

**Company Registration No. 00123622 (England and Wales)**

**SCUNTHORPE UNITED FOOTBALL CLUB LIMITED**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 30 JUNE 2018**

## **SCUNTHORPE UNITED FOOTBALL CLUB LIMITED**

### **COMPANY INFORMATION**

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<b>Directors</b>	Mr P D Swann Mrs K L Swann Mr C Swann Mr J R Rodwell
<b>President</b>	Sir I T Botham O.B.E. (appointed 14 December 2017)
<b>Vice-Presidents</b>	K R Waters B Heywood M.B.Ch, B.F.R.C.O.G. Dr J Zacharais B.B.S. T Jacklin O.B.E. R Clemence M.B.E. J Oxenforth K Wagstaff
<b>Manager</b>	S McCall
<b>Secretary</b>	Castlegate Secretaries Limited
<b>Company number</b>	00123622
<b>Registered office</b>	Glanford Park Jack Brownsword Way Scunthorpe South Humberside DN15 8TD
<b>Auditor</b>	UHY Hacker Young 14 Park Row Nottingham NG1 6GR

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## **SCUNTHORPE UNITED FOOTBALL CLUB LIMITED**

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## **SCUNTHORPE UNITED FOOTBALL CLUB LIMITED**

### **CHAIRMAN'S STATEMENT**

**FOR THE YEAR ENDED 30 JUNE 2018**

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#### **Chairman's statement**

After starting the season well and establishing ourselves as a top 6 team we entered the early 3 months of 2018 not wanting to duplicate the poor form in this period as we did in 2017. Unfortunately, we did not learn and started to drift down the league and potentially out of the play offs. I took a very difficult decision and sacked Graham due to not only our poor run, but the way in which we were losing the matches, week in week out. I appointed the caretakers of Nick and Andy and it seemed to do the trick and we ended up in the play offs and a two-match tie against Rotherham. We didn't however progress and I believe that was down to lack of experience in the management team, which mirrored in our tactics.

Nick had only actually lost a few games in the 30 or so in temporary charge and I decided to give him a chance, even though he had never managed and give him the job permanently, with Andy as his assistant. This backfired on me a little in that I gave him too much freedom to change things and due to the lack of physical intensity in the training programme we wasted our preseason in Austria and that would tell heavily on our early performances as we started the league games. We had no intensity in our day to day training and our fitness was poor, so poor in fact we couldn't perform to the level expected and I had to make an immediate change and replace Nick. I appointed Stuart McCall who has the enviable task of rebuilding our side and we do find it an uphill battle to challenge for a playoff place, although I believe we will survive comfortably with a little investment in January 2019.

On the player front we had several of them out of contract in the coming season and a wish from 4 of these to leave and move to the championship if possible. Duane Holmes, Murray Wallace and Conor Townsend were all sold to championship sides and we received value in those transfer fees for each of those players, with Tom Hopper moving on a free to Southend as he saw out his contract into the summer.

We decided that this was the best course of events with contracts running out, players wanting to leave and the club losing out on potential finances, if they went on a free, at the end of this season.

We have been ravaged by injuries and as I am writing we are beginning to see the majority of these players returning to the team, although sadly we have lost one of our most promising signings for the whole of the season, Ryan Colclough out with a knee injury!

The development of our current site progresses well and we expect full planning determined on the new stadium design and build along with outline planning for the 160 apartments in late December 2018. We believe this is the only way for us to move forward to create a sustainable football club within the football league structure.

The club continue to fight its corner with regards claiming our costs back for the ill-fated Lincolnshire Lakes project over the coming months, which will undoubtedly come to a head in 2019.

On a final note it was a pleasure for the club to appoint Sir Ian Botham as President of the club in December 2017.

Mr P D Swann

**Chairman**

5 February 2019

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## **SCUNTHORPE UNITED FOOTBALL CLUB LIMITED**

### **STRATEGIC REPORT**

#### **FOR THE YEAR ENDED 30 JUNE 2018**

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The directors present the strategic report for the year ended 30 June 2018.

#### **Fair review of the business**

The results for the year are shown in the profit and loss account of the financial statements and are summarised below, along with information on where the club sees its self in the future.

The club continues to make losses as in previous years however, the loss before tax for 2017/18 at £4.32m is considerably better than the £5.58m 2016/17 due to the lower level of impairment of assets for the year. The income from the trading of players in the year of £0.270m (2016/17 £0.174m loss) is also a significant improvement and an indication of successful recruitment and development of players.

Turnover has increased slightly from £4.1 to £4.2m (£3.7m to £4.1m in 2016/17)

The club continues to trade in players and the success of this is shown in the recent transfers of a number of players to Championship teams. We will continue to invest and develop players as required.

The club are now pursuing planning to redevelop Glanford Park. Determination on this should be before the end of 2018. This will increase the asset value of the club.

#### **Principal risks and uncertainties**

The Board constantly monitors new developments and assesses the threats to the business by close monitoring of the sectors in which it operates.

Business Risks identified are potential reduced income from dwindling gates due to the performance of the team and local market forces.

The board ensures compliance with all relevant rules and regulations, in particular those laid down by the FA, Football League, UEFA and FIFA. Any change to the regulations of these bodies could have an impact on the company as they cover areas such as; Competition Format, Distribution of Media Income, Player eligibility and operation of the Transfer Market. The board ensures compliance with all the relevant rules and regulations, thus monitoring the impact of any potential changes.

#### **Key performance indicators**

The directors consider the following to be the key performance indicators of the club:

Turnover - £4,181,477 (2017 - £4,143,439)

Wage to turnover % - 137.0% (2017 – 131.6%)

League finishing position in relevant season – 5th in English Football League 1 (2017 – 3rd in English Football League 1)

On behalf of the board

Mr P D Swann

**Director**

5 February 2019

# **SCUNTHORPE UNITED FOOTBALL CLUB LIMITED**

## **DIRECTORS' REPORT**

### **FOR THE YEAR ENDED 30 JUNE 2018**

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The directors present their annual report and financial statements for the year ended 30 June 2018.

#### **Principal activities**

The principal activity of the company continued to be that of a English Football League club.

#### **Directors**

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

Mr P D Swann  
Mrs K L Swann  
Mr C Swann  
Mr J R Rodwell

#### **Results and dividends**

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

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

#### **Auditor**

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

#### **Statement of directors' responsibilities**

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

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

**SCUNTHORPE UNITED FOOTBALL CLUB LIMITED**

**DIRECTORS' REPORT (CONTINUED)**

**FOR THE YEAR ENDED 30 JUNE 2018**

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**Statement of disclosure to auditor**

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

On behalf of the board

Mr P D Swann

**Director**

5 February 2019

## **INDEPENDENT AUDITOR'S REPORT**

### **TO THE MEMBERS OF SCUNTHORPE UNITED FOOTBALL CLUB LIMITED**

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#### **Opinion**

We have audited the financial statements of Scunthorpe United Football Club Limited (the 'company') for the year ended 30 June 2018 which comprise the Profit and Loss Account, the Balance Sheet, the Statement of Changes in Equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 June 2018 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### **Basis for opinion**

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

#### **Conclusions relating to going concern**

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

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



## **INDEPENDENT AUDITOR'S REPORT (CONTINUED)**

### **TO THE MEMBERS OF SCUNTHORPE UNITED FOOTBALL CLUB LIMITED**

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#### **Other information**

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report 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.

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

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

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

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

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the directors' report.

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

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

#### **Responsibilities of directors**

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

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

## **INDEPENDENT AUDITOR'S REPORT (CONTINUED)**

### **TO THE MEMBERS OF SCUNTHORPE UNITED FOOTBALL CLUB LIMITED**

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#### **Auditor's responsibilities for the audit of the financial statements**

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

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

#### **Use of our report**

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

**Roger Merchant (Senior Statutory Auditor)**  
for and on behalf of UHY Hacker Young

5 February 2019

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

**SCUNTHORPE UNITED FOOTBALL CLUB LIMITED**

**PROFIT & LOSS ACCOUNT**

**FOR THE YEAR ENDED 30 JUNE 2018**

		<b>2018</b>	<b>2017</b>
	<b>Notes</b>	<b>£</b>	<b>£</b>
<b>Turnover</b>	<b>3</b>	4,181,477	4,143,439
Cost of sales		(7,828,350)	(7,410,183)
<b>Gross loss</b>		(3,646,873)	(3,266,744)
Administrative expenses		(621,562)	(591,601)
Impairment of assets in the course of construction		(58,581)	(1,332,481)
<b>Operating loss</b>	<b>4</b>	(4,327,016)	(5,190,826)
Interest receivable and similar income	<b>7</b>	229	356
Interest payable and similar expenses	<b>8</b>	(227,038)	(215,300)
Net income/(cost) of trading in players		269,368	(173,777)
<b>Loss before taxation</b>		(4,284,457)	(5,579,547)
Taxation	<b>9</b>	678,908	2,161,397
<b>Loss for the financial year</b>	<b>18</b>	(3,605,549)	(3,418,150)

The Profit And Loss Account has been prepared on the basis that all operations are continuing operations.

**SCUNTHORPE UNITED FOOTBALL CLUB LIMITED**

**BALANCE SHEET**

**AS AT 30 JUNE 2018**

	Notes	2018 £	£	2017 £	£
<b>Fixed assets</b>					
Intangible assets	10		43,544		335,737
Tangible assets	11		5,377,124		5,367,158
			<u>5,420,668</u>		<u>5,702,895</u>
<b>Current assets</b>					
Stocks	12	33,278		21,314	
Debtors	13	2,720,369		2,435,585	
Cash at bank and in hand		77,694		460,310	
		<u>2,831,341</u>		<u>2,917,209</u>	
<b>Creditors: amounts falling due within one year</b>	14	<u>(2,090,656)</u>		<u>(1,329,373)</u>	
<b>Net current assets</b>			<u>740,685</u>		<u>1,587,836</u>
<b>Total assets less current liabilities</b>			<u>6,161,353</u>		<u>7,290,731</u>
<b>Creditors: amounts falling due after more than one year</b>	15		(9,315,227)		(6,839,056)
<b>Net (liabilities)/assets</b>			<u><u>(3,153,874)</u></u>		<u><u>451,675</u></u>
<b>Capital and reserves</b>					
Called up share capital	17		8,900,000		8,900,000
Revaluation reserve	18		2,966,329		3,015,248
Other reserves	18		2,501		2,501
Profit and loss account	18		(15,022,704)		(11,466,074)
<b>Total equity</b>			<u><u>(3,153,874)</u></u>		<u><u>451,675</u></u>

The financial statements were approved by the board of directors and authorised for issue on 5 February 2019 and are signed on its behalf by:

Mr P D Swann

**Director**

**Company Registration No. 00123622**

**SCUNTHORPE UNITED FOOTBALL CLUB LIMITED**

**STATEMENT OF CHANGES IN EQUITY**

**FOR THE YEAR ENDED 30 JUNE 2018**

		Share capital	Revaluation reserve	Capital redemption reserve	Profit and loss reserves	Total
	Notes	£	£	£	£	£
<b>Balance at 1 July 2016</b>		6,700,000	3,064,167	2,501	(8,096,843)	1,669,825
<b>Year ended 30 June 2017:</b>						
Profit and loss account		-	-	-	(3,418,150)	(3,418,150)
Issue of share capital	17	2,200,000	-	-	-	2,200,000
Transfers		-	(48,919)	-	48,919	-
<b>Balance at 30 June 2017</b>		8,900,000	3,015,248	2,501	(11,466,074)	451,675
<b>Year ended 30 June 2018:</b>						
Profit and loss account		-	-	-	(3,605,549)	(3,605,549)
Transfers		-	(48,919)	-	48,919	-
<b>Balance at 30 June 2018</b>		8,900,000	2,966,329	2,501	(15,022,704)	(3,153,874)

# **SCUNTHORPE UNITED FOOTBALL CLUB LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 30 JUNE 2018**

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### **1 Accounting policies**

#### **Company information**

Scunthorpe United Football Club Limited is a private company limited by shares incorporated in England and Wales. The registered office is Glanford Park, Jack Brownsword Way, Scunthorpe, South Humberside, DN15 8TD.

#### **1.1 Accounting convention**

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

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

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of freehold properties. The principal accounting policies adopted are set out below.

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

- Section 7 'Statement of Cash Flows' – Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues' – Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values;
- Section 33 'Related Party Disclosures' – Compensation for key management personnel.

The financial statements of the company are consolidated in the financial statements of Coolsilk Limited. These consolidated financial statements are available from its registered office.

#### **1.2 Going concern**

The Company's business activities, together with factors likely to affect its future development, performance and position and are set out in the Strategic report on pages 2 and 3.

The financial statements have been drawn up on a going concern basis which assumes the continuing financial support of the parent company Coolsilk Property and Investment Limited who has confirmed that it is its present intention to provide financial support to the company for the foreseeable future.

The Directors therefore have a reasonable expectation that the company will be able to continue as a going concern for the foreseeable future.

## SCUNTHORPE UNITED FOOTBALL CLUB LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2018

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#### 1 Accounting policies

(Continued)

##### 1.3 Turnover

Turnover comprises the amounts charged to customers for tickets, English Football Association and English Football League distributions, league sponsorship and broadcasting fees, lottery income, programme sales, sponsorship, advertising, match day catering, shop sales, donations and income from the restaurant and bar, which are all excluding VAT.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

##### 1.4 Intangible fixed assets other than goodwill

The transfer fees and costs associated with the acquisition of players' registrations are capitalised as intangible fixed assets and amortised evenly over the contract period. Permanent diminutions in value below the amortised value, such as through injury or loss of form, are provided when management become aware that the deminution is permanent.

Transfer fees receivable in excess of the costs not written off are included in the calculation of profit or loss on disposal of players' contract.

##### 1.5 Tangible fixed assets

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

Tangible fixed assets are stated at cost or valuation less depreciation. Depreciation is provided at rates calculated to write off the cost or valuation less estimated residual value of each asset over its expected useful life, as follows:

Freehold land and buildings	2 - 10% straight line
Assets under construction	No depreciation
Fixtures, fittings & equipment	10 - 33% straight line
Motor vehicles	33% straight line

Freehold land is not depreciated.

## SCUNTHORPE UNITED FOOTBALL CLUB LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2018

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#### 1 Accounting policies

(Continued)

An amount equal to the excess of the annual depreciation charge on revalued assets over the notional historical cost depreciation charge of those assets is transferred annually from the revaluation reserve to the profit and loss reserve.

Assets under the course of construction are included on the balance sheet at cost and are not depreciated. This treatment is contrary to the Companies Act 2006 which states that fixed assets should be depreciated but in the opinion of the directors and in order to give a true and fair view of the financial position, these are not depreciated. At the balance sheet date the capitalised costs are for professional fees only.

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

#### 1.6 Impairment of fixed assets

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

#### 1.7 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

#### 1.8 Cash and cash equivalents

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

#### *Other financial assets*

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



## SCUNTHORPE UNITED FOOTBALL CLUB LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

#### FOR THE YEAR ENDED 30 JUNE 2018

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#### 1 Accounting policies

(Continued)

##### *Impairment of financial assets*

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

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

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

##### *Derecognition of financial assets*

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

##### *Other financial liabilities*

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

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

##### *Derecognition of financial liabilities*

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

#### 1.9 Taxation

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

## SCUNTHORPE UNITED FOOTBALL CLUB LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2018

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#### 1 Accounting policies

(Continued)

##### *Current tax*

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

##### *Deferred tax*

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

##### *Group relief*

Tax losses arising during the year have been surrendered to the parent company.

#### 1.10 Employee benefits

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

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

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

#### 1.11 Retirement benefits

The company operates a defined contribution scheme for the benefit of its employees. Contributions payable are charged to the profit and loss account in the year they are payable.

There is also a second pension scheme where certain numbers of the company's employees and ex-employees are members of the Football League Pension and Life Assurance Scheme (FLPLAS), a defined benefit scheme. As the company is one of a number of participating employers in FLPLAS, it is not possible to accrue any actuarial surplus or deficit on a meaningful basis. The assets of the scheme are held separately from those of the company, being invested with insurance companies. Under the provisions of FRS 102 the scheme is treated as a defined benefit multi-employer scheme.

#### 1.12 Leases

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

## SCUNTHORPE UNITED FOOTBALL CLUB LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2018

#### 1 Accounting policies

(Continued)

##### 1.13 Grants receivable

Asset related grants are credited to the profit and loss account over the expected useful life of that assets to which they relate. Revenue related grants are credited to the profit and loss account over the period to which they relate.

##### 1.14 Signing on fees

Contractual amounts of fees payable to players are recognised as prepayments and spread evenly over the contract period. The net balance of signing on fees relating to players sold is included within the calculation of profit or loss on disposal of players' contracts.

#### 2 Judgements and key sources of estimation uncertainty

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

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

The directors do not believe there are any material judgements or sources of estimation uncertainty that requires disclosure.

#### 3 Turnover and other revenue

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

	2018	2017
	£	£
<b>Turnover</b>		
Gate receipts and ticket sales	1,059,191	1,083,068
League central distribution	1,432,966	1,358,400
Broadcasting and internet	91,083	75,423
Programme sales and advertising	147,624	156,153
Sponsorship	269,912	263,873
Commercial	377,057	321,725
Hospitality and catering	362,943	461,054
Academy	440,701	423,743
	<u>4,181,477</u>	<u>4,143,439</u>

All turnover relates to trading in the UK.

**SCUNTHORPE UNITED FOOTBALL CLUB LIMITED****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 30 JUNE 2018****4 Operating loss**

	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
Operating loss for the year is stated after charging/(crediting):		
Grant income	12,147	12,147
Fees payable to the company's auditor for the audit of the company's financial statements	13,750	13,100
Non-audit fees payable to the company's auditor	1,100	1,050
Depreciation of owned tangible fixed assets	232,186	217,212
Profit on disposal of tangible fixed assets	(98)	-
Amortisation of intangible assets	220,466	240,833
Cost of stocks recognised as an expense	166,366	212,135
Operating lease charges	1,947	3,018
	<b>=====</b>	<b>=====</b>

**5 Employees**

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

	<b>2018</b>	<b>2017</b>
	<b>Number</b>	<b>Number</b>
Football	38	38
Ground staff	11	12
Administration	17	18
Match day casuals	96	106
Restaurants	27	26
School of excellence	27	28
Commercial	3	4
Scholars	18	18
	<b>=====</b>	<b>=====</b>
	<b>237</b>	<b>250</b>
	<b>=====</b>	<b>=====</b>

**SCUNTHORPE UNITED FOOTBALL CLUB LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 30 JUNE 2018**

**5 Employees (Continued)**

Their aggregate remuneration comprised:

	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
Wages and salaries	5,726,703	5,453,366
Social security costs	574,207	549,458
Pension costs	75,057	10,873
	<u>6,375,967</u>	<u>6,013,697</u>

**6 Directors' remuneration**

	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
Remuneration for qualifying services	188,864	189,477
Company pension contributions to defined contribution schemes	2,337	1,870
	<u>191,201</u>	<u>191,347</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 1 (2017 - 1).

**7 Interest receivable and similar income**

	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
<b>Interest income</b>		
Interest on bank deposits	229	356
	<u>229</u>	<u>356</u>

**8 Interest payable and similar expenses**

	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
On other loans	227,038	215,300
	<u>227,038</u>	<u>215,300</u>

**SCUNTHORPE UNITED FOOTBALL CLUB LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 30 JUNE 2018**

**9 Taxation**

	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
<b>Current tax</b>		
Group relief	(827,733)	(395,229)
Adjustments in respect of prior year group relief	148,825	(1,766,168)
	<u>(678,908)</u>	<u>(2,161,397)</u>

	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
Loss before taxation	(4,284,457)	(5,579,547)
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2017: 19.75%)	(814,047)	(1,102,000)
Tax effect of expenses that are not deductible in determining taxable profit	1,115	1,406
Tax effect of income not taxable in determining taxable profit	(2,235)	(2,399)
Unutilised tax losses carried forward	635,643	397,734
Adjustments in respect of prior years	148,825	(1,766,168)
Effect of change in corporation tax rate	-	340,260
Group relief	(670,464)	(317,169)
Depreciation on assets not qualifying for tax allowances	22,255	23,596
Other permanent differences	-	263,165
Unutilised qualifying charitable donations	-	178
	<u>(678,908)</u>	<u>(2,161,397)</u>

The company has estimated losses of £15,035,000 (2017 - £11,330,000) available for carry forward against future trading profits.

On the basis of these financial statements no provision has been made for Corporation Tax.

**SCUNTHORPE UNITED FOOTBALL CLUB LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 30 JUNE 2018**

**10 Intangible fixed assets**

	Cost of player registrations £
<b>Cost</b>	
At 1 July 2017	1,014,931
Additions	10,000
Disposals	(962,431)
	<hr/>
At 30 June 2018	62,500
	<hr/>
<b>Amortisation and impairment</b>	
At 1 July 2017	679,194
Amortisation charged for the year	220,466
Disposals	(880,704)
	<hr/>
At 30 June 2018	18,956
	<hr/>
<b>Carrying amount</b>	
At 30 June 2018	43,544
	<hr/>
At 30 June 2017	335,737
	<hr/>

**SCUNTHORPE UNITED FOOTBALL CLUB LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 30 JUNE 2018**

**11 Tangible fixed assets**

	Freehold land and buildings	Assets under construction	Fixtures, fittings & equipment	Motor vehicles	Total
	£	£	£	£	£
<b>Cost or valuation</b>					
At 1 July 2017	6,736,070	12,000	1,018,899	1,500	7,768,469
Additions	-	268,854	31,879	-	300,733
Impairment	-	(58,581)	-	-	(58,581)
At 30 June 2018	6,736,070	222,273	1,050,778	1,500	8,010,621
<b>Depreciation and impairment</b>					
At 1 July 2017	1,737,830	-	661,986	1,495	2,401,311
Depreciation charged in the year	117,134	-	115,047	5	232,186
At 30 June 2018	1,854,964	-	777,033	1,500	2,633,497
<b>Carrying amount</b>					
At 30 June 2018	4,881,106	222,273	273,745	-	5,377,124
At 30 June 2017	4,998,240	12,000	356,913	5	5,367,158

If revalued assets were stated on an historical cost basis rather than a fair value basis, the total amounts included would have been as follows:

	2018 £	2017 £
Cost	2,240,034	2,240,034
Accumulated depreciation	(1,267,566)	(1,224,485)
Carrying value	972,468	1,015,549

In accordance with FRS 102, the freehold land and buildings known as Glanford Park, with a historical cost of £2,240,034 (including an element of land of £85,990) was revalued to a value of £5,500,000 (including land valued at £900,000) on a depreciated replacement cost basis on 29 August 2001 by Clark Weightman Chartered Surveyors and included in the accounts as at 31 July 2001. The valuation has not been updated.

In the opinion of the directors, the current valuation is not materially different to that stated above.



**SCUNTHORPE UNITED FOOTBALL CLUB LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 30 JUNE 2018**

**12 Stocks**

	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
Stocks	33,278	21,314

**13 Debtors**

	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
Trade debtors	259,071	116,939
Amounts due from fellow group undertakings	2,214,519	2,161,397
Other debtors	413	211
Prepayments and accrued income	138,866	157,038
	<u>2,612,869</u>	<u>2,435,585</u>

**Amounts falling due after one year:**

Trade debtors	107,500	-
	<u>107,500</u>	<u>-</u>
<b>Total debtors</b>	<u>2,720,369</u>	<u>2,435,585</u>

**14 Creditors: amounts falling due within one year**

	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
Trade creditors	462,093	249,928
Taxes and social security costs	295,727	252,699
Other creditors	373,099	146,186
Accruals and deferred income	959,737	680,560
	<u>2,090,656</u>	<u>1,329,373</u>

**SCUNTHORPE UNITED FOOTBALL CLUB LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 30 JUNE 2018**

**15 Creditors: amounts falling due after more than one year**

	Notes	2018 £	2017 £
Amounts due to group undertakings	21	9,114,160	6,664,946
Defined benefit pension scheme deficit	16	93,612	54,510
Deferred grant		107,455	119,600
		<u>9,315,227</u>	<u>6,839,056</u>

Interest is charged on the related party loan at 3% above the base rate. The terms of the loan state that it is repayable as and when the company can afford to repay it.

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

Payable by instalments	65,098	75,281
	<u>65,098</u>	<u>75,281</u>

**16 Retirement benefit schemes**

	2018 £	2017 £
<b>Defined contribution schemes</b>		
Charge to profit or loss in respect of defined contribution schemes	75,057	10,873
	<u>75,057</u>	<u>10,873</u>

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

Certain members of the company's employees and ex-employees are members of the Football League Pension and Life Assurance Scheme (FLPLAS), a defined benefit pension scheme. As the company is one of a number of a participating employers in FLPLAS, it is not possible to accrue any actuarial surplus or deficit on a meaningful basis. The assets of the scheme are held separately from those of the company, being invested with insurance companies. Under the provisions of FRS 102 the scheme is treated as a defined benefit multi-employer scheme.

The scheme's actuary has advised that the participating employer's share of the underlying assets and liabilities cannot be identified on a reasonable and consistent basis, and accordingly, no disclosures are made under the provision of FRS 102. At 31 August 2017 an updated actuarial review was performed and caused the trustees to amend the outstanding deficit they agreed to be allocated to Scunthorpe United Football Club Limited to £93,612. The contribution level is £12,852 per annum from September 2018 to August 2021. As the football club is no longer accruing benefits in respect of employees, the directors have made a provision for the fair value of future contributions to be paid.

**SCUNTHORPE UNITED FOOTBALL CLUB LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 30 JUNE 2018**

**17 Share capital**

	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
<b>Ordinary share capital</b>		
<b>Issued and fully paid</b>		
445,000 Ordinary shares (2017 - 445,000) of £20 each	8,900,000	8,900,000
	<u>8,900,000</u>	<u>8,900,000</u>

**18 Reserves**

**Revaluation reserve**

This reserve was used to record increases in the fair value of tangible assets historically. The revaluation reserve is non-distributable.

**Other reserves**

This reserve records the nominal value of shares repurchased by the company.

**Profit and loss reserves**

This includes all current and prior period retained profits and losses.

**19 Financial commitments, guarantees and contingent liabilities**

There are no potential liabilities and assets in respect of the company's players trading. Due to the variable nature of these amounts it is not possible to calculate the maximum potential liability.

The company's bankers have a limited guarantee over the company.

**20 Operating lease commitments**

**Lessee**

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

	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
Within one year	808	1,947
Between two and five years	2,420	3,517
	<u>3,228</u>	<u>5,464</u>

## **SCUNTHORPE UNITED FOOTBALL CLUB LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

#### **FOR THE YEAR ENDED 30 JUNE 2018**

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#### **21 Related party transactions**

##### **Transactions with related parties**

##### **Coolsilk Property and Investment Limited**

During the year the company received a further loan of £2,449,214 (2017 - £4,580,345) from Coolsilk Property & Investment Limited. Interest paid on this facility during the year amounted to £223,003 (2017 - £210,408).

During the year the company was paid £1,775,000 (2017 - £nil) from Coolsilk Property & Investment Limited for the corporation tax group relief due.

The balance payable by the company at 30 June 2018 was £6,899,641 (2017 - £4,623,894), of which £2,214,519 relates to corporation tax group relief due to the company, £343,044 (2017 - £120,345) is included in amounts falling due within one year and £9,114,160 (2017 - £6,425,393) is included in amounts falling due after more than one year. Coolsilk Property & Investment Limited is a 100% owned subsidiary of Coolsilk Limited, the company's ultimate controlling party.

#### **22 Controlling party**

The parent company of the company is Coolsilk Property & Investment Limited, a company registered in England & Wales.

The ultimate controlling party is Coolsilk Limited, a company registered in England & Wales and parent of Coolsilk Property & Investment Limited.

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.