

Registration number: 02395863

Newport Association Football Club Limited

Annual Report and Audited Financial Statements

for the Year Ended 30 June 2017

HSJ Audit Limited
Chartered Accountants and Statutory Auditor
Severn House
Hazell Drive
Newport
South Wales
NP10 8FY

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Newport Association Football Club Limited

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Newport Association Football Club Limited

Company Information

Chairman Mr G J Foxall

Directors Mr K D Ward
Mr M L Everett
Mr M B Crook
Mr R H Santwris
Mr R A Courtney
Mr N S Collier
Mr R G Herrin
Mr C T Faulkner
Mr G J Foxall
Mr P L Madigan
Mr S E Johnson
Mr S J Sadler

Company secretary Mr N Stephenson

Registered office Newport Stadium Newport International Sports Village
Spytty Boulevard
Newport
South Wales
NP19 4RA

Auditors HSJ Audit Limited
Chartered Accountants and Statutory Auditor
Severn House
Hazell Drive
Newport
South Wales
NP10 8FY

Newport Association Football Club Limited

Directors' Report for the Year Ended 30 June 2017

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

Directors of the company

The directors who held office during the year were as follows:

Mr M L Everett (appointed 18 July 2016)

Mr N S Collier (appointed 18 July 2016)

Mr A N Pring (resigned 19 August 2016)

Mr G J Foxall - Chairman

Mr S E Johnson

Mr S J Sadler

Mr J W Bowkett (resigned 27 July 2016)

Mr C V Hopkins (appointed 1 July 2016 and Resigned 26 October 2017)

Mr M S Temple (appointed 18 July 2016 and Resigned 28 September 2017)

The following directors were appointed after the year end:

Mr K D Ward (appointed 9 February 2018)

Mr M B Crook (appointed 10 August 2017)

Mr R H Santwris (appointed 9 February 2018)

Mr R A Courtney (appointed 9 February 2018)

Mr R G Herrin (appointed 9 February 2018)

Mr C T Faulkner (appointed 9 February 2018)

Mr P L Madigan (appointed 10 August 2017)

Principal activity

The principal activity of the company is the running of a professional football club.

Disclosure of information to the auditors

Each director has taken 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. The directors confirm that there is no relevant information that they know of and of which they know the auditors are unaware.

Small companies provision statement

This report has been prepared in accordance with the special provisions relating to companies subject to the small companies regime within Part 15 of the Companies Act 2006.

Approved by the Board on 10 April 2018 and signed on its behalf by:



Mr G J Foxall
Chairman

Newport Association Football Club Limited

Statement of Directors' Responsibilities

The directors acknowledge their responsibilities 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 apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006 and in accordance with FRS 102 Section 1A The Financial Reporting Standard. 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.

Newport Association Football Club Limited

Independent Auditor's Report to the Members of Newport Association Football Club Limited

Opinion

We have audited the financial statements of Newport Association Football Club Limited (the 'company') for the year ended 30 June 2017, which comprise the Profit and Loss Account, Statement of Comprehensive Income, Balance Sheet, 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 Section 1A 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

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.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 June 2017 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

Other information

The 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.

Newport Association Football Club Limited

Independent Auditor's Report to the Members of Newport Association Football Club Limited

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

We have nothing to report in this regard.

Opinion on other matter prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in 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; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the Directors' Report and from the requirement to prepare a Strategic Report.

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities [set out on page 3], 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.

Newport Association Football Club Limited

Independent Auditor's Report to the Members of Newport Association Football Club Limited

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



Mr Robyn Hughes (Senior Statutory Auditor)
For and on behalf of HSJ Audit Limited, Statutory Auditor

Severn House
Hazell Drive
Newport
South Wales
NP10 8FY

10 April 2018

Newport Association Football Club Limited

Profit and Loss Account for the Year Ended 30 June 2017

	Note	Total 30 June 2017 £	Total 30 June 2016 £
Turnover		2,317,270	2,036,465
Administrative expenses		(2,693,159)	(2,404,803)
Other operating income		<u>5,503</u>	<u>7,823</u>
Operating loss		(370,386)	(360,515)
Profit/(loss) on disposal of player acquisition costs		41,543	723,000
Amortisation of player acquisition costs		<u>(22,613)</u>	<u>(21,807)</u>
Profit/(loss) on ordinary activities before investment income and interest		(351,456)	340,678
Interest payable and similar expenses		<u>-</u>	<u>(1,156)</u>
(Loss)/profit before tax	5	<u>(351,456)</u>	<u>339,522</u>
(Loss)/profit for the financial year		<u>(351,456)</u>	<u>339,522</u>

The above results were derived from continuing operations.

The company has no recognised gains or losses for the year other than the results above.

The notes on pages 11 to 17 form an integral part of these financial statements..

Newport Association Football Club Limited

Statement of Comprehensive Income for the Year Ended 30 June 2017

	2017	2016
	£	£
(Loss)/profit for the year	<u>(351,456)</u>	<u>339,522</u>
Total comprehensive income for the year	<u><u>(351,456)</u></u>	<u><u>339,522</u></u>

The notes on pages 11 to 17 form an integral part of these financial statements.

Newport Association Football Club Limited


(Registration number: 02395863)

Balance Sheet as at 30 June 2017

	Note	2017 £	2016 £
Fixed assets			
Intangible assets	6	3,600	22,613
Tangible assets	7	89,333	87,602
		<u>92,933</u>	<u>110,215</u>
Current assets			
Stocks	8	4,806	16,822
Debtors	9	126,743	105,181
Cash at bank and in hand		14,309	274,628
		<u>145,858</u>	<u>396,631</u>
Creditors: Amounts falling due within one year	10	<u>(516,101)</u>	<u>(427,197)</u>
Net current liabilities		<u>(370,243)</u>	<u>(30,566)</u>
Total assets less current liabilities		<u>(277,310)</u>	<u>79,649</u>
Creditors: Amounts falling due after more than one year	10	<u>(268,582)</u>	<u>(510,485)</u>
Net liabilities		<u>(545,892)</u>	<u>(430,836)</u>
Capital and reserves			
Called up share capital	11	2,688,420	2,452,020
Profit and loss account		<u>(3,234,312)</u>	<u>(2,882,856)</u>
Total equity		<u>(545,892)</u>	<u>(430,836)</u>

These financial statements have been prepared in accordance with the special provisions relating to companies subject to the small companies regime within Part 15 of the Companies Act 2006.

Approved and authorised by the Board on 10 April 2018 and signed on its behalf by:

.....

Mr G J Foxall
Chairman

The notes on pages 11 to 17 form an integral part of these financial statements.

Newport Association Football Club Limited

Statement of Changes in Equity for the Year Ended 30 June 2017

	Share capital £	Profit and loss account £	Total £
At 1 July 2016	<u>2,452,020</u>	<u>(2,882,856)</u>	<u>(430,836)</u>
Loss for the year	<u>-</u>	<u>(351,456)</u>	<u>(351,456)</u>
Total comprehensive income	-	(351,456)	(351,456)
New share capital subscribed	<u>236,400</u>	<u>-</u>	<u>236,400</u>
At 30 June 2017	<u><u>2,688,420</u></u>	<u><u>(3,234,312)</u></u>	<u><u>(545,892)</u></u>

	Share capital £	Profit and loss account £	Total £
At 1 July 2015	<u>2,452,020</u>	<u>(3,222,378)</u>	<u>(770,358)</u>
Profit for the year	<u>-</u>	<u>339,522</u>	<u>339,522</u>
Total comprehensive income	-	339,522	339,522
At 30 June 2016	<u><u>2,452,020</u></u>	<u><u>(2,882,856)</u></u>	<u><u>(430,836)</u></u>

The notes on pages 11 to 17 form an integral part of these financial statements.

Newport Association Football Club Limited

Notes to the Financial Statements for the Year Ended 30 June 2017

1 General information

The company registration number is: 02395863

The company is a private company limited by share capital incorporated in England and Wales.

The address of its registered office is:

Newport Stadium Newport International Sports Village

Spytty Boulevard

Newport

South Wales

NP19 4RA

Wales

These financial statements were authorised for issue by the Board on 10 April 2018.

2 Accounting policies

Summary of significant accounting policies and key accounting estimates

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

Statement of compliance

These financial statements have been prepared in accordance with Financial Reporting Standard 102 Section 1A - 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Companies Act 2006.

Basis of preparation

These financial statements have been prepared using the historical cost convention except that as disclosed in the accounting policies certain items are shown at fair value.

Going concern

The financial statements have been prepared on a going concern basis.

During the 2016/17 season, the Club experienced poor performances both on and off the field which have resulted in a loss for the year ended 30 June 2017. The Board have prepared financial forecasts for the year ended 30 June 2018 and following the successful FA Cup run by the Club in this years' competition and with the likelihood of remaining in the Football League, the Board anticipate the Club will make a profit for the coming financial period.

The Board have also prepared strict budgets for the 2018/19 season with a view to reducing unnecessary costs and increasing revenue streams into the Club. The Board believes that these measures will ensure that the Club will continue to operate within its banking facilities going forward.

Consequently, the Board consider that the Going Concern basis remains appropriate in preparing these financial statements.

Newport Association Football Club Limited

Notes to the Financial Statements for the Year Ended 30 June 2017

Revenue recognition

Turnover represents amounts derived from ordinary activities, and is stated net of Value Added Tax.

Income is recognised as follows:-

- gate receipts, retail sales - at point of sale
- central funding, commercial income, grant income - over the time period to which it relates
- transfer fees - at point of entitlement in accordance with the transfer agreement
- donations - at point of receipt unless stipulated by the donor

Tangible assets

Tangible assets are stated in the statement of financial position at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

The cost of tangible assets includes directly attributable incremental costs incurred in their acquisition and installation.

Depreciation

Depreciation is charged so as to write off the cost of assets, other than land and properties under construction over their estimated useful lives, as follows:

Asset class	Depreciation method and rate
Plant and equipment	on a straight-line basis over five or ten years
Improvements to leasehold premises	on a straight-line basis over ten years

Goodwill

Player acquisition costs are capitalised as intangible fixed assets and comprise the transfer fees, transfer levies, and agents' fees arising on registration.

These capitalised costs are amortised on a straight-line basis over the duration of each of the players' contracts. Where a player's contract is extended, amortisation is recomputed over the longer contract period, from the date on which the extended contract is signed.

Where the carrying value of a player's acquisition costs are regarded as impaired (for instance, by injury), these costs are written down to the value regarded as recoverable through usage or sale.

Any gain or loss arising on the sale of a player registration is calculated in the same way as for any other fixed asset.

Where a portion of an agreed transfer fee is conditional on future performance criteria (for instance, a given number of first team performances), that portion of the transfer fee is recognised only when its realisation becomes certain.

Amortisation

Amortisation is provided on intangible assets so as to write off the cost, less any estimated residual value, over their useful life as follows:

Asset class	Amortisation method and rate
Player acquisition costs	on a straight-line basis over the duration of the players' contracts

Newport Association Football Club Limited

Notes to the Financial Statements for the Year Ended 30 June 2017

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

Trade debtors

Trade debtors are amounts due from customers for merchandise sold or services performed in the ordinary course of business.

Trade debtors are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for the impairment of trade debtors is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivables.

Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost is determined using the first-in, first-out (FIFO) method.

The cost of finished goods and work in progress comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. At each reporting date, stocks are assessed for impairment. If stocks are impaired, the carrying amount is reduced to its selling price less costs to complete and sell; the impairment loss is recognised immediately in profit or loss.

Trade creditors

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if the company does not have an unconditional right, at the end of the reporting period, to defer settlement of the creditor for at least twelve months after the reporting date. If there is an unconditional right to defer settlement for at least twelve months after the reporting date, they are presented as non-current liabilities.

Trade creditors are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

Borrowings

Interest-bearing borrowings are initially recorded at fair value, net of transaction costs. Interest-bearing borrowings are subsequently carried at amortised cost, with the difference between the proceeds, net of transaction costs, and the amount due on redemption being recognised as a charge to the Profit and Loss Account over the period of the relevant borrowing.

Interest expense is recognised on the basis of the effective interest method and is included in interest payable and similar charges.

Borrowings are classified as current liabilities unless the company has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

Share capital

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

Newport Association Football Club Limited

Notes to the Financial Statements for the Year Ended 30 June 2017

3 Staff numbers

The average number of persons employed by the company (including directors) during the year, was 86 (2016 - 84).

4 Auditors' remuneration

	2017 £	2016 £
Audit of the financial statements	<u>4,950</u>	<u>4,800</u>

5 Loss/profit before tax

Arrived at after charging/(crediting)

	2017 £	2016 £
Depreciation expense	<u>12,937</u>	<u>26,365</u>

6 Intangible assets

	Player acquisition costs £	Total £
Cost or valuation		
At 1 July 2016	54,920	54,920
Additions acquired separately	<u>3,600</u>	<u>3,600</u>
At 30 June 2017	<u>58,520</u>	<u>58,520</u>
Amortisation		
At 1 July 2016	32,307	32,307
Amortisation charge	<u>22,613</u>	<u>22,613</u>
At 30 June 2017	<u>54,920</u>	<u>54,920</u>
Carrying amount		
At 30 June 2017	<u>3,600</u>	<u>3,600</u>
At 30 June 2016	<u>22,613</u>	<u>22,613</u>

Player acquisition costs comprise the transfer fees, transfer levies, and agents' fees arising on registration.

Newport Association Football Club Limited

Notes to the Financial Statements for the Year Ended 30 June 2017

7 Tangible assets

	Improvements to leasehold premises £	Other property, plant and equipment £	Total £
Cost or valuation			
At 1 July 2016	92,992	27,350	120,342
Additions	-	14,667	14,667
At 30 June 2017	92,992	42,017	135,009
Depreciation			
At 1 July 2016	27,688	5,052	32,740
Charge for the year	9,299	3,637	12,936
At 30 June 2017	36,987	8,689	45,676
Carrying amount			
At 30 June 2017	56,005	33,328	89,333
At 30 June 2016	65,304	22,298	87,602

Included within the net book value of land and buildings above is £56,004 (2016 - £65,304) in respect of long leasehold land and buildings.

8 Stocks

	2017 £	2016 £
Other inventories	4,806	16,822

9 Debtors

	2017 £	2016 £
Trade debtors	114,016	49,066
Other debtors	12,727	56,115
	126,743	105,181

Newport Association Football Club Limited

Notes to the Financial Statements for the Year Ended 30 June 2017

10 Creditors

	Note	2017 £	2016 £
Due within one year			
Bank loans and overdrafts	12	42,000	93,000
Trade creditors		76,828	75,224
Deferred government grants		5,503	5,503
Taxation and social security		127,839	76,210
Other creditors		887	4,905
Accrued expenses		263,044	172,355
		<u>516,101</u>	<u>427,197</u>
Due after one year			
Loans and borrowings	12	241,067	477,467
Deferred government grants		27,515	33,018
		<u>268,582</u>	<u>510,485</u>

11 Share capital

Allotted, called up and fully paid shares

	2017		2016	
	No.	£	No.	£
Ordinary of £10 each	<u>268,842</u>	<u>2,688,420</u>	<u>245,202</u>	<u>2,452,020</u>

New shares allotted

During the year 23,640 Ordinary having an aggregate nominal value of £236,400 were allotted for an aggregate consideration of £236,400.

Newport Association Football Club Limited

Notes to the Financial Statements for the Year Ended 30 June 2017

12 Loans and borrowings

	2017 £	2016 £
Non-current loans and borrowings		
Other borrowings	<u>241,067</u>	<u>477,467</u>
	2017 £	2016 £
Current loans and borrowings		
Other borrowings	<u>42,000</u>	<u>93,000</u>

Other borrowings

Other loans and borrowings represent loans made by former directors of the company and amounts owed to a related party company. These amounts are unsecured, interest free and will be repaid within 5 years.

13 Related party transactions

Summary of transactions with other related parties

Relationship: Controlling Shareholder

During the year the company received loans from the related party company that were unsecured, interest free and repayable on demand. At the balance sheet date the amount due to the related party company was £40,067 (2016 - £236,467).

14 Transition to FRS 102

These financial statements for the year ended 30 June 2017 are the first financial statements that comply with FRS 102 Section 1A small entities. The date of transition is 1 July 2015.

The transition to FRS 102 Section 1A small entities has resulted in no changes to the accounting policies to those used previously. There were also no restatements or remeasurements required to the profit and loss account or the balance sheet for the previous or current accounting periods.