

**Newcastle United Football Company Limited**  
Financial statements  
For the 13 month period ended 31 July 2020

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**Company no 00031014**

## Company information

<b>Company registration number:</b>	00031014
<b>Registered office:</b>	St. James Park NEWCASTLE UPON TYNE NE1 4ST
<b>Director:</b>	L Charnley
<b>Bankers:</b>	Barclays Bank PLC Barclays House 5 St Ann's Street Quayside NEWCASTLE UPON TYNE NE1 3DX
<b>Independent Auditor:</b>	RSM UK Audit LLP Statutory Auditors Chartered Accountants 25 Farringdon Street London EC4A 4AB

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## Strategic report

The principal activities of the Company during the period were the operation of a professional football club together with related and ancillary activities.

The Director presents the company's strategic report for the 13 month period ended 31 July 2020. Comparative financial statements are for the year ended 30 June 2019. The Director has elected to prepare these financial statements for a 13 month period, which reflect the results for the whole of the 2019-20 season, and thereby present the best comparable financial information.

The Director reports a loss after tax for the period of £22.5m (2019: profit after tax £34.7m).

The 2019-20 season was severely disrupted by the global Covid-19 pandemic. The league was suspended in March 2020, at which point only 29 of the club's 38 Premier League fixtures had been completed. The competition resumed, behind closed doors, in June 2020 and concluded in July 2020 with the Club, having played the final 9 games of the season, including 5 at St. James' Park, behind closed doors, finishing in 13<sup>th</sup> position. (2019: 13<sup>th</sup>)

The company has faced a number of challenges as a result of Covid-19. The financial impact on the results for the period under review is evident from the numbers presented and discussed below. Covid-19 related training and match day protocols, developed by the Premier League and implemented by clubs, ensured matches have continued to take place albeit under strictly controlled conditions. However, other than the reduced capacity crowd allowed in for the final home game in May 2021, the whole of the 2020-21 season has taken place at an empty St. James' Park. In addition, non-matchday commercial activities have been severely impacted throughout. As a result the impact of Covid-19 on the 2020-21 finances will be even greater.

The Company's key financial performance indicators are listed below:

	2020	2019	Inc/(Dec)
Turnover	£152.6m	£176.4m	(£23.8m)
Operating profit before amortisation & impairment	£4.7m	£53.5m	(£48.8m)
Operating (loss)/profit	(£54.0m)	£14.9m	(£68.9m)
(Loss)/profit after tax	(£22.5m)	£34.7m	(£57.2m)
Wages to turnover ratio*	79.4%	54.9%	24.5%
Loans/debt**	£106.9m	£111.0m	(£4.1m)
Cash at period end***	£57.6m	£9.8m	£47.8m
Average home league attendance****	48,248	51,116	(2,688)

\* reflects combined impacts of Covid-19 related loss of revenue and an additional month's wage costs

\*\*balance has reduced due to offset of an historic debt due to the Group, not by way of a cash repayment

\*\*\* includes Premier League equal share payment for 2020-21 season, received July 20

\*\*\*\*excludes final 5 games played behind closed doors

### Financial overview

These financial results do not reflect a 'normal' year for the company. Covid-19 aside, the company's income would not have been hugely impacted by the extension of the accounting period by the further month, whereas operating costs would be expected to increase pro rata. The vast majority of the company's income arises during the playing season (usually 10 months out of 12) whereas the costs, in particular two of the most significant - wages and player amortisation - accrue on a more even basis across the entirety of any given accounting period.

## Strategic report (continued)

Following the suspension of the 2019-20 season, and the subsequent return behind closed doors, there have been significant reductions across match and media income, two of the company's main revenue streams.

Overall turnover fell by £23.8m (13%) from £176.4m to £152.6m. An analysis of income by category is shown in Note 4 on page 22.

- Match income fell £7.4m (30%) from £24.8m to £17.4m due mainly to the final 5 home games of the season being played behind closed doors.
- Media income fell £17.8m (14%) from £123.9m to £106.1m, the main factors being the club's share of rebates due to broadcasters in relation to the delayed conclusion of the 2019-20 season, and the number of live TV appearances falling by 4 to 15 (2018-19: 19).
- Commercial income fell £0.3m (1%) from £26.2m to £25.9m, the impact of Covid-19 being of much less significance here, this despite the cessation of matchday and non matchday activities from March 20 onwards.

Operating expenses for the 13 month period were up £25.1m (20%) to £148.0m (12 months ended 30 June 2020: £122.9m), the additional month of (predominantly) wage costs outweighing any savings arising from the staging of the final 5 home matches behind closed doors. The wages to turnover ratio increased to 79.4 % although this ratio is heavily impacted by both the fall in income and the inclusion of an additional months costs.

The net effect of the above is a fall of £48.8m in operating profit before player amortisation and impairment from £53.5m to £4.7m.

Profit on disposal of players' registrations rose to £26.3m (2020: £24.6m). Amortisation increased (partly as a result of the additional month's charge) by £9.0m from £38.6m to £47.6m in addition to which an impairment charge of £11.1m was made in the period.

The overall impact of all of the above, is a loss of £26.0m before tax, reducing to £22.5m after a taxation credit of £3.4m. (2019: £41.2m profit before tax, £34.7m profit after tax).

The results for the period can be summarised as follows:

Loss before tax as reported	(£26.0m)
Add back: Covid 19 net impact	£14.4m
Add back: Costs arising due to extension of accounting period	£12.7m
Underlying Profit before tax excluding the impacts of the above	£1.1m

### Cashflow and balance sheet

Cash at 31 July 2020 was £62.7m (30 June 2019: £14.0m), a net inflow of £48.7m.

- Cash inflows from operating activities were £72.5m (2019: £32.9m). Extension of the accounting period to 31 July means the closing cash balance also includes the Premier League equal share payment for season 2020-21, in addition to the equivalent for season 2019-20 received in July 2019.
- Net cash outflow on player transfers in and out totalled £23.1m (2019: £19.2m). As always, this figure includes instalments paid or received in respect of prior period transfers, and excludes any future amounts payable or receivable in future periods in respect of transfers which occurred during the period under review.
- Whilst there was no cash repayment of the £111.0m short term debt due to the owner in the period under review the balance has reduced by £4.1m. In March 2020, in preparation for the Group being sold, an historic net balance owing by the parent company to the Group was netted off the debt which, as a result, now stands at £106.9m (see note 15). This amount, which continues to be interest free, is repayable on demand, and as a result is disclosed as falling due within one year. The anticipated sale of the Group has

## Strategic report (continued)

not completed at the time of writing and the parent company has provided written confirmation that, provided the Group remains under its control, there is no current intention to demand repayment of the debt to at least 31 July 2022.

### **Section 172 Statement**

Section 172 of the Companies Act 2006 requires directors to take into consideration the interests of stakeholders and other matters in their decision making. They should have regard to the interests of the company's employees and other stakeholders, the impact of the company's activities on the community and the environment, and the company's reputation for good business conduct and should act in a way in which it considers, in good faith, would be most likely to promote the success of the company for its members in the long term.

### **Community**

The club, and its official charity, Newcastle United Foundation play a key role at the heart of the North East community. Partnerships with local agencies, councils and business forums support the delivery of programmes throughout the region to promote learning, employability and healthy lifestyles, reaching over 50,000 people annually.

The 'United as One' brand was launched in April 2019 to unite all of the Club's work in the fields of diversity, inclusion and welfare together under one banner. Through a range of activities across the Club and Foundation, including matchday campaigns, United as One is working towards ending discrimination and inequality in football and in society.

Having attained Preliminary status the Club is currently working towards the Premier League's Intermediate Equality Standard and, in 2020, became a signatory to its voluntary Football Leadership Diversity Code. The Club's own Equality Action Plan sets out its ambitions to improve diversity and inclusion, focussing initially on ethnicity, gender and age and it continues to engage, via the Inclusion Advisory Group, with an extensive range of stakeholders to ensure its approach to this work is insights led.

### **Club employees**

The club hugely values its workforce, many of whom are long serving, and engagement with staff at all levels of the organisation is a key objective of the Director and senior management team, especially so during the current remote working arrangements for the majority of the (non-footballing) workforce. In as far as confidentiality and commerciality allow the club strives to keep employees informed and updated on matters which may affect them. A staff intranet, for the communication and exchange of news and views, together with an employee forum (formed in 2019) together provide a platform for on-going formal and informal engagement.

### **Supporter engagement**

The club is committed to an ongoing dialogue with its supporters, and continues to engage and consult with recognised supporter groups and the wider fan base where confidentiality and commerciality allow. Senior staff are in regular communication with fan representatives and 'Fan Focus Groups' are convened around thematic topics, the most recent example being the return of supporters to St. James' Park.

As part of the 'United as One' programme referenced above both the club and foundation work regularly with supporter groups including United With Pride and Newcastle United Disabled Supporters Association on a number of initiatives to increase the diversity of our supporter base.

### **Business relationships**

Newcastle United is an active member of a number of regional business networks, and is currently a Gold Member of NewcastleGateshead Initiative and a Partner Member of the North East Chamber of Commerce. These networks enable formal communication between the Club and regional stakeholders in industry and public sector agencies.

## Strategic report (continued)

The club has a roster of commercial and business partners at local, national and international level, building engagement with fans and other business partners for mutual impact. Local businesses are not only important customers but also form a key part of the Club's supply chain, particularly in areas such as stadium maintenance and IT.

The 2019 EY report on the Economic and Social Impact of Newcastle United highlighted the significant contribution made by the club to the local economy. The Director and senior management team continue to work with other regional bodies to identify opportunities to host special sporting, cultural and business events at St. James' Park. These events bring important economic benefits to the region and ensure the city is on the map for inbound tourism.

### Contingent liability

In April 2017 HMRC attended certain Group premises and executed a search warrant. Subsequent to these events, Newcastle United Football Company Limited ("NUFCL") received claims from HMRC relating to alleged underpayment of tax and national insurance, and interest thereon. The amount that has been claimed by HMRC has been assessed by the Director and an accrual has been made in the Group's financial statements. The amount accrued represents a best estimate at this time of the amount which may be payable. The amount claimed excludes any amount which may be payable in respect of penalties and only reflects amounts the Group has been made aware of. Appeals have been lodged against these assessments, and the matter remains in the hands of the Group's legal advisers.

In the opinion of the Director, at this stage in the process, there is insufficient information available to enable him to make a reliable estimate of either the un-accrued amount of any liability which may ultimately arise in this regard, or when any such sums may become payable.

On 6 May 2021, HMRC confirmed that it was closing the criminal investigation into NUFCL and the matter was going to be considered by HMRC's civil investigation team.

### Principal risks and uncertainties

The Director considers the following to be the key business risks and uncertainties associated with the operation of a professional football club and will take such action as is considered necessary to manage and/or mitigate those risks.

- Relegation from the Premier League (particularly if followed by a prolonged period of absence) due to the impact on revenue streams.
- Ability to recruit and retain playing staff and other key employees in what is a highly competitive market.
- Unavailability of key playing staff through injury.
- Changes to the rules and regulations of the FA, PL, EFL, UEFA and FIFA in areas such as: competition format, revenue distribution, profitability and sustainability rules, eligibility of players and operation of the transfer market.
- Negotiation of key commercial contracts – including Premier League centrally negotiated broadcasting and commercial agreements
- Health and safety risks associated with the stadium operation on match and non-match days.
- Cash management, including the impact of dealing with overseas customers and suppliers where transactions are subject to currency fluctuations.

The ongoing impact of Covid-19 and the uncertainty it presents around the key activities of the company, is acknowledged as a significant additional risk at the current time.

### Future Developments

Since the balance sheet date, the 2020-21 season has taken place under ongoing Covid-19 restrictions and completed on schedule in May 2021. A limited number of fans were allowed to attend each club's final home game, and June/July has

## Strategic report (continued)

seen a number of pilot sporting and other events take place across the country with increasing attendance levels.

On 12 July 2021 the government announced plans to remove restrictions on stadium capacities and social distancing with effect from 19 July 2021. As a result, the Director is hopeful that 2021-22 will see a return to normal levels of both matchday and non matchday activity.

This report was approved by the board on 20 July 2021 and signed on its behalf.



L Charnley  
Director



## Director's report

The Director presents his report and the financial statements for the 13 month period ended 31 July 2020.

### **Information included in the Strategic Report**

Employment and business relationship disclosures are included in the Section 172 Statement section of the Strategic Report. Future developments are also disclosed in the Strategic Report.

### **Dividends**

The Board does not recommend the payment of a dividend for the period ended 31 July 2020 (2019: £nil).

### **Directors**

The Director who served during the period was:

L Charnley

### **Director's responsibilities statement**

The Director is responsible for preparing the Strategic report, the Director's report and the financial statements in accordance with applicable law and regulations.

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Director is 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 him to ensure that the financial statements comply with the Companies Act 2006. He is 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.

## Director's report (continued)

### **Directors' Indemnities**

The Company has made qualifying third party indemnity provisions for the benefit of the Director which were made during the period and remain in place at the date of this report.

### **Political and charitable donations**

The Company's charitable donations for the period amounted to £371,000 including an amount payable to Newcastle United Foundation in respect of bonuses for Foundation staff (2019: £243,000). There were no political contributions (2019: £nil).

### **Principal financial risk management policies and objectives**

The Company aims to minimise financial risk and prepares rolling cash flow and profit forecasts to monitor performance against budget, and to ensure that its available cash is managed effectively.

The financial assets that expose the Company to financial risk include cash and trade debtors. Cash is held at Barclays Bank PLC. Trade debtors are monitored closely to minimise the possibility of bad debts arising. Amounts due from other clubs are covered by specific football creditor rules as a result of which these amounts carry minimal risk of default. In relation to player trading transactions the Company may, where appropriate, use foreign exchange forward contracts to minimise the foreign exchange risk associated with future trade receivables.

### **Payment to suppliers**

The Company does not have a standard creditor payment policy but seeks the best possible terms from suppliers appropriate to its business and, in placing orders, gives consideration to quality, price and terms of payment, which will be agreed with suppliers when the details of each transaction are settled. The Company will continue to honour its contractual and other legal obligations and to pay creditors on the dates agreed in contracts and purchase orders.

### **Going concern**

The Director has prepared financial forecasts to 31 July 2022, which encompass the 2021-22 season, taking into account the inherent uncertainties around Covid 19, including potential restrictions on stadium capacities. As disclosed in note 25 to the financial statements, the Company owes £106.9m to its intermediate parent company, which continues to be interest free and repayable on demand. The intermediate and ultimate parent company have provided written confirmation that, provided they continue to control the Company, they have no current intention to demand repayment of the debt, and their current intention is to continue to support the working capital requirements of the Company to at least 31 July 2022. The director has concluded that the Company remains a going concern and has accordingly prepared these financial statements on the going concern basis.

### **Employee involvement**

The Company recognises the importance of employee engagement and, within the bounds of commercial confidentiality, seeks to keep staff across the organisation informed of matters relating to the performance of the Company that may be of interest to them as employees. Further details are contained in the Strategic Report.

### **Disabled employees**

The Company ensures that all employees, and job applicants, are treated fairly, in accordance with its company policies and values. Applications for employment by disabled persons are fully considered and assessed objectively against the requirements of the job, giving consideration to any reasonable adjustments that may be required for

## Director's report (continued)

someone with a disability. In the event that an existing employee becomes disabled, all reasonable and practicable steps will be taken to ensure their employment with the Company continues.

### Subsequent events

Subsequent to the Statement of financial position date the Company has committed to a further maximum net spend of approximately £48m (2019: £48m) in respect of changes to the playing squad and team management.

The 2020-21 Premier League season completed in May 21 with the club finishing in 12th position.

On 2 July 2021 the club announced a new multi-year partnership with British sportswear group Castore. In addition to becoming the official kit supplier Castore will also take over the Club's retail operations.

Legal proceedings are ongoing between Newcastle United Football Company Ltd and the Premier League. The Club has challenged the Premier League's decisions concerning a proposed takeover of the Club that involves the Public Investment Fund of Saudi Arabia. The proceedings are arbitral, governed by section X of the Premier League Rules, and are confidential in nature. Neither party is entitled to comment on them save with the other's consent.

### Disclosure of information to auditor

The Director at the time when this Director's report is approved has confirmed that:

- so far as he is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- he has taken all the steps that ought to have been taken as a director in order to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

The Director is responsible for the maintenance and integrity of the corporate and financial information included on the Company's Website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

This report was approved by the board on 20 July 2021 and signed on its behalf.



L Charnley  
Director

# Independent auditor's report to the members of Newcastle United Football Company Limited

## Opinion

We have audited the financial statements of Newcastle United Football Company Limited (the 'company') for the 13 month period ended 31 July 2020 which comprise the Statement of income and retained earnings, Statement of financial position and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 July 2020 and of its loss for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

## Basis for opinion

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

## Conclusions relating to going concern

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

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

## Other information

The director is responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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.

## Independent auditor's report to the members of Newcastle United Football Company Limited (continued)

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

### **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 or the director's 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 director's remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

# Independent auditor's report to the members of Newcastle United Football Company Limited (continued)

## **Responsibilities of director**

As explained more fully in the director's responsibilities statement set out on page 6, the director is 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 director determines 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 director is 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 director either intends to liquidate the company or to cease operations, or has 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: [www.frc.org.uk/auditorsresponsibilities](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

RICHARD COATES (Senior Statutory Auditor)  
For and on behalf of RSM UK Audit LLP, Statutory Auditor  
Chartered Accountants  
25 Farringdon Street  
London  
EC4A 4AB  
20 July 2021

## Statement of income and retained earnings

	Note	31 July 2020 £000	30 June 2019 £000
Turnover	4	152,626	176,448
Operating expenses		(147,959)	(122,880)
Amortisation and impairment of players' registrations	12	<u>(58,696)</u>	<u>(38,611)</u>
<b>Operating (loss)/profit</b>	5	<b>(54,029)</b>	<b>14,957</b>
Analysed as:			
Operating profit before amortisation and impairment of players' registrations		4,667	53,568
Amortisation and impairment of players' registrations		<u>(58,696)</u>	<u>(38,611)</u>
		<u>(54,029)</u>	<u>14,957</u>
Profit on disposal of players' registrations		<u>26,288</u>	<u>24,583</u>
<b>(Loss)/profit before interest and taxation</b>		<b>(27,741)</b>	<b>39,540</b>
Interest receivable and similar income	9	1,870	2,179
Interest payable and expenses	10	<u>(108)</u>	<u>(505)</u>
<b>(Loss)/profit before tax</b>		<b>(25,979)</b>	<b>41,214</b>
Tax on (loss)/profit	11	<u>3,432</u>	<u>(6,476)</u>
<b>(Loss)/profit and total comprehensive income for the period</b>		<b>(22,547)</b>	<b>34,738</b>
Retained earnings at beginning of the period		<u>8,235</u>	<u>(26,503)</u>
<b>Retained earnings at end of the period</b>		<b><u>(14,312)</u></b>	<b><u>8,235</u></b>

All results are derived from continuing operations.

The notes on pages 14 to 32 form part of these financial statements.

## Statement of financial position

	Note	£000	31 July 2020 £000	£000	30 June 2019 £000
<b>Fixed assets</b>					
Intangible assets	12		93,696		80,328
Tangible assets	13		56,796		59,530
			<u>150,492</u>		<u>139,858</u>
<b>Current assets</b>					
Stocks		-		27	
Debtors: amounts falling due within one year	14	22,011		48,124	
Debtors: amounts falling due after one year	14	5,374		18,789	
Cash at bank and in hand		57,561		9,781	
		<u>84,946</u>		<u>76,721</u>	
Creditors: amounts falling due within one year	15	(210,150)		(51,434)	
<b>Net current (liabilities)/assets</b>			<u>(125,204)</u>		<u>25,287</u>
<b>Total assets less current liabilities</b>			<b>25,288</b>		<b>165,145</b>
Creditors: amounts falling due after more than one year	16		(5,593)		(117,331)
Provisions for liabilities	18		(8,694)		(14,266)
<b>Net liabilities</b>			<u><b>11,001</b></u>		<u><b>33,548</b></u>
<b>Capital and reserves</b>					
Called up share capital	20		25,313		25,313
Retained earnings	21		(14,312)		8,235
			<u><b>11,001</b></u>		<u><b>33,548</b></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 20 July 2021.



L Charnley  
 Director

The notes on pages 14 to 32 form part of these financial statements.



# Notes to the financial statements

## 1 General information

Newcastle United Football Company Limited is a limited liability company incorporated in England and Wales. Its registered office is located at St. James' Park, Newcastle Upon Tyne, NE1 4ST.

These financial statements are prepared for the 13 month period to 31 July 2020 with comparatives for the year ended 30 June 2019. This approach enables the revenue for the whole of the 2019-20 season to be included in the financial statements and thus provides the best comparable financial information. As explained in the Strategic Report, in addition to the impact of Covid-19, the club's largest operating expenses accrue evenly over time, so the financial performance reported for the period ended 31 July 2020 is not entirely comparable to the prior year amounts stated for the year ended 30 June 2019.

## 2 Accounting policies

### 2.1 Basis of preparation of financial statements

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

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

The financial statements are presented in sterling and all values are rounded to the nearest thousand pounds (£000), except where otherwise stated.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

The following principal accounting policies have been applied:

### 2.2 Going concern

The Director has prepared financial forecasts to 31 July 2022, which encompass the 2021-22 season, taking into account the inherent uncertainties around Covid 19, including potential restrictions on stadium capacities. As disclosed in note 25 to the financial statements, the Company owes £106.9m to its intermediate parent company, which continues to be interest free and repayable on demand. The intermediate and ultimate parent company have provided written confirmation that, provided they continue to control the Company, they have no current intention to demand repayment of the debt, and their current intention is to continue to support the working capital requirements of the Company to at least 31 July 2022. The director has concluded that the Company remains a going concern and has accordingly prepared these financial statements on the going concern basis.

### 2.3 Financial Reporting Standard 102 – reduced disclosure exemptions

The Company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);

This information is included in the consolidated financial statements of Newcastle United Limited as at 31 July 2020 and these financial statements may be obtained from Companies House.

## Notes to the financial statements (continued)

### 2.4 Revenue

Revenue represents income arising from sales to third parties, and excludes transfer fees receivable, which are dealt with in the profit or loss on disposal of players' registrations, and value added tax. Turnover can be analysed into four major streams, within which significant amounts are accounted for, as follows:

#### Matchday

Season ticket and corporate hospitality revenue is recognised over the period of the football season as home matches are played. Any revenues received in respect of future games are held as deferred income.

#### Media

Fixed elements of central broadcasting contracts are recognised over the period of the football season as league matches (home and away) are played. Appearance fees are accounted for as earned. The merit based payment is recognised at the end of the league season, when the final league position is known.

#### Commercial

Sponsorship contracts are recognised over the duration of the contract, either on a straight-line basis, or over the period of the football season, as appropriate based on the terms of the contract. Catering revenues are recognised on an earned basis. Revenue from the sale of branded products is recognised at the point of despatch when significant risks and rewards of ownership are deemed to have been transferred to the buyer.

#### Other Income

Other income includes grants, monies received from insurance claims and fees in respect of player's international duties. Grants are accounted for under the accruals model and all other income is recognised on an accruals basis.

### 2.5 Intangible assets

#### Acquired players' registrations

The costs associated with the acquisition of players' registrations are capitalised at cost at the date of acquisition as intangible fixed assets. These costs are fully amortised, on a straight line basis, over the period of the respective players' contracts.

For the purposes of impairment reviews, acquired players' registrations are classified as a single cash-generating unit until the point at which it is clear that, in the opinion of the Director, the player is no longer expected to remain an active member of the playing squad. In these circumstances the carrying value of that individual player's registration is reviewed against a measurable net realisable value.

#### Contingent payments

Under the conditions of certain transfer agreements, further fees may become payable to the selling club in the event of the player concerned making a certain number of first team appearances, or on the occurrence of certain other specified future events. Liabilities in respect of these additional payments are accounted for when, in the opinion of the Director, it becomes probable that the number of required appearances will be achieved or the specified future event will occur. The balance of potential costs is included as a contingent liability.

### 2.6 Tangible fixed assets

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

At each reporting date the Company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

## Notes to the financial statements (continued)

### 2 Accounting policies (continued)

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

Depreciation is provided on the following basis:

Long-term leasehold property	-	over the shorter of the unexpired term of the lease and 50 years
Fixtures and equipment	-	3 – 15 years

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

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of income and retained earnings.

#### Owned assets

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses.

#### Leased assets

Finance leases are those which transfer substantially all of the risks and rewards of ownership to the lessee. Assets held under finance leases are capitalised as property, plant and equipment and are depreciated over the shorter of the lease term or their useful economic life. The capital elements of future lease obligations are included within borrowings, while the interest elements are charged to the Statement of income and retained earnings over the period of the lease to produce a constant rate of charge on the balance of capital repayments outstanding.

All other leases are operating leases, the rentals on which are charged to the Statement of income and retained earnings on a straight-line basis over the lease term.

#### 2.7 Impairment of fixed assets

Assets that are subject to depreciation or amortisation are assessed at each reporting date to determine whether there is any indication that the assets are impaired. Where there is any indication that an asset may be impaired, the carrying value of the asset (or cash-generating unit to which the asset has been allocated) is tested for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's (or CGU's) fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs). Non-financial assets that have been previously impaired are reviewed at each reporting date to assess whether there is any indication that the impairment losses recognised in prior periods may no longer exist or may have decreased.

#### 2.8 Stocks

Stocks are stated at the lower of cost and net realisable value. Provision is made for obsolete, slow-moving or defective items where appropriate.

#### 2.9 Grants

Grants are accounted for under the accruals model as permitted by FRS 102. The deferred element of grants is included in creditors as deferred income.

#### 2.10 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

## Notes to the financial statements (continued)

### 2 Accounting policies (continued)

#### 2.11 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

#### 2.12 Financial instruments

The Company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors and loans other third parties.

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

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

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

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the reporting date.

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

#### 2.13 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

#### 2.14 Foreign currency translation

##### Functional and presentation currency

The Company's functional and presentational currency is GBP.

##### Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

## Notes to the financial statements (continued)

### 2 Accounting policies (continued)

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of income and retained earnings.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Statement of income and retained earnings within 'finance income or costs'. All other foreign exchange gains and losses are presented in the Statement of income and retained earnings within 'operating costs'.

#### 2.15 Finance costs

Finance costs are charged to the Statement of income and retained earnings over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

#### 2.16 Operating leases

Rentals paid under operating leases are charged to the Statement of income and retained earnings on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the period until the date the rent is expected to be adjusted to the prevailing market rate.

#### 2.17 Pensions

##### Defined contribution plans

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity.

Obligations for contributions to defined contribution pension plans are recognised as an expense in the Statement of income and retained earnings when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of Financial Position. The assets of the plan are held separately from the Company in independently administered funds..

##### Football League Limited Pension and Life Assurance Scheme

The Company is a member of the Football League Pension and Life Assurance Scheme, a multi employer plan. It is not possible for the Company to obtain sufficient information to enable it to account for the plan as a defined benefit plan. It accounts for the plan as a defined contribution plan. Where the plan is in deficit and where the Company has formally agreed, with the plan, to participate in a deficit funding arrangement the Company recognises a liability for this obligation. The amount recognised is the net present value of the obligation payable under the agreement that relates to the deficits. The amount is expensed in Income Statement. The unwinding of the discount is recognised as a finance cost.

#### 2.18 Onerous contracts

Present obligations arising under onerous contracts are recognised and measured as they arise. An onerous contract is considered to exist where the Company has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it.

#### 2.19 Interest income

Interest income is recognised in the Income Statement using the effective interest method.

## Notes to the financial statements (continued)

### 2 Accounting policies (continued)

#### 2.20 Borrowing costs

All borrowing costs are recognised in the Income Statement in the year in which they are incurred.

#### 2.21 Provisions for liabilities

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Income Statement in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Statement of financial position date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Statement of financial position.

A provision is recognised in the Statement of financial position when the Company has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

#### 2.22 Current and deferred taxation

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

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

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

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

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

The charge for taxation is based upon the result for the year and comprises current taxation and taxation deferred through timing differences between the treatment of certain items for taxation and accounting purposes.

Current tax is the expected tax payable on the taxable profits for the period, using tax rates enacted or substantively enacted at the Statement of financial position date, and any adjustment to tax payable in respect of previous years.

## Notes to the financial statements (continued)

### 2 Accounting policies (continued)

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the Statement of financial position date where transactions or events have occurred at that date that will result in an obligation to pay more, or right to pay less or to receive more, tax, with the following exceptions:

- Provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, or gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the Statement of financial position date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the Statement of financial position date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold.
- Provision is made for deferred taxation that would arise on remittance of the retained earnings of subsidiaries, associates and joint ventures only to the extent that, at the Statement of financial position date, dividends have been accrued as receivable.

Deferred tax assets are recognised only to the extent that the Director considers that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the Statement of financial position date.

#### 2.23 Exceptional items

Exceptional items are transactions that fall within the ordinary activities of the Company but are presented separately due to their size or incidence.

The Company presents as exceptional items, on the face of the Income Statement, those material items of income and expense which, because of the nature and expected infrequency of the events giving rise to them, merit separate presentation to allow shareholders to better understand the elements of financial performance in the year, so as to facilitate comparison with prior periods and to better assess trends in financial performance. Amortisation and impairment of intangibles is also presented separately on the face of the Income Statement so as to facilitate comparison with prior periods and to better assess trends in financial performance.

#### 2.24 Signing on fees

Signing on fees are charged to the Income Statement over the period of the player's contract.

#### 2.25 Deferred income

Deferred income comprises amounts received from capital grants, sponsorship, bond, corporate hospitality and season ticket income. Capital grants are released to the Income Statement on a straight-line basis over the estimated useful lives of the assets to which they relate. Other deferred income is released to the Income Statement on a straight-line basis over the period to which it relates.

The presentation of deferred income of £57,433k (2019: £17,849k) has been revised in these financial statements. Having previously been shown separately on the face of the balance sheet, £53,277k (2019: £13,341k) is now included within creditors due within one year and £4,156k (2019: £4,508k) within creditors due after more than one year. Comparative amounts have been restated. In the opinion of the Director this revised presentation results in a more meaningful presentation of the Company's financial position at each balance sheet date.

## Notes to the financial statements (continued)

### 2 Accounting policies (continued)

#### 2.26 Loans

Loans are initially stated at the amount of the net proceeds after deducting any issue costs which are amortised over the life of the loan. The carrying amount is increased by the finance cost in respect of the accounting period and reduced by payments made in the period.

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

Preparation of the financial statements requires management to make significant estimates and judgements. The items in the financial statements where these judgements and estimates have been made include:

#### Impairment of Player Registrations

Under certain circumstances (as outlined in note 2.5) the Director may be required to estimate a net realisable value for an individual player's registration. This value will take in to account any offers received for that player, as well as the Director's knowledge and experience of recent trading and market conditions. When considered necessary, an impairment charge will be made to reduce the carrying value of the player's registration to their fair value less any costs of disposal. An impairment charge for the period of £11.1m (2019: £nil) arose in respect of players no longer expected to remain an active member of the playing squad.

#### Claims against the Company

The Company assesses claims made against it taking into account all information supporting those claims. To the extent that the claim is more likely than not to require company resources to settle the claim an assessment of an appropriate provision is made. To the extent that a fixed liability can be reliably measured then the Company makes a provision. Any claim where it is possible that resources will be required to settle is disclosed as a contingent liability to the extent that a provision is made. See note 22 for details of a claim from HMRC.

### 4 Turnover

The Company has one main business segment, that of professional football operations. As a result, no additional business segment information is required to be provided. It operates in one geographical segment, the United Kingdom, and accordingly no additional geographical segment information is required to be provided.

Notwithstanding this, a voluntary analysis of the turnover streams is given below to assist with an understanding of the business.

Turnover streams comprise:

#### Matchday

Season and matchday tickets and corporate hospitality income.

#### Media

Television and broadcasting income, including distributions from broadcasting agreements, cup competitions and local radio.



## Notes to the financial statements (continued)

### 4 Turnover (continued)

#### Commercial

Sponsorship income, merchandising, conference and banqueting, catering and other sundry income.

#### Other Income

Other income consists of insurance income, grant income and international fees.

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

	31 July 2020 £000	30 June 2019 £000
Matchday	17,443	24,846
Media	106,103	123,936
Commercial	25,850	26,186
Other income	3,230	1,480
	<u>152,626</u>	<u>176,448</u>

All turnover arose within the United Kingdom.

### 5 Operating (loss)/profit

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

	2020 £000	2019 £000
Other operating income – CJRS grant income	(1,152)	-
Other operating income – release of capital grants	(87)	(87)
Depreciation and other amounts written off tangible fixed assets:		
- owned and long leasehold	2,970	2,817
Amortisation of intangible assets	47,561	38,611
Impairment of intangible assets	11,135	-
Operating lease payments	709	655
Foreign exchange losses /(gains)	134	(11)
	<u>          </u>	<u>          </u>

### 6 Auditor's remuneration

	2020 £000	2019 £000
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	<u>48</u>	<u>48</u>
Fees payable to the Company's auditor and its associates in respect of: Audit-related regulatory reporting	<u>7</u>	<u>7</u>

## Notes to the financial statements (continued)

### 7 Employees

Staff costs (including provisions for onerous contracts) were as follows:

	31 July 2020 £000	30 June 2019 £000
Wages and salaries	106,878	84,944
Social security costs	14,115	11,776
Cost of defined contribution scheme	153	78
	<u>121,146</u>	<u>96,798</u>

The average monthly number of full time equivalent employees, including the Director, during the period was as follows:

	2020 No.	2019 No.
Playing squad, academy, team management and support	151	132
Business operations	141	142
	<u>292</u>	<u>274</u>

In addition, the Company employed an average of 467 (2019: 476) matchday stewards reducing to 75 for games played behind closed doors.

### 8 Directors' remuneration

	2020 £000	2019 £000
Directors' emoluments	<u>675</u>	<u>267</u>

Remuneration was paid to 1 director in the year, and comprises basic salary and bonus. Remuneration of the highest paid director amounted to £675,000 (2019: £267,000).

During the year, retirement benefits were accruing to 1 director in respect of defined contribution pension schemes. The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £768 (2019: £1,000).

Other than as disclosed above, the Director received no remuneration from MASH Holdings Limited and/or any of its subsidiary and/or associated companies.

### 9 Interest receivable and similar income

	2020 £000	2019 £000
Other interest receivable	1,870	2,158
Bank interest receivable	-	21
	<u>1,870</u>	<u>2,179</u>

Other interest receivable relates to the unwinding of the discount on deferred payments for players' registrations

## Notes to the financial statements (continued)

### 10 Interest payable and similar expenses

	31 July 2020 £000	30 June 2019 £000
Bank interest payable	15	10
Interest payable on multi employer pension scheme	12	15
Interest payable on hire purchase contracts and finance leases	20	18
Other interest payable	61	462
	<u>108</u>	<u>505</u>

### 11 Taxation

	2020 £000	2019 £000
<b>Current tax</b>		
Corporation tax	<u>(861)</u>	<u>342</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	<u>(2,571)</u>	<u>6,134</u>
<b>Total tax charge/(credit) for the period</b>	<u><u>(3,432)</u></u>	<u><u>6,476</u></u>

#### Factors affecting tax charge for the period

The tax assessed for the year is lower than (2019: lower than) the standard rate of corporation tax in the UK of 19% (2019: 19%). The differences are explained below:

	2020 £000	2019 £000
(Loss)/profit on ordinary activities before tax	<u>(25,979)</u>	<u>41,214</u>
(Loss)/profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2019: 19%)	<u>(4,936)</u>	<u>7,831</u>
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	761	602
Adjust closing deferred tax rate	707	(786)
Adjustments to tax charge in respect of prior periods	36	(1,171)
<b>Total tax charge for the period</b>	<u><u>(3,432)</u></u>	<u><u>6,476</u></u>

## Notes to the financial statements (continued)

### 12 Intangible assets

	Players' registrations £000
<b>Cost</b>	
At 1 July 2019	160,509
Additions	75,787
Disposals	(20,446)
At 31 July 2020	<u>215,850</u>
<b>Amortisation</b>	
At 1 July 2019	80,181
Charge for the period	58,696
On disposals	(16,723)
At 31 July 2020	<u>122,154</u>
<b>Net book value</b>	
At 31 July 2020	<u>93,696</u>
At 30 June 2019	<u>80,328</u>

The intangible asset that is material to the financial statements is the first team squad. The carrying value of the squad is £93,696,000 with a remaining amortisation period of 1-5 years. The amortisation charge for the current squad over this period will be;

2020/21 - £27,454,000
2021/22 - £22,277,000
2022/23 - £18,539,000
2023/24 - £14,659,000
2024/25 - £10,767,000

## Notes to the financial statements (continued)

### 13 Tangible fixed assets

	Land and buildings £000	Fixtures and equipment £000	Total £000
<b>Cost</b>			
At 1 July 2019	97,731	14,153	111,884
Additions	-	236	236
Disposals	-	(32)	(32)
At 31 July 2020	<u>97,731</u>	<u>14,357</u>	<u>112,088</u>
<b>Depreciation</b>			
At 1 July 2019	40,297	12,057	52,354
Charge for the period	2,133	837	2,970
Eliminated on disposal	-	(32)	(32)
At 31 July 2020	<u>42,430</u>	<u>12,862</u>	<u>55,292</u>
<b>Net book value</b>			
At 30 July 2020	<u>55,301</u>	<u>1,495</u>	<u>56,796</u>
At 30 June 2019	<u>57,434</u>	<u>2,096</u>	<u>59,530</u>

Cumulative finance costs capitalised in prior years, excluding tax relief, included in the value of tangible fixed assets amount to £3,964,000 (2019: £3,964,000).

The net book value of land and buildings may be further analysed as follows:

	2020 £000	2019 £000
Long leasehold	<u>55,301</u>	<u>57,434</u>

Fixtures and equipment with a carrying value of £514,000 (2019: £681,000) are held under HP agreements.

## Notes to the financial statements (continued)

### 14 Debtors

#### Amounts falling due within one year

	31 July 2020	30 June 2019
	£000	£000
Trade debtors	16,366	35,617
Amounts owed by group undertakings	108	313
Other debtors	69	5,283
Corporation tax	1,318	-
Prepayments and accrued income	4,150	6,868
Amounts owed by Newcastle United Foundation	-	43
	<u>22,011</u>	<u>48,124</u>

#### Amounts falling due after one year

	2020	2019
	£000	£000
Trade debtors	5,374	18,789
	<u>5,374</u>	<u>18,789</u>

Included within trade debtors are amounts totalling £19.8m (2019: £48.0m) relating to the consideration receivable for the sale of player registrations, including £5.4m (2019: £18.8m) expected to be recovered in more than twelve months.

The amount of debtors written off to the Income Statement in the period was £108,000 (2019: £2,000). The impairment included against debtors at the period end is £nil (2019: £nil).

## Notes to the financial statements (continued)

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

	31 July 2020	30 June 2019
	£000	£000
Obligations under finance leases and HP	250	250
Loan note owed to parent company (see note 25)	106,912	-
Trade creditors	3,702	11,865
Amounts owed to group undertakings	5,775	1,626
Corporation tax	-	375
Taxation and social security	26,043	10,220
Other creditors	545	967
Accruals and deferred income	66,923	26,131
	<u>210,150</u>	<u>51,434</u>

Included within trade creditors above are amounts totalling £nil (2019: £8.1m) relating to consideration payable for player registrations.

### 16 Creditors: amounts falling due after than one year

	2020	2019
	£000	£000
Term and other loans	-	111,000
Obligations under finance leases and HP	40	290
Trade creditors	-	-
Accruals and deferred income	5,553	6,041
	<u>5,593</u>	<u>117,331</u>

Within accruals and deferred income is deferred income totalling £3.6m (2019: £3.8m) falling due after more than 5 years.

### 17 Hire purchase & finance leases

The Company's future minimum finance lease payments are as follows:	2020	2019
	£000	£000
Within one year	250	250
Between one and five years	62	333
	<u>312</u>	<u>583</u>
Less: finance charges	(22)	(43)
	<u>290</u>	<u>540</u>

## Notes to the financial statements (continued)

### 18 Provisions for liabilities

	Deferred tax £000	Onerous employment contracts & other charges £000	Total £000
At 1 July 2019	6,086	8,180	14,266
Additions in period	-	2,070	2,070
Provisions utilised/(released in) period	(2,571)	(5,071)	(7,642)
At 31 July 2020	<u>3,515</u>	<u>5,179</u>	<u>8,694</u>

The onerous employments provision is expected to be utilised over the next 12 months.

### 19 Deferred taxation

	2020 £000	2019 £000
At beginning of period	(6,086)	48
(Charged)/credited to the Statement of income and retained earnings	<u>2,571</u>	<u>(6,134)</u>
At end of period	<u>(3,515)</u>	<u>(6,086)</u>

The provision for deferred taxation is made up as follows:

	2020 £000	2019 £000
Decelerated capital allowances	865	872
Tax losses	16,365	9,105
Intangible rollover	(20,745)	(17,539)
Other timing differences	-	1,476
	<u>(3,515)</u>	<u>(6,086)</u>



## Notes to the financial statements (continued)

### 20 Share capital

	2020	2019
Shares classified as equity	£000	£000
<b>Allotted, called up and fully paid</b>		
7,990,000 – Ordinary shares of £0.50 each	3,995	3,995
21,318,000 – Redeemable shares of £1 each	21,318	21,318
	<u>25,313</u>	<u>25,313</u>

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

### 21 Reserves

#### Retained earnings

Includes all current and prior period profits and losses.

### 22 Contingent liabilities

Under the terms of certain contracts for the signing of players, additional amounts may become payable to other football clubs. The maximum unprovided liability which may arise in respect of these players at 31 July 2020 is £7,645,000 (2019: £6,563,000). The Director does not currently think that it is probable that such sums will be payable, on the basis that the qualifying criteria are not currently expected to be met.

In April 2017 HMRC attended certain Group premises and executed a search warrant. Subsequent to these events, Newcastle United Football Company Limited (“NUFCL”) received claims from HMRC relating to alleged underpayment of tax and national insurance, and interest thereon. The amount that has been claimed by HMRC has been assessed by the Director and an accrual has been made in the Group’s financial statements. The amount accrued represents a best estimate at this time of the amount which may be payable. The amount claimed excludes any amount which may be payable in respect of penalties and only reflects amounts the Group has been made aware of. Appeals have been lodged against these assessments, and the matter remains in the hands of the Group’s legal advisers.

In the opinion of the Director, at this stage in the process, there is insufficient information available to enable him to make a reliable estimate of either the un-accrued amount of any liability which may ultimately arise in this regard, or when any such sums may become payable.

On 6 May 2021, HMRC confirmed that it was closing the criminal investigation into NUFCL and the matter was going to be considered by HMRC’s civil investigation team.

## Notes to the financial statements (continued)

### 23 Pension commitments

The Company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £153,000 (2019: £78,000).

The Company also participates in the Football League Pension and Life Assurance Scheme ('the Scheme'). The Scheme is a funded multi-employer defined benefit scheme, with 92 participating employers, and where members may have periods of service attributable to several participating employers. The Company is unable to identify its share of the assets and liabilities of the Scheme and therefore accounts for its contributions as if they were paid to a defined contribution scheme.

The accrual of benefits ceased within the Scheme on 31 August 1999, therefore there are no contributions relating to current accrual. The Company pays monthly contributions based on a notional split of the total expenses and deficit contributions of the Scheme.

The company currently pays total contributions of £70,000 per annum and from September 2020 pays total contributions of £73,000 per annum.

As at 31 July 2020, based on an appropriate discount rate of 6.125% per annum, the present value of the Company's outstanding contributions (i.e. their future liability) is £157,000 (2019: £220,000). This amounts to £73,000 (2019: £69,000) due within one year and £84,000 (2019: £151,000) due after more than one year and is included within other payables.

### 24 Commitments under operating leases

At 31 July 2020 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2020	2019
	£000	£000
<b>Land and buildings</b>		
Within one year	655	655
In the second to fifth years inclusive	2,485	2,537
Over five years	50,339	51,000
	<u>53,479</u>	<u>54,192</u>

During the period £709,000 was recognised as an expense in the Income Statement in respect of operating leases (2019: £655,000).

## Notes to the financial statements (continued)

### 25 Related party transactions

Transactions between the Company and its group undertakings are not disclosed as permitted by Section 33 by FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

During the year, matchday hospitality to the value of £87,000 (2019: £109,000) was provided to members of Mr MJW Ashley's family. The amount owed to Mr Ashley at 31 July 2020 was £25,000 (2019: amount owed to the company £109,000).

The Company made sales of £141,000 (2019: £1,113,000) and purchased goods to the value of £594,000 (2019: £1,057,000) from Frasers Group plc and subsidiary companies ("Frasers Group") companies connected with Mr MJW Ashley. The balance owing at 31 July 2020 to Newcastle United Football Company Limited was £108,000 (2019: £1,297,000). The balance owing at 31 July 2020 to Frasers Group was £nil (2019: £49,000).

Mr MJW Ashley and companies under his control continued to provide loan facilities to the Company during the period. The total balance outstanding at 31 July 2020 was £106.9 million (2019: £111.0 million). The maximum amount outstanding during the period was £111.0 million (2019: £144.0 million). No interest was payable on the loans for either the current period or prior year.

### 26 Subsequent events

Subsequent to the Statement of financial position date the Company has committed to a further maximum net spend of approximately £48 million (2019: £48 million) in respect of changes to the playing squad.

The 2020-21 Premier League season completed in May 21 with the club finishing in 12th position.

On 2 July 2021 the club announced a new multi-year partnership with British sportswear group Castore. In addition to becoming the official kit supplier Castore will also take over the Club's retail operations.

Legal proceedings are ongoing between Newcastle United Football Company Ltd and the Premier League. The Club has challenged the Premier League's decisions concerning a proposed takeover of the Club that involves the Public Investment Fund of Saudi Arabia. The proceedings are arbitral, governed by section X of the Premier League Rules, and are confidential in nature. Neither party is entitled to comment on them save with the other's consent.

### 27 Controlling party

The immediate parent undertaking is Newcastle United Limited and the ultimate parent company is MASH Holdings Limited. The ultimate controlling party is Mr MJW Ashley.

The smallest Group in which the results are consolidated is headed by Newcastle United Limited and the largest Group in which the results are consolidated is headed by MASH Holdings Limited.

Newcastle United Limited is incorporated in England and Wales and its registered office is St. James' Park, Newcastle Upon Tyne, NE1 4ST.

MASH Holdings Limited is incorporated in England and Wales and its registered office is Grenville Court, Britwell Road, Burnham, Buckinghamshire, England, SL1 8DF.