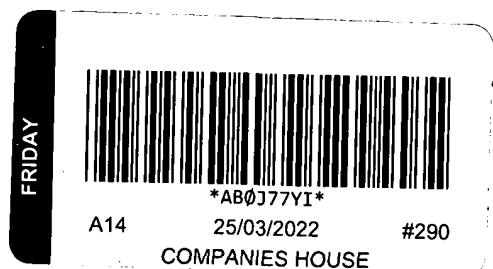


Registered number: 06632170

AFC BOURNEMOUTH LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021



AFC BOURNEMOUTH LIMITED

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AFC BOURNEMOUTH LIMITED

COMPANY INFORMATION

Directors	J A Mostyn N Rothwell R Seitz
Registered number	06632170
Registered office	Vitality Stadium Dean Court Kings Park Bournemouth Dorset BH7 7AF
Independent auditors	PricewaterhouseCoopers LLP Chartered Accountants and Statutory Auditors Savannah House 3 Ocean Way Southampton SO14 3TJ

AFC BOURNEMOUTH LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 30 JUNE 2021

The directors present the Strategic Report for AFC Bournemouth Limited (the "Company" or the "Club") for the year ended 30 June 2021.

Business review

The financial statements for the year ended 30 June 2021 cover a year in which the Club were relegated from the Football Association Premier League to the English Football League ('EFL') Championship. Due to the Covid-19 pandemic, the delayed 2019/20 season meant that the club played seven games in the Premier League in the 2020/21 financial year before being relegated and playing a further full season in the EFL. The Club finished in sixth position with seventy seven points. Despite qualifying for the end of season play-offs, the Club did not subsequently achieve promotion to the Premier League and will again compete in the EFL Championship for the 2021/22 season.

During the financial year, the Club's focus was to continue to compete at the highest possible level of English football, initially by striving to remain in the Premier League and then through promotion out of the EFL Championship, while ensuring that the business was on a stable financial footing. A strategy of targeted expenditure on playing squad assets and supporting infrastructure, which management feel they can then add value to, continued to be a key component to the Club's outlook and underpins the ambition to compete in the Premier League once again.

As reported in the 2019/20 financial statements, the Club, as well as the rest of society, were faced with the many issues that arose from the worldwide Covid-19 pandemic. The outbreak forced all English professional football to be suspended on 13th March 2020 until its resumption on 17th June 2020. This delay caused the final seven fixtures of the 2019/20 football season to be played in the 2020/21 financial year. This led to 2020/21 annual revenues increasing beyond ordinary expectations in a relegation season, as a result of the 7/38 apportionment of Premier League distributions into the 2020/21 financial year, instead of all in 2019/20 as would normally occur. However, overall revenue was down on previous years due to the 2020/21 financial year's share of the 2019/20 season Covid broadcasting rebate and no longer being a part of the Premier League for the majority of the financial year, despite access to the parachute payments awarded to relegated clubs. The vast majority of games being behind-closed-doors meant no ticket sales or hospitality income & catering receipts, lower commercial revenue and no matchday footfall through the Club's Superstore. Losses were reduced through the successful business interruption insurance claim of £2.5m relating to the Covid pandemic.

Player registration cost additions for the year were £7.3m compared with £38.7m in the previous year. Registration cost disposals amounted to £36.6m compared with £18.1m in 19/20. Transfer activity in the period after relegation gave rise to net disposals, compared to net additions in the previous year. Investment in the current and previous years resulted in decreased amortisation costs of £35.9m (2020: £47.1m). This contributed to a decrease in total staff cost to £57.4m (2020: £107.9m) as higher paid players were sold, some contracts were not renewed and relegation clauses in contracts further lowered the wages of remaining players.

Turnover was down by £23.7m to £71.7m (2020: £95.4m). This decrease is mainly attributable to the Covid-19 and relegation factors described above. Costs relating to football player and team management wages also decreased. The Club strives to offer competitive remuneration packages to attract and maintain the calibre of playing and team management staff necessary to allow the Club to compete in the league, with the aim of achieving and maintaining Premier League status. While this aim wasn't ultimately achieved, the board of directors were committed to this level of remuneration through long-term contracts already in place at the start of the season.

The Club recorded an operating profit of £23.6m (2020: loss of £51.9m) which included a gain on disposal of intangible fixed assets in respect of player sales of £55.8m (2020: £22.9m). EBITDA, which the directors consider to be a good measure of the club's financial stability and operating performance, was £60.8m (2020: loss of £3.5m). This is seen as a better proxy for cash than the net profit measure, due to the removal of large non-cash elements such as depreciation and amortisation.

AFC BOURNEMOUTH LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2021

EBITDA reconciliation

	2021	2020
	£000	£000
Profit/(loss) for the financial year	17,072	(60,090)
Add back:		
Interest payable and similar expenses	8,355	9,205
Interest receivable and similar income	(1,723)	(998)
Depreciation and amortisation charge	37,220	48,423
Tax on profit/(loss)	(121)	-
EBITDA	60,803	(3,460)

The directors continue to maintain close control over cash flow and continue to develop and maintain policies with the aim of ensuring the Club is run in a sustainable and successful manner. These policies are seen as vital in order to keep control over all expenditure that the Club commits to in order to go some way to mitigating the risks arising from the inherent uncertainty over league status in the following season.

The Club sees retention of staff as a key ingredient to success. During the year there were no changes to key personnel in senior executive positions, with Neill Blake continuing in his role as Chief Executive throughout, despite resigning his Companies House directorship and then being reappointed to the board after year end. The Club said goodbye to Eddie Howe, by mutual agreement, after a long and successful period in charge of the football affairs of the Club. The Board would again like to place on record its gratitude for the dedication and hard work Mr Howe brought to the Club in a period of unprecedented success.

During the year the club replaced Eddie Howe with Jason Tindall, who was Manager until February 2021. Jonathan Woodgate was subsequently appointed as Head Coach on an interim basis until the end of the season. Again, the Club wishes to place on record the contribution that both individuals made to the Club. On 28 June 2021 Scott Parker was appointed as new Head Coach.

The net result of the above has been a profit before taxation of £17.0m (2020: loss of £60.1m) mainly as a result of the profits realised from player trading.

The directors consider the financial position of the Company to be satisfactory at 30 June 2021.

After the year end, the Company disposed of five players for a profit of £19.2m and acquired nine players for a cost of £12.3m. On 24 September 2021 the Company received net £9.6m in relation to the forward funding of future transfer receivables.

Section 172(1) statement

The revised UK Corporate Governance Code ('2018 Code') was published in July 2018 and applies to accounting periods beginning on or after January 1, 2019. The Companies (Miscellaneous Reporting) Regulations 2018 ('2018 MRR') require directors to explain how they considered the interests of key stakeholders and the broader matters set out in section 172(1) (A) to (F) of the Companies Act 2006 ('S172') when performing their duty to promote the success of the Club under S172. This includes considering the interest of other stakeholders which will have an impact on the long-term success of the Company. The board welcomes the direction of the UK Financial Reporting Council (the 'FRC'). This S172 statement, which is reported for the first time, explains how AFC Bournemouth Limited directors:

- have engaged with employees, suppliers, customers and others; and
- have had regard to employee interests, the need to foster the Company's business relationships with supporters, suppliers, customers and other, and the effect of those considerations, including on the principal decisions taken by the Company during the financial year.

The S172 statement focuses on matters of strategic importance to the Club, and the level of information disclosed is consistent with the size and the complexity of the business.

AFC BOURNEMOUTH LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2021

Section 172(1) statement (continued)

AFC Bournemouth's board oversees all aspects of the business and due to its relatively small size and proximity to senior management, is able to make decisions in fast timeframes and good faith, demonstrating efficiency and acting in the best interests of the Company's shareholder(s) and other stakeholders and in doing so have regards (among other matters) to:

A. "The likely consequences of any decision in the long term"

The directors understand the business and football sector in general and all relevant decisions consider the impact on the long-term success and sustainability of the football club. It is the aim of the Club to regularly compete in the Premier League and therefore its strategy is based around this ultimate goal.

B. "The interests of the Company's employees"

The directors place a lot of emphasis of the success of the Company in the hands of the employees, recognising that success comes when employees are happy, engaged and focused. The Company, as a responsible employer, aims to pay employees a competitive remuneration package as well as ensuring that the working environment is safe and comfortable. The directors therefore factor the implications of decisions on employees and the wider workforce where relevant.

C. "The need to foster the Company's business relationships with suppliers, customers and others"

The success of the Club requires strong mutually beneficial relationships with supporters, other customers and suppliers. The Club's fans and commercial supporters are central to the operations of the Company and the board believes that fostering these relationships is hugely important in the overall success of the business. Board members and other senior management personnel regularly take part in discussions with supporter representatives and other groups to ensure that the interests of AFC Bournemouth are fully aligned.

D. "The impact of the Company's operations on the community and the environment"

The football club is a central point of the community and is a strong representation of the conurbation as a whole. Exposure given while participating in the Premier League has meant that the football club and brand is now known throughout the world. The directors understand this and make decisions to strive to ensure that the Club makes a positive contribution to the local community and environment. The Community Sports Trust operation is heavily involved with a huge amount of interaction with local schools and other initiatives and its activities are very important to the board and football club as a whole. The Club's Greenhouse Gas Emissions data can be found in the Directors' Report and the directors will monitor this output and strive to lessen impact on the environment where possible.

E. "The desirability of the Company maintaining a reputation for high standards of business conduct"

The Company aims to meet all external requirements of economic, environmental and social responsibility. The board oversees and approves education and compliance with requirements such as National Minimum Wage, Mandatory Gender Pay Gap, Modern Slavery Statements and The Criminal Finances Act and strives to make decisions to uphold best practice business operations.

F. "The need to act fairly as between members of the Company"

The Company currently has one shareholder, so this consideration is not applicable at this time.

AFC BOURNEMOUTH LIMITED

**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2021**

Principal risks and uncertainties

Playing success remains a key risk affecting the Club, with the primary aim of achieving and maintaining Premier League status. During the 2020/21 financial year, the Club continued its philosophy of investment in staff and facilities with the focus on progression of playing and non-playing staff. The utilisation of increasingly advanced sports science and medical methodologies and more developed training techniques facilitated this mindset. As one of the smallest clubs in the top echelons of the English football pyramid in terms of stadium size and revenues, such improvements are seen as vital by management in order to continue to improve and differentiate.

The Club is also aware of the risk associated with reliance upon finance from its shareholder to fund operations. However, the directors are confident that this risk is minimal, based on the ongoing commitment from its investor and recent positive developments within the business, which demonstrate the successful outputs resulting from the investment.

Financial key performance indicators

Given the straightforward nature of the business, the Company's directors are of the opinion that analysis using KPIs is not necessary for an understanding of the development, performance, cash flow or financial position of the business.

This report was approved by the board and signed on its behalf by:



N C Blake
Director

Date: 23 February 2022

AFC BOURNEMOUTH LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2021

The directors present their annual report and the audited financial statements of AFC Bournemouth Limited (the "Company" or "Club") for the year ended 30 June 2021.

Results and dividends

The profit for the financial year amounted to £17.1m (2020: loss of £60.1m).

The directors do not recommend the payment of a dividend (2020: £Nil).

Directors

The directors who served during the year and up to the date of signing the financial statements, unless otherwise stated, were:

J A Mostyn
N Rothwell
R Seitz
N C Blake (resigned 1 April 2021 and reappointed 7 December 2021)

Qualifying third party indemnity provisions

The directors have the benefit of an indemnity which is a qualifying third party indemnity provision as defined by Section 234 of the Companies Act 2006. The indemnity was in force throughout the last year and is currently in force.

Going concern

The directors consider it appropriate to adopt the going concern basis in preparing the financial statements. Further details underlying the adoption of this basis are given in note 2 to the financial statements.

Future developments

Since the year end the Club has continued to strive to balance the financial implications of competing in the Championship for the 2021/22 season with retaining and recruiting playing staff to help regain Premier League status at the earliest possible opportunity.

Financial risk management

Credit risk

Credit risk relates primarily to the recoverability of trade debtors from commercial activities and cash held at bank. However, the Company monitors this closely and implements effective credit control procedures to reduce exposure to credit risk and monitors the financial stability of its bank and other financial institutions.

Liquidity risk

The Company is dependent on the financial support of its shareholder. To develop the Company's financial stability, the directors have continued to focus on operational efficiencies and to maximise cash inflow. In addition, the Club has effective procedures for budgeting and reporting, driving accuracy for decision making. It is also one of the Company's key priorities to ensure it meets its obligations to its creditors, through the monitoring of payment days and ensuring negotiated credit terms with suppliers are met.

AFC BOURNEMOUTH LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2021

Employee involvement

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

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

No employees were furloughed as a result of the Covid outbreak and the Company engaged with employees throughout the pandemic through regular communications.

Equality

The Club is committed to providing an environment in which no employee, candidate, supporter or participant in club activities is subject to unlawful discrimination, either directly or indirectly, on the grounds of age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion and belief, sex or sexual orientation.

To create conditions in which this goal can be realised, the Club is committed to identifying and eliminating unlawful discriminatory practices, procedures, and attitudes throughout the Club and in all its activities. The board and management expect staff to support this commitment and to assist in its realisation in all possible ways.

Further to this, the Club will strive to make itself, its environs, and its activities such that all individuals and groups will feel welcomed, comfortable and safe.

AFC Bournemouth was awarded the Advanced Level of the Premier League Equality Standard in 2020 and is currently working to retain this highest award in the new Premier League Equality, Diversity & Inclusion Standard (PLEDIS). The PLEDIS is set around four themes, which have been designed to foster improvements in policy and practice in addition to behavioural and cultural change across all areas of the club:

- Leadership and Commitment
- Promoting Equality, Diversity and Inclusion; Challenging and Preventing Discrimination
- Data, Insight and Delivery
- Learning and Development

AFC BOURNEMOUTH LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2021

Greenhouse gas emissions

During the year, using the conversion factors recommended by the UK government, the Company has calculated its greenhouse gas emissions to be 558 tonnes (2020: 637 tonnes). This was calculated through collating data on all sources of energy usage that are controlled by the club, from fuel used in transportation and groundworks, to electricity and gas usage. The club's intensity ratio is 9.1 tonnes of CO² per match played (2020: 15.5 tons).

UK and offshore

	2020-21	2019-20
Energy consumption used to calculate emissions: kWh	2,635,368	2,810,223
Emissions from combustion of gas tCO ₂ e (Scope 1)	199	223
Emissions from combustion of fuel for transport purposes tCO ₂ e (Scope 1)	3	3
Emissions from business travel in rental cars, chartered flights or employee owned vehicles where company is responsible for purchasing the fuel tCO ₂ e (Scope 3)	27	39
Emissions from purchased electricity tCO ₂ e (Scope 2)	329	372
Total gross tCO ₂ e based on above	558	637
Intensity ratio: tCO ₂ e per football match	9.1	15.5

AFC Bournemouth makes consistent effort to minimise greenhouse gas emissions through shared transport and encouragement and sourcing of energy efficient practices. It is acknowledged that these figures are lower than they otherwise would have been due to Covid affecting normal working activities during financial year.

Statement of directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law). Under company law, directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are also responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006.

The directors are responsible for the maintenance and integrity of the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

AFC BOURNEMOUTH LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2021**

Directors' confirmations

In the case of each director in office at the date the Directors' Report is approved:

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

Independent auditors

Under section 487(2) of the Companies Act 2006, PricewaterhouseCoopers LLP will be deemed to have been reappointed as auditors 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the financial statement with the registrar, whichever is earlier.

The financial statements and subsequent notes on pages 13 to 36 were approved by the Board of Directors on 23 February 2022 and signed on its behalf by:



N C Blake
Director

Date: 23 February 2022

Report on the audit of the financial statements

Opinion

In our opinion, AFC Bournemouth Limited's financial statements:

- give a true and fair view of the state of the Company's affairs as at 30 June 2021 and of its profit and cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the Statement of Financial Position as at 30 June 2021; the Statement of Comprehensive Income, the Statement of Cash Flows and the Statement of Changes in Equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

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

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.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the Company's ability to continue as a going concern.

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

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance 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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of 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 based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

AFC BOURNEMOUTH LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF AFC BOURNEMOUTH LIMITED (CONTINUED)

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 30 June 2021 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of directors' responsibilities in respect of the financial statements, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the Company and industry, we identified that the principal risks of non-compliance with laws and regulations related to the English Football League Financial Fair Play Regulations and the Premier League Profitability and Sustainability Rules, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as tax legislation and the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to inappropriate extraction of cash from the business. Audit procedures performed by the engagement team included:

- Discussions with management throughout the year, as well as at year end. These discussions have included consideration of known or suspected instances of non-compliance with laws and regulations and fraud.
- Identifying and testing journal entries, in particular any journal entries posted with unusual account combinations or posted by senior management.
- Incorporating elements of unpredictability into the audit procedures performed.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

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

AFC BOURNEMOUTH LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF AFC BOURNEMOUTH LIMITED (CONTINUED)

Use of this report

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.



Christopher Boreham (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Southampton

Date: 23 February 2022

AFC BOURNEMOUTH LIMITED**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2021**

	Note	2021 £000	2020 £000
Turnover	4	71,686	95,380
Other operating income	5	4,988	6,717
Profit on disposal of players' registrations	6	55,791	22,922
Staff costs	8	(57,376)	(107,871)
Depreciation and amortisation charge	6	(37,220)	(48,423)
Other operating expenses		(14,286)	(20,608)
Operating profit/(loss)	6	23,583	(51,883)
Interest receivable and similar income	10	1,723	998
Interest payable and similar expenses	11	(8,355)	(9,205)
Profit/(loss) before taxation		16,951	(60,090)
Tax on profit/(loss)	12	121	-
Profit/(loss) for the financial year		17,072	(60,090)

The notes on pages 18 to 36 form part of these financial statements.

AFC BOURNEMOUTH LIMITED
REGISTERED NUMBER: 06632170

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2021

	Note	2021 £000	2020 £000
Fixed assets			
Intangible assets	13	77,158	120,008
Tangible assets	14	9,313	12,152
		<u>86,471</u>	<u>132,160</u>
Current assets			
Stocks	15	235	265
Debtors (amounts falling due after more than one year £5,830,000 (2020: £6,397,000)).	16	41,973	21,052
Cash at bank and in hand	17	4,414	13,041
		<u>46,622</u>	<u>34,358</u>
Creditors: amounts falling due within one year	18	(176,911)	(211,753)
Net current liabilities		<u>(130,289)</u>	<u>(177,395)</u>
Total assets less current liabilities		<u>(43,818)</u>	<u>(45,235)</u>
Creditors: amounts falling due after more than one year	19	(53,383)	(72,634)
Provisions for liabilities			
Other provisions	21	(62)	(95)
Net liabilities		<u>(97,263)</u>	<u>(117,964)</u>
Capital and reserves			
Called up share capital	22	21,110	21,110
Profit and loss account		(118,373)	(139,074)
Total shareholders' deficit		<u>(97,263)</u>	<u>(117,964)</u>

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


N C Blake
 Director

Date: 23 February 2022

The notes on pages 18 to 36 form part of these financial statements.

AFC BOURNEMOUTH LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2021**

	Called up share capital £000	Profit and loss account £000	Total shareholders' deficit £000
At 1 July 2019	21,110	(79,796)	(58,686)
Comprehensive expense for the financial year			
Loss for the financial year	-	(60,090)	(60,090)
Total comprehensive expense for the financial year	-	(60,090)	(60,090)
Contributions by and distributions to owners			
Fair value adjustments on shareholder loans	-	812	812
Total transactions with owners	-	812	812
At 30 June 2020 and 1 July 2020	21,110	(139,074)	(117,964)
Comprehensive income for the financial year			
Profit for the financial year	-	17,072	17,072
Total comprehensive income for the financial year	-	17,072	17,072
Contributions by and distributions to owners			
Fair value adjustments on shareholder's loans	-	3,629	3,629
Total transactions with owners	-	3,629	3,629
At 30 June 2021	21,110	(118,373)	(97,263)

The notes on pages 18 to 36 form part of these financial statements.

AFC BOURNEMOUTH LIMITED**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2021**

	2021 £000	2020 £000
Cash flows from operating activities		
Profit/(loss) for the financial year	17,072	(60,090)
Adjustments for:		
Amortisation of intangible assets	35,946	47,170
Depreciation of tangible assets	1,274	1,253
Interest expense	8,355	9,205
Interest income	(1,723)	(998)
Taxation credit	(121)	-
Decrease in stocks	30	295
Decrease in debtors	1,158	4,062
Decrease in creditors	(40,638)	(23,487)
Decrease in provisions	(33)	(32)
Corporation tax received	121	-
Gain on disposal of intangible assets	(55,791)	(22,922)
Net cash used in operating activities	(34,350)	(45,544)
Cash flows from investing activities		
Purchase of intangible assets	(48,638)	(278)
Sale of intangible assets	45,791	14,639
Purchase of tangible assets	(212)	(2,069)
Sale of tangible assets	6	5
Net cash (used in)/generated from investing activities	(3,053)	12,297
Cash flows from financing activities		
New secured loans	27,776	13,725
Other new loans	1,000	27,900
Repayment of other loans	-	(5,000)
Net cash generated from financing activities	28,776	36,625
Net (decrease)/increase in cash and cash equivalents	(8,627)	3,378

AFC BOURNEMOUTH LIMITED

**STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2021**

	2021	2020
	£000	£000
Cash and cash equivalents at the beginning of the financial year	13,041	9,663
Cash and cash equivalents at the end of the financial year	4,414	13,041
Cash and cash equivalents at the end of the financial year comprise:		
Cash at bank and in hand	4,414	13,041

The notes on pages 18 to 36 form part of these financial statements.

AFC BOURNEMOUTH LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

1. General information

AFC Bournemouth Limited (the "Company" or "Club") is a private company limited by shares registered and domiciled in England & Wales. The Company's principal activity is the operation of a professional football club and related commercial activities.

Its trading and registered office address is Vitality Stadium, Dean Court, Kings Park, Bournemouth, Dorset, England BH7 7AF. The Company registration number is 06632170.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared on a going concern basis, under the historical cost convention and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied consistently throughout the year:

2.2 Going concern

The Company is dependent on continued financial support from its shareholder, including its ultimate controlling party, in order to remain a going concern. The Company's shareholder has committed to provide financial support to the Company for at least 12 months from the date of the signing of the Company's financial statements, in order for the Company to be able to meet its liabilities as they fall due and to realise the value of its assets. The directors have considered the Company's financial position, forecast cash flows and the availability of financial support from its shareholder and consider that it is appropriate to prepare the financial statements on a going concern basis.

2.3 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at rates of exchange ruling at the reporting date. Transactions in foreign currencies are translated into the functional currency at the rate ruling on the date of the transaction. Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Statement of Comprehensive Income within 'finance income or costs'. All other foreign exchange gains and losses are presented in the Statement of Comprehensive Income within other operating expense.

AFC BOURNEMOUTH LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

2. Accounting policies (continued)

2.4 Turnover

Turnover represents income receivable net of VAT, from football and related commercial activities. Match and season ticket turnover, as well as hospitality and events revenue types are all recognised as games are played and events are staged. The fixed element of Premier League and English Football League distributions is recognised over the duration of the football season whilst facility fees for live coverage or highlights are recognised when earned. Merit awards, including those from The Premier League, are accounted for only when they are mathematically achieved, as the football season progresses. Sponsorship and advertising income is recognised over the duration of the respective contracts. Shop merchandise is recognised at point of sale and fees receivable in respect of the loan of players are included in other income and recognised evenly over the period of the loan.

Deferred revenue relates to revenues not yet earned which will be earned over the remaining games of the 19/20 season as well as amounts received in advance in respect of the 20/21 season.

2.5 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to the Statement of Comprehensive Income on a straight line basis over the lease term. Benefits received and receivable as an incentive to sign an operating leases are recognised on a straight line basis over the lease term.

2.6 Contingencies

Contingent liabilities are not recognised. Contingent liabilities arise as a result of past events when (i) it is not probable that there will be an outflow of resources or that the amount cannot be reliably measured at the reporting date or (ii) when the existence will be confirmed by the occurrence or non-occurrence of uncertain future events not wholly within the Company's control. Contingent liabilities are disclosed in the financial statements unless the probability of an outflow of resources is remote.

Contingent assets unless virtually certain are not recognised. Contingent assets are disclosed in the financial statements when an inflow of economic benefits is probable.

2.7 Interest income

Interest income relates to the effective interest on discounted long term player transfer fees due to the Club and are recognised in the Statement of Comprehensive Income.

2.8 Interest expense

Interest expense relates to the effective interest charge on discounted long-term player transfer fees and borrowings.

These items are charged to the Statement of Comprehensive Income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

AFC BOURNEMOUTH LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

2. Accounting policies (continued)

2.9 Pensions

Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in Statement of Comprehensive Income when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of Financial Position. The assets of the plan are held separately from the Company in independently administered funds.

Multi-employer pension plan

The Company is a member of a multi-employer plan. Where it is not possible for the Company to obtain sufficient information to enable it to account for the plan as a defined benefit plan, it accounts for the plan as a defined contribution plan.

Under the provisions of FRS 102 'Retirement Benefits' the Scheme is treated as a defined benefit multi-employer scheme as the Scheme's actuary has advised the participating employers that their share of the underlying assets and liabilities cannot be identified on a reasonable and consistent basis and, accordingly, no further disclosures are made under the provisions of FRS 102.

2.10 Current and deferred taxation

Tax is recognised in Statement of Comprehensive Income except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of Financial Position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

AFC BOURNEMOUTH LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

2. Accounting policies (continued)

2.11 Intangible assets

Intangible assets are initially recognised at cost or fair value if the associated consideration is subject to extended payment terms. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

The third party costs associated with players' registrations or extending their contracts, including agents' fees and levies payable to the Premier League, are capitalised and amortised, in equal installments, over the period of the respective players' contracts. Where a contract life is renegotiated the unamortised costs, together with the new costs relating to the contract extension, are amortised over the new contract period.

The single cash generating unit ("CGU") of the Company is the operation of the Company as a whole. An impairment charge is posted against the Company's intangible assets if it is determined that the carrying amount of the CGU is below the highest of its fair value less costs to sell and its value in use. The directors do not consider that it is possible to determine the value in use of an individual football player in isolation as that player, except in the case of sale or insurance recovery, cannot generate cash flows by themselves. While management does not consider any individual player can be separated from the single CGU there may be certain circumstances where a player is excluded from the CGU when it becomes clear that they will not play for the Club's first team again, for example following a career threatening injury or on being permanently removed from the first team squad for another reason. If such circumstances arise, the carrying value of the player is assessed against the Company's best estimate of the player's fair value less any costs to sell and an impairment charge is recorded in the Statement of Comprehensive Income reflecting any loss arising.

Under the conditions of certain transfer agreements, further fees will be payable to former clubs in the event of the purchased player concerned and/or the Club achieving a specified future event. Liabilities that are contingent on outcomes that are wholly determined by the Company, such as those dependent on the number of appearances by the player, are accounted for as trade creditors or accruals when the specified event has been achieved and capitalised to player registration costs. Other liabilities contingent on future events are provided for and capitalised to player registration costs when it becomes probable that the future event will occur.

Profits or losses on the sale of players represent the transfer fee receivable, net of any transaction costs, less the unamortised cost of the player's registration, signing on fees, termination fees and any other amounts due to the player under contractual terms. Consideration that is dependent on future events is only recognised when its receipt is virtually certain.

Website and software costs are amortised at a rate of 20% per annum.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021**

2. Accounting policies (continued)

2.12 Tangible assets

Tangible assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Freehold building	- Asset not in use, useful life will be assessed by management when in use.
Land and buildings leasehold improvements	- Between 5% and 15% per annum
Land	- Not depreciated
Plant, machinery and vehicles	- Between 15% and 33% per annum
Fixtures, fittings and equipment	- Between 15% and 33% per annum

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in Statement of Comprehensive Income.

2.13 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to sell, after making due allowance for obsolete and slow-moving stocks. Any impairment loss is recognised immediately in the Statement of Comprehensive Income.

2.14 Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021**

2. Accounting policies (continued)

2.15 Financial instruments

The Company applies section 11 and 12 of FRS 102 in respect of recognition and measurement of financial instruments.

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties and loans from related parties. The Company has applied section 11 and 12 of FRS 102 in respect of recognition and measurement of financial instruments.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or in case of an out-right short-term loan that is not at market rate, the financial asset or liability is measured, initially at the present value of future cash flows discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of Comprehensive Income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

Financial assets and liabilities are offset and the net amount reported in the Statement of Financial Position when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

2.16 Player remuneration

Remuneration of players is charged in accordance with the terms of the applicable contractual agreements and any discretionary bonus is recorded when there is a legal or contractual obligation.

Player signing-on fees represent a normal part of the employment cost of the player and as such are recorded in prepayments and charged to the Statement of Comprehensive Income evenly over the term of the contract, except in the circumstances of a player disposal. In that case, any remaining signing on fees due are allocated in full against the profit on disposal of the player's registration in the year in which the player disposal is made.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021**

3. Judgements in applying accounting policies and key sources of estimation uncertainty

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.

(a) Critical accounting estimates and judgements in applying the Company's accounting policies

The directors consider that the critical judgements in applying the Company's accounting policies are:

(i) Determination of a single cash generating unit ("CGU")

As described in note 2.11 the single cash generating unit ("CGU") of the Company is the operation of the Company as a whole. With respect to intangible asset player registrations it is not considered possible to determine the value in use of an individual football player in isolation, other than in the exceptional circumstances described in note 2.11.

(ii) Recognition of liabilities for contingent payments to players and players' former clubs

Under the conditions of certain transfer agreements in respect of players purchased, further transfer fees are payable to former clubs in the event of the purchased player concerned and the club achieving a specified future event. Liabilities contingent on outcomes that are wholly determined by the Company, such as those dependent on the number of appearances by the player, are accounted for as trade creditors or accruals when the specified event has been achieved. Other liabilities contingent on future events are accounted for, as provisions, when it becomes probable that the future event will occur. There are similar contingent contractual compensation arrangements with players and agents at the time of initial transfer or on subsequent contract renegotiation.

(iii) Recognition of liabilities for Corporation Tax

The Company has to make ongoing judgements regarding its tax position. Where a profit is forecast to be achieved during a financial period, an assessment needs to be carried out to understand if it can be relieved through various available offsets including utilising losses from prior years, other group companies and through other reliefs available. The Company will always seek the help of tax specialists when making these judgements. If it is considered that a tax payment will need to be made, after using all available measures to alleviate one, the Company will recognise a liability in its financial statements. This process involves estimates and judgements of income, expenditure and available reliefs in order to ascertain the most likely outcome. The Company has assessed that a claim for Intangible Asset Rollover Relief will be successful, in their judgement, based on the facts and circumstances in determining its tax liability and charge within the current year financial statements. The Directors are confident the claim will be successful given HMRC have confirmed that the claim time limits can be extended due to the impact of Covid -19 on the timings of the conclusion of 2019/2020 season and subsequent transfer windows.

(b) The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that the directors consider have a risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below:

(i) Assumptions in calculating the fair value of long term monetary assets and liabilities

During the year the Company had an interest free fixed term loan and both trade debtors and creditors with extended payment terms. These are initially measured at the present value of their future cash flows and subsequently at amortised cost over the period of repayment. While the periods of repayment are determinable, an estimate of the interest rate to be used has to be made based on current market rates.

AFC BOURNEMOUTH LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

4. Turnover

An analysis of turnover by class of business is as follows:

	2021 £000	2020 £000
Match and season ticket income	329	3,518
English Football League income	5,397	-
Premier League income	62,166	80,683
Sponsorship and advertising	2,009	8,747
Hospitality and events	178	1,244
Shop merchandise	988	976
Other income	619	212
	<u>71,686</u>	<u>95,380</u>

All turnover arose within the United Kingdom.

5. Other operating income

	2021 £000	2020 £000
Other operating income	<u>4,988</u>	<u>6,717</u>

Within other operating income, £1,840,000 (2020: £5,692,000) relates to amounts received for players on loan at other clubs and £2,500,000 (2020: £Nil) relates to a business interruption insurance claim.

6. Operating profit/(loss)

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

	2021 £000	2020 £000
Depreciation of tangible assets	1,274	1,253
Amortisation of intangibles	35,946	47,170
Profit on disposal of players' registrations	(55,791)	(22,922)
Exchange differences	(330)	355
Operating lease rentals	<u>867</u>	<u>827</u>

The profit or loss on the disposal of players' registrations is the difference between the book value of the player's registration at the time of disposal and the net consideration received at the time. Consideration that is contingent on future events is only recognised when its receipt is virtually certain.

AFC BOURNEMOUTH LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021**

7. Auditors' remuneration

	2021	2020
	£000	£000
Fees payable to the Company's auditors for the audit of the Company's annual financial statements	64	60

Fees payable to the Company's auditors in respect of:

Audit-related assurance services	27	25
Taxation compliance services	10	15
Other services relating to taxation	10	22
All other services	4	4
	51	66

8. Staff costs

Staff costs, including directors' remuneration, were as follows:

	2021	2020
	£000	£000
Wages and salaries	50,140	95,021
Social security costs	6,881	12,161
Other pension costs	355	689
	57,376	107,871

The average monthly number of employees, including the directors, during the year was as follows:

	2021	2020
	Number	Number
Playing staff and administration	161	189
School of excellence	72	95
Matchday staff	106	338
	339	622

AFC BOURNEMOUTH LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021**

9. Directors' remuneration

	2021	2020
	£000	£000
Aggregate directors' remuneration	2,056	1,478
Company contributions to defined contribution pension schemes	9	15
	<u>2,065</u>	<u>1,493</u>

During the year retirement benefits were accruing to 2 directors (2020: 2) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £1,884,000 (2020: £1,306,000).

The value of the Company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £4,000 (2020: £10,000).

The directors consider key management to be any statutory director in place during the year.

10. Interest receivable and similar income

	2021	2020
	£000	£000
Implied interest on trade debtors with extended terms	<u>1,723</u>	<u>998</u>

11. Interest payable and similar expenses

	2021	2020
	£000	£000
Interest on bank loans	1,117	741
Implied interest on shareholder loans	4,898	4,265
Implied interest on trade creditors with extended payment terms	2,340	4,199
	<u>8,355</u>	<u>9,205</u>

12. Tax on profit/(loss)

	2021	2020
	£000	£000
Corporation tax		
Current tax on profits for the financial year	-	-
Adjustments in respect of prior years	(121)	-
Total current tax	<u>(121)</u>	<u>-</u>

AFC BOURNEMOUTH LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021**

12. Tax on profit/(loss) (continued)

Factors affecting tax credit for the year

The tax assessed for the year is lower than (2020: higher than) the standard rate of corporation tax in the UK of 19.00% (2020: 19.00%). The differences are explained below:

	2021	2020
	£000	£000
Profit/(loss) before taxation	16,951	(60,090)
Profit/(loss) before taxation multiplied by standard rate of corporation tax in the UK of 19.00% (2020: 19.00%)	3,221	(11,417)
Effects of:		
Expenses not deductible for tax purposes	1,429	1,376
Unrecognised deferred tax (utilised)/not recognised	(821)	10,041
Income not taxable	(3,829)	-
Adjustments to tax charge in respect of prior years	(121)	-
Total tax credit for the financial year	(121)	-

Factors that may affect future tax charges

In the Spring Budget 2021, the government announced that from 1 April 2023 the headline corporation tax rate will increase to 25%. As the proposal to increase the rate to 25% has been substantively enacted at the Balance Sheet date, its effects are included in these financial statements as deferred tax has been measured at the rate it is expected to unwind in the future.

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Totals	
	2021	2020	2021	2020	2021	2020
	£000	£000	£000	£000	£000	£000
Fixed assets	7,721	-	(7,721)	-	-	-
Total	7,721	-	(7,721)	-	-	-

The deferred tax liability is recognised as a result of the gain on disposal of the player registration costs within intangible assets during the year. The Company has assessed that a claim for Intangible Asset Rollover Relief will be successful, in their judgement, based on the facts and circumstances in determining its tax liability and charge within the current year financial statements. The directors are confident the claim will be successful given HMRC have confirmed that the claim time limits can be extended due to the impact of Covid-19 on the timings of the conclusion of 2019/2020 season and subsequent transfer windows. As a result of this claim, a deferred tax asset has been recognised during the year using previously unrecognised deferred tax losses, in order to fully offset the deferred tax liability, resulting in a nil deferred tax position at year end.

AFC BOURNEMOUTH LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021**

12. Tax on profit/(loss) (continued)

Unrecognised deferred tax asset

The Company has an unrecognised deferred tax asset of £22,063,000 (2020: £25,309,000). This deferred tax asset is made up of taxable losses of £21,564,000 (2020: £25,062,000), fixed assets of £22,000 (2020: £221,000) and other timing differences of £521,000 (2020: £26,000). The Company's deferred tax asset has not been recognised at 30 June 2021 and 30 June 2020 as the Company does not have a history of making taxable profits.

13. Intangible assets

	Player registration costs £000	Website & Software £000	Total £000
Cost			
At 1 July 2020	230,009	195	230,204
Additions	7,299	78	7,377
Disposals	(36,640)	-	(36,640)
Other changes during the period	(2,078)	-	(2,078)
At 30 June 2021	<u>198,590</u>	<u>273</u>	<u>198,863</u>
Accumulated amortisation			
At 1 July 2020	110,090	106	110,196
Charge for the year	35,894	52	35,946
On disposals	(24,437)	-	(24,437)
At 30 June 2021	<u>121,547</u>	<u>158</u>	<u>121,705</u>
Net book value			
At 30 June 2021	<u>77,043</u>	<u>115</u>	<u>77,158</u>
At 30 June 2020	<u>119,919</u>	<u>89</u>	<u>120,008</u>

AFC BOURNEMOUTH LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

13. Intangible assets (continued)

The figures for the cost of player registrations is the fair value of purchase consideration for purchased players only. Accordingly, the net book amount of player registrations will not reflect, nor is it intended to, the current market value of these players nor does it take into any account the value of players developed through the youth system.

The directors consider the net realisable value of player registration costs to be greater than their book value.

Player registrations have a carrying amount of £77,043,000 (2020: £119,919,000) and have a remaining amortisation period of up to 3 years (2020: 4 years). There are no other individually material intangible assets.

During the year, agency costs relating to the acquisition of players were reassessed in light of the club's divisional status. When a player is acquired, or upon the signing of a contract extension, the club estimates future agency fees for the duration of that contract. In many cases, agency fees are a percentage of the relevant player's remuneration, which are in turn often affected by divisional status of the club. Therefore, as a result of changes to the club's divisional status, the club reassesses future agency costs and amends player historical cost as necessary. These amendments of £2,078,000 (2020: £Nil) make up the balance in the 'Other changes during the period' line of the above table, with relegations leading to a negative figure and promotions creating a positive value.

AFC BOURNEMOUTH LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021**

14. Tangible assets

	Land £000	Freehold building £000	Land and buildings leasehold improvements £000	Plant, machinery & vehicles £000	Fixtures, fittings & equipment £000	Total £000
Cost						
At 1 July 2020	3,991	1,767	9,982	313	3,257	19,310
Additions	-	5	30	46	131	212
Disposals	-	-	-	(14)	-	(14)
Impairment	-	(1,771)	-	-	-	(1,771)
At 30 June 2021	<u>3,991</u>	<u>1</u>	<u>10,012</u>	<u>345</u>	<u>3,388</u>	<u>17,737</u>
Accumulated depreciation						
At 1 July 2020	-	-	4,679	288	2,191	7,158
Charge for the year	-	-	920	14	340	1,274
Disposals	-	-	-	(8)	-	(8)
At 30 June 2021	<u>-</u>	<u>-</u>	<u>5,599</u>	<u>294</u>	<u>2,531</u>	<u>8,424</u>
Net book value						
At 30 June 2021	<u>3,991</u>	<u>1</u>	<u>4,413</u>	<u>51</u>	<u>857</u>	<u>9,313</u>
At 30 June 2020	<u>3,991</u>	<u>1,767</u>	<u>5,303</u>	<u>25</u>	<u>1,066</u>	<u>12,152</u>

15. Stocks

	2021 £000	2020 £000
Finished goods and goods for resale	<u>235</u>	<u>265</u>

Stock recognised in operating expenses during the year as an expense was £470,000 (2020: £715,000).

The difference between purchase price of stocks and their replacement cost is not material.

There is no stock provision (2020: £Nil).

AFC BOURNEMOUTH LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021**

16. Debtors

	2021	2020
	£000	£000
Trade debtors	38,073	17,619
Other debtors	2,735	1,507
Prepayments and accrued income	1,165	1,926
	41,973	21,052

Included in trade debtors are amounts in respect of football transfer fees due from former clubs and loan fees due from other football clubs. The undiscounted value of these is £37,528,000 (2020: £17,824,000), of which £6,126,000 (2020: £6,141,000) are due in more than one year.

There is no bad debt provision (2020: £Nil).

Included within trade debtors is £5,830,000 (2020: £5,832,000) due for payment in more than one year. Included within other debtors is £Nil (2020: £565,000) due for payment in more than one year. No amounts are due in more than five years.

17. Cash at bank and in hand

	2021	2020
	£000	£000
Cash at bank and in hand	4,414	13,041

AFC BOURNEMOUTH LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021****18. Creditors: amounts falling due within one year**

	2021 £000	2020 £000
Bank loans	30,335	9,937
Trade creditors	30,851	42,259
Amounts owed to group undertakings	100,216	99,327
Taxation and social security	5,281	22,524
Other creditors	28	39
Accruals	7,320	6,661
Deferred income	2,880	31,006
	<u>176,911</u>	<u>211,753</u>

Included in trade creditors are amounts due in respect of football transfer fees payable to former clubs and loan fees due to other football clubs. The undiscounted value of these due within one year is £30,245,000 (2020: £40,546,000).

All amounts owed to group undertakings are due to the sole shareholder.

Amounts owed to group undertakings are interest free amounts owed to the Company's shareholder. These loans are partially repayable on demand (£33,137,000) and partially repayable in September 2021 (£67,079,000). After the year end, the repayment date for the loans due to be repaid to the shareholder in September 2021 was extended to September 2022. These loans are secured over the assets of the Company. The Company has received assurances from the shareholder that they will not request repayment of these on-demand loans from the Company, unless the Company has the resources to do so, as disclosed in note 2.2.

19. Creditors: amounts falling due after more than one year

	2021 £000	2020 £000
Bank loans	5,965	5,659
Trade creditors	13,741	33,101
Amounts owed to group undertakings	28,348	26,968
Accruals	5,329	6,906
	<u>53,383</u>	<u>72,634</u>

Included in trade creditors are amounts due in respect of football compensation and loan fees due to other football clubs. The undiscounted value of these due after more than one year is £14,689,000 (2020: £35,995,000).

Amounts owed to group undertakings are interest free amounts owed to the Company's shareholder. These loans are repayable in January 2024. These loans are secured over the assets of the Company.

No amounts have a specified repayment date falling due after more than five years.

AFC BOURNEMOUTH LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021**

20. Financial instruments

	2021	2020
	£000	£000
Financial assets		
Financial assets that are debt instruments measured at amortised cost	<u>40,990</u>	<u>19,360</u>
Financial liabilities		
Financial liabilities measured at amortised cost	<u>(222,133)</u>	<u>(230,857)</u>

Financial assets measured at amortised cost comprise of trade debtors, other debtors and accrued income.

Financial liabilities measured at amortised cost comprise bank loans, amounts owed to group undertakings, trade creditors, other creditors and accruals.

21. Other provisions

	Pension obligations
	£000
At 1 July 2020	95
Utilised in year	(33)
At 30 June 2021	<u>62</u>

The Club is advised of its share of the deficit in the defined benefit section of The Football League Pension and Life Assurance Scheme ("the Scheme"). The most recent valuation of the whole Scheme was as at 31 August 2020 and this reported a deficit for the whole Scheme of £27.5m. The Club's share of this deficit at 30 June 2021 is £126,615 (2020: £95,000).

22. Called up share capital

	2021	2020
	£000	£000
Shares classified as equity		
Allotted and fully paid		
20,860 (2020: 20,860) Preference shares of £1,000 (2020: £1,000) each	20,860	20,860
125,002 (2020: 125,002) Ordinary A shares of £1 (2020: £1) each	125	125
125,002 (2020: 125,002) Ordinary B shares of £1 (2020: £1) each	125	125
	<u>21,110</u>	<u>21,110</u>

AFC BOURNEMOUTH LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

22. Called up share capital (continued)

The Ordinary A shares and Ordinary B shares rank pari passu in all respects.

The Preference shares entitle the holders to receive notice of all general meetings but do not entitle the holders to attend or vote at any general meeting or to participation in the profits or assets of the Company. On winding up or repayment of capital, holders of the Preference shares shall be entitled to repayment of the capital paid up in those shares. This payment will be made in priority to holders of Ordinary A shares or Ordinary B shares.

23. Contingent liabilities

Under the conditions of certain transfer agreements in respect of players purchased, further transfer fees are payable to former clubs in the event of the purchased player concerned and the Club achieving a specified future event. Liabilities contingent on outcomes that are wholly determined by the Company, such as those dependent on the number of appearances by the player, are accounted for as trade creditors or accruals when the specified event has been achieved. Other liabilities contingent on future events are accounted for, as provisions, when it becomes probable that the future event will occur. There are similar contingent contractual compensation arrangements with players and agents at the time of initial transfer or on subsequent contract renegotiation. The Company's contingent liability for these matters at 30 June 2021 is estimated to be £8,255,000 (2020: £34,845,000) of which £4,217,000 (2020: £19,400,000) are in respect of compensation on transfer and loan agreements with other football clubs and £4,038,000 (2020: £15,445,000) are in respect of compensation to players and agents.

24. Pension commitments

The Company participates in a number of defined contribution pension schemes on behalf of certain employees. The assets of these schemes are held separately from those of the Company in independently administered funds. The charge for the year for schemes accounted for as defined contribution schemes was £355,000 (2020: £689,000).

25. Commitments under operating leases

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

	2021 £000	2020 £000
Not later than 1 year	861	688
Later than 1 year and not later than 5 years	2,844	2,277
Later than 5 years	10,952	10,841
	<u>14,657</u>	<u>13,806</u>

AFC BOURNEMOUTH LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

26. Related party transactions

As at 30 June 2021 the Company owed its parent company A.FC.B. Enterprises Limited, a company registered in The British Virgin Islands, a non-interest bearing loan with a book and fair value of £128,564,000.

The value of the loans are £132,819,000 with discounting adjustments of £4,255,000 relating to an implied equity contribution, resulting in implied FRS 102 interest charged on the loans. This is due to no interest being payable on the loans and hence being below the Company's perceived external borrowing costs. The loans are secured over the assets of the Company. The loans are repayable as follows: £33,137,000 on demand, £67,775,000 in September 2021 and £31,907,000 in January 2024.

As at 30 June 2021 the Company was owed £Nil (2020: £Nil) from its ultimate controlling party.

During the year, the Company sold tax losses to Wintel Petrochemicals Limited, a fellow group company with the same ultimate controlling party, for a consideration of £121,000 (2020 £Nil).

The Company engaged Helix Fiduciary AG, a firm under the control of two directors of AFC Bournemouth Limited, for consultancy work. This amounted to £300,000 of services supplied during the year.

27. Events after the reporting period

The playing registrations of certain footballers have been disposed of, subsequent to 30 June 2021, for total proceeds, net of associated costs, of £19,171,000. The associated net book value was £15,300,000.

Subsequent to 30 June 2021 the playing registrations of certain players were acquired for a total consideration, including associated costs, of £12,328,000.

On 24 September 2021 the company received net £9,644,000 in relation to the forward funding of future transfer receivables. The gross receivable was £10,247,000 with deductions for interest, professional fees and sell-on fees due to former clubs.

The club has received further interest free shareholder loans of £24.5m since 30 June 2021.

After the year end, the repayment date for the loans due to be repaid to the shareholder in September 2021 was extended to September 2022.

28. Ultimate parent undertaking and controlling party

The immediate parent company of the Company is A.FC.B. Enterprises Limited, a company registered in The British Virgin Islands. The ultimate parent company is Fortina Enterprises Limited, a company registered in The British Virgin Islands.

The ultimate controlling party is Mr. M Demin.