

Company registration number 07940335 (England and Wales)

PORTSMOUTH COMMUNITY FOOTBALL CLUB LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

30 JUNE 2023

tc accounts · tax · legal · financial planning

3 Acorn Business Centre
Northarbour Road
Cosham
Portsmouth
Hampshire
PO6 3TH

CONTENTS

	Page
Company information	1
Strategic report	2 - 9
Directors' report	10 - 11
Independent auditor's report	12 - 15
Statement of comprehensive income	16
Balance sheet	17 - 18
Statement of changes in equity	19
Statement of cash flows	20
Notes to the financial statements	21 - 34

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 Northarbour Road Cosham Portsmouth Hampshire PO6 3TH
Bankers	Barclays Bank Plc PO Box 6 Portsmouth Hampshire PO6 3DH

Football Performance

We started the new season in a new-look Fratton Park after the completion of the first two stages of stadium re-development works in the North and South stands. These works provided enhanced sight lines and improved facilities including new staircases, new safety barriers; structural steel upgrades to the stand foundations; new fire rated ceilings; emergency lighting and structural repairs to the existing Archibald Leitch truss.

On the pitch too there was renewed optimism and after the first seven league games we were well placed in second position having accumulated seventeen points. During the summer Head Coach Danny Cowley had re-shaped his squad with ten permanent players signings including Colby Bishop for a transfer fee and six out-of-contract signings being Josh Oluwayemi, Zak Swanson, Joe Rafferty, Mike Morrison, Marlon Pack and Tom Lowery as well as giving three new contracts to Sean Raggett, Michael Jacobs and Reeco Hackett. In addition, the club made seven loan transfers during the season - Josh Griffiths, Owen Dale, Josh Koroma, Joe Pigott, Dane Scarlett, Matt Macey and Di'Shon Bernard.

We were unable to maintain the early momentum, only mustering a further fifteen points from the next fifteen matches culminating in the home loss against Charlton in the first game of 2023 when it was mutually agreed that Head Coach, Danny Cowley, would depart the club. We reached the third round of the FA Cup, losing away at Tottenham Hotspur at their new stadium taking an away contingent of more than 10,000 Pompey fans. In the EFL Cup, we lost to Newport County in the second round and went out of the EFL Trophy at the quarter final stage away to Bolton Wanderers.

Richard Hughes had already been appointed as Sporting Director in October and we then undertook a thorough recruitment process culminating in the appointment of John Mousinho as Head Coach in mid-January. The first team coaching department was further bolstered by the appointment of Jon Harley from Chelsea's Academy and the promotion of Zesh Rehman from our own Academy. Joe Prodomo retained his position as Goalkeeper Coach. We subsequently accumulated 39 points from the remaining 23 games, finishing in eighth position with 70 points.

The new football recruitment strategy specifically targeted the permanent acquisition of younger progressive players with the ability to improve the squad. We recruited Paddy Lane and Ryley Towler in January 2023 and then at the start of the summer Transfer Window we signed Terry Devlin, Christian Saydee and Kusini Yengi before 30 June 2023 all for transfer fees included within these accounts.

Trading Performance

The stadium development work continued to impact our available capacity during the season and resulted in an average league attendance of 18,064 for the season; being an increase from 15,003 in the previous season.

Hospitality revenue increased back close to pre-pandemic numbers finishing just under £1million, enhanced by our flourishing kiosk partnership with Piglets Pantry providing improved products and service supplemented by the addition of new concession facilities in the North and South Stands. We also developed the fan zone on match-days behind the Fratton End which was assisted by our Matchday Experience Working Groups by providing children's activities, with music from a DJ and new food and drink facilities to enhance overall matchday experience.

We incurred a net profit of £748,000 on the transfer of players during the year after the transfers of Marcus Harness, Alex Bass and Reeco Hackett. The traditional 'EBITDA' (Earnings before Interest Depreciation & Amortisation) showed a £1.7 million loss. The depreciation and amortisation charges of £1.4 million represent non-cash write-downs, which include depreciation on assets acquired when the club came out of administration, and £592,000 in respect of the write-down of intangible player assets.

PORTSMOUTH COMMUNITY FOOTBALL CLUB LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2023

Trading Performance (continued)

There was a marked increase in costs across all areas of the business due to 'cost of living' inflation including food/material costs, utility prices and increased football travel/hotel costs. This was exacerbated by the return to normal operations post Covid and removal of government grants/subsidies, rates relief, furlough wages.

Pompey Health and Fitness Club & Training Ground

We continued infrastructure work to improve the standard of facilities at the Training Ground and enable the future integration of first team facilities into the main building and develop an elite working environment as well as continued work on the PHFC gym facility.

Revenue from Pompey Health Fitness and Club was £1million and an overall net loss of £240,000 impacted by inflation across the cost base including labour and energy costs.

Fratton Park Re-development Project Commencement

We continued discussions with all local stakeholders (Network Rail, Portsmouth City Council, the Pompey Centre) on the potential for the local area re-development and engaged in regular constructive meetings with Stephen Morgan MP. We also carried out a supporter travel survey to assess the potential impact that any potential development would have on the local economy from increased usage of the stadium from the addition of a hotel and mixed commercial and residential development. Any such development and an increase in future stadium capacity would require improvements to transport infrastructure and a dedicated access from the station to the Pompey Centre and Fratton Park to improve safety and redress accessibility issues. We continue to work with all stakeholders to help realise our own individual projects which will have a significant impact on the regeneration of the local area. We appreciate the support from both Portsmouth MPs and Portsmouth City Council.

Balance sheet

The loss in the year reduced the Balance Sheet to a total of £23 million net assets with net current liabilities of £2.3 million. It should be noted that included within creditors due less than one year on the balance sheet is £3.6 million 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 2023/24 season and hence will not require repayment.

During the year we invested £1.4 million on the renovation and improvement works on the training ground and gym facilities and a further £5.3 million on Fratton Park development work to put in place foundations for the long-term benefit of the club moving forward.

In terms of cash flows, the club recorded a net cash outflow from operating activities before working capital adjustments of £2.4 million for the year ended 30th June 2023.

Ownership

The club drew down further funds from the Owners during the year which was converted into share capital which stood at £28 million in June 2023. Subsequently a further £7 million was drawn down during the period to March 2024 to finance club operations and Stadium and Training Ground works projects, which the Owners intend to convert into additional share capital, leaving a total Owners investment of £35 million at the date these financial statements are approved.

Academy

In the last year, the Academy has maintained its staff operation above the minimum criteria set against the Category 3 EPPP regulations and daily operations and procedures have been endorsed by another strong audit performance from the Premier League Audit Company.

There was an increase in the department cost base to facilitate an improved additional games programme for the U9-U16s with midweek or school holiday fixtures against several category 1 and 2 clubs to enhance the continual development of the players. In addition, there was investment in the continual professional development of the full time, part time and casual employees through participation on FA license courses, staff visits to other sporting entities and utilising external speakers to deliver workshops to academy staff. We also supported our scouting teams to undertake advanced scouting certification with the FA. This scope for access to opportunities for football and educational based courses for Academy staff has been instrumental in supporting the first team staff recruitment ; with two full-time academy employees (Zesh Rehman and Max Whittingham) having successfully transitioned to first team roles in the past year.

Currently, player productivity through to first team level remains a challenge albeit the academy was buoyed by the first academy graduate EFL League starting eleven debut in the last few seasons by Harry Jewitt-White in April 2023 and a professional contract being awarded to Toby Steward. Academy players have also contributed to EFL Trophy and Carabao Cup games this season and we remain committed to maximising this player pathway.

We continue to maximise our engagement with local grassroots clubs via CPD initiatives and an additional games programme at our Foundation Phase. This is critical to support relationship development and help support future player recruitment. Further engagement with local non-league clubs have strengthened our loan opportunities for scholar and young professionals and this is offering an invaluable exposure to men's football for those individuals.

125 Celebrations

In April 2023, the club together with the Pompey History Society, the Pompey Supporters Trust and Pompey in the Community launched a season-long campaign of events and cultural activity to recognise the 125th Anniversary of Portsmouth Football Club.

Amongst the highlights was the crowdfunding campaign for the Jimmy Dickinson statue. This was orchestrated by the Pompey Supporters Trust, with the Douglas Jennings sculpted statue unveiled at Fratton Park in September 2023.

More than 30 former players returned to the club for the match with Forest Green in April 2023; a new Champions of England display was added to the North Stand; a limited hardback edition "The History of Portsmouth Football Club" sold out within days of its publication. A historical match was played in September 2024 between the club and Royal Artillery, the forerunners of Portsmouth FC prior to the club's formation in 1898.

The premiere of the 'Pompey Overture' – a short piece of music composed by Hugh Carpenter, conductor of the Portsmouth Philharmonic Orchestra – was played for the first time in December at a special 125th anniversary concert at the Church of the Resurrection in Drayton. Special poetry events and photographic events celebrating Pompey are scheduled for later this year.

Several other events marked the year and will continue to do so throughout the remainder of 2024. One of the key objectives from the year was to create a legacy initiative and in June 2023, Portsmouth Women were fully integrated into the club, alongside the men's team, under the ownership of The Tornante Company facilitating new investment to allowing semi-professional contracts to be offered to players for the first time. One of the overarching goals is to profile Portsmouth Women to promote football, sport and healthy lifestyles to thousands of women and young girls across Portsmouth, a fitting legacy from the 125 Anniversary programme.

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. under the title “TOGETHER POMPEY” involving staff from different departments across the club.

Departmental workshops reviewed the club’s core strengths, weaknesses and opportunities 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 finalise the strategic vision and values statements.

The cross department working group completed their work in summer 2022 and The visions statements and values were signed off by the Board in autumn 2022. 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.

Departmental objectives have been coordinated across five strategic goals so that everyone, whatever their role at their club, can play their part in delivering our vision for Portsmouth Football Club. These goals are:-

1. To create conditions for success on the pitch.
 2. To deliver an enjoyable, excellent and safe experience and service for every supporter and visitor to Fratton Park.
 3. To deliver community programmes and initiatives that reflect the club’s role, status and responsibilities as a major influencer within the community of Portsmouth and to be a key player in terms of promoting equality, diversity and inclusion and environmental sustainability.
 4. To deliver long-term financial sustainability.
 5. To create an organisation where our colleagues enjoy coming to work, feel valued and can realise their individual career objectives and personal goals.
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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.

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 with an agenda that is presented by them and minutes of the meeting published on the official website which are subsequently picked up by the local press thus extending to the wider fan base.

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 which has met three times throughout the season to review and improve matchdays for all supporters bringing the pre-match experience to a new level. An Away Ticketing Supporter Working Group also met to review and make recommendations towards improving the club's Loyalty Point scheme which seeks to fairly distribute the limited number of tickets for away matches.

The CEO, Sporting Director, First Team Manager, Academy Manager and playing staff attended individual supporter group forums throughout the year. These included forums and Q and A sessions for the PST (1), Presidents (4), Northern Blues (1) Chichester Supporters (4) Central Branch,(5) Armed Forces Branch. (1) Pompey Independent Supporters Association(1), Isle of Wight Supporters Club (2) and London Supporters Club (1) Matchday Experience Group (4). The CEO, First Team Manager and captain 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

The club continued its commitment to developing to improving sustainability and environmental awareness throughout the club and finding ways to reduce carbon footprint emissions across our properties at Fratton Park, Ticket office & Pompey Store, Pompey Health and Fitness Club and the Training Ground.

A club wide working environmental sustainable Working Group was established in 2023 under the leadership of the CEO. All departments at the club are represented on this working group, along with our external operating partners from Pompey in the Community, Piglets Pantry, Pompey Health and Fitness Club and Just Sport.

Portsmouth Football Club Carbon Footprint Statement (continued)

The Working Group has identified that it first needs to understand where we are in terms of our current key performance indicators: e.g. carbon emissions, working practices and then to set the goals we wish to achieve over the next five years and beyond and identifying the resources required to achieve those goals. This analysis work is currently ongoing.

Ten key areas have been identified by the Working Group for focus:-

1. Greater Recycling and Water Harvesting
2. Promotion of Alternative Forms of Transport to the Stadium and Training Ground
3. Increased Use of Energy Efficient Equipment
4. Implementation of a Paperless Strategy
5. Improved Use of Green Cleaning Products
6. Encouraging Sustainable Practices
7. Investment in renewable energy
8. Nutrition and Food Service
9. Support for environmentally friendly businesses and suppliers
10. Promotion of environmentally friendly products

The Working Group has invited guest speakers from across sport and industry to share best practice and their experiences in overcoming challenges towards the implementation of better environmental practices across their organisations.

Early developments have seen:

- LED lights installed to the North Stand, South Stand, Milton End in the stand/concourse areas to save on energy consumption.
- Light sensors now in place in most of the stands and also installed in all South Stand hospitality areas.
- Percussive taps introduced, limiting water usage and waterless urinals have been introduced in many areas of the stadium including the Milton End.
- Installation of energy control switches in all kiosks and the introduction of 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.
- Excess unused food on matchdays is donated to local Southsea food banks
- Introduction of re-cyclable pint cups in kiosks at Fratton Park.
- A new Sonic Line Beer Line Cleaning system, installed to reduce water and wastage.
- Installation of water fountains in each stand to reduce single use plastics.
- An annual electric equipment disposal is undertaken to achieve efficient recycling.
- A partnership is in place with our partners, SG Fleet encouraging players to switch to electric cars. To date, nine players have taken advantage of the scheme and made the switch.

PORTSMOUTH COMMUNITY FOOTBALL CLUB LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2023

The club also completed a Supporter Matchday Travel Survey in March 2023 to understand how fans travel to Fratton Park and where carbon emissions might be reduced through the development of more sustainable forms of alternative transport. This survey has also helped to inform the club's separate discussions with Network Rail, Portsmouth City Council, South West Railways and Stephen Morgan MP towards the campaign to secure funds for a safer access, to and from Fratton Station and to serve the regeneration of the area and the wider community.

UK Energy use:	Year ended 30 June 2023 kWh	Year ended 30 June 2022 kWh
Electricity	1,419,539	1,331,105
Gas	2,088,437	1,612,598
Total UK energy use in kWh	<u>3,507,976</u>	<u>2,943,703</u>
Total UK energy use in Tonnes CO2 equivalent (tCO2e)	<u>655</u>	<u>588</u>

Signed on behalf of the board:

26 March 2024

Mr A Redman
Director

PORTSMOUTH COMMUNITY FOOTBALL CLUB LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2023

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

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 £3,090,710. 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 2023

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

26 March 2024

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 2023 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 Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 June 2023 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 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, 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

26 March 2024

Office: Portsmouth

PORTSMOUTH COMMUNITY FOOTBALL CLUB LIMITED

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2023

	Notes	2023 £	2022 £
Turnover	3	12,504,685	11,946,249
Cost of sales		(10,513,222)	(9,275,365)
Gross profit		1,991,463	2,670,884
Administrative expenses		(4,490,490)	(3,930,447)
Profit on disposal of player registrations		748,135	(171,269)
Other operating income		61,548	85,270
EBITDA	4	(1,689,344)	(1,345,562)
Depreciation and amortisation		(1,401,366)	(1,562,668)
Loss before taxation		(3,090,710)	(2,908,230)
Taxation	7	-	-
Loss for the financial year		(3,090,710)	(2,908,230)
Other comprehensive income		-	-
Total comprehensive income for the year		(3,090,710)	(2,908,230)

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

The notes on pages 21 to 34 form part of these financial statements

PORTSMOUTH COMMUNITY FOOTBALL CLUB LIMITED

BALANCE SHEET

AS AT 30 JUNE 2023

		2023		2022	
	Notes	£	£	£	£
Fixed assets					
Intangible assets	8	1,432,926		527,718	
Tangible assets	9	26,398,459		20,230,000	
		<u>27,831,385</u>		<u>20,757,718</u>	
Current assets					
Debtors	10	2,074,736	1,391,996		
Cash at bank and in hand		2,817,455	2,811,074		
		<u>4,892,191</u>	<u>4,203,070</u>		
Creditors: amounts falling due within one year	11	<u>(7,207,551)</u>	<u>(5,227,611)</u>		
Net current liabilities		<u>(2,315,360)</u>		<u>(1,024,541)</u>	
Total assets less current liabilities		25,516,025		19,733,177	
Creditors: amounts falling due after more than one year	12	(2,434,960)		(2,561,402)	
Net assets		<u>23,081,065</u>		<u>17,171,775</u>	

PORTSMOUTH COMMUNITY FOOTBALL CLUB LIMITED

BALANCE SHEET (CONTINUED)

AS AT 30 JUNE 2023

		2023		2022	
	Notes	£	£	£	£
Capital and reserves					
Called up share capital	16	28,005,673		19,005,673	
Share premium account		5,667,327		5,667,327	
Profit and loss reserves		(10,591,935)		(7,501,225)	
		<u> </u>		<u> </u>	
Total equity		23,081,065		17,171,775	
		<u> </u>		<u> </u>	

The financial statements were approved by the board of directors and authorised for issue on 26 March 2024 and are signed on its behalf by:

Mr A Redman
Director

Company Registration No. 07940335

The notes on pages 21 to 34 form part of these financial statements

PORTSMOUTH COMMUNITY FOOTBALL CLUB LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2023

	Share capital	Share premium account	Profit and loss reserves	Total
Notes	£	£	£	£
Balance at 1 July 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	16 9,000,000	-	-	9,000,000
Balance at 30 June 2022	19,005,673	5,667,327	(7,501,225)	17,171,775
Year ended 30 June 2023:				
Loss and total comprehensive income for the year	-	-	(3,090,710)	(3,090,710)
Issue of share capital	16 9,000,000	-	-	9,000,000
Balance at 30 June 2023	28,005,673	5,667,327	(10,591,935)	23,081,065

PORTSMOUTH COMMUNITY FOOTBALL CLUB LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2023

	Notes	2023		2022	
		£	£	£	£
Cash flows from operating activities					
Cash (absorbed by)/generated from operations	22		(1,269,962)		1,108,230
Investing activities					
Purchase of intangible assets		(1,522,569)		(716,636)	
Proceeds on disposal of intangibles		773,119		74,590	
Purchase of tangible fixed assets		(6,977,447)		(5,666,335)	
Proceeds on disposal of tangible fixed assets		6,933		1,318	
		<u> </u>		<u> </u>	
Net cash used in investing activities			(7,719,964)		(6,307,063)
Financing activities					
Funding received from parent company		9,000,000		7,000,000	
Payment of finance leases obligations		(3,693)		(3,693)	
		<u> </u>		<u> </u>	
Net cash generated from financing activities			8,996,307		6,996,307
			<u> </u>		<u> </u>
Net increase in cash and cash equivalents			6,381		1,797,474
Cash and cash equivalents at beginning of year			2,811,074		1,013,600
			<u> </u>		<u> </u>
Cash and cash equivalents at end of year			2,817,455		2,811,074
			<u> </u>		<u> </u>

The notes on pages 21 to 34 form part of these financial statements

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 11, 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 2024/25 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.

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 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.

1.8 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.

1 Accounting policies

(Continued)

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.

1.9 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.

1.10 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.

1.11 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 Accounting policies

(Continued)

1.12 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.

1.13 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.

1.14 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.

PORTSMOUTH COMMUNITY FOOTBALL CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2023

2 Judgements and key sources of estimation uncertainty (Continued)

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:

	2023	2022
	£	£
Turnover		
Football League Basic Award	2,341,030	2,767,211
Ticket sales	5,765,350	5,340,815
Income from sponsors and partners	901,177	839,129
Hospitality income	1,023,873	732,888
Other football related income	662,097	685,469
Broadcasting and related income	568,315	485,829
Other non-football revenues	1,242,843	1,094,908
	<u>12,504,685</u>	<u>11,946,249</u>

4 Loss before taxation

	2023	2022
	£	£
loss for the year is stated after charging/(crediting):		
Exchange losses	24	5
Fees payable to the company's auditor for the audit of the company's financial statements	20,000	16,250
Depreciation of owned tangible fixed assets	803,569	648,054
Depreciation of tangible fixed assets held under finance leases	5,419	5,090
(Profit)/loss on disposal of fixed assets	(6,933)	2,914
Amortisation of intangible assets	592,377	909,527
(Profit)/loss on disposal of intangible fixed assets	(748,135)	171,269
Government grants - Income released in respect of deferred capital grants	(61,549)	(61,548)
Operating lease charges	10,445	20,432
	<u>12,504,685</u>	<u>11,946,249</u>

PORTSMOUTH COMMUNITY FOOTBALL CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2023

5 Employees

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

	2023	2022
	Number	Number
Players	44	38
Office and football management	79	102
	<hr/>	<hr/>
Total	123	140
	<hr/> <hr/>	<hr/> <hr/>

In addition the company employed 170 (2022 - 175) casual staff on average, for matchdays.

The aggregate remuneration of all employees comprised:

	2023	2022
	£	£
Wages and salaries	7,408,471	7,056,713
Social security costs	789,829	724,697
Pension costs	88,201	89,111
	<hr/>	<hr/>
	8,286,501	7,870,521
	<hr/> <hr/>	<hr/> <hr/>

Please note that the above Payroll figures exclude the costs of Players loaned in from other clubs and in 2023 there was a reduction in loan costs of £222,000 compared to 2022.

6 Directors' remuneration

	2023	2022
	£	£
Remuneration for qualifying services	50,000	50,000
	<hr/> <hr/>	<hr/> <hr/>

Directors are also considered to be Key Management Personnel.

PORTSMOUTH COMMUNITY FOOTBALL CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2023

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:

	2023	2022
	£	£
Loss before taxation	(3,090,710)	(2,908,230)
Expected tax charge based on the standard rate of corporation tax in the UK of 20.50% (2022: 19.00%)	(633,596)	(552,564)
Tax effect of expenses that are not deductible in determining taxable profit	101,589	80,745
Increase in unutilised tax losses carried forward	532,007	471,819
Tax expense for the year	-	-

Factors that may affect future tax charges

The company has approximately circa £17m 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.

8 Intangible fixed assets

	Player Registrations	Trademarks	Total
	£	£	£
Cost			
At 1 July 2022	958,702	68,602	1,027,304
Additions	1,522,216	353	1,522,569
Disposals	(319,480)	-	(319,480)
At 30 June 2023	2,161,438	68,955	2,230,393
Amortisation and impairment			
At 1 July 2022	430,984	68,602	499,586
Amortisation charged for the year	592,352	25	592,377
Disposals	(294,496)	-	(294,496)
At 30 June 2023	728,840	68,627	797,467
Carrying amount			
At 30 June 2023	1,432,598	328	1,432,926
At 30 June 2022	527,718	-	527,718

PORTSMOUTH COMMUNITY FOOTBALL CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2023

9 Tangible fixed assets

	Freehold Property £	Leasehold Property £	Assets under construction £	Other fixed assets £	Total £
Cost					
At 1 July 2022	14,839,886	1,468,635	5,368,694	2,837,104	24,514,319
Additions	1,955,910	-	4,811,488	210,049	6,977,447
At 30 June 2023	16,795,796	1,468,635	10,180,182	3,047,153	31,491,766
Depreciation and impairment					
At 1 July 2022	2,580,581	123,705	-	1,580,033	4,284,319
Depreciation charged in the year	472,549	23,005	-	313,434	808,988
At 30 June 2023	3,053,130	146,710	-	1,893,467	5,093,307
Carrying amount					
At 30 June 2023	13,742,666	1,321,925	10,180,182	1,153,686	26,398,459
At 30 June 2022	12,259,305	1,344,930	5,368,694	1,257,071	20,230,000

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

	2023 £	2022 £
Motor vehicles	13,548	18,968

10 Debtors

	2023 £	2022 £
Amounts falling due within one year:		
Trade debtors	794,799	391,825
Other debtors	408,177	541,457
Prepayments and accrued income	871,760	458,714
	2,074,736	1,391,996

PORTSMOUTH COMMUNITY FOOTBALL CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2023

11 Creditors: amounts falling due within one year

	Notes	2023 £	2022 £
Obligations under finance leases	13	3,693	3,693
Trade creditors		915,281	525,108
Taxation and social security		672,324	238,572
Other creditors		616,645	595,446
Accruals and deferred income		4,999,608	3,864,792
		<u>7,207,551</u>	<u>5,227,611</u>

12 Creditors: amounts falling due after more than one year

	Notes	2023 £	2022 £
Obligations under finance leases	13	11,487	15,180
Deferred income		2,423,473	2,485,022
Other creditors		-	61,200
		<u>2,434,960</u>	<u>2,561,402</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.

13 Finance lease and hire purchase obligations

	2023 £	2022 £
Future minimum lease payments due under finance leases and hire purchase contracts:		
Within one year	4,002	4,002
In two to five years	11,669	15,671
	<u>15,671</u>	<u>19,673</u>
Less: future finance charges	(491)	(800)
	<u>15,180</u>	<u>18,873</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 2023

14 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:

	2023	2022
Balances:	£	£
Fixed asset timing differences	(1,734,505)	(1,018,095)
Tax losses available	1,734,505	1,018,095
	<u>-</u>	<u>-</u>
	<u><u>-</u></u>	<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.

15 Retirement benefit schemes

	2023	2022
Defined contribution schemes	£	£
Charge to profit or loss in respect of defined contribution schemes	88,201	89,111
	<u><u>88,201</u></u>	<u><u>89,111</u></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.

16 Share capital

	2023	2022	2023	2022
Ordinary share capital	Number	Number	£	£
Issued and fully paid				
Ordinary shares of £1 each	28,005,673	19,005,673	28,005,673	19,005,673
Heritage share of 0.0001p each	1	1	-	-
	<u><u>28,005,673</u></u>	<u><u>19,005,673</u></u>	<u><u>-</u></u>	<u><u>-</u></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 9,000,000 Ordinary shares of £1 each at par on the 9th March 2023.

17 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:

	2023	2022
	£	£
Within one year	213,874	125,960
Between two and five years	489,002	137,438
In over five years	1,417,249	1,151,190
	<u>2,120,125</u>	<u>1,414,588</u>

18 Financial commitments, guarantees and contingent liabilities

Under the terms of certain contracts for the acquisition of players' registrations, further amounts may become payable by Portsmouth Community Football Club Limited ("PCFC") if certain performance clauses within those contracts are met. In accordance with the accounting policy for Player costs, any additional fees which may become payable under these agreements, will be accounted for in the year that the criteria are met. At the balance sheet date the total amount payable under these performance clauses, should all the criteria be met, was £820k, of which since the balance sheet date £nil has crystallised. Once the criteria are met amounts in relation to existing or new registrations will be capitalised and those relating to disposed registrations will be recognised in the profit and loss account.

Player registration acquisition agreements may also contain sell-on clauses that may result in the payment of future amounts on the disposal of a players' registration. These are based on future transfer fees meaning their estimation is not practicable, and hence no provision is included within these financial statements.

Under the terms of certain contracts for the disposal of players' registrations, future amounts may be received by PCFC as a result of performance clauses. As at the balance sheet date, the maximum amount that could be received is £250k. Since the reporting date £40k has crystallised and will be recognised in the profit and loss account for the year ended 30 June 2024.

Player registration disposal agreements may also contain sell-on clauses that may result in the receipt of future amounts. These are based on future transfer fees meaning their estimation is not practicable.

PORTSMOUTH COMMUNITY FOOTBALL CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2023

19 Capital commitments

Amounts contracted for but not provided in the financial statements:

	2023	2022
	£	£
Acquisition of tangible fixed assets	3,175,000	-
	<u> </u>	<u> </u>

The amounts disclosed above relate to the completion of the major stadium works development of the Fratton Park stadium commenced in June 2021 and further works on the Pompey Health & Fitness Club training complex.

20 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.

During the year the company was provided with £9m of funds from the Owners, which was converted into share capital, taking Portsmouth FC LLC's total investment in the company to £28m at 30 June 2023. Subsequently a further £7m of funds has been provided by the Owners during the period to March 2024, to help fund the football clubs operations and ongoing stadium works. The Owners have expressed an intention to convert the funds provided into additional share capital, so that the company remains debt free.

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.

21 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.

PORTSMOUTH COMMUNITY FOOTBALL CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2023

22 Cash generated from operations

	2023 £	2022 £
Loss for the year after tax	(3,090,710)	(2,908,230)
Adjustments for:		
(Gain)/loss on disposal of tangible fixed assets	(6,933)	2,914
(Gain)/loss on disposal of intangible assets	(748,135)	171,269
Amortisation and impairment of intangible assets	592,377	909,527
Depreciation and impairment of tangible fixed assets	808,988	653,144
	<u> </u>	<u> </u>
Net cash outflow from operating activities before working capital adjustments	(2,444,413)	(1,171,376)
Movements in working capital:		
(Increase)/decrease in stocks	-	6,958
(Increase) in debtors	(682,740)	(397,373)
Increase in creditors	917,223	76,905
Increase in deferred income	939,968	2,593,116
	<u> </u>	<u> </u>
Cash (absorbed by)/generated from operations	(1,269,962)	1,108,230
	<u> </u>	<u> </u>

23 Analysis of changes in net funds

	1 July 2022 £	Cash flows £	30 June 2023 £
Cash at bank and in hand	2,811,074	6,381	2,817,455
Obligations under finance leases	(18,873)	3,693	(15,180)
	<u> </u>	<u> </u>	<u> </u>
	2,792,201	10,074	2,802,275
	<u> </u>	<u> </u>	<u> </u>