

Company Registration No. 07940335 (England and Wales)

PORTSMOUTH COMMUNITY FOOTBALL CLUB LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

30 JUNE 2022

tc accounts · tax · legal · financial planning

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PORTSMOUTH COMMUNITY FOOTBALL CLUB LIMITED

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PORTSMOUTH COMMUNITY FOOTBALL CLUB LIMITED

COMPANY INFORMATION

Directors	Mr. M Catlin Mr M Eisner Mr E Eisner Mr B Eisner Mr A Eisner Mr A Redman
Company number	07940335
Registered office	Fratton Park Frogmore Road Portsmouth Hampshire United Kingdom PO4 8RA
Auditor	TC Group 3 Acorn Business Centre Northharbour Road Cosham Portsmouth Hampshire PO6 3TH
Bankers	Barclays Bank Plc PO Box 6 Portsmouth Hampshire PO6 3DH

PORTSMOUTH COMMUNITY FOOTBALL CLUB LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 30 JUNE 2022

Football performance

After two disrupted seasons resulting from Covid-19 lockdown restrictions, government restrictions were lifted a few weeks before the start of the new 2021-22 season and it was a great relief to finally welcome back all our loyal supporters into Fratton Park.

Along with all EFL clubs we had been advised to plan for operating with a reduced stadium capacity by the authorities given the continued prevalence of Covid and there were logistical challenges after the stadium had been closed for over a year. Our welcomed decision not to charge fans for season tickets, unlike most clubs in the EFL, also affected us and meant that we could only operate full season tickets after the first three home games of the season which was further impacted by the start of a three-year stadium infrastructure improvement programme.

We were still forced to follow stringent additional EFL Covid protocol measures which resulted in extra costs in the form of PPE equipment, additional cleaning costs and significant operational changes such as use of two coaches for away travel and single room player occupancy in hotels which were all necessary to enable us to resume football operations, within a safe environment during lockdown and in adherence to EFL protocols.

After his appointment as Head Coach at the end of the previous season on a permanent contract; Danny Cowley set about re-shaping his squad with the ten permanent players signings, including: Joe Morrell and Denver Hume for transfer fees and eight contract signings of Shaun Williams; Conor Ogilvie; Clark Robertson; Louis Thompson; Ryan Tunnicliffe; Kieron Freeman; Aidan O'Brien and Ollie Webber.

In addition, Danny Cowley re-shaped his squad further with seven loan transfers during the season of Mahlon Romeo; George Hirst; Gavin Bazunu; Miguel Azeez; Gassan Ahadme; Hayden Carter and Tyler Walker.

After a promising start to the season, we lost ground in the autumn and despite an upturn of form in the New Year we were never able to regain a place in the Play-Off positions and ultimately finished in tenth position in the league with a total of 73 points.

We reached the second round of the FA Cup, losing at home to Harrogate Town. In the EFL Cup, we lost to Millwall in the first round and went out of the EFL Trophy in the last 16, away at Cambridge United.

Trading performance

The return of fans resulted in an uplift in turnover to near pre-pandemic levels albeit the commencement of the stadium works in the North Stand required the temporary relocation of supporters from January which resulted in an average league attendance of 15,005. This was 2,000 below our pre-pandemic numbers and we also suffered a fall-off in hospitality revenues.

Early into the season we agreed a new kiosk partnership with Piglets Pantry and the improved products and service was warmly received by our fanbase especially with the gradual addition of new concession units in the North Stand.

We incurred a net loss of £0.2m on the transfer of players during the year which largely related to the release of John Marquis and Ellis Harrison in the January 2022 Transfer Window. The traditional 'EBITDA' (Earnings before Interest Depreciation & Amortisation) showed a £1.3m loss. The depreciation and amortisation charges of £1.6m represent non-cash write-downs, which include depreciation on assets acquired when the club came out of administration, and £0.9m in respect of the write-down of intangible player assets.

PORTSMOUTH COMMUNITY FOOTBALL CLUB LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2022

Purchase of ROKO Gym & Club Training Ground

We completed the landmark freehold acquisition of our training ground at ROKO in June 2021 which included the health club, gym, facilities and the training pitches. It is believed that this is the first time in the club's history that we have owned our own training facility.

Post-acquisition, there was a significant amount of work required to improve all aspects of the existing gym's facilities with installation of a new spa, improvements in the swimming pool areas, changing rooms and investment in new equipment. We rebranded ROKO as "The Pompey Health and Fitness Club" in Spring 2022 after the completion of the initial phase of works.

We then relocated the Academy into new staff offices within the existing gym building, installed a new kitchen to service players and first team staff and refurbished the player canteen. We also made improvements to analysis and medical facilities as part of the first steps to create a strategic elite football environment for all our football staff.

Pompey Health and Fitness Club Gym Revenue

Accordingly, for the first time, the financial statements include a new revenue line of £0.9m from the operation of the members' gym facility with additional operational costs for the gym resulting in an overall net financial loss of £0.1m.

Fratton Park Re-development Project Commencement

In the four years to June 2021, the club made significant investment in the underlying stadium infrastructure some of which required urgent attention as a direct result of the lack of investment in Fratton Park over several preceding decades. By the start of the financial year, we had spent £5m, these works including new staircases to lower and upper North Stand; new safety barriers stadium wide; new electrical substation; structural steel upgrades and foundations to the North and South Stands; new fire rated ceilings throughout the South Stand; emergency lighting; South stand structural repairs to existing Archibald Leitch truss; new water mains and irrigation system for pitch; floodlight enhancement; new North Stand roof; new South Stand cladding; new club offices; new Scoreboard and a new club shop.

Despite this investment, the start of the financial year resulted in increased tightening of health and safety regulations threatening to reduce our allowable stadium capacity to 10,000, due to structural works required to North, South and Milton Stands. We engaged in detailed discussions with Portsmouth City Council Building Control department, the Heritage & Advisory Board and various supporter organisations, before we commenced a significant £12m re-development of Fratton Park in June 2021, scheduled to be phased over three years. These works are focussed on embodying the history and character of Fratton Park, restoring the truss in the Archibald Leitch designed South Stand and enhancing the close-knit renowned Fratton Park atmosphere.

Key benefits of the new works will include improved access, new concession facilities, increased concourse areas, new seats, new electrical infrastructures and a longer-term decoration programme, along with the provision of new accessible facilities for disabled supporters including a new lift accessible from the North Stand. The work saw a reprofiling of the South Stand at Fratton Park transforming the structure into one continuous tier providing our supporters with improved sightlines, consistent floor levels and increased concourse space.

We set up supporter working group parties to obtain fan feedback throughout the stadium works and to support us with the relocation of 2,000 North Stand Lower season ticket holders during mid-season. We extended this to a South Stand supporter working group to help with the communication process for realignment of season ticket holder seat locations in the refurbished South Stand. We are indebted to the fans who served on these bodies for their important input. A further example of this consultation was when it became apparent that some elderly fans were having difficulty walking down the steps in the North Lower stand. We remedied this matter by installing 'P' rails on every fourth step to provide additional support.

Fratton Park Re-development Project Commencement (continued)

We have managed future contingencies within these works to allow scope for further future development of the stadium and its immediate environs and remain in constant dialogue with all local stakeholders in relation to transport infrastructure and access to the stadium.

At the current time, the project remains on schedule despite all the additional cost of living challenges and worldwide logistical transport / shipping and raw material challenges post Covid. The project is forecast for completion in early 2024.

Academy Update

Over the past three years we have increased our investment in the Academy beyond the minimum Elite Player Performance Plan (EPPP) limits to provide the best possible service to all young Pompey players. The Academy continues to operate in full compliance with Category 3 EPPP regulations and several staff positions have been appointed beyond the recommended Category 3 levels. We committed to a full-time goalkeeping coach, a full-time strength and conditioning lead, a full-time Head of Education, full-time recruitment staff, a psychologist, full time analyst, additional tutors, minibus drivers, extensive CPD for all staff and matchday coordinators (to allow the coaches to coach) all of which are not mandatory requirements at Category 3. In addition, we recruited a full-time Academy Secretary which is also above the minimum Category 3 EPPP who has a wealth of knowledge and experience in safeguarding policies and practises across all age groups.

We have a diverse and dynamic staff team who are driving the club values on a daily basis. Recently appointed Head of Academy Coaching James Barlow and Professional Development Lead Coach Zesh Rehman have both made a high impact in their role since starting. All players operate under an established coaching curriculum, with their performances measured frequently at pre agreed intervals.

In April 2021 we engaged in a robust recruitment process to appoint Greg Miller as our new Academy Manager and he has implemented cultural changes across the department positively changing attitudes, analysis and embedding 'good behaviours' across all aspects of the Academy. We have subsequently progressed to passing our last two EPPP academy audits.

A concerted effort has been made to alter several academy working practices in areas of Coaching, Strength & Conditioning and Analysis to align these closer to that of the first team. We've also invested in a new GPS system, providing live information, so we can track data and use it in real time which enables us to educate players better while training, to inform their training load and help to reduce injury risk. We've also been able to utilise our link with University of Portsmouth University with three strength and conditioning interns and three analyst interns and are exploring other departmental roles where we can add to and realise the potential from our special partnership with the University.

We have undertaken proactive work with local grassroots clubs leading to a twenty-fold rise in engagement in the last twelve months at local academy and grassroots club specific coaching events. This strategic approach is critical to support the club in a highly competitive geographical location against several Category One academies. We have also improved our scouting staff and accordingly we have increased the number of paid scouts this year. We have increased the amount of "on the grass time" for younger age groups by sourcing new venues in the Under 9-16 age categories to enhance the programme.

We invested in additional infrastructure improvements including, the provision of away team changing room facility, a spectator area and dug outs at the Academy training ground pitch along with an upgrade to the Academy offices.

We have concentrated our academy focus and investment in recent seasons to positively impact the number of academy graduates progressing through to the first team and were delighted with professional contracts in recent years to Haji Mnoga, Harry Jewitt White and Toby Steward.

PORTSMOUTH COMMUNITY FOOTBALL CLUB LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2022

TOGETHER POMPEY

In August 2021, the club commenced a process to review its vision and purpose and to identify a set of relevant core values for the organisation. This has been a project under the title “TOGETHER POMPEY” and involving staff from different departments across the club.

Departmental workshops to review core strengths, weaknesses and opportunities were held in early 2022, followed by creative sessions to shape the vision and core values. A cross section of staff from different club functions then came together in May and June 2022 to distil everything from the different groups and to finalise the strategic vision and values statements.

The cross department working group completed their work in summer 2022 and the vision statements and values were signed off by the Board in the autumn. A final presentation to all permanent staff at the club took place in October. Various staff members from the working group made the presentations, underlining the collective and collaborative nature of the work from all levels of staff and all departments. The Vision, Purpose and Values Statements are all as below :

Vision Statement - To become a sustainable and inclusive football club playing on a regular basis at the highest level. We will achieve this by everyone within our organisation, working hard together, whatever their role, to deliver the conditions for success and through taking pride in our club, our supporters, our city, and our community.

Our Purpose - To be proud custodians of the club and during our tenure to enhance and deliver an inclusive and sustainable environment, where we are all connected both internally and externally, where we seek to improve every day to deliver success and create fantastic memories through everyday excellence.

Our Values - We are passionate and embody the Pompey Spirit! We give our best to everything we do. We work hard to deliver brilliant service, to create special moments, amazing experiences, and fantastic memories.

We Are Stronger Together - We are dedicated, inclusive and respectful to all our colleagues and partners. Through collaboration, and with a positive attitude we will find solutions to everyday challenges.

We Are Honest - We are honest in the way we behave, feel, and think. We challenge respectfully, we are courageous, open, truthful, and transparent in our communications.

We Are Proud - We take pride in ourselves, our club, our supporters, our city, and our community. We are proud to wear the Pompey badge

The values will define the way club behaves both internally and externally, how it communicates and performs and is central to staff recruitment processes and personal performance reviews.

Matchday Fanzone behind Fratton End

We worked closely with the newly formed Matchday Experience Working Group to consider ways to improve matchday atmosphere for our fans and mutually agreed upon a new fanzone hub on a matchday with DJ, Pompey in The Community with inflatables, a new external concourse concession selling food and drink, with a sizeable investment from our new catering partner Piglet’s Pantry who were keen to develop the concept. We are continuing to work with the supporter groups to bring in other partners from around the city, and we’re looking at sponsorship in that area to help support and enhance facilities.

PORTSMOUTH COMMUNITY FOOTBALL CLUB LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2022

Balance sheet

The Balance Sheet at the financial year end totalled £17 million net assets with net current liabilities of £1m. It should be noted that included within creditors due less than one year on the balance sheet is £3m of deferred income in relation to advance season ticket, hospitality and commercial income which will be released to the profit and loss as games are played during the 2022/23 season and hence will not require repayment.

During the year we spent £5m on the renovation and improvement works on the Fratton Park facilities and Training Ground works, included within Fixed assets.

In terms of cash flows, the club recorded a net cash outflow from operating activities before working capital adjustments of £1.2m for the year ended 30th June 2022 (2021: £2.1m outflow).

Ownership

The club drew down further funds from the Owners during the year which was converted into share capital which stood at £19m in June 2022. Subsequently a further £9m was drawn down and converted to share capital in March 2023 to finance club operations and the new stadium works project. In total the Owners have invested £28m into the club, funded as share capital leaving no debts in the company.

Financial risk management objectives and policies

Principal risks and uncertainties

The principal risk to the business is the performance of the team which may affect revenue obtained from games and sponsorship. The cost base of the business, in common with other football clubs, is relatively fixed in the short-term, hence unfavourable movements in revenue can lead to a significant variation in profits.

The company is aware of this risk and addresses the issue by seeking to strengthen the squad through the development and acquisition of players. It is the aim of the directors to maximise the flexibility of the cost base to deal with unexpected revenue reductions.

Financial risk management

The directors have reviewed the financial risk management objectives and policies of the company. They do not believe there to be significant risks in this area. The company does not enter any hedging instruments as there are not believed to be any material exposures. It does not enter into any financial instruments for speculative purposes.

Appropriate trade terms are negotiated with suppliers and customers. Management review these terms, the relationships with suppliers and customers and manages any exposure on normal trade terms. The company prepares regular forecasts of cash flow and liquidity, with which the directors assess the ongoing cash commitments of the company as part of a strict cash flow management programme.

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. The Directors continue to have the highest regard to the interest of the Club's employees, supporters, commercial partners and other stakeholders.

Community

The Club and its award-winning charity partner Pompey in the Community remain at the heart of the community, working to engage with a wide range of supporter demographics through various programmes to promote education, healthy living and sporting participation and achievement among vulnerable and disadvantaged people of all ages.

PORTSMOUTH COMMUNITY FOOTBALL CLUB LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2022

Club employees

Employee wellbeing is of the utmost importance to the club. We produce monthly 'Pompey People' staff newsletters communicating important club information to increase engagement and guidance around mental and physical health.

Supporter engagement

The club is committed to a robust consultative process with its supporters. We hold quarterly Heritage & Advisory Board Meetings which comprises three members of the Pompey Supporters Trust and three members of The Presidents, to seek their direct input on preserving the club's heritage and to discuss other significant strategic club matters.

The CEO and other members of the senior management team meets regularly with supporter groups every two months at the Tony Goodall Fans Conference to answer question on all types of club matters both on and off the field.

In addition, the club set up two consultative groups for supporters in both the North and South stands to help develop policy and processes in relation to the reconfiguration and processes for the necessary seat moves.

In summer 2023, the club established a new Supporter Matchday Experience Working Group. This meets regularly throughout the season to review and improve matchdays for all supporters.

The CEO and First Team Manager regularly attended individual supporter group forums regularly throughout the year. These included forums and Q and A sessions for the PST, Presidents, Northern Blues, Chichester Supporters, Central Branch, Armed Forces Branch. Pompey Independent Supporters Association, Isle of Wight Supporters Club and London Supporters. The CEO and First Team Manager also attended a Supporter Q and A session hosted by BBC Radio Solent.

The CEO also took part in several video Q and A sessions and provided regular website updates on the stadium development.

Business Relationships

The club continues to maintain and develop strong relationships with all our commercial partners via direct engagement for the sustainable growth of the club. We launched a number of initiatives with our main commercial partner; University of Portsmouth, which provided wider benefits across the local community including a scholarship programme to enable disadvantaged youngsters in the city the opportunity to attend university.

The club also offered valuable work experience placements to students across all areas of the business resulting in a number of students gaining full time positions once finishing their studies. We also provided opportunities to university media students to manage and deliver our match day big screen production which has been shortlisted for a prestigious sports award.

Both parties benefit greatly from this partnership and we are committed to evolving the partnership for the mutual benefit of the wider community.

Portsmouth Football Club Carbon Footprint Statement

We are committed to becoming a key player on sustainability and energy awareness within the wider footballing community and reduce carbon footprint emissions across all our properties at Fratton Park, Ticket office & club shop, health club and training ground.

PORTSMOUTH COMMUNITY FOOTBALL CLUB LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2022

Portsmouth Football Club Carbon Footprint Statement (continued)

At Fratton Park, the stadium works programme incorporated LED lights to the North Stand, South Stand, Milton End in the stand/concourse areas to save on energy consumption. We have used percussive taps limiting water usage and also implemented waterless urinals. We have installed energy control switches in all kiosks and commenced a development plan to move towards central Smart Control systems stadium wide.

At the training ground, we have installed LED lighting to all refurbishment work, we are in the process of assessing the efficiency of the CHP unit to develop a plan for improving energy usage and installed waterless urinals. We have also installed sensor taps and flush pipes. At the health club we are in discussion about changing to solar energy and providing electrical vehicle charging points for clients.

We have entered into discussions with an external energy consultant to assess further ways we can become more energy efficient as a club which resulted in some initial recommendations as to how we can reduce annual energy consumption on top of the stadium works project.

Other works included installation of water fountains in each stand to reduce single use plastics and an annual electric equipment disposal is undertaken to achieve efficient recycling. In terms of our hospitality we ensure all waste cooking oil is collected for recycling and beer lines are cleaned and put on air to save water consumption as this saves rinsing the lines twice which also helps save on waste.

As a Club situated on an island and surrounded by water, we are aware of the worrying effects that global warming and plastic pollution has on our oceans. Our first team squad use reusable bottles and water fountains were installed for easy re-fill and to ensure our players re-hydrated during training. The club's sponsorship partnerships also reinforce our commitment to our becoming more environmentally sustainable and remain committed to supporting educational school talks and beach litter picks in conjunction with our main partner, University of Portsmouth and local sustainability charity Final Straw Solent.

In addition, our official Fratton End Sponsor and energy provider, Utilita Energy, has continued the EnergyHigh5 campaign, educating and enlightening football fans across the country how making five small household changes which can save money as well as reduce carbon footprint and energy usage. We have directly communicated this message to our supporters via our social media and our digital marketing platforms.

We were actively involved in Green Football Weekend finishing 32nd out of all clubs in the PL and EFL.

UK Energy use:	Year ended 30 June 2022 kWh	Year ended 30 June 2021 kWh
Electricity	1,331,105	705,525
Gas	1,612,598	233,581
Total UK energy use in kWh (ROKO gym purchased in June 2021)	2,943,703	939,106
Total UK energy use in Tonnes CO2 equivalent (tCO2e)	588	208

Signed on behalf of the board:

17 March 2023

Mr A Redman
Director

PORTSMOUTH COMMUNITY FOOTBALL CLUB LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2022

The directors present their annual report and financial statements for the year ended 30 June 2022.

Principal activities

The principal activity of the company continued to be that of operating a professional football club.

Results and dividends

The company's loss for the year was £2,908,230. The directors do not recommend the payment of a dividend.

Charitable contributions

The company makes donations to registered charities in the form of autographed kit, equipment and other memorabilia as well as providing substantial support to charities own fundraising activities on match days.

Disabled employees

The company actively encourages applications for employment from disabled people where the requirements of the job can be adequately fulfilled by that person. Where existing employees become disabled, it is the company's policy to make reasonable adjustments wherever practicable in order to provide continuing employment under normal terms and conditions and to provide training and career development and promotion to disabled employees wherever appropriate.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

Mr. M Catlin
Mr M Eisner
Mr E Eisner
Mr B Eisner
Mr A Eisner
Mr A Redman

Employee involvement

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

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

PORTSMOUTH COMMUNITY FOOTBALL CLUB LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2022

Statement of directors' responsibilities

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing 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;
- 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.

Auditor

The auditor, TC Group, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

On behalf of the board

Mr A Redman

Director

17 March 2023

PORTSMOUTH COMMUNITY FOOTBALL CLUB LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF PORTSMOUTH COMMUNITY FOOTBALL CLUB LIMITED

Opinion

We have audited the financial statements of Portsmouth Community Football Club Limited (the 'company') for the year ended 30 June 2022 which comprise the statement of comprehensive income, the balance sheet, the statement of changes in equity, the statement of cash flows 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 2022 and of its loss for the year 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.

PORTSMOUTH COMMUNITY FOOTBALL CLUB LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF PORTSMOUTH COMMUNITY FOOTBALL CLUB LIMITED

Other information

The directors are responsible for the other information. The other information comprises the information included in the Strategic report and Directors 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.

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of our 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 and the directors' report.

We have nothing to report in respect of the following matters where 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, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

PORTSMOUTH COMMUNITY FOOTBALL CLUB LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF PORTSMOUTH COMMUNITY FOOTBALL CLUB LIMITED

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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Extent to which the audit was considered capable of detecting irregularities, including fraud

The objectives of our audit, in respect to fraud, are: to identify and assess the risks of material misstatement of the financial statements due to fraud; to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud, through designing and implementing appropriate responses; and to respond appropriately to fraud or suspected fraud identified during the audit. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and its management.

Our approach was as follows:

- We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience, and through discussion with the directors and other management (as required by auditing standards), and discussed with the directors and other management the policies and procedures regarding compliance with laws and regulations;
- We considered the legal and regulatory frameworks directly applicable to the financial statements reporting framework (FRS 102 and the Companies Act 2006) and the relevant tax compliance regulations in the UK;
- We considered the nature of the industry, the control environment and business performance, including the key drivers for management's remuneration;
- We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit;
- We considered the procedures and controls that the company has established to address risks identified, or that otherwise prevent, deter and detect fraud; and how senior management monitors those programmes and controls.

Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Where the risk was considered to be higher, we performed audit procedures to address each identified fraud risk. These procedures included: testing manual journals; reviewing the financial statement disclosures and testing to supporting documentation; performing analytical procedures; and enquiring of management, and were designed to provide reasonable assurance that the financial statements were free from fraud or error.

PORTSMOUTH COMMUNITY FOOTBALL CLUB LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF PORTSMOUTH COMMUNITY FOOTBALL CLUB LIMITED

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations (irregularities) is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/Our-Work/Audit/Audit-and-assurance/Standards-and-guidance/Standards-and-guidance-for-auditors/Auditors-responsibilities-for-audit/Description-of-auditors-responsibilities-for-audit.aspx>. 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.

James Blake FCA (Senior Statutory Auditor)

For and on behalf of TC Group

Statutory Auditor

22 March 2023

Office: Portsmouth

PORTSMOUTH COMMUNITY FOOTBALL CLUB LIMITED

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2022

		2022	2021
	Notes	£	£
Turnover	3	11,946,249	7,380,733
Cost of sales		(9,275,365)	(7,021,310)
Gross profit		<u>2,670,884</u>	<u>359,423</u>
Administrative expenses		(3,930,447)	(3,095,173)
Profit on disposal of player registrations		(171,269)	9,106
Other operating income		85,270	647,893
EBITDA	4	<u>(1,345,562)</u>	<u>(2,078,751)</u>
Depreciation and amortisation		(1,562,668)	(1,781,726)
Loss before taxation		<u>(2,908,230)</u>	<u>(3,860,477)</u>
Taxation	7	-	-
Loss for the financial year		<u>(2,908,230)</u>	<u>(3,860,477)</u>
Other comprehensive income		<u>-</u>	<u>-</u>
Total comprehensive income for the year		<u><u>(2,908,230)</u></u>	<u><u>(3,860,477)</u></u>

The Statement of Comprehensive Income has been prepared on the basis that all operations are continuing operations.

The notes on pages 20 to 34 form part of these financial statements

PORTSMOUTH COMMUNITY FOOTBALL CLUB LIMITED

BALANCE SHEET

AS AT 30 JUNE 2022

	Notes	2022		2021	
		£	£	£	£
Fixed assets					
Intangible assets	8		527,718		966,468
Tangible assets	9		20,230,000		15,221,041
			<u>20,757,718</u>		<u>16,187,509</u>
Current assets					
Stocks	10	-		6,958	
Debtors	11	1,391,996		994,623	
Cash at bank and in hand		2,811,074		1,013,600	
			<u>4,203,070</u>	<u>2,015,181</u>	
Creditors: amounts falling due within one year	12	(5,227,611)		(4,435,242)	
Net current liabilities			<u>(1,024,541)</u>	<u>(2,420,061)</u>	
Total assets less current liabilities			19,733,177		13,767,448
Creditors: amounts falling due after more than one year	14		(2,561,402)		(2,687,443)
Net assets			<u>17,171,775</u>		<u>11,080,005</u>

PORTSMOUTH COMMUNITY FOOTBALL CLUB LIMITED

BALANCE SHEET (CONTINUED)

AS AT 30 JUNE 2022

	Notes	2022		2021	
		£	£	£	£
Capital and reserves					
Called up share capital	17	19,005,673		10,005,673	
Share premium account		5,667,327		5,667,327	
Profit and loss reserves		(7,501,225)		(4,592,995)	
		<hr/>		<hr/>	
Total equity		17,171,775		11,080,005	
		<hr/> <hr/>		<hr/> <hr/>	

The financial statements were approved by the board of directors and authorised for issue on 17 March 2023 and are signed on its behalf by:

Mr A Redman

Director

Company Registration No. 07940335

The notes on pages 20 to 34 form part of these financial statements

PORTSMOUTH COMMUNITY FOOTBALL CLUB LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2022

	Share capital	Share premium loss reserves account	Profit and loss reserves	Total
Notes	£	£	£	£
Balance at 1 July 2020	10,005,673	5,667,327	(732,518)	14,940,482
Year ended 30 June 2021:				
Loss and total comprehensive income for the year	-	-	(3,860,477)	(3,860,477)
Balance at 30 June 2021	10,005,673	5,667,327	(4,592,995)	11,080,005
Year ended 30 June 2022:				
Loss and total comprehensive income for the year	-	-	(2,908,230)	(2,908,230)
Issue of share capital	17 9,000,000	-	-	9,000,000
Balance at 30 June 2022	19,005,673	5,667,327	(7,501,225)	17,171,775

The notes on pages 20 to 34 form part of these financial statements

PORTSMOUTH COMMUNITY FOOTBALL CLUB LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2022

	Notes	2022		2021	
		£	£	£	£
Cash flows from operating activities					
Cash generated from/(absorbed by) operations	21		1,108,230		(4,368,816)
Investing activities					
Purchase of intangible assets		(716,636)		(145,990)	
Proceeds on disposal of intangibles		74,590		41,475	
Purchase of tangible fixed assets		(5,666,335)		(3,803,911)	
Proceeds on disposal of tangible fixed assets		1,318		16,503	
		<u> </u>		<u> </u>	
Net cash used in investing activities			(6,307,063)		(3,891,923)
Financing activities					
Funding received from parent company		7,000,000		6,000,000	
Payment of finance leases obligations		(3,693)		(6,126)	
		<u> </u>		<u> </u>	
Net cash generated from financing activities			6,996,307		5,993,874
			<u> </u>		<u> </u>
Net increase/(decrease) in cash and cash equivalents			1,797,474		(2,266,865)
			<u> </u>		<u> </u>
Cash and cash equivalents at beginning of year			1,013,600		3,280,465
			<u> </u>		<u> </u>
Cash and cash equivalents at end of year			2,811,074		1,013,600
			<u> </u>		<u> </u>

The notes on pages 20 to 34 form part of these financial statements

PORTSMOUTH COMMUNITY FOOTBALL CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

1 Accounting policies

Company information

Portsmouth Community Football Club Limited is a private company limited by shares incorporated in England and Wales. The registered office is Fratton Park, Frogmore Road, Portsmouth, Hampshire, United Kingdom, PO4 8RA.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared on the historical cost convention. The principal accounting policies adopted are set out below.

1.2 Going concern

As set out in the Directors' Responsibilities Statement on page 7, in preparing these financial statements the directors are required to prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

Portsmouth Community Football Club Limited ("PCFC") currently has no bank lending facilities in place and operates entirely from its bank current account to meet its commitments as they fall due, receiving further funding from the principal shareholder periodically to assist with working capital and continued investment in PCFC's infrastructure. The profitability of PCFC is dependant on a number of factors both in and out of PCFC's control, but the principal factor is the success of the team.

In assessing the appropriateness of the going concern assumption, PCFC have produced cash flow forecasts that extend to the end of the 2023/24 football season, taking into account several potential scenarios to reflect the inherent uncertainty of changes to PCFC's league position. Within the scenarios forecasted, PCFC acknowledges that further financial resources will be required from the owners, and although such funding is not contracted at this time, the directors believe that sufficient funds will be made available as required.

Based on the cash flow forecasts prepared, and considering the reasonably foreseeable scenarios expected in relation to the ongoing football season and expectation for the subsequent season, together with the availability of further funding from the owners as required, the directors are satisfied that PCFC has sufficient resources to continue to meet its obligations as they fall due. Accordingly, the directors have concluded that it is appropriate for the financial statements to be prepared on the going concern basis.

1.3 Turnover

Turnover represents the total amount receivable from football and related commercial activities, excluding transfer fees receivable, and is stated net of VAT. Income from broadcasting, match days and those elements of commercial activities relating to matches is recognised when the related matches are played. Income from advance ticket sales, including season tickets, is deferred accordingly. Other commercial income is recognised on a receivables basis.

PORTSMOUTH COMMUNITY FOOTBALL CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2022

1 Accounting policies

(Continued)

1.4 Intangible fixed assets - player registrations

Player costs

The costs associated with acquiring players' registrations or extending their contracts are capitalised as intangible assets and amortised, in equal installments, over the period of the respective players' contracts. Where a contract is renegotiated prior to the expiry of its original term, the net book value at that time, and any new costs relating to the contract extension, are amortised over the remaining revised contract life.

Under the conditions of certain transfer agreements or contract renegotiations, further fees will be payable in the event of the players 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 transfer fees are accounted for, as provisions, when it becomes probable that the number of appearances will be achieved or the specified future events will occur.

Provision is made for any impairment and player registrations are written down for impairment when the carrying amount exceeds the amount recoverable through use or sale.

Signing on fees are charged evenly to the profit and loss account over the period of the player's contract

Profit or loss on disposal of player's registrations

Profits or losses arising on the disposal of players' contracts are credited or charged to the profit and loss account in the year in the player is sold. They are calculated as the difference arising between the transfer fees receivable and the net book value of the contracts at the time of this disposal. Any excess of net book value of a player's contract over its net realisable value is taken to the profit and loss account as and when it arises.

Amortisation

Amortisation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Negative Goodwill	5 years straight line
Player Registrations	straight line over the period of the contracts
Trademarks	5 years straight line

1.5 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Assets under construction are accounted for at cost incurred to the balance sheet date. They are not depreciated until the accounting period in which they are brought into use.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Freehold Property	25 years straight line
Leasehold Property	straight line over the lease term
Other fixed assets	5 years straight line

1 Accounting policies

(Continued)

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

1.6 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.7 Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

1.8 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1 Accounting policies

(Continued)

1.9 Financial instruments

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

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally 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.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Classification of financial liabilities

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

Basic financial liabilities

Basic financial liabilities, including creditors, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

1.10 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

PORTSMOUTH COMMUNITY FOOTBALL CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2022

1 Accounting policies

(Continued)

1.11 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.12 Retirement benefits

The company operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the company. The annual contributions payable are charged to the profit and loss account.

1.13 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the balance sheet as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to profit or loss so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leases asset are consumed.

1.14 Government grants

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

Deferred government grants in respect of capital expenditure are treated as deferred income and are credited to the profit and loss account over the estimated useful life of the assets to which they relate.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

1.15 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation are included in the profit and loss account for the period.

2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Key sources of estimation uncertainty

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

Depreciation of tangible fixed assets

The company establishes a reliable estimate of the useful life of tangible fixed assets from their acquisition. This estimate is based on the expected use of the assets, any legal, regulatory or contractual provisions that can limit useful and historical evidence of the useful life of similar assets.

3 Turnover and other revenue

An analysis of the company's turnover is as follows:

	2022	2021
	£	£
Turnover		
Football League Basic Award	2,767,211	4,102,588
Ticket sales	5,340,815	144,935
Income from sponsors and partners	839,129	712,589
Hospitality income	732,888	58,643
Players on loan	271,573	93,904
Other football related income	413,896	749,091
Broadcasting and related income	485,829	1,376,038
Other non-football revenues	1,094,908	142,945
	<u>11,946,249</u>	<u>7,380,733</u>

PORTSMOUTH COMMUNITY FOOTBALL CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2022

4 Loss before taxation

	2022	2021
	£	£
loss for the year is stated after charging/(crediting):		
Exchange (losses)/gains	5	(57)
Fees payable to the company's auditor for the audit of the company's financial statements	16,250	14,375
Depreciation of owned tangible fixed assets	648,054	587,009
Depreciation of tangible fixed assets held under finance leases	5,090	1,718
(Profit)/loss on disposal of fixed assets	2,914	(825)
Amortisation of intangible assets	909,527	1,143,018
(Profit)/loss on disposal of intangible fixed assets	171,269	(9,106)
Government grants - Income released in respect of deferred capital grants	(61,548)	(61,548)
Government grants - Coronavirus Job Retention Scheme grants	(85,270)	(647,893)
Operating lease charges	20,432	56,773
	<u> </u>	<u> </u>

5 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	2022	2021
	Number	Number
Players	36	45
Office and football management	102	72
	<u> </u>	<u> </u>
Total	138	117
	<u> </u>	<u> </u>

In addition the company employed 138 (2021 - 126) casual staff on average, for matchdays.

The aggregate remuneration of all employees comprised:

	2022	2021
	£	£
Wages and salaries	7,056,713	7,048,284
Social security costs	724,697	743,569
Pension costs	89,111	68,132
	<u> </u>	<u> </u>
	7,870,521	7,859,985
	<u> </u>	<u> </u>

Please note that the above Payroll figures exclude the costs of Players loaned in from other clubs and in 2022 there was an increase in loan costs of £738,000 compared to 2021.

PORTSMOUTH COMMUNITY FOOTBALL CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2022

6 Directors' remuneration

	2022	2021
	£	£
Remuneration for qualifying services	50,000	173,750
Company pension contributions to defined contribution schemes	-	1,204
	<u>50,000</u>	<u>174,954</u>

Directors are also considered to be Key Management Personnel.

7 Taxation

The actual charge for the year can be reconciled to the expected credit for the year based on the profit or loss and the standard rate of tax as follows:

	2022	2021
	£	£
Loss before taxation	(2,908,230)	(3,860,477)
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2021: 19.00%)	(552,564)	(733,491)
Tax effect of expenses that are not deductible in determining taxable profit	80,745	47,275
Increase in unutilised tax losses carried forward	471,819	686,216
Tax expense for the year	<u>-</u>	<u>-</u>

Factors that may affect future tax charges

The company has approximately circa £11m of tax losses carried forward available for future use. The related deferred tax asset has not been recognised as it does not meet the recognition criteria required by paragraph 29.7 of FRS 102.

PORTSMOUTH COMMUNITY FOOTBALL CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2022

8 Intangible fixed assets

	Player Registrations	Trademarks	Total
	£	£	£
Cost			
At 1 July 2021	2,961,272	68,341	3,029,613
Additions	716,375	261	716,636
Disposals	(2,718,945)	-	(2,718,945)
	<hr/>	<hr/>	<hr/>
At 30 June 2022	958,702	68,602	1,027,304
	<hr/>	<hr/>	<hr/>
Amortisation and impairment			
At 1 July 2021	1,995,913	67,232	2,063,145
Amortisation charged for the year	908,157	1,370	909,527
Disposals	(2,473,086)	-	(2,473,086)
	<hr/>	<hr/>	<hr/>
At 30 June 2022	430,984	68,602	499,586
	<hr/>	<hr/>	<hr/>
Carrying amount			
At 30 June 2022	527,718	-	527,718
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
At 30 June 2021	965,359	1,109	966,468
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

PORTSMOUTH COMMUNITY FOOTBALL CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2022

9 Tangible fixed assets

	Freehold Property	Leasehold Property	Assets under construction	Other fixed assets	Total
	£	£	£	£	£
Cost					
At 1 July 2021	14,839,886	1,465,668	375,483	2,171,250	18,852,287
Additions	-	2,967	4,993,211	670,157	5,666,335
Disposals	-	-	-	(4,303)	(4,303)
At 30 June 2022	14,839,886	1,468,635	5,368,694	2,837,104	24,514,319
Depreciation and impairment					
At 1 July 2021	2,155,606	99,825	-	1,375,815	3,631,246
Depreciation charged in the year	424,975	23,880	-	204,289	653,144
Eliminated in respect of disposals	-	-	-	(71)	(71)
At 30 June 2022	2,580,581	123,705	-	1,580,033	4,284,319
Carrying amount					
At 30 June 2022	12,259,305	1,344,930	5,368,694	1,257,071	20,230,000
At 30 June 2021	12,684,280	1,365,843	375,483	795,435	15,221,041

The net carrying value of tangible fixed assets includes the following in respect of assets held under finance leases or hire purchase contracts.

	2022	2021
	£	£
Motor vehicles	18,968	24,058

10 Stocks

	2022	2021
	£	£
Food and beverage stocks	-	6,958

PORTSMOUTH COMMUNITY FOOTBALL CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2022

11 Debtors

	2022	2021
Amounts falling due within one year:	£	£
Trade debtors	391,825	150,952
Other debtors	541,457	500,228
Prepayments and accrued income	458,714	343,443
	<u>1,391,996</u>	<u>994,623</u>

12 Creditors: amounts falling due within one year

	2022	2021
	£	£
	Notes	
Obligations under finance leases	13	3,693
Trade creditors		336,837
Amounts owed to group undertakings		2,000,000
Taxation and social security		441,360
Other creditors		589,099
Accruals and deferred income		1,064,253
		<u>5,227,611</u>
		<u>4,435,242</u>

13 Finance lease and hire purchase obligations

	2022	2021
Future minimum lease payments due under finance leases and hire purchase contracts:	£	£
Within one year	4,002	4,002
In two to five years	15,671	19,674
	<u>19,673</u>	<u>23,676</u>
Less: future finance charges	(800)	(1,110)
	<u>18,873</u>	<u>22,566</u>

Obligations under finance leases are secured creditors, secured on the assets to which they relate.

PORTSMOUTH COMMUNITY FOOTBALL CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2022

14 Creditors: amounts falling due after more than one year

	Notes	2022 £	2021 £
Obligations under finance leases	13	15,180	18,873
Deferred income		2,485,022	2,546,570
Other creditors		61,200	122,000
		<u>2,561,402</u>	<u>2,687,443</u>

Deferred income relates to monies the company received towards specified capital expenditure, which qualified to be accounted for as government grants. The income is released to the profit and loss account evenly over the useful life of the assets acquired, to match the depreciation of those specified assets purchased using the proceeds.

15 Deferred taxation

Deferred tax assets and liabilities are offset where the company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (before offset) for financial reporting purposes:

Balances:	2022 £	2021 £
Fixed asset timing differences	(1,018,095)	(581,037)
Tax losses available	1,018,095	581,037
	<u>-</u>	<u>-</u>

The deferred tax asset arising on the tax losses available for future use has been capped to offset the deferred tax liability arising on the fixed asset timing differences.

16 Retirement benefit schemes

Defined contribution schemes	2022 £	2021 £
Charge to profit or loss in respect of defined contribution schemes	89,111	68,132
	<u>89,111</u>	<u>68,132</u>

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

PORTSMOUTH COMMUNITY FOOTBALL CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2022

17 Share capital

	2022	2021	2022	2021
	Number	Number	£	£
Ordinary share capital				
Issued and fully paid				
Ordinary shares of £1 each	19,005,673	10,005,673	19,005,673	10,005,673
Heritage share of 0.0001p each	1	1	-	-
	<u>19,005,674</u>	<u>10,005,674</u>	<u>19,005,673</u>	<u>10,005,673</u>

The Ordinary shares, which are held exclusively by Portsmouth FC LLC, carry full voting rights and participation rights over the equity of the company.

The Heritage share, which is held by Pompey Heritage Share Holdco Limited, does not entitle the holder to voting rights in the company, or to receive dividends from the company.

During the year the principal shareholder subscribed for a further 5,000,000 Ordinary shares of £1 each at par on the 17th November 2021, and a further 4,000,000 Ordinary shares of £1 each at par on the 10th June 2022.

Subsequent to the balance sheet date the principal shareholder has subscribed for a further 9,000,000 Ordinary shares of £1 each at par.

18 Operating lease commitments

Lessee

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2022	2021
	£	£
Within one year	125,960	131,104
Between two and five years	137,438	235,785
In over five years	1,151,190	1,162,427
	<u>1,414,588</u>	<u>1,529,316</u>

PORTSMOUTH COMMUNITY FOOTBALL CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2022

19 Related party transactions

In accordance with Section 33.1A of FRS 102 the company has taken exemption from disclosing transactions and balances between group undertakings which are wholly owned by members of the group.

In a previous year, the company provided a £300,000 loan to Pompey In The Community, a registered charity in which the company is closely related with. The loan is interest free and does not require repayment until February 2030.

20 Ultimate controlling party

The company is wholly owned by Portsmouth FC LLC, which is wholly owned by The Tornante Company LLC, both Portsmouth FC LLC and The Tornante Company LLC are registered in the United States of America. Mr M. Eisner is considered to be the ultimate controlling party of the company, by virtue of his controlling interest in The Tornante Company LLC.

21 Cash generated from operations

	2022	2021
	£	£
Loss for the year after tax	(2,908,230)	(3,860,477)
Adjustments for:		
Loss/(gain) on disposal of tangible fixed assets	2,914	(825)
Loss/(gain) on disposal of intangible assets	171,269	(9,106)
Amortisation and impairment of intangible assets	909,527	1,192,999
Depreciation and impairment of tangible fixed assets	653,144	588,727
	<hr/>	<hr/>
Net cash outflow from operating activities before working capital adjustments	(1,171,376)	(2,088,682)
Movements in working capital:		
Decrease in stocks	6,958	16,727
(Increase)/decrease in debtors	(397,373)	930,211
Increase/(decrease) in creditors	76,905	(3,477,429)
Increase in deferred income	2,593,116	250,357
	<hr/>	<hr/>
Cash generated from/(absorbed by) operations	1,108,230	(4,368,816)
	<hr/> <hr/>	<hr/> <hr/>

PORTSMOUTH COMMUNITY FOOTBALL CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2022

22 Analysis of changes in net funds

	1 July 2021	Cash flows	30 June 2022
	£	£	£
Cash at bank and in hand	1,013,600	1,797,474	2,811,074
Obligations under finance leases	(22,566)	3,693	(18,873)
	<u>991,034</u>	<u>1,801,167</u>	<u>2,792,201</u>