

# Stoke City Football Club Limited

## REPORT AND FINANCIAL STATEMENTS

31 May 2019



Company Registration No. 00099885

# Stoke City Football Club Limited

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# Stoke City Football Club Limited

## DIRECTORS AND ADVISOR

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### DIRECTORS

P Coates – Chairman  
JF Coates – Vice Chairman  
AJ Scholes  
RK Smith

### CHIEF EXECUTIVE

AJ Scholes

### SECRETARY

JD Pelling

### REGISTERED OFFICE

bet365 Stadium  
Stanley Matthews Way  
Stoke-on-Trent  
Staffordshire  
ST4 4EG

### AUDITOR

RSM UK Audit LLP  
Chartered Accountants  
Festival Way  
Stoke-on-Trent  
Staffordshire  
ST1 5BB

# Stoke City Football Club Limited

## STRATEGIC REPORT

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The Directors have pleasure in submitting their Strategic Report for Stoke City Football Club Limited ("the Club") for the year ended 31 May 2019.

### BUSINESS/FINANCIAL REVIEW

Following relegation, the Club competed in the English Football League ("EFL") Championship in season 2018/19.

The Club's Key Performance Indicators are summarised in the table below:-

	<b>Championship 2019</b>	<b>Premier League 2018</b>
Average league attendance	<b>25,200</b>	29,280
Final league position	<b>16<sup>th</sup></b>	19 <sup>th</sup>
	<b>£000's</b>	<b>£000's</b>
Turnover	<b>70,589</b>	127,192
Operating expenses	<b>(104,285)</b>	(179,692)
Operating loss before player trading/fixed asset disposals	<b>(33,696)</b>	(52,500)
Profit on player trading/disposal of fixed assets	<b>18,269</b>	22,309
Loss before interest and tax	<b>(15,427)</b>	(30,191)

The Club's turnover shown above is derived principally from central distributions from the Premier League (parachute payments) and the EFL as further demonstrated in note 2 to the accounts.

The staff costs: turnover ratio has increased from 74% in 2017/18 to 79% in 2018/19 as the Club has invested significantly in its playing squad as well as suffering a reduction in overall turnover.

Investment in the playing squad during the year continued and was £67.4m (2018: £58.4m), which included the purchases of Benik Afobe, Tom Ince, Sam Vokes and Peter Etebo.

Operating expenses have decreased by £75.4m in the year principally due to there only being a small intangible asset impairment (£1.8m) write-off compared to that in 2017/18 (£29.4m), and staff costs decreased by £38.2m as disclosed in note 5.

Net liabilities have increased to £66.1m (2018: £50.7m). The principal indebtedness, £141.3m (2018: £122.7m), is to the parent Company, Stoke City Holdings Limited, which charged no interest and has confirmed to the Directors that it will continue to support the Company. The Company is deemed to be a going concern due to the ongoing support of Stoke City Holdings Limited and its ultimate parent company, bet365 Group Limited.

### RISKS AND UNCERTAINTIES

The Club's main risks and uncertainties centre around the ability to acquire, train and develop players to a sufficient standard so that the Club can return to the Premier League, together with any rise or fall in the valuation of these players.

Risks are periodically reviewed by the Directors and appropriate processes and procedures are in place to monitor and mitigate them.

These areas include compliance with football financial regulations and the recruitment and retention of key employees.

# Stoke City Football Club Limited

## STRATEGIC REPORT

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### FOOTBALL FINANCIAL REGULATIONS

In common with all Football Clubs, the Club is annually assessed by the EFL for its compliance with financial regulations such as Profitability and Sustainability and Future Financial Information. The Directors acknowledge these regulations and accordingly make prudent budget assumptions with regards to football performance that can impact on revenue generation such as matchday gate revenues and Cup runs.

The Directors review the Club's compliance with these financial regulations at the time of setting budgets and regularly throughout the football season.

### EMPLOYEES

Variations in the Club's financial results significantly depend on the performance of the Club's first team. The Club has well resourced recruitment and analysis departments to enable it to mitigate this risk and to be successful in this area. The Club operates a system of performance related pay for key personnel to support this strategy and mitigate this risk.

### FINANCIAL INSTRUMENTS

The significant financial risks and exposures to the Company are in respect of liquidity and pricing and their effect on cashflow.

The board manages these risks in order to minimise any adverse effects on the Company.

#### *Price*

The board meets several months prior to the start of the season to consider the pricing levels of season and matchday tickets, which is evaluated considering both the impact on the loyal fan base and requirements of the Club. All other key decisions with regard to significant corporate sponsorships are also considered by the board.

#### *Liquidity*

The Company's policy is to have committed facilities from its parent Company to satisfy working capital requirements in the near to medium term.

#### *Cash flow*

Cash flow levels are continually monitored and reviewed to cover any foreseeable funding requirements with an allowance for unforeseen events.

# Stoke City Football Club Limited

## STRATEGIC REPORT

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### FINANCIAL INSTRUMENTS (continued)

#### *Credit*

Minimal credit is given by the Club, with the majority of sales being on a cash or cash equivalent basis. Season ticket sales with payment terms have been allowed and are offset by the Company to a third party. Any risk of bad debts for player transfers is mitigated through credit control procedures and close monitoring of cash receipts each month. Payment terms are given to other clubs based on contracts and these are closely monitored and managed appropriately by the Club.

By order of the board



**John Coates**  
Director

bet365 Stadium  
Stanley Matthews Way  
Stoke-on-Trent  
Staffordshire  
ST4 4EG

9th December

2019

# Stoke City Football Club Limited

## DIRECTORS' REPORT

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The Directors submit their report and the financial statements of Stoke City Football Club Limited for the year ended 31 May 2019.

The Directors have now disclosed the Financial Instruments section of the Directors' Report within the Strategic Report on pages 2 to 4.

### PRINCIPAL ACTIVITIES

The principal activity is that of a professional football club.

### RESULTS AND DIVIDENDS

The loss for the year amounted to £15.4m (2018: £31.9m). The Directors do not recommend the payment of preference or ordinary share dividends (2018: £nil).

### DIRECTORS

The following Directors have held office since 1 June 2018:

P Coates – Chairman

JF Coates – Vice Chairman

AJ Scholes

RK Smith

### EMPLOYEES

It is the Company's policy that disabled persons should have the same consideration as others for all job vacancies for which they apply as suitable candidates and, depending entirely on their skills and abilities, they have the same opportunity for training, career development and promotion as other employees. Attention is paid to the training and other needs of persons who become disabled whilst in the Company's employment.

The Company places considerable value on the involvement of its employees and has continued its previous practice of keeping them informed on matters affecting them as employees and on various factors affecting the performance of the Company. This is achieved through formal team briefings and informal meetings.

### POST BALANCE SHEET EVENTS

Details of post balance sheet events have been disclosed in note 18 of the accounts.

### STATEMENT AS TO DISCLOSURE OF INFORMATION TO THE AUDITOR

The Directors have confirmed that, as far as they are aware, there is no relevant audit information of which the auditor is unaware. Each of the Directors have confirmed that they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

# Stoke City Football Club Limited

## DIRECTORS' REPORT

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### AUDITOR

RSM UK Audit LLP have indicated their willingness to be reappointed for another term and appropriate arrangements have been put in place for them to be deemed reappointed as auditors in the absence of an Annual General Meeting.

By order of the board



**John Coates**  
Director

bet365 Stadium  
Stanley Matthews Way  
Stoke-on-Trent  
Staffordshire  
ST4 4EG

9<sup>th</sup> December 2019

# Stoke City Football Club Limited

## DIRECTORS' RESPONSIBILITIES IN THE PREPARATION OF FINANCIAL STATEMENTS

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The Directors are responsible for preparing the Strategic Report and the Directors' 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 those financial statements, the Directors are required to:

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

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

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF STOKE CITY FOOTBALL CLUB LIMITED**

### **Opinion**

We have audited the financial statements of Stoke City Football Club Limited (the 'company') for the year ended 31 May 2019 which comprise the statement of total income and retained earnings, the statement of financial position, the statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 May 2019 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- 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. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

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

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

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

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF STOKE CITY FOOTBALL CLUB LIMITED (continued)**

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

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

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

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

### **Responsibilities of directors**

As explained more fully in the directors' responsibilities statement set out on page 7, 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.

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

### **Use of our report**

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

*RSM UK Audit LLP*

ANNE LAKIN (Senior Statutory Auditor)  
For and on behalf of RSM UK AUDIT LLP, Statutory Auditor  
Chartered Accountants  
Festival Way  
Stoke-on-Trent  
Staffordshire  
ST1 5BB

*12 December* 2019

# Stoke City Football Club Limited

## STATEMENT OF TOTAL INCOME AND RETAINED EARNINGS

For the year ended 31 May 2019

	Notes	Operations excluding player trading £000	2019 Player trading (note 6) £000	Total £000	2018 £000
TURNOVER	2	70,589	-	70,589	127,192
Operating expenses		(73,469)	(30,816)	(104,285)	(179,692)
		(2,880)	(30,816)	(33,696)	(52,500)
Profit on disposal of players' registrations	6	-	18,193	18,193	22,230
Profit on disposal of fixed assets		76	-	76	79
		(2,804)	(12,623)	(15,427)	(30,191)
OPERATING LOSS	4	(2,804)	(12,623)	(15,427)	(30,191)
Interest receivable and similar income	3	159	-	159	52
		(2,645)	(12,623)	(15,268)	(30,139)
LOSS BEFORE TAXATION	2-6	(2,645)	(12,623)	(15,268)	(30,139)
Taxation	7	(117)	-	(117)	(1,777)
		(2,762)	(12,623)	(15,385)	(31,916)
LOSS AFTER TAX AND LOSS FOR THE FINANCIAL YEAR		(2,762)	(12,623)	(15,385)	(31,916)
RETAINED EARNINGS AT 1 JUNE				(87,129)	(55,213)
RETAINED EARNINGS AT 31 MAY				(102,514)	(87,129)

Turnover and operating profit are derived from the Company's continuing activities.

# Stoke City Football Club Limited

## STATEMENT OF FINANCIAL POSITION

At 31 May 2019

	Notes	2019 £000	2018 £000
<b>FIXED ASSETS</b>			
Intangible assets	8	83,084	55,303
Tangible assets	9	689	695
		<b>83,773</b>	<b>55,998</b>
<b>CURRENT ASSETS</b>			
Stocks	10	592	553
Debtors	11	51,293	59,604
Cash at bank and in hand		5,546	21,859
		<b>57,431</b>	<b>82,016</b>
<b>CREDITORS: Amounts falling due within one year</b>	12	<b>(201,841)</b>	<b>(180,683)</b>
<b>NET CURRENT LIABILITIES</b>		<b>(144,410)</b>	<b>(98,667)</b>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>(60,637)</b>	<b>(42,669)</b>
<b>CREDITORS: Amounts falling due after more than one year</b>	13	<b>(3,001)</b>	<b>(5,842)</b>
<b>PROVISIONS FOR LIABILITIES</b>	14	<b>(2,455)</b>	<b>(2,197)</b>
<b>NET LIABILITIES</b>		<b>(66,093)</b>	<b>(50,708)</b>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	15	35,842	35,842
Share premium account		579	579
Profit and loss reserve		(102,514)	(87,129)
<b>TOTAL EQUITY</b>		<b>(66,093)</b>	<b>(50,708)</b>

The financial statements on pages 10 to 25 were approved by the board of Directors and authorised for issue on 9<sup>th</sup> December 2019 and are signed on its behalf by:



**John Coates**  
Director

Company Registration No.00099885

# Stoke City Football Club Limited

## ACCOUNTING POLICIES

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### GENERAL INFORMATION

Stoke City Football Club Limited (“the Company” or “the Club”) is a private company limited by shares and is registered and domiciled and incorporated in England.

The address of the Company’s registered office and principal place of business is bet365 Stadium, Stanley Matthews Way, Stoke-on-Trent, Staffordshire, ST4 4EG.

The Company’s principal activity and nature of its operations is that of a professional football club.

### BASIS OF ACCOUNTING

These financial statements are prepared in accordance with Financial Reporting Standard 102 ‘The Financial Reporting Standard applicable in the UK and Republic of Ireland’ (FRS 102) and the requirements of the Companies Act 2006, including the provisions of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, and under the historical cost convention.

Monetary amounts in these financial statements are rounded to the nearest whole £1,000.

### REDUCED DISCLOSURES

In accordance with FRS 102, the Company has taken advantage of the exemptions from the following disclosure requirements:

- Section 7 ‘Cash Flow Statements’
- Section 11 ‘Basic Financial Instruments’ & Section 12 ‘Other Financial Instrument Issues’ – Carrying amounts of financial instrument held at amortised cost or cost.
- Section 33 ‘Related Party Disclosures’ – Compensation for key management personnel.

The financial statements of the Company are consolidated in the financial statements of bet365 Group Limited. Details of where these accounts are available have been disclosed in note 20.

### GOING CONCERN

The Company prepares detailed forecasts each financial year taking into account the risks and uncertainties as detailed in the Strategic Report. These forecast a requirement for the need of Group support for the short to medium term.

The financial statements therefore have been prepared on a going concern basis as bet365 Group Limited and Stoke City Holdings Limited have agreed to continue to support the Company’s funding requirements to enable the Company to meet its obligations as they fall due for 12 months from the date of signing these financial statements. As a result of this undertaking, and consideration of the group’s ability to provide appropriate support, the Directors consider it appropriate to prepare the financial statements on a going concern basis.

### FUNCTIONAL AND PRESENTATIONAL CURRENCIES

The financial statements are presented in sterling which is also the functional currency of the Company.

### FOREIGN CURRENCIES

Transactions in currencies other than the functional currency are initially recorded at the exchange rate prevailing on the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary assets and liabilities denominated in foreign currencies are translated at the rate ruling at the date of the transaction or, if the asset or liability is measured at fair value, the rate when that fair value was determined.

All translation differences are taken to the profit and loss account.

# Stoke City Football Club Limited

## ACCOUNTING POLICIES

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### TURNOVER

Turnover, exclusive of value added tax, comprises net match receipts and League receipts and other income arising from the Club's activities. Revenue is recognised when substantially all of the obligations under a sales contract have been fulfilled. Revenue received from the League is recognised in full in the financial statements in the relevant season. This is in accordance with the League's guidelines on income recognition. Performance related rewards are not recognised until achieved by the Club, as the income cannot be assumed with certainty.

### OTHER INCOME

Interest income is accrued on a time-apportioned basis, by reference to the principal outstanding at the effective interest rate.

### INTANGIBLE FIXED ASSETS

The third party costs associated with the acquisition of the players' registrations and coaching staff are capitalised and amortised on a straight line basis over the period of their respective contracts. Any transfer fees payable as a result of the occurrence of one or more uncertain future events are capitalised when it is probable such event will occur. Provision for the impairment of registrations is made if, after assessing all relevant factors, it becomes clear that a diminution in value is required. No amounts are included for players developed within the Club.

### TANGIBLE FIXED ASSETS

Tangible fixed assets are stated at cost, net of depreciation and any provision from impairment.

Depreciation is provided on all tangible fixed assets at rates calculated to write each asset down to its estimated residual value evenly over its expected useful life, as follows:

Short leasehold land and buildings	-	6.7 – 20% per annum straight line
Plant and equipment	-	8 – 33% per annum straight line
Motor vehicles	-	25% per annum straight line

Residual value is calculated on prices prevailing at the reporting date, after estimated costs of disposal for the asset as if it were at the age and in the condition expected at the end of its useful life.

### DEFERRED INCOME

Deferred income consists of season tickets, sponsorship and other elements of income which have been received prior to the year end in respect of future football seasons. Deferred income is released to the profit and loss account over the period to which the income relates.

### STOCKS

Stocks are valued at the lower of cost and estimated selling price less costs to sell. Cost is determined using the first in, first out cost basis.

At each reporting date, the Company assesses whether stocks are impaired or if an impairment loss recognised in prior periods has reversed. Any excess of the carrying amount of stock over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

### SIGNING ON FEES AND LOYALTY BONUSES

The board consider that signing on fees represent a normal part of the employment cost of the players and managers and as such should be charged to the profit and loss account evenly over the period of the players' and managers' contract. At the time of a player disposal any excess signing on fees accrued or paid but not recognised are allocated in full against the profit on disposal of players' registrations in the year in which the player disposal is made.

Loyalty bonuses are recognised as an expense when all the conditions relating to the loyalty bonus are met.

# Stoke City Football Club Limited

## ACCOUNTING POLICIES

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### TAXATION

The tax expense represents the sum of the current tax expense and deferred tax expense. Current tax assets are recognised when tax paid exceeds the tax payable.

Current tax is based on taxable profit for the year. Taxable profit differs from total comprehensive income because it excludes items of income or expense that are taxable or deductible in other periods. Current tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled based on tax rates that have been enacted or substantively enacted by the reporting date. Deferred tax is not discounted.

Deferred tax liabilities are recognised in respect of all timing differences that exist at the reporting date. Timing differences are differences between taxable profits and total comprehensive income that arise from the inclusion of income and expenses in tax assessments in different periods from their recognition in the financial statements. Deferred tax assets are recognised only to the extent that it is probable that they will be recovered by the reversal of deferred tax liabilities or other future taxable profits.

Current and deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited to other comprehensive income or equity, when the tax follows the transaction or event it relates to and is also charged or credited to other comprehensive income, or equity.

Current tax assets and current tax liabilities and deferred tax assets and deferred tax liabilities are offset, if and only if, there is a legally enforceable right to set off the amounts and the entity intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

### LEASES

All leases are operating leases and the annual rentals are charged to the profit and loss account on a straight line basis over the lease term.

### EMPLOYEE BENEFITS AND COSTS

Accumulated compensated absences accrual arises when employees render services that give rise to their entitlement to future compensated absences that have not been taken at the period end. The cost accrued is the amount that would be expected to be paid as a result of the unused entitlement.

### RESERVES

#### *Share Premium*

Consideration for shares issued above their nominal value net of transaction costs.

#### *Profit and loss account*

Cumulative profit and loss net of distribution to owners

### RETIREMENT BENEFITS

Certain employees of the Club participate in the Football League Limited Pension and Life Assurance Scheme and the Football League Limited Players' Benefit Scheme. Both schemes are defined benefit schemes co-sponsored by the FA Premier League and the Football League. The Club makes contributions to the schemes in accordance with the recommendations of the actuaries to the schemes.

The Club is one of a number of participating employers in the schemes and it is not possible to allocate part of any actuarial rights or deficit owing to the Club's employees only their share of contributions payable to the scheme. Consequently, contributions paid in the period and any movement in the Club's share of contributions, net of payments made are charged to the profit and loss account. The differences between contributions payable in the period and contributions actually paid are shown as either accruals or prepayments in the balance sheet. The Club's share of future contributions to be paid to the scheme, as advised by the actuary, is recognised as a provision in the financial statements.

# Stoke City Football Club Limited

## ACCOUNTING POLICIES

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### RETIREMENT BENEFITS (continued)

Contributions are also paid to individuals' money purchase pension schemes. The contributions are charged to the profit and loss account in the period in which they become payable. The assets of all the pension schemes are held separately from those of the Club in independently administered funds.

### FINANCIAL INSTRUMENTS

The Company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102, in full, to all of its financial instruments.

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument, and are offset only when the Company currently has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

#### *Financial assets*

##### *Trade debtors, group balances and other debtors*

Trade debtors, group and other debtors which are receivable within one year are initially measured at the transaction price. The debtors are subsequently measured at amortised cost, being the transaction price less any amounts settled and any impairment losses.

A provision for impairment of trade debtor, group and other debtors is established when there is objective evidence that the amounts due will not be collected according to the original terms of the contract. Impairment losses are recognised in the profit and loss account for the excess of the carrying value of the debtor over the present value of the future cash flows discounted using the original effective interest rate. Subsequent reversals of an impairment loss that objectively relate to an event occurring after the impairment loss was recognised, are recognised immediately in the profit and loss account.

Debtors are stated net of a provision of £251,000 (2018: £251,000).

#### *Financial liabilities or equity instruments*

Financial instruments are classified as liabilities and equity instruments according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities.

#### *Equity instruments*

Financial instruments classified as equity instruments are recorded at the fair value of the cash or other resources received or receivable, net of direct costs of issuing the equity instruments.

#### *Preference shares*

Dividends on preference shares classified as liabilities are presented within interest payable and similar charges.

#### *Trade creditors, group balances and other creditors*

Trade, group and other creditors payable within one year are initially measured at the transaction price and subsequently measured at amortised cost, being the transaction price less any amounts settled.

#### *Derecognition of financial assets and liabilities*

A financial asset is derecognised only when the contractual rights to cash flows expire or are settled, or substantially all the risks and rewards of ownership are transferred to another party, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party. A financial liability (or part thereof) is derecognised when the obligation specified in the contract is discharged, cancelled or expires.

# Stoke City Football Club Limited

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 May 2019

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### 1 CRITICAL ACCOUNTING ESTIMATES AND AREAS OF JUDGEMENT

#### *Estimates, judgements and assumptions*

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. The Directors consider there are estimates, judgements and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year have been considered below:

#### *Player impairment*

Player impairment is considered annually by the Directors. The Directors consider it inappropriate to determine a value in use by an individual player, but to consider the first team squad players as a whole, considering their collective market value. In certain circumstances there may be an individual player deemed highly unlikely to be part of the first team squad and therefore highly unlikely to contribute to future cashflows. The registrations and carrying values of these players are assessed individually based on factors such as expected future sales value, market conditions and the Club's league status using management's best estimate.

### 2 TURNOVER

Turnover, all of which arises from the Company's principal activity and derived solely from the United Kingdom, can be analysed into its main components as follows:

	2019 £000	2018 £000
Gate receipts	6,398	7,703
Sponsorship and advertising	5,133	11,069
Television and media	51,250	100,888
Conferencing and hospitality	2,724	3,175
Other operating income	5,084	4,357
	<hr/> 70,589 <hr/>	<hr/> 127,192 <hr/>

### 3 INTEREST RECEIVABLE AND SIMILAR INCOME

	2019 £000	2018 £000
Bank interest	159	52
	<hr/> 159 <hr/>	<hr/> 52 <hr/>

# Stoke City Football Club Limited

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 May 2019

### 4 LOSS BEFORE TAXATION

	2019 £000	2018 £000
Loss before taxation is stated after charging/(crediting):		
Depreciation and amounts written off tangible fixed assets:		
Charge for the year:		
Owned assets	311	336
Amortisation of intangible fixed assets	28,992	26,533
Impairment of player registrations	1,824	29,370
Operating lease rentals:		
Land and buildings	1,997	2,056
Exchange profits	(9)	(28)
Profit on disposal of fixed assets	(76)	(79)
Stock:		
- Amounts expensed to operating expenses	1,439	1,403
	<hr/>	<hr/>
Audit services:		
Statutory audit	20	20
Audit-related assurance services	8	8
Other services:		
Taxation compliance services	1	7
Taxation advisory services	14	-
All other non-audit services	-	1
	<hr/>	<hr/>
	43	36
	<hr/>	<hr/>

### 5 EMPLOYEES

	2019 Number	2018 Number
The average monthly number of persons (including Directors) employed by the Company during the year was:		
Full time playing staff and scholars	68	69
Other	234	235
	<hr/>	<hr/>
	302	304
	<hr/>	<hr/>

In addition to the above the Company employed an average of 65 (2018: 58) match-day staff during the year.

# Stoke City Football Club Limited

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 May 2019

### 5 EMPLOYEES (continued)

	2019 £000	2018 £000
Staff costs for the above persons:		
Wages and salaries	48,864	82,036
Social security costs	6,929	11,937
Other pension costs	235	253
	<u>56,028</u>	<u>94,226</u>

DIRECTORS' REMUNERATION AND HIGHEST PAID DIRECTOR	2019 £000	2018 £000
Emoluments	856	701
Pension fund contributions	2	10
	<u>858</u>	<u>711</u>

The number of Directors to whom relevant benefits are accruing under money purchase pension schemes was 1 (2018: 1).

The remuneration of the other Directors is paid by Hillside (Shared Services 2018) Limited and bet365 Group Limited and is disclosed in the financial statements of those Companies. The value of these services cannot be quantified.

### 6 PLAYER TRADING

	2019 £000	2018 £000
Amortisation of intangible fixed assets	(28,992)	(26,533)
Impairment of intangible fixed assets	(1,824)	(29,370)
Profit on disposal of players' registrations	18,193	22,230
	<u>(12,623)</u>	<u>(33,673)</u>

# Stoke City Football Club Limited

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 May 2019

### 7 TAXATION

	2019 £000	2018 £000
Current tax:		
Adjustments in respect of previous periods	-	(25)
	-	(25)
Deferred taxation:		
Origination and reversal of timing differences	82	1,779
Adjustments in respect of previous periods	35	23
	117	1,802
Tax on loss of ordinary activities	117	1,777
Factors affecting tax charge for the year:	2019 £000	2018 £000
The tax assessed for the year is higher (2018: higher) than the standard rate of corporation tax in the UK 19% (2018: 19%). The differences are explained below:		
Loss before taxation	(15,268)	(30,139)
Loss on ordinary activities multiplied by the standard rate of corporation tax in the UK 19% (2018: 19%)	(2,901)	(5,726)
<i>Effects of:</i>		
Expenses not deductible for tax purposes	8	13
Non-taxable income	(37)	(39)
Rate differences on deferred tax	(10)	(210)
Group relief	3,022	7,741
Adjustments in respect of prior periods	35	(2)
Total tax charge for the year	117	1,777

# Stoke City Football Club Limited

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 May 2019

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### 8 INTANGIBLE FIXED ASSETS

	Players' registrations £000
<i>Cost</i>	
At beginning of year	170,642
Additions	67,426
Disposals	(41,666)
	<hr/>
At end of year	196,402
	<hr/>
<i>Amortisation</i>	
At beginning of year	115,339
Charge for year	28,992
Impairment	1,824
Disposals	(32,837)
	<hr/>
At end of year	113,318
	<hr/>
<i>Carrying amount</i>	
<b>At 31 May 2019</b>	<b>83,084</b>
	<hr/>
At 31 May 2018	55,303
	<hr/>

The amortisation charge for the year and impairment of player registrations are recognised within operating expenses.

The carrying amount of £83,084,000 (2018: £55,303,000) has a remaining amortisation period of up to 4 years (2018: up to 5 years).

# Stoke City Football Club Limited

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 May 2019

### 9 TANGIBLE FIXED ASSETS

	Short leasehold land and buildings £000	Plant, equipment and motor vehicles £000	Total £000
<i>Cost</i>			
At beginning of year	918	1,880	2,798
Additions	-	419	419
Disposals	-	(446)	(446)
At end of year	918	1,853	2,771
<i>Depreciation</i>			
At beginning of year	712	1,391	2,103
Charge for year	30	281	311
On disposals	-	(332)	(332)
At end of year	742	1,340	2,082
<i>Carrying amount</i>			
<b>At 31 May 2019</b>	<b>176</b>	<b>513</b>	<b>689</b>
At 31 May 2018	206	489	695

### 10 STOCKS

	<b>2019</b> <b>£000</b>	2018 £000
Goods for resale	<b>592</b>	553

# Stoke City Football Club Limited

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 May 2019

### 11 DEBTORS

	2019 £000	2018 £000
<i>Amounts falling due within one year:</i>		
Trade debtors	12,863	18,931
Corporation tax recoverable	495	495
Other debtors	2,624	2,398
Prepayments and accrued income	8,845	10,200
Amounts owed by Group undertakings	26,466	27,580
	<u>51,293</u>	<u>59,604</u>

Although repayable on demand the Company has confirmed it will only request repayment of the amounts owed by group undertakings when the undertaking has resources to repay the debt.

### 12 CREDITORS: Amounts falling due within one year

	2019 £000	2018 £000
Trade creditors	40,068	30,333
Amounts owed to Group undertakings	141,258	122,658
Other taxation and social security costs	1,906	4,427
Other creditors	23	40
Accruals and deferred income	18,586	23,225
	<u>201,841</u>	<u>180,683</u>

### 13 CREDITORS: Amounts falling due after more than one year

	2019 £000	2018 £000
Trade creditors	3,000	5,841
Preference shares of £1 each (see note 15)	1	1
	<u>3,001</u>	<u>5,842</u>

# Stoke City Football Club Limited

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 May 2019

### 14 PROVISIONS FOR LIABILITIES

	Deferred taxation £000	Pension obligations £000	Total £000
Balance at beginning of year	2,097	100	2,197
Charge for year	117	169	286
Paid in the year	-	(28)	(28)
<b>Balance at end of year</b>	<b>2,214</b>	<b>241</b>	<b>2,455</b>

#### *Pension obligations*

Certain staff of the Company are members of either the Football League Limited Retirement Income Scheme, a defined benefit scheme, or the Football League Limited Pension and Life Assurance Scheme ("FLLPLAS"), a defined benefit scheme.

There is insufficient information to account for the scheme as a defined benefit plan, so it is accounted for as a defined contribution plan.

At 1 September 2017, a Minimum Funding Requirement ("MFR") deficit was identified in the scheme, of which a proportion was allocated to Stoke City Football Club Limited. Contributions have continued to be paid during the year, as advised by the actuary, resulting in a provision relating to the Club's share of the MFR deficit of £241,000 at the year end (2018: £100,000). The Company expects to make contributions of £28,000 in the next accounting period.

In addition to the above the Company also contributes to a defined contribution scheme and makes contributions to employees' personal pension plans.

Contributions to all pension schemes totalling £235,000 (2018: £253,000) were paid to the various schemes in the year. At the year end £nil (2018: £nil) relating to unpaid contributions were included in accruals and deferred income.

#### *Deferred taxation*

The elements of deferred liability and amounts not provided are as follows:

	2019		2018	
	Provided £000	Unprovided £000	Provided £000	Unprovided £000
Fixed asset timing differences	2,255	-	2,118	-
Other timing differences	(41)	-	(21)	-
	<b>2,214</b>	<b>-</b>	<b>2,097</b>	<b>-</b>

# Stoke City Football Club Limited

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 May 2019

### 15 SHARE CAPITAL

	2019 £000	2018 £000
<i>Allotted and called up:</i>		
35,690,321 Ordinary shares of £1 each	35,690	35,690
64,000 Ordinary I shares of £1 each	64	64
88,023 Ordinary Y shares of £1 each	88	88
1 Ordinary W shares of £1 each	-	-
	<hr/>	<hr/>
Equity shareholders	35,842	35,842
	<hr/>	<hr/>
Non-Equity: preference shares of £1 each	1	1
Cumulative preference A Shares of £1 each	-	-
Cumulative preference B shares of £1 each	-	-
	<hr/>	<hr/>
	1	1
	<hr/>	<hr/>

The I, Y and W ordinary shares attach various voting rights, in all other respects the shares rank pari passu.

The preference shares are non-redeemable and carry no interest coupon.

### 16 COMMITMENTS UNDER OPERATING LEASES

The total future minimum lease payments under non-cancellable operating leases are as follows:

	2019 £000	2018 £000
Amounts due:		
In less than one year	95	95
In two to five years	261	356
	<hr/>	<hr/>

### 17 CONTINGENT LIABILITIES AND ASSETS

In accordance with the Company's accounting policies for intangible fixed assets, transfer fees linked to player contracts and other contracts in place, any additional fees under these agreements are accounted for in the year that they become probable that the condition is fulfilled.

Additional fees under these contracts that may therefore be payable or receivable if certain conditions are met in the future, such as promotion to the Premier League and activities of other football clubs, have been estimated by the Directors at the year end date as a net liability of £3,000,000 (2018: £600,000).

# Stoke City Football Club Limited

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 May 2019

### 18 POST BALANCE SHEET EVENTS

Subsequent to the year end, the Company has acquired and committed to acquire player registrations and coaching staff at an initial cost of £9,593,000. The Company has also disposed of player registrations, with proceeds on these being £1,612,000 and whose net book value at the year end was £307,000.

### 19 RELATED PARTY TRANSACTIONS

During the financial year the Company had the following transactions with related parties:

Description of relationship	Description of transactions	2019		2018	
		Aggregate value for financial year	Net amount owed to / (by) the company	Aggregate value for financial year	Net amount owed to / (by) the company
		£000	£000	£000	£000
Fellow subsidiaries	Purchases and other charges	(7,943)	26,466	(6,425)	27,580
	Loans provided	6,260		12,212	-
	Sales and other income	4,000	-	4,000	-
Holding company	Loans received	18,600	(141,258)	47,000	(122,658)
Common ownership	Sales and other income	561	(147)	497	(303)
	Purchases and other charges	(886)		(1,021)	-

### 20 ULTIMATE PARENT COMPANY AND CONTROLLING INTEREST

The ultimate parent company of Stoke City Football Club Limited is bet365 Group Limited, a Company incorporated and registered in the UK. Stoke City Holdings Limited is the immediate parent company.

The largest group in which the results of the Company are consolidated in is that headed by bet365 Group Limited. bet365 Group Limited is under the control of Denise Coates CBE and her family. The consolidated financial statements of this Group are available to the public and may be obtained from:

Registrar of Companies  
Crown Way  
CARDIFF  
CF14 3UZ