

**Company number 09898364**

**PALACE HOLDCO UK LIMITED**  
**REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED**  
**30 JUNE 2019**



# PALACE HOLDCO UK LIMITED

## COMPANY INFORMATION

---

<b>Directors</b>	S Parish DS Blitzer JJ Harris
<b>Secretary</b>	S O'Loughlin
<b>Company number</b>	09898364 (England and Wales)
<b>Registered office</b>	Selhurst Park Stadium Holmesdale Road London SE25 6PU
<b>Auditor</b>	RSM UK Audit LLP Chartered Accountants 25 Farringdon Street London EC4A 4AB

# **PALACE HOLDCO UK LIMITED**

## **STRATEGIC REPORT**

---

The Directors submit their report and the group financial statements of Palace Holdco UK Limited for the year ended 30 June 2019.

### **COVID-19**

The COVID-19 virus has created a public health emergency and taken many loved ones from families and friends. The outlook for every business is uncertain and football clubs are no different. The 2019/20 season was temporarily suspended on 13 March 2020 and there is no certainty that it will be completed.

Our Club went into this in excellent shape financially with little money owed in transfer fees to other clubs and no external debt. Whilst no one can give complete assurances about the future, we are committed to bringing the Club out of this crisis in as strong a state as possible to continue to grow and move forwards.

In April 2020, the Club has taken on some new external debt to ensure that we have as much liquidity as possible to see us through this challenging period.

We would like to send everyone the very best wishes in this difficult time and look forward to welcoming you back to Selhurst Park when it's safe to do so.

### **Review of 2018/19**

The 2018/19 season saw the club consolidate its position in the Premier League, and overall the Club continues to grow and develop on what has been a remarkable journey from administration in 2010. Our key objectives remain; maintaining our status and improving our position in the Premier League, developing all our facilities to create and attract world-class players, improving the matchday experience and operating the club in a financially prudent way.

Aside from the necessary sale of Aaron Wan-Bissaka, key players were retained and prudent and opportune acquisitions were made, bolstering the squad at relatively low cost, whilst removing the danger of breaching Financial Fair Play Regulations. External debt was repaid, putting the Club in a good position to invest for the future.

The outcome of this across the season brought about some tremendous highs, including the fabulous win at champions Manchester City, and of course a few lows along the way. Ultimately 12th place continues the trend of a solid mid-table finish for the Club.

Whilst it's easy to take securing a seventh successive year in the Premier League for granted, this is a record for the Club and the manner in which it was concluded with a resounding win over AFC Bournemouth shows how far the club has progressed. Whilst our ambitions are still to move forward, it's important to reflect on the progress made as well.

### **Future Plans**

We have also made important progress with our Academy plans, having secured a long-term lease and Planning Approval for the Beckenham site directly opposite our first team training ground. This significant investment is about much more than an overhaul of the facilities at the site, it's about ensuring the next generation of Wilfried Zaha's and Aaron Wan-Bissaka's choose Crystal Palace as the place to develop their talents.

The development of Selhurst Park is also continuing, with numerous agreements to be concluded and finalised, most notably with Sainsbury's for the car park and access space needed to facilitate the development. We hope to have all these agreements concluded and be in a position to move forward in the near future.

Overall, it's a tremendously exciting time at the Club. We need to work on all fronts to make sure Premier League success continues but also ensure the Club develops and evolves into one we can all continue to be proud of for many years to come - with the facilities to support our ambition.

# PALACE HOLDCO UK LIMITED

## STRATEGIC REPORT

---

### Finance

We've made significant strides during 18/19 and prior to the COVID-19 pandemic, the Club had no external debt having cleared the facility that was in place at the year end. This was enabled, to a large extent by the sale of Aaron Wan-Bissaka to Manchester United.

The KPIs below add some further background to the Club's financial performance this year.

	2019	2018
Average league attendance	25,455	25,063
Final league position	12th	11th
TV matches	12	12
	<b>£'000</b>	<b>£'000</b>
Turnover	155,404	150,346
Staff costs / turnover ratio	77%	78%
Operating expenses (excluding amortisation, depreciation and impairment)	(138,922)	(138,018)
Operating profit (before amortisation, depreciation and impairment)) ("EBITDA")	16,482	12,328
Profit / (loss) before tax	2,626	(38,163)
Net assets	33,297	30,688

Overall, turnover grew to £155.4m led by further increases in commercial revenue as the Club benefited across all areas, notably sponsorship.

The Club's overheads remained closely controlled producing an EBITDA of £16.5m (2018: £12.3m) which gives an EBITDA margin of 11% (2018: 8%). We continue to try and operate on a lean and efficient basis though as the Club grows, we are very conscious of need to have a strong team in place to support the business.

The major non-operating item was the profit on sale of Aaron Wan-Bissaka to Manchester United of £45m which resulted in a profit before tax of £2.6m (2018: loss of £38.2m). As mentioned previously we would prefer to hold onto our key players but compliance with FFP was a major consideration in the sale.

The group's financial position as at 30 June 2019 remained strong with cash at bank of £11.9m (2018: £17.9m) and net assets of £33.3m (2018: £30.7m). Net current liabilities reduced to £69.5m (2018: £105.5m) mainly as a result of the sale of Aaron Wan-Bissaka to Manchester United.

The owners continue to support the investment in the squad and long-term plans of the club and during the year injected a further £25m of long-term interest-free loans.

# PALACE HOLDCO UK LIMITED

## STRATEGIC REPORT

---

### Principal risks and uncertainties

All our planning takes into account the inherent risks associated with running a Premier League football club. The planning for the Premier League and Championship have significant implications on the core revenue and the club ensures that it keeps within all the guidelines issued by the Premier League on cost controls.

The impact of the COVID-19 pandemic presents significant risks and uncertainties for the Club, although, as set out above, we are committed to bringing the Club out of this crisis in as strong a state as possible to continue to grow and move forwards.

On behalf of the board



S Parish  
Chairman

26 June 2020

# **PALACE HOLDCO UK LIMITED**

## **DIRECTORS' REPORT**

---

The directors submit their report and the group financial statements of Palace Holdco UK Limited for the year ended 30 June 2019.

### **Principal activity**

The group's principal activity during the year was that of overseeing the group's football related activities.

The company's principal activity during the year was that of a holding company.

### **Dividends**

The directors do not recommend the payment of a dividend (2018: £Nil).

### **Post balance sheet events**

In the post year end period, the group contracted for the sale and purchase of a number of players. The net cost of these transfers was £7.4m (2018: £10.0m).

On 13 March 2020 the Premier League season was temporarily suspended as a result of COVID-19. An estimate of the financial effect of COVID-19 on the Club cannot be made as there is no certainty that the 2019/20 season will be completed.

### **Employees**

It is the group's policy to ensure that no employee or job applicant is treated less favourably than another on the grounds of religion, sexual orientation, disability, race, creed, colour, nationality, ethnic or national origins, sex or marital status.

Applications for employment by disabled persons are always fully considered bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the group continues and that appropriate training is arranged. It is the policy of the group that the training, career development and promotion of disabled persons should, as far as possible, be identical with that of other employees.

Continued close attention is paid to the health and safety of employees while at work and all employees are provided with appropriate training.

### **Third party indemnity provision for directors**

Qualifying third party indemnity provision is in place for the benefit of all directors of the group.

### **Directors**

The following directors have held office since 1 July 2018:

S Parish  
DS Blitzer  
JJ Harris

### **Strategic report**

Information in connection with Future Developments is not shown within this Directors' Report as it is instead included within the Strategic Report on page 2 under S414c(11).

### **Financial instrument risk management**

The main financial risks associated with the group's activities are credit risk and liquidity and cash flow risks. These are monitored by the board of directors and were not considered to be significant at the balance sheet date.

The group's policy in respect of credit risk is to require appropriate credit checks on the relevant parties before sales are made.

The group's policy in respect of liquidity and cash flow risk is to maintain a mixture of long term related party finance and readily accessible bank deposit accounts to ensure the group has sufficient funds for operations.

# **PALACE HOLDCO UK LIMITED**

## **DIRECTORS' REPORT**

---

### **Statement as to disclosure of information to the auditor**

The directors who were in office on the date of approval of these financial statements have confirmed that, as far as they are aware, there is no relevant audit information of which the auditor is unaware. Each of the directors has confirmed that they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

### **Auditor**

The auditor, RSM UK Audit LLP, has indicated its willingness to be reappointed for another term and appropriate arrangements have been made for them to be deemed reappointed as auditors in the absence of an Annual General Meeting.

On behalf of the board



**S Parish**  
**Chairman**

26 June 2020

# **PALACE HOLDCO UK LIMITED**

## **DIRECTORS' RESPONSIBILITIES IN THE PREPARATION OF FINANCIAL STATEMENTS**

---

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

Company law requires the directors to prepare financial statements for each financial year. Under that law, the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law).

Under company law, the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and the company and of the profit or loss of the group for that period.

In preparing those financial statements, the directors are required to:

- a. select suitable accounting policies and then apply them consistently;
- b. make judgements and accounting estimates that are reasonable and prudent;
- c. state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- d. prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's transactions and disclosing with reasonable accuracy at any time the financial position of the group and the company and enabling them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the group and the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.



# **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PALACE HOLDCO UK LIMITED**

---

## **Opinion**

We have audited the financial statements of Palace Holdco UK Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 30 June 2019 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated and Company Statements of Financial Position, the Consolidated and Company Statements of Changes in Equity, the Consolidated Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including 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 group's and of the parent company's affairs as at 30 June 2019 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- 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 group 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.

## **Material uncertainty related to going concern**

We draw attention to note 2 to the financial statements, which indicates that the group has been significantly impacted by COVID-19 and the cash flow forecasts used by the directors for the purposes of their going concern assessment assume that monies will continue to be advanced by the Premier League to the Club for the foreseeable future. As stated in note 2, the impact of COVID-19 cannot be predicted which gives rise to a material uncertainty that may cast significant doubt on the parent company's and the group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

## **Other information**

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

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

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PALACE HOLDCO UK LIMITED (continued)**

---

### **Matters on which we are required to report by exception**

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

### **Responsibilities of directors**

As explained more fully in the directors' responsibilities statement set out on page 7, 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 group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

### **Auditor's responsibilities for the audit of the financial statements**

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

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

### **Use of our report**

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

RSM UK Audit LLP

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

30 June 2020

# PALACE HOLDCO UK LIMITED

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2019

	Notes	2019 £000	2018 £000
Turnover	3	155,404	150,346
Operating expenses before depreciation, amortisation & impairment		(138,922)	(138,018)
<b>Operating profit before depreciation, amortisation &amp; impairment</b>		<b>16,482</b>	<b>12,328</b>
Depreciation		(3,593)	(4,049)
<b>Operating profit before amortisation &amp; impairment</b>		<b>12,889</b>	<b>8,279</b>
Amortisation		(51,042)	(47,224)
Impairment of player registrations		(2,341)	-
<b>Operating loss before profit on disposal of players</b>		<b>(40,494)</b>	<b>(38,945)</b>
Profit on disposal of players		46,181	2,437
<b>Operating profit / (loss)</b>		<b>5,687</b>	<b>(36,508)</b>
Interest receivable	5	49	11
Interest payable and similar charges	6	(3,110)	(1,666)
<b>Profit / (Loss) before taxation</b>		<b>2,626</b>	<b>(38,163)</b>
Taxation	9	(17)	2,296
<b>Profit / (Loss) and total comprehensive income for the year</b>		<b>2,609</b>	<b>(35,867)</b>

# PALACE HOLDCO UK LIMITED

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2019

Company registration No 09898364

	Notes	2019 £000	2018 £000
<b>Fixed assets</b>			
Intangible assets	10	88,488	124,589
Tangible assets	11	50,565	52,333
		<u>139,053</u>	<u>176,922</u>
<b>Current assets</b>			
Stocks	13	620	619
Debtors due after more than one year	14	23,634	1,500
Debtors due within one year	14	28,237	9,036
Cash at bank and in hand		11,888	17,862
		<u>64,379</u>	<u>29,017</u>
<b>Creditors: Amounts falling due within one year</b>	15	(133,839)	(134,475)
<b>Net current liabilities</b>		<u>(69,460)</u>	<u>(105,458)</u>
<b>Total assets less current liabilities</b>		69,593	71,464
<b>Creditors: Amounts falling due after more than one year</b>	16	(26,101)	(25,689)
<b>Provisions for liabilities</b>	17	(10,195)	(15,087)
<b>Net assets</b>		<u>33,297</u>	<u>30,688</u>
<b>Capital and reserves</b>			
Called up share capital	20	1	1
Share premium		92,724	92,724
Fair value reserve		979	1,352
Profit and loss account		(60,407)	(63,389)
<b>Total equity</b>		<u>33,297</u>	<u>30,688</u>

The financial statements on pages 10 to 28 were approved by the board and authorised for issue on 26 June 2020 and signed on its behalf by:



S Parish  
Director

# PALACE HOLDCO UK LIMITED

## COMPANY STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2019

Company registration No 09898364

	Notes	2019 £000	2018 £000
<b>Fixed assets</b>			
Investments	12	92,725	92,725
		<hr/>	<hr/>
<b>Current assets</b>			
Debtors	14	45,375	21,540
<b>Creditors: amounts falling due within one year</b>	15	(45,629)	(21,763)
<b>Net current liabilities</b>		<hr/> (254) <hr/>	<hr/> (223) <hr/>
<b>Total assets less current liabilities</b>		<hr/> 92,471 <hr/>	<hr/> 92,502 <hr/>
<b>Net assets</b>		<hr/> 92,471 <hr/> <hr/>	<hr/> 92,502 <hr/> <hr/>
<b>Capital and reserves</b>			
Called up share capital	20	1	1
Share premium		92,724	92,724
Profit and loss account		(254)	(223)
<b>Total equity</b>		<hr/> 92,471 <hr/> <hr/>	<hr/> 92,502 <hr/> <hr/>

As permitted by Section 408 Companies Act 2006, the parent company's profit and loss account has not been included in these financial statements. The parent company's loss for the financial year was £31,000 (2018 £38,000).

The financial statements on pages 10 to 28 were approved by the board and authorised for issue on 26 June 2020 and signed on its behalf by:



S Parish  
Director

**PALACE HOLDCO UK LIMITED**  
**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 30 JUNE 2019**

<b>GROUP</b>	<b>Share capital £000</b>	<b>Share Premium £000</b>	<b>Fair value reserve £000</b>	<b>Profit and loss account £000</b>	<b>Total £000</b>
<b>Balance at 30 June 2017</b>	1	92,724	1,774	(27,944)	66,555
Total comprehensive income for the year	-	-	-	(35,867)	(35,867)
Notional interest adjustment	-	-	(422)	422	-
<b>Balance at 30 June 2018</b>	<u>1</u>	<u>92,724</u>	<u>1,352</u>	<u>(63,389)</u>	<u>30,688</u>
Total comprehensive income for the year	-	-	-	2,609	2,609
Notional interest adjustment	-	-	(373)	373	-
<b>Balance at 30 June 2019</b>	<u>1</u>	<u>92,724</u>	<u>979</u>	<u>(60,407)</u>	<u>33,297</u>

<b>COMPANY</b>	<b>Share capital £000</b>	<b>Share Premium £000</b>	<b>Profit and loss account £000</b>	<b>Total £000</b>
<b>Balance at 30 June 2017</b>	1	92,724	(185)	92,540
Total comprehensive income for the year	-	-	(38)	(38)
<b>Balance at 30 June 2018</b>	<u>1</u>	<u>92,724</u>	<u>(223)</u>	<u>92,502</u>
Total comprehensive income for the year	-	-	(31)	(31)
<b>Balance at 30 June 2019</b>	<u>1</u>	<u>92,724</u>	<u>(254)</u>	<u>92,471</u>

# PALACE HOLDCO UK LIMITED

## CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2019

	Notes	2019 £000	2018 £000
<b>Operating activities</b>			
Cash generated from operations	22	16,070	13,077
Income taxes received / (paid)		3,261	(2,722)
Interest paid		(2,737)	(1,552)
<b>Net cash generated from operating activities</b>		<u>16,594</u>	<u>8,803</u>
<b>Investing activities</b>			
Purchase of intangible assets		(54,419)	(53,781)
Disposal of intangible assets		1,797	12,709
Purchase of tangible fixed assets		(1,825)	(2,116)
Interest received		49	11
<b>Net cash used in investing activities</b>		<u>(54,398)</u>	<u>(43,177)</u>
<b>Financing activities</b>			
Advances under funding agreement		8,065	29,299
Loans from the shareholders		24,375	7,500
Repayment of finance lease and hire purchase liabilities		(610)	(473)
<b>Net cash from financing activities</b>		<u>31,830</u>	<u>36,326</u>
Net (decrease) / increase in cash and cash equivalents		(5,974)	1,952
Cash and cash equivalents at beginning of year		17,862	15,910
Cash and cash equivalents at end of year		<u>11,888</u>	<u>17,862</u>

# PALACE HOLDCO UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 30 JUNE 2019

---

#### 1 General information

Palace Holdco UK Limited ("the Company") is a private company limited by shares and is registered, domiciled and incorporated in England. The address of the Company's registered office and principal place of business is Selhurst Park Stadium, Holmesdale Road, London SE25 6PU.

The principal activities of the Company and its subsidiaries (together "the Group") are disclosed in the Directors' Report and the nature of operations are disclosed in the Strategic Report.

#### 2 Accounting policies

##### Basis of accounting

These financial statements have been prepared in accordance with FRS102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS102"), the requirements of the Companies Act 2006, including the provisions of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, and under the historical cost convention.

These financial statements are presented in sterling which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest whole £1,000, except where otherwise indicated.

##### Reduced disclosures

In accordance with FRS102, the Company has taken advantage of the exemptions from the following disclosures requirements:

- Section 7 "*Statement of Cash Flows*" – Presentation of a Statement of Cash Flows and related notes and disclosures
- Section 11 "*Basic Financial Instruments*" – Presentation of carrying amounts and related disclosures
- Section 33 "*Related Parties Disclosures*" – compensation for key management personnel

##### Basis of consolidation

The consolidated financial statements incorporate those of the company and all of its subsidiary undertakings (together "the Group") for the year. All financial statements are made up to 30 June 2019. Subsidiaries acquired in the year are consolidated using the acquisition method of accounting. The results are incorporated from the date that control passes.

##### Going concern

The financial statements have been prepared on the going concern basis. The directors note that on 13 March 2020 the Premier League season was temporarily suspended as a result of COVID-19. During the period since 13 March 2020, the club have borrowed £30m under a third party funding facility and it has been confirmed by the Premier League that monies will continue to be advanced to club for the foreseeable future.

Whilst the Club remains in a position to continue to manage its short term cash flow requirements, the long-term impact of COVID-19 on the Premier League and hence the Club cannot be predicted. The directors have considered the cash flow requirements for the Group for the 12 month period from the date of approval of the financial statements and have concluded that in their opinion the Company and the Group should be able to meet their liabilities as they fall due for the foreseeable future.



# PALACE HOLDCO UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 30 JUNE 2019

---

#### 2 Accounting policies (continued)

##### **Turnover**

Turnover represents income receivable from football and related commercial activities, exclusive of VAT.

Gate receipts and other match day revenue are recognised as the games are played. Revenue derived from season tickets is credited to income in the period to which it relates. Amounts received in advance are credited to deferred income in the statement of financial position.

The club receives central distributions from the Premier League. These distributions are recognised evenly over the course of the financial year. Merit awards are accounted for only when known at the end of the football season. The fixed element of broadcasting revenue is recognised over the duration of the football season whilst fees received for live coverage or highlights are taken when earned.

Sponsorship, advertising and similar commercial income is recognised over the duration of the respective contracts. Amounts received in advance are credited to deferred income in the statement of financial position. Conferencing and banqueting receipts are recognised at the time of the event with deposits held in the statement of financial position as deferred income until then or until they are refunded, whichever is the earlier.

##### **Intangible fixed assets - goodwill**

Goodwill on acquisition is capitalised and written off evenly over 10 years as in the opinion of the directors this represents the period over which the goodwill is expected to give rise to economic benefits.

##### **Intangible fixed assets - player registrations**

Payments made to third parties in order to acquire a player's registration, including agents' fees and transfer fee levies, are capitalised at cost. The cost is then amortised on a straight-line basis over the period of the player's contract.

Under the conditions of certain transfer agreements, 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 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. The additional costs are capitalised and amortised as set out above.

The Group performs an impairment review on player registrations if adverse events indicate that the amortised carrying value of its intangible assets may not be recoverable. Whilst no individual player can be separated from the income generating unit, which is represented by the playing squad and football club as a whole, there may be certain circumstances where a player is removed from the income generating unit. If such circumstances arise, individual player registrations are written down for impairment where the carrying value exceeds the directors' estimate of fair value less any costs to sell.

Fees receivable from other football clubs on the transfer of players' registrations together with associated costs, are dealt with through profit and loss in the accounting period in which the agreement to transfer the player's registration takes place.

# PALACE HOLDCO UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 30 JUNE 2019

---

#### 2 Accounting policies (continued)

##### **Tangible fixed assets and depreciation**

Tangible fixed assets, other than freehold land, are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset evenly over its expected useful life, as follows:

Freehold land and buildings	over 50 years
Plant and machinery	20% Straight Line
Fixtures, fittings & equipment	20% Straight Line
Motor vehicles	20% Straight Line

##### **Leasing**

An asset and corresponding liability are recognised for leasing agreements that transfer to the Group substantially all of the risks and rewards incidental to ownership ("finance leases"). The amount capitalised is the fair value of the leased asset or, if lower, the present value of the minimum lease payments payable during the lease term, both determined at inception of the lease. 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 are charged against income on a straight-line basis over the lease term.

##### **Stock**

Stock is valued at the lower of cost and net realisable value. Provision is made for obsolete and slow-moving items.

##### **Foreign currencies**

Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary assets and liabilities denominated in foreign currencies are translated at the rate ruling at the date of the transaction or, if the asset or liability is measured at fair value, the rate when that fair value was determined.

All translation differences are taken to profit or loss, except to the extent that they relate to gains or losses on non-monetary items recognised in other comprehensive income, when the related translation gain or loss is also recognised in other comprehensive income.

##### **Taxation**

The tax expense represents the sum of the current tax expense and deferred tax expense. Current tax assets are recognised when tax paid exceeds the tax payable.

Current tax is based on taxable profit for the period. Current tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled based on tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax liabilities are recognised in respect of all timing differences that exist at the reporting date. Timing differences are differences between taxable profits and total comprehensive income that arise from the inclusion of income and expenses in tax assessments in different periods from their recognition in the financial statements. Deferred tax assets are recognised only to the extent that it is probable that they will be recovered by the reversal of deferred tax liabilities or other future taxable profits.

# PALACE HOLDCO UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 30 JUNE 2019

---

#### 2 Accounting policies (continued)

##### **Provisions**

Provisions are recognised when the Group has a present obligation as a result of a past event, it is probable that a transfer of economic benefits will be required to settle the obligation, and a reliable estimate can be made as to the amount of the obligation.

##### **Retirement benefits**

The Group contributes to a defined contribution scheme for the benefit of its employees. Contributions payable are charged to profit and loss in the period they are payable.

##### **Financial Instruments**

The Group has elected to apply the provisions of Sections 11 and 12 of FRS 102, in full, to all of its financial instruments. Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument and are offset only when the Group currently has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

##### **Financial assets**

###### ***Trade and other debtors***

Trade debtors which are receivable within one year and which do not constitute a financing transaction are initially measured at the transaction price. Trade debtors are subsequently measured at amortised cost, being the transaction price less any amounts settled and any impairment losses.

Where the arrangement with a debtor constitutes a financing transaction, the debtor is initially measured at the present value of future payments discounted at a market rate of interest for a similar debt instrument and subsequently measured at amortised cost.

A provision for impairment of trade debtors is established when there is objective evidence that the amounts due will not be collected according to the original terms of the contract. Impairment losses are recognised in profit or loss for the excess of the carrying value of the trade debtor over the present value of the future cash flows discounted using the original effective interest rate. Subsequent reversals of an impairment loss that objectively relate to an event occurring after the impairment loss was recognised, are recognised immediately in profit or loss.

##### **Financial liabilities and equity**

Financial instruments are classified as liabilities and equity instruments 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 Group after deducting all of its liabilities.

###### ***Trade and other creditors***

Trade and other creditors payable within one year that do not constitute a financing transaction are initially measured at the transaction price and subsequently measured at amortised cost, being the transaction price less any amounts settled.

Where the arrangement with a creditor constitutes a financing transaction, the creditor is initially measured at the present value of future payments discounted at a market rate of interest for a similar debt instrument and subsequently measured at amortised cost.

###### ***Borrowings***

Borrowings are initially recognised at the transaction price, including transaction costs, and subsequently measured at amortised cost using the effective interest method. Interest expense is recognised on the basis of the effective interest method and is included in interest payable and other similar charges.

# PALACE HOLDCO UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 30 JUNE 2019

---

#### 2 Accounting policies (continued)

##### Key accounting estimates and areas of judgement

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The key areas of accounting estimation relate to the Group's intangible fixed assets, especially in respect of the timing and quantum of recognising a provision for future fees that may be payable under transfer agreements and in respect of the impairment review. The Group's accounting policies for these areas are as set out above.

#### 3 Turnover

The turnover of the Group for the year has been derived from its principal activity, wholly undertaken in the United Kingdom.

	2019 £000	2018 £000
Broadcasting	124,368	121,154
Sponsorship and advertising	10,895	9,438
Gate receipts	10,602	10,235
Other commercial activities	7,231	6,441
Other income	2,308	3,078
	<u>155,404</u>	<u>150,346</u>

Broadcasting – revenue as a result of the FA Premier League broadcasting distributions, all cup competitions and radio broadcasting rights.

Sponsorship and advertising – consists of revenue from all our sponsors, partnerships and other advertisement deals.

Gate receipts – income as a result of match day ticket sales, membership income, cup competitions and preseason ticket sales.

Other commercial activities – revenue generated from corporate hospitality, merchandise sales, catering and non-match day events.

Other income – includes revenue from players loaned out, fees for commercial contracts, rental income and all other income.

#### 4 Operating expenses

	2019 £000	2018 £000
Amortisation of player registrations	49,852	46,034
Amortisation of goodwill	1,190	1,190
Depreciation of tangible fixed assets	3,593	4,049
Staff costs (note 8)	119,295	117,328
Other operating charges	19,627	20,690
Total operating expenses	<u>193,557</u>	<u>189,291</u>

# PALACE HOLDCO UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 30 JUNE 2019

5	<b>Interest receivable</b>	<b>2019</b> <b>£000</b>	<b>2018</b> <b>£000</b>
	Bank interest receivable	49	11

6	<b>Interest payable and similar charges</b>	<b>2019</b> <b>£000</b>	<b>2018</b> <b>£000</b>
	On finance leases and hire purchase agreements	108	100
	On bank overdraft	-	381
	Other loans from related parties (ii)	-	(193)
	Interest from fair value on initial recognition (see note 23)	373	422
	Other finance costs (i)	2,629	956
		<u>3,110</u>	<u>1,666</u>

(i) Other finance costs principally comprise borrowing arrangement fees and interest paid under a funding agreement with Aldermore bank

(ii) Interest was waived during the year ended 30 June 2018. All loans from the shareholders to the ultimate parent company are now interest free.

7.	<b>Auditor's remuneration</b>	<b>2019</b> <b>£000</b>	<b>2018</b> <b>£000</b>
	Fees payable to RSM UK Audit LLP and its associates in respect of both audit and non-audit services are as follows:		
	Auditors' remuneration – statutory audit of the company and consolidated financial statements	13	12
	Other services:		
	- Audit services – statutory audit of subsidiaries	41	42
	- Tax compliance and advisory services	25	18
	- Audit related assurance	11	10
		<u>90</u>	<u>82</u>

# PALACE HOLDCO UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 30 JUNE 2019

---

8	Employees	2019 No	2018 No
	The average monthly number of persons (including directors) employed by the group during the year was:		
	Players, managers and coaches	135	138
	Administration and commercial	101	89
		<u>236</u>	<u>227</u>

The Company had no employees during the year (2018: None).

In addition to the disclosure above, the average number of match day and casual staff employed by the Group was approximately 650 during the year (2018: 700).

	2019 £000	2018 £000
Staff costs for the above persons:		
Wages and salaries	104,878	103,243
Social security costs	14,296	13,970
Other pension costs	121	115
	<u>119,295</u>	<u>117,328</u>

The directors, who are also considered to be the Group's key management personnel, received remuneration, of £2,601,000 during the year (2018: £1,553,000). This all related to the highest paid director. No director received pension benefits during the year. Total key management personnel compensation for the year was £2,960,000 (2018: £1,775,000), which includes social security costs of £359,000 (2018: £222,000). Funds in excess of the basic salary received by the highest paid director are to be reinvested into the Academy as part of the ongoing development plans.

# PALACE HOLDCO UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 30 JUNE 2019

9	Taxation	2019 £000	2018 £000
	Based on the profit / (loss) for the year:		
	UK corporation tax for the year	181	(2,331)
	Adjustment in respect of prior periods	(7)	-
		<u>174</u>	<u>(2,331)</u>
	<b>Deferred tax</b>		
	Reversal of timing differences from fair values on acquisition (see note 17)	(157)	(157)
	Origination and reversal of other timing differences	-	192
		<u>(157)</u>	<u>35</u>
	Tax charge / (credit) for the year	<u>17</u>	<u>(2,296)</u>
	<b>Factors affecting the tax charge for the year</b>		
	The tax assessed for the year is higher than the standard rate of corporation tax in the UK as explained below:		
	Profit / (loss) before tax	2,626	(38,163)
	Profit / (loss) before tax multiplied by the standard rate of UK corporation tax UK of 19% (2018: 19%)	499	(7,251)
	Effects of:		
	Expenses not deductible for tax purposes	324	471
	Fixed asset permanent differences	267	299
	Losses (utilised) / carried forward	(1,131)	4,085
	Other differences	58	100
	Tax charge / (credit) for the year	<u>17</u>	<u>(2,296)</u>

The group has tax losses carried forward as at 30 June 2019 of £15,900,000 (2018: £21,500,000). A deferred tax asset of £3,021,000 (2018: £4,085,000) has not been recognised in respect of the losses due to the uncertainty as to the timing of future taxable profits.

# PALACE HOLDCO UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 30 JUNE 2019

<b>10</b>	<b>Intangible fixed assets</b>					
	<b>Group</b>	<b>Player registration cost £000</b>	<b>Goodwill £000</b>	<b>Total £000</b>		
	<b>Cost</b>					
	1 July 2018	197,489	11,909	209,398		
	Additions	18,925	-	18,925		
	Disposals	(21,299)	-	(21,299)		
	Provisions reversed in the year (note 17)	(1,643)		(1,643)		
	30 June 2019	193,472	11,909	205,381		
	<b>Amortisation</b>					
	1 July 2018	81,829	2,980	84,809		
	Charged in the year	49,852	1,190	51,042		
	Impairment loss	2,341	-	2,341		
	On disposals	(21,299)	-	(21,299)		
	30 June 2019	112,723	4,170	116,963		
	<b>Net book value</b>					
	30 June 2019	80,749	7,739	88,488		
	30 June 2018	115,660	8,929	124,589		
<b>11</b>	<b>Tangible fixed assets</b>	<b>Freehold land and buildings £000</b>	<b>Plant and machinery £000</b>	<b>Fixtures, fittings and equipment £000</b>	<b>Motor vehicles £000</b>	<b>Total £000</b>
	<b>Group Cost</b>					
	1 July 2018	48,975	9,384	3,131	124	61,614
	Additions	1,130	557	138	-	1,825
	30 June 2019	50,105	9,941	3,269	124	63,439
	<b>Depreciation</b>					
	1 July 2018	2,430	4,638	2,165	48	9,281
	Charged in the year	1,029	1,982	553	29	3,593
	30 June 2019	3,459	6,620	2,718	77	12,874
	<b>Net book value</b>					
	30 June 2019	46,646	3,321	551	47	50,565
	30 June 2018	46,545	4,746	966	76	52,333

Freehold land and buildings includes £2,396,000 (2018: £2,396,000) of land that is not depreciated. The net book value of plant and machinery includes £1,280,000 (2018: £2,360,000) in respect of assets held under finance leases.



# PALACE HOLDCO UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 30 JUNE 2019

<b>12</b>	<b>Fixed asset investments</b>	<b>Shares in group undertakings £000</b>
	<b>Company</b>	
	<b>Cost and net book value</b>	
	1 July 2018 and 30 June 2019	92,725

The company holds more than 20% of the equity (and no other share or loan capital) of the following undertakings:

Subsidiary undertakings:	Class of holding	Proportion directly held	Proportion indirectly held	Nature of business
Palace Midco UK Limited	Ordinary	100%	-	Holding company
CPFC 2010 Limited	Ordinary	-	100%	Holding company
CPFC Limited	Ordinary	-	100%	Football Club
CPFC Selhurst Park Limited	Ordinary	-	100%	Stadium management

The registered office and principal place of business for the above companies is Selhurst Park Stadium, Holmesdale Road, London SE25 6PU.

		<b>Group</b>	<b>Group</b>
<b>13</b>	<b>Stocks</b>	<b>2019</b>	<b>2018</b>
		<b>£000</b>	<b>£000</b>
	Goods held for resale	620	619

		<b>Group</b>	<b>Group</b>	<b>Company</b>	<b>Company</b>
<b>14</b>	<b>Debtors</b>	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
		<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
	<b>Due within one year</b>				
	Trade debtors	777	1,581	-	-
	Amounts due from group undertakings	-	-	45,375	21,540
	Debtors arising from football transfers	23,160	910	-	-
	Other debtors	2,080	2,455	-	-
	Corporation tax recoverable	-	3,258	-	-
	Prepayments and accrued income	2,220	832	-	-
		<u>28,237</u>	<u>9,036</u>	<u>45,375</u>	<u>21,540</u>
	<b>Due after more than one year</b>				
	Debtors arising from football transfers	23,634	1,500	-	-
		<u>51,871</u>	<u>10,536</u>	<u>45,375</u>	<u>21,540</u>

# PALACE HOLDCO UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 30 JUNE 2019

15	Creditors: Amounts falling due within one year	Group	Group	Company	Company
		2019 £000	2018 £000	2019 £000	2018 £000
	Loan from shareholders (see note 23)	45,375	21,000	45,375	21,000
	Advances under funding agreement	37,364	29,299	-	-
	Trade creditors	3,269	3,653	-	-
	Amounts owed to group undertakings	-	-	254	-
	Creditors arising from football transfers	7,503	40,394	-	-
	Corporation tax	181	763	-	763
	Other taxation and social security	11,449	11,584	-	-
	Other creditors	2,374	1,638	-	-
	Finance lease and hire purchase liability	586	600	-	-
	Accruals and deferred income	25,738	25,544	-	-
		<u>133,839</u>	<u>134,475</u>	<u>45,629</u>	<u>21,763</u>

The advances under funding agreement comprises amounts advanced to the company which is secured on central funds due from the Premier League. This facility was repaid in full subsequent to the year end.

The finance lease and hire purchase liabilities are secured on the related tangible fixed assets.

16	Creditors: Amounts falling due after more than one year	Group	Group
		2019 £000	2018 £000
	Loan from related parties (see note 23)	14,021	13,648
	Creditors arising from football transfers	9,140	8,651
	Other creditors	1,871	1,911
	Finance lease and hire purchase liability	704	1,300
	Accruals and deferred income	365	179
		<u>26,101</u>	<u>25,689</u>

The finance lease and hire purchase liabilities are secured on the related tangible fixed assets. All finance lease and hire purchase liabilities fall due for payment within 5 years.

Accruals and deferred income relates to advance season ticket sales. Revenue derived from season ticket sales is recognised in the profit and loss account in the period to which they relate.

# PALACE HOLDCO UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 30 JUNE 2019

#### 17 Provisions for liabilities

	Player registrations £000	Deferred taxation £000	Total £000
Balance at 1 July 2018	8,396	6,691	15,087
Provided in the year	1,040	-	1,040
Utilised in the year	(1,643)	-	(1,643)
Credit to profit and loss for the year	-	(157)	(157)
Reversed in the year	(4,132)	-	(4,132)
Balance at 30 June 2019	<u>3,661</u>	<u>6,534</u>	<u>10,195</u>

Under the conditions of certain transfer agreements, 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. The above provision relates to additional fees that will probably fall due for payment under these transfer agreements.

The deferred tax liability comprises the impact of fair value adjustments on acquisition of CPFC 2010 Limited.

#### 18 Contingent transfer fees

The estimated commitment for additional transfer fees payable in respect of future possible events (mainly appearances) amounts to £1,995,000 (2018: £4,791,000). These amounts have not been included in the financial statements as it is not probable that a liability will arise.

Under the terms of a contract for the sale of a player, future payments are expected to be received in respect of future events up to a maximum of £5,000,000 (2018: £nil). These amounts have not been included in the financial statements as contingent assets are only recognised when they become virtually certain.

#### 19 Financial instruments

At the year end, the carrying amount of the Group's financial instruments were as follows:

	2019 £000	2018 £000
Financial assets stated at amortised cost	<u>49,651</u>	<u>6,446</u>
Financial liabilities stated at amortised cost	<u>132,132</u>	<u>131,130</u>

Financial assets stated at amortised cost comprise debtors, excluding corporation tax recoverable, deferred tax asset and prepayments.

Financial liabilities stated at amortised cost comprise creditors, excluding corporation tax creditor, other tax and social security, finance lease and hire purchase liabilities and deferred income.

# PALACE HOLDCO UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 30 JUNE 2019

20	Share capital and reserves	2019 £	2018 £
	Allotted, called up and fully paid		
	660,250 A Ordinary shares of £0.0009 each	594	594
	289,750 B Ordinary shares of £0.001 each	290	290
	10,000 Preference shares of £0.001 each	10	10
		<u>894</u>	<u>894</u>

#### Share rights

The Company's A and B ordinary shares rank equally. They carry no right to fixed income and each carry the right to vote at general meetings of the Company. The Company's preference shares have no voting rights or rights to fixed income. The Company's preference shares may be redeemed at subscription price at the option of the Company and give holders the right to a priority return equal to the subscription ahead of the ordinary shares on winding up.

#### Share Premium

Consideration received for shares issued above their nominal value net of transaction costs.

#### Fair value reserve

The fair value reserve represents the difference between the fair value on initial recognition of the related party loan disclosed in note 23 and the contractual obligation less amounts recognised in profit and loss subsequent to initial recognition

#### Profit and loss reserve

Cumulative profit and loss less distributions to owners.

### 21 Retirement benefits

The Group contributes to defined contribution pension schemes. The assets of the schemes are held in independently administered funds. The pension cost charge for the year of £121,000 (2018: £115,000) represents contributions payable by the Group. Contributions totalling £33,000 (2018: £13,000) were payable at the year end and are included in other creditors.

22	Cash flows	2019 £000	2018 £000
	<b>Reconciliation of profit / (loss) after tax to net cash generated from operations</b>		
	Profit / (loss) after tax	2,609	(35,867)
	Depreciation of tangible fixed assets	3,593	4,049
	Amortisation of intangible assets	51,042	47,224
	Impairment of player registration	2,341	-
	Gain on disposal of player registrations	(46,181)	(2,437)
	Interest receivable	(49)	(11)
	Taxation paid / (received)	17	(2,296)
	Interest payable	3,110	1,666
	Operating cash flows before movements in working capital	<u>16,482</u>	<u>12,328</u>
	Increase in stocks	(1)	(231)
	Increase in debtors	(212)	(252)
	(Decrease) / increase in creditors	(199)	1,215
	Cash generated from operations	<u>16,070</u>	<u>13,060</u>

# PALACE HOLDCO UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 30 JUNE 2019

---

#### 23 Related party transactions

##### Group

During the period ended 30 June 2016, the Group received a £15m loan from its shareholders to provide finance for the acquisition of CFPC 2010 Limited. During the year, interest has accrued on this loan of £393,000 (2018: £151,000). The loan is repayable by instalments starting in December 2022. In accordance with FRS 102, this loan was initially recognised at fair value in the financial statements at £12.5m with the difference being recognised in equity. The fair value adjustment is amortised to profit and loss over the life of the loan with a charge for the year of £373,000 (2018: £422,000). The £15m loan is stated in the financial statements at £14,021,000 (2018: £13,648,000) which is net of the unamortised fair value adjustment of £979,000 (2018: £1,352,000).

During the year £123,000 (2018: £nil) was charged by VMM Ltd, a company controlled by S Parish (a director), in respect of services provided to the company with £nil (2018: £90,000) accrued at the year end.

During the year £156,000 (2018: £156,000) was charged by Smoke & Mirrors Group Limited, a company controlled by S Parish (a director), for rent payable under a tenancy agreement that can be terminated by giving six months' notice. The amounts owed to Smoke & Mirrors Group Limited, excluding VAT, as at 30 June 2019 was £78,000 (2018: £156,000).

##### Company and Group

During the year, the Company received a loan of £24,375,000 (2018: £7,500,000) from its shareholders which was then advanced to CPFC Limited. The loan as at 30 June 2019 was £45,375,000 (2018: £21,000,000).

#### 24 Post balance sheet events

After the year end, the group contracted for the sale and purchase of a number of players. The net cost of these transfers was £7.4m (2018: £10.0m).

On 13 March 2020 the Premier League season was temporarily suspended as a result of COVID-19. An estimate of the financial effect of COVID-19 on the Club cannot be made as there is no certainty that the 2019/20 season will be completed.