

Company Registration No. 07940335 (England and Wales)

PORTSMOUTH COMMUNITY FOOTBALL CLUB LIMITED

FINANCIAL STATEMENTS

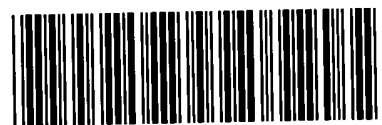
FOR THE YEAR ENDED

30 JUNE 2017

taylorcocks

3 Acorn Business Centre
Northarbour Road
Cosham
Portsmouth
United Kingdom
PO6 3TH

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PORTSMOUTH COMMUNITY FOOTBALL CLUB LIMITED

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PORTSMOUTH COMMUNITY FOOTBALL CLUB LIMITED

COMPANY INFORMATION

Directors	Mr. M Catlin	(Appointed 11 January 2017)
	Mr M Eisner	(Appointed 3 August 2017)
	Mr E Eisner	(Appointed 3 August 2017)
	Mr B Eisner	(Appointed 3 August 2017)
	Mr A Eisner	(Appointed 3 August 2017)
	Mr A Redman	(Appointed 3 August 2017)

Company number 07940335

Registered office Fratton Park
Frogmore Road
Portsmouth
Hampshire
United Kingdom
PO4 8RA

Auditor Taylorcocks
3 Acorn Business Centre
Northarbour Road
Cosham
Portsmouth
Hampshire
United Kingdom
PO6 3TH

Bankers Barclays Bank Plc
PO Box 6
Portsmouth
Hampshire
PO6 3DH

Solicitors Verisona
1000 Lakeside
North Harbour
Portsmouth
PO6 3EN

PORTSMOUTH COMMUNITY FOOTBALL CLUB LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 30 JUNE 2017

Football performance

After the disappointment of losing in the 2015-16 League Two play-offs at Plymouth Argyle in May 2016; we embarked on the new campaign with a renewed determination to achieve promotion out of League Two after three years spent re-structuring the club's finances and operations.

Despite increasing financial cost pressures we froze ticket prices for a fourth consecutive year and our magnificent supporters backed us again with a fourth consecutive yearly increase in season ticket holders to a total of 12,400 when we kicked-off the new season at home to Carlisle United in August 2016. With a clear on-pitch focus of promotion, we suffered first round exits in both the League Cup and FA Cup competitions and missed out on potential additional revenue opportunities. Nevertheless, the 2016-17 league season resulted in another memorable Pompey roller-coaster ride with the team occupying a play-off position throughout the season up until early March. We then finished the season with an unforgettable run-in, winning ten of our last twelve league matches culminating in promotion being achieved at Notts County in April and then dramatically clinching the League Two Championship title by beating Cheltenham Town 6-1 on the final day of the season in front of a jubilant Fratton Park.

Trading performance

We achieved a net profit of £981,000 on the transfer of players during the year which was used to support Team Manager, Paul Cook, in reshaping his first team squad by bringing in sixteen new players prior to or during the season and transfer fees were paid for Michael Smith, Jamal Lowe and Nicke Kabamba.

Turnover fell by £543,000 to £7.5 million largely due to those first round cup exits compared to the net cup receipts of £600,000 achieved in the previous year. Central revenue from football bodies increased to £1.4m, hospitality income remained at £1.1m, but with increased net profitability from out-sourcing the match-day kiosks operation. Sponsorship & commercial income increased by a further £250,000 as the re-engagement strategy with the local business community gathered pace.

There were bonus payments to first team players and football staff for promotion which are included in these financial results and were unbudgeted as part of the financial management of the club.

The traditional 'EBITDA' (Earnings before Interest Depreciation & Amortisation) showed a £308,000 profit.

The depreciation and amortisation charges of £816,000 represent non-cash write-downs, which include depreciation on assets acquired when the club came out of administration and £420,000 in respect of the write-down of intangible player assets. The final net result is an overall loss of £508,000.

Balance sheet

During the year we continued the investment from the Escrow fund to enable renovation and improvement work on the existing facilities at Fratton Park which suffered many years of neglect prior to the new business starting in April 2013. The summer works for 2017 were completed with an over-spend of £300,000.

At the end of the year the balance sheet showed a net asset position of £4m. It should be noted that included within creditors on the balance sheet is £3.5m of deferred income in relation to advance season ticket, hospitality and commercial income which will be released to the profit and loss as games are played during the 2017/18 season and hence will not require repayment. In terms of cash flows, the club recorded a net cash inflow from operating activities of £1.4m for the year ended 30th June 2017. In addition the club spent £1.3m on capital expenditure during the period of which £940,000 was refunded from the Escrow fund. The club recorded an overall increase in cash for the year of £800,000.

PORTSMOUTH COMMUNITY FOOTBALL CLUB LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2017

Ownership

During the year the club received interest from Tornante, an American acquisition company headed by Michael Eisner. After a three-month due diligence process and open presentation to all shareholders in May 2017, the club shareholders voted to accept their investment offer which was completed on 4 August 2017.

Financial risk management objectives and policies

Principal risks and uncertainties

The principal risk to the business is the performance of the team which may affect revenue obtained from games and also sponsorship. The cost base of the business, in common with other football clubs, is relatively fixed in the short-term, hence unfavourable movements in revenue can lead to a significant variation in profits.

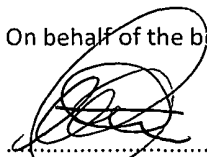
The company is aware of this risk and addresses the issue by seeking to strengthen the squad through the development and acquisition of players. It is the aim of the directors to maximise the flexibility of the cost base to deal with unexpected revenue reductions.

Financial risk management

The directors have reviewed the financial risk management objectives and policies of the company. They do not believe there to be significant risks in this area. The company does not enter into any hedging instruments as there are not believed to be any material exposures. It does not enter into any financial instruments for speculative purposes.

Appropriate trade terms are negotiated with suppliers and customers. Management review these terms, the relationships with suppliers and customers and manages any exposure on normal trade terms. The company prepares regular forecasts of cash flow and liquidity with which the directors assess the ongoing cash commitments of the company as part of a strict cash flow management programme.

On behalf of the board



Mr. M Catlin

Director

Date: 16th March 2018

PORTSMOUTH COMMUNITY FOOTBALL CLUB LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2017

The directors present their annual report and financial statements for the year ended 30 June 2017.

Principal activities

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

Results and dividends

The loss for the year was £507,629 and the directors do not recommend the payment of a dividend.

Charitable contributions

The company makes donations to registered charities in the form of autographed kit, equipment and other memorabilia as well as providing substantial support to charities own fundraising activities on match days.

Disabled employees

The company actively encourages applications for employment from disabled people where the requirements of the job can be adequately fulfilled by that person. Where existing employees become disabled, it is the company's policy to make reasonable adjustments wherever practicable in order to provide continuing employment under normal terms and conditions and to provide training and career development and promotion to disabled employees wherever appropriate.

Directors

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

Mr. M Catlin	(Appointed 11 January 2017)
Mr M Eisner	(Appointed 3 August 2017)
Mr E Eisner	(Appointed 3 August 2017)
Mr B Eisner	(Appointed 3 August 2017)
Mr A Eisner	(Appointed 3 August 2017)
Mr A Redman	(Appointed 3 August 2017)
Mr. A Brown	(Resigned 3 August 2017)
Mr. M Dyer	(Resigned 3 August 2017)
Mr. J Kimbell	(Resigned 3 August 2017)
Mr. J Kirk	(Resigned 3 August 2017)
Mr. I McInnes	(Resigned 3 August 2017)
Mr. C Moth	(Resigned 3 August 2017)
Mr. M Trapani	(Resigned 3 August 2017)
Mr. D. Willan	(Appointed 11 January 2017 and resigned 3 August 2017)

PORTSMOUTH COMMUNITY FOOTBALL CLUB LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2017

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.

There is no employee share scheme at present, but the directors are considering the introduction of such a scheme as a means of further encouraging the involvement of employees in the company's performance.

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.

PORTSMOUTH COMMUNITY FOOTBALL CLUB LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2017

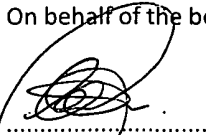
Auditor

The auditor, Taylorcocks, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

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. M Catlin

Director

Date: 16th March 2018

PORTSMOUTH COMMUNITY FOOTBALL CLUB LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF PORTSMOUTH COMMUNITY FOOTBALL CLUB LIMITED

Opinion

We have audited the financial statements of Portsmouth Community Football Club Limited (the 'company') for the year ended 30 June 2017 which comprise 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 a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 June 2017 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

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The directors are responsible for the other information. The other information comprises the information included in the Strategic report and Directors 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.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. 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.

PORTSMOUTH COMMUNITY FOOTBALL CLUB LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF PORTSMOUTH COMMUNITY FOOTBALL CLUB LIMITED

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

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

Responsibilities of directors

As explained more fully in the 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.

PORTSMOUTH COMMUNITY FOOTBALL CLUB LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

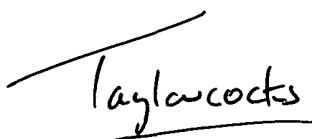
TO THE MEMBERS OF PORTSMOUTH COMMUNITY FOOTBALL CLUB LIMITED

Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's 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.



James Blake ACA (Senior Statutory Auditor)
for and on behalf of

taylorcocks

Chartered Accountants
Statutory Auditor

Date: 16th March 2018

Office: Portsmouth

PORTSMOUTH COMMUNITY FOOTBALL CLUB LIMITED

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2017

	Notes	2017 £	2016 £
Turnover	3	7,544,996	8,088,406
Cost of sales		(4,939,466)	(4,817,187)
Gross profit		2,605,530	3,271,219
Administrative expenses		(3,326,839)	(3,291,896)
Profit on disposal of player registrations		980,606	77,415
Other operating income		49,114	29,213
EBITDA	4	308,411	85,951
Depreciation and amortisation		(816,454)	(587,332)
Interest receivable and similar income	8	414	9,167
Loss before taxation		(507,629)	(492,214)
Taxation	9	-	-
Loss for the financial year		(507,629)	(492,214)
Other comprehensive income		-	-
Total comprehensive income for the year		(507,629)	(492,214)

The Statement of Comprehensive Income has been prepared on the basis that all operations are continuing operations.

The notes on pages 15 to 28 form part of these financial statements

PORTSMOUTH COMMUNITY FOOTBALL CLUB LIMITED

BALANCE SHEET

AS AT 30 JUNE 2017

	Notes	2017 £	£	2016 £	£
Fixed assets					
Goodwill	10		(48,839)		(115,126)
Other intangible assets	10		193,649		317,011
Total intangible assets			144,810		201,885
Tangible assets	11		6,512,288		5,657,556
			6,657,098		5,859,441
Current assets					
Stocks	12	11,735		9,984	
Debtors	13	2,714,839		3,291,840	
Cash at bank and in hand		2,684,326		1,884,520	
			5,410,900		5,186,344
Creditors: amounts falling due within one year	14				
			(5,284,907)		(3,656,541)
Net current assets			125,993		1,529,803
Total assets less current liabilities			6,783,091		7,389,244
Creditors: amounts falling due after more than one year	15				
			(2,792,763)		(2,891,287)
Net assets			3,990,328		4,497,957

PORTSMOUTH COMMUNITY FOOTBALL CLUB LIMITED

BALANCE SHEET (CONTINUED)

AS AT 30 JUNE 2017

	Notes	2017 £	£	2016 £	£
Capital and reserves					
Called up share capital	18	5,673		5,673	
Share premium account		5,667,327		5,667,327	
Profit and loss reserves		(1,682,672)		(1,175,043)	
Total equity		<u>3,990,328</u>		<u>4,497,957</u>	

The financial statements were approved by the board of directors and authorised for issue on 16th March 2018 and are signed on its behalf by:


.....
Mr. M Catlin
Director

Company Registration No. 07940335

The notes on pages 15 to 28 form part of these financial statements

PORTSMOUTH COMMUNITY FOOTBALL CLUB LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2017

	Notes	Share capital £	Share premium £	loss reserves £	Total £
Balance at 1 July 2015		5,579	5,573,421	(682,829)	4,896,171
Year ended 30 June 2016:					
Loss and total comprehensive income for the year		-	-	(492,214)	(492,214)
Issue of share capital	18	94	93,906	-	94,000
Balance at 30 June 2016		5,673	5,667,327	(1,175,043)	4,497,957
Year ended 30 June 2017:					
Loss and total comprehensive income for the year		-	-	(507,629)	(507,629)
Balance at 30 June 2017		5,673	5,667,327	(1,682,672)	3,990,328

The notes on pages 15 to 28 form part of these financial statements

PORTSMOUTH COMMUNITY FOOTBALL CLUB LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2017

	Notes	2017 £	£	2016 £	£
Cash flows from operating activities					
Cash generated from operations	21	1,432,099		1,138,629	
Investing activities					
Purchase of intangible assets		(375,522)		(92,570)	
Proceeds on disposal of intangibles		1,059,148		129,226	
Purchase of tangible fixed assets		(1,345,260)		(962,015)	
Proceeds on disposal of tangible fixed assets		28,927		-	
Interest received		414		9,167	
Net cash used in investing activities		(632,293)		(916,192)	
Financing activities					
Proceeds from issue of shares		-		94,000	
Net cash (used in)/generated from financing activities		-		94,000	
Net increase in cash and cash equivalents		799,806		316,437	
Cash and cash equivalents at beginning of year		1,884,520		1,568,083	
Cash and cash equivalents at end of year		2,684,326		1,884,520	

The notes on pages 15 to 28 form part of these financial statements

PORTSMOUTH COMMUNITY FOOTBALL CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

1 Accounting policies

Company information

Portsmouth Community Football Club Limited (07940335) is a private company limited by shares incorporated in England and Wales. The registered office is Fratton Park, Frogmore Road, Portsmouth, Hampshire, United Kingdom, PO4 8RA.

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 on the historical cost convention. The principal accounting policies adopted are set out below.

1.2 Going concern

As set out in the Directors' Responsibilities Statement on page 6, in preparing these financial statements the directors are required to prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business. In satisfaction of this responsibility the directors have reviewed in detail the business' cash flow projections, and considered the company's ability to meet its liabilities as they fall due.

The company currently has no bank lending facilities in place and operates entirely from its bank current account to meet its commitments as they fall due. On 3rd August 2017 Mr M. Eisner acquired control of the shares in Portsmouth Community Football Club Limited. As part of the terms of the acquisition Mr M. Eisner provided a £10 million funding facility to the company, via the allotment of 10,000,000 Ordinary shares of £1 each issued by the company.

The profitability of the company is dependent on a number of factors both in and out of the company's control but the principal factor is the success of the team. The directors continue to seek to increase the income of the company whilst controlling costs.

The business' cash flow projections show that the company has a reasonable expectation of staying within its currently available facilities, for at least 12 months from the date of signing of these accounts. With careful management of the company's existing cash resources the directors are confident that they have adequate resources to enable the company to continue to operate for the foreseeable future.

Accordingly, the directors consider it appropriate to prepare these financial statements on a going concern basis. Should the assumptions referred to above prove to be invalid, the going concern basis may also be invalid and, accordingly, adjustments may have to be made to reduce the value of assets to their realisable amounts, to provide for any further liabilities which might arise and to reclassify all fixed assets and long term liabilities as current assets and liabilities respectively.

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. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

PORTSMOUTH COMMUNITY FOOTBALL CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2017

1 Accounting policies

(Continued)

1.3 Turnover

Turnover represents the total amount receivable from football and related commercial activities, excluding transfer fees receivable, and is stated net of VAT. Income from broadcasting, match days and those elements of commercial activities relating to matches is recognised when the related matches are played. Income from advance ticket sales, including season tickets, is deferred accordingly. Other commercial income is recognised on a receivables basis.

1.4 Intangible fixed assets - goodwill

Goodwill arose on the acquisition of the trade and certain assets and liabilities of Portsmouth Football Club. Negative Goodwill arose representing an excess of the fair value of the identifiable assets and liabilities acquired over the fair value of the consideration given. Goodwill (including Negative Goodwill) is capitalised and written off on a straight line basis over its useful economic life, which is considered to be 5 years. Provision is made for any impairment.

1.5 Intangible fixed assets - player registrations

Player costs

The costs associated with acquiring players' registrations or extending their contracts are capitalised as intangible assets and amortised, in equal installments, over the period of the respective players' contracts. Where a contract is renegotiated prior to the expiry of its original term, the net book value at that time, and any new costs relating to the contract extension, are amortised over the remaining revised contract life.

Under the conditions of certain transfer agreements or contract renegotiations, further fees will be payable in the event of the players concerned making a certain number of first-team appearances or on the occurrence of certain other specified future events. Liabilities in respect of these additional transfer fees are accounted for, as provisions, when it becomes probable that the number of appearances will be achieved or the specified future events will occur.

Provision is made for any impairment and player registrations are written down for impairment when the carrying amount exceeds the amount recoverable through use or sale.

Signing on fees are charged evenly to the profit and loss account over the period of the player's contract

Profit or loss on disposal of player's registrations

Profits or losses arising on the disposal of players' contracts are credited or charged to the profit and loss account in the year in the player is sold. They are calculated as the difference arising between the transfer fees receivable and the net book value of the contracts at the time of this disposal. Any excess of net book value of a player's contract over its net realisable value is taken to the profit and loss account as and when it arises.

Amortisation

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:

Negative Goodwill

5 years straight line

Player Registrations

straight line over the period of the contracts

PORTSMOUTH COMMUNITY FOOTBALL CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2017

1 Accounting policies

(Continued)

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 useful lives on the following bases:

Freehold Property	25 years straight line
Leasehold Property	straight line over the lease term
Other fixed assets	5 years straight line

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.

1.7 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.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.8 Stocks

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

PORTSMOUTH COMMUNITY FOOTBALL CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2017

1 Accounting policies

(Continued)

1.9 Cash and cash equivalents

Cash at bank and in hand 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.

1.10 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

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.

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, 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 receipts 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.

1.11 Equity instruments

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

PORTSMOUTH COMMUNITY FOOTBALL CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2017

1 Accounting policies

(Continued)

1.12 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.

1.13 Retirement benefits

The company operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the company. The annual contributions payable are charged to the profit and loss account.

1.14 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to income 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 lease asset 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.

Deferred government grants in respect of capital expenditure are treated as deferred income and are credited to the profit and loss account over the estimated useful life of the assets to which they relate.

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 are included in the profit and loss account for the period.

PORTSMOUTH COMMUNITY FOOTBALL CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2017

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.

Depreciation of tangible fixed assets

The company establishes a reliable estimate of the useful life of tangible fixed assets from their acquisition. This estimate is based on the expected use of the assets, any legal, regulatory or contractual provisions that can limit useful and historical evidence of the useful life of similar assets.

3 Turnover and other revenue

An analysis of the company's turnover is as follows:

	2017	2016
	£	£
Turnover		
Football League Basic Award	1,427,771	1,157,235
Ticket sales	3,864,611	4,874,637
Income from sponsors and partners	849,948	607,076
Hospitality income	1,055,622	1,094,542
Players on loan	136,544	105,874
Other football related income	150,000	150,780
Broadcasting and related income	60,500	98,262
	<u>7,544,996</u>	<u>8,088,406</u>

PORTSMOUTH COMMUNITY FOOTBALL CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2017

4 Loss before taxation

	2017	2016
	£	£
loss for the year is stated after charging/(crediting):		
Fees payable to the company's auditor for the audit of the company's financial statements	12,000	12,000
Depreciation of owned tangible fixed assets	462,399	405,246
(Profit)/loss on disposal of fixed assets	(798)	1,317
Amortisation of intangible assets	354,055	182,086
Profit on disposal of intangible assets	(980,606)	(77,415)
Government grants - Income released in respect of deferred capital grants	98,524	108,713
Operating lease charges	90,896	105,801
	<u> </u>	<u> </u>

5 Employees

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

	2017	2016
	Number	Number
Players	43	40
Office and football management	56	63
Casual staff	273	294
	<u> </u>	<u> </u>
	372	397
	<u> </u>	<u> </u>

Their aggregate remuneration comprised:

	2017	2016
	£	£
Wages and salaries	5,362,781	4,955,759
Social security costs	486,735	432,019
Pension costs	7,623	10,026
	<u> </u>	<u> </u>
	5,857,139	5,397,804
	<u> </u>	<u> </u>

PORTSMOUTH COMMUNITY FOOTBALL CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2017

6 Directors' remuneration

	2017	2016
	£	£
Remuneration for qualifying services	<u>37,634</u>	<u>-</u>

Directors are also considered to be Key Management Personnel.

7 Retirement benefit schemes

	2017	2016
	£	£
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	<u>7,623</u>	<u>10,026</u>

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

8 Interest receivable and similar income

	2017	2016
	£	£
Interest income		
Interest on bank deposits	<u>414</u>	<u>9,167</u>

Investment income includes the following:

Interest on financial assets not measured at fair value through profit or loss	<u>414</u>	<u>9,167</u>
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PORTSMOUTH COMMUNITY FOOTBALL CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2017

9 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:

	2017	2016
	£	£
Loss before taxation	(507,629)	(492,214)
	<u> </u>	<u> </u>
Expected tax charge based on the standard rate of corporation tax in the UK of 19.75% (2016: 20.00%)	(100,257)	(98,443)
Tax effect of expenses that are not deductible in determining taxable profit	38,818	17,433
Unutilised tax losses carried forward	61,439	81,010
	<u> </u>	<u> </u>
Tax expense for the year	-	-
	<u> </u>	<u> </u>

Factors that may affect future tax charges

The company has approximately circa £2m of tax losses carried forward available for future use. The related deferred tax asset has not been recognised as does not meet the recognition criteria required by paragraph 29.7 of FRS 102.

10 Intangible fixed assets

	Goodwill	Player Registrations	Total
	£	£	£
Cost			
At 1 July 2016	(330,513)	490,740	160,227
Additions	-	375,522	375,522
Disposals	-	(201,024)	(201,024)
	<u> </u>	<u> </u>	<u> </u>
At 30 June 2017	(330,513)	665,238	334,725
	<u> </u>	<u> </u>	<u> </u>
Amortisation and impairment			
At 1 July 2016	(215,387)	173,729	(41,658)
Amortisation charged for the year	(66,287)	420,342	354,055
Disposals	-	(122,482)	(122,482)
	<u> </u>	<u> </u>	<u> </u>
At 30 June 2017	(281,674)	471,589	189,915
	<u> </u>	<u> </u>	<u> </u>
Carrying amount			
At 30 June 2017	(48,839)	193,649	144,810
	<u> </u>	<u> </u>	<u> </u>
At 30 June 2016	(115,126)	317,011	201,885
	<u> </u>	<u> </u>	<u> </u>

PORTSMOUTH COMMUNITY FOOTBALL CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2017

11 Tangible fixed assets

	Freehold Property £	Leasehold Property £	Other fixed assets £	Total £
Cost				
At 1 July 2016	4,423,176	1,179,514	1,021,104	6,623,794
Additions	1,114,958	139,872	90,430	1,345,260
Disposals	(2,334)	(22,400)	(3,595)	(28,329)
At 30 June 2017	5,535,800	1,296,986	1,107,939	7,940,725
Depreciation and impairment				
At 1 July 2016	486,909	36,349	442,980	966,238
Depreciation charged in the year	222,279	33,438	206,682	462,399
Eliminated in respect of disposals	(8)	(37)	(155)	(200)
At 30 June 2017	709,180	69,750	649,507	1,428,437
Carrying amount				
At 30 June 2017	4,826,620	1,227,236	458,432	6,512,288
At 30 June 2016	3,936,267	1,143,165	578,124	5,657,556

12 Stocks

	2017 £	2016 £
Food and beverage stocks	11,735	9,984

13 Debtors

	2017 £	2016 £
Amounts falling due within one year:		
Trade debtors	1,280,598	561,411
Other debtors	985,320	2,397,720
Prepayments and accrued income	448,921	332,709
	2,714,839	3,291,840

Included within Trade Debtors is £233,333 (2016 - £nil) falling due greater than 12 months.

PORTSMOUTH COMMUNITY FOOTBALL CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2017

14 Creditors: amounts falling due within one year

	2017	2016
	£	£
Trade creditors	464,036	616,214
Other taxation and social security	835,683	506,854
Other creditors	154,378	109,336
Accruals and deferred income	3,830,810	2,424,137
	<u>5,284,907</u>	<u>3,656,541</u>

15 Creditors: amounts falling due after more than one year

	2017	2016
	£	£
Deferred income	2,792,763	2,891,287
	<u>2,792,763</u>	<u>2,891,287</u>

Deferred income relates to monies the company received towards specified capital expenditure, which qualified to be accounted for as government grants. The income is released to the profit and loss account evenly over the useful life of the assets acquired, to match the depreciation of those specified assets purchased using the proceeds.

16 Financial instruments

Included within the amounts shown as Debtors and Creditors above are financial assets and financial liabilities, the classification of which are further analysed below:

	2017	2016
	£	£
Carrying amount of financial assets		
Debt instruments measured at amortised cost	2,347,498	2,994,438
	<u>2,347,498</u>	<u>2,994,438</u>
Carrying amount of financial liabilities		
Debt instruments measured at amortised cost	1,737,398	1,560,404
	<u>1,737,398</u>	<u>1,560,404</u>

PORTSMOUTH COMMUNITY FOOTBALL CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2017

17 Deferred taxation

Deferred tax assets and liabilities are offset where the company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (before offset) for financial reporting purposes:

	Liabilities	Liabilities	Assets	Assets
	2017	2016	2017	2016
Balances:	£	£	£	£
Accelerated capital allowances	(172,051)	(105,922)	-	-
Tax losses	-	-	172,051	105,922
	<u>(172,051)</u>	<u>(105,922)</u>	<u>172,051</u>	<u>105,922</u>

The deferred tax timing on the fixed assets is offset by the timing on the losses.

18 Share capital

	2017	2016
	£	£
Ordinary share capital		
Issued and fully paid		
5,673 of £1 each	5,673	5,673
	<u>5,673</u>	<u>5,673</u>

The Portsmouth Supporters Trust (a Community Benefit Society registered with the Financial Conduct Authority as Portsmouth Supporters Society Limited) has established a community share offer whereby members of the public can make a donation to the Portsmouth Supporters Trust, who in turn use the donation to purchase additional shares in Portsmouth Community Football Club Limited. At 30th June 2017 the Portsmouth Supporters Society Trust had purchased 2,750 of the 5,673 shares currently in issue, representing 48% of the company's share capital (2016 - 2,750 shares representing 48%).

On the 3rd August 2017 Mr M. Eisner acquired control of the shares in Portsmouth Community Football Club Limited. At the same date the company allotted 10,000,000 Ordinary shares of £1 each at par to Mr M. Eisner. Prior to this date the company was not under the control of any individual party. The Portsmouth Supporters Trust (a Community Benefit Society registered with the Financial Conduct Authority as Portsmouth Supporters Society Limited) held 2,750 of the 5,673 shares in issue at 30th June 2017, representing 48% of the company's share capital.

PORTSMOUTH COMMUNITY FOOTBALL CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2017

19 Financial commitments, guarantees and contingent liabilities

In the event that Portsmouth Football Club should be promoted to the Football Association Premier League, Portsmouth Community Football Club Limited shall be required to pay further purchase consideration of £4,000,000, if promotion is achieved by 30th June 2022, reducing to £3,000,000 if promotion is achieved subsequently prior to 30th June 2023.

Portsmouth Community Football Club Limited has entered into contracts for construction and repair work on the Fratton Park stadium, which was ongoing at the balance sheet date. Amounts contracted for but not provided in the financial statements amounted to £600,450 (2016 - £nil).

20 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:

	2017	2016
	£	£
Within one year	30,000	33,000
Between two and five years	120,000	120,000
In over five years	630,000	660,000
	<hr/>	<hr/>
	780,000	813,000
	<hr/>	<hr/>

PORTSMOUTH COMMUNITY FOOTBALL CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2017

21 Cash generated from operations

	2017	2016
	£	£
Loss for the year after tax	(507,629)	(492,214)
Adjustments for:		
Investment income	(414)	(9,167)
(Gain)/loss on disposal of tangible fixed assets	(798)	1,317
Gain on disposal of intangible assets	(980,606)	(77,415)
Amortisation and impairment of intangible assets	354,055	182,086
Depreciation and impairment of tangible fixed assets	462,399	405,246
Movements in working capital:		
(Increase) in stocks	(1,751)	-
Decrease in debtors	577,001	1,654,739
Increase/(decrease) in creditors	1,628,366	(417,250)
(Decrease) in deferred income	(98,524)	(108,713)
Cash generated from operations	1,432,099	1,138,629