Newcastle United Football Company Limited

Financial statements

For the 11 month period ended 30 June 2021

Company no 00031014

Company information

Company registration number:	00031014
Registered office:	St. James Park NEWCASTLE UPON TYNE NE1 4ST
Directors:	Y O Alrumayyan J A Reuben A L Staveley
Bankers:	Barclays Bank PLC Barclays House 5 St Ann's Street Quayside NEWCASTLE UPON TYNE NE1 3DX
Independent Auditor:	RSM UK Audit LLP Statutory Auditors Chartered Accountants 25 Farringdon Street London EC4A 4AB

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Strategic report

Principal activities and business review

On 7 October 2021 an investment group led by the Public Investment Fund (PIF) and also comprising PCP Capital Partners and RB Sports & Media completed the acquisition of 100% of the share capital of Newcastle United Limited. Following the change in ownership, L Charnley resigned as a director and has been replaced by Y O Alrumayyan, JA Reuben and A L Staveley. As required by the Companies Act, the reports and financial statements have been prepared and approved by the current directors reporting on the 11 month period to 30 June 2021.

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

The Directors present the company's strategic report for the 11 month period ended 30 June 2021 (encompassing the 2020-21 season into the financial year). Comparative financial statements are for the 13 months ended 31 July 2020 (encompassing the 2019-20 season into the financial year).

The Directors report a loss after tax for the period of £12.2m (2020: loss after tax £22.5m).

2020-21 was a challenging period for the club as Covid-19 continued to have a significant impact on all aspects of the company's operations. Other than the reduced capacity crowd allowed in for the final home game, the whole of the 2020-21 season took place without fans in attendance, in addition to which non- matchday commercial activities were severely restricted throughout. The financial impact of Covid-19 is discussed below.

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

	2021(11m)	2020(13m)	Inc/(Dec)
Turnover	£140.2m	£152.6m	(£12.4m)
Operating profit before amortisation & impairment	£16.9m	£4.7m	£12.2m
Operating loss	(£13.7m)	(£27.7m)	£14.0m
Loss after tax	(£12.2m)	(£22.5m)	£10.3m
Wages to turnover ratio*	76.2%	79.4%	(3.2%)
Cash at period end**	£12.6m	£57.6m	(£45.0m)
Average home league attendance***	n/a	48,248	
League position	12th	13th	

* reflects combined impacts of Covid-19 related loss of revenue and the number of month's wage costs in each accounting period
** 2020 figure includes Premier League equal share payment for 2020-21 season, received July 20
*** 2020 figure excludes final 5 games played behind closed doors

Financial overview

Neither the current nor the comparative period reflect a 'normal' financial year for the company. Covid-19 aside, the company's income would not be significantly impacted by the extension (to 13 months) followed by the reduction (to 11 months) of subsequent accounting periods whereas operating costs would be expected to show a proportionate increase followed by a decrease. The reason being that the vast majority of the company's income arises during the playing season (usually 10 months out of 12) whereas the costs, in particular the two most significant - wages and player amortisation - accrue on a more even basis across the entirety of any given accounting period.

Overall turnover fell by £12.4m (8%) from £152.6m to £140.2m. An analysis of income by category is shown in Note 4 on page 21.

- Match income fell £17.2m (99%) from £17.4m to £0.2m due to the absence of crowds for (in effect) the entire 2020-21 season (2019-20 final 5 games).
- Media income rose £13.2m (12%) from £106.1m to £119.3m, the prior year having been impacted by the club's share of rebates due to broadcasters in relation to the delayed conclusion of the 2019-20 season. Live TV appearances increased from 15 in 2019-20 to 18 in 2020-21.

Strategic report (continued)

- Commercial income fell £8.3m (32%) from £25.9m to £17.6m, being a combination of reduced income from two of the club's primary commercial partners, together with loss of revenue from events, matchday catering, club shop and other commercial activities.

Operating expenses for the 11 month period were £123.3m, down £24.7m on the 13 months ended 31 July 2020 £148.0m reflecting the reduction in length of the accounting period, together with cost savings as a result of behind closed doors matches and a fall in other commercial activity. The wages to turnover ratio was 76.2%, down from 79.4 % although this ratio is impacted by both the falls in matchday and commercial income, and the differing accounting period lengths.

The net effect of the above is an increase of £12.2m in operating profit before player amortisation and impairment from £4.7m to £16.9m

Profit on disposal of players' registrations totalled £1.7m (2020: £26.3m). Amortisation fell by £15.3m from £47.6m to £32.3m. There were no impairment charges in the period (2020: £11.1m)

The overall impact of all of the above, is a loss of £13.6m before tax (2020: £26.0m) , reducing to £12.2m (2020: £22.5m) after a taxation credit of £1.4m. (2020: £3.4m).

Neither the current nor the prior period results represent a 'normal' season for the Club due to the impact of Covid-19 together with the variation in accounting period end dates.

The results for the current and prior periods can be summarised as follows:	**2021**	**2020**
Loss before tax as reported	(£13.6m)	(£26.0m)
Add back: Covid 19 net impact*	£25.9m	£14.4m
Add back: Costs saved/arising due to change of accounting period**	(£12.7m)	£12.7m
Underlying (Loss)/profit before tax excluding the impacts of the above	(£0.4m)	£1.1m

* loss of matchday and non matchday revenues (net of cost savings) plus club's share of broadcaster rebates
** adjustment to annualise 24 months of operating costs and amortisation across accounting periods of differing lengths

Cashflow

Cash at 30 June 2021 was £12.6m (31 July 2020: £57.6m), a net outflow for the eleven month period of £45.0m.

- Net cash outflows from operating activities were (£24.9m) (2020: inflow £72.5m). As reported previously extension of the accounting period to 31 July 2020 resulted in the Premier League equal share payment for season 2020-21 being included in the opening balance for these accounts rather than within the cashflow for the period.
- Net cash outflow on player transfers in and out totalled £24.8m (2020: £23.1m). 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.

Strategic report (continued)

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 66,000 people annually. During this reporting period the Foundation secured capital to begin the construction of its new headquarters, NUCASTLE, which is within a five minute walk of St. James' Park.

The 'United as One' brand continues 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 highlighting mental wellbeing, accessibility and anti-online hate, 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, as we strive to reflect the wonderfully diverse communities we serve. We continue to engage with an extensive range of stakeholders to ensure our approach to this work is insights led.

Club employees

Newcastle United is a family and our approach reflects our strategic goal to support, develop, and enable our people to be at their best and to involve them in decisions that affect them. We are committed to engaging with our workforce, many of whom are long serving, through regular briefing sessions, an intranet communications platform and our employee forum. We do this in the context of the boundaries of confidentiality and commerciality to which we all work. We recognise that our reward offer needs to remain agile and are committed to ensuring that this enables us to retain our people and attract diverse talent in a challenging market.

Supporter engagement

The club is committed to 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.

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 its supporter base. Our equality monitoring data is regularly reviewed and will continue to inform our equality action plan in this regard.

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 as well as ensuring the club is aware of the broader activity within the region.

The club has relationships with 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

Strategic report (continued)

customers but also form a key part of the club's supply chain, particularly in areas such as stadium maintenance and IT.

Directors and senior management continue to work with other regional bodies to identify opportunities to host special sporting, cultural and business events at St. James' Park, with many world class events successfully delivered, returning in subsequent years. These events bring important economic benefits to the region and ensure the city is on the map for inbound tourism.

Principal risks and uncertainties

The Directors consider 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.

Future Developments

Fans have returned to matches for the 2021/22 season with the average attendance in the Club's home Premier League matches to date in excess of 50,000.

Following acquisition of Newcastle United Limited, on 7 October 2021, a review of all aspects of the footballing and business operations commenced with a view to outlining a new vision and strategy for the club.

This report was approved by the board on 12 April 2022 and signed on its behalf.

A L Staveley
Director

Directors' report

The Directors present their report and the financial statements for the 11 month period ended 30 June 2021.

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 Directors do not recommend the payment of a dividend for the period ended 30 June 2021 (2020: £nil).

Directors

The Directors who served during the period, and subsequent to the period end were:

Y O Alrumayyan	(appointed 2 December 2021)
A L Staveley	(appointed 7 October 2021)
J A Reuben	(appointed 7 October 2021)
L Charnley	(resigned 7 October 2021)

Directors' responsibilities statement

The Directors are responsible for preparing the Strategic report, the Directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), 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 Company and of the profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to:

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

The Directors are 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.

Directors' report (continued)

Directors' Indemnities

The Company has made qualifying third party indemnity provisions for the benefit of the Directors which remain in place at the date of this report.

Political and charitable donations

The Company's charitable donations for the period amounted to £175,000 including an amount payable to Newcastle United Foundation in respect of bonuses for Foundation staff (2020: £371,000). There were no political contributions (2020: £nil).

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.

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.

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 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

On 7 October 2021 an investment group led by the Public Investment Fund (PIF) and also comprising PCP Capital Partners and RB Sports & Media completed the acquisition of 100% of the share capital of Newcastle United Limited.

Directors' report (continued)

Since acquisition the new owners have injected equity funding totalling £167.9m into the company, partly in settlement of the outstanding loan owed to St James Holdings Limited (see note 16) and partly in cash, the latter of which enabled significant investment into the playing squad during the January 2022 transfer window, reflected in the net spend disclosure below.

On 20 October 2021 Steve Bruce left his position as head coach by mutual consent, and on 8 November 2021 the club announced the appointment of Eddie Howe as his replacement. Subsequent changes to the backroom staff followed on 16 November 2021.

After the period end the Group contracted for the purchase and sale of a number of players. The net cost of these transfers, excluding any contingent fees was £112m (2020: £36m).

Going concern

As set out above, subsequent to the year end, the company has issued share capital to its immediate parent to enable the new owners to increase its investment in the company.

The Directors have prepared detailed cash flow forecasts for the period until the end of the 2022/23 football season for both Premier League retention and relegation scenarios at the end of the 2021/22 season for the purposes of their going concern assessment.

The Directors have obtained a letter from PZ Newco Limited, the immediate parent of Newcastle United Limited, confirming that the present policy of PZ Newco Limited will ensure that the Group (comprising Newcastle United Limited and the Company) receives sufficient support, including funds, to meet its liabilities as they fall due for the period to 30 June 2023. The letter notes that this is an expression of PZ Newco Limited's present policy by way of comfort only and should not be construed as constituting a promise as to future conduct and does not create any legally binding obligations. PZ Newco Limited has received equivalent letters from each of its beneficial owners.

The Directors have, after careful consideration of those matters set out above, concluded that the Company remains a going concern and, as a result, have prepared the financial statements on the going concern basis.

Disclosure of information to auditor

The Directors at the time when this Directors' report is approved have confirmed that:

- so far as they are aware, there is no relevant audit information of which the Company's auditor is unaware, and
- they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This report was approved by the board on 12 April 2022 and signed on its behalf.

A L Staveley
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 11 month period ended 30 June 2021 which comprise the Statement of income and retained earnings, Statement of financial position and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 June 2021 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

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. 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.

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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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 directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

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 directors' report.

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

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

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

The extent to which the audit was considered capable of detecting irregularities, including fraud
Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material

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

misstatement due to fraud through designing and implementing appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit.

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the audit engagement team:

- obtained an understanding of the nature of the industry and sector, including the legal and regulatory framework that the company operates in and how the company is complying with the legal and regulatory framework;
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud;
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud.

As a result of these procedures we consider the most significant laws and regulations that have a direct impact on the financial statements are FRS 102, the Companies Act 2006 and tax compliance regulations. We performed audit procedures to detect non-compliances which may have a material impact on the financial statements which included reviewing financial statement disclosures, completion of a financial statements disclosure checklist and reviewing the tax computations prepared by external tax advisors.

The most significant laws and regulations that have an indirect impact on the financial statements are the Premier League's Profit and Sustainability Rules (PSR). We performed audit procedures to check the Company's PSR calculations and to inquire of management whether any non-compliance has occurred or is expected to occur in the foreseeable future.

The audit engagement team identified the risk of management override of controls as the area where the financial statements were most susceptible to material misstatement due to fraud. Audit procedures performed included but were not limited to testing a sample of journal entries and other adjustments and evaluating the business rationale in relation to significant, unusual transactions and transactions entered into outside the normal course of business.

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

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.

Richard Coates

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

12 April 2022

Statement of income and retained earnings

	Note	11 month period ended 30 June 2021 £000	13 month period ended 31 July 2020 £000
Turnover	4	**140,192**	152,626
Operating expenses before amortisation and impairment		**(123,333)**	(147,959)
Operating profit before amortisation and impairment		**16,859**	4,667
Amortisation and impairment of players' registrations	12	**(32,277)**	(58,696)
Operating loss before profit on disposal of players' registrations		**(15,418)**	(54,029)
Profit on disposal of players' registrations		**1,701**	26,288
Operating loss	5	**(13,717)**	(27,741)
Interest receivable and similar income	9	**385**	1,870
Interest payable and expenses	10	**(290)**	(108)
Loss before tax		**(13,622)**	(25,979)
Taxation	11	**1,430**	3,432
Loss and total comprehensive income for the period		**(12,192)**	(22,547)
Retained earnings at beginning of the period		**(14,312)**	8,235
Retained earnings at end of the period		**(26,504)**	(14,312)

The notes on pages 13 to 31 form part of these financial statements.

Statement of financial position

	Note	£000	30 June 2021 £000	£000	31 July 2020 £000
Fixed assets					
Intangible assets	12		**101,830**		93,696
Tangible assets	13		**54,492**		56,796
			156,322		150,492
Current assets					
Debtors: amounts falling due within one year	14	**14,625**		22,011	
Debtors: amounts falling due after one year	14	**1,852**		5,374	
Cash at bank and in hand		**12,593**		57,561	
		29,070		84,946	
Creditors: amounts falling due within one year	15	**(177,049)**		(210,150)	
Net current liabilities			**(147,979)**		(125,204)
Total assets less current liabilities			**8,343**		25,288
Creditors: amounts falling due after more than one year	16		**(6,317)**		(5,593)
Provisions for liabilities	18		**(3,217)**		(8,694)
Net (liabilities)/assets			**(1,191)**		11,001
Capital and reserves					
Called up share capital	20		**25,313**		25,313
Retained earnings	21		**(26,504)**		(14,312)
			(1,191)		11,001

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 12 April 2022

A L Staveley
Director

The notes on pages 13 to 31 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 11 month period to 30 June 2021 with comparatives for the 13 month period ended 31 July 2020. The Company's 2020 year end was changed from 30 June to 31 July last year to enable the revenue for the whole of the 2020-21 season to be included in the financial statements. The Company's 2021 year end was changed back to 30 June. As explained in the Strategic Report, the club's largest operating expenses accrue evenly over time, so the financial performance reported for the period ended 30 June 2021 is not entirely comparable to the prior period amounts stated for the period ended 31 July 2020

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

As disclosed in note 26 to the financial statements, subsequent to the year end, the company has issued share capital to its immediate parent to enable the new owners to increase its investment in the group.

The Directors have prepared detailed cash flow forecasts for the period until the end of the 2022/23 football season for both Premier League retention and relegation scenarios at the end of the 2021/22 season for the purposes of their going concern assessment.

The Directors have obtained a letter from PZ Newco Limited, the immediate parent of Newcastle United Limited, confirming that the present policy of PZ Newco Limited will ensure that the Group (comprising Newcastle United Limited and the Company) receives sufficient support, including funds, to meet its liabilities as they fall due for the period to 30 June 2023. The letter notes that this is an expression of PZ Newco Limited's present policy by way of comfort only and should not be construed as constituting a promise as to future conduct and does not create any legally binding obligations. PZ Newco Limited has received equivalent letters from each of its beneficial owners.

The Directors have, after careful consideration of those matters set out above, concluded that the Company remains a going concern and, as a result, have prepared the financial statements on the going concern basis.

Notes to the financial statements (continued)

2 Accounting policies (continued)

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 30 June 2021 and these financial statements may be obtained from Companies House.

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 Directors, the player is no longer expected to remain an active member of the playing squad. In these circumstances the carrying value of that individual players' 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 Directors, 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. Any additional liabilities or payments made under these agreements are added to the cost of players' registrations within intangible fixed assets and amortised over the remaining period of the respective players' contracts.

Notes to the financial statements (continued)

2 Accounting policies (continued)

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.

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.

Notes to the financial statements (continued)

2 Accounting policies (continued)

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.

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 from 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 are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

Notes to the financial statements (continued)

2 Accounting policies (continued)

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.

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 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.

Notes to the financial statements (continued)

2 Accounting policies (continued)

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.

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.

Notes to the financial statements (continued)

2 Accounting policies (continued)

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.

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 Directors consider 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.

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.

2.26 Operating loss

The operating loss is calculated after operating expenses (including amortisation and impairment) and profit on disposal of players' registrations. This is a change from the prior year presentation to align with FRS 102.5.9B when operating loss was calculated after operating expenses (including amortisation and impairment) but before profit on disposal of players' registrations.

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 Directors 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 Directors' 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 £nil (2020: £11.1m) 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. Any claim where it is possible that resources will be required to settle a claim is disclosed as a contingent liability. See note 22 for details of a claim from HMRC.

Notes to the financial statements (continued)

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.

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:

	30 June 2021 £000	31 July 2020 £000
Matchday	**176**	17,443
Media	**119,262**	106,103
Commercial	**17,577**	25,850
Other income	**3,177**	3,230
	140,192	152,626

All turnover arose within the United Kingdom.

5 Operating loss

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

	2021 £000	2020 £000
Other operating income – CJRS grant income	**(900)**	(1,152)
Other operating income – release of capital grants	**(87)**	(87)
Depreciation and other amounts written off tangible fixed assets:		
- owned and long leasehold	**2,205**	2,970
Amortisation of intangible assets	**32,277**	47,561
Impairment of intangible assets	**-**	11,135
Operating lease payments	**633**	709
Foreign exchange losses	**89**	134

Notes to the financial statements (continued)

6 Auditor's remuneration

	2021 £000	2020 £000
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	58	48
Fees payable to the Company's auditor and its associates in respect of:		
Audit-related regulatory reporting	7	7

7 Employees

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

	30 June 2021 £000	31 July 2020 £000
Wages and salaries	93,951	106,878
Social security costs	12,583	14,115
Cost of defined contribution scheme	295	153
	106,829	121,146

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

	2021 No.	2020 No.
Playing squad, academy, team management and support	151	151
Business operations	140	141
	291	292

In addition, the Company employed an average of 72 matchday stewards, increasing to 310 for the final game of the season (2020: 467, reducing to 75 for the final 5 games) .

8 Directors' remuneration

	2021 £000	2020 £000
Directors' emoluments	260	675

Remuneration was paid to 1 director in the period (2020: 1 director) and comprises basic salary and bonus. Remuneration of the highest paid director amounted to £260,000 (2020: £675,000).

During the period, no retirement benefits were accruing to the director in respect of defined contribution pension schemes (2020: 1 director). The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £nil (2020: £768).

Notes to the financial statements (continued)

9 Interest receivable and similar income

	2021 £000	2020 £000
Other interest receivable	**385**	1,870
	385	1,870

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

10 Interest payable and similar expenses

	30 June 2021 £000	31 July 2020 £000
Bank interest payable	**-**	15
Interest payable on multi employer pension scheme	**8**	12
Interest payable on hire purchase contracts and finance leases	**17**	20
Other interest payable	**265**	61
	290	108

Included in Other interest payable is £213k (2020: £nil) accrued interest added to a loan received in the year as disclosed in note 16.

11 Taxation

	2021 £000	2020 £000
Current tax		
Corporation tax	**(132)**	(861)
Deferred tax		
Origination and reversal of timing differences	**(1,298)**	(2,571)
Total tax credit for the period	**(1,430)**	(3,432)

Factors affecting tax credit for the period
The tax assessed for the year is lower than (2020: lower than) the standard rate of corporation tax in the UK of 19% (2020: 19%). The differences are explained below:

	2021 £000	2020 £000
Loss before tax	**(13,622)**	(25,979)
Loss before tax multiplied by standard rate of corporation tax in the UK of 19% (2020: 19%)	**(2,588)**	(4,936)
Effects of:		
Expenses not deductible for tax purposes	**657**	761
Adjust closing deferred tax rate	**387**	707
Adjustments to tax charge in respect of prior periods	**114**	36
Total tax credit for the period	**(1,430)**	(3,432)

In March 2021, the Finance Bill was announced and was substantively enacted on 24 May 2021, this included legislation that the UK tax rate will increase from 19% to 25% from 1 April 2023. The deferred tax provision as at 30 June 2021 has been calculated using the tax rate of 25% (2020: 19%).

Notes to the financial statements (continued)

12 Intangible assets

	Players' registrations £000
Cost	
At 1 August 2020	215,850
Additions	40,823
Disposals	(23,391)
At 30 June 2021	233,282
Amortisation	
At 1 August 2020	122,154
Charge for the period	32,277
On disposals	(22,979)
At 30 June 2021	131,452
Net book value	
At 30 June 2021	**101,830**
At 31 July 2020	93,696

The intangible asset that is material to the financial statements is the first team squad. The carrying value of the squad is £101,830,000 with a remaining amortisation period of 1-5 years. The amortisation charge for the current squad over this period will be;

2021/22 - £32,481,000
2022/23 - £28,203,000
2023/24 - £23,974,000
2024/25 - £14,138,000
2025/26 - £3,034,000

Notes to the financial statements (continued)

13 Tangible fixed assets

	Land and buildings £000	Fixtures and equipment £000	Total £000
Cost			
At 1 August 2020	97,731	14,357	112,088
Additions	(98)	(1)	(99)
Disposals	-	-	-
At 30 June 2021	97,633	14,356	111,989
Depreciation			
At 1 August 2020	42,430	12,862	55,292
Charge for the period	1,803	402	2,205
Eliminated on disposal	-	-	-
At 30 June 2021	44,233	13,264	57,497
Net book value			
At 30 June 2021	**53,400**	**1,092**	**54,492**
At 31 July 2020	55,301	1,495	56,796

Cumulative finance costs capitalised in prior years, excluding tax relief, included in the value of tangible fixed assets amount to £3,964,000 (2020: £3,964,000).

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

	2021 £000	2020 £000
Long leasehold	**53,400**	55,301

Fixtures and equipment with a carrying value of £373,000 (2020: £514,000) are held under HP agreements.

Notes to the financial statements (continued)

14 Debtors

Amounts falling due within one year

	30 June 2021 £000	31 July 2020 £000
Trade debtors	7,625	16,366
Amounts owed by group undertakings	108	108
Other debtors	483	69
Corporation tax	132	1,318
Prepayments and accrued income	6,277	4,150
	14,625	22,011

Amounts falling due after one year

	2021 £000	2020 £000
Trade debtors	424	5,374
Prepayments and accrued income	1,428	-
	1,852	5,374

Included within trade debtors are amounts totalling £6.6m (2020: £19.8m) relating to the consideration receivable for the sale of player registrations, including £0.4m (2020: £5.4m) expected to be recovered in more than twelve months.

The amount of debtors written off to the Income Statement in the period was £42,000 (2020: £108,000). The impairment included against debtors at the period end is £39,000 (2020: £104,000).

15 Creditors: amounts falling due within one year

	30 June 2021 £000	31 July 2020 £000
Obligations under finance leases and HP	77	250
Loan note owed to parent company (see note 25)	106,912	106,912
Term loan	4,964	-
Trade creditors	2,728	3,702
Amounts owed to group undertakings	5,736	5,775
Taxation and social security	18,939	26,043
Other creditors	702	545
Accruals and deferred income	36,991	66,923
	177,049	210,150

Included within trade creditors above are amounts totalling £nil (2020: £nil) relating to consideration payable for player registrations.

Term loan of £5.0m is secured against a promissory note due from another football club which is included in trade debtors (note 14). The loan incurred interest at a market value rate and was repaid in full in August 2021.

Notes to the financial statements (continued)

16 Creditors: amounts falling due after more than one year

	2021 £000	2020 £000
Obligations under finance leases and HP	-	40
Accruals and deferred income	6,317	5,553
	6,317	5,593

Within accruals and deferred income is deferred income totalling £3.6m (2020: £3.6m) falling due after more than 5 years.

17 Hire purchase & finance leases

The Company's future minimum finance lease payments are as follows:	2021 £000	2020 £000
Within one year	83	250
Between one and five years	-	62
	83	312
Less: finance charges	(6)	(22)
	77	290

18 Provisions for liabilities

	Deferred tax £000	Onerous employment contracts & other charges £000	Total £000
At 1 August 2020	3,515	5,179	8,694
Provisions utilised/(released in) period	(1,298)	(4,179)	(5,477)
At 30 June 2021	2,217	1,000	3,217

Notes to the financial statements (continued)

19 Deferred taxation

	2021 £000	2020 £000
At beginning of period	(3,515)	(6,086)
Credited to the Income Statement	1,298	2,571
At end of period	(2,217)	(3,515)

The provision for deferred taxation is made up as follows:

	2021 £000	2020 £000
Decelerated capital allowances	1,399	865
Tax losses	18,396	15,361
Intangible rollover	(22,765)	(20,745)
Other timing differences	753	1,004
	(2,217)	(3,515)

The company has cumulative tax losses available to carry forward against future taxable profits of £74m (2020: £81m) which gives rise to the tax losses carried forward deferred tax asset set out above.

20 Share capital

Shares classified as equity	2021 £000	2020 £000
Allotted, called up and fully paid		
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
	25,313	25,313

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.

Notes to the financial statements (continued)

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 30 June 2021 is £10,307,000 (2020: £7,645,000). The Directors do 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 Directors 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.

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.

In the opinion of the Directors, at this stage in the process, there is insufficient information available to enable them 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.

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 £110,000 (2020: £153,000).

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 £73,000 per annum (2020: £70,000) and from September 2021 pays total contributions of £78,000 per annum.

As at 30 June 2021, 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 £234,000 (2020: £157,000). This amounts to £77,000 (2020: £73,000) due within one year and £156,000 (2020: £84,000) due after more than one year and is included within other payables.

Notes to the financial statements (continued)

24 Commitments under operating leases

At 30 June 2021 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2021 £000	2020 £000
Land and buildings		
Within one year	**691**	655
In the second to fifth years inclusive	**2,596**	2,485
Over five years	**53,724**	50,339
	57,011	53,479

During the period £633,000 was recognised as an expense in the Income Statement in respect of operating leases (2020: £709,000).

25 Related party transactions

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

During the year, matchday hospitality to the value of £nil (2020: £87,000) was provided to members of Mr MJW Ashley's family. The amount owed to Mr Ashley at 30 June 2021 was £25,000 (2020: £25,000).

The Company made sales of £253,000 (2020: £141,000) and purchased goods to the value of £40,000 (2020: £594,000) from Frasers Group plc and subsidiary companies ("Frasers Group") companies connected with Mr MJW Ashley. The balance owing at 30 June 2021 to Newcastle United Football Company Limited was £108,000 (2020: £108,000).

Mr MJW Ashley and companies under his control continued to provide loan facilities to the Company during the period. The total balance outstanding at 30 June 2021 was £106.9 million (2020: £106.9 million). The maximum amount outstanding during the period was £106.9 million (2020: £111.0 million). The loan was interest free and repayable on demand.

26 Subsequent events

On 7 October 2021 an investment group led by the Public Investment Fund (PIF) and also comprising PCP Capital Partners and RB Sports & Media completed the acquisition of 100% of the share capital of Newcastle United Limited.

Since acquisition the new owners have injected equity funding totalling £167.9m into the company, partly in settlement of the outstanding loan owed to St James Holdings Limited (see notes 16 and 25) and partly in cash, the latter of which enabled significant investment into the playing squad during the January 2022 transfer window, reflected in the net spend disclosure below.

On 20 October 2021 Steve Bruce left his position as head coach by mutual consent, and on 8 November 2021 the club announced the appointment of Eddie Howe as his replacement. Subsequent changes to the backroom staff followed on 16 November 2021.

After the period end the Group contracted for the purchase and sale of a number of players. The net cost of these transfers, excluding any contingent fees was £112m (2020: £36m).

Notes to the financial statements (continued)

27 Ultimate parent undertaking and controlling parties

The immediate parent undertaking is Newcastle United Limited. The smallest and largest Group in which the results will be consolidated was that headed by MASH Holdings Limited. The ultimate controlling party was Mr MJW Ashley. MASH Holdings Limited is incorporated in England and Wales and its registered office is Grenville Court, Britwell Road, Burnham, Buckinghamshire, England, SL1 8DF.

On 7 October 2021, St James Holdings Limited sold 100% of the share capital in Newcastle United Limited to PZ Newco Limited. The ultimate controlling party is now the Public Investment Fund (PIF).