

Middlesbrough Football & Athletic  
Company (1986) Limited  
Annual report and financial statements  
for the year ended 30 June 2021

Registered number: 1947851



Middlesbrough Football & Athletic Company (1986) Limited  
Annual report and financial statements  
for the year ended 30 June 2021

## Contents

Directors and advisers .....	1+
Strategic report .....	2
Directors' report .....	3
Independent auditors' report .....	6
Statement of Comprehensive Income .....	10
Balance sheet .....	11
Statement of changes in equity .....	12
Statement of accounting policies .....	14
Notes to the financial statements .....	18

# **Middlesbrough Football & Athletic Company (1986) Limited**

## **Directors and advisers for the year ended 30 June 2021**

### **Directors**

S Gibson

N Bausor

### **Company secretary and registered office**

Jeremy Bloom

Riverside Stadium

Middlesbrough

England

TS3 6RS

### **Solicitors**

The Endeavour Partnership LLP

Tobias House

St Mark's Court

Teesdale Business Park

Teesside

TS17 6QW

Northridge Law LLP

The Bloomsbury Building

Holborn

London

WC1A 2SL

Womble Bond Dickinson (UK) LLP

Newcastle St Ann's

112 Quayside

Newcastle Upon Tyne

NE1 3DX

### **Bankers**

Barclays Bank Plc

Barclays House

71 Grey Street

Newcastle upon Tyne

NE99 1JP

### **Independent auditors**

BDO LLP

Central Square

29 Wellington Street

Snowhill Queensway

Leeds

LS1 4DL

# Middlesbrough Football & Athletic Company (1986) Limited

## Strategic report for the year ended 30 June 2021

The directors present their Strategic report for the Company for the year ended 30 June 2021.

### Business review

The Club competed in the Championship in the 2020/21 season. Due to the COVID19 pandemic the entire 2020/21 season was played behind closed doors, significantly impacting all revenue streams. The Club finished in 10<sup>th</sup> position in the league.

After taxation the results for the year show a loss of £27,264,000 (2020: loss of £30,474,000).

Total comprehensive loss for the year was £24,978,000 (2020: £30,474,000) following the revaluation of the stadium and training ground properties in the current year. Net liabilities have therefore increased by £24,978,000 on prior year to £116,609,000 (2020: £91,631,000).

### Principal risks and uncertainties

The management of the business and the execution of the Company's strategy are subject to a number of risks which historically have occurred around football, employees and finance related matters. Given the impact of the COVID19 pandemic in the current year this too is now considered a source of significant risk and uncertainty.

#### *Football*

The biggest risk to the Club is failing to perform competitively in the league in which it competes. This is managed by developing and recruiting a first team squad suited to the relevant league and employing a management team and support team with the requisite knowledge and experience.

#### *Finance*

The Company operates in a challenging business environment and market sector where revenue streams can fluctuate significantly depending upon team performance on the pitch and costs can be unrelated to income being generated. The Company continuously reviews the level of fixed costs incurred with a view to restricting unnecessary expense and matching costs to revenue streams to ensure the Club operates within financial regulations governed by The English Football League.

#### *COVID19 pandemic*

Government restrictions imposed on football stadia to tackle social distancing concerns have significantly hampered the Company's ability to generate income in its usual manner, both from a matchday and non-matchday perspective. The Company has been forced to significantly reduce the size and cost of the playing squad to reduce its cost base to partially offset the reduction in income. The Company will continue to monitor the financial impact of Government measures caused by the pandemic.

### Key performance indicators

Given the nature of the business the Company is of the opinion that analysis using KPIs is not necessary for an understanding of the development, performance or position of the business.

On behalf of the Board

S Gibson  
Chairman



28 February 2022

# Middlesbrough Football & Athletic Company (1986) Limited

## Directors' report for the year ended 30 June 2021

The directors present their report and the audited financial statements of the Company for the year ended 30 June 2021. The Company's registered number is 1947851.

### Principal activities

The principal activity of the Company is the operation of a professional football club.

### Directors

The directors of the Company during the year are listed below:

S Gibson (Chairman)

N Bausor (Chief Executive Officer)

On 5 July 2021, K Lamb's directorship was terminated and N Bausor was appointed as director of the Company.

### Dividends

The directors do not recommend payment of a dividend (2020: £nil).

### Future outlook

The Club continues to compete in the EFL Championship in the 2021/22 season. It will continue to keep control of operating costs and make as much income as possible available to invest in the football team. The Club will continue to strive for progression and promotion to the Premier League.

### Auditor

The auditor, BDO LLP, was appointed during the year. A resolution to reappoint BDO will be proposed in accordance with section 485 of the Companies Act 2006.

### Going concern

At 30 June 2021 the Company had net liabilities of £116,609,000 (2020: £91,631,000) and net current liabilities of £147,539,000 (2020: £137,753,000) including amounts due to group undertakings of £120,679,000 (2020: £115,899,000).

The going concern basis of the Company depends on the continuing support from The Gibson O'Neill Company Limited, the ultimate parent undertaking, which has agreed through a formal letter of support to continue to provide that support, if required, to the Company for the foreseeable future and for at least 12 months after these financial statements are approved by the directors. As such, the going concern status of the Company is linked to the going concern of the group.

The directors have carried out a review of the ultimate parent company's ability to continue as a going concern for a period of at least 12 months from the date of approval of these financial statements. Based on financial projections, the directors have concluded that adequate financial resources are available to ensure the ultimate parent company can meet its obligations as they fall due for the foreseeable future and have therefore adopted the going concern basis in preparing the financial statements.

### Post balance sheet events

#### *Player trading*

Player transfer activity in respect of senior professionals after 30 June 2021 has resulted in the following:

- Six player acquisitions/registrations
- Four players brought into the Club on season-long loans
- Two players transferred out of the Club and five players leaving the Club on expiry of their contracts
- Five players temporarily transferred out of the Club on season-long loans

# **Middlesbrough Football & Athletic Company (1986) Limited**

## **Directors' report for the year ended 30 June 2021 (continued)**

In respect of transfer fees payable/receivable for senior professionals (including loan fees, agent fees and transfer fee levy), the activity after 30 June 2021 has resulted in net expenditure of £7.8m, some of which is paid/received immediately and some of which is deferred over a number of years.

### *COVID19 pandemic*

Government restrictions imposed on football stadia to tackle social distancing concerns have been relaxed from the start of the 2021/22 season. The Company has been forced to significantly reduce the size and cost of the playing squad to reduce its cost base to partially offset the reduction in income throughout the pandemic. In addition certain liabilities, including those relating to employment taxes, were deferred. Subsequent to the year end the Company has agreed the re-profiling of the settlement of these liabilities and repayments have recommenced.

The Company will continue to monitor the financial impact of Government measures caused by the pandemic.

### **Financial risk management**

The Company's operations expose it to a variety of financial risks that include the effects of changes in liquidity risk, foreign exchange risk and credit risk.

#### *Liquidity risk*

The Company manages its liquidity risk on a daily basis through cash monitoring and cash flow forecasting to ensure that it operates within the parameters of its financial plan.

#### *Foreign exchange risk*

The Company is exposed to foreign exchange risk as a result of acquisition and disposal of player registrations. Where possible the Club minimises the use of foreign currency.

#### *Credit risk*

The Company's credit risk is primarily attributable to its trade debtors. The amounts presented in the balance sheet are shown net of provisions for impairment where it is considered the Company will not be able to collect all amounts due. The Company considers it has no significant concentration of credit risk as its exposure is spread over a large number of customers. The largest sums will be due from other football clubs as instalments for player transfer sales and these sums are protected by the Football Creditor rules.

### **Engagement with employees**

Information on matters of concern to employees is communicated on a regular basis to seek to achieve a common awareness on the part of all employees of the financial and economic factors affecting the Company's performance. The Company is committed to employment policies, which follow best practice, based on equal opportunities for all employees, irrespective of sex, race, colour, disability, marital status, age or sexual orientation. It's recognised as an Intermediate Level Premier League Equality Standard and Plan4Sport. Staff are trained in unconscious bias, disability-awareness, LGBT-awareness, and Mental Health First Aid.

### **Disabled employees**

It is the Company's policy that disabled people should receive full and fair consideration for all job vacancies for which they are suitable applicants. Employees who become disabled during their working life will be retained in employment wherever possible and will be given help with any necessary rehabilitation and retraining. The Club is prepared to modify procedures or equipment, wherever this is practicable, so that full use can be made of an individual's abilities.

# Middlesbrough Football & Athletic Company (1986) Limited

## Directors' report for the year ended 30 June 2021 (continued)

### Statement of directors' responsibilities in respect of the financial statements

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are 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.

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.

### Directors' confirmations

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

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

On behalf of the board



S Gibson  
Chairman

28 February 2022

# **Middlesbrough Football & Athletic Company (1986) Limited**

## **Independent auditors' report to the members of Middlesbrough Football & Athletic Company (1986) Limited**

### **Opinion on the financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 30 June 2021 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.

We have audited the financial statements of Middlesbrough Football & Athletic Company (1986) Limited ("the Company") for the year ended 30 June 2021 which comprise the Statement of Comprehensive Income, Statement of Financial Position and 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 Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

### **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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### *Independence*

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.

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

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

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

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



# **Middlesbrough Football & Athletic Company (1986) Limited**

## **Independent auditors' report to the members of Middlesbrough Football & Athletic Company (1986) Limited (continued)**

### **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. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

### **Other Companies Act 2006 reporting**

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

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

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

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

# **Middlesbrough Football & Athletic Company (1986) Limited**

## **Independent auditors' report to the members of Middlesbrough Football & Athletic Company (1986) Limited (continued)**

### **Responsibilities of Directors**

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

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

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

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

#### *Extent to which the audit was capable of detecting irregularities, including fraud*

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

As part of the audit we gained an understanding of the legal and regulatory framework applicable to the Company and the industry in which it operates, and considered the risk of acts by the Company that were contrary to applicable laws and regulations, including fraud. We considered the Company's compliance with laws and regulations that have a direct impact on the financial statements including, but not limited to, UK company law and UK tax legislation, and we considered the extent to which non-compliance might have a material effect on the Company financial statements.

Based on our understanding we designed our audit procedures to identify instances of non-compliance with such laws and regulations. Our procedures included reviewing the financial statement disclosures and agreeing to underlying supporting documentation where necessary. We made enquiries of management and of the Directors as to the risks of non-compliance and any instances thereof. We also addressed the risk of management override of internal controls, including testing journal entries processed during and subsequent to the year that represented a risk of material misstatement due to fraud. We specifically reviewed manual journal postings to revenue and cash to assess for any evidence of manipulation of account balances. We addressed the risk of fraud in revenue by considering the revenue recognition policy for each individual revenue stream. We

# **Middlesbrough Football & Athletic Company (1986) Limited**

## **Independent auditors' report to the members of Middlesbrough Football & Athletic Company (1986) Limited (continued)**


tested transactions in the general ledger to third party documentation to check for fictitious revenue and performed cut-off procedures to check that amounts were recorded in the correct period. We also assessed management's estimates made in the financial statements for evidence of bias. In particular we considered the appropriateness of stock valuation, intangible asset valuations, tangible assets held at valuation, depreciation and amortisation.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

### **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.

DocuSigned by:  
  
DC0D99BB4F07404...

Neil Ebdon (Senior Statutory Auditor)

For and on behalf of BDO LLP, statutory auditor

Leeds

28 February 2022

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

# Middlesbrough Football & Athletic Company (1986) Limited

## Statement of Comprehensive Income for the year ended 30 June 2021

	Note	30 June 2021	30 June 2020 (restated*)
		£'000	£'000
<b>Turnover</b>	1	<b>14,466</b>	19,393
Cost of sales		(34,218)	(35,478)
<b>Gross loss</b>		<b>(19,752)</b>	(16,085)
Administrative expenses before player amortisation and impairment		(5,407)	(5,256)
Player amortisation and impairment		(13,844)	(18,422)
Administrative expenses		(19,251)	(23,678)
Profit on sale of registrations		4,271	3,487
Other operating income	4	4,551	1,858
<b>Operating loss</b>		<b>(30,181)</b>	(34,418)
Interest payable and similar expenses	5	(646)	(1,153)
<b>Loss before taxation</b>	6	<b>(30,827)</b>	(35,571)
Tax on loss	7	3,563	5,097
<b>Loss for the financial year</b>		<b>(27,264)</b>	(30,474)
<b>Other Comprehensive Income for the Year</b>			
Unrealised surplus on property revaluation	9	5,413	-
Tax on other comprehensive income	15	(3,127)	-
<b>Total Comprehensive Loss for the Year</b>		<b>(24,978)</b>	(30,474)

All of the Company's operations are continuing

The notes on pages 18 to 32 form an integral part of these financial statements.

\*Refer to note 24.

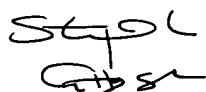
# Middlesbrough Football & Athletic Company (1986) Limited

## Balance sheet as at 30 June 2021

	Note	2021	2021	2020	2020
		£'000	£'000	(restated*) £'000	(restated*) £'000
<b>Fixed assets</b>					
Intangible assets	8		10,087		16,867
Tangible assets	9		48,768		46,254
			58,855		63,121
<b>Current assets</b>					
Stocks	10	867		966	
Debtors	11	2,095		4,524	
Cash at bank and in hand		181		167	
		3,143		5,657	
<b>Creditors: amounts falling due within one year</b>	12	(150,682)		(143,410)	
<b>Net current liabilities</b>			(147,539)		(137,753)
<b>Total assets less current liabilities</b>			(88,684)		(74,632)
<b>Creditors: amounts falling due after more than one year</b>	13		(12,705)		(3,561)
<b>Accruals and deferred income</b>	14		(15)		(42)
<b>Provisions for liabilities</b>	15		(15,205)		(13,396)
<b>Non-Current Liabilities</b>			(27,925)		(16,999)
<b>Net liabilities</b>			(116,609)		(91,631)
<b>Capital and reserves</b>					
Called up share capital	16		64,056		64,056
Capital contribution	17		26,000		26,000
Revaluation reserve	17		26,237		24,949
Profit and loss account	17		(232,902)		(206,636)
<b>Total shareholders' deficit</b>			(116,609)		(91,631)

The notes on pages 18 to 32 form an integral part of these financial statements. The financial statements on pages 10 to 32 were approved by the Board on 28 February 2022 and were signed on its behalf by:

S Gibson  
Director



Middlesbrough Football Club & Athletic Company (1986) Limited. Registered number: 1947851

# Middlesbrough Football & Athletic Company (1986) Limited

## Statement of changes in equity for the year ended 30 June 2021

	Called up share capital	Capital contribution	Revaluation reserve	Profit and Loss Account	Total equity
	£'000	£'000	£'000	£'000	£'000
<b>At 1 July 2020 (as previously stated)</b>	<b>64,056</b>	<b>26,000</b>	<b>30,802</b>	<b>(206,636)</b>	<b>(85,778)</b>
Prior year adjustment (note 24)	-	-	(5,853)	-	(5,853)
<b>At 1 July 2020 (as restated)</b>	<b>64,056</b>	<b>26,000</b>	<b>24,949</b>	<b>(206,636)</b>	<b>(91,631)</b>
<b>Comprehensive income/(expense) for the year</b>					
Loss for the financial year (as restated)	-	-	-	(27,264)	(27,264)
Revaluation gains on property	-	-	5,413	-	5,413
Taxation on other comprehensive income	-	-	(3,127)	-	(3,127)
<b>Other comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>2,286</b>	<b>-</b>	<b>2,286</b>
<b>Total comprehensive income/(expense) for the year</b>	<b>-</b>	<b>-</b>	<b>2,286</b>	<b>(27,264)</b>	<b>(24,978)</b>
Depreciation on property revaluations	-	-	(998)	998	-
<b>Balance at 30 June 2021</b>	<b>64,056</b>	<b>26,000</b>	<b>26,237</b>	<b>(232,902)</b>	<b>(116,609)</b>

# Middlesbrough Football & Athletic Company (1986) Limited

## Statement of changes in equity for the year ended 30 June 2020

	Called up share capital	Capital contribution	Revaluation reserve	Profit and Loss Account	Total equity
	£'000	£'000	£'000	£'000	£'000
<b>At 1 July 2019 (as previously stated)</b>	<b>64,056</b>	<b>26,000</b>	<b>32,034</b>	<b>(177,160)</b>	<b>(55,070)</b>
Prior period adjustment (note 24)	-	-	(6,087)	-	(6,087)
<b>At 1 July 2019 (as restated)</b>	<b>64,056</b>	<b>26,000</b>	<b>25,947</b>	<b>(177,160)</b>	<b>(61,157)</b>
<b>Comprehensive income/(expense) for the year</b>					
Loss for the financial year (as restated)	-	-	-	(30,474)	(30,474)
<b>Other comprehensive income/(expense) for the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(30,474)</b>	<b>(30,474)</b>
<b>Total comprehensive income/(expense) for the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(30,474)</b>	<b>(30,474)</b>
Depreciation on property revaluations	-	-	(998)	998	-
<b>Balance at 30 June 2020 (as restated)</b>	<b>64,056</b>	<b>26,000</b>	<b>24,949</b>	<b>(206,636)</b>	<b>(91,631)</b>

# **Middlesbrough Football & Athletic Company (1986) Limited**

## **Statement of accounting policies for the year ended 30 June 2021**

### **General information**

Middlesbrough Football & Athletic Company (1986) Limited is a company limited by share capital. Incorporated and domiciled in England, registration number 1947851.

### **Basis of accounting**

The Financial Statements have been prepared on the going concern basis under the historical cost convention modified for the revaluation of certain fixed assets, and in accordance with Financial Reporting Standard 102 (FRS 102). The Company is deemed a qualifying entity under FRS 102. On this basis its ultimate parent company has approved its eligibility for disclosure exemptions, this report excludes a cash flow statement, key management compensation disclosure and related party disclosures.

The Company has taken advantage of the following exemptions:

- from preparing a statement of cash flows, on the basis that it is a qualifying entity and the consolidated statement of cash flows, included in these financial statements, includes the Company's cash flows;
- from the requirement to present a reconciliation of the number of shares outstanding at the beginning and end of the year as required by paragraph 4.12(a)(iv); and
- The requirements of Section 11 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) and Section 12 paragraphs 12.26 (in relation to those cross referenced paragraphs from which a disclosure exemption is available), 12.27, 12.29 (a), 12.29(b) and 12.29A providing disclosures equivalent to those required by this FRS are included in the consolidated financial statements of the group in which the entity is consolidated.

### **Going concern**

At 30 June 2021 the Company had net liabilities of £116,609,000 (2020: £91,631,000) and net current liabilities of £147,539,000 (2020: £137,753,000) including amounts due to group undertakings of £120,679,000 (2020: £115,899,000).

The going concern basis of the Company depends on the continuing support from The Gibson O'Neill Company Limited, the ultimate parent undertaking, which has agreed through a formal letter of support to continue to provide that support, if required, to the Company for the foreseeable future and for at least 12 months after these financial statements are approved by the directors. As such, the going concern status of the Company is linked to the going concern of the group.

The directors have carried out a review of the ultimate parent company's ability to continue as a going concern for a period of at least 12 months from the date of approval of these financial statements. Based on financial projections, the directors have concluded that adequate financial resources are available to ensure the ultimate parent company can meet its obligations as they fall due for the foreseeable future and have therefore adopted the going concern basis in preparing the financial statements.

A summary of accounting policies, which have been applied consistently, is set out below.

### **Tangible fixed assets and depreciation**

Tangible fixed assets are stated at cost, which is their purchase cost, together with any incidental costs of acquisition, or at valuation, less accumulated depreciation. Leasehold Properties are revalued on a depreciated replacement cost basis.



# **Middlesbrough Football & Athletic Company (1986) Limited**

## **Statement of accounting policies for the year ended 30 June 2021 (continued)**

Depreciation is calculated so as to write off the cost or valuation of tangible fixed assets less their estimated residual values on a straight-line basis, over the expected useful economic lives of the assets concerned. The principal annual rates used for this purpose are:

Long leasehold buildings	2% - 10%
Fixtures, fittings, plant and machinery	2% - 20%
Land is not depreciated.	

### **Finance leases**

Leasing agreements which transfer to the Company substantially all the benefits and risks of ownership of an asset are treated as if the asset had been purchased outright. The assets are included in fixed assets and the capital element of the leasing commitment is shown as obligations under finance leases. The lease rentals are treated as consisting of capital and interest elements. The capital element is applied to reduce the outstanding obligations and the interest element is charged to the profit and loss account so as to give a constant periodic rate of charge on the remaining balance outstanding at each accounting year. Assets held under finance leases are depreciated over the shorter of the lease terms and the useful lives of equivalent owned assets.

### **Stocks**

Stocks are stated at the lower of cost and net realisable value. Cost is determined on a first-in first-out basis. Net realisable value is the price at which stocks can be sold in the normal course of business after allowing for the costs of realisation. Provision is made where necessary for obsolete, slow moving and defective stocks.

### **Grants**

Grants that relate to specific projects are treated as deferred income which is then credited to the profit and loss account over the related project's useful life. Other grants are credited to the profit and loss account when received.

### **Foreign currencies**

Transactions in foreign currencies are translated at the rate ruling at the date of the transaction except where the rate of exchange is fixed by a relevant matching forward exchange contract. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. All exchange differences are taken to the profit and loss account in the year in which they arise.

### **Turnover**

Turnover represents income receivable from the Company's principal activities and is exclusive of value added tax and gains in relation to the sale of player registrations. Matchday and Season ticket receipts are recognised over the year of the football season as games are played. The fixed element of broadcasting revenue is recognised over the duration of the football season whilst facility fees for additional live coverage and sale of merchandise are taken when earned. Merit awards are accounted for only when known at the end of the football season. Sponsorship and similar commercial income are recognised over the duration of the respective contracts.

### **Deferred taxation**

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except that a charge attributable to an item of income or expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company operates and generates taxable income.

# **Middlesbrough Football & Athletic Company (1986) Limited**

## **Statement of accounting policies for the year ended 30 June 2021 (continued)**

Deferred balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where timing differences relate to interests in subsidiaries, associates, branches and joint ventures and the group can control their reversal and such reversal is not considered probable in the foreseeable future.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred income tax is determined based on the rates expected to apply at the date of reversal, using tax rates and laws that have been enacted or substantively enacted by the reporting date.

### **Exceptional Items**

Exceptional costs incurred by the Company are separately identified in the notes to the financial statements. Exceptional items are one off costs or incomes which are material both in size and nature.

### **Compensation and loan fees**

The costs associated with the acquisition of players' registrations are capitalised as intangible fixed assets. These costs are fully amortised over the length of the respective players' initial contract. Where a playing contract is extended, the unamortised balance at the date of the amendment, together with any new costs associated with the extension is amortised over the remaining revised contract life. Provision is made for any impairment and player registrations are written down for impairment when the carrying value exceeds the amount recoverable through use or sale of the relevant income generating unit. Provision is also made for the onerous element of players' contracts where a player's registration is impaired.

Where a part of the consideration payable on acquiring a player's registration is contingent upon a future event, the amount of the consideration is recognised once the event occurs and is amortised from the date of the event. The total amount which is currently considered possible is disclosed in note 20. Profit or losses on the sale of registrations represent the compensation or loan fees receivable, net of any transaction costs, less the amortised cost of the registrations.

### **Pension costs**

The Company is making contributions in respect of its share of the deficit of the defined benefit section of the Football League Pension and Life Assurance Scheme (the "Scheme"). As the Company is one of a number of participating employers in the Scheme it is not possible to identify the Company's share of the individual assets and liabilities within the Scheme.

Under FRS102 the Scheme is a funded multi-employer defined benefit scheme and the defined benefit obligation is to be recorded at its present value set by the scheme actuary discounted at appropriate rates. The change in present value not due to contributions paid is taken to the profit and loss account in the year.

The Company also provides access to stakeholder pension plans for employees. The employer's contributions are charged to the profit and loss account in the year in which the liability to pay arises. Further details are provided in note 19.

# **Middlesbrough Football & Athletic Company (1986) Limited**

## **Statement of accounting policies for the year ended 30 June 2021 (continued)**

### **Critical estimates in applying accounting policies and key sources of estimation uncertainty**

The preparation of the financial statement requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities at the reporting date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. The following critical estimates have been applied in preparing these financial statements:

- **Players' net book value** – the cost of obtaining players' registrations are amortised evenly over the period of the representative players' contracts with no residual value. The Directors consider player impairment annually by assessing the market value less costs to sell for each individual player. The Directors also take into consideration the individual performance of the player and overall contribution towards the first team squad.
- **Property valuation** - Leasehold properties were revalued at 30 June 2021 by Montagu Evans, Chartered Surveyors, in accordance with the Appraisal and Valuation Manual of the Royal Institution of Chartered Surveyors in the United Kingdom. The Riverside Stadium and the training ground headquarters were valued on a depreciated replacement cost basis. The replacement cost for The Riverside Stadium was based on a set rate per capacity.

# Middlesbrough Football & Athletic Company (1986) Limited

## Notes to the financial statements for the year ended 30 June 2021

### 1 Turnover

Turnover is generated entirely from the Company's principal activity in the United Kingdom and is analysed as follows:

	30 June 2021 £'000	30 June 2020 £'000
Gate receipts	36	4,490
Cup competitions	29	676
Sponsorship & commercial	2,584	4,502
Broadcasting	10,096	8,347
Merchandising	1,721	1,378
<b>Total turnover</b>	<b>14,466</b>	<b>19,393</b>

### 2 Directors' emoluments

	30 June 2021 £'000	30 June 2020 £'000
Aggregate emoluments	-	2

All emoluments relate to one (2020: one) director. The other director of the entity was remunerated through another group entity and received no emoluments in respect of this entity. None of the directors are accruing benefits under the defined contribution scheme (2020: None).

# Middlesbrough Football & Athletic Company (1986) Limited

## Notes to the financial statements for the year ended 30 June 2021 (continued)

### 3 Employee information

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

	30 June 2021	30 June 2020
By activity	Number	Number
Playing staff	69	74
Other staff	129	140
	198	214

	30 June 2021	30 June 2020
	£'000	£'000
Staff costs (for the above persons):		
Wages and salaries	23,864	27,385
Social security costs	2,972	3,430
Other pension costs (note 19)	127	149
	26,963	30,964

# Middlesbrough Football & Athletic Company (1986) Limited

## Notes to the financial statements for the year ended 30 June 2021 (continued)

### 4 Other operating income

	30 June 2021 £'000	30 June 2020 £'000
Release of deferred grant income	27	114
Premier League grant income	1,185	1,163
Insurance proceeds	2,750	-
Furlough scheme	589	581
	<b>4,551</b>	<b>1,858</b>

Premier League grant income relates to the Elite Player Performance Plan and is the Premier League's contribution towards the operational costs of running a Category 1 Youth Academy.

Insurance proceeds relates to claims for business interruption caused by the COVID19 pandemic.

### 5 Interest payable and similar expenses

	30 June 2021 £'000	30 June 2020 £'000
Payable on finance leases	6	19
Other interest	640	1,134
<b>Interest payable and similar expenses</b>	<b>646</b>	<b>1,153</b>

# Middlesbrough Football & Athletic Company (1986) Limited

## Notes to the financial statements for the year ended 30 June 2021 (continued)

### 6 Loss before taxation

	30 June 2021 £'000	30 June 2020 £'000
Loss before taxation is stated after charging/(crediting):		
Depreciation charge for the year:		
- tangible owned fixed assets	3,119	3,119
- tangible fixed assets held under finance leases	14	25
Player amortisation and impairment		
-amortisation of intangible fixed assets (note 8)	12,539	18,422
-impairment of intangible fixed assets (note 8)	1,305	-
Auditors' remuneration for:		
- audit services	42	37
- other audit related services	-	7
- other services to the Company – other services relating to taxation	-	38
Amortisation of deferred grant	(27)	(114)
Premier League grant income	(1,185)	(1,163)
Insurance proceeds	(2,750)	-
Furlough scheme	(589)	(581)

# Middlesbrough Football & Athletic Company (1986) Limited

## Notes to the financial statements for the year ended 30 June 2021 (continued)

### 7 Tax on loss

#### (a) Analysis of tax charge in the year

	30 June 2021	30 June 2020 (restated*)
	£'000	£'000
<b>Current tax</b>		
UK corporation tax on profits for the period	(4,762)	(5,605)
Adjustments in respect of prior years	2,518	192
<b>Total current tax credit</b>	<b>(2,244)</b>	<b>(5,413)</b>
<b>Deferred tax</b>		
Origination and reversal of timing differences	(1,193)	(255)
Adjustments in respect of prior years	(1,676)	(225)
Effect of changes in tax rates	1,550	796
<b>Total deferred tax charge (note 15)</b>	<b>(1,319)</b>	<b>316</b>
<b>Tax credit on loss</b>	<b>(3,563)</b>	<b>(5,097)</b>

\*Refer to note 24.



# Middlesbrough Football & Athletic Company (1986) Limited

## Notes to the financial statements for the year ended 30 June 2021 (continued)

### 7 Tax on loss (continued)

#### (b) Factors affecting tax charge for the year

The tax assessed for the year is higher (2020: higher) than the standard rate of corporation tax in the UK of 19.00% (2020: 19.00%). The differences are explained below:

	30 June 2021	30 June 2020 (restated*)
	£'000	£'000
<b>Loss before taxation</b>	<b>(30,827)</b>	<b>(35,571)</b>
Loss multiplied by standard rate of corporation tax in the UK of 19.00% (2020: 19.00%)	(5,857)	(6,758)
<i>Effects of:</i>		
Expenses not deductible for tax purposes	(96)	873
Gains, rollover relief etc	(1)	25
Tax rate changes	1,550	796
Adjustments from previous periods	841	(33)
<b>Total tax credit for the year</b>	<b>(3,563)</b>	<b>(5,097)</b>

In the Spring Budget 2021, the Government announced that from 1 April 2023 the corporation tax rate will increase to 25%. The proposed increase in the corporation tax rate was substantively enacted on 24 May 2021 and therefore a corporation tax rate of 25% has been used to measure deferred tax assets and liabilities where applicable.

\*Refer to note 24.

# Middlesbrough Football & Athletic Company (1986) Limited

## Notes to the financial statements for the year ended 30 June 2021 (continued)

### 8 Intangible assets

	Transfer fees paid for players' contracts £'000
<b>Cost</b>	
At 1 July 2020	58,258
Additions	7,064
Disposals	(34,116)
<b>At 30 June 2021</b>	<b>31,206</b>
<b>Accumulated amortisation and impairment</b>	
At 1 July 2020	41,391
Charge for the year	12,539
Impairment	1,305
Disposals	(34,116)
<b>At 30 June 2021</b>	<b>21,119</b>
<b>Net book amount</b>	
<b>At 30 June 2021</b>	<b>10,087</b>
At 30 June 2020	16,867

# Middlesbrough Football & Athletic Company (1986) Limited

## Notes to the financial statements for the year ended 30 June 2021 (continued)

### 9 Tangible assets

	Long leasehold land and buildings £'000	Fixtures, fittings, plant and machinery £'000	Total £'000
<b>Cost or valuation</b>			
At 1 July 2020	86,932	6,458	93,390
Additions	84	150	234
Revaluation	4,040	-	4,040
<b>At 30 June 2021</b>	<b>91,056</b>	<b>6,608</b>	<b>97,664</b>
<b>Accumulated depreciation</b>			
At 1 July 2020	41,603	5,533	47,136
Charge for the year	2,656	477	3,133
Revaluation	(1,373)	-	(1,373)
<b>At 30 June 2021</b>	<b>42,886</b>	<b>6,010</b>	<b>48,896</b>
<b>Net book amount</b>			
<b>At 30 June 2021</b>	<b>48,170</b>	<b>598</b>	<b>48,768</b>
At 30 June 2020	45,329	925	46,254

Cumulative finance costs capitalised included in the total cost above amounts to £483,000 (2020: £483,000).

Included in the net book value of fixtures, fittings, plant and machinery is an amount of £225,000 (2020: £239,000) in respect of assets held under finance leases.

Leasehold properties were revalued at 30 June 2021 by Montagu Evans, Chartered Surveyors, in accordance with the Appraisal and Valuation Manual of the Royal Institution of Chartered Surveyors in the United Kingdom. The Riverside Stadium and the training headquarters were valued on a depreciated replacement cost basis.

# Middlesbrough Football & Athletic Company (1986) Limited

## Notes to the financial statements for the year ended 30 June 2021 (continued)

### 9 Tangible assets (continued)

If long leasehold land and buildings had not been revalued, they would have been included at the following amounts:

	2021	2020
	£'000	£'000
Cost	38,133	38,049
Aggregate depreciation	(24,947)	(23,524)
Net book amount	13,186	14,525

### 10 Stocks

	2021	2020
	£'000	£'000
Finished goods and goods for resale	867	966

The difference between purchase price or production cost of stocks another replacement cost is not material.

Stock recognised in the income statement during the year is an expense of £1,006,000 (2020: £1,318,000). This includes stock impairment of £nil (2020: £nil).

# Middlesbrough Football & Athletic Company (1986) Limited

## Notes to the financial statements for the year ended 30 June 2021 (continued)

### 11 Debtors

	2021	2020
	£'000	£'000
Trade debtors	919	623
Compensation and loan fees receivable	150	2,100
Taxation and social security	22	203
Other debtors	218	844
Prepayments and accrued income	786	754
	<b>2,095</b>	<b>4,524</b>

Impairment for trade debtors in the year is £nil (2020: £nil).

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

	2021	2020
	£'000	£'000
Trade creditors	1,932	2,602
Amounts owed to group undertakings	120,679	115,899
Compensation and loan fees payable	4,668	6,236
Other loans	2,971	-
Taxation and social security	11,997	11,717
Other creditors	1,191	1,475
Deferred income	5,649	3,883
Accruals	1,595	1,598
	<b>150,682</b>	<b>143,410</b>

The amounts owed to Group undertakings are interest free and repayable on demand however a signed letter of support has been obtained which states that the loans will not be recalled within 12 months of the signing of these financial statements.

Other loans comprises payments expected over the following 12 months in respect of loans from The Football League Limited, the terms of which are presented in note 13.

# Middlesbrough Football & Athletic Company (1986) Limited

## Notes to the financial statements for the year ended 30 June 2021 (continued)

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

	2021	2020
	£'000	£'000
Compensation and loan fees payable	2,477	1,726
Other loans	4,901	-
Taxation and social security	5,022	1,111
Other creditors	305	724
	12,705	3,561

Other loans comprises loans from The Football League Limited which have been extended on an interest-free basis. These loans are expected to be settled through a reduction in future solidarity receipts. At the balance sheet date, a total of £7,872,750 had been advanced to the Company. Repayments are due on a six-monthly basis with final settlement due on 24 April 2024.

The directors anticipate that the repayments will be made through a reduction in solidarity payment receipts from The Football League Limited. The directors' judgement is that the loans are akin to advanced receipt of income and, on the basis that deferred income is not discounted, the loans are accounted for at nil interest, with no initial gain or loss, and no interest expense recognised in the statement of comprehensive income.

### 14 Accruals and deferred income

	2021	2020
	£'000	£'000
<b>Grants</b>		
At 1 July	42	156
Amortised in year	(27)	(114)
<b>At 30 June</b>	<b>15</b>	<b>42</b>

The grants relate to Football Trust grants provided for the development of disabled and community facilities within the stadium.

# Middlesbrough Football & Athletic Company (1986) Limited

## Notes to the financial statements for the year ended 30 June 2021 (continued)

### 15 Provisions for liabilities

The amounts provided for deferred taxation are as follows:

	2021	2020
		(restated*)
	£'000	£'000
Accelerated capital allowances	8,867	6,268
Short term timing differences	6,338	7,128
	15,205	13,396

#### Movement

At 1 July (as restated*)	13,396	13,081
Adjustment in respect of prior years (note 7)	(1,676)	(225)
Charged to the profit and loss account (note 7)	358	540
Charged to other comprehensive income	3,127	-
At 30 June	15,205	13,396

\*Refer to note 24.

### 16 Called-up share capital

	2021	2020
	£'000	£'000
<b>Authorised</b>		
64,056,000 (2020: 64,056,000) ordinary shares of £1 each	64,056	64,056
<b>Allotted, issued, called up and fully paid</b>		
64,056,000 (2020: 64,056,000) ordinary shares of £1 each	64,056	64,056

# **Middlesbrough Football & Athletic Company (1986) Limited**

## **Notes to the financial statements for the year ended 30 June 2021 (continued)**

### **17 Reserves**

#### **Capital contribution**

Capital contribution by the parent company, Middlesbrough Football & Athletic Company Holdings Limited.

#### **Revaluation reserve**

The revaluation reserve is in relation to the increase in leasehold property valuations which have been valued on a depreciated replacement cost basis.

#### **Profit and loss account**

The profit and loss account represents cumulative profits or losses, net of dividends paid and other adjustments.

### **18 Related party transactions**

The Company has taken advantage of the exemption in Section 33.1A of FRS 102 from the requirement to disclose transactions with its parents and fellow subsidiaries on the grounds that it is a wholly owned subsidiary of a group headed by The Gibson O'Neill Company Limited, whose financial statements are publicly available.

There are no further related party transactions which fall to be disclosed under the Financial Reporting Standards (FRS 102 paragraph 33.1).

The Company considers all members of key management to be the directors. Their remuneration is disclosed in note 2.

### **19 Pensions**

Middlesbrough 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 Scheme's actuary has advised that the participating employer's share of the underlying assets and liabilities of the Scheme cannot be identified on a reasonable and consistent basis and, accordingly, it has been accounted for by the Company as if they were paid to a defined contribution scheme.

The last actuarial valuation was carried out at 1 September 2020. The results of the 2020 valuation demonstrated an overall increase in scheme deficit, to be shared across its members. On the basis of this valuation and contributions thereafter, the Club's notional share of the deficit was £368,000 as at 30 June 2021 (£297,000 as at 30 June 2020). The Club pays total contributions of £67,000 per annum increasing by 5.0% per annum, which will be sufficient to pay off the deficit by 2026.



# **Middlesbrough Football & Athletic Company (1986) Limited**

## **Notes to the financial statements for the year ended 30 June 2021 (continued)**

The Company also provides access to stakeholder pension plans for employees. The employer's contributions are charged to the profit and loss account in the year in which the liability to pay arises.

The total pension cost for the Company for the year, across all schemes, was £127,000 (2020: £149,000).

### **20 Contingent liabilities and assets**

Under the terms of certain contracts for the purchase of players' registrations, future payments may be due to third parties, dependent upon the success of the team or individual players. At the balance sheet date, the maximum contingent liability was £5,600,000 (2020: £6,300,000).

Any additional fees which may become payable or receivable under these agreements will be accounted for in the year that the event occurs.

### **21 Post balance sheet events**

#### *Player trading*

Player transfer activity in respect of senior professionals after 30 June 2021 has resulted in the following:

- Six player acquisitions/registrations
- Four players brought into the Club on season-long loans
- Two players transferred out of the Club and five players leaving the Club on expiry of their contracts
- Five players temporarily transferred out of the Club on season-long loans

In respect of transfer fees payable/receivable for senior professionals (including loan fees, agent fees and transfer fee levy), the activity after 30 June 2021 has resulted in net expenditure of £7.8m, some of which is paid/received immediately and some of which is deferred over a number of years.

#### *COVID19 pandemic*

Government restrictions imposed on football stadia to tackle social distancing concerns have been relaxed from the start of the 2021/22 season. The Company has been forced to significantly reduce the size and cost of the playing squad to reduce its cost base to partially offset the reduction in income throughout the pandemic. In addition certain liabilities, including those relating to employment taxes, were deferred. Subsequent to the year end the Company has agreed the re-profiling of the settlement of these liabilities and repayments have recommenced.

The Company will continue to monitor the financial impact of Government measures caused by the pandemic.

# **Middlesbrough Football & Athletic Company (1986) Limited**

## **Notes to the financial statements for the year ended 30 June 2021 (continued)**

### **22 Immediate and ultimate parent undertaking**

The immediate parent undertaking is Middlesbrough Football & Athletic Company Holdings Limited.

The ultimate parent undertaking is The Gibson O'Neill Company Limited, a private company registered in Middlesbrough, England.

The Gibson O'Neill Company Limited is the parent undertaking of the smallest and largest group of undertakings to consolidate these financial statements at 30 June 2021. The consolidated financial statements of The Gibson O'Neill Company Limited are available from the Company secretary at Brignell Road, Riverside Park Industrial Estate, Middlesbrough, TS2 1PS.

### **23 Ultimate controlling party**

S Gibson, Chairman of the Company, is the ultimate controlling party by virtue of his 75% holding in the shares of The Gibson O'Neill Company Limited, the ultimate parent undertaking.

### **24 Prior year adjustment**

The Company has made the following adjustment in order to comply with the accounting policies set out in the notes to the financial statements:

#### **Deferred tax liability arising on property revaluations**

The directors have considered the timing differences arising in respect of property revaluations and concluded that the timing differences gives rise to a deferred tax liability that was previously unrecorded at both the prior year end and in the opening equity of the prior year.

The effect of this adjustment is that:

- At 1 July 2019, the revaluation reserve is reduced by £6,087,000 to £25,947,000;
- The loss after tax for the prior year has reduced by £234,000 to £30,474,000 as a result of a reduction in the deferred tax charge for the year;
- The transfer within the prior year statement of change in equity between the revaluation reserve and profit and loss account is reduced by £234,000 to £998,000; and
- At 30 June 2020 deferred tax liabilities have increased by £5,853,000 to £13,396,000 and the revaluation reserve has reduced by the same amount to £24,949,000.