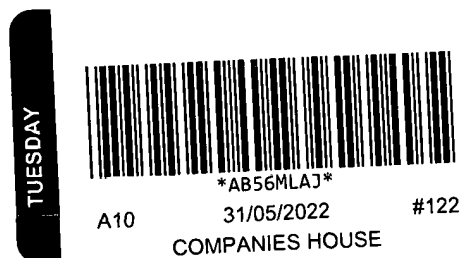


Company number 09898364

**Group Strategic Report, Report of the Directors and  
Consolidated Financial Statements for the Period 1 August 2020 to 30 June 2021  
for  
Palace Holdco UK Limited**



# Palace Holdco UK Limited

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# Palace Holdco UK Limited

## Company Information

for the Period 1 August 2020 to 30 June 2021

**DIRECTORS:**

S Parish  
D S Blitzler  
J J Harris  
J C Textor

**SECRETARY:**

S O'Loughlin

**REGISTERED OFFICE:**

Selhurst Park Stadium  
Holmesdale Road  
London  
Greater London  
SE25 6PU

**REGISTERED NUMBER:**

09898364 (England and Wales)

**AUDITORS:**

RSM UK Audit LLP  
Chartered Accountants  
25 Farringdon Street  
London  
EC4A 4AB

# Palace Holdco UK Limited

## Group Strategic Report for the Period 1 August 2020 to 30 June 2021

The directors present their strategic report of the Company and the Group for the period 1 August 2020 to 30 June 2021.

### OVERVIEW

The 2020/21 season was another campaign enormously impacted by the pandemic, with the significant majority of matches played behind closed doors - a source of immense frustration for supporters, players and everyone at the club.

All that said, we finished 16 points clear of danger, representing yet another season of stability. Roy Hodgson was given the send-off he richly deserved after an outstanding spell as our manager and an unparalleled career in the dugout, and we must place on record our enormous thanks to him, Ray Lewington and also longstanding coach Scott Guyett for their unwavering commitment and professionalism.

At a time of uncertainty in the transfer market, our early addition of Eberechi Eze was a landmark signing and statement of intent, and he would go on to have an impressive first season in the top flight, making 36 appearances and scoring our goal of the season against Sheffield United. We warmly welcomed Academy graduate Nathaniel Clyne back to the club, in addition to experienced goalkeeper Jack Butland and loanees Michy Batshuayi and Jean-Philippe Mateta.

Wilfried Zaha and Christian Benteke both reached double figure returns in front of goal, whilst goalkeeper Vicente Guaita was voted as Player of the Season by supporters and also by his fellow players. Memorable wins at Manchester United and rivals Brighton & Hove Albion the pick of the results.

A season of stability in 2020/21 was absolutely crucial with significant squad transformation planned for the 2021/22 season, with the necessary objective of reducing the average age of the squad and investing for the future. Indeed, several experienced players would go on to leave the club with our best wishes and gratitude: Scott Dann, Patrick van Aanholt, Andros Townsend, Mamadou Sakho, Wayne Hennessey, Stephen Henderson, James McCarthy, Gary Cahill and Connor Wickham.

Whilst not referenced in these accounts, the planned significant investment in playing personnel was delivered upon in the summer of 2021, ensuring new manager Patrick Vieira inherited a squad full of international talent and greater depth as a new era for our club began.

That investment was made possible largely as we welcomed John Textor as an investor, director and fourth partner, joining Josh Harris, David Blitzer and myself as owners and directors. We had been looking for the right investment from the right investor for a while, and our search led us to John, whose investment helped facilitate the necessary rejuvenation of the squad, bolster the balance sheet and enable us to finalise the Academy.

Indeed, the highlight of the club's year was unquestionably the progress of our outstanding new Academy facility. We now have an elite site that should enable us to attract, develop and retain the very best young talent and have a truly transformational impact upon the club.

The development teams more than capably handled the step-up to the highest divisions at their first attempt, with the U18s finishing joint-top of the league whilst the U23s secured promotion to PL2 at the first time of asking. These are truly remarkable achievements that not only help justify the investment in the Academy, but bode extremely well for our immediate future. To be playing against the very best Category 1 Academies week-in, week-out, will further accelerate the development of our young players, and the step-up has been considerable. The players and staff of these groups, led by Shaun Derry and Paddy McCarthy and Academy director Gary Issott, deserve enormous credit for an incredible season on and off the pitch.

Our documentary *When Eagles Dare* was a landmark marketing initiative for the club, and was watched around the world on Amazon Prime, and contributed significantly to our growing global fanbase. Made in-house by our production team, the series also provided a significant financial injection enabling us to reinvest in our digital offering to supporters primarily in the form of more live match broadcasts of Academy matches.

We'd like to close by thanking our supporters for enduring a season of following the team from home, and for their continued support and loyalty. We sincerely hope that we will never be in that position again of playing in empty stadiums. Having them back in their tens of thousands at Selhurst Park will remind us that the game is absolutely nothing without them.

# Palace Holdco UK Limited

## Group Strategic Report for the Period 1 August 2020 to 30 June 2021

### FINANCIAL PERFORMANCE

The Board considers the following key performance indicators to give the most relevant indicators of business performance.

Average league attendance	2021 n/a	2020 25,060
Final league position	14th	14th
TV matches	14	17
	<b>£'000</b>	<b>£'000</b>
Turnover	134,383	142,347
Player wage costs	108,965	111,385
Player wage costs / turnover ratio	81%	78%
Operating expenses (excluding depreciation, amortisation and impairment)	(144,099)	(154,191)
Operating (loss) before depreciation and amortisation("EBITDA")	(9,716)	(11,844)
(Loss) before tax	(42,825)	(61,089)
Net (liabilities)	(20,497)	(6,966)

### FINANCIAL REVIEW

It's important to note that the accounts have been made up to 30 June 2021 and cover an 11-month reporting period (the previous financial year being extended to 31 July 2020).

The results were once again significantly affected by the COVID-19 pandemic. The entire season was played behind closed doors, with the exception of two games in which we were allowed just a few thousand into Selhurst Park.

The financial impact can be summarised as follows:

	2021 £'000	2020 £'000	Effects of COVID-19 £'000
Reported turnover	134,383	142,347	
Share of Premier League broadcasting rebate	-	8,100	8,100
Estimated reductions in matchday revenues and other commercial activities	15,477	3,676	19,153
Business Interruption Insurance claim	(2,500)	-	(2,500)
Covid impact	12,977	11,776	24,753
Restated turnover	147,360	154,123	

The above losses were partially offset by savings of certain attributable direct costs that were not incurred due to games being played behind closed doors. We estimate these cost savings to be £2.6m (£1.2m 2020). Therefore, the estimated net impact of COVID losses on the results in the year are £10.4m (£11.1m 2020) bringing a combined net impact on EBITDA of £21.5m across the two financial years.

# Palace Holdco UK Limited

## Group Strategic Report

for the Period 1 August 2020 to 30 June 2021

### FINANCIAL REVIEW - continued

Operating expenses (excluding depreciation, amortisation and impairment) decreased to £144.1m (£154.2m in 2020) reflecting an 11-month period plus cost savings compared to 13 months of costs in the previous reporting period. Continued investment in the playing squad did result in increased staff costs as the club has continued to invest in key players' contracts and loan signings, to ensure competitiveness and retention of Premier League status.

The Group started the year with a strong financial position with cash reserves of £58.4m which included July equal share. This provided the financial stability to manage the Group's cashflow throughout the COVID-19 pandemic. With continued investment in the squad, the financial impact of the pandemic, Academy infrastructure investment and meeting transfer commitments, the club drew further on its existing facility and parent company loans during the year.

In August 2021 the Group received a significant injection of funds from its parent company as a result of a substantial share issue to a new investor, John Textor.

To provide longer-term stability and to enable the acquisition of key playing assets, the Group also renewed its existing credit facility and acquired a new £30.0m four-year term loan in December 2021.

### PRINCIPAL RISKS AND UNCERTAINTIES

All our planning takes into account cashflow risk, credit risk and liquidity risk. The Group uses a mixture of parent undertakings and short to long-term debt finance to ensure that sufficient funds are available for ongoing operations. The planning for Premier League and Championship scenarios have significant implications on core revenue and the club ensures it keeps within the guidelines issued by the Premier League on cost control.

# Palace Holdco UK Limited

## Group Strategic Report

for the Period 1 August 2020 to 30 June 2021

### SECTION 172(1) STATEMENT

Section 172 of the Companies Act 2006 requires Directors to report on how they have taken into consideration the interests of stakeholders and other matters in their decision making. The Directors recognise their responsibility to act in a way which promotes the success of the Company for all stakeholders, and regularly reviews the Club's performance and engagement with all stakeholders through frequent meetings. Naturally, it is imperative that the Club also abides by relevant Premier League, UEFA, F.A. regulations, including Financial Fair Play.

Key Board decisions made impacting stakeholders in the period are outlined below:

- Season Ticket holders and hospitality guests for Premier League fixtures which were staged behind closed doors were offered the choice of a full refund, credit on future purchases, a donation to the Palace for Life Foundation, or directing their funds to the development of the Club's Academy.
- Significant resource was invested in order to enhance the digital experience for supporters, including a new main club website and ticket website, a revamped mobile app, and making the switch from paper tickets and plastic cards to digital tickets, in order to align with new Premier League guidelines and modernise supporters' experience on matchdays.
- Throughout the pandemic, the Club has taken great pride in continuing to support the local community primarily through Palace for Life Foundation programmes, aiming to improve prospects for disadvantaged young people in our local boroughs.
- Despite a heavily disrupted year for schools, the charity continued to provide staff in eight schools throughout lockdown, as well as delivering virtual mental wellbeing workshops to over 2,000 children and free football camps for 450 disadvantaged children.
- The charity's targeted intervention and diversionary work expanded further, providing one-to-one support for young people who have, or are running the risk of, falling into crime as well as those with mental health challenges. Close partnerships with police, youth offending services and local schools have enabled the organisation to identify those in greatest need.
- The club and charity provided more than 30,000 healthy meals to voluntary groups across the community to help the most vulnerable through our 'Palace Kitchen' initiative. Beneficiaries included homeless people, refugees and the elderly. This initiative was funded by a combination of shareholder contributions, Club funds, and donations from supporters.
- The Club continued to support the NHS, primarily through continuing to offer Selhurst Park as a vaccination centre for local residents.
- The Club achieved Intermediate status of the Premier League Equality Standard, and are working towards the Advanced level of the Premier League Equality Diversity and Inclusion Standard.
- In order to further enhance the Club's commitment to a diverse and representative workforce, a new internship programme was created, taking on four new recruits.
- The Club made further investment into its Safeguarding team to ensure the welfare and safety of young people in its care, with dedicated Safeguarding managers within the Academy and Foundation and a network of dedicated Safeguarding Officers throughout the organisation. A three-year club-wide Safeguarding Strategy has been implemented, and the progress of the department was positively acknowledged by Barnado's and the Premier League in their respective audit processes.

### ON BEHALF OF THE BOARD:

*S. Parish*

.....  
S Parish - Director

Date: 25.03.2022  
.....

# Palace Holdco UK Limited

## Report of the Directors for the Period 1 August 2020 to 30 June 2021

The directors present their report with the financial statements of the Company and the Group for the period 1 August 2020 to 30 June 2021.

### PRINCIPAL ACTIVITY

The principal activity of the Group in the period under review was that of overseeing the Group's football related activities.

The principal activity of the Company in the period under review was that of a holding company.

### DIVIDENDS

No dividends will be distributed for the period ended 30 June 2021.

### EVENTS SINCE THE END OF THE PERIOD

Information relating to events since the end of the period is given in the notes to the financial statements.

### DIRECTORS

The directors shown below have held office during the whole of the period from 1 August 2020 to the date of this report.

S Parish  
D S Blitzer  
J J Harris  
J C Textor - appointed 11 August 2021

### 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.



# Palace Holdco UK Limited

## Report of the Directors

for the Period 1 August 2020 to 30 June 2021

### **STREAMLINED ENERGY AND CARBON REPORTING**

Our organisation has engaged with external consultants to help create and implement a comprehensive energy and environmental policy during 2022 which set sustained and achievable targets to reduce our carbon emissions year on year. The policy has been agreed and signed off at board level and will be implemented across the organisation. There is an action plan and an embedded strategy in place in which progress will be reviewed on a regular basis at Board level.

For the year ending 30th June 2021 the club consumed 3.591 million kWh of energy which equates to 781.31 tCO<sub>2</sub>e emissions with an intensity ratio of 5.81 tCO<sub>2</sub>e per Million-pound turnover. Our energy data has been calculated using supplier invoices and half hourly energy data and expense claims for travel. This compares to the previous year ending 30th June 2020, the club consumed 3.063 million kWh of energy equating to 736.18 tCO<sub>2</sub>e emissions with an intensity ratio of 5.15 tCO<sub>2</sub>e per Million-pound turnover.

We report energy consumed through building operations and staff travel following the Greenhouse Gas protocol including scopes 1 and 2. It is important to note that our energy consumption in this period has been affected by Covid 19 and there is a natural reduction in energy consumed compared to a non-COVID affected period.

The club has been and will continue to explore several measures that were discovered from energy audits for ESOS phase 2, which includes CHP, boiler optimisation, LED upgrades and controls, solar thermal, secondary metering, power management, EV charging points and better practices and will further extend our sustainability strategy in 2022 to include a wider range of initiatives.

### **DISCLOSURE IN THE STRATEGIC REPORT**

Information in connection with Future Developments together with certain employment and business relationship disclosures are not included within this Report of the Directors as they are instead included within the Strategic Report on pages 2 to 5 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

## Report of the Directors

for the Period 1 August 2020 to 30 June 2021

### STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and the Group and of the profit or loss of the Group 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 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 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 Company's and the Group's transactions and disclose with reasonable accuracy at any time the financial position of the Company and the Group 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 the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

### STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the Group's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the Group's auditors are aware of that information.

### AUDITORS

The auditors, RSM UK Audit LLP, will be proposed for re-appointment at the forthcoming Annual General Meeting.

### ON BEHALF OF THE BOARD:

*S. Parish*

.....  
S Parish - Director

Date: 25.03.2022 .....

## **Report of the Independent Auditors 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 period ended 30 June 2021 which comprise the Consolidated Statement of Comprehensive Income, Consolidated Statement of Financial Position, Company Statement of Financial Position, Consolidated Statement of Changes in Equity, Company Statement of Changes in Equity, Consolidated Statement of Cash Flows and Notes to the Consolidated Statement of Cash Flows, Notes to the Financial Statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and of the parent company affairs as at 30 June 2021 and of the Group's loss for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Group and parent 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 Group's or the parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

### **Other information**

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

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

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 Group Strategic Report and the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Group Strategic Report and the Report of the Directors have been prepared in accordance with applicable legal requirements.

## **Report of the Independent Auditors to the Members of Palace Holdco UK Limited**

### **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 their environment obtained in the course of the audit, we have not identified material misstatements in the Group Strategic Report or the Report of the Directors.

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

- adequate accounting records have not been kept 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 Statement of Directors' Responsibilities set out on page eight, 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 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.

## **Report of the Independent Auditors to the Members of Palace Holdco UK Limited**

### **Auditors' 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 a Report of the Auditors that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

#### *The extent to which the audit was considered capable of detecting irregularities, including fraud*

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

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit.

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

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

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

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

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

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our Report of the Auditors.

## **Report of the Independent Auditors to the Members of Palace Holdco UK Limited**

### **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 a Report of the Auditors and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

*Richard Coates*

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

Date: 30 March 2022

# Palace Holdco UK Limited

## Consolidated Statement of Comprehensive Income for the Period 1 August 2020 to 30 June 2021

	Notes	11 month period ended 30.6.21 £000	13 month period ended 31.7.20 £000
<b>TURNOVER</b>	3	134,383	142,347
Operating expenses before depreciation & amortisation		(144,099)	(154,191)
<b>OPERATING LOSS BEFORE DEPRECIATION &amp; AMORTISATION</b>		<u>(9,716)</u>	<u>(11,844)</u>
Depreciation		(2,649)	(3,477)
<b>OPERATING LOSS BEFORE AMORTISATION</b>		<u>(12,365)</u>	<u>(15,321)</u>
Amortisation		(37,546)	(44,675)
<b>OPERATING LOSS BEFORE PROFIT ON DISPOSAL OF PLAYERS</b>		<u>(49,911)</u>	<u>(59,996)</u>
Profit on disposal of players		9,571	539
<b>OPERATING LOSS</b>		<u>(40,340)</u>	<u>(59,457)</u>
Interest receivable		12	95
Interest payable and similar charges	7	(2,497)	(1,727)
<b>LOSS BEFORE TAXATION</b>		<u>(42,825)</u>	<u>(61,089)</u>
Taxation	8	144	351
<b>LOSS AND TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>		<u><u>(42,681)</u></u>	<u><u>(60,738)</u></u>

**Palace Holdco UK Limited (Registered number: 09898364)**

**Consolidated Statement of Financial Position**

30 June 2021

	Notes	£'000	30.6.21 £'000	£'000	31.7.20 £'000
<b>FIXED ASSETS</b>					
Intangible assets	9		40,560		55,818
Tangible assets	10		<u>63,332</u>		<u>50,539</u>
			103,892		106,357
<b>CURRENT ASSETS</b>					
Stocks	12	756		1,204	
Debtors	13	4,528		2,920	
Cash at bank and in hand		<u>1,859</u>		<u>58,418</u>	
		7,143		62,542	
<b>CREDITORS</b>					
Amounts falling due within one year	14	<u>94,625</u>		<u>149,089</u>	
<b>NET CURRENT LIABILITIES</b>			<u>(87,482)</u>		<u>(86,547)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			16,410		19,810
<b>CREDITORS</b>					
Amounts falling due after more than one year	15		(27,291)		(15,947)
<b>PROVISIONS FOR LIABILITIES</b>			<u>(9,616)</u>		<u>(10,829)</u>
<b>NET LIABILITIES</b>			<u>(20,497)</u>		<u>(6,966)</u>
<b>CAPITAL AND RESERVES</b>					
Called up share capital	18		1		1
Share premium	18		96,007		92,724
Capital contribution reserve	18		46,342		20,475
Fair value reserve	18		344		628
Retained earnings	18		<u>(163,191)</u>		<u>(120,794)</u>
<b>SHAREHOLDERS' FUNDS</b>			<u>(20,497)</u>		<u>(6,966)</u>

The financial statements were approved by the Board of Directors and authorised for issue on .....25.03.2022..... and were signed on its behalf by:

*S. Parish*

.....  
S Parish - Director



**Palace Holdco UK Limited (Registered number: 09898364)**

**Company Statement of Financial Position**  
30 June 2021

	Notes	£'000	30.6.21 £'000	£'000	31.7.20 £'000
<b>FIXED ASSETS</b>					
Investments	11		<u>92,725</u>		<u>92,725</u>
			92,725		92,725
<b>CURRENT ASSETS</b>					
Debtors	13	57,818		45,375	
<b>CREDITORS</b>					
Amounts falling due within one year	14	<u>1,040</u>		<u>25,275</u>	
<b>NET CURRENT ASSETS</b>			<u>56,778</u>		<u>20,100</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			149,503		112,825
<b>CREDITORS</b>					
Amounts falling due after more than one year	15		<u>7,655</u>		<u>-</u>
<b>NET ASSETS</b>			<u>141,848</u>		<u>112,825</u>
<b>CAPITAL AND RESERVES</b>					
Called up share capital	18		1		1
Share premium	18		96,007		92,724
Capital contribution reserve	18		46,342		20,475
Retained earnings	18		<u>(502)</u>		<u>(375)</u>
<b>SHAREHOLDERS' FUNDS</b>			<u>141,848</u>		<u>112,825</u>
Company's loss for the financial year			<u>(127)</u>		<u>(121)</u>

As permitted by Section 408 of the Companies Act 2006, the Statement of Comprehensive Income of the parent company is not presented as part of these financial statements.

The financial statements were approved by the Board of Directors and authorised for issue on .....25.03.2022..... and were signed on its behalf by:

*S. Parish*

.....  
S Parish - Director

# Palace Holdco UK Limited

## Consolidated Statement of Changes in Equity for the Period 1 August 2020 to 30 June 2021

	Called up share capital £'000	Retained earnings £'000	Share premium £'000
<b>Balance at 1 July 2019</b>	1	(60,407)	92,724
<b>Changes in equity</b>			
Total comprehensive loss	-	(60,738)	-
Loan reclassification	-	-	-
Notional interest adjustment	-	351	-
<b>Balance at 31 July 2020</b>	<u>1</u>	<u>(120,794)</u>	<u>92,724</u>
<b>Changes in equity</b>			
Issue of share capital	-	-	3,283
Total comprehensive loss	-	(42,681)	-
Loan reclassification	-	-	-
Notional interest adjustment	-	284	-
<b>Balance at 30 June 2021</b>	<u>1</u>	<u>(163,191)</u>	<u>96,007</u>
	Capital contribution reserve £'000	Fair value reserve £'000	Total equity £'000
<b>Balance at 1 July 2019</b>	-	979	33,297
<b>Changes in equity</b>			
Total comprehensive loss	-	-	(60,738)
Loan reclassification	20,475	-	20,475
Notional interest adjustment	-	(351)	-
<b>Balance at 31 July 2020</b>	<u>20,475</u>	<u>628</u>	<u>(6,966)</u>
<b>Changes in equity</b>			
Issue of share capital	-	-	3,283
Total comprehensive loss	-	-	(42,681)
Loan reclassification	25,867	-	25,867
Notional interest adjustment	-	(284)	-
<b>Balance at 30 June 2021</b>	<u>46,342</u>	<u>344</u>	<u>(20,497)</u>

# Palace Holdco UK Limited

## Company Statement of Changes in Equity for the Period 1 August 2020 to 30 June 2021

	Called up share capital £'000	Retained earnings £'000	Share premium £'000	Capital contribution reserve £'000	Total equity £'000
<b>Balance at 1 July 2019</b>	1	(254)	92,724	-	92,471
<b>Changes in equity</b>					
Total comprehensive income	-	(121)	-	-	(121)
Loan reclassification	-	-	-	20,475	20,475
<b>Balance at 31 July 2020</b>	<u>1</u>	<u>(375)</u>	<u>92,724</u>	<u>20,475</u>	<u>112,825</u>
<b>Changes in equity</b>					
Issue of share capital	-	-	3,283	-	3,283
Total comprehensive income	-	(127)	-	-	(127)
Loan reclassification	-	-	-	25,867	25,867
<b>Balance at 30 June 2021</b>	<u>1</u>	<u>(502)</u>	<u>96,007</u>	<u>46,342</u>	<u>141,848</u>

# Palace Holdco UK Limited

## Consolidated Statement of Cash Flows for the Period 1 August 2020 to 30 June 2021

		<b>11 month period ended 30.6.21 £'000</b>	<b>13 month period ended 31.7.20 £'000</b>
	<b>Notes</b>		
<b>Cash flows from operating activities</b>			
Cash (used in)/from operations	1	(39,474)	28,475
Interest paid		<u>(2,497)</u>	<u>(1,086)</u>
Net cash (used in)/from operating activities		<u>(41,971)</u>	<u>27,389</u>
<b>Cash flows from investing activities</b>			
Purchase of intangible fixed assets		(28,077)	(16,045)
Purchase of tangible fixed assets		(15,442)	(3,451)
Sale of intangible fixed assets		12,623	45,697
Interest received		<u>12</u>	<u>95</u>
Net cash (used in)/from investing activities		<u>(30,884)</u>	<u>26,296</u>
<b>Cash flows from financing activities</b>			
Net adv/(repay) under funding agreement		4,794	(6,865)
Share issue		3,283	-
Repayment of finance leases		(403)	(290)
Loans from shareholders		<u>8,622</u>	<u>-</u>
Net cash from/(used in) financing activities		<u>16,296</u>	<u>(7,155)</u>
<b>(Decrease)/increase in cash and cash equivalents</b>			
<b>Cash and cash equivalents at beginning of period</b>		<u>(56,559)</u>	46,530
		58,418	11,888
<b>Cash and cash equivalents at end of period</b>		<u><u>1,859</u></u>	<u><u>58,418</u></u>

# Palace Holdco UK Limited

## Notes to the Consolidated Statement of Cash Flows for the Period 1 August 2020 to 30 June 2021

### 1. RECONCILIATION OF LOSS FOR THE FINANCIAL PERIOD TO CASH (USED IN)/FROM OPERATIONS

	Period 1.8.20 to 30.6.21 £'000	Period 1.7.19 to 31.7.20 £'000
Loss for the financial period	(42,681)	(60,738)
Depreciation charges	2,649	3,477
Profit on disposal of players	(9,571)	(539)
Amortisation of intangible fixed assets	37,546	44,675
Finance costs	2,497	1,727
Finance income	(12)	(95)
Taxation	<u>(144)</u>	<u>(351)</u>
	(9,716)	(11,844)
Decrease/(increase) in stocks	448	(584)
(Increase)/decrease in trade and other debtors	(844)	3,466
(Decrease)/increase in trade and other creditors	<u>(29,362)</u>	<u>37,437</u>
<b>Cash (used in)/from operations</b>	<u><b>(39,474)</b></u>	<u><b>28,475</b></u>

### 2. ANALYSIS OF CHANGES IN NET DEBT

	At 1.8.20 £'000	Cash flow £'000	Other non-cash changes £'000	At 30.6.21 £'000
<b>Net cash</b>				
Cash at bank and in hand	<u>58,418</u>	<u>(56,559)</u>		<u>1,859</u>
	<u>58,418</u>	<u>(56,559)</u>		<u>1,859</u>
<b>Debt</b>				
Finance leases	(1,000)	403	-	(597)
Net advances under funding agreement	(30,499)	(4,794)	-	(35,293)
Loans from shareholders	(24,900)	(8,622)	25,867	(7,655)
Related party loan	<u>(14,372)</u>	<u>-</u>	<u>(284)</u>	<u>(14,656)</u>
	<u>(70,771)</u>	<u>(13,013)</u>	<u>25,583</u>	<u>(58,201)</u>
<b>Total</b>	<u><b>(12,353)</b></u>	<u><b>(69,572)</b></u>	<u><b>25,583</b></u>	<u><b>(56,342)</b></u>

# Palace Holdco UK Limited

## Notes to the Consolidated Financial Statements for the Period 1 August 2020 to 30 June 2021

### 1. STATUTORY INFORMATION

Palace Holdco UK Limited ("the Company") is a private company limited by shares and is registered, domiciled and incorporated in England. The Company's registered number, registered office address and principal place of business can be found on the Company Information page.

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 preparing the financial statements**

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"), 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.

#### **Financial Reporting Standard 102 - reduced disclosure exemptions**

In accordance with FRS 102, 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 Flow and related notes and disclosures

#### **Basis of consolidation**

The consolidated financial statements incorporate those of the Company and all of its subsidiary undertakings for the period. All financial statements are made up to 30 June 2021. Subsidiaries acquired in the period are consolidated using the acquisition method of accounting. The results are incorporated from the date that control passes.

#### **Significant judgements and estimates**

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 below.

#### **Going concern**

The directors have considered the Group's current financial position and reviewed its cash flow forecasts for the period to 30 June 2023, which include consideration of the impact of relegation at the end of the 21/22 season. The directors are confident that the Company and the Group will be able to meet their liabilities as they fall due for the period to at least 30 June 2023 and consequently have prepared the financial statements on the going concern basis.

# Palace Holdco UK Limited

## Notes to the Consolidated Financial Statements - continued for the Period 1 August 2020 to 30 June 2021

### 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 period. 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 recognised 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.

#### Tangible fixed assets

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 buildings	2% Straight Line
Freehold property improvements	20% Straight Line
Leasehold property improvements	4% Straight Line
Plant and machinery	20% Straight Line
Fixtures, fittings and equipment	20% Straight Line
Motor vehicles	20% Straight Line

Assets under construction are stated at cost. These assets are not depreciated until they are available for use.

# Palace Holdco UK Limited

## Notes to the Consolidated Financial Statements - continued for the Period 1 August 2020 to 30 June 2021

### 2. ACCOUNTING POLICIES - continued

#### Stocks

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

#### Financial instruments

The Group has applied 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.

#### Taxation

Taxation for the period comprises current and deferred tax. Tax is recognised in the Consolidated Statement of Comprehensive Income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the statement of financial position date.



# Palace Holdco UK Limited

## Notes to the Consolidated Financial Statements - continued

for the Period 1 August 2020 to 30 June 2021

### 2. ACCOUNTING POLICIES - continued

#### Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the statement of financial position date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the period end and that are expected to apply to the reversal of the timing difference.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

#### 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.

#### Hire purchase and leasing commitments

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.

#### Pension costs and other post-retirement benefits

The Group contributes to a defined contribution pension scheme for the benefit of its employees. Contributions payable to the Group's pension scheme are charged to profit or loss in the period to which they relate.

#### 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.

# Palace Holdco UK Limited

## Notes to the Consolidated Financial Statements - continued for the Period 1 August 2020 to 30 June 2021

### 3. TURNOVER

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

	<b>Period 1.8.20 to 30.6.21 £000</b>	<b>Period 1.7.19 to 31.7.20 £000</b>
Broadcasting	117,344	112,830
Sponsorship and advertising	10,722	12,107
Gate receipts	247	8,574
Other commercial activities	2,890	6,213
Other income	<u>3,180</u>	<u>2,623</u>
	<b><u>134,383</u></b>	<b><u>142,347</u></b>

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

Sponsorship and advertising - revenue from all our sponsors, partnerships and other advertisement deals.

Gate receipts - revenue 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 - revenue from players loaned out, fees for commercial contracts, rental income and all other income, including a business interruption insurance claim receipt of £2.5m (2020: £nil).

### 4. OPERATING EXPENSES

	<b>Period 1.8.20 to 30.6.21 £000</b>	<b>Period 1.7.19 to 31.7.20 £000</b>
Amortisation of player registrations	36,454	43,386
Amortisation of goodwill	1,092	1,289
Depreciation of tangible fixed assets	2,649	3,477
Staff costs (see note 6)	127,002	132,643
Other operating charges	<u>17,097</u>	<u>21,548</u>
Total operating expenses	<b><u>184,294</u></b>	<b><u>202,343</u></b>

### 5. AUDITORS' REMUNERATION

Fees payable to the auditors for the statutory audit were £50,000 (2020: £51,000) and non-audit services were £45,000 (2020: £32,000), of which £11,000 (2020: £11,000) were for audit-related assurance services and £34,000 (2020: £10,000) was for tax compliance and advisory services.

# Palace Holdco UK Limited

## Notes to the Consolidated Financial Statements - continued for the Period 1 August 2020 to 30 June 2021

### 6. EMPLOYEES AND DIRECTORS

	Period 1.8.20 to 30.6.21 £'000	Period 1.7.19 to 31.7.20 £'000
Wages and salaries	111,375	115,990
Social security costs	15,457	16,466
Other pension costs	<u>170</u>	<u>187</u>
	<u>127,002</u>	<u>132,643</u>

The directors, who are also considered to be the Group's key management personnel, received remuneration based on performance of the team, player sales and investment into the Club, of £810,645 during the period (2020: £801,867). This all related to the highest paid director. No director received pension benefits during the period (2020: Nil).

The average number of employees during the period was as follows:

	Period 1.8.20 to 30.6.21	Period 1.7.19 to 31.7.20
Players, managers and coaches	176	154
Administration and commercial	<u>121</u>	<u>125</u>
	<u>297</u>	<u>279</u>

In addition to the disclosure above, the average number of match day and casual staff employed by the Group was approximately 320 during the period (2020: 686). The Company had no employees during the period (2020: Nil).

### 7. INTEREST PAYABLE AND SIMILAR EXPENSES

	Period 1.8.20 to 30.6.21 £'000	Period 1.7.19 to 31.7.20 £'000
Bank interest	-	29
Interest and other charges	1,736	937
Interest arising on fair value (see note 22)	284	351
Interest on loan from related parties (see note 22)	300	410
Loan interest	<u>177</u>	<u>-</u>
	<u>2,497</u>	<u>1,727</u>

Interest and other charges primarily comprises of borrowing arrangement fees and interest paid in relation to the loan from Aldermore bank. It also includes interest paid on finance leases totalling £108,000 (2020: £108,000).

Loan interest relates to a fixed rate unsecured loan note in relation to the academy project which was issued during the period.

# Palace Holdco UK Limited

## Notes to the Consolidated Financial Statements - continued for the Period 1 August 2020 to 30 June 2021

### 8. TAXATION

#### Analysis of the tax credit

The tax credit on the loss for the period was as follows:

	Period 1.8.20 to 30.6.21 £'000	Period 1.7.19 to 31.7.20 £'000
Current tax:		
UK corporation tax	-	(181)
Deferred tax	<u>(144)</u>	<u>(170)</u>
Tax on loss	<u>(144)</u>	<u>(351)</u>

#### Reconciliation of total tax credit included in profit and loss

The tax assessed for the period is higher than the standard rate of corporation tax in the UK. The difference is explained below:

	Period 1.8.20 to 30.6.21 £'000	Period 1.7.19 to 31.7.20 £'000
Loss before tax	<u>(42,825)</u>	<u>(61,089)</u>
Loss multiplied by the standard rate of corporation tax in the UK of 19% (2020 - 19%)	(8,137)	(11,607)
Effects of:		
Expenses not deductible for tax purposes	323	173
Fixed asset permanent differences	263	260
Losses carried forward	7,634	10,908
Other differences	<u>(227)</u>	<u>(85)</u>
Total tax credit	<u>(144)</u>	<u>(351)</u>

The Group has tax losses carried forward as at 30 June 2021 of approximately £112,000,000 (2020: £72,000,000). A deferred tax asset of £21,280,000 (2020: £13,680,000) 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 Consolidated Financial Statements - continued for the Period 1 August 2020 to 30 June 2021

### 9. INTANGIBLE FIXED ASSETS

#### Group

	Goodwill £'000	Player registrations £'000	Totals £'000
<b>COST</b>			
At 1 August 2020	11,909	196,644	208,553
Additions	-	28,063	28,063
Disposals	-	(12,233)	(12,233)
Reversal of contingents	-	(2,070)	(2,070)
	<u>11,909</u>	<u>210,404</u>	<u>222,313</u>
At 30 June 2021	<u>11,909</u>	<u>210,404</u>	<u>222,313</u>
<b>AMORTISATION</b>			
At 1 August 2020	5,459	147,276	152,735
Amortisation for period	1,092	36,454	37,546
Eliminated on disposal	-	(8,528)	(8,528)
	<u>6,551</u>	<u>175,202</u>	<u>181,753</u>
At 30 June 2021	<u>6,551</u>	<u>175,202</u>	<u>181,753</u>
<b>NET BOOK VALUE</b>			
At 30 June 2021	<u>5,358</u>	<u>35,202</u>	<u>40,560</u>
At 31 July 2020	<u>6,450</u>	<u>49,368</u>	<u>55,818</u>

### 10. TANGIBLE FIXED ASSETS

#### Group

	Freehold land and buildings £'000	Assets under construction £'000	Long leasehold £'000
<b>COST</b>			
At 1 August 2020	48,757	2,775	683
Additions	117	14,368	-
Disposals	-	-	-
	<u>48,874</u>	<u>17,143</u>	<u>683</u>
At 30 June 2021	<u>48,874</u>	<u>17,143</u>	<u>683</u>
<b>DEPRECIATION</b>			
At 1 August 2020	4,642	-	28
Charge for period	1,054	-	25
Eliminated on disposal	-	-	-
	<u>5,696</u>	<u>-</u>	<u>53</u>
At 30 June 2021	<u>5,696</u>	<u>-</u>	<u>53</u>
<b>NET BOOK VALUE</b>			
At 30 June 2021	<u>43,178</u>	<u>17,143</u>	<u>630</u>
At 31 July 2020	<u>44,115</u>	<u>2,775</u>	<u>655</u>

# Palace Holdco UK Limited

## Notes to the Consolidated Financial Statements - continued for the Period 1 August 2020 to 30 June 2021

### 10. TANGIBLE FIXED ASSETS - continued

#### Group

	Plant and machinery £'000	Fixtures, fittings and equipment £'000	Motor vehicles £'000	Totals £'000
<b>COST</b>				
At 1 August 2020	10,805	3,745	125	66,890
Additions	879	66	12	15,442
Disposals	<u>(876)</u>	<u>-</u>	<u>-</u>	<u>(876)</u>
At 30 June 2021	<u>10,808</u>	<u>3,811</u>	<u>137</u>	<u>81,456</u>
<b>DEPRECIATION</b>				
At 1 August 2020	8,490	3,085	106	16,351
Charge for period	1,317	236	17	2,649
Eliminated on disposal	<u>(876)</u>	<u>-</u>	<u>-</u>	<u>(876)</u>
At 30 June 2021	<u>8,931</u>	<u>3,321</u>	<u>123</u>	<u>18,124</u>
<b>NET BOOK VALUE</b>				
At 30 June 2021	<u>1,877</u>	<u>490</u>	<u>14</u>	<u>63,332</u>
At 31 July 2020	<u>2,315</u>	<u>660</u>	<u>19</u>	<u>50,539</u>

Freehold land and buildings includes £2,396,000 (2020: £2,396,000) of land that is not depreciated. The net book value of plant and machinery includes £642,000 (2020: £743,000) in respect of assets held under finance leases.

Assets under construction are in relation to the academy project.

### 11. FIXED ASSET INVESTMENTS

#### Company

	Shares in group undertakings £'000
<b>COST</b>	
At 1 August 2020 and 30 June 2021	<u>92,725</u>
<b>NET BOOK VALUE</b>	
At 30 June 2021	<u>92,725</u>
At 31 July 2020	<u>92,725</u>

## Palace Holdco UK Limited

### Notes to the Consolidated Financial Statements - continued for the Period 1 August 2020 to 30 June 2021

#### 11. FIXED ASSET INVESTMENTS - continued

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.

#### 12. STOCKS

	Group	
	2021 £'000	2020 £'000
Stocks	<u>756</u>	<u>1,204</u>

#### 13. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Trade debtors	621	965	-	-
Amounts owed by group undertakings	-	-	57,818	45,375
Football transfer debtors	2,400	1,636	-	-
Other debtors	976	-	-	-
Accrued income	92	-	-	-
Prepayments	<u>439</u>	<u>319</u>	-	-
	<u>4,528</u>	<u>2,920</u>	<u>57,818</u>	<u>45,375</u>

# Palace Holdco UK Limited

## Notes to the Consolidated Financial Statements - continued for the Period 1 August 2020 to 30 June 2021

### 14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Advances under funding agreement	35,293	30,499	-	-
Finance leases (see note 16)	310	812	-	-
Trade creditors	4,024	1,917	-	-
Amounts owed to group undertakings	-	-	502	254
Social security and other taxes	7,212	6,232	-	-
VAT	7,860	11,743	-	-
Other creditors	2,165	3,517	538	-
Football transfer creditors	10,785	11,800	-	-
Related party loan (see note 22)	1,500	-	-	-
Loans from shareholders	-	24,900	-	24,900
Accruals	13,108	11,124	-	-
Deferred income	12,368	46,545	-	121
	<u>94,625</u>	<u>149,089</u>	<u>1,040</u>	<u>25,275</u>

The loans from shareholders are non-interest bearing. During the period, the terms of one of the two loan agreements was amended, so that the repayment date of loans can now be extended at the option of the Company. As a result, this no longer meets the definition of a financial liability and this loan of £25,867,000 has been disclosed as a capital contribution within equity.

The advances under funding agreement comprises amounts advanced to the Group which is secured on central funds due from the Premier League. Subsequent to the period end, the funding agreement has been renewed and extended.

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

### 15. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Group		Company	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Finance leases (see note 16)	287	188	-	-
Related party loan (see note 22)	13,156	14,372	-	-
Other creditors	1,426	817	-	-
Loans from shareholders	7,655	-	7,655	-
Deferred income	2	5	-	-
Accruals	4,765	565	-	-
	<u>27,291</u>	<u>15,947</u>	<u>7,655</u>	<u>-</u>

During the period under review, £7,655,000 was raised by Palace Holdco UK Limited to contribute to the academy project. The fixed rate unsecured loan notes of £7,655,000 is interest bearing at 5% and repayable by 14 Jan 2040.

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.



# Palace Holdco UK Limited

## Notes to the Consolidated Financial Statements - continued for the Period 1 August 2020 to 30 June 2021

### 16. LEASING AGREEMENTS

Minimum lease payments fall due as follows:

#### Group

	Finance leases	
	2021	2020
	£'000	£'000
Net obligations repayable:		
Within one year	310	812
Between one and five years	<u>287</u>	<u>188</u>
	<u>597</u>	<u>1,000</u>

#### Group

	Non-cancellable operating leases	
	2021	2020
	£'000	£'000
Within one year	575	575
Between one and five years	2,300	2,300
In more than five years	<u>19,005</u>	<u>19,580</u>
	<u>21,880</u>	<u>22,455</u>

The non-cancellable operating leases all relate to long-term leasehold property at the academy site.

The Company had no operating leases.

### 17. PROVISIONS FOR LIABILITIES

	Group	
	2021	2020
	£'000	£'000
Deferred tax	<u>6,220</u>	<u>6,364</u>
Other provisions	<u>3,396</u>	<u>4,465</u>
Aggregate amounts	<u>9,616</u>	<u>10,829</u>
<b>Group</b>		
	<b>Deferred tax</b>	<b>Player registrations</b>
	£'000	£'000
Balance at 1 August 2020	6,364	4,465
Provided during period	-	3,703
Credit to Statement of Comprehensive Income during period	(144)	-
Utilised during period	-	(2,702)
Reversed in period	-	(2,070)
	<u>6,220</u>	<u>3,396</u>
Balance at 30 June 2021	<u>6,220</u>	<u>3,396</u>

# Palace Holdco UK Limited

## Notes to the Consolidated Financial Statements - continued for the Period 1 August 2020 to 30 June 2021

### 17. PROVISIONS FOR LIABILITIES - continued

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. CALLED UP SHARE CAPITAL AND RESERVES

Allotted, issued and fully paid:		Nominal value:	2021 £'000	2020 £'000
Number:	Class:			
660,250	A Ordinary shares	0.0009	1	1
296,818 (2020: 266,000)	B Ordinary shares	0.001	-	-
10,000	Preference shares	0.001	-	-
			<u>1</u>	<u>1</u>

During the period, 30,818 B Ordinary shares of £0.001 each were issued for cash consideration of £3,283,000.

#### 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.

#### Capital contribution reserve

Long-term non-interest bearing loans advanced to the Group whose termination date can be extended by the Company, so does not meet the definition of a financial liability. As disclosed in note 14, the terms of one of the two shareholder loans was amended during the period resulting in a loan of £25,867,000 being reclassified as a capital contribution.

#### 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 22 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.

# Palace Holdco UK Limited

## Notes to the Consolidated Financial Statements - continued for the Period 1 August 2020 to 30 June 2021

### 19. PENSION COMMITMENTS

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 period of £171,000 (2020: £187,000) represents contributions payable by the Group. Contributions totalling £41,000 (2020: £34,000) were payable at the period end and are included in other creditors.

### 20. CONTINGENT TRANSFER FEES

The estimated commitment for additional transfer fees payable in respect of future possible events (mainly appearances) amounts to £6,252,000 (2020: £2,065,000). These amounts have not been included in the financial statements as it is not probable that a liability will arise.

### 21. CAPITAL COMMITMENTS

At the period end, the Group had capital commitments totalling £5,409,000 in relation to the academy project (2020: £nil).

### 22. RELATED PARTY DISCLOSURES

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 period, interest has accrued on this loan of £300,000 (2020: £410,000). The loan is repayable by instalments starting in December 2021. 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 period of £284,000 (2020: £351,000). The £15m loan is stated in the financial statements at £14,656,000 (2020: £14,372,000) which is net of the unamortised fair value adjustment of £344,000 (2020: £628,000).

During the period £45,000 (2020: £29,000) was charged by VMM Ltd, a company controlled by S Parish (a director), in respect of services provided to the Group. The amounts owed to VMM Ltd as at 30 June 2021 was £nil (31 July 2020: £nil).

During the period £156,000 (2020: £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 2021 was £nil (31 July 2020: £nil).

### 23. POST BALANCE SHEET EVENTS

After the period end, the Group contracted for the purchase of a number of players. The cost of these transfers was £72,700,000 (2020: net cost of sale and purchase of transfers was £11,900,000).

In August 2021, J C Textor was appointed as a director of all the companies within the Group.

In August 2021, 43,770 A Ordinary shares of £0.0009 each and 696,451 B Ordinary shares of £ 0.001 each were issued.

In December 2021, the Group received a loan of £30,000,000 which is repayable over four years.