz LLC.

The Club made a payment of £25,000 to Burton Albion on the 26 May 2023 in respect of the transfer of registration of Thomas O'Connor (2022: £100,000). Further payments could become due in the future, depending on the Club's success.

# WREXHAM AFC LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2023

### 23 Ultimate controlling party

As at 30 June 2023, 100% of the share capital in Wrexham AFC Limited was held by The R.R. McReynolds Company LLC, a company incorporated in the United States. Robert McElhenney and Ryan Reynolds are the ultimate controlling parties of The R.R. McReynolds Company LLC. The R.R. McReynolds Company LLC, is registered at C/O Paracorp Incorporated, 2140 S Dupont Hwy, Camden, Delaware, United States, 19934.

As at the approval date of the financial statements, 100% of the share capital in Wrexham AFC Limited is held by Wrexham Holdings LLC, a company incorporated in the United States. Wrexham Holdings LLC is registered at C/O Corporation Service Company, 251 Little Falls Drive, Wilmington, Delaware, United States, 19808. 95% of Wrexham Holdings LLC is owned by The R.R. McReynolds Company LLC, so Robert McElhenney and Ryan Reynolds remain the ultimate controlling parties of Wrexham AFC Limited.

The Shareholders will continue to consider offering minority equity positions to strategic partners who have unique capabilities to help drive progress both on and off the pitch.

### 24 Cash (absorbed by)/generated from operations

	2023 £	2022 £
Loss for the year after tax	(5,112,578)	(2,913,632)
<b>Adjustments for:</b>		
Finance costs	414,286	44,639
Interest income	(231)	-
Loss on disposal of tangible fixed assets	16,477	-
Amortisation and impairment of intangible assets	651,006	270,810
Depreciation and impairment of tangible fixed assets	526,342	345,564
<b>Movements in working capital:</b>		
Increase in stocks	(451,324)	(166,773)
Increase in debtors	(245,969)	(308,405)
Increase in creditors	656,225	2,158,388
Increase in deferred income	3,388,703	1,740,762
<b>Cash (absorbed by)/generated from operations</b>	<b>(157,063)</b>	<b>1,171,353</b>

### 25 Analysis of changes in net debt

	1 July 2022 £	Cash flows £	30 June 2023 £
Cash at bank and in hand	1,286,806	115,137	1,401,943
Borrowings excluding overdrafts	(3,755,346)	(5,253,357)	(9,008,703)
	<u>(2,468,540)</u>	<u>(5,138,220)</u>	<u>(7,606,760)</u>

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.