Recon Group UK Limited

Annual Report and Financial Statements

for the year ended 31 May 2018

Registered number: 10176070

Recon Group UK Limited

Annual Report
for the year ended 31 May 2018

Recon Group UK Limited

Directors and advisors
for the year ended 31 May 2018

Directors
Mr J Xia
Mr W Edens
Mr N Sawiris
Mr C Purslow

Registered office
Villa Park
Trinity Road
Birmingham
England
B6 6HE

Independent auditors
PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Cornwall Court
19 Cornwall Street
Birmingham
B3 2DT

Bankers
HSBC Bank PLC
8 Stephenson Place
New Street
Birmingham
B2 4NH

Recon Group UK Limited

Registered number: 10176070

Strategic report for the year ended 31 May 2018

The directors present the strategic report and the audited consolidated financial statements for the year ended 31 May 2018.

Principal activities

The Group operates a professional football club and has property investments. The principal activity of the Company is that of a holding Company.

Results and Review of business

The directors have not declared or paid an interim dividend during the year (2017: £nil). They do not recommend a final dividend (2017: £nil).

The football season resulted in a final league place of 4th compared to the previous season where a 13th place finish in the English Football League Championship was achieved. The 4th place finish meant the Club qualified for the English Football League Championship play offs but missed out on Promotion to the Premier League after losing in the play off final.

The club will again compete in the English Football League Championship for the 2018/19 season.

Turnover for the year amounted to £68.6m (2017: £73.8m).

The result, before taxation, amounted to a loss of £36.1m (2017: £14.5m loss). The loss for the financial year of £36.1m (2017: £14.5m loss) has been deducted from reserves.

Net assets at the year end were £49.4m (2017: £16.0m).

Key Performance Indicators ('KPIs')

The directors consider that the key performance indicators of a professional football club are finishing position in the league, progress in cup competitions, attendance and turnover.

The key financial performance indicators that the Directors monitor are turnover, players' payroll, net transfer spending, EBITDA and daily cash flow.

Recon Group UK Limited

Registered number: 10176070

Strategic report for the year ended 31 May 2018 (continued)

Principal risks and uncertainties

The key risk facing any club is that of poor on field results. The Board attempts to mitigate this risk by providing the manager with first class training facilities and appropriate payroll and transfer budgets, and through generous support to the Academy.

The Board is focused on providing necessary investment in the playing squad, operational functions and infrastructure of the Club whilst recognising that it must remain compliant with EFL profit and sustainability rules.

Management review forecast compliance with the profit and sustainability rules by modelling revenues, costs, cashflows and investment decisions made by the Club. The Board ensures cost control measures are in place across all functions within the Club, and are continually seeking new revenue streams to ensure compliance for both this, and future, seasons.

Following the change in ownership of the Club and changes to the board and senior management a detailed review of the Club's operations, assets and projected financial performance was conducted. A number of measures have been identified to ensure financial fair play compliance can be maintained. The Board recognises there is a range of opportunities available and depending on the impact of external factors which are always uncertain, including the market conditions prevailing in the 2019 summer transfer window, the Board will determine the measures ultimately adopted in relation to ensuring this compliance.

Despite the Club being fully compliant for the 2017/18 season the EFL profit and sustainability regulations will continue to provide a significant challenge so long as the Club is competing in the Championship where Club income from the sale of collective media rights is a fraction of the level received by comparably sized Clubs in the Premier League.

Breach of financial fair play rules may result in the EFL executive exercising its powers set out in EFL regulation 16.20 and the EFL referring Clubs to a disciplinary commission in accordance with section 8 of EFL regulations. Potential sanctions available to the Disciplinary Commission for a breach of the financial fair play rules include, but are not limited to, a deduction of points, a financial penalty being imposed, or an embargo on the registration of players.

The Directors are actively seeking to implement actions to avoid future breaches of financial fair play rules, and the Directors believe they will remain compliant with the EFL profit and sustainability regulations for the 2018/19 season.

This report was approved by the board on and signed on its behalf. 08/02/19

Mr C Purslow

Director

Registered number: 10176070

Directors' report for the year ended 31 May 2018

The directors present their report and audited consolidated financial statements for the year ended 31 May 2018.

Future developments

The Club's prime goal is securing a return to the FA Premier League.

Dividends

The directors do not recommend payment of a final dividend (2017: £nil).

Charitable contributions

All fund raising events are dealt with by the Aston Villa Foundation which is registered with the Charity Commission. There were no political contributions (2017: £nil).

Post balance sheet events

Since the balance sheet date various players have been bought and sold, details of which can be seen in Note 24.

Financial risk management

The Group's residual financial risks relate to trade receivables and liquidity.

Trade receivables comprise transfer fees receivable and other receivables. The risk associated with transfer fees receivable is in part transferred to the Premier League via the Football League's registration clearing system. The Group maintains rigorous credit control procedures to mitigate credit risk associated with other trade receivables.

Going concern

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

The Club experienced significant liquidity problems during the summer of 2018 which led to it having to seek new investment. As a result, NWSE SCS, a company registered in Luxembourg became the ultimate controlling party on 20th July 2018. This change of control brought immediate funding into the Club by way of a £30m equity investment enabling the Club to discharge its short-term liabilities and plan for the forthcoming season. Subsequently further equity investments totalling £38m have also been made to meet the Club's ongoing cashflow requirements.

Following relegation from the Premier League in 2015/16 and failure to gain promotion in the two subsequent seasons, the Club will receive a reduced level of broadcasting revenue for the 2018/19 season, although some funding will continue to be received from the Premier League in the form of parachute payments. The directors have included these factors in their cash flow forecasts to ascertain the level of required funding from the ultimate controlling party to support the club's operations. The cash flow forecasts indicate a requirement for additional funding from the ultimate parent company to support the Group's operations for a period of at least one year from the date of signing these financial statements, and the Directors are satisfied that the ultimate controlling party has the ability to provide this funding. The Board, of which two members are the majority shareholders of the Club's ultimate controlling party, have received confirmation that the ultimate holding Company, NSWE SCS, intends to provide this support to the Group and Company for at least one year from the date these financial statements are signed.

Directors' report for the year ended 31 May 2018 (continued)

Going concern (continued)

Based on the continuing financial support committed to by the owners as incorporated in the directors' cash flow forecasts, the directors consider it appropriate to prepare the financial statements on a going concern basis.

Directors

The directors of the Company who held office during the year and up to the date of signing the financial statements, unless stated, are given below:

Mr J Xia
Mr W Edens (appointed 25th July 2018)
Mr N Sawiris (appointed on 25th July 2018)
Mr C Purslow (appointed on 14th September 2018)

Employees

The Company continues its policy of keeping its employees informed on a regular basis of matters concerning them as employees and on financial and economic factors affecting the performance of the Company.

Disabled persons

The Company recognises its responsibility to employ disabled persons in suitable employment and gives full and fair consideration to applications for employment made by such persons, having regard to their particular aptitudes and abilities.

Any employee who becomes disabled is encouraged to remain in the Company's employment, in the same job if this is practicable. If a change of job is necessary, such an employee is considered for any suitable alternative work which is available and any necessary training is arranged.

Disabled employees are treated equally with all employees in respect of their eligibility for training, career development and promotion.

Directors' responsibilities statement

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", 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 the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;

Directors' report for the year ended 31 May 2018 (continued)

Directors' responsibilities statement (continued)

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006.

The directors 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.

In the case of each director in office at the date the Directors' Report is approved:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Directors' and officers' insurance

The Company maintains cover under a qualifying third party indemnity for all directors and officers against liabilities which may be incurred by them whilst acting as directors or officers.

Independent Auditors

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and a resolution concerning their re-appointment will be proposed at the Annual General Meeting. This report was approved by the board on 08/02/19 and signed on its behalf.

Mr C Purslow
Director

Independent auditors' report to the members of Recon Group UK Limited

Report on the audit of the financial statements

Opinion

In our opinion, Recon Group UK Limited's group financial statements and company financial statements (the "financial statements"):

- give a true and fair view of the state of the group's and of the company's affairs as at 31 May 2018 and of the group's loss and cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual report and financial statements (the "Annual Report"), which comprise: the consolidated and company balance sheets as at 31 May 2018; the consolidated profit and loss account, the consolidated cash flow statement, and the consolidated and company statements of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

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

Independence

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

Conclusions relating to going concern

ISAs (UK) require us to report to you when:

- 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 group's and 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.

We have nothing to report in respect of the above matters.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the group's and company's ability to continue as a going concern. For example, the terms on which the United Kingdom may withdraw from the European Union, which is currently due to occur on 29 March 2019, are not clear, and it is difficult to evaluate all of the potential implications on the company's trade, customers, suppliers and the wider economy.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance 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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of 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 based on these responsibilities.

Independent auditors' report to the members of Recon Group UK Limited (continued)

With respect to the Strategic report and Directors' report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Strategic report and Directors' report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' report for the year ended 31 May 2018 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the group and company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Directors' responsibilities statement set out on pages 5 and 6, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the 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 group or the company or to cease operations, or have no realistic alternative but to do so.

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

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

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.

Neil PL A

Neil Philpott (Senior Statutory Auditor)

for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Birmingham

11 February 2019

Recon Group UK Limited

Registered number: 10176070

Consolidated profit and loss account for the year ended 31 May 2018

	Note	Operations excluding player trading	Player transactions	2018 Total	Operations excluding player trading	Player transactions	2017 Total
		£'000	**£'000**	**£'000**	£'000	£'000	£'000
Turnover	2	**65,583**	**3,017**	**68,600**	71,904	1,923	73,827
Operating expenses before exceptional items		**(98,824)**	**(23,793)**	**(122,617)**	(91,206)	(23,737)	(114,943)
Operating loss before player trading		**(33,241)**	**(20,776)**	**(54,017)**	(19,302)	(21,814)	(41,116)
Profit on disposal of players' registrations	5	**-**	**15,882**	**15,882**	-	26,631	26,631
Total Operating (expenses) / income	3	**(98,824)**	**(7,911)**	**(106,735)**	(91,206)	2,894	(88,312)
Operating (loss) / profit		**(33,241)**	**(4,894)**	**(38,135)**	(19,302)	4,817	(14,485)
Other income	4			**3,000**			-
Interest receivable and similar income	7			**6**			24
Interest payable and similar expenses	8			**(940)**			(85)
Loss before taxation				**(36,069)**			(14,546)
Tax on loss	9			**-**			-
Loss for the financial year				**(36,069)**			(14,546)

The results derive wholly from continuing operations of the Group.

There are no recognised gains and losses other than the loss for the current and previous financial year. Accordingly, no statement of other comprehensive income is presented.

Player transactions includes fees received for players out on loan, as well as amortisation, impairment and profit on disposal of players' registrations.

Recon Group UK Limited

Registered number: 10176070

Consolidated balance sheet as at 31 May 2018

	Note	2018 £'000	2017 £'000
Fixed assets			
Intangible assets	11	**49,469**	79,400
Tangible assets	12	**43,934**	43,034
		93,403	122,434
Current assets			
Stocks	14	**-**	-
Debtors	15	**24,328**	28,408
Cash at bank and in hand		**3,437**	1,583
		27,765	29,991
Creditors: amounts falling due within one year	16	**(62,638)**	(113,703)
Net current liabilities		**(34,873)**	(83,712)
Total assets less current liabilities		**58,530**	38,722
Creditors: amounts falling due after more than one year	17	**(9,113)**	(22,696)
Provisions for liabilities	19	**-**	-
Net assets		**49,417**	16,026
Capital and reserves			
Called up share capital	20	**69,460**	-
Capital contribution		**57,000**	57,000
Merger reserve		**302,688**	302,688
Profit and loss account		**(379,731)**	(343,662)
Total shareholders' funds		**49,417**	16,026

The financial statements on pages 9 to 35 were approved by the board of directors on 08/02/19

Signed on behalf of the board of directors

Mr C Purslow

Director

Recon Group UK Limited

Registered number: 10176070

Consolidated statement of changes in equity for the year ended 31 May 2018

	Capital Contribution £'000	Merger Reserve £'000	Called up share capital £'000	Profit and loss account £'000	Total shareholders' (deficit) / funds £'000
Balance at 1 June 2016	-	-	325,688	(329,116)	(3,428)
Loss for the financial year	-	-	-	(14,546)	(14,546)
Capital contribution	57,000				57,000
Merger	-	302,688	(302,688)	-	-
Acquisition of subsidiaries	-	-	(23,000)	-	(23,000)
Balance at 31 May 2017	57,000	302,688	-	(343,662)	16,026
Loss for the financial year	-	-	-	(36,069)	(36,069)
Share capital issued in period	-	-	69,460	-	69,460
Balance at 31 May 2018	**57,000**	**302,688**	**69,460**	**(379,731)**	**49,417**

The accounting policies and the notes on pages 15 to 35 form part of these financial statements.

Recon Group UK Limited

Registered number: 10176070

Company statement of changes in equity for the year ended 31 May 2018

	Capital Contribution £'000	Called up share capital £'000	Profit and loss account £'000	Total shareholders' funds £'000
Balance at incorporation (12 May 2016)	-	-	-	-
Loss for the financial year	-	-	(64)	(64)
Capital contribution	57,000	-	-	57,000
Share capital issued in the year	-	-	-	-
Balance at 31 May 2017	57,000	-	(64)	56,936
Loss for the financial year	-	-	(71,640)	(71.640)
Capital contribution	-	-	-	-
Share capital issued in the year	-	69,460		69,460
Balance at 31 May 2018	**57,000**	**69,460**	**(71,704)**	**54,756**

The accounting policies and the notes on pages 15 to 35 form part of these financial statements.

Recon Group UK Limited

Registered number: 10176070

Company balance sheet as at 31 May 2018

	Note	2018 £'000	2017 £'000
Fixed assets			
Investments	13	**54,820**	57,000
Current assets			
Debtors	15	**1,743**	995
Cash at bank and in hand		**1**	918
		1,744	1,913
Creditors: amounts falling due within one year	16	**(1,808)**	(1,977)
Net current liabilities		**(64)**	(64)
Total assets less current liabilities		**54,756**	56,936
Creditors: amounts falling due after more than one year	17	**-**	-
Net assets		**54,756**	56,936
Capital and reserves			
Called up share capital	20	**69,460**	-
Capital contribution		**57,000**	57,000
Profit and loss account		**(71,704)**	(64)
Total shareholders' funds		**54,756**	56,936

The notes on pages 15 to 35 are an integral part of these financial statements.

The financial statements on pages 9 to 35 were approved by the Board of Directors on 08/02/19

The loss for the financial year/period in the financial statements of the parent Company was £71,639,985 (2017: £63,789).

Signed on behalf of the Board of Directors

Mr C Purslow
Director

Notes to the financial statements for the year ended 31 May 2018 (continued)

Consolidated cash flow statement for the year ended 31 May 2018

	Note	2018 £'000	2017 £'000
Net cash used in operating activities	21	**(9,656)**	(20,562)
Taxation paid		**-**	-
Net cash used in operating activities		**(9,656)**	(20,562)
Cash flows from investing activities			
Purchase of tangible fixed assets		**(3,891)**	(2,597)
Purchase of intangible fixed assets		**(41,114)**	(57,766)
Proceeds from disposal of tangible fixed assets		**-**	7
Proceeds from disposal of intangible fixed assets		**37,057**	43,481
Interest received		**6**	24
Net cash used in investing activities		**(7,942)**	(16,851)
Cash flows from financing activities			
Issue of share capital		**69,460**	-
Interest paid		**(940)**	(85)
(Decrease)/Increase in other borrowings		**(48,000)**	49,000
Net cash from financing activities		**20,520**	48,915
Net increase in cash and cash equivalents		**2,922**	11,502
Cash and cash equivalents at the beginning of the year		**515**	(10,987)
Cash and cash equivalents at the end of the year		**3,437**	515
Cash and cash equivalents consists of:			
Cash at bank and in hand		**3,437**	1,583
Bank overdrafts		**-**	(1,068)
Cash and cash equivalents		**3,437**	515

1 Accounting policies

General information

Recon Group UK Limited ('the company') principal activity continues to be that of a holding company. The principal activity of the Group is the operation of a professional football club.

The company is a private company limited by shares and is incorporated and domiciled in the UK. The address of its registered office is Villa Park, Trinity Road, Birmingham B6 6HE.

Statement of compliance

The individual and consolidated financial statements of the company and the group have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") and the Companies Act 2006.

Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The company has adopted FRS 102 in these financial statements.

Basis of accounting

The financial statements have been prepared on the going concern basis, under the historical cost convention, and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom.

The preparation of financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are also disclosed in this note.

The company has taken advantage of the exemption in section 408 of the Companies Act 2006 from disclosing its individual profit and loss account.

The principal accounting policies, which have been applied consistently throughout the year, are set out below.

Exemptions for qualifying entities under FRS 102

FRS 102 allows a qualifying entity certain disclosure exemptions. Exemptions under FRS 102 paragraph 1.12 have been applied for the Company: in relation to presentation of a cash flow statement, related party transactions, certain financial instrument disclosures and the non-disclosure of key management personnel compensation.

Notes to the financial statements for the year ended 31 May 2018 (continued)

1 Accounting policies (continued)

Going Concern

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

The Club experienced significant liquidity problems during the summer of 2018 which led to it having to seek new investment. As a result, NWSE SCS, a company registered in Luxembourg became the ultimate controlling party on 20th July 2018. This change of control brought immediate funding into the Club by way of a £30m equity investment enabling the Club to discharge its short-term liabilities and plan for the forthcoming season. Subsequently further equity investments totalling £38m have also been made to meet the Club's ongoing cashflow requirements.

Following relegation from the Premier League in 2015/16 and failure to gain promotion in the two subsequent seasons, the Club will receive a reduced level of broadcasting revenue for the 2018/19 season, although some funding will continue to be received from the Premier League in the form of parachute payments. The directors have included these factors in their cash flow forecasts to ascertain the level of required funding from the ultimate controlling party to support the club's operations. The cash flow forecasts indicate a requirement for additional funding from the ultimate parent company to support the Group's operations for a period of at least one year from the date of signing these financial statements, and the Directors are satisfied that the ultimate controlling party has the ability to provide this funding. The Board, of which two members are the majority shareholders of the Club's ultimate controlling party, have received confirmation that the ultimate holding Company, NSWE SCS, intends to provide this support to the Group and Company for at least one year from the date these financial statements are signed.

Based on the continuing financial support committed to by the owners as incorporated in the directors' cash flow forecasts, the directors consider it appropriate to prepare the financial statements on a going concern basis.

Basis of preparation and consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) made up to 31 May each year. Control is achieved where the Company has the power to govern the financial and operating policies of an investee entity so as to obtain benefits from its activities. All intercompany transactions and balances are eliminated on consolidation. Uniform accounting policies have been applied across the Group. The loss for the financial year/period dealt with in the financial statements of the parent Company was £71,639,985 (2017: £63,789). As permitted by section 408 of the Companies Act 2006, no separate profit and loss account is presented in respect of the parent Company.

The bringing together of the company's subsidiary undertakings has been accounted for using merger accounting principles set out in the Companies Act 2006 as applicable to group reconstructions. As such, these consolidated financial statements include the financial information in full of Recon Group UK Limited (for the year ending 31 May 2018) and Recon Sports Limited (for the 12 months ending 31 May 2018) as required by Schedule 6 to SI 2008/410.

1 Accounting policies (continued)

Basis of preparation and consolidation (continued)

On consolidation there was an adjustment to the merger reserve of £nil (2017: £302,687,691).

Turnover

Turnover represents amounts receivable for goods and services, excluding transfer fees receivable in respect of the disposal of players' registrations, in the normal course of the Group's business. It is stated net of discounts and value added tax. Turnover in regards to player transactions relates to fees receivable for the loans of players' registrations.

Gate receipts turnover is recognised over the period of the English football season, covering the period from August to May each year, as home matches are played.

Fixed elements of broadcasting contracts are taken in proportion to the number of league matches played, home and away. Broadcasting facility fees are accounted for when earned.

Sponsorship turnover, including royalties are recognised over the duration of their respective contracts.

Merchandising, travel and catering turnover, included within Commercial turnover, are recognised on an earned basis. Executive box rentals are recognised over the duration of their contracts.

UEFA solidarity and prize money are distributions received from UEFA, European football's governing body. These amounts are recognised on an earned basis.

Grants and donations

Grants and donations received in respect of safety work and other stadium improvements are credited to deferred grant income and are released to the consolidated profit and loss account over the anticipated useful life of the assets to which they relate.

Fixed asset investments

The Company's investments in subsidiaries are stated at cost less any provision for impairment. Impairment reviews are performed by the directors when there has been an indication of potential impairment.

Tangible fixed assets

Tangible fixed assets are stated at historical purchase cost less accumulated depreciation and any provision for impairment. Cost includes the original purchase price of the asset and the costs directly attributable with the purchase of the asset. Depreciation is calculated on a straight-line basis to write down the assets to their estimated residual value over the anticipated useful lives, which are re-assessed on a periodic basis, at the following annual rates:

Freehold land	Nil
Short leasehold property	10%
Freehold buildings	2-8%
Plant and equipment	10-33%

1 Accounting policies (continued)

Intangible fixed assets – players' registrations

The costs associated with the acquisition of players' registrations are capitalised as an intangible fixed asset at the date of acquisition and are amortised over the period of the respective player's contract, including extensions thereto.

Liability in respect of contingent appearance fees is recognised where the directors consider the likelihood of a player meeting future appearance criteria, laid down in the transfer agreement of that player, to be probable.

Internally generated intangible assets are held at £nil value. Any external costs incurred in extensions to a player's original contract are capitalised and amortised over the period of the player's extended contract.

The profit or loss arising out of the disposal of players' registrations represent the difference between the consideration receivable, net of any transaction costs, and the amortised cost of the intangible asset.

Impairment of tangible and intangible fixed assets

At each balance sheet date, the Group reviews the carrying amounts of its tangible and intangible fixed assets as included in cash generating units to determine whether there is any indication that those assets have suffered an impairment loss. If any such indicator exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. The recoverable amount is the higher of fair value less costs to sell and the value in use. Any impairment loss is recognised immediately as an expense.

Players' signing-on fees and loyalty payments

Signing-on fees payable to players and loyalty payments, which are payable only if the player is still in employment with the Group, are recognised in operating expenses as incurred.

Foreign currencies

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction. Monetary assets and liabilities held at the balance sheet date are revalued using the rate at that date.

Bank borrowings

Interest-bearing bank loans and overdrafts are recorded at the net proceeds received. Finance charges are accounted for on an accrual basis to the consolidated profit and loss account.

Leases

Assets acquired under finance leases and other similar contracts, which confer rights and obligations similar to those attached to owned assets, are capitalised as tangible assets and are depreciated over their useful lives. The capital element of future lease obligations are recorded as liabilities with the interest element being charged to the profit and loss account at a constant rate over the period of the lease.

Notes to the financial statements for the year ended 31 May 2018 (continued)

1 Accounting policies (continued)

Taxation (continued)

The taxation expense represents the sum of tax currently payable or recoverable and deferred taxation and takes into account adjustments for prior periods

Current tax is the amount of income tax payable in respect of the taxable profit for the year or prior years. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the year end.

Deferred taxation is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit and is accounted for using the balance sheet liability method.

Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible timing differences can be utilised.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised. Deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Deferred tax is measured on an undiscounted basis.

Pensions

Payments to various defined contribution retirement schemes are charged as an expense as they fall due.

Certain of the Company's employees and ex-employees are members of the Football League Limited Pension and Life Assurance Scheme (FLLPLAS), a defined benefit scheme. As the Company is one of a number of participating employers in FLLPLAS it is not possible to identify the Company's share of the individual assets and liabilities within the scheme. However, the actuarial surplus or deficit is estimated and a provision is made for any unfunded obligation with any payments made being deducted from the outstanding balance. The assets of the scheme are held separately from those of the Group, being invested with insurance companies. Further details are set out in note 23.

Subsidiary company audit exemption

For the year ending 31 May 2018, Aston Villa Ladies Limited (Registered number: 08414046), 1874 Development Limited (Registered number:10484901) and Aston Villa Limited (Registered number: 10883540) were entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies.

Financial instruments

The company has chosen to adopt sections 11 and 12 of FRS102 in respect of financial instruments.

1 Accounting policies (continued)

Financial assets

Basic financial assets, including trade and other receivables and cash and bank balances, are initially recognised at transaction price, 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. Such assets are subsequently carried at amortised cost using the effective interest method.

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. 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 is recognised in the profit or loss account. Financial assets are derecognised when (a) the contractual rights to the cash flows from the assets expire or are settled, or (b) substantially all the risk and regards of the ownership of the asset are transferred to another party or (c) control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

Financial liabilities

Basic financial liabilities, including trade and other payables and amounts due to fellow group companies 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.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts 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 payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest.

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 they are included in a hedging arrangement.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

Critical accounting judgements and estimation uncertainty

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

a) Players' registrations

The costs associated with the acquisition of players' registrations are capitalised the fair value of the consideration payable including an estimate of the fair value of any contingent consideration. Subsequent reassessments of the amount of contingent consideration payable are also included in

Notes to the financial statements for the year ended 31 May 2018 (continued)

1 Accounting policies (continued)

a) Players' registrations (continued)

the cost of the player's registration. The estimate of the consideration of the contingent payable requires management to assess the likelihood of specific performance conditions being met which would trigger the payment of the contingent consideration. This assessment is carried out on an individual player basis.

b) Impairment review

The Group will perform an impairment review on intangible assets, including player registrations if adverse events indicate that the amortised carrying value of the asset may not be recoverable. Whilst no individual player can be separated from the single cash generating unit, being the operations of the group as a whole, there may be certain circumstances where a player is taken out of the cash generating unit, when it becomes clear that they will not play for the club's first team again. For example a player sustaining a career threatening injury or is permanently removed from the first team squad for another reason. If such circumstances were to arise, the carrying value of the player would be assessed against the Group's best estimate of the player's fair value less any costs to sell.

2 Turnover

The Group's turnover is analysed into its five main components as follows:

	2018	2017
	£'000	£'000
Gate receipts	**11,831**	10,736
Broadcasting	**40,343**	48,060
Sponsorship	**4,757**	2,710
Commercial	**11,669**	12,321
UEFA solidarity and prize money	**-**	-
	68,600	73,827

The constituents of each component are as follows:

Gate receipts – Revenues generated from the sale of match tickets.
Broadcasting – Distributions from the FA Premier League broadcasting agreements, including the merit award, cup competition broadcasting rights and local radio broadcasting.
Sponsorship – Major sponsorship contracts and club partnership agreements.
Commercial – Merchandising, royalties, conference and banqueting, fees received for the loan of players' registrations and all other revenue sources.
UEFA solidarity and prize money – Distributions received from UEFA, European football's governing body.

The Group has one main business segment, that of professional football operations, and one main geographical segment, which is the United Kingdom, therefore no further segmental information is provided.

Notes to the financial statements for the year ended 31 May 2018 (continued)

3 Loss before taxation

The Group's operating loss for the year has been arrived at after (crediting)/charging:

	2018 £'000	2017 £'000
Depreciation of owned tangible fixed assets	**2,991**	2,944
(Profit)/loss on disposal of tangible fixed assets	**-**	5
Amortisation of players' registrations	**23,793**	23,737
Deferred grant income	**(141)**	(140)
Stock recognised as an expense	**-**	2,981
Staff costs (note 6)	**73,110**	61,473
Impairment of trade debtors	**-**	-
Community development expenditure	**1,519**	2,016
Youth development expenditure	**10,713**	5,875
Auditors' remuneration for audit services:		
- audit of the Company's subsidiaries	**67**	60
- audit-related assurance services	**16**	16
- non-audit services	**69**	23

The audit fee for the Company was borne by another Group Company in both financial years.

4 Other Income

	2018 £'000	2017 £'000
Income from compensation deed relating to freehold land	**3,000**	-

5 Profit on disposal of players' registrations

The profit on disposal of players' registration in the year amounted to £15,882,323 (2017: profit of £26,631,098).

6 Staff costs

Group	2018 Number	2017 Number
Average monthly number of employees by activity:		
Players, football management and coaches	**184**	175
Commercial, merchandising and operations	**128**	168
Maintenance and administration	**67**	58
Full-time employees	**379**	401
Part-time employees on match days and other events	**411**	663
	790	1,064

Remuneration	2018 £'000	2017 £'000
Wages and salaries	**65,122**	53,490
Social security costs	**7,501**	7,479
Other pension costs (note 23)	**487**	504
	73,110	61,473

The Company does not have any employees (2017: none).

	2018 £	2017 £
Directors' remuneration		
Aggregate emoluments	**403,014**	349,547
Company contribution to money purchase schemes	**35,000**	8,248
	438,014	357,795

Company contribution to money purchase schemes relate to one director (2017: one).

Notes to the financial statements for the year ended 31 May 2018 (continued)

6 Staff costs (continued)

	2018	2017
	£	£
Remuneration of the highest paid director		
Aggregate emoluments	-	-

No directors received remuneration for their services during the year ending 31 May 2018 or 31 May 2017 .

Key management personnel are considered to be the statutory directors of the Company.

7 Interest receivable and similar income

	2018	2017
	£'000	£'000
Interest receivable	6	10
Gains on derivative financial instruments	-	14
	6	24

8 Interest payable and similar expenses

	2018	2017
	£'000	£'000
Interest on bank overdrafts and loans	308	85
Other interest payable	632	-
	940	85

9 Tax on loss

		2018 £	2017 £
Current tax:			
UK corporation tax:	UK Corporation tax on loss for the year	-	-
	Adjustment in respect of prior periods	-	-
		-	-
Deferred tax:			
UK:	Origination and reversal of timing differences	-	-
	Impact of change in tax rate	-	-
Tax on loss on ordinary activities		-	-

Corporation tax is calculated at 19% (2017: 19.83%) of the estimated assessable loss for the financial year.

The tax assessed for the year is higher (2017: higher) than the standard rate of corporation tax in the UK of 19% (2017: 19.83%). The differences are explained below:

	2018 £'000	2017 £'000
Loss before taxation	**(36,069)**	(14,546)
Tax at the UK corporation tax rate of 19% (2017: 19.83%)	**(6,853)**	(2,884)
Expenses not deductible for tax purposes	**377**	108
Income not taxable	**(90)**	(49)
Movement in unprovided deferred tax	**6,566**	2,825
Total tax charge for the year	**-**	-

10 Dividends

The directors do not recommend the payment of a final dividend which results in no dividend being paid for the year (2017: £nil).

11 Intangible assets

Group	Players' registrations £'000
Cost	
At 1 June 2017	131,218
Additions	1,804
Disposals	(39,124)
At 31 May 2018	**93,898**
Accumulated amortisation	
At 1 June 2017	51,818
Charge for the year	23,793
Disposals	(31,182)
At 31 May 2018	**44,429**
Net book value	
At 31 May 2018	**49,469**
At 31 May 2017	79,400

The Company does not have any intangible fixed assets (2017: £nil).

12 Tangible assets

Group	Freehold land and buildings £'000	Leasehold land and buildings £'000	Plant and equipment £'000	Total £'000
Cost				
At 1 June 2017	108,000	201	29,747	137,948
Additions	2,533	-	1,358	3,891
Disposals	-	-	-	-
At 31 May 2018	**110,533**	**201**	**31,105**	**141,839**
Accumulated depreciation				
At 1 June 2017	69,340	30	25,544	94,914
Charge for the year	1,446	2	1,543	2,991
Disposals	-	-	-	-
At 31 May 2018	**70,786**	**32**	**27,087**	**97,905**
Net book value				
At 31 May 2018	**39,747**	**169**	**4,018**	**43,934**
At 31 May 2017	38,660	171	4,203	43,034

Freehold land and buildings includes freehold land amounting to £11,399,026 (2017: £8,866,026) which has not been depreciated.

Notes to the financial statements for the year ended 31 May 2018 (continued)

13 Investments

Company	Investment in subsidiaries £'000	Loans to subsidiaries £'000	Total £'000
Cost			
At 1 June 2017	23,000	34,000	57,000
Additions	69,460	-	69,460
At 31 May 2018	**92,460**	**34,000**	**126,460**
Impairment			
Charge in the year	71,640	-	71,640
Net book value			
At 31 May 2018	**20,820**	**34,000**	**54,820**
At 12 May 2017	23,000	34,000	57,000

The Company and the Group have investments in the following subsidiary undertakings.

Company	Principal activity	Holding	
1874 Developments Limited	Property investment	1 ordinary £1 share	100%
Recon Sports Limited	Holding company	325,687,691 ordinary £1 shares	100%
VicVilla Healthy Food and Nutritional Biotechnology Ltd	Health foods	1 ordinary £1 share	100%
Recon Football Limited*	Property investment	5,170,494,660 ordinary 5p shares	100%
Aston Villa Football Club Ltd	Commercial operations	84,938,182 ordinary £1 shares	100%
Aston Villa FC Limited*	Professional football club	2,000,000 ordinary £1 shares	100%
Aston Villa Ladies Limited*	Ladies football club	1 ordinary £1 share	100%
Aston Smart Cities Limited	Dormant	1 Ordinary £1 share	100%
Recon Smart Sports Limited*	Dormant	1 Ordinary £1 share	100%
Aston Villa Limited*	Dormant	1 Ordinary £1 share	100%
Villa In The Community*	Community activities	Limited by guarantee	-
Aston Villa Social Ent. CIC*	Community activities	7 ordinary shares of £10 each	100%

Notes to the financial statements for the year ended 31 May 2018 (continued)

13 Investments (continued)

All of the subsidiary undertakings are incorporated in England and Wales and have a registered address of Villa Park, Birmingham B6 6HE. The results of the subsidiary undertakings have been consolidated in the Group financial statements. All of the above subsidiaries are owned directly by Recon Group UK Limited unless marked by an asterisk. The directors believe that the carrying value of the investments is supported by their underlying net assets.

14 Stocks

Group	**2018**	2017
	£'000	£'000
Goods held for resale	-	-

The Company did not have any stock (2017: £nil). Stocks are stated after provisions for impairment of £nil (2017: £nil).

15 Debtors

	Group	**Company**	Group	Company
	2018	**2018**	2017	2017
	£'000	**£'000**	£'000	£'000
Trade debtors	**18,068**	-	23,600	-
Amounts owed by group undertakings	**2,898**	**1,743**	687	995
Other debtors	**733**	-	1,337	-
Derivative financial instruments	-	-	1,316	-
Prepayments and accrued income	**2,629**	-	1,468	-
	24,328	**1,743**	28,408	995

Trade debtors are stated after provisions for impairment of £nil (2017: £nil)

Trade debtors and other debtors are measured at amortised cost. Derivative financial instruments are measured at fair value through profit or loss.

16 Creditors: amounts falling due within one year

	Group 2018 £'000	Company 2018 £'000	Group 2017 £'000	Company 2017 £'000
Bank loans and overdrafts (note 18)	-	-	1,068	-
Trade creditors	20,544	-	47,567	-
Loan notes payable to parent undertakings (note 18)	1,000	1,500	49,000	1,500
Amounts owed to group undertakings	308	308	-	477
Taxation and social security	5,877	-	1,708	-
Other creditors	558	-	396	-
Other loans	5,000	-	-	-
Accruals and deferred income	29,351	-	13,964	-
	62,638	1,808	113,703	1,977

Amounts owed to parent and subsidiary undertakings are unsecured, bear no interest and are repayable on demand.

Trade creditors, amounts owed to parent and subsidiary undertakings and other creditors are measured at amortised cost.

Other loans are secured against certain receipts for the disposal of intangible asset registrations, incur interest of 5% - 7%, and are repayable on fixed repayment terms.

Notes to the financial statements for the year ended 31 May 2018 (continued)

17 Creditors: amounts falling due after more than one year

	Group 2018 £'000	Company 2018 £'000	Group 2017 £'000	Company 2017 £'000
Bank loans and overdrafts (note 18)	-	-	-	-
Loan notes payable to parent undertaking (note 18)	-	-	-	-
Trade creditors	**6,764**	-	20,206	-
Grants and donations	**2,349**	-	2,490	-
	9,113	-	22,696	-

Grants and donations

	Group 2018 £'000	Company 2018 £'000	Group 2017 £'000	Company 2017 £'000
At 1 June / 12 May	**2,490**	-	2,630	-
Credit to loss from operations in the year	**(141)**	-	(140)	-
At 31 May	**2,349**	-	2,490	-

18 Loans and other borrowings

	Group 2018 £'000	Company 2018 £'000	Group 2017 £'000	Company 2017 £'000
Bank loans and overdrafts	-	-	1,068	-
Loan notes	1,000	1,500	49,000	1,500
Other loans	5,000	-	-	-
	6,000	1,500	50,068	1,500
Maturity of financial liabilities:				
Due in one year or less, or on demand	6,000	1,500	50,068	1,500
Due in more than 5 years	-	-	-	-
	6,000	1,500	50,068	1,500

Bank loans and overdrafts

The bank loans and overdrafts, which are secured on the Group's land and property assets, bear interest on margins above Bank of England Base Rate.

The bank overdrafts are renewable annually and repayable on demand. At the balance sheet date, the Group had undrawn overdraft borrowing facilities of £nil (2017: £4,513,396).

19 Provisions for liabilities

Deferred tax

The following are the major deferred tax liabilities recognised by the Group and Company and movements thereon during the current year and prior year.

Group and company	Capital allowances £'000	Short-term timing differences £'000	Losses £'000	Total £'000
At 1 June 2017	-	-	-	-
Credit to profit and loss account	-	-	-	-
At 31 May 2018	-	-	-	-

There is an unprovided deferred tax asset of £58.5m (2017: £60.1m) in respect of tax losses carried forward in the Group, and no unprovided deferred tax asset in the Company. No deferred tax asset will be recognised until the directors assess that these losses can be utilised with reasonable certainty.

20 Called up share capital

	2018 Number	2018 £'000	2017 Number	2017 £'000
Allotted and fully paid – ordinary shares of £1 each	**69,459,890**	**69,460**	1	-

21 Notes to the cash flow statement

	2018 £'000	2017 £'000
Loss for the financial year	**(36,069)**	(14,546)
Adjustments for:		
Tax on loss	-	-
Other income	**(3,000)**	-
Net interest expense	**934**	61
Operating loss	**(38,135)**	(14,485)
Other income	**3,000**	-
Loss on sale tangible fixed assets	-	5
Profit on disposal players registrations	**(15,882)**	(26,631)
Amortisation of players' registrations	**23,793**	23,737
Impairment of players' registrations	-	-
Depreciation of tangible fixed assets	**2,991**	2,944
Impairment of tangible fixed assets	-	-
Amortisation of grant income	**(141)**	(140)
Working capital movements:		
Decrease in stocks	-	326
(Increase)/decrease in debtors	**(9,154)**	52
Increase/(decrease) in creditors	**23,872**	(6,370)
Cash flow used in operating activities	**(9,656)**	(20,562)

Notes to the financial statements for the year ended 31 May 2018 (continued)

22 Contingent liabilities and commitments

The terms of certain contracts with other football clubs in respect of the acquisition of players' registrations include the payment of additional amounts upon the fulfilment of specific conditions in the future. The maximum unprovided liability which may arise in respect of these players at 31 May 2018 is £2.0m (2017: £3.4m).

A former employee has brought a claim against the club for automatic unfair dismissal. It is currently impracticable to estimate either the probability of the outcome of this claim or any potential financial effect

23 Retirement benefit schemes

Certain members of the Group's staff are members of either the Football League Limited Players' Retirement Income Scheme, a defined contribution scheme, or the Football League Limited Pension and Life Assurance Scheme (FLLPLAS), a defined benefit scheme. As the Company is one of a number of participating employers in the scheme, it is not possible to allocate any actuarial surplus or deficit on an annual basis. However, under Section 75 of the Pensions Act 1995, the Company, as a participating employer in the scheme, is liable to fund the deficit relating to Company's ex-employees who are members of the scheme. The Scheme Actuary finalised a full valuation as at 31 August 2017 and allocated £527,494 as the Club's share of the deficit. The deficit is funded by annual contributions. The balance outstanding at the year-end date is included in other creditors. The Club has made contributions of £89,916 in the year (2017: £89,916). The assets of the scheme are held separately from those of the Company.

At the year end, the amount outstanding in relation to the defined contribution schemes was £48,756 (2017: £34,564).

Contributions are also paid into individuals' private pension schemes. The total contributions across all schemes during the year amounted to £487,061 (2017: £504,427).

24 Events after the balance sheet date

Since the balance sheet date various players have been bought and sold. The net income of these transfers, taking into account the applicable levies and sell on clauses, is £2.9m (2017: £22.4 million). The net cost of these transfers, taking into account the applicable levies, is £13.3m (2017: £2.9 million). These transfers will be accounted for in the year ending 31 May 2019.

Steve Bruce left his position as manager of the club on 3 October 2018. Dean Smith was appointed as manager on 10 October 2018.

Following investment made on 20 July 2018, NSWE SCS became the company's controlling party. NSWE SCS is a company jointly owned and controlled by businessman Nassef Sawiris Group NNS and businessman Wes Edens who immediately injected significant investment capital into the Club.

25 Related party transactions

The Company has taken advantage of the exemption under FRS 102 p33.2 from the provisions of not to disclose transactions with other entities that are wholly owned subsidiaries of Recon Group UK Limited.

The Group has entered into sponsorship arrangements with Recon Group Limited (Hong Kong) for training ground naming rights and front of shirt sponsorship. The revenue generated by these arrangements was £1,900,000 (2017: £nil).

26 Ultimate parent undertaking and controlling party

At 31st May 2018 the directors consider Recon Group UK Limited, registered in England and Wales to be the company's controlling party. Copies of Recon Group UK Limited group financial statements have been delivered to, and are available from The Registrar of Companies, Companies House, Crown Way, Cardiff, CF14 3UZ.

From 20 July 2018 the directors consider NSWE SCS, registered in Luxembourg, to be the company's controlling party.