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Preston North End Limited

Strategic report, Directors report and Financial statements

Registered number 1621060

30 June 2023

Contents

Strategic Report

The directors present their annual report and the audited financial statements for the year ended 30 June 2023.

Principal activities and business review

The principal activities of the group are the operation of a professional football club, together with related and ancillary activities. The principal activity of the company is the operation of the Deepdale Stadium, including landlord services to stadium tenants.

Strategy and Objectives

The directors' objective is to continue to consolidate the club's position within the Championship and to pursue promotion to the Premier League. The strategy to achieve this objective includes the following key elements:

- Selection and appointment of an effective football management team;
- Identifying talented players and securing these players on contracts within financial parameters;
- Developing young players through the club's academy system; and
- Increasing the group's turnover by attracting new supporters and commercial partners.

Principal risks and uncertainties

There are clearly a number of potential risks and uncertainties which could have a material impact on the group's long-term performance. The directors consider the key risks to be a failure of the club to retain its Championship status and the group's continued ability to secure sufficient finance to fund its cash flow requirements. These and other risks and uncertainties are monitored by the board on a regular basis.

Key performance indicators

Turnover for the year was £15.6m which was higher than the prior year (*2022: £13.8m*). The increase in turnover mainly relates to ticket income from Championship and FA Cup matches and increased income from the English Football League and Premier League central funding distributions.

Average attendance at matches in the 2022/23 season was 16,269 *(2021/22: 12,501)*, including 11,981 *(2021/22: 7,557)* season ticket holders.

During the financial year, the company has issued 10,663 new £0.01 ordinary shares at a premium of £1,000 per share (total income £10,663,107) and has, in turn, subscribed for 9,463 £1 ordinary shares in its subsidiary, Preston North End Football Club Limited, also at a premium of £1,000 per share (total cost £9,472,463).

Operating cash flow continues to be adverse as the club has contracted a squad with wages which are high in comparison to its revenue. The company has therefore been reliant on the financial support of its shareholder.

By order of the board

K Abbott
Director

Sir Tom Finney Way
Deepdale
PRESTON
PR1 6RU

20th December 2023

Registered number: 1621060

Directors' Report

Results

The loss after taxation for the year is £12,220,000 *(2022: loss of £16,856,000).*

Proposed dividend

The directors do not recommend the payment of a dividend (*2022: £nil*).

Directors

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

C Hemmings (Chairman)
RP Ridsdale
DW Taylor
KM Abbott
D Robinson
ZFT Hall

In accordance with the company's Articles of Association, RP Ridsdale and ZFT Hall retire by rotation and being eligible, offer themselves for re-election.

Charitable and political donations

Charitable contributions during the year totalled £16,026 (*2022: £63,199*). No political contributions have been made in the year.

Going concern

The directors have prepared the accounts using the going concern assumption, more details of which are set out in note 1 to the financial statements.

Disclosure of information to auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditor is unaware; and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Auditor

Pursuant to section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

By order of the board

K Abbott

Director

Registered number: 1621060

Sir Tom Finney Way
Deepdale
Preston
PR1 6RU

20th December 2023

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE STRATEGIC REPORT, THE DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS

The directors are responsible for preparing the Strategic Report, the Directors' Report and the Group and parent Company 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 they have elected to prepare the Group and parent Company financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland.*

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 Group and parent Company and of the Group's profit or loss for that period. In preparing each of the Group and parent Company financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the Group and parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent Company's transactions and disclose with reasonable accuracy at any time the financial position of the parent Company and enable them to ensure that its financial statements comply with the Companies Act 2006. They are 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, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

KPMG LLP
1 St Peter's Square
Manchester
M2 3AE

Independent auditor's report to the members of Preston North End Limited

Opinion

We have audited the financial statements of Preston North End Limited ("the Company") for the year ended 30 June 2023 which comprise the consolidated profit and loss account and other comprehensive income, consolidated balance sheet, company balance sheet, consolidated statement of changes in equity, company statement of changes in equity, consolidated cash flow statement and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and of the parent Company's affairs as at 30 June 2023 and of the Group's loss for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Group in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Material uncertainty related to going concern

We draw attention to note 1 to the financial statements which indicates that that the group and parent company's cash flow forecasts show that it requires additional funding for the foreseeable future. Whilst the group and parent company have shareholder support, there can be no certainty that this support will continue. These events and conditions, along with the other matters explained in note 1, constitute a material uncertainty that may cast significant doubt on the group and parent company's ability to continue as a going concern.

Our opinion is not modified in respect of this matter.

Going concern basis of preparation

The directors have prepared the financial statements on the going concern basis. As stated above, they have concluded that a material uncertainty related to going concern exists.

Our conclusion based on our financial statements audit work: we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of directors as to the Group's high-level policies and procedures to prevent and detect fraud, including the Group's channel for "whistleblowing", as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Using analytical procedures to identify any unusual or unexpected relationships.

Independent auditor's report to the members of Preston North End Limited *(continued)*

Identifying and responding to risks of material misstatement due to fraud (continued)

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, we perform procedures to address the risk of management override of controls, in particular the risk that management may be in a position to make inappropriate accounting entries. On this audit we do not believe there is a fraud risk related to revenue recognition, this is due to the football season concluding within the financial period meaning that the period revenue should fall into is clear and there are limited apparent incentives or pressure in respect of the group's results.

We did not identify any additional fraud risks.

We performed procedures including:

- Identifying journal entries and other adjustments to test based on risk criteria and comparing the identified entries to supporting documentation. These include those posted with unexpected combinations.

Identifying and responding to risks of material misstatement related to compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience, through discussion with the directors (as required by auditing standards), and discussed with the directors the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Group is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation and taxation legislation. We assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Group is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: health and safety, data protection laws, anti-bribery, financial fair play regulations, employment law and certain aspects of company legislation recognising the nature of the Group's activities and its legal form.

Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and inspection of regulatory and legal correspondence, if any. Therefore if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Independent auditor's report to the members of Preston North End Limited *(continued)*

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

Strategic report and directors' report

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept by the parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent Company 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.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 3, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; 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; assessing the Group and parent 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 they either intend to liquidate the Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

Independent auditor's report to the members of Preston North End Limited *(continued)*

Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

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.

Gareth Roberts

Gareth Roberts (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
One St Peter's Square, Manchester, M2 3AE
Date: 21 December 2023

Consolidated profit and loss account and other comprehensive income

for the year ended 30 June 2023	*Note*	**2023**	2022
		£000	£000
Turnover	*2*	**15,566**	13,843
Staff costs – football players and management costs	*3*	**(18,618)**	(21,795)
Staff costs – other staff costs	*3*	**(2,942)**	(2,778)
Loss before other operating charges/income, player trading and amortisation		**(5,994)**	(10,730)
Depreciation and amortisation of player registrations	*9, 10*	**(2,977)**	(4,267)
Other operating expenses		**(6,188)**	(5,478)
Net gain on sale of player registrations		**786**	302
Operating loss		**(14,373)**	(20,173)
Interest receivable and similar income	*6*	**3**	-
Interest payable and similar expenses	*6*	**(2)**	(2)
Loss before taxation		**(14,372)**	(20,175)
Tax on loss	*7*	**2,152**	3,319
Loss for the financial year		**(12,220)**	(16,856)
Other comprehensive income			
Transfer from revaluation reserve		**320**	323
Total comprehensive loss for the year		**(11,900)**	(16,533)

All the results above are from continuing operations.

The notes on pages 14 to 25 form part of the financial statements.

Consolidated balance sheet
At 30 June 2023

	Note	2023		2022	
		£000	**£000**	£000	£000
Fixed assets					
Intangible assets	*9*		**2,090**		3,297
Tangible assets	*10*		**38,083**		38,327
			40,173		41,624
Current assets					
Debtors *(including £231,000 (2022: £nil) due after more than one year)*	*12*	**1,819**		1,607	
Cash at bank and in hand		**2,252**		2,671	
		4,071		4,278	
Creditors: amounts falling due within one year	*13*	**(7,294)**		(8,388)	
Net current liabilities			**(3,223)**		(4,110)
Total assets less current liabilities			**36,950**		37,514
Creditors: amounts falling due after more than one year	*14*		**(1,239)**		(1,881)
Provisions for liabilities					
Deferred tax liability	*16*		**(5,975)**		(4,340)
Net assets			**29,736**		31,293
Capital and reserves					
Called up share capital	*17*		**165**		165
Share premium account			**92,607**		81,944
Capital redemption reserve			**3,131**		3,131
Revaluation reserve			**12,221**		12,541
Other reserve			**467**		467
Profit and loss account			**(78,855)**		(66,955)
Equity shareholders' funds			**29,736**		31,293

These financial statements were approved by the board of directors on 20th December 2023 and were signed on its behalf by:

K Abbott
Director

Registered number: 1621060

The notes on pages 14 to 25 form part of the financial statements.

Company balance sheet
As at 30 June 2023

	Note	2023 £000	2023 £000	2022 £000	2022 £000
Fixed assets					
Tangible assets	*10*		**38,083**		38,327
Investments	*11*		**38,153**		38,153
			76,236		76,480
Current assets					
Debtors	*12*	**350**		288	
Cash at bank and in hand		**556**		115	
		906		403	
Creditors: amounts falling due within one year	*13*	**(1,550)**		(785)	
Net current liabilities			**(644)**		(382)
Total assets less current liabilities			**75,592**		76,098
Creditors: amounts falling due after more than one year	*14*		**(1,239)**		(1,286)
Provisions for liabilities					
Deferred tax liability	*16*		**(5,975)**		(4,340)
			68,378		70,472
Net assets					
Capital and reserves					
Called up share capital	*17*		**165**		165
Share premium account			**92,607**		81,944
Capital redemption reserve			**3,131**		3,131
Revaluation reserve			**12,221**		12,541
Other reserve			**467**		467
Profit and loss account			**(40,213)**		(27,776)
Equity shareholders' funds			**68,378**		70,472

These financial statements were approved by the board of directors on 20th December 2023 and were signed on its behalf by:

K Abbott
Director

Registered number: 1621060

The notes on pages 14 to 25 form part of the financial statements.

Preston North End Limited has not presented its own profit and loss account as permitted by section 408 of the Companies Act 2006. The loss for the financial year as dealt within the accounts of the company is £12,757,000 (*2022: £15,700,000*).

Consolidated statement of changes in equity

	Called up Share capital £000	Share Premium account £000	Capital redemption reserve £000	Revaluation reserve £000	Other reserves £000	Profit and loss account £000	Total equity £000
Balance at 1 July 2021	165	66,999	3,131	12,864	467	(50,422)	33,204
Total comprehensive income for the year							
Loss for the year	-	-	-	-	-	(16,856)	(16,856)
Other comprehensive income							
Reserves transfer	-	-	-	(323)	-	323	-
Movement on deferred tax balance	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	(323)	-	(16,533)	(16,856)
Transactions with owners recorded directly in equity							
Issue of shares	-	14,945	-	-	-	-	14,945
Total contribution by owners	-	14,945	-	-	-	-	14,945
Balance at 30 June 2022	**165**	**81,944**	**3,131**	**12,541**	**467**	**(66,955)**	**31,293**
Balance at 1 July 2022	165	81,944	3,131	12,541	467	(66,955)	31,293
Total comprehensive income for the year							
Loss for the year	-	-	-	-	-	(12,220)	(12,220)
Other comprehensive income							
Reserves transfer	-	-	-	(320)	-	320	-
Movement on deferred tax balance	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	(320)	-	(11,900)	(12,220)
Transactions with owners recorded directly in equity							
Issue of shares	-	10,663	-	-	-	-	10,663
Total contribution by owners	-	10,663	-	-	-	-	10,663
Balance at 30 June 2023	**165**	**92,607**	**3,131**	**12,221**	**467**	**(78,855)**	**29,736**

The notes on pages 14 to 25 form part of the financial statements.

Company statement of changes in equity

	Called up Share capital £000	Share Premium account £000	Capital redemption reserve £000	Revaluation reserve £000	Other reserve £000	Profit and loss account £000	Total equity £000
Balance at 1 July 2021	165	66,999	3,131	12,864	467	(12,399)	71,227
Total comprehensive income for the year							
Loss for the year	-	-	-	-	-	(15,700)	(15,700)
Other comprehensive income							
Reserves transfer	-	-	-	(323)	-	323	-
Movement on deferred tax balance	-	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	(323)	-	(15,377)	(15,700)
Transactions with owners recorded directly in equity							
Issue of shares	-	14,945	-	-	-	-	14,945
Total contribution by owners	-	14.945	-	-	-	-	14,945
Balance at 30 June 2022	**165**	**81,944**	**3,131**	**12,541**	**467**	**(27,776)**	**70,472**
Balance at 1 July 2022	165	81,944	3,131	12,541	467	(27,776)	70,472
Total comprehensive income for the year							
Loss for the year	-	-	-	-	-	(12,757)	(12,757)
Other comprehensive income							
Reserves transfer	-	-	-	(320)	-	320	-
Movement on deferred tax balance	-	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	(320)	-	(12,437)	(12,757)
Transactions with owners recorded directly in equity							
Issue of shares	-	10,663	-	-	-	-	10,663
Total contribution by owners	-	10,663	-	-	-	-	10,663
Balance at 30 June 2023	**165**	**92,607**	**3,131**	**12,221**	**467**	**(40,213)**	**68,378**

The notes on pages 14 to 25 form part of the financial statements.

Consolidated cash flow statement

for the year ended 30 June 2023

	Note	2023 £000	2022 £000
Cash flows from operating activities			
Loss for the year		**(12,220)**	(16,856)
Adjustments for:			
Depreciation, amortisation and impairment		**2,977**	4,267
Interest receivable and similar income	6	**(3)**	-
Interest payable	6	**2**	2
Gain on sale of intangible fixed assets		**(786)**	(302)
Taxation	7	**(2,152)**	(3,319)
		(12,182)	(16,208)
Increase in trade and other debtors		**(58)**	(113)
(Decrease)/increase in trade and other creditors		**(611)**	1,542
Deferred grants		**(49)**	(50)
		(12,900)	(14,829)
Interest paid		**(2)**	(2)
Receipt of payment for tax losses from group companies		**3,787**	3,319
Net cash from operating activities		**(9,115)**	(11,512)
Cash flows from investing activities			
Interest received		**3**	-
Acquisition of tangible fixed assets		**(650)**	(362)
Acquisition of other intangible assets		**(1,756)**	(2,729)
Sale of intangible assets		**634**	292
Net cash from investing activities		**(1,769)**	(2,799)
Cash flows from financing activities			
Proceeds from the issue of share capital	17	**10,663**	14,945
New Loans		-	-
Repayment of loans		**(194)**	(195)
New finance leases		**22**	8
Payment of finance lease liabilities		**(26)**	(22)
Net cash from financing activities		**10,465**	14,736
Net (decrease)/increase in cash and cash equivalents		**(419)**	425
Cash and cash equivalents at 1 July 2022		**2,671**	2,246
Cash and cash equivalents at 30 June 2023		**2,252**	2,671

The notes on pages 14 to 25 form part of the financial statements.

Notes
(forming part of the financial statements)

1 Accounting policies

Preston North End Limited (the "Company") is a private company limited by shares incorporated, domiciled and registered in England in the UK. The registered number is 1621060 and the registered address is Sir Tom Finney Way, Deepdale, Preston, Lancashire, PR1 6RU.

These group and parent company financial statements were prepared in accordance with Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* ("FRS 102"). The presentation currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest £1,000.

The parent company is included in the consolidated financial statements, and is considered to be a qualifying entity under FRS 102 paragraphs 1.8 to 1.12. The following exemptions available under FRS 102 in respect of certain disclosures for the parent company financial statements have been applied:

- The reconciliation of the number of shares outstanding from the beginning to the end of the period has not been included a second time;
- No separate parent company cash flow statement with related notes is included; and
- Key management personnel compensation has not been included a second time.
- Certain disclosures required by FRS 102.11 Basic Financial Instruments and FRS 102.12 Other Financial Instrument Issues in respect of financial instruments not falling within the fair value accounting rules of Paragraph 36(4) of Schedule 1.

As the company is a wholly owned subsidiary of Deepdale PNE Holdings Limited, the company has taken advantage of the exemption contained in FRS102.33.1A and has therefore not disclosed transactions or balances with entities which form part of the group (or investees of the group qualifying as related parties).

The financial statements are prepared on the historical cost basis and the accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

Judgements made by the directors, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 22.

Going concern

Notwithstanding net current liabilities of £3,223,000 as at 30 June 2023, a loss for the year then ended of £12,220,000 and an operating cash outflow of £9,115,000 the financial statements have been prepared on a going concern basis, which the directors believe to be appropriate for the following reasons.

The directors acknowledge that, in common with many football clubs in the Championship, the company and its group is likely to incur future losses and net cash outflows.

The directors have prepared detailed cash flow forecasts that show that it has a projected additional cash flow requirement for at least twelve months from the approval of these financial statements. This assumes that the company will have stable revenue and that the stadium will continue to operate at normal capacity during the 2023/24 and 2024/25 seasons, but should this not be the case, the directors will revisit cash requirements for the remainder of the period. The group is also subject to Financial Fair Play rules which require adherence to certain financial targets. Achieving the forecasts will require the group to carefully monitor and react to performance against these financial targets.

As in previous years the forecasts have been prepared on a cautious basis such that a good performance in the league, a player sale, a cup run, or increased TV coverage will significantly increase projected income and therefore reduce the projected cash flow requirement. Conversely actual income streams may not be as high as forecasted or the club may choose, subject to having sufficient funding in place, to make additional signings in the January and/or August transfer windows if this is considered to be in its best interests and this could increase the projected cash flow requirement.

Notes *(continued)*

1 Accounting policies *(continued)*

Going concern (continued)

These forecasts are dependent on the immediate parent company, Deepdale PNE Holdings Limited, providing additional financial support during that period. Deepdale PNE Holdings Limited has indicated that it will provide additional funding as necessary for the period covered by the forecasts, however, is itself indirectly reliant on support from its intermediate parent undertaking, Grovemoor Limited. Based on discussions with the relevant ultimate shareholders and shareholder related parties, the directors are of the view that sufficient additional funds will be available from those parties, and that the company's intermediate parent company will not request repayment of the outstanding loans provided at least 12 months from the date of signing these financial statements. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that Deepdale PNE Holdings Limited or Grovemoor Limited have the ability to provide this financial support or that it will continue to provide it, although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

Based on these indications, the directors believe that it remains appropriate to prepare the financial statements on a going concern basis. However, the above circumstances represent a material uncertainty which may cast significant doubt on the company's ability to continue as a going concern and therefore to continue realising its assets and discharging its liabilities in the normal course of business. The financial statements do not include any adjustments that would result from the basis of preparation being inappropriate.

Basis of consolidation

Subsidiaries

Subsidiaries are entities controlled by the group. Control exists when the group has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that are currently exercisable or convertible are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Investments

In the company's financial statements, investments in subsidiary undertakings are stated at cost.

Tangible fixed assets

Tangible fixed assets are stated at cost or deemed cost less accumulated depreciation and accumulated impairment losses. Where parts of an item of tangible fixed assets have different useful lives, they are accounted for as separate items of tangible fixed assets. Leases in which the group assumes substantially all the risks and rewards of ownership of the leased asset are classified as finance leases.

Depreciation is charged to profit and loss account on a straight-line basis over the estimated useful lives of each part of an item of tangible fixed assets. Land is not depreciated. The estimated useful lives are as follows:

- Buildings 75 years
- Plant and equipment 4-40 years

Depreciation methods, useful lives and residual values are reviewed at each balance sheet date.

Other than Deepdale stadium, the residual values of other assets are considered by the directors to be £nil.

Intangible assets

Player registrations and signing on fees

Transfer fees and amounts paid to third parties for player registrations are capitalised as intangible fixed assets and are amortised on a straight-line basis over the period of the respective players' 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 an event will occur.

Player registrations are assessed on an annual basis and impairment losses arising are charged to the profit and loss account in the period in which they arise. Any surpluses arising are not accounted for.

Notes *(continued)*

Player signing on fees have been expensed to the profit and loss account as wages and salaries over the period to which they relate, which is considered to be the length of the player's initial contract with the club. The profit or loss on the disposal of a player registration is calculated after charging any signing on fees which become payable as a result of the disposal.

Amounts receivable and payable under player transfer agreements are often deferred over more than one season. Where this is the case the directors believe it is appropriate to classify transfer fees as current on the basis of this normal operating cycle despite the fact that the amount is not always due to be paid or received within 12 months of the balance sheet date. Amounts receivable are discounted to present value where the amounts are considered material.

Government grants

Government grants that compensate the group for the cost of an asset are included within deferred income in the balance sheet and credited to the profit and loss account over the estimated useful economic lives of the assets to which they relate.

Defined contribution plans and other long-term employee benefits

A defined contribution plan is a post-employment benefit plan under which the group pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the profit and loss account in the periods during which services are rendered by employees.

Turnover

Turnover comprises income from television rights, gate receipts, merchandising royalty income, rental income, sponsorships and other commercial activities, exclusive of value added tax. Season ticket, sponsorship income and income from other commercial activities received prior to the year-end in respect of the following football season is recognised over the season to which it relates. Where such income is in respect of future seasons it is treated as deferred income. Fixed elements of Premier League and English Football League distributions are recognised in the period July to June in the relevant football season. Royalties on merchandising sales are recognised on the date the goods and services are supplied to the customer. Turnover from rental income is recognised on a straight-line basis over the life of the contract.

Taxation

Tax on the profit or loss for the year comprises current and deferred tax.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date.

Deferred tax balances are not discounted.

Basic financial instruments

Trade and other debtors / creditors

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors.

Notes *(continued)*

2 Turnover

	2023	2022
	£000	£000
Season and Match day ticket sales (including cup games)	**3,853**	3,011
Premier League and English Football League distributions and televised games	**8,679**	8,060
Commercial and media revenue	**1,253**	1,106
Merchandising	**144**	163
Rental income	**1,541**	1,437
Other income	**96**	66
Total turnover	**15,566**	13,843

All turnover is derived in the UK.

3 Staff numbers and costs

The average number of persons employed by the group (including directors) during the year, analysed by category, was as follows:

	Number of employees	
	2023	2022
Players, managerial and training staff	**85**	84
Sales, administration and ancillary staff	**49**	49
	134	133

In addition to the above, the group employed an average of 135 *(2022: 150)* match day staff during the year.

The aggregate payroll costs of these persons were as follows:

	2023	2022
	£000	£000
Wages and salaries	**18,888**	21,482
Social security costs	**2,606**	3,032
Contributions to defined contribution plans	**66**	59
	21,560	24,573

Notes *(continued)*

4 Remuneration of directors

	2023 £000	2022 £000
Directors' emoluments	**501**	443
Group contributions to defined contribution pension plans	**11**	9

	Number of directors	
Retirement benefits are accruing to the following number of directors under:		
Defined contribution schemes	**2**	2

5 Expenses and auditor's remuneration

	2023 £000	2022 £000
Auditor's remuneration:		
Audit of these financial statements	**20**	25
Audit of the subsidiary undertaking's financial statements	**52**	32
Other services relating to taxation	**4**	4
Amortisation of player registrations	**2,084**	3,374
Depreciation	**893**	893

6 Net interest receivable and similar income

	2023 £000	2022 £000
Bank interest receivable	**3**	-
Interest receivable	**3**	-

	£000	£000
Interest payable – other interest payable	**2**	2

Notes *(continued)*

7 Taxation

Total tax expense recognised in the profit and loss account, other comprehensive income and equity

	2023		2022	
	£000	**£000**	£000	£000
Current tax				
Current tax on income for the period		(3,787)		(3,319)
Total current tax		**(3,787)**		(3,319)
Deferred tax (see note 16)				
Origination and reversal of timing differences	1,635		-	
Total deferred tax		**1,635**		-
Total tax		**(2,152)**		(3,319)

	2023			2022		
	£000	**£000**	**£000**	£000	£000	£000
	Current tax	**Deferred tax**	**Total tax**	Current tax	Deferred tax	Total tax
Recognised in Profit and loss account	**(3,787)**	**1,635**	**(2,152)**	(3,319)	-	(3,319)
Recognised in Other Comprehensive income	-	-	-	-	-	-
Total tax	**(3,787)**	**1,635**	**(2,152)**	(3,319)	-	(3,319)

Reconciliation of effective tax rate

	2023	2022
	£000	£000
Loss for the year	(12,220)	(16,856)
Total tax income	(2,152)	(3,319)
Loss excluding taxation	**(14,372)**	(20,175)
Tax using the UK corporation tax rate of 20.5% *(2022: 19%)*	(2,946)	(3,833)
Non-deductible expenses	12	32
Tax exempt revenues	(13)	(12)
Losses surrendered to other group companies for group relief	2,891	3,703
Payment received in respect of group relief	(3,787)	(3,319)
Previously unrecognised deferred tax in relation to fixed asset timing differences	1,494	-
Other timing differences	197	110
Total tax income included in profit or loss	**(2,152)**	(3,319)

The UK corporation tax rate applicable is 25% for the financial year beginning 1 April 2023 (previously 19% in the financial year beginning 1 April 2022) as announced in the 3 March 2021 budget. This will have a consequential effect on the Company's future tax charge. The deferred tax balance has been calculated using the future rate of 25% *(2022:25%)*.

In the current year a deferred tax charge of £1,494,000 has been recognised in relation to fixed asset timing differences relating to previous years. A further charge of £141,000 has been recognised in relation to 2023, bringing the year end related deferred tax liability to £1,635,000. Of the £1,494,000, £19,000 relates to 2022 and the remainder to differences arising in earlier years. It has been adjusted through the current year as the amount is not considered to be material to the previous years.

Notes *(continued)*

8 Company result for the financial year

Preston North End Limited has not presented its own profit and loss account as permitted by section 408 of the Companies Act 2006. The loss for the financial year as dealt within the accounts of the company is £12,757,000 *(2022: £15,700,000)*.

9 Intangible fixed assets - Group

	Player registrations £000
Cost	
At 1 July 2022	10,972
Additions	877
Disposals	(2,177)
At 30 June 2023	**9,672**
Amortisation	
At 1 July 2022	7,675
Charged in year	2,084
On disposals	(2,177)
At 30 June 2023	**7,582**
Net book value	
At 30 June 2023	**2,090**
At 1 July 2022	3,297

10 Tangible assets – group and company

	Land and buildings £000	Plant and equipment £000	Total £000
Cost			
At 1 July 2022	40,004	12,252	52,256
Additions	327	322	649
Disposals	-	-	-
At 30 June 2023	**40,331**	**12,574**	**52,905**
Depreciation			
At 1 July 2022	8,103	5,826	13,929
Charge for the year	571	322	893
On disposals	-	-	-
At 30 June 2023	**8,674**	**6,148**	**14,822**
Net book value			
At 30 June 2023	**31,657**	**6,426**	**38,083**
At 1 July 2022	31,901	6,426	38,327

Notes *(continued)*

Land and Buildings

The net book value of land and buildings comprises:

	Group		Company	
	2023	2022	**2023**	2022
	£000	£000	**£000**	£000
Freehold	**4,774**	4,815	**4,774**	4,815
Long Leasehold	**26,883**	27,086	**26,883**	27,086
	31,657	31,901	**31,657**	31,901

Leased plant and equipment

At 30 June 2023 the net carrying amount of leased plant and equipment was £96,000 (*2022: £77,000*). The leased equipment secures lease obligations.

Plant and equipment

Included within plant and equipment are fixed and freestanding assets within the individual stands making up Deepdale stadium. In addition, there are motor vehicles, IT equipment and other miscellaneous fixtures and fittings.

11 Investment in subsidiary

Company	**Shares in Group undertakings £000**
Cost and net book value	
At 1 July 2022	38,153
Additions	9,472
Impairment	(9,472)
At 30 June 2023	**38,153**

The company has the following investment in its subsidiary:

Company	**Address of registered office**	**Class of shares held**	**Principle activity**	**Ownership 2023**	2022
The Preston North End Football Club Limited	Sir Tom Finney Way, Deepdale, Preston, Lancashire, PR1 6RU	Ordinary	Football club	**100%**	100%

The group's share of recognised profit or loss in the above subsidiary for the year ended 30 June 2023 was a loss of £8,935,000 (*2022: loss of £15,566,000*).

During the year, the company subscribed for a total of 9,463 shares in its subsidiary undertaking on various dates during the financial year (total subscription value of £9,472,463. As the proceeds from these share issues have mainly been utilised by the subsidiary on the continuing operating costs of the football club, rather than on additional squad investment, the carrying value of the investment has been impaired accordingly by the same value. The carrying value at 30th June 2023 therefore remains the same as it was at the start of the financial year.

Notes *(continued)*

12 Debtors

	Group		Company	
	2023	2022	**2023**	2022
	£000	£000	**£000**	£000
Trade debtors	**879**	896	**29**	19
Other debtors	**97**	35	**71**	-
Taxation and social security	**-**	-	**80**	8
Amounts due from group undertakings	**-**	-	**-**	101
Prepayments and accrued income	**843**	676	**170**	160
	1,819	1,607	**350**	288

Group trade debtors of £879,000 *(2022: £896,000)* include transfer and loan fees in relation to the disposal of players' registrations of £484,000 (*2022: £349,000).*

Group trade debtors include £231,000 *(2022: £nil)* due after more than one year.

13 Creditors: amounts falling due within one year

	Group		Company	
	2023	2022	**2023**	2022
	£000	£000	**£000**	£000
Obligations under finance leases	**18**	26	**18**	26
Trade creditors	**2,553**	2,514	**742**	403
Other loans	**195**	194	**-**	-
Amounts owed to group undertakings	**-**	-	**-**	-
Taxation and social security	**883**	1,321	**11**	-
Other creditors	**229**	74	**213**	53
Accruals and deferred income	**3,416**	4,259	**566**	303
	7,294	8,388	**1,550**	785

Group trade payables of £2,553,000 (*2022: £2,514,000*) includes transfer and loan fees in relation to the acquisition of players' registrations of £400,000 (*2022: £813,000).*

14 Creditors: amounts falling due after more than one year

	Group		Company	
	2023	2022	**2023**	2022
	£000	£000	**£000**	£000
Trade creditors	**-**	400	**-**	-
Other loans	**-**	195	**-**	-
Obligations under finance leases	**12**	10	**12**	10
Deferred grants	**1,227**	1,276	**1,227**	1,276
	1,239	1,881	**1,239**	1,286

Group trade payables of £nil *(2022 : £400,000)* includes transfer and loan fees in relation to the acquisition of players' registration of £nil *(2022 : £400,000)*

Notes *(continued)*

15 Loans and borrowings

This note provides information about the contractual terms of the group's loans and borrowings, which are stated at amortised cost:

	Currency	Nominal interest rate	Year of maturity	**Carrying amount 2023 £000**	Carrying amount 2022 £000
Creditors falling due within one year					
Other loans	GBP	Nil	2024	**195**	194
Creditors falling due in more than one year					
Other loans	GBP	Nil	2024	**-**	195

16 Deferred tax liability

Deferred tax liabilities are attributable to the following:

Group & company	**Assets 2023 £000**	2022 £000	**Liabilities 2023 £000**	2022 £000	**Net 2023 £000**	2022 £000
Tangible fixed assets (capital)	**-**	-	**4,340**	4,340	**4,340**	4,340
Origination and reversal of timing differences	**-**	-	**1,635**	-	**1,635**	-
Net tax liabilities	**-**	-	**5,975**	4,340	**5,975**	4,340

At 30 June 2023 the group's subsidiary undertaking, The Preston North End Football Club Limited, had tax losses carried forward of £18,215,000 *(2022: £18,215,000)*. A deferred tax asset has not been recognised in respect of those losses as the company does not anticipate taxable profits to arise within the immediate future. The estimated value of the deferred tax asset not recognised, measured at a standard rate of 25% *(2022: 25%)* is £4,554,000 *(2022: £4,554,000)*.

The recognition of a deferred tax liability in respect of the origination of timing differences is explained in Note 7.

17 Called up share capital

	2023 £000	2022 £000
Allotted, called up and fully paid		
16,549,189 ordinary shares of £0.01 each	**165**	165

During the year the company issued 10,663 £0.01 ordinary shares for consideration of £10,663,107.

Notes *(continued)*

18 Operating leases

Non-cancellable operating lease rentals are payable as follows:

	Group 2023 £000	Group 2022 £000
Less than one year	**46**	47
Between one and five years	**45**	21
	91	68

During the year £58,000 was recognised as an expense in the profit and loss account in respect of operating leases *(2022: £57,000)*. The company does not have any leases.

19 Related parties

Group

Identity of related parties with which the group has transacted

Deepdale PNE Holdings Limited (DPNE) holds 100% of the shares in the company.

During the financial year, DPNE has subscribed for 10,663 new £0.01 ordinary shares in the company at a premium of £1,000 per share (total proceeds £10,663,107) and the company has, in turn, subscribed for 9,463 £1.00 ordinary shares in its subsidiary, The Preston North End Football Club Limited, also at a premium of £1,000 per share (total proceeds £9,472,463). DPNE is a related party ultimately controlled by the Hemmings family interests.

Northern Trust Company Limited (NTC) is also a company ultimately controlled by the Hemmings family interests. During the year, the Company has received payments totalling £3,787,000 from NTC in return for corporation tax losses generated by the Company and which will be used by NTC to reduce its own liability to corporation tax.

David Robinson is a director of the company. He is also a director of Frank Whittle Partnership (FWP). During the year, the company made payments to FWP totalling £24,295 for architectural and project management work (year end balance £1,746).

Kevin Abbott is a director of the company and also the subsidiary company, Preston North End Football Club Limited ('PNEFC'). He is also a director of The Preston North End Community and Education Trust (PNECET). During the year, PNECET made payments to the company totalling £39,600 for charges relating to the offices occupied within the Deepdale Stadium. In addition, PNECET made payments to PNEFC totalling £110,025 for products, services and also services which had been invoiced to the company as part of shared contracts (year end balance £nil).

Transactions with key management personnel

Key management personnel of the group were the directors who served during the year. The compensation of key management personnel (including pension contributions) was as follows:

	Group	
	2023 £000	2022 £000
Key management emoluments	**501**	443
Company contributions to defined contribution pension plans	**11**	9
	512	**452**

Notes *(continued)*

20 Subsequent events

Since the year end the group has received funding from the ultimate shareholder of £6,805,000 and acquired the registration of six players.

21 Ultimate parent company

The ultimate parent company is Wordon Limited, whose registered office is Masonic Building, Water Street, Ramsey, Isle of Man.

At 30 June 2023, Wordon Limited was wholly owned by the estate of Mr TJ Hemmings (deceased) and on 20 September the estate was settled and the shares in Wordon Limited were transferred into a discretionary trust.

Following the transfer on 20 September 2023, the ultimate controlling party of Wordon Limited are the trustees of this discretionary trust. The potential beneficiaries of this trust are certain members of the family of Mr TJ Hemmings. Wordon Limited does not prepare consolidated accounts.

The smallest group in which the results of the company are consolidated is that headed by Preston North End Limited. Preston North End Limited's accounts are also consolidated into their parent company's accounts, Deepdale PNE Holdings Limited.

22 Accounting estimates and judgements

Key sources of estimation uncertainty and judgements

The board considers the key judgement to be the use of the going concern basis. See note 1 for consideration of the going concern basis. It would only in be in circumstances where this was not the case that the judgemental areas in the accounts would carry risk of material adjustment in future years. For example, the carrying value of the football stadium is supported as long as English Football League status is maintained and the carrying value of the intangible assets is supported by either the expectation that players will play out their contracts or the knowledge that appropriate transfer fees would be sought where the player is sold before expiry of the initial contract.

Judgement is also applied when assessing the carrying value of the investment held by Preston North End Limited in Preston North End Football Club Limited, as the investment is principally dependent on management's estimate of the fair value of the playing squad. As the shareholder investment advanced during the year to 30th June 2023 has mainly been utilised on the continuing operating costs of the football club, rather than on additional squad investment, the carrying value of the investment has been impaired accordingly. The carrying value at 30th June 2023 therefore remains the same as it was at the start of the financial year. Determining the fair value for an individual player on the transfer market is subjective and there is no established and recognised methodology in place for player valuation. Therefore, management apply judgement when determining the valuation of players, this includes benchmarking the player against the current market and historic transfers.