

**REGISTERED NUMBER: 11335653 (England and Wales)**

**GROUP STRATEGIC REPORT, REPORT OF THE DIRECTOR AND  
CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 30 APRIL 2018 TO 31 JULY 2018  
FOR  
SJD LEISURE HOLDINGS LIMITED**

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FOR THE PERIOD 30 APRIL 2018 TO 31 JULY 2018**

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**SJD LEISURE HOLDINGS LIMITED**

**COMPANY INFORMATION  
FOR THE PERIOD 30 APRIL 2018 TO 31 JULY 2018**

**DIRECTOR:** S J Donald

**REGISTERED OFFICE:** Jamesons House  
Compton Way  
Witney  
Oxfordshire  
OX28 3AB

**REGISTERED NUMBER:** 11335653 (England and Wales)

**AUDITORS:** Jamesons Limited  
Chartered Accountants and Statutory Auditors  
Jamesons House  
Compton Way  
Witney  
OX28 3AB

**GROUP STRATEGIC REPORT  
FOR THE PERIOD 30 APRIL 2018 TO 31 JULY 2018**

The director presents his strategic report of the company and the group for the period 30 April 2018 to 31 July 2018.

**REVIEW OF BUSINESS**

The financial results for the period ended 31 July 2018 shows group turnover of £4.1 million for its ownership period.

**PRINCIPAL RISKS AND UNCERTAINTIES**

The directors consider the major risk of the business to be a continued absence from the Premier League of its subsidiary undertaking Sunderland Association Football Club Limited. Ongoing restructuring of the playing squad aims to reduce this risk.

**Key performance indicators ("KPIs")**

The directors consider the KPI's of the business to be revenue levels (heavily reflecting league status), operating costs (particularly player costs) and the player performance. Other risks are recognised and managed appropriately, primarily by internal management. These include financial, commercial and health and safety issues.

**Financial risk management**

The Group's activities expose it to a wide variety of financial risks: credit risk and liquidity risk.

Credit risk arises from cash and deposits with financial institutions, as well as outstanding receivables. The credit risk to the business is managed by close monitoring of debts. Regular reviews of outstanding debts are performed by management and reported monthly to the directors.

The liquidity risk to the business is managed by the ongoing forecasting of the cash flows of the business.

**ON BEHALF OF THE BOARD:**

S J Donald - Director

25 April 2019

**REPORT OF THE DIRECTOR  
FOR THE PERIOD 30 APRIL 2018 TO 31 JULY 2018**

The director presents his report with the financial statements of the company and the group for the period 30 April 2018 to 31 July 2018.

**INCORPORATION**

The group was incorporated on 30 April 2018 and commenced trading on the same date.

**DIVIDENDS**

No dividends will be distributed for the period ended 31 July 2018.

**DIRECTOR**

S J Donald was appointed as a director on 30 April 2018 and held office during the whole of the period from then to the date of this report.

The director, being eligible, offers himself for election at the forthcoming first Annual General Meeting.

**STATEMENT OF DIRECTOR'S RESPONSIBILITIES**

The director is responsible for preparing the Group Strategic Report, the Report of the Director and the financial statements in accordance with applicable law and regulations.

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

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

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

**STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS**

So far as the director is aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the group's auditors are unaware, and he has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the group's auditors are aware of that information.

**SJD LEISURE HOLDINGS LIMITED (REGISTERED NUMBER: 11335653)**

**REPORT OF THE DIRECTOR  
FOR THE PERIOD 30 APRIL 2018 TO 31 JULY 2018**

**AUDITORS**

The auditors, Jamesons Limited, will be proposed for re-appointment at the forthcoming Annual General Meeting.

**ON BEHALF OF THE BOARD:**

S J Donald - Director

25 April 2019

## **REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF SJD LEISURE HOLDINGS LIMITED**

### **Opinion**

We have audited the financial statements of SJD Leisure Holdings Limited (the 'parent company') and its subsidiaries (the 'group') for the period ended 31 July 2018 which comprise the Consolidated Income Statement, Consolidated Other Comprehensive Income, Consolidated Balance Sheet, Company Balance Sheet, Consolidated Statement of Changes in Equity, Company Statement of Changes in Equity, Consolidated Cash Flow Statement and Notes to the Consolidated Cash Flow Statement, 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 Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent company affairs as at 31 July 2018 and of the group's profit for the period 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 Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the group 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 director's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the director has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group'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 director is responsible for the other information. The other information comprises the information in the Group Strategic Report and the Report of the Director, but does not include the financial statements and our Report of the Auditors thereon.

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.

### **Opinion on other matters prescribed by the Companies Act 2006**

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

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

## **REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF SJD LEISURE HOLDINGS LIMITED**

### **Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the Group Strategic Report or the Report of the Director.

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

### **Responsibilities of director**

As explained more fully in the Statement of Director's Responsibilities set out on page three, the director is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the director determines necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the director is responsible for assessing the group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the director either intends to liquidate the group or the parent company or to cease operations, or has 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 a Report of the Auditors 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 [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our Report of the Auditors.

### **Use of our report**

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in a Report of the Auditors 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.

Anita Lyon ACA FCCA (Senior Statutory Auditor)  
for and on behalf of Jamesons Limited  
Chartered Accountants and Statutory Auditors  
Jamesons House  
Compton Way  
Witney  
OX28 3AB

25 April 2019



**CONSOLIDATED INCOME STATEMENT  
FOR THE PERIOD 30 APRIL 2018 TO 31 JULY 2018**

	Notes	£'000
<b>TURNOVER</b>	3	4,078
Cost of sales		<u>192</u>
<b>GROSS PROFIT</b>		3,886
Administrative expenses		<u>(51,089)</u>
<b>OPERATING PROFIT</b>	5	54,975
Profit on disposal of players	6	<u>2,799</u>
		57,774
Interest payable and similar expenses	7	<u>29</u>
<b>PROFIT BEFORE TAXATION</b>		57,745
Tax on profit	8	<u>82</u>
<b>PROFIT FOR THE FINANCIAL PERIOD</b>		<u>57,663</u>
Profit attributable to:		
Owners of the parent		<u>57,663</u>

The notes form part of these financial statements

**CONSOLIDATED OTHER COMPREHENSIVE INCOME  
FOR THE PERIOD 30 APRIL 2018 TO 31 JULY 2018**

	Notes	£'000
<b>PROFIT FOR THE PERIOD</b>		57,663
<b>OTHER COMPREHENSIVE INCOME</b>		
Share capitalisation costs		(6,475)
Income tax relating to other comprehensive income		-
<b>OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF INCOME TAX</b>		<u>(6,475)</u>
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>		<u>51,188</u>
Total comprehensive income attributable to:		
Owners of the parent		44,092
Non-controlling interests		<u>7,096</u>
		<u>51,188</u>

**CONSOLIDATED BALANCE SHEET**  
**31 JULY 2018**

	Notes	£'000	£'000
<b>FIXED ASSETS</b>			
Intangible assets	10		9,924
Tangible assets	11		12,997
Investments	12		-
Investment property	13		<u>92,775</u>
			115,696
<b>CURRENT ASSETS</b>			
Stocks	14	1,408	
Debtors	15	24,004	
Cash at bank		<u>11,185</u>	
		36,597	
<b>CREDITORS</b>			
Amounts falling due within one year	16	<u>83,258</u>	
<b>NET CURRENT LIABILITIES</b>			<u>(46,661)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			69,035
<b>CREDITORS</b>			
Amounts falling due after more than one year	17		(3,625)
<b>PROVISIONS FOR LIABILITIES</b>	19		<u>(7,126)</u>
<b>NET ASSETS</b>			<u>58,284</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	20		-
Retained earnings	21		<u>51,188</u>
<b>SHAREHOLDERS' FUNDS</b>			51,188
<b>NON-CONTROLLING INTERESTS</b>			<u>7,096</u>
<b>TOTAL EQUITY</b>			<u>58,284</u>

The financial statements were approved by the director on 25 April 2019 and were signed by:

S J Donald - Director

**COMPANY BALANCE SHEET**  
**31 JULY 2018**

	Notes	£'000	£'000
<b>FIXED ASSETS</b>			
Intangible assets	10		-
Tangible assets	11		-
Investments	12		1
Investment property	13		-
			<u>1</u>
<b>CREDITORS</b>			
Amounts falling due within one year	16	<u>1</u>	
<b>NET CURRENT LIABILITIES</b>			<u>(1)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u>-</u>
<b>CAPITAL AND RESERVES</b>			<u>-</u>
Company's profit for the financial year			<u>-</u>

The financial statements were approved by the director on 25 April 2019 and were signed by:

S J Donald - Director

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE PERIOD 30 APRIL 2018 TO 31 JULY 2018**

	Called up share capital £'000	Retained earnings £'000	Total £'000	Non-controlling interests £'000	Total equity £'000
<b>Changes in equity</b>					
Total comprehensive income	-	51,188	51,188	7,096	58,284
<b>Balance at 31 July 2018</b>	-	51,188	51,188	7,096	58,284

**COMPANY STATEMENT OF CHANGES IN EQUITY  
FOR THE PERIOD 30 APRIL 2018 TO 31 JULY 2018**

	Called up share capital £'000	Retained earnings £'000	Total equity £'000
Changes in equity			
Balance at 31 July 2018	-	-	-

**CONSOLIDATED CASH FLOW STATEMENT  
FOR THE PERIOD 30 APRIL 2018 TO 31 JULY 2018**

	Notes	£'000
<b>Cash flows from operating activities</b>		
Cash generated from operations	1	6,008
Interest paid		<u>(29)</u>
Net cash from operating activities		<u>5,979</u>
<b>Cash flows from investing activities</b>		
Purchase of intangible fixed assets		(522)
Sale of intangible fixed assets		14,264
Sale of tangible fixed assets		1
Investment in subsidiaries		<u>(14,600)</u>
Net cash from investing activities		<u>(857)</u>
<b>Cash flows from financing activities</b>		
Amount introduced by directors		5,000
Cash held at date of acquisition		<u>1,063</u>
Net cash from financing activities		<u>6,063</u>
<b>Increase in cash and cash equivalents</b>		<u>11,185</u>
<b>Cash and cash equivalents at beginning of period</b>	2	-
<b>Cash and cash equivalents at end of period</b>	2	<u>11,185</u>

The notes form part of these financial statements

**NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT  
FOR THE PERIOD 30 APRIL 2018 TO 31 JULY 2018**

**1. RECONCILIATION OF PROFIT BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS**

	£'000
Profit before taxation	57,745
Depreciation charges	(60,100)
Profit on disposal of fixed assets	(1)
Profit on player disposals	(2,799)
Finance costs	29
	<u>(5,126)</u>
Increase in stocks	(520)
Increase in trade and other debtors	(11,512)
Increase in trade and other creditors	23,166
<b>Cash generated from operations</b>	<b><u>6,008</u></b>

**2. CASH AND CASH EQUIVALENTS**

The amounts disclosed on the Cash Flow Statement in respect of cash and cash equivalents are in respect of these Balance Sheet amounts:

**Period ended 31 July 2018**

	31.7.18 £'000	30.4.18 £'000
Cash and cash equivalents	<u>11,185</u>	<u>-</u>



**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE PERIOD 30 APRIL 2018 TO 31 JULY 2018**

**1. STATUTORY INFORMATION**

SJD Leisure Holdings Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the General Information page.

The presentation currency of the financial statements is the Pound Sterling (£).

**2. ACCOUNTING POLICIES**

**Basis of preparing the financial statements**

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

**Financial Reporting Standard 102 - reduced disclosure exemptions**

The group has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 11 Financial Instruments paragraphs 11.41(b), 11.41(c), 11.41(e), 11.41(f), 11.42, 11.44, 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirement of Section 33 Related Party Disclosures paragraph 33.7.

**Related party exemption**

The company has taken advantage of exemption, under the terms of Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', not to disclose related party transactions with wholly owned subsidiaries within the group.

Transactions between group entities which have been eliminated on consolidation are not disclosed within the financial statements.

**Critical accounting judgements and key sources of estimation uncertainty**

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

**(a) Critical judgements in applying the entity's accounting policies**

There are no critical judgements in applying the entity's accounting policies.

**(b) Critical accounting estimates and assumptions**

**(i) Impairment of intangible assets**

The company considers whether intangible assets are impaired on a regular basis throughout the year. Where an indication of impairment is identified the estimation of recoverable value requires estimate of future cash flows.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
FOR THE PERIOD 30 APRIL 2018 TO 31 JULY 2018**

**2. ACCOUNTING POLICIES - continued**

**Turnover**

Turnover comprises gate receipts, television and media, sponsorship and royalties, conference banqueting and catering, retail and merchandising and invoiced sales, exclusive of value added tax. Television and media income is recognised in equal instalments during the season and gate receipt income is taken to the statement of comprehensive income when the matches are played. Sponsorship and royalties income is recognised over the life of the relevant agreements, catering and retail income is recognised upon sale of the goods.

**Accrued Income**

Income from match day activities, media and commercial contracts, which is invoiced after the period to which it relates, is treated as accrued income.

**Deferred income**

Income from match day activities, media and commercial contracts which has been invoiced prior to the period end in respect of future football seasons, is treated as deferred income.

**Intangible assets**

The costs associated with the acquisition of players' registrations are capitalised as intangible assets. Costs include transfer fees, levy fees, agents fees and other directly attributable costs. These costs are amortised from the month of purchase fully over the contract period.

Where a playing contract is extended, any costs associated with securing the extension are added to the unamortised balance (at the date of amendment) and the revised book value is amortised over the remaining revised contract life.

Where a part of the consideration payable on acquiring a player's registration is contingent on a future event, this amount is recognised once it is probable, rather than possible, that the event will occur.

Players' registrations are written down for impairment when the carrying amount exceeds the amount recoverable through use or sale.

**Tangible fixed assets and depreciation**

Tangible fixed assets are held at historic purchase cost less accumulated depreciation. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use. Depreciation has been calculated to write down the cost or valuation, less estimated residual value, of tangible fixed assets over their expected useful lives at the following rates:

Freehold property	25 - 50 years in equal annual instalments to an estimated residual value
Fixtures, fittings and equipment	3 - 10 years in equal annual instalments
Tractors	5 - 8 years in equal annual instalments
Motor vehicles	4 years in equal annual instalments

Freehold land and assets in the course of construction are not depreciated.

Costs of ongoing capital projects are held as assets under construction in the balance sheet and are transferred to the appropriate fixed asset categories upon completion.

**Grants receivable**

Grants received as a contribution towards specific expenditure on fixed assets are held in a deferred income account and recognised in the profit and loss account over the expected useful lives of the related assets. Other grants received are held in a deferred income account and recognised in the profit and loss account so as to match them with the expenditure to which they are intended to contribute.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
FOR THE PERIOD 30 APRIL 2018 TO 31 JULY 2018**

**2. ACCOUNTING POLICIES - continued**

**Inventories**

Inventories are stated at the lower of cost and estimated selling price less cost to complete and sell. Inventories are recognised as an expense in the period in which the related revenue is recognised.

Cost includes all direct costs attributable to bringing the inventory to its present location and condition.

Where necessary, provision is made for slow moving inventory.

**Taxation**

Taxation for the period comprises current and deferred tax. Tax is recognised in the Consolidated Income Statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

**Deferred tax**

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the period end and that are expected to apply to the reversal of the timing difference.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

**Foreign currencies**

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

**Pensions**

Previously employed staff of the Company are members of either the Football League Limited Players Retirement Income Scheme, a defined contribution scheme, or the Football League Pension and Life Assurance Scheme, a defined benefit scheme. The Company also contributes to individuals private pension schemes.

Pension costs relating to defined benefit schemes are charged to the profit and loss account as if they were defined contribution pension costs. This is due to the Company being unable to identify its share of the assets and liabilities of the schemes, which are held separately in administered funds.

Pension costs relating to defined contribution schemes are charged to the profit and loss account in the year to which they relate.

**Going concern**

The ultimate controlling party has indicated their willingness to continue to support the operations of the Company for the foreseeable future, which is at least, but is not limited to, twelve months from the date of these financial statements.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
FOR THE PERIOD 30 APRIL 2018 TO 31 JULY 2018**

**2. ACCOUNTING POLICIES - continued**

**Signing on fees**

Contractual amounts of fees payable to players are spread evenly over the term of the contract. In accordance with guidance from an FA Premier League working party, unamortised signing on fees are disclosed net of amounts due to players in the balance sheet. The net balance of signing on fees relating to players sold is included within the calculation of the profit or loss on disposal of players' contracts.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
FOR THE PERIOD 30 APRIL 2018 TO 31 JULY 2018**

**2. ACCOUNTING POLICIES - continued**

**Financial instruments**

The company has chosen to adopt Sections 11 and 12 of FRS 102 in respect of financial instruments.

**(i) Financial assets**

Basic financial assets, including other receivables and cash and bank balances, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction which 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.

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 assets' original effective interest rate. The impairment loss is recognised in the statement of comprehensive income.

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price.

Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publically traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Financial assets are derecognised when (i) the contractual rights to the cash flows from the asset expire or are settled, or (ii) substantially all the risks and rewards of the ownership of the asset are transferred to another party, or (iii) 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.

**(ii) Financial liabilities**

Basic financial liabilities, including trade and other payables and loans from fellow group undertakings, 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.

Debt instruments are subsequently carried at amortised cost.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

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 method.

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.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
FOR THE PERIOD 30 APRIL 2018 TO 31 JULY 2018**

**3. TURNOVER**

The turnover and profit before taxation are attributable to the one principal activity of the group.

An analysis of turnover by class of business is given below:

	£'000
Gate receipts	14
Television and media	1,463
Sponsorship and royalties	73
Conference and banqueting	95
Retail and merchandising	282
Other	2,151
	<u>4,078</u>

All sales are within the United Kingdom

**4. EMPLOYEES AND DIRECTORS**

	£'000
Wages and salaries	5,333
Social security costs	570
Other pension costs	212
	<u>6,115</u>

The average number of employees during the period was as follows:

SAFC Limited	292
SAFC Ladies Limited	4
	<u>296</u>

The average number of employees by undertakings that were proportionately consolidated during the period was 296 .

	£
Director's remuneration	<u>-</u>

**5. OPERATING PROFIT**

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

	£'000
Depreciation - owned assets	1,004
Profit on disposal of fixed assets	(1)
Players contracts amortisation	10,525
Players contracts - permanent diminution in value	12,365
Auditors remuneration	<u>29</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
FOR THE PERIOD 30 APRIL 2018 TO 31 JULY 2018

6. ACCOUNTING FOR PLAYERS CONTRACTS

Profit on disposal of players		£'000
		<u>2,799</u>
	2018	
	£'000	
Amortisation of players contracts	10,524	
Permanent diminution in value	12,365	
Exceptional item	-	
Profit on disposal of players contracts	<u>(1,094)</u>	
	<u>16,326</u>	

7. INTEREST PAYABLE AND SIMILAR EXPENSES

Bank interest	£'000
	<u>29</u>

8. TAXATION

**Analysis of the tax charge**

The tax charge on the profit for the period was as follows:

Deferred tax	£'000
Tax on profit	<u>82</u>
	<u>82</u>

**Tax effects relating to effects of other comprehensive income**

	Gross £'000	Tax £'000	Net £'000
Share capitalisation costs	<u>(6,475)</u>	<u>-</u>	<u>(6,475)</u>

The Company has considerable tax losses which are available for offset against future trading profits. A deferred tax asset has not been recognised in respect of these losses on the basis that they may only be offset against future taxable profits generated by the company. There is currently insufficient evidence that any asset would be recoverable.

9. INDIVIDUAL INCOME STATEMENT

As permitted by Section 408 of the Companies Act 2006, the Statement of Comprehensive Income of the parent company is not presented as part of these financial statements.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued**  
**FOR THE PERIOD 30 APRIL 2018 TO 31 JULY 2018**

**10. INTANGIBLE FIXED ASSETS**

Acquisitions of undertakings

On 20 May 2018 the company acquired 94% of Madrox Partners Limited share capital. Madrox Partners Limited is the parent company of a wholly owned subsidiary company Sunderland Limited, which is turn the parent company of 3 wholly owned subsidiary companies: Sunderland Association Football Club Limited, Sunderland Association Football Club Ladies Limited and 1879 Events Management Limited.

The cumulative amount of goodwill from acquisitions in the current year is £74,187,888..

The estimated net assets at the date of acquisition are started as set out below:

	Madrox Partners Limited
Unlisted investments	36,988,000
Other debtors	60
Other creditors	(36,987,060)
Net assets acquired	1,000
Non-controlling interest	7,096,333
Goodwill	74,187,888
Total consideration	<u>36,988,000</u>

**11. TANGIBLE FIXED ASSETS**

**Group**

	Freehold property £'000	Short leasehold £'000	Fixtures and fittings £'000	Totals £'000
<b>COST</b>				
At 30 April 2018	14,603	108	19,569	34,280
Additions	-	-	65	65
Disposals	(65)	(108)	-	(173)
At 31 July 2018	<u>14,538</u>	<u>-</u>	<u>19,634</u>	<u>34,172</u>
<b>DEPRECIATION</b>				
At 30 April 2018	2,217	-	17,954	20,171
Charge for period	311	-	693	1,004
At 31 July 2018	<u>2,528</u>	<u>-</u>	<u>18,647</u>	<u>21,175</u>
<b>NET BOOK VALUE</b>				
At 31 July 2018	<u>12,010</u>	<u>-</u>	<u>987</u>	<u>12,997</u>
At 29 April 2018	<u>12,386</u>	<u>108</u>	<u>1,615</u>	<u>14,109</u>



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
FOR THE PERIOD 30 APRIL 2018 TO 31 JULY 2018

12. FIXED ASSET INVESTMENTS

Group

	Unlisted investments £'000
<b>COST</b>	
At 30 April 2018	23,198
Disposals	(23,198)
At 31 July 2018	-
<b>NET BOOK VALUE</b>	
At 31 July 2018	-
At 29 April 2018	23,198

Company

	Shares in group undertakings £'000
<b>COST</b>	
Additions	1
At 31 July 2018	1
<b>NET BOOK VALUE</b>	
At 31 July 2018	1

The group or the company's investments at the Balance Sheet date in the share capital of companies include the following:

Subsidiaries

**Madrox Partners Limited**

Registered office: The Sunderland Stadium of Light, Sunderland, SR5 1SU

Nature of business: Buying and selling of own real estate

	% holding	2018 £'000
Class of shares:		
Ordinary	94.00	
Aggregate capital and reserves		1

**Sunderland Limited**

Registered office: The Sunderland Stadium of Light, Sunderland, SR5 1SU

Nature of business: Operation of sports facilities

	% holding
Class of shares:	
Ordinary	94.00

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
FOR THE PERIOD 30 APRIL 2018 TO 31 JULY 2018

12. FIXED ASSET INVESTMENTS - continued

**Sunderland Association Football Club Limited**

Registered office: The Sunderland Stadium of Light, Sunderland, SR5 1SU

Nature of business: Operation of sports facilities

Class of shares:	%
Ordinary	holding 94.00

**Sunderland Association Football Club Ladies Limited**

Registered office: Stadium of Light, Sunderland, SR5 1SU

Nature of business: Operations of sports facilities

Class of shares:	%
Ordinary	holding 94.00

**1879 Events Management Limited**

Registered office: The Sunderland Stadium of Light, Sunderland, SR5 1SU

Nature of business: Event catering activities

Class of shares:	%
Ordinary	holding 94.00

**Sunderland AFC.COM Limited**

Registered office: Sunderland Stadium of Light, Sunderland, SR5 1SU

Nature of business: Non-trading company

Class of shares:	%
Ordinary	holding 94.00

	2018	
	£'000	£'000
Aggregate capital and reserves	<u>1</u>	<u>1</u>

**SAFC.COM Plc**

Registered office: Sunderland Stadium of Light, Sunderland, SR5 1SU

Nature of business: Other amusement and recreation activities

Class of shares:	%
Ordinary	holding 94.00

	2018	
	£'000	£'000
Aggregate capital and reserves	<u>50</u>	<u>50</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
FOR THE PERIOD 30 APRIL 2018 TO 31 JULY 2018

12. **FIXED ASSET INVESTMENTS - continued**

**Sunderland Properties Plc**

Registered office: Sunderland Stadium of Light, Sunderland, SR5 1SU

Nature of business: Management of real estate

Class of shares:	% holding	2018 £'000	£'000
Ordinary	94.00	50	50
Aggregate capital and reserves		<u>50</u>	<u>50</u>

13. **INVESTMENT PROPERTY**

**Group**

Total  
£'000

**FAIR VALUE**

At 30 April 2018  
and 31 July 2018

92,775

**NET BOOK VALUE**

At 31 July 2018

92,775

At 29 April 2018

92,775

14. **STOCKS**

**Group**  
£'000  
1,408

Stocks

The amount of inventories recognised as an expense during the year was £1,745,465.  
Impairment of inventory recognised as an expense during the year was £49,248.

15. **DEBTORS**

**Group**  
£'000

Amounts falling due within one year:

Trade debtors	13,449
Other debtors	2,211
Prepayments	<u>3,906</u>
	<u>19,566</u>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
FOR THE PERIOD 30 APRIL 2018 TO 31 JULY 2018**

**15. DEBTORS - continued**

	<b>Group</b> £'000
Amounts falling due after more than one year:	
Trade debtors	<u>4,438</u>
Aggregate amounts	<u>24,004</u>

Trade debtors include transfer fees receivable from other football clubs of £16,218,262 of which £4,437,539 is receivable after more than one year.

**16. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	<b>Group</b> £'000	<b>Company</b> £'000
Trade creditors	20,137	-
Tax	21	-
Social security and other taxes	6,626	-
Other creditors	23,910	-
Directors' loan accounts	5,000	1
Accruals and deferred income	<u>27,564</u>	<u>-</u>
	<u>83,258</u>	<u>1</u>

Trade creditors include transfer fees and other associated costs in relation to the acquisition of players' registrations of £15,132,592.

**17. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	<b>Group</b> £'000
Trade creditors	3,500
Accruals and deferred income	<u>125</u>
	<u>3,625</u>

**18. LEASING AGREEMENTS**

Minimum lease payments fall due as follows:

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
FOR THE PERIOD 30 APRIL 2018 TO 31 JULY 2018

Group

Non- cancellable operating leases
£'000
158
159
3
<u>320</u>

Within one year  
Between one and five years  
In more than five years

19. PROVISIONS FOR LIABILITIES

Deferred tax

Group
£'000
<u>7,126</u>

Group

Deferred tax
£'000
81
<u>81</u>

Provided during period  
Balance at 31 July 2018

20. CALLED UP SHARE CAPITAL

Allotted and issued:

Number:	Class:	Nominal value:
100	Share capital 1	£1.00

£
<u>100</u>

100 Ordinary shares of £1.00 each were allotted at par during the period.

21. RESERVES

Group

Retained earnings
£'000

Profit for the period  
Share capitalisation costs  
At 31 July 2018

57,663
(6,475)
<u>51,188</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
FOR THE PERIOD 30 APRIL 2018 TO 31 JULY 2018

21. RESERVES - continued

Company

Retained  
earnings  
£'000

Profit for the period  
At 31 July 2018

-  
-  
=

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
FOR THE PERIOD 30 APRIL 2018 TO 31 JULY 2018**

**22. PENSION COMMITMENTS**

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

The last actuarial valuation was carried out at 31 August 2017 where the total deficit on the on-going valuation basis was £30.4 million. The key assumptions used to calculate the deficit at the 31 August 2017 actuarial valuation are:

Discount rate	Gilt Yield Curve + 2.0% per annum
RPI inflation	Bank of England Inflation Curve
	Fixed 3.0% per annum for benefits accrued prior to 6 April 1997, modelled using the RPI inflation assumption with a cap of 5.0% per annum and a floor of 3.0% per annum for benefits accrued after 6 April 1997.
Pension increases	
Mortality (pre-retirement)	None
Mortality (post-retirement)	SAPS CMI 2016, 1.5% p.a. long term improvement rate

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

The results of the 2017 valuation were rolled forward to 31 July 2018 on the same assumptions as detailed above, and the Club's notional share of the deficit was £228,547 (£87,528 as at 31 July 2017).

As at 31 July 2018, the Club was paying total contributions of £3,702 per month (increasing by 5% p.a. from 1 September 2018 and thereafter) and based on the actuarial valuation assumptions detailed above will be sufficient to pay off the deficit by 31 October 2023.

As at 31 July 2018, based on an appropriate discount rate of 1.63% per annum (1.07% per annum as at 31 July 2017), the present value of the Club's outstanding contributions (i.e. their future liability) is £259,698 (£109,595 as at 31 July 2017). This amounts to £46,459 (2017: £44,424) due within one year and £213,239 (2017: £65,171) due after more than one year and is included within other payables.

**Present Value of Defined Benefit Obligation**

	2018 £'000	2017 £'000
Present Value of Defined Benefit Obligation	260	110

**Reconciliation of Defined Benefit Obligation**

	2018 £'000	
Defined Benefit Obligation at start of year		110
Net Interest Charge (Unwinding of discount rate)		1
Club contribution (deficit contribution)		(44)
Remeasurement (changes in assumptions)		(1)
Remeasurement (change to contribution schedule)		194
Defined Benefit Obligation at end of year		260

**Income and Expenditure Impact**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
FOR THE PERIOD 30 APRIL 2018 TO 31 JULY 2018**

	2018 £'000	
Net Interest Charge (Unwinding of discount rate)		1
Remeasurement (changes in assumptions)		(1)
Remeasurement (change to contribution schedule)		0

**Assumptions**

	2018	2017
Discount Rate (based on AA Corporate Bond Yields of appropriate currency/duration)	1.63%	1.07%

The funding objective of the Trustees of the Scheme is to have sufficient assets to meet the Technical Provisions of the Scheme. In order to remove the deficit revealed at the previous actuarial valuation (dated 31 August 2017), deficit contributions are payable by all participating clubs. Payments are made in accordance with a pension contribution schedule. As the Scheme is closed to accrual, there are no additional costs associated with the accruing of members' future benefits. In the case of a club being relegated from the Football League and being unable to settle its debt then the remaining clubs may, in exceptional circumstances, have to share the deficit.

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

**23. RELATED PARTY DISCLOSURES**

**The Foundation of Light (was Sunderland AFC Foundation)**

The Foundation of Light is the registered charity of the Club. It was established in 2001.

A director of the Company during the year, is also Trustee of The Foundation of Light.

At 31 July 2018 the balance owing from The Foundation of Light to the company was £73,749 (2017 : £17,406).

During the year, the Club provided many services to The Foundation of Light free of charge, including staff time and use of the facilities. It is estimated that the gift in kind during the year is £65,365 (2017 : £571,510).

The Club invoiced The Foundation of Light during the financial year for various charges including a contribution towards the Centre of Light running costs totalling £33,606 (2017 : £33,606). The Foundation of Light raised invoices to the Club to the value of £23,806 (2017 : £96,528) during the financial year for contribution towards running costs of football development and donations.

**Kitano Capital LLC**

P M Andersson, a director of the Company during the year is also President of Kitano Capital LLC.

During the year, Kitano Capital LLC raised invoices to the Club for P M Andersson's time and travel totalling £154,729 (2017 : £175,752).

**Other Related Parties**

At 31 July 2018 the balance owing to other related parties was £1,000,000.



**24. ULTIMATE CONTROLLING PARTY**

The ultimate controlling party is S J Donald.

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