

Registered number: 06632170

**AFC BOURNEMOUTH LIMITED**

**ANNUAL REPORT**

**FOR THE PERIOD ENDED 30 JUNE 2017**

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**AFC BOURNEMOUTH LIMITED**

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**AFC BOURNEMOUTH LIMITED**

**COMPANY INFORMATION**

<b>Directors</b>	Mr N Blake Mr J Coppoletta Mr M Hulsizer Mr J Mostyn Mr N Rothwell Mr R Seitz
<b>Registered number</b>	06632170
<b>Registered office</b>	Vitality Stadium Dean Court Kings Park Bournemouth Dorset BH7 7AF
<b>Independent auditors</b>	PricewaterhouseCoopers LLP Chartered Accountants and Statutory Auditors Savannah House 3 Ocean Way Southampton SO14 3TJ

## **AFC BOURNEMOUTH LIMITED**

### **STRATEGIC REPORT FOR THE PERIOD ENDED 30 JUNE 2017**

#### **Introduction**

The directors present the Strategic Report for AFC Bournemouth Limited (the "company" or the "club") for the period ended 30 June 2017.

#### **Business review**

The financial statements for the period ended 30 June 2017 cover the 11-month period (2016: period ended 31 July 2016 covering the 12 month period) where the football club competed in the Football Association Premier League. The club finished in a record high position of 9th with 46 points (2016: 16th with 42 points), which was enough to secure Premier League status for 2017/18; a third consecutive season.

During the financial period, the club's focus was to consolidate its position in the Premier League through targeted expenditure on assets and expertise in the playing squad and supporting infrastructure. Player registration cost additions for the 11-month period were £9.3m compared with £69.8m in the previous financial period. This can be largely explained by the change in period-end date, which meant that there was no month of July in the period. July is historically the month where a large proportion of player transfers occur. This investment in the current period and previous year resulted in increased amortisation costs of £19.6m (2016: £13.2m) and contributed to an increase in total wages and salaries to £71.5m (2016: £59.6m).

Turnover was up by £48.6m to £136.5m (2016: £87.9m) almost entirely due to the increased revenue generated centrally from the new three-year broadcasting and sponsorship deal brokered by the Premier League on behalf of its member clubs. The club's 9th place finish and attractive brand of football also contributed to a larger financial reward through additional prize money and television broadcasting receipts. However, costs relating to football player and team management wages, including Premier League retention bonuses, also increased as the club strived 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 maintaining Premier League status.

The club recorded an operating profit of £16.1m (2016: £5.0m) which included a loss on disposal of intangible fixed assets in respect of player sales of £1.2m (2016: gain of £10.7m).

The directors continue to maintain close control over cash flow and have implemented and maintained 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 period there were no changes to key personnel in first team management or senior executive positions.

The net result of the above has been a profit before taxation of £14.6m (2016: £3.4m) mainly as a result of higher turnover more than offsetting higher staff and other costs.

The directors consider the financial position of the company to be satisfactory at 30 June 2017.

During the period, the company changed its financial year end from 31 July to 30 June. This change was to align internal financial reporting dates with the financial year.

**AFC BOURNEMOUTH LIMITED**

**STRATEGIC REPORT (CONTINUED)  
FOR THE PERIOD ENDED 30 JUNE 2017**

**Principal risks and uncertainties**

Playing success remains a key risk affecting the club in order to sustain its Premier League status. This period has seen further investment in playing staff through utilising increasingly advanced sports science methodologies and more developed training techniques. As one of the smallest clubs in the Premier League 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 shareholders to fund operations. However, the directors are confident that this risk is minimal, based on the ongoing commitment from its investors and recent positive developments within the business, which demonstrate the successful outputs resulting from the investment.

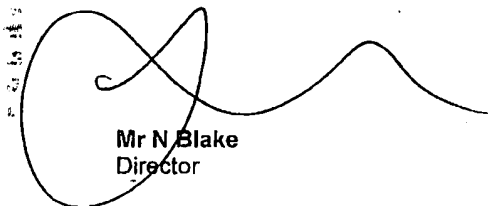
**Financial key performance indicators**

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.

The Strategic report presented above is authorised by the Board on  
signed on its behalf.

23/2/17

and



Mr N Blake  
Director

## **AFC BOURNEMOUTH LIMITED**

### **DIRECTORS' REPORT FOR THE PERIOD ENDED 30 JUNE 2017**

The directors present their report and the audited financial statements of AFC Bournemouth Limited (the "company" or the "club") for the period ended 30 June 2017.

#### **Results and dividends**

The profit for the period, after taxation, amounted to £13,991,000 (2016: £3,395,000).

The directors do not recommend the payment of a dividend (2016: £nil).

#### **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 2.2 to the financial statements.

#### **Future developments**

Since the period-end the club has continued to invest in its playing staff to help maintain Premier League status. The club continues to have plans for growth and expansion and it is hoped that the playing squad can be developed further to ensure continued playing success.

The club has secured a site for a new stadium development and it is the ambition that this will be built in time for the start of the 2020/21 season.

The club has also purchased some land in order to relocate training facilities, with the intention to develop a single-location complex for the first team, development squad, academy and pre-academy training operations.

#### **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 shareholders. 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.

##### **Employee involvement**

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

Information 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.

##### **Disabled employees**

The company's policy is to recruit disabled workers for those vacancies that they are able to fill. All necessary assistance with initial training courses is given. Once employed, a career is developed so as to ensure suitable opportunities for each disabled person. Arrangements are made, wherever possible, for retraining employees who become disabled, to enable them to perform work identified as appropriate to their aptitudes and abilities.

## **AFC BOURNEMOUTH LIMITED**

### **DIRECTORS' REPORT (CONTINUED) FOR THE PERIOD ENDED 30 JUNE 2017**

#### **Directors**

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

Mr N Blake  
Mr J Coppoletta  
Mr M Hulsizer  
Mr J Mostyn  
Mr M Ponomarev (resigned 24 August 2017)  
Mr N Rothwell  
Mr I Tikhturov (resigned 24 August 2017)  
Mr O Tikhturov (resigned 24 August 2017)  
Mr J O'Neill (resigned 25 November 2016)  
Mr R Seitz (appointed 2 December 2016)

#### **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 period and is currently in force.

#### **Directors' responsibilities statement**

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 period. 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 the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing the 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 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 also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

#### **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 statements with the registrar, whichever is earlier.

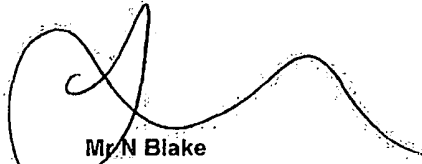
AFC BOURNEMOUTH LIMITED

**DIRECTORS' REPORT (CONTINUED)  
FOR THE PERIOD ENDED 30 JUNE 2017**

This report was approved by the board and signed on

23/2/18

on its behalf.



Mr N Blake  
Director



## **AFC BOURNEMOUTH LIMITED**

### **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF AFC BOURNEMOUTH LIMITED**

## **Report on the audit of the financial statements**

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### **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 2017 and of its profit and cash flows for the 11 month period (the "period") 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, which comprise: the Statement of Financial Position as at 30 June 2017; the Statement of Comprehensive Income, the Statement of Cash Flows, the Statement of Changes in Equity for the 11 month period 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**

We have nothing to report in respect of the following matters in relation to which ISAs (UK) require us to report to you when:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

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

### **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 the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require 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 period ended 30 June 2017 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 Directors' Responsibilities Statement set out on page 5, 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.

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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditors' report.

##### *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.

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## 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 received 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.



Matthew Hall (Senior statutory auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Southampton

Date: 23 February 2018.

AFC BOURNEMOUTH LIMITED

STATEMENT OF COMPREHENSIVE INCOME  
FOR THE PERIOD ENDED 30 JUNE 2017

	Note	11 month period ended 30 June 2017 £000	Year ended 31 July 2016 £000
Turnover	4	136,456	87,875
Other operating income	5	2,241	740
(Loss)/profit on disposal of players' registrations	6	(1,195)	10,692
Staff costs	8	(71,534)	(59,557)
Depreciation and other amounts written off tangible and intangible fixed assets	6	(20,760)	(14,223)
Other operating expenses		(29,087)	(20,535)
<b>Operating profit</b>	6	<b>16,121</b>	<b>4,992</b>
Interest receivable and similar income	10	322	76
Interest payable and similar expenses	11	(1,794)	(1,673)
<b>Profit before tax</b>		<b>14,649</b>	<b>3,395</b>
Tax on profit	12	(658)	-
<b>Profit for the financial period/year</b>		<b>13,991</b>	<b>3,395</b>

The notes on pages 13 to 32 form part of these financial statements..

**AFC BOURNEMOUTH LIMITED**  
**REGISTERED NUMBER: 06632170**

**STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 JUNE 2017**

	Note	30 June 2017 £000	31 July 2016 £000
<b>Fixed assets</b>			
Intangible assets	13	56,681	70,900
Tangible assets	14	8,791	9,182
		<u>65,472</u>	<u>80,082</u>
<b>Current assets</b>			
Stocks	15	683	213
Debtors	16	18,158	14,615
Cash at bank and in hand	17	12,683	33,506
		<u>31,524</u>	<u>48,334</u>
Creditors: amounts falling due within one year	18	<u>(119,032)</u>	<u>(153,546)</u>
<b>Net current liabilities</b>		<b>(87,508)</b>	<b>(105,212)</b>
<b>Total assets less current liabilities</b>		<b>(22,036)</b>	<b>(25,130)</b>
Creditors: amounts falling due after more than one year	19	(5,170)	(16,427)
<b>Provisions for liabilities</b>			
Other provisions	21	(45)	(73)
<b>Net liabilities</b>		<b>(27,251)</b>	<b>(41,630)</b>
<b>Capital and reserves</b>			
Called up share capital	22	21,110	21,110
Profit and loss account		(48,361)	(62,740)
<b>Total equity</b>		<b>(27,251)</b>	<b>(41,630)</b>

The financial statements on pages 9 to 32 were approved and authorised for issue by the board and were signed on its behalf by:

  
**Mr N Blake**  
 Director

Date: 23/2/18

AFC Bournemouth Limited  
 Company number: 06632170

The notes on pages 13 to 32 form part of these financial statements.

**AFC BOURNEMOUTH LIMITED**

**STATEMENT OF CHANGES IN EQUITY  
FOR THE PERIOD ENDED 30 JUNE 2017**

	Called up share capital £000	Profit and loss account £000	Total equity £000
At 1 August 2015	21,110	(62,918)	(41,808)
<b>Comprehensive income for the year</b>			
Profit for the year	-	3,395	3,395
<b>Total comprehensive income for the year</b>	-	3,395	3,395
<b>Contributions by and distributions to owners</b>			
Expense to equity on modification of shareholder loan to nominal book value	-	(3,418)	(3,418)
Capital contribution on initial recognition of shareholder loans at fair value	-	201	201
<b>Total transactions with owners</b>	-	(3,217)	(3,217)
At 1 August 2016	21,110	(62,740)	(41,630)
<b>Comprehensive income for the period</b>			
Profit for the period	-	13,991	13,991
<b>Total comprehensive income for the period</b>	-	13,991	13,991
<b>Contributions by and distributions to owners</b>			
Capital contribution on initial recognition of shareholder loans at fair value	-	388	388
<b>Total transactions with owners</b>	-	388	388
At 30 June 2017	21,110	(48,361)	(27,251)

The notes on pages 13 to 32 form part of these financial statements.

**AFC BOURNEMOUTH LIMITED**

**STATEMENT OF CASH FLOWS  
FOR THE PERIOD ENDED 30 JUNE 2017**

	11 month period ended 30 June 2017 £000	Year ended 31 July 2016 £000
<b>Cash flows from operating activities</b>		
Profit before tax	14,649	3,395
<b>Adjustments for:</b>		
Amortisation of intangible assets	19,596	13,167
Depreciation of tangible assets	1,164	1,058
Loss on disposal of tangible assets	-	58
Interest expense	1,794	1,673
Interest income	(322)	(76)
Increase in stocks	(470)	(39)
(Increase)/decrease in debtors	(5,383)	392
(Decrease)/increase in creditors	(31,506)	39,452
Decrease in provisions	(28)	(30)
Corporation tax received	-	439
Remove gain on disposal of intangible fixed assets	1,195	(10,692)
<b>Net cash from operating activities</b>	<b>689</b>	<b>48,797</b>
<b>Cash flows used in investing activities</b>		
Purchase of intangible fixed assets	(25,167)	(30,706)
Purchase of tangible fixed assets	(773)	(2,580)
Sale of intangible assets	5,087	-
Sale of tangible fixed assets	-	5,334
Interest received	2	7
<b>Net cash used in investing activities</b>	<b>(20,851)</b>	<b>(27,945)</b>
<b>Cash flows (used in)/from financing activities</b>		
Other new loans	18,081	19,648
Repayment of other loans	(18,741)	(8,357)
Interest paid	(1)	-
<b>Net cash (used in)/from financing activities</b>	<b>(661)</b>	<b>11,291</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(20,823)</b>	<b>32,143</b>
Cash and cash equivalents at beginning of period	33,506	1,363
<b>Cash and cash equivalents at the end of period</b>	<b>12,683</b>	<b>33,506</b>
<b>Cash and cash equivalents at the end of period comprise:</b>		
Cash at bank and in hand	12,683	33,506

## AFC BOURNEMOUTH LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2017

#### 1. General information

AFC Bournemouth Limited 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 BH7 7AF. The company registration number is 06632170.

#### 2. Accounting policies

##### 2.1 Basis of preparation of financial statements

The financial statements for the period ended 30 June 2017 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 for the period ended 30 June 2017 in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the company's accounting policies (see note 3).

The following principal accounting policies have been consistently applied:

##### 2.2 Going concern

The company is dependent on continued financial support from its shareholders, including its ultimate controlling party, in order to remain a going concern. The company's shareholders have committed to provide financial support to the company for at least 12 months from the date of the signing of the company's full 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 shareholders and consider that it is appropriate to prepare the financial statements on a going concern basis.

##### 2.3 Turnover

Turnover represents income receivable net of VAT, from football and related commercial activities. Gate and other match/event day turnover is recognised as games are played and events are staged. Sponsorship and similar commercial income is recognised over the duration of the respective contracts. The fixed element of broadcasting turnover is recognised over the duration of the football season whilst facility fees for live coverage or highlights are taken when earned. Merit awards, including those from The Football League, are accounted for only when known at the end of the financial period. Fees receivable in respect of the loan of players are included in other income and recognised evenly over the period of the loan.

## AFC BOURNEMOUTH LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2017

#### 2. Accounting policies (continued)

##### 2.4 Intangible assets

###### Goodwill

Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of its identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, Goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight line basis to the Statement of Comprehensive Income over its useful economic life of 5 years. The company has taken advantage of the transition arrangements of FRS 102 to not restate the opening carrying value or useful economic life of its goodwill.

###### Other 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 five 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 instalments, 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.

Where the acquisition of a player registration involves a non-cash consideration, such as an exchange for another player registration, the transaction is accounted for using an estimate of the market value for the non-cash consideration.

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.



AFC BOURNEMOUTH LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 30 JUNE 2017

2. Accounting policies (continued)

2.4 Intangible assets (continued)

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.

2.5 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:

Land and buildings leasehold improvements	- Between 5% and 15% per annum
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 the Statement of Comprehensive Income.

2.6 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.

2.7 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.8 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.

## AFC BOURNEMOUTH LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2017

#### 2. Accounting policies (continued)

##### 2.9 Financial instruments

The company only enters into basic financial instruments 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 to related parties.

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 financed at a rate of interest that is not a market rate or in case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow 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.

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.

##### 2.10 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

##### 2.11 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 income or operating expense.

## AFC BOURNEMOUTH LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2017

#### 2. Accounting policies (continued)

##### 2.12 Finance costs

Finance costs 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.

##### 2.13 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 lease are recognised on a straight line basis over the lease term.

##### 2.14 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 the 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 participates, along with other football clubs, in the Football League Pension and Life Assurance Scheme (the "Scheme"). A provision has been established for the company's estimated share of the actuarial technical deficit of this scheme, as notified by the Football League Pension and Life Assurance Scheme.

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.

##### 2.15 Interest income

Interest income is recognised in the Statement of Comprehensive Income using the effective interest method.

##### 2.16 Borrowing costs

All borrowing costs are recognised in the Statement of Comprehensive Income in the period in which they are incurred.

**AFC BOURNEMOUTH LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 30 JUNE 2017**

**2. Accounting policies (continued)**

**2.17 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 are not recognised. Contingent assets are disclosed in the financial statements when an inflow of economic benefits is probable.

**2.18 Taxation**

Tax is recognised in the 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.

**2.19 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 PERIOD ENDED 30 JUNE 2017

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 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 2.4 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 2.4.

*ii) Useful economic lives of tangible assets*

The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are reassessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets.

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

During the period 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.

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 have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

*(i) Carrying value of tangible assets and intangible assets – player registrations and goodwill*

There is an estimation involved in assessing the carrying value of the company's tangible and intangible fixed assets, which are part of the total company cash generating unit. The carrying value of the company as a whole is assessed as the highest of fair value less costs to sell or value in use.

*(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 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.

**AFC BOURNEMOUTH LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 30 JUNE 2017**

**4. Turnover**

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

	<b>11 month period ended 30 June 2017 £000</b>	<b>Year ended 31 July 2016 £000</b>
Match and season ticket income	5,188	5,417
English Football League income	340	617
Premier League income	124,160	74,562
Sponsorship and advertising	3,643	3,781
Hospitality and events	1,308	1,261
Shop merchandise	1,056	1,312
Other income	761	925
	<b>136,456</b>	<b>87,875</b>

All turnover arose within the United Kingdom.

**5. Other operating income**

	<b>11 month period ended 30 June 2017 £000</b>	<b>Year ended 31 July 2016 £000</b>
Other operating income	2,241	740

Other operating income relates to player loan fees received.

AFC BOURNEMOUTH LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 30 JUNE 2017

6. Operating profit

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

	11 month period ended 30 June 2017 £000	Year ended 31 July 2016 £000
Depreciation of tangible-assets	1,164	1,058
Amortisation of intangibles, including goodwill	19,596	13,167
Loss/(profit) on disposal of players' registrations	1,195	(10,692)
Impairment of trade debtors	.1	-
Exchange differences	165	323
Operating lease rentals	873	715

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 consideration received at the time. Consideration that is contingent on future events is only recognised when its receipt is virtually certain.

7. Auditors' remuneration

	11 month period ended 30 June 2017 £000	Year ended 31 July 2016 £000
Fees payable to the Company's auditors and its associates for the audit of the Company's annual financial statements	45	54
<b>Fees payable to the Company's auditors and its associates in respect of:</b>		
Audit-related assurance services	10	11
Taxation compliance services	45	5
Other services relating to taxation	36	23
All other services	3	6

**AFC BOURNEMOUTH LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 30 JUNE 2017**

**8. Staff costs**

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

	<b>11 month period ended 30 June 2017 £000</b>	<b>Year ended 31 July 2016 £000</b>
Wages and salaries	62,512	51,829
Social security costs	8,398	6,964
Other pension costs	624	764
	<u>71,534</u>	<u>59,557</u>

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

	<b>11 month period ended 30 June 2017  Number</b>	<b>Year ended 31 July 2016  Number</b>
Playing staff and administration	153	132
School of excellence	59	50
Matchday staff	363	344
	<u>575</u>	<u>526</u>



AFC BOURNEMOUTH LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 30 JUNE 2017

9. Directors' remuneration

	11 month period ended 30 June 2017 £000	Year ended 31 July 2016 £000
Directors' emoluments	1,375	1,194
Company contributions to defined contribution pension schemes	30	24
	<u>1,405</u>	<u>1,218</u>

During the period retirement benefits were accruing to 1 directors (2016 - 1) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £1,226,000 (2016 - £1,074,000).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £30,000 (2016 - £24,000).

The directors consider key management to be the statutory directors of the company.

10. Interest receivable and similar income

	11 month period ended 30 June 2017 £000	Year ended 31 July 2016 £000
Bank interest	2	7
Implied interest on trade debtors with extended terms	320	69
	<u>322</u>	<u>76</u>

11. Interest payable and similar expenses

	11 month period ended 30 June 2017 £000	Year ended 31 July 2016 £000
Operating lease interest	1	-
Implied interest on shareholder loans	390	753
Implied interest on trade creditors with extended payment terms	1,403	920
	<u>1,794</u>	<u>1,673</u>

AFC BOURNEMOUTH LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 30 JUNE 2017

12. Tax on profit

	11 month period ended 30 June 2017 £000	Year ended 31 July 2016 £000
<b>Current tax</b>		
UK corporation tax on profits for the period/year	320	-
Adjustment in respect of previous periods	338	-
<b>Total current tax</b>	<u>658</u>	<u>-</u>

**Factors affecting tax charge for the period/year**

The tax assessed for the period/year is lower than (2016: lower than) the standard rate of corporation tax in the UK of 19.73% (2016: 20%). The differences are explained below:

	11-month period ended 30 June 2017 £000	Year ended 31 July 2016 £000
Profit before tax	<u>14,649</u>	<u>3,395</u>
Profit before tax multiplied by standard rate of corporation tax in the UK of 19.73% (2016: 20%)	2,890	679
<b>Effects of:</b>		
Expenses not deductible for tax purposes	426	335
Adjustment from previous periods	338	-
Non-taxable income	-	(14)
Tax losses utilised not previously recognised	(2,996)	(1,000)
<b>Total tax charge for the period/year</b>	<u>658</u>	<u>-</u>

AFC BOURNEMOUTH LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 30 JUNE 2017

12. Tax on profit (continued)

Factors that may affect future tax charges

Changes to the UK corporation tax rates were substantively enacted as part of Finance Bill 2015 (on 26 October 2015) and Finance Bill 2016 (on 7 September 2016). These include reductions to the main rate to reduce the rate to 19% from 1 April 2017 and to 17% from 1 April 2020. Deferred taxes at the balance sheet date have been measured using these enacted tax rates and reflected in these financial statements.

Unrecognised deferred tax asset

The company has an unrecognised deferred tax asset of £7,284,000 (2016: £9,240,000). This deferred tax asset is made up of taxable losses of £7,081,000 (2016: £9,240,000), fixed assets of £188,000 (2016: £nil) and other timing differences of £15,000 (2016: £nil). The company's deferred tax asset has not been recognised at 30 June 2017 and 31 July 2016 as the company does not have a history of making taxable profits.

13. Intangible assets

	Goodwill £000	Player registration costs £000	Website & Software £000	Total £000
<b>Cost</b>				
At 1 August 2016	1,633	87,232	-	88,865
Additions	-	9,264	131	9,395
Disposals	-	(9,553)	-	(9,553)
At 30 June 2017	1,633	86,943	131	88,707
<b>Accumulated amortisation</b>				
At 1 August 2016	1,430	16,535	-	17,965
Charge for the period	75	19,520	1	19,596
On disposals	-	(5,535)	-	(5,535)
At 30 June 2017	1,505	30,520	1	32,026
<b>Net book value</b>				
At 30 June 2017	128	56,423	130	56,681
At 31 July 2016	203	70,697	-	70,900

AFC BOURNEMOUTH LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 30 JUNE 2017

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 £56,423,000 (2016: £70,697,000) and have a remaining amortisation period of up to 4 years (2016: 4 years). There are no other individually material intangible assets.

14. Tangible assets

	Fixtures, Fittings & Equipment £000	Plant, Machinery & Vehicles £000	Land and Buildings leasehold Improvements £000	Total £000
<b>Cost</b>				
At 1 August 2016	1,543	274	9,574	11,391
Additions	428	22	323	773
At 30 June 2017	<u>1,971</u>	<u>296</u>	<u>9,897</u>	<u>12,164</u>
<b>Accumulated depreciation</b>				
At 1 August 2016	823	169	1,217	2,209
Charge for the period	415	22	727	1,164
At 30 June 2017	<u>1,238</u>	<u>191</u>	<u>1,944</u>	<u>3,373</u>
<b>Net book value</b>				
At 30 June 2017	<u>733</u>	<u>105</u>	<u>7,953</u>	<u>8,791</u>
At 31 July 2016	<u>720</u>	<u>105</u>	<u>8,357</u>	<u>9,182</u>

**AFC BOURNEMOUTH LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 30 JUNE 2017**

**15. Stocks**

	<b>30 June 2017 £000</b>	<b>31 July 2016 £000</b>
Finished goods and goods for resale	<b>683</b>	<b>213</b>

Stock recognised in cost of sales during the period as an expense was £952,000 (2016: £681,000).

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

There is no stock provision (2016: £nil).

**16. Debtors**

	<b>30 June 2017 £000</b>	<b>31 July 2016 £000</b>
Trade debtors	<b>6,724</b>	<b>8,591</b>
Other debtors	<b>5,857</b>	<b>381</b>
Prepayments and accrued income	<b>5,577</b>	<b>5,306</b>
Corporation tax repayable	<b>-</b>	<b>337</b>
	<b>18,158</b>	<b>14,615</b>

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 £6,082,000 (2016: £7,619,000). Included in prepayments are amounts paid in advance in respect of football loan fees of £nil (2016: £550,000).

There is no bad debt provision (2016: £nil).

Included within trade debtors is £nil (2016: £3,795,000) due for payment in more than one year. No amounts are due in more than five years.

**17. Cash at bank and in hand**

	<b>30 June 2017 £000</b>	<b>31 July 2016 £000</b>
Cash at bank and in hand	<b>12,683</b>	<b>33,506</b>

**AFC BOURNEMOUTH LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 30 JUNE 2017**

**18. Creditors: Amounts falling due within one year**

	<b>30 June 2017 £000</b>	<b>31 July 2016 £000</b>
Trade creditors	19,508	26,747
Amounts owed to related undertakings	52,619	53,280
Corporation tax	320	-
Other creditors	76	108
Other taxation and social security	2,962	9,399
Accruals	30,622	22,734
Deferred income	12,925	41,278
	<u>119,032</u>	<u>153,546</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 £17,674,000 (2016: £23,903,000).

Amounts owed to related undertakings are interest free amounts owed to the company's shareholders. There is no fixed repayment date for these loans which are secured over the assets of the company. The company has received assurances from shareholders that they will not request repayment of these loans from the Company during at least the 12 months from the date of the signing of these financial statements.

**19. Creditors: Amounts falling due after more than one year**

	<b>30 June 2017 £000</b>	<b>31 July 2016 £000</b>
Trade creditors	5,170	16,427

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 £5,500,000 (2016: £17,821,000).

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

**AFC BOURNEMOUTH LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 30 JUNE 2017**

**20. Financial instruments**

	30 June 2017 £000	31 July 2016 £000
<b>Financial assets</b>		
Financial assets that are debt instruments measured at amortised cost	<u>13,381</u>	<u>8,972</u>
<b>Financial liabilities</b>		
Financial liabilities measured at amortised cost	<u>(107,995)</u>	<u>(119,296)</u>

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

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

**21. Other provisions**

	Pension obligations £000
At 1 August 2016	73
Utilised in period	(28)
<b>At 30 June 2017</b>	<u><u>45</u></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 2014 and this reported a deficit for the whole Scheme of £21.8m. The club's share of this deficit at 30 June 2017 is £45,000 (2016: £73,000). The schedule of annual contributions agreed for the period and for each year until August 2018 is £30,000.

**AFC BOURNEMOUTH LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 30 JUNE 2017**

**22. Called up share capital**

	30 June 2017 £000	31 July 2016 £000
<b>Shares classified as equity</b>		
<b>Allotted, called up and fully paid</b>		
20,860 (2016: 20,860) Preference shares of £1,000 each	20,860	20,860
125,002 (2016: 125,002) Ordinary A shares of £1 each	125	125
125,002 (2016: 125,002) Ordinary B shares of £1 each	125	125
	21,110	21,110
	21,110	21,110

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 2017 is estimated to be £16,243,000 (2016: £20,685,000) of which £5,150,000 (2016: £8,786,000) are in respect of compensation and loan agreements with other football clubs and £11,093,000 (2016: £11,899,000) are in respect of compensation to players and agents.

**24. Capital commitments**

At 30 June the company had capital commitments as follows:

	30 June 2017 £000	31 July 2016 £000
Contracted for but not provided in these financial statements	-	38
	-	38

**25. 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 period for schemes accounted for as defined contribution schemes was £624,000 (2016: £765,000).



**AFC BOURNEMOUTH LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 30 JUNE 2017**

**26. Commitments under operating leases**

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

	30 June 2017 £000	31 July 2016 £000
Not later than 1 year	606	766
Later than 1 year and not later than 5 years	2,221	2,232
Later than 5 years	4,232	4,693
	<u>7,059</u>	<u>7,691</u>

**27. Related party transactions**

As at 30 June 2017 the company owed its parent company A.F.C.B. Enterprises Limited, a company registered in The British Virgin Islands, a non-interest bearing loan with a book and fair value of £33,136,000. The loan is secured over the assets of the company. The 31 July 2016 book value of the loan was £34,689,000 with no fixed repayment date.

As at 30 June 2017 the company owed its minority shareholder Peak6 Football Holdings LLC, a company incorporated in the United States of America, a non-interest bearing loan of £19,483,000 (31 July 2016: £19,648,000). The loan is secured over the assets of the company. The loan has no fixed repayment date.

At 30 June 2017 the company owed £nil (2016: £nil) to Veyron Bespoke Limited, a company incorporated in Great Britain, with the same ultimate controlling party. During the period purchases from Veyron Bespoke Limited with a value of £nil (2016: £18,000) were made by the company.

At 30 June 2017 the company was owed £6,000 (2016: £6,000) from its ultimate controlling party.

At 30 June 2017 Wintel Petrochemicals Limited and Veyron Bespoke Limited, two fellow group companies with the same ultimate controlling party, owed £nil (2016: £291,000) and £nil (2016: £46,000) respectively for UK corporation tax group relief. The outstanding balances as at 31 July 2016 were written off during the financial year.

**28. Events after the reporting period**

The playing registrations of certain footballers have been disposed of, subsequent to 30 June 2017, for total proceeds, net of associated costs, of £nil. The associated net book value was £1.1m.

Subsequent to 30 June 2017 the playing registrations of certain players were acquired or extended for a total consideration, including associated costs, of £39.8m.

On 24 August 2017, AFC Bournemouth exchanged on a contract with a third party for total consideration of £3,775,000 to secure a potential site for the future development of the football clubs facilities. Planning permission was subsequently fully approved on 17 January 2018.

**AFC BOURNEMOUTH LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 30 JUNE 2017**

**29. Controlling party**

The immediate parent company of the company is A.F.C.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.