

Registered number: 06632170

AFC BOURNEMOUTH LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020

AFC BOURNEMOUTH LIMITED

CONTENTS

	Page(s)
Company Information	1
Strategic Report	2 - 5
Directors' Report	6 - 9
Independent Auditors' Report to the Members of AFC Bournemouth Limited	10 - 12
Statement of Comprehensive Income	13
Statement of Financial Position	14
Statement of Changes in Equity	15
Statement of Cash Flows	16
Notes to the Financial Statements	17 - 33

AFC BOURNEMOUTH LIMITED

COMPANY INFORMATION

Directors	Mr N Blake Mr J Mostyn Mr N Rothwell Mr R Seitz
Registered number	06632170
Registered office	Vitality Stadium Dean Court Kings Park Bournemouth Dorset BH7 7AF
Independent auditors	PricewaterhouseCoopers LLP Chartered Accountants and Statutory Auditors Savannah House 3 Ocean Way Southampton SO14 3TJ

AFC BOURNEMOUTH LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 30 JUNE 2020

Introduction

The directors present the Strategic Report for AFC Bournemouth Limited (the "Company" or the "Club") for the year ended 30 June 2020.

Business review

The financial statements for the year ended 30 June 2020 cover a year in which the Club competed in the Football Association Premier League for a fifth consecutive season. The Club finished in 18th position with 34 points (2019: 14th with 45 points), which unfortunately resulted in relegation from the Premier League into the EFL Championship.

During the financial year, the Club's focus was to consolidate its position in the Premier League through targeted expenditure on assets and expertise in the playing squad and supporting infrastructure. Contrary to the hopes and expectations of all at the Club, the goal of retaining Premier League status was not achieved.

The Club, as well as the rest of society, were faced with the many issues that arose from the worldwide Coronavirus pandemic. The outbreak forced all English professional football to be suspended on 13th March 2020 until its resumption on 17th June 2020. This delay caused the final seven fixtures of the 2019/20 football season to be played after the end of the financial year. This led to revenues decreasing as a result of having to apportion Premier League distributions between the 2019/20 and 2020/21 financial years, instead of all in 2019/20 as would normally occur. In addition, behind-closed-doors games meant no ticket sales or hospitality income & catering receipts, lower commercial revenue and no matchday footfall through the Club's Superstore. Indeed the club also refunded previously sold tickets and commercial packages for services which could then not be delivered. The lower league finish also yielded a smaller amount of prize money from the Premier League. As well as the above factors, the club was forced to recognise a further £7.2m reduction to revenue through a share of the c.£234.1m Premier League rebate to broadcasters due to all matches not being played by the contractually agreed date. These reductions in revenue were not matched by equivalent reductions in costs as the major outgoings of the club, predominantly wages, remained at a similar level despite some senior members of non-playing staff taking voluntary pay reductions during the period. After the year end, the Company received an interim business interruption insurance payout of £1.7m in recognition of the losses incurred as a result of the pandemic.

Another major impact of the delayed conclusion of the 2019/20 football season was the knock-on effect it had to the transfer window, which would ordinarily have been open for 6 weeks prior to the financial year end. The window didn't open until after the end of the season in late July, after the year end. This meant that any opportunity to sell players and realise transfer profits in the 2019/20 year was gone, with all profits from post-season player sales being recognised in the 2020/21 financial year. As discussed further down this report, the transfer profits eventually realised in the window were £50.8m.

Player registration cost additions for the year were £38.7m compared with £94.2m in the previous year. Registration cost disposals amounted to £18.1m compared with £9.4m in 18/19. The overall net additions were therefore down on the previous year. Investment in the current and previous years resulted in increased amortisation costs of £47.1m (2019: £36.2m) and contributed to a decrease in total staff cost to £107.9m (2019: £110.9m).

Turnover was down by £35.7m to £95.4m (2019: £131.1m). This decrease is mainly attributable to the Covid-19 and final league position factors described above. Costs relating to football player and team management wages also increased. The Club strived to offer competitive remuneration packages to attract and maintain the calibre of playing and team management staff necessary to allow the Club to compete in the league, with the aim of maintaining Premier League status. While this aim wasn't ultimately achieved, the board of directors were committed to this level of remuneration through long-term contracts already in place at the start of the season.

The Club recorded an operating loss of £51.9m (2019: £27.0m) which included a gain on disposal of intangible fixed assets in respect of player sales of £22.9m (2019: £3.1m). EBITDA, which the directors consider to be a good measure of the club's financial stability and operating performance, was (£3.5)m (2019: £10.5m), a reconciliation of which to loss for the financial year is shown below.

AFC BOURNEMOUTH LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2020

EBITDA reconciliation

	2020 £000	2019 £000
Loss for the financial year	(60,090)	(32,421)
Add back:		
Interest payable and similar expenses	9,205	5,893
Interest receivable and similar income	(998)	(499)
Depreciation and amortisation charge	48,423	37,544
Tax on loss	-	(3)
EBITDA	(3,460)	10,514

The directors continue to maintain close control over cash flow and continue to develop and maintain policies with the aim of ensuring the Club is run in a sustainable and successful manner. These policies are seen as vital in order to keep control over all expenditure that the Club commits to in order to go some way to mitigating the risks arising from the inherent uncertainty over league status in the following season.

The Club sees retention of staff as a key ingredient to success. During the year there were no changes to key personnel in first team management or senior executive positions.

The net result of the above has been a loss before taxation of £60.1m (2019: £32.4m) mainly as a result of the Covid-19 related drop in revenue.

The directors consider the financial position of the Company to be satisfactory at 30 June 2020.

After the year end, the Company disposed of three players for a profit of £50.8m. Clearly, if these disposals had been made before 30 June 2020, this would have removed a large portion of the loss for the year. In an ordinary year, such sales would have been possible prior to year-end, but that was not feasible this year due to the transfer window not opening until the conclusion of the football season at the end of July. On 9 September 2020 the Company received net £17.4m in relation to the forward funding of future transfer receivables.

On 1 August 2020 the Club's First Team Manager, Eddie Howe, left the employment of the Club by mutual consent. Mr Howe was replaced by Jason Tindall, who was promoted from the Assistant Manager post he held previously. On 3 February 2021 Jason Tindall also left the club, with Senior First Team Coach Jonathan Woodgate taking temporary charge while a successor was sought.

Section 172(1) Statement

The revised UK Corporate Governance Code ('2018 Code') was published in July 2018 and applies to accounting periods beginning on or after January 1, 2019. The Companies (Miscellaneous Reporting) Regulations 2018 ('2018 MRR') require directors to explain how they considered the interests of key stakeholders and the broader matters set out in section 172(1) (A) to (F) of the Companies Act 2006 ('S172') when performing their duty to promote the success of the Club under S172. This includes considering the interest of other stakeholders which will have an impact on the long-term success of the Company. The board welcomes the direction of the UK Financial Reporting Council (the 'FRC'). This S172 statement, which is reported for the first time, explains how AFC Bournemouth Limited directors:

- have engaged with employees, suppliers, customers and others; and
- have had regard to employee interests, the need to foster the Company's business relationships with supporters, suppliers, customers and other, and the effect of those considerations, including on the principal decisions taken by the Company during the financial year.

The S172 statement focuses on matters of strategic importance to the Club, and the level of information disclosed is consistent with the size and the complexity of the business.

**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2020**

AFC Bournemouth's board oversees all aspects of the business and due to its relatively small size and proximity to senior management, is able to make decisions in fast timeframes and good faith, demonstrating efficiency and acting in the best interests of the Company's shareholder(s) and other stakeholders and in doing so have regards (among other matters) to:

A. "The likely consequences of any decision in the long term"

The directors understand the business and football sector in general and all relevant decisions consider the impact on the long term success and sustainability of the football club. It is the aim of the Club to regularly compete in the Premier League and therefore its strategy is based around this ultimate goal.

B. "The interests of the Company's employees"

The directors place a lot of emphasis of the success of the Company in the hands of the employees, recognising that success comes when employees are happy, engaged and focused. The Company, as a responsible employer, aims to pay employees a competitive remuneration package as well as ensuring that the working environment is safe and comfortable. The directors therefore factor the implications of decisions on employees and the wider workforce where relevant.

C. "The need to foster the Company's business relationships with suppliers, customers and others"

The success of the Club requires strong mutually beneficial relationships with supporters, other customers and suppliers. The Club's fans and commercial supporters are central to the operations of the Company and the board believes that fostering these relationships is hugely important in the overall success of the business. Board members and other senior management personnel regularly take part in discussions with supporter representatives and other groups to ensure that the interests of AFC Bournemouth are fully aligned.

D. "The impact of the Company's operations on the community and the environment"

The football club is a central point of the community and is a strong representation of the conurbation as a whole. Exposure given while participating in the Premier League has meant that the football club and brand is now known throughout the world. The directors understand this and make decisions to strive to ensure that the Club makes a positive contribution to the local community and environment. The Community Sports Trust operation is heavily involved with a huge amount of interaction with local schools and other initiatives and its activities are very important to the board and football club as a whole. The Club's Greenhouse Gas Emissions data can be found in the Directors' Report and the directors will monitor this output and strive to lessen impact on the environment where possible.

E. "The desirability of the Company maintaining a reputation for high standards of business conduct"

The Company aims to meet all external requirements of economic, environmental and social responsibility. The board oversees and approves education and compliance with requirements such as National Minimum Wage, Mandatory Gender Pay Gap, Modern Slavery Statements and The Criminal Finances Act and strives to make decisions to uphold best practice business operations.

F. "The need to act fairly as between members of the Company"

The Company currently has one shareholder, so this consideration is not applicable at this time

Principal risks and uncertainties

Playing success remains a key risk affecting the Club, with the primary aim of achieving and maintaining Premier League status. During the 2019/20 season, the Club continued its philosophy of investment in staff and facilities with the focus on progression of playing and non-playing staff. The utilisation of increasingly advanced sports science and medical methodologies and more developed training techniques facilitated this mindset. As one of the smallest clubs in the top echelons of the English football pyramid in terms of stadium size and revenues, such improvements are seen as vital by management in order to continue to improve and differentiate.

The Club is also aware of the risk associated with reliance upon finance from its shareholder to fund operations. However, the directors are confident that this risk is minimal, based on the ongoing commitment from its investor and recent positive developments within the business, which demonstrate the successful outputs resulting from the investment.

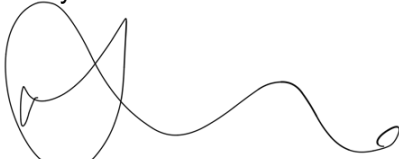
AFC BOURNEMOUTH LIMITED

**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2020**

Financial key performance indicators

Given the straightforward nature of the business, the Company's directors are of the opinion that analysis using KPIs is not necessary for an understanding of the development, performance, cash flow or financial position of the business.

The Strategic Report presented above is authorised by the Board on 26 February 2021 and signed on its behalf by:

A handwritten signature in black ink, appearing to be 'N Blake', with a long, wavy tail extending to the right.

Mr N Blake
Director

AFC BOURNEMOUTH LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2020

The directors present their annual report and the audited financial statements of AFC Bournemouth Limited (the "Company" or "Club") for the year ended 30 June 2020.

Results and dividends

The loss for the financial year, after taxation, amounted to £60.1m (2019: £32.4m).

The directors do not recommend the payment of a dividend (2019: £Nil).

Going concern

The directors consider it appropriate to adopt the going concern basis in preparing the financial statements. Further details underlying the adoption of this basis are given in note 2 to the financial statements.

Future developments

Since the year end the Club has continued to strive to balance the financial implications of competing in the Championship for the 2020/21 season with retaining and recruiting playing staff to help regain Premier League status at the earliest possible opportunity.

Financial risk management

Credit risk

Credit risk relates primarily to the recoverability of trade debtors from commercial activities and cash held at bank. However, the Company monitors this closely and implements effective credit control procedures to reduce exposure to credit risk and monitors the financial stability of its bank and other financial institutions.

Liquidity risk

The Company is dependent on the financial support of its shareholder. To develop the Company's financial stability, the directors have continued to focus on operational efficiencies and to maximise cash inflow. In addition, the Club has effective procedures for budgeting and reporting, driving accuracy for decision making. It is also one of the Company's key priorities to ensure it meets its obligations to its creditors, through the monitoring of payment days and ensuring negotiated credit terms with suppliers are met.

Employee involvement

The Company's policy is to consult and discuss with employees, through unions, staff councils and at meetings, matters likely to affect employees' interests.

Information of matters of concern to employees is given through information bulletins and reports which seek to achieve a common awareness on the part of all employees of the financial and economic factors affecting the Company's performance.

No employees were furloughed as a result of the Covid outbreak and the Company has engaged with employees throughout the pandemic through regular communications.

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2020**

Equality

The Club is committed to providing an environment in which no employee, candidate, supporter or participant in club activities is subject to unlawful discrimination, either directly or indirectly, on the grounds of age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion and belief, sex or sexual orientation.

To create conditions in which this goal can be realised, the Club is committed to identifying and eliminating unlawful discriminatory practices, procedures, and attitudes throughout the Club and in all its activities. The board and management expect staff to support this commitment and to assist in its realisation in all possible ways.

Further to this, the Club will strive to make itself, its environs, and its activities such that all individuals and groups will feel welcomed, comfortable and safe.

Having previously achieved the Premier League Equality Standard at Preliminary and Intermediate Levels, the Club is very proud to have been one of the first to achieve Advanced Level in October 2020 at its first attempt. In order to attain the Advanced Standard, the Club was required to provide a substantial submission to an independent Assessor and Panel showing:

- Significant progress has been made towards diversity across the club's senior management and staff, including the Community Sports Trust, as well as supporters and participants in outreach programmes.
- Good practice is demonstrated in the way a club addresses under-representation across all levels and areas of activity.
- Leadership is shown at all levels of the organisation with regards to equality.
- Mainstreamed equality is displayed throughout the organisation.

Greenhouse gas emissions

During the year, using the conversion factors recommended by the UK government, the Company has calculated its greenhouse gas emissions to be 637,000 tonnes. This was calculated through collating data on all sources of energy usage that are controlled by the club, from fuel used in transportation and groundworks, to electricity and gas usage. The club's intensity ratio is 15.5 tons of CO² per match played.

	2019-20
	UK and offshore
Energy consumption used to calculate emissions: kWh	2,810,223
Emissions from combustion of gas tCO _{2e} (Scope1)	223
Emissions from combustion of fuel for transport purposes tCO _{2e} (Scope 1)	3
Emissions from business travel in rental cars, chartered flights or employee-owned vehicles where company is responsible for purchasing the fuel tCO _{2e} (Scope 3)	39
Emissions from purchased electricity tCO _{2e} (Scope 2)	372
Total gross tCO _{2e} based on above	637
Intensity ratio: tCO _{2e} per football match	15.5

AFC Bournemouth makes consistent effort to minimise greenhouse gas emissions through shared transport and encouragement and sourcing of energy efficient practices.

AFC BOURNEMOUTH LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2020

Directors

The directors who served during the year and up to the date of signing the financial statements were:

Mr N Blake
Mr J Mostyn
Mr N Rothwell
Mr R Seitz

Qualifying third party indemnity provisions

The directors have the benefit of an indemnity which is a qualifying third-party indemnity provision as defined by Section 234 of the Companies Act 2006. The indemnity was in force throughout the last year and is currently in force.

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.

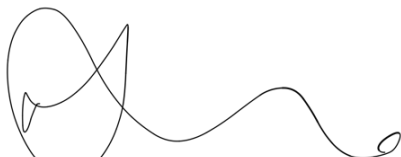
AFC BOURNEMOUTH LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2020**

Independent auditors

Under section 487(2) of the Companies Act 2006, PricewaterhouseCoopers LLP will be deemed to have been reappointed as auditors 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the financial statements with the registrar, whichever is earlier.

The financial statements and subsequent notes on pages 13 to 33 were approved by the Board of Directors on 26 February 2021 and signed on its behalf by:

A handwritten signature in black ink, appearing to be 'N Blake', with a long, sweeping tail that ends in a small loop.

Mr N Blake
Director

Report on the audit of the financial statements

Opinion

In our opinion, AFC Bournemouth Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 30 June 2020 and of its loss and cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual report and financial statements (the "Annual Report"), which comprise: the statement of financial position as at 30 June 2020; the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year ended 30 June 2020; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

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

Independence

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

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which 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.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF AFC BOURNEMOUTH LIMITED
(CONTINUED)**

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

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

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 30 June 2020 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

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

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

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

In preparing the financial statements, the directors are responsible for assessing the 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.

Auditors' responsibilities for the audit of the financial statements

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

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

Use of this report

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

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF AFC BOURNEMOUTH LIMITED
(CONTINUED)

Other required reporting

Companies Act 2006 exception reporting

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

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

We have no exceptions to report arising from this responsibility.



Christopher Boreham (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Southampton
26 February 2021

AFC BOURNEMOUTH LIMITED**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2020**

	Note	2020 £000	2019 £000
Turnover	4	95,380	131,134
Other operating income	5	6,717	7,995
Profit on disposal of players' registrations	6	22,922	3,107
Staff costs	8	(107,871)	(110,894)
Depreciation and amortisation charge	6	(48,423)	(37,544)
Other operating expenses		(20,608)	(20,828)
Operating loss	6	(51,883)	(27,030)
Interest receivable and similar income	10	998	499
Interest payable and similar expenses	11	(9,205)	(5,893)
Loss before taxation		(60,090)	(32,424)
Tax on loss	12	-	3
Loss for the financial year		(60,090)	(32,421)

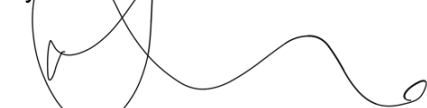
The notes on pages pages 17 to 33 form part of these financial statements.

AFC BOURNEMOUTH LIMITED
REGISTERED NUMBER: 06632170

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2020

	Note	2020 £000	2019 £000
Fixed assets			
Intangible assets	13	120,008	133,124
Tangible assets	14	12,152	11,341
		<u>132,160</u>	<u>144,465</u>
Current assets			
Stocks	15	265	560
Debtors (amounts falling due after more than one year £6,397,000 (2019: £Nil))	16	21,052	11,774
Cash at bank and in hand	17	13,041	9,663
		<u>34,358</u>	<u>21,997</u>
Creditors: amounts falling due within one year	18	(211,753)	(104,282)
Net current liabilities		<u>(177,395)</u>	<u>(82,285)</u>
Total assets less current liabilities		<u>(45,235)</u>	<u>62,180</u>
Creditors: amounts falling due after more than one year	19	(72,634)	(120,739)
Provisions for liabilities			
Other provisions	21	(95)	(127)
Net liabilities		<u>(117,964)</u>	<u>(58,686)</u>
Capital and reserves			
Called up share capital	22	21,110	21,110
Profit and loss account		(139,074)	(79,796)
Total shareholder deficit		<u>(117,964)</u>	<u>(58,686)</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:



Mr N Blake
 Director

Date: 26 February 2021

AFC Bournemouth Limited
 Company number: 06632170

The notes on pages 17 to 33 form part of these financial statements.

AFC BOURNEMOUTH LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2020**

	Called up share capital £000	Profit and loss account £000	Total shareholder deficit £000
At 1 July 2018	21,110	(58,911)	(37,801)
Comprehensive expense for the financial year			
Loss for the financial year	-	(32,421)	(32,421)
Total comprehensive expense for the financial year	-	(32,421)	(32,421)
Contributions by and distributions to owners			
Fair value adjustments on shareholder loans	-	11,536	11,536
Total transactions with owners	-	11,536	11,536
At 30 June 2019 and 1 July 2019	21,110	(79,796)	(58,686)
Comprehensive expense for the financial year			
Loss for the financial year	-	(60,090)	(60,090)
Total comprehensive expense for the financial year	-	(60,090)	(60,090)
Contributions by and distributions to owners			
Fair value adjustments on shareholder loans	-	812	812
Total transactions with owners	-	812	812
At 30 June 2020	21,110	(139,074)	(117,964)

The notes on pages 17 to 33 form part of these financial statements.

AFC BOURNEMOUTH LIMITED

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2020**

	2020	2019
	£000	£000
Cash flows from operating activities		
Loss for the financial year	(60,090)	(32,421)
Adjustments for:		
Amortisation of intangible assets	47,170	36,278
Depreciation of tangible assets	1,253	1,266
Interest expense	9,205	5,893
Interest income	(998)	(499)
Taxation credit	-	(3)
Decrease/(increase) in stocks	295	(178)
Decrease/(increase) in debtors	4,062	(2,641)
Decrease in creditors	(23,487)	(6,292)
(Decrease)/increase in provisions	(32)	112
Corporation tax received	-	3
Gain on disposal of intangible assets	(22,922)	(3,107)
Net cash used in operating activities	(45,544)	(1,589)
Cash flows from investing activities		
Purchase of intangible assets	(278)	(46,804)
Sale of intangible assets	14,639	11,185
Purchase of tangible assets	(2,069)	(400)
Sale of tangible assets	5	-
Net cash generated from/(used in) investing activities	12,297	(36,019)
Cash flows from financing activities		
New secured loans	13,725	-
Other new loans	27,900	71,508
Repayment of other loans	(5,000)	(31,908)
Net cash generated from financing activities	36,625	39,600
Net increase in cash and cash equivalents	3,378	1,992
Cash and cash equivalents at beginning of financial year	9,663	7,671
Cash and cash equivalents at the end of financial year	13,041	9,663
Cash and cash equivalents at the end of financial year comprise:		
Cash at bank and in hand	13,041	9,663

The notes on pages 17 to 33 form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020**

1. General information

AFC Bournemouth Limited (the "Company" or "Club") is a private company limited by shares registered and domiciled in England & Wales. The Company's principal activity is the operation of a professional football club and related commercial activities.

Its trading and registered office address is Vitality Stadium, Dean Court, Kings Park, Bournemouth, Dorset, England BH7 7AF. The Company registration number is 06632170.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared on a going concern basis, under the historical cost convention and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied consistently throughout the year:

2.2 Going concern

The directors have considered the impact of the Covid pandemic, both historic and in the future, given its impact on company cash flows. The Business Review on Page 2 discusses the key impacts and those that continue to impact the Company have formed part of the directors assessment of the going concern basis.

The Company is dependent on continued financial support from its shareholder, including its ultimate controlling party, in order to remain a going concern. The Company's shareholder has committed to provide financial support to the Company for at least 12 months from the date of the signing of the Company's financial statements, in order for the Company to be able to meet its liabilities as they fall due and to realise the value of its assets. The directors have considered the Company's financial position, forecast cash flows and the availability of financial support from its shareholder and consider that it is appropriate to prepare the financial statements on a going concern basis.

2.3 Turnover

Turnover represents income receivable net of VAT, from football and related commercial activities. Match and season ticket turnover, as well as hospitality and events revenue types are all recognised as games are played and events are staged. The fixed element of Premier League and English Football League distributions is recognised over the duration of the football season whilst facility fees for live coverage or highlights are recognised when earned. Merit awards, including those from The Premier League, are accounted for only when they are mathematically achieved, as the football season progresses. Sponsorship and advertising income is recognised over the duration of the respective contracts. Shop merchandise is recognised at point of sale and fees receivable in respect of the loan of players are included in other income and recognised evenly over the period of the loan.

Deferred revenue relates to revenues not yet earned which will be earned over the remaining games of the 19/20 season as well as amounts received in advance in respect of the 20/21 season.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020**

2. Accounting policies (continued)

2.4 Intangible assets

Intangible assets are initially recognised at cost or fair value if the associated consideration is subject to extended payment terms. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

The third party costs associated with players' registrations or extending their contracts, including agents' fees and levies payable to the Premier League, are capitalised and amortised, in equal instalments, over the period of the respective players' contracts. Where a contract life is renegotiated the unamortised costs, together with the new costs relating to the contract extension, are amortised over the new contract period.

The single cash generating unit ("CGU") of the Company is the operation of the Company as a whole. An impairment charge is posted against the Company's intangible assets if it is determined that the carrying amount of the CGU is below the highest of its fair value less costs to sell and its value in use. The directors do not consider that it is possible to determine the value in use of an individual football player in isolation as that player, except in the case of sale or insurance recovery, cannot generate cash flows by themselves. While management does not consider any individual player can be separated from the single CGU there may be certain circumstances where a player is excluded from the CGU when it becomes clear that they will not play for the Club's first team again, for example following a career threatening injury or on being permanently removed from the first team squad for another reason. If such circumstances arise, the carrying value of the player is assessed against the Company's best estimate of the player's fair value less any costs to sell and an impairment charge is recorded in the Statement of Comprehensive Income reflecting any loss arising.

Under the conditions of certain transfer agreements, further fees will be payable to former clubs in the event of the purchased player concerned and/or the Club achieving a specified future event. Liabilities that are contingent on outcomes that are wholly determined by the Company, such as those dependent on the number of appearances by the player, are accounted for as trade creditors or accruals when the specified event has been achieved and capitalised to player registration costs. Other liabilities contingent on future events are provided for and capitalised to player registration costs when it becomes probable that the future event will occur.

Profits or losses on the sale of players represent the transfer fee receivable, net of any transaction costs, less the unamortised cost of the player's registration, signing on fees, termination fees and any other amounts due to the player under contractual terms. Consideration that is dependent on future events is only recognised when its receipt is virtually certain.

Website and software costs are amortised at a rate of 20% per annum.

2.5 Tangible assets

Tangible assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020**

2. Accounting policies (continued)

2.5 Tangible assets (continued)

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Freehold building	- Asset not in use, useful life will be assessed by management when in use.
Land and buildings leasehold improvements	- Between 5% and 15% per annum
Land	- Not depreciated
Plant, machinery and vehicles	- Between 15% and 33% per annum
Fixtures, fittings and equipment	- Between 15% and 33% per annum

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of Comprehensive Income.

2.6 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to sell, after making due allowance for obsolete and slow-moving stocks. Any impairment loss is recognised immediately in the Statement of Comprehensive Income.

2.7 Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months.

2.8 Financial instruments

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties and loans from related parties. The Company has applied section 11 and 12 of FRS 102 in respect of recognition and measurement of financial instruments.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in the case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting year for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of Comprehensive Income.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020**

2. Accounting policies (continued)

2.8 Financial instruments (continued)

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

Financial assets and liabilities are offset and the net amount reported in the Statement of Financial Position when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

2.9 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at rates of exchange ruling at the reporting date. Transactions in foreign currencies are translated into the functional currency at the rate ruling on the date of the transaction. Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Statement of Comprehensive Income within 'finance income or costs'. All other foreign exchange gains and losses are presented in the Statement of Comprehensive Income within other operating expense.

2.10 Contingencies

Contingent liabilities are not recognised. Contingent liabilities arise as a result of past events when (i) it is not probable that there will be an outflow of resources or that the amount cannot be reliably measured at the reporting date or (ii) when the existence will be confirmed by the occurrence or non-occurrence of uncertain future events not wholly within the Company's control. Contingent liabilities are disclosed in the financial statements unless the probability of an outflow of resources is remote.

Contingent assets unless virtually certain are not recognised. Contingent assets are disclosed in the financial statements when an inflow of economic benefits is probable.

2.11 Interest expense

Interest expense relates to the effective interest charge on discounted long-term player transfer fees and borrowings.

These items are charged to the Statement of Comprehensive Income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.12 Interest income

Interest income relates to the effective interest on discounted long term player transfer fees due to the Club and are recognised in the Statement of Comprehensive Income.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020**

2. Accounting policies (continued)

2.13 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to the Statement of Comprehensive Income on a straight line basis over the lease term. Benefits received and receivable as an incentive to sign an operating leases are recognised on a straight line basis over the lease term.

2.14 Pensions

Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in the Statement of Comprehensive Income when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of Financial Position. The assets of the plan are held separately from the Company in independently administered funds.

Multi-employer pension plan

The Company is a member of a multi-employer plan. Where it is not possible for the Company to obtain sufficient information to enable it to account for the plan as a defined benefit plan, it accounts for the plan as a defined contribution plan.

Under the provisions of FRS 102 'Retirement Benefits' the Scheme is treated as a defined benefit multi-employer scheme as the Scheme's actuary has advised the participating employers that their share of the underlying assets and liabilities cannot be identified on a reasonable and consistent basis and, accordingly, no further disclosures are made under the provisions of FRS 102.

2.15 Current and deferred taxation

Tax is recognised in the Statement of Comprehensive Income, except that a charge attributable to an item of income and 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 income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of Financial Position date, except that:

- 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; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

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 tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020**

2. Accounting policies (continued)

2.16 Player remuneration

Remuneration of players is charged in accordance with the terms of the applicable contractual agreements and any discretionary bonus is recorded when there is a legal or contractual obligation.

Player signing-on fees represent a normal part of the employment cost of the player and as such are recorded in prepayments and charged to the Statement of Comprehensive Income evenly over the term of the contract, except in the circumstances of a player disposal. In that case, any remaining signing on fees due are allocated in full against the profit on disposal of the player's registration in the year in which the player disposal is made.

3. Judgements in applying accounting policies and key sources of estimation uncertainty

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

(a) Critical accounting estimates and judgements in applying the Company's accounting policies

The directors consider that the critical judgements in applying the Company's accounting policies are:

(i) Determination of a single cash generating unit ("CGU")

As described in note 2.4 the single cash generating unit ("CGU") of the Company is the operation of the Company as a whole. With respect to intangible asset player registrations it is not considered possible to determine the value in use of an individual football player in isolation, other than in the exceptional circumstances described in note 2.4.

(ii) Recognition of liabilities for contingent payments to players and players' former clubs

Under the conditions of certain transfer agreements in respect of players purchased, further transfer fees are payable to former clubs in the event of the purchased player concerned and the club achieving a specified future event. Liabilities contingent on outcomes that are wholly determined by the Company, such as those dependent on the number of appearances by the player, are accounted for as trade creditors or accruals when the specified event has been achieved. Other liabilities contingent on future events are accounted for, as provisions, when it becomes probable that the future event will occur. There are similar contingent contractual compensation arrangements with players and agents at the time of initial transfer or on subsequent contract renegotiation.

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

(i) Assumptions in calculating the fair value of long term monetary assets and liabilities

During the year the Company had an interest free fixed term loan and both trade debtors and creditors with extended payment terms. These are initially measured at the present value of their future cash flows and subsequently at amortised cost over the period of repayment. While the periods of repayment are determinable, an estimate of the interest rate to be used has to be made based on current market rates.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020**

4. Turnover

An analysis of turnover by class of business is as follows:

	2020	2019
	£000	£000
Match and season ticket income	3,518	4,990
English Football League income	-	300
Premier League income	80,683	115,609
Sponsorship and advertising	8,747	7,133
Hospitality and events	1,244	1,536
Shop merchandise	976	1,229
Other income	212	337
	95,380	131,134

All turnover arose within the United Kingdom.

5. Other operating income

	2020	2019
	£000	£000
Other operating income	6,717	7,995

Within other operating income, £5,692,000 (2019: £7,995,000) relates to amounts received for players on loan at other clubs.

6. Operating loss

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

	2020	2019
	£000	£000
Depreciation of tangible assets	1,253	1,266
Amortisation of intangibles	47,170	36,278
Profit on disposal of players' registrations	(22,922)	(3,107)
Exchange differences	355	(25)
Operating lease rentals	827	809

The profit or loss on the disposal of players' registrations is the difference between the book value of the player's registration at the time of disposal and the net consideration received at the time. Consideration that is contingent on future events is only recognised when its receipt is virtually certain.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

7. Auditors' remuneration

	2020 £000	2019 £000
Fees payable to the Company's auditors for the audit of the Company's annual financial statements	<u>60</u>	<u>53</u>
Fees payable to the Company's auditors in respect of:		
Audit-related assurance services	25	18
Taxation compliance services	15	20
Other services relating to taxation	22	19
All other services	4	15
	<u>66</u>	<u>72</u>

8. Staff costs

Staff costs, including directors' remuneration, were as follows:

	2020 £000	2019 £000
Wages and salaries	95,021	97,412
Social security costs	12,161	12,581
Other pension costs	689	901
	<u>107,871</u>	<u>110,894</u>

The average monthly number of employees, including the directors, during the year was as follows:

	2020 Number	2019 Number
Playing staff and administration	189	184
School of excellence	95	72
Matchday staff	338	365
	<u>622</u>	<u>621</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020**
9. Directors' remuneration

	2020	2019
	£000	£000
Aggregate directors' emoluments	1,478	2,199
Company contributions to defined contribution pension schemes	15	42
	1,493	2,241

During the year retirement benefits were accruing to 2 directors (2019: 2) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £1,306,000 (2019: £1,864,000).

The value of the Company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £10,000 (2019: £36,875).

The directors consider key management to be the statutory directors of the Company.

10. Interest receivable and similar income

	2020	2019
	£000	£000
Implied interest on trade debtors with extended terms	998	499

11. Interest payable and similar expenses

	2020	2019
	£000	£000
Interest on bank loans	741	-
Implied interest on shareholder loans	4,265	2,561
Implied interest on trade creditors with extended payment terms	4,199	3,332
	9,205	5,893

12. Tax on loss

	2020	2019
	£000	£000
Corporation tax		
Adjustments in respect of previous years	-	(3)
Total current tax	-	(3)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020**

12. Tax on loss (continued)

Factors affecting tax credit for the year

The tax assessed for the year is higher than (2019: higher than) the standard rate of corporation tax in the UK of 19.00% (2019: 19.00%). The differences are explained below:

	2020	2019
	£000	£000
Loss before taxation	(60,090)	(32,424)
Loss before taxation multiplied by standard rate of corporation tax in the UK of 19.00% (2019: 19.00%)	(11,417)	(6,161)
Effects of:		
Expenses not deductible for tax purposes	1,376	682
Adjustments in respect of prior years	-	(3)
Deferred tax not recognised	10,041	5,483
Income not taxable	-	(4)
Total tax credit for the financial year	-	(3)

Unrecognised deferred tax asset

The Company has an unrecognised deferred tax asset of £25,309,000 (2019: £13,730,000). This deferred tax asset is made up of taxable losses of £25,062,000 (2019: £13,560,000), fixed assets of £221,000 (2019: £133,000) and other timing differences of £26,000 (2019: £37,000). The Company's deferred tax asset has not been recognised at 30 June 2020 and 30 June 2019 as the Company does not have a history of making taxable profits.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

13. Intangible assets

	Player registration costs £000	Website & Software £000	Total £000
Cost			
At 1 July 2019	209,357	182	209,539
Additions	38,704	13	38,717
Disposals	(18,052)	-	(18,052)
At 30 June 2020	<u>230,009</u>	<u>195</u>	<u>230,204</u>
Accumulated amortisation			
At 1 July 2019	76,348	67	76,415
Charge for the year	47,131	39	47,170
On disposals	(13,389)	-	(13,389)
At 30 June 2020	<u>110,090</u>	<u>106</u>	<u>110,196</u>
Net book value			
At 30 June 2020	<u><u>119,919</u></u>	<u><u>89</u></u>	<u><u>120,008</u></u>
At 30 June 2019	<u><u>133,009</u></u>	<u><u>115</u></u>	<u><u>133,124</u></u>

The figures for the cost of player registrations is the fair value of purchase consideration for purchased players only. Accordingly, the net book amount of player registrations will not reflect, nor is it intended to, the current market value of these players nor does it take into any account the value of players developed through the youth system.

The directors consider the net realisable value of player registration costs to be greater than their book value.

Player registrations have a carrying amount of £119,919,000 (2019: £133,009,000) and have a remaining amortisation period of up to 4 years (2019: 5 years). There are no other individually material intangible assets.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

14. Tangible assets

	Fixtures, Fittings & Equipment £000	Plant, Machinery & Vehicles £000	Land and Buildings leasehold Improvements £000	Land £000	Freehold Building £000	Total £000
Cost						
At 1 July 2019	2,600	309	10,151	3,991	196	17,247
Additions	663	4	12	-	1,390	2,069
Disposals	(6)	-	-	-	-	(6)
Transfers between classes	-	-	(181)	-	181	-
At 30 June 2020	<u>3,257</u>	<u>313</u>	<u>9,982</u>	<u>3,991</u>	<u>1,767</u>	<u>19,310</u>
Accumulated depreciation						
At 1 July 2019	1,859	268	3,779	-	-	5,906
Charge for the year	333	20	900	-	-	1,253
Disposals	(1)	-	-	-	-	(1)
At 30 June 2020	<u>2,191</u>	<u>288</u>	<u>4,679</u>	<u>-</u>	<u>-</u>	<u>7,158</u>
Net book value						
At 30 June 2020	<u>1,066</u>	<u>25</u>	<u>5,303</u>	<u>3,991</u>	<u>1,767</u>	<u>12,152</u>
At 30 June 2019	<u>741</u>	<u>41</u>	<u>6,372</u>	<u>3,991</u>	<u>196</u>	<u>11,341</u>

15. Stocks

	2020 £000	2019 £000
Finished goods and goods for resale	<u>265</u>	<u>560</u>

Stock recognised in operating expenses during the year as an expense was £715,000 (2019: £753,000).

The difference between purchase price of stocks and their replacement cost is not material.

There is no stock provision (2019: £Nil).

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020**

16. Debtors

	2020	2019
	£000	£000
Trade debtors	17,619	4,831
Other debtors	1,507	1,739
Prepayments and accrued income	1,926	4,880
Tax recoverable	-	324
	21,052	11,774

Included in trade debtors are amounts in respect of football transfer fees due from former clubs and loan fees due from other football clubs. The undiscounted value of these is £17,824,000 (2019: £4,758,000), of which £6,141,000 (2019: £Nil) are due in more than one year.

There is no bad debt provision (2019: £Nil).

Included within trade debtors is £5,832,000 (2019: £Nil) due for payment in more than one year. Included within other debtors is £565,000 (2019: £Nil) due for payment in more than one year. No amounts are due in more than five years.

17. Cash at bank and in hand

	2020	2019
	£000	£000
Cash at bank and in hand	13,041	9,663

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020**

18. Creditors: amounts falling due within one year

	2020	2019
	£000	£000
Bank loans	9,937	-
Trade creditors	42,259	36,521
Amounts owed to group undertakings	99,327	33,137
Taxation and social security	22,524	5,834
Other creditors	39	102
Accruals	6,661	20,251
Deferred income	31,006	8,437
	211,753	104,282

Included in trade creditors are amounts due in respect of football transfer fees payable to former clubs and loan fees due to other football clubs. The undiscounted value of these due within one year is £40,546,000 (2019: £31,851,000).

All amounts owed to group undertakings are due to the sole shareholder.

Amounts owed to group undertakings are interest free amounts owed to the Company's shareholder. These loans are partially repayable on demand (£33,137,000) and partially repayable in August 2020 (£66,190,000). These loans are secured over the assets of the Company. The Company has received assurances from the shareholder that they will not request repayment of these on-demand loans from the Company, unless the Company has the resources to do so.

Bank loans are secured against future receivable transfer fee installments.

19. Creditors: amounts falling due after more than one year

	2020	2019
	£000	£000
Bank loans	5,659	-
Trade creditors	33,101	45,720
Amounts owed to group undertakings	26,968	66,807
Accruals	6,906	8,212
	72,634	120,739

Included in trade creditors are amounts due in respect of football compensation and loan fees due to other football clubs. The undiscounted value of these due after more than one year is £35,995,000 (2019: £49,470,000).

Amounts owed to group undertakings are interest free amounts owed to the Company's shareholder. These loans are repayable in January 2024. These loans are secured over the assets of the Company.

No amounts have a specified repayment date falling due after more than five years.

Bank loans are secured against future receivable transfer fee installments.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020**
20. Financial instruments

	2020	2019
	£000	£000
Financial assets		
Financial assets that are debt instruments measured at amortised cost	19,360	8,343
Financial liabilities		
Financial liabilities measured at amortised cost	(230,857)	(210,750)

Financial assets measured at amortised cost comprise of trade debtors, other debtors and accrued income.

Financial liabilities measured at amortised cost comprise bank loans, amounts owed to group undertakings, trade creditors, other creditors and accruals.

21. Other provisions

	Pension obligations
	£000
At 1 July 2019	127
Utilised in year	(32)
At 30 June 2020	95

The Club is advised of its share of the deficit in the defined benefit section of The Football League Pension and Life Assurance Scheme ("the Scheme"). The most recent valuation of the whole Scheme was as at 31 August 2014 and this reported a deficit for the whole Scheme of £21.8m. The Club's share of this deficit at 30 June 2020 is £95,000 (2019: £127,000).

22. Called up share capital

	2020	2019
	£000	£000
Shares classified as equity		
Allotted and fully paid		
20,860 (2019: 20,860) Preference shares of £1,000 (2019: £1,000) each	20,860	20,860
125,002 (2019: 125,002) Ordinary A shares of £1 (2019: £1) each	125	125
125,002 (2019: 125,002) Ordinary B shares of £1 (2019: £1) each	125	125
	21,110	21,110

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020**

22. Called up share capital (continued)

The Ordinary A shares and Ordinary B shares rank pari passu in all respects.

The Preference shares entitle the holders to receive notice of all general meetings but do not entitle the holders to attend or vote at any general meeting or to participation in the profits or assets of the Company. On winding up or repayment of capital, holders of the Preference shares shall be entitled to repayment of the capital paid up in those shares. This payment will be made in priority to holders of Ordinary A shares or Ordinary B shares.

23. Contingent liabilities

Under the conditions of certain transfer agreements in respect of players purchased, further transfer fees are payable to former clubs in the event of the purchased player concerned and the Club achieving a specified future event. Liabilities contingent on outcomes that are wholly determined by the Company, such as those dependent on the number of appearances by the player, are accounted for as trade creditors or accruals when the specified event has been achieved. Other liabilities contingent on future events are accounted for, as provisions, when it becomes probable that the future event will occur. There are similar contingent contractual compensation arrangements with players and agents at the time of initial transfer or on subsequent contract renegotiation. The Company's contingent liability for these matters at 30 June 2020 is estimated to be £34,845,000 (2019: £39,672,000) of which £19,400,000 (2019: £17,863,000) are in respect of compensation on transfer and loan agreements with other football clubs and £15,445,000 (2019: £21,809,000) are in respect of compensation to players and agents.

24. Pension commitments

The Company participates in a number of defined contribution pension schemes on behalf of certain employees. The assets of these schemes are held separately from those of the Company in independently administered funds. The charge for the year for schemes accounted for as defined contribution schemes was £689,000 (2019: £901,000).

25. Commitments under operating leases

At 30 June the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2020	2019
	£000	£000
Not later than 1 year	688	676
Later than 1 year and not later than 5 years	2,277	2,127
Later than 5 years	10,841	11,373
	13,806	14,176

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020**

26. Related party transactions

As at 30 June 2020 the Company owed its parent company A.FC.B. Enterprises Limited, a company registered in The British Virgin Islands, a non-interest bearing loan with a book and fair value of £126,295,000.

The value of the loans are £131,819,000 with discounting adjustments of £5,524,000 relating to an implied equity contribution, resulting in implied FRS 102 interest charged on the loans. This is due to no interest being payable on the loans and hence being below the Company's perceived external borrowing costs. The loans are secured over the assets of the Company. The loans are repayable as follows: £33,137,000 on demand, £66,775,000 in August 2020 and £31,907,000 in January 2024.

There were no other related party transactions during the year.

27. Events after the reporting period

The playing registrations of certain footballers have been disposed of, subsequent to 30 June 2020, for total proceeds, net of associated costs, of £62,320,000. The associated net book value was £11,534,000.

On 9 September 2020 the Company received net £17,397,000 in relation to the forward funding of future transfer receivables. The gross receivable was £20,000,000 with deductions for interest, professional fees and sell-on fees due to former clubs.

On 29 July the club was relegated from the Premier League. This event gives rise to decreased revenue and costs while the team competes in a division below the Premier League.

On 1 August 2020 the Club's First Team Manager, Eddie Howe, left the employment of the Club by mutual consent. Mr Howe was replaced by Jason Tindall, who was promoted from the Assistant Manager post he held previously. On 3 February 2021 Jason Tindall also left the club, with Senior First Team Coach Jonathan Woodgate taking temporary charge while a successor was sought.

After the year end, the Company received an interim business interruption insurance payout of £1.7m in recognition of the losses incurred as a result of the pandemic.

28. Ultimate parent undertaking and controlling party

The immediate parent company of the Company is A.FC.B. Enterprises Limited, a company registered in The British Virgin Islands. The ultimate parent company is Fortina Enterprises Limited, a company registered in The British Virgin Islands.

The ultimate controlling party is Mr. M Demin.