The Preston North End Football Club Limited

Strategic report, Directors' report and Financial statements

Registered number 039494

30 June 2018

Contents

Strategic report

The directors present their annual report and the audited financial statements for the year ended 30 June 2018.

Principal activities and business review

The principal activities of the company are the operation of a professional football club, together with related and ancillary activities.

Strategy and objectives

The directors' objective is to continue to consolidate the club's position within the Championship and to pursue promotion to the Premier League. The strategy to achieve this objective includes the following key elements:

- The selection and appointment of an effective football management team;
- Identifying talented players and securing these players on contracts within financial parameters;
- Developing young players through the club's academy system; and
- Increasing the company's turnover by attracting new supporters and commercial partners.

Principal risks and uncertainties

There are clearly a number of potential risks and uncertainties which could have a material impact on the company's long term performance. The directors consider the key risks to be the failure of the club to retain its Championship status together with the company's continued ability to secure sufficient finance to fund its cashflow projections, as detailed in note 1. These and other risks and uncertainties are monitored by the board on a regular basis.

Key performance indicators

Turnover for the year was £ 11,858,000 which was broadly in line with the prior year *(2017: £11,956,000)*.

Average attendances were 13,776 for 2017/18 compared to 12,611 in 2016/17. Season ticket numbers were 8,298 in 2017/18 compared to 7,605 holders for 2016/17.

Operating cash flow continues to be adverse as the club has contracted a squad with wages which are high in comparison to its revenue. The company has therefore been reliant on the financial support of its shareholder.

By order of the board

K Abbott
Director

Registered number: 039494

Sir Tom Finney Way
Deepdale
Preston
PR1 6RU

25th January 2019

Directors' report

Results

The profit after taxation for the year is £2,285,000 (*2017:loss of £852,000*).

Proposed dividend

The directors do not recommend the payment of a dividend (*2017: £nil*).

Directors

The directors who held office during the year were as follows:

JC Kay
KM Abbott
AS Hughes
D Robinson

Disclosure of information to auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditor is unaware; and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Auditor

Pursuant to section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

By order of the board

K Abbott
Director

Registered number: 039494

Sir Tom Finney Way
Deepdale
Preston
PR1 6RU

25TH JANUARY 2019

Statement of directors' responsibilities in respect of the Strategic report, the Directors' report and the financial statements

The directors are responsible for preparing the strategic report, the directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland.*

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

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are 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, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

KPMG

KPMG LLP
1 St Peter's Square
Manchester
M2 3AE
United Kingdom

Independent auditor's report to the members of The Preston North End Football Club Limited

Opinion

We have audited the financial statements of The Preston North End Football Club Limited ("the company") for the year ended 30 June 2018 which comprise the Profit and loss account and other comprehensive income, Balance sheet, Statement of changes in equity and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 June 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

The impact of uncertainties due to Britain exiting the European Union on our audit

Uncertainties related to the effects of Brexit are relevant to understanding our audit of the financial statements. All audits assess and challenge the reasonableness of estimates made by the directors, such as the carrying value of intangible assets and related disclosures, and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the company's future prospects and performance.

Brexit is one of the most significant economic events for the UK, and at the date of this report its effects are subject to unprecedented levels of uncertainty of outcomes, with the full range of possible effects unknown. We applied a standardised firm-wide approach in response to that uncertainty when assessing the company's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a company and this is particularly the case in relation to Brexit.

Material uncertainty related to going concern

We draw attention to note 1 to the financial statements which indicates that the company's cash flow forecasts show that it requires additional funding of approximately £5,663,000 during the twelve month period after approval of the financial statements. It is likely that this additional funding will need to be financed by further shareholder support via the company's parent undertakings. The ability of those parents to provide such support is dependent on support from the ultimate shareholder.

The continued availability of such financial support as may be required from the relevant shareholders, along with the other matters explained in note 1, constitute a material uncertainty that may cast significant doubt on the company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Independent auditor's report to the members of The Preston North End Football Club Limited *(continued)*

Strategic report and directors' report

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have has been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

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

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

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 3, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; 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; 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 they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities

Independent auditor's report to the members of The Preston North End Football Club Limited *(continued)*

The purpose of our audit work and to whom we owe our responsibilities

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

Liam Finnigan

Liam Finnigan
(Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants

1 St Peter's Square
Manchester
M2 3AE
United Kingdom

30 January 2019

Profit and loss account and other comprehensive income

for the year ended 30 June 2018

	Note	**2018**	2017
		£000	£000
Turnover	*2*	**11,858**	11,956
Staff costs	*3*	**(14,593)**	(13,097)
Loss before other operating expenses/income, player trading and amortisation		**(2,735)**	(1,141)
Amortisation of player registrations	*7*	**(2,007)**	(1,373)
Other operating expenses		**(2,658)**	(2,240)
Net gain on sale of player registrations		**9,683**	2,769
Operating profit/(loss)	*5*	**2,283**	(1,985)
Interest receivable and similar income – loan waivers		**2**	-
Interest payable and similar expenses		**-**	(35)
Profit/(Loss) before taxation		**2,285**	(2,020)
Tax on loss	*6*	**-**	1,168
Profit/(Loss) for the financial year		**2,285**	(852)
Total comprehensive profit/(loss) for the period		**2,285**	(852)

All the results above are from continuing operations.

The notes on pages 10 to 18 form part of the financial statements.

Balance sheet

As at 30 June 2018

	Note	2018 £000	2018 £000	2017 £000	2017 £000
Fixed assets					
Intangible assets	*7*		**4,778**		1,703
Current assets					
Debtors (including £ 2,000,000 (2017: £Nil) due after more than one year)	*8*	**8,802**		1,831	
Cash at bank and in hand		**1,265**		3,046	
		10,067		4,877	
Creditors: amounts falling due within one year	*9*	**(4,902)**		(3,364)	
Net current assets			**5,165**		1,513
Total assets less current liabilities			**9,943**		3,216
Creditors: Amount falling due after more than one year	*10*		**(398)**		-
Net assets			**9,545**		3,216
Capital and reserves					
Called up share capital	*11*		**305**		301
Share premium account			**16,256**		12,216
Profit and loss account			**(7,016)**		(9,301)
Equity shareholders' funds/(deficit)			**9,545**		3,216

These financial statements were approved by the board of directors on 3rd January 2019 and were signed on its behalf by:

K Abbott
Director

Registered number: 039494

The notes on pages 10 to 18 form part of the financial statements.

Statement of Changes in Equity

	Called up Share capital £000	Share Premium account £000	Profit and loss account £000	Total equity £000
Balance at 1 July 2016	297	7,971	(8,449)	(181)
Total comprehensive income for the period				
Loss	-	-	(852)	(852)
Total comprehensive income for the period	-	-	(852)	(852)
Transactions with owners, recorded directly in equity				
Issue of shares	4	4,245	-	4,249
Total contributions by owners	4	4,245	-	4,249
Balance at 30 June 2017	**301**	**12,216**	**(9,301)**	**3,216**
Balance at 1 July 2017	301	12,216	(9,301)	3,216
Total comprehensive income for the period				
Profit	-	-	2,285	2,285
Total comprehensive income for the period	-	-	2,285	2,285
Transactions with owners, recorded directly in equity				
Issue of shares	4	4,040	-	4,044
Total contributions by owners	4	4,040	-	4,044
Balance at 30 June 2018	**305**	**16,256**	**(7,016)**	**9,545**

The notes on pages 10 to 18 form part of the financial statements.

Notes

(forming part of the financial statements)

1 Accounting policies

The Preston North End Football Club Limited (the "Company") is a private company incorporated, domiciled and registered in England in the UK. The registered number is 039494 and the registered address is Sir Tom Finney Way, Deepdale, Preston, Lancashire, PR1 6RU

These financial statements were prepared in accordance with Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* ("FRS 102") as issued in August 2014. The amendments to FRS 102 issued in July 2015 and effective immediately have been applied. The presentation currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest £1,000.

The company's ultimate parent undertaking, Deepdale PNE Holdings Limited includes the company in its consolidated financial statements. The consolidated financial statements of Deepdale PNE Holdings Limited are available to the public and may be obtained from Preston North End Football Club Limited, Sir Tom Finney Way, Deepdale, Preston, PR1 6RU. In these financial statements, the company is considered to be a qualifying entity (for the purposes of this FRS) and has applied the exemptions available under FRS 102 in respect of the following disclosures:

- Reconciliation of the number of shares outstanding from the beginning to end of the period;
- Cash flow statement and related notes; and
- Key management personnel compensation.

As the consolidated financial statements of Deepdale PNE Holdings Limited include the equivalent disclosures, the company has also taken the exemptions under FRS 102 available in respect of the following disclosures:

- The disclosures required by FRS 102.11 *Basic Financial Instruments* and FRS 102.12 *Other Financial Instrument Issues* in respect of financial instruments not falling within the fair value accounting rules of Paragraph 36(4) of Schedule 1.

The company proposes to continue to adopt the reduced disclosure framework of FRS 102 in its next financial statements.

As the company is a wholly owned subsidiary of Preston North End Limited, the company has taken advantage of the exemption contained in FRS102.33.1A and has therefore not disclosed transactions or balances with entities which form part of the group (or investees of the group qualifying as related parties).

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

Judgements made by the directors, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 15.

Going concern

The financial statements have been drawn up on a going concern basis, which the directors believe to be appropriate.

The directors acknowledge that, in common with many football clubs in the Championship, the company is likely to incur future losses and net cash outflows.

Notes (continued)

1 Accounting policies *(continued)*

***Going concern** (continued)*

The company has prepared detailed cash flow forecasts taking account of reasonably possible downsides that show that it has a projected additional cash flow requirement within twelve months of approval of these financial statements of approximately £5,663,000, with further cash requirements subsequent to that period.

As in previous years the forecasts have been prepared on a prudent basis such that a good performance in the league, a player sale, a cup run or increased TV coverage will significantly increase projected income and therefore reduce the projected cash flow requirement. Conversely the club may choose, subject to having sufficient funding in place, to make additional signings in the January and/or August transfer windows if this is considered to be in its best interests and this could increase the projected cash flow requirement.

The ultimate parent company, Deepdale PNE Holdings Limited has indicated its intention to continue to make available such funds as are needed by the company for the period covered by the forecasts.
However, the ability of Deepdale PNE Holdings Limited to continue to provide this support is dependent on itself receiving funding from, and non-repayment of existing loans made by, the ultimate shareholder, Mr T.J. Hemmings.

The following disclosure has been made within the ultimate parent company's (Deepdale PNE Holdings Limited) 30 June 2018 group and parent company financial statements regarding its own going concern:

"The parent company is wholly owned and ultimately controlled by the family interests of Mr T.J. Hemmings and the support of the ultimate shareholder has been evident for many years. Support amounting to a £5,680,000 loan was advanced to the group via its intermediate holding company, Grovemoor Limited, during the year to 30 June 2018. Loans provided directly or indirectly by the ultimate controlling party totalled £ 36,331,000 at 30 June 2018 (2017: £30,650,000) remain outstanding and have no fixed repayment date.

The group has prepared detailed cash flow forecasts taking account of reasonably possible downsides that show that the group and company have a projected additional cash flow requirement within twelve months of approval of these financial statements of approximately £6,717,000 with further cash requirements subsequent to that period. This assumes that the existing intermediate parent company loan balances, which at 30 June 2018 totalled £36,331,000, are not called for repayment in that period, and also takes into account funding received after the year end (see note 13).

As in previous years the forecasts have been prepared on a prudent basis such that a good performance in the league, a player sale, a cup run or increased TV coverage will significantly increase projected income and therefore reduce the projected cash flow requirement. Conversely the club may choose, subject to having sufficient funding in place, to make additional signings in the January and/or August transfer windows if this is considered to be in its best interests and this could increase the projected cash flow requirement.

As in previous financial years the group has not sought to secure guaranteed finance to fund its cash flow projections in full for twelve months from the date of approval of these financial statements, given the high level of variables involved and the cost of securing additional facilities that may not be required. Based on discussions with the relevant shareholders and shareholder related parties, the directors are of the view that sufficient additional funds will be available from those parties should they be required, and that the company's intermediate parent company will not request repayment of the outstanding loans provided within 12 months from the date of signing these financial statements. As with any company placing reliance on other group entities and shareholders for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

After making enquiries and considering the uncertainties described above, the directors have a reasonable expectation that the group and company will have adequate resources to continue in operational existence for the foreseeable future. For these reasons, they continue to adopt the going concern basis in preparing the financial statements. However, the combination of these circumstances indicate the existence of a material uncertainty which may cast significant doubt on the group and company's ability to continue as a going concern and therefore the group and company may be unable to continue to realise their assets and discharge their liabilities in the normal course of business."

Notes (continued)

1 Accounting policies *(continued)*

***Going concern** (continued)*

Based on these indications, the directors believe that it remains appropriate to prepare the financial statements on a going concern basis. However, the above circumstances represent a material uncertainty which may cast significant doubt on the company's ability to continue as a going concern and, therefore, to continue realising its assets and discharging its liabilities in the normal course of business. The financial statements do not include any adjustments that would result from the basis of preparation being inappropriate.

Turnover

Turnover comprises income from television rights, gate receipts, merchandising royalty income, rental income, sponsorships and other commercial activities, exclusive of value added tax. Season ticket, sponsorship income received and other commercial activities prior to the year end in respect of the following football season is recognised over the season to which it relates. Where such income is in respect of future seasons it is treated as deferred income. Fixed elements of Premier League and English Football League distributions are recognised in the period July to June in the relevant football season. Royalties on merchandising sales are recognised on the date the goods and services are supplied to the customer. Turnover from rental income is recognised on a straight line basis over the life of the contract.

Pensions

A defined contribution plan is a post-employment benefit plan under which the company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the profit and loss account in the periods during which services are rendered by employees.

Player registrations and signing on fees

Transfer fees and amounts paid to third parties for player registrations are capitalised as intangible fixed assets and are amortised on a straight line basis over the period of the respective players' contracts. Any transfer fees payable as a result of the occurrence of one or more uncertain future events are capitalised when it is probable such an event will occur.

Player registrations are assessed on an annual basis and impairment losses arising are charged to the profit and loss account in the period in which they arise. Any surpluses arising are not accounted for.

***Player registrations and signing on fees** (continued)*

Player signing on fees have been expensed to the profit and loss account as wages and salaries over the period to which they relate, which is considered to be the length of the player's initial contract with the club. The profit or loss on the disposal of a player registration is calculated after charging any signing on fees which become payable as a result of the disposal.

Amounts receivable and payable under player transfer agreements are often deferred over more than one season. Where this is the case the directors believe it is appropriate to classify transfer fees as current on the basis of this normal operating cycle despite the fact that the amount is not always due to be paid or received within 12 months of the balance sheet date. Amounts receivable are discounted to present value where the amounts are considered material.

Taxation

Tax on the profit or loss for the year comprises current and deferred tax.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax balances are not discounted.

Notes (continued)

1 Accounting policies *(continued)*

Basic financial instruments

Trade and other debtors / creditors

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors.

2 Turnover

	2018	2017
	£000	£000
Season and match day ticket sales (including cup games)	**3,420**	3,699
Premier League and English Football League distributions and televised games	**7,090**	6,758
Commercial and media revenue	**1,155**	1,255
Merchandising	**109**	104
Other income	**84**	140
Total turnover	**11,858**	11,956

3 Staff numbers and costs

The average number of persons employed by the company (including directors) during the year, analysed by category, was as follows:

	Number of employees	
	2018	2017
Players, managerial training staff and administration	**78**	73

In addition to the above, the company employed an average of 187 *(2017: 197)* match day staff during the year.

The aggregate payroll costs of these persons were as follows:

	2018	2017
	£000	£000
Wages and salaries	**12,808**	11,496
Social security costs	**1,767**	1,586
Contributions to defined contribution plans	**18**	15
	14,593	13,097

Notes (continued)

4 Remuneration of directors

	2018 £000	2017 £000
Directors' emoluments	**153**	153
Group contributions to defined contribution pension plans	**3**	3

	Number of directors	
Retirement benefits are accruing to the following number of directors under:		
Defined contribution schemes	**1**	1

5 Expenses and auditor's remuneration

	2018 £000	2017 £000
Audit of these financial statements	**18**	18
Amortisation of player registrations	**2,007**	1,373

6 Taxation

Total tax expense recognised in the profit and loss account, other comprehensive income and equity

	2018 £000	2017 £000
Current tax		
Current tax on income for the period	-	(1,168)
Total current tax	-	(1,168)
Total tax	-	(1,168)

	2018 £000 Current tax	2018 £000 Deferred tax	2018 £000 Total Tax	2017 £000 Current tax	2017 £000 Deferred tax	2017 £000 Total Tax
Recognised in profit and loss account	-	-	-	1,168	-	1,168
Total tax	-	-	-	1,168	-	1,168

Notes *(continued)*

6 Taxation *(continued)*

Reconciliation of effective tax rate

	2018	2017
	£000	£000
Profit/(loss) for the year	**2,285**	(852)
Total tax expense/(income)	**-**	(1,168)
Profit/(loss) excluding taxation	**2,285**	(2,020)
Tax using the UK corporation tax rate of 19% *(2017: 19.75%)*	**(434)**	(399)
Non-deductible expenses	**3**	3
Other	**-**	(3)
Losses surrendered to other group companies for group relief	**-**	399
Payment received in respect of group relief	**-**	(1,168)
Trading losses brought forward	**437**	-
Total tax	**-**	(1,168)

A reduction in the UK corporation tax rate from 21% to 20% (effective from 1 April 2015) was substantively enacted on 2 July 2013. Further reductions to 19% (effective from 1 April 2017) and to 18% (effective 1 April 2020) were substantively enacted on 26 October 2015, and an additional reduction to 17% (effective from 1 April 2020) was substantively enacted on 6 September 2016.

Notes *(continued)*

7 Intangible fixed assets

	Player registrations £000
Cost	
At 1 July 2017	3,516
Additions	5,378
Disposals	(1,107)
At 30 June 2018	**7,787**
Amortisation	
At 1 July 2017	1,813
Charged in year	2,007
On disposals	(811)
At 30 June 2018	**3,009**
Net book value	
At 30 June 2018	**4,778**
At 30 June 2017	1,703

8 Debtors

	2018 £000	2017 £000
Trade debtors	**8,011**	312
Amounts due from group undertaking	**273**	566
Other debtors	**33**	46
Prepayments and accrued income	**485**	907
	8,802	1,831

9 Creditors: amounts falling due within one year

	2018 £000	2017 £000
Trade creditors	**1,619**	828
Amounts owed to group undertaking	-	15
Taxation and social security	**1,223**	801
Other creditors	-	4
Accruals and deferred income	**2,060**	1,716
	4,902	3,364

Notes *(continued)*

10 Creditor: amount falling due after more than one year

	2018	2017
	£000	£000
Trade creditors	**398**	-

11 Called up share capital

	2018	2017
	£000	£000
Allotted, called up and fully paid		
Ordinary shares of £1 each	**305**	301

During the year, the company issued 4,040 £1 ordinary shares for consideration of £4,044,040.

12 Operating leases

Non-cancellable operating lease rentals are payable as follows:

	Group	Group
	2018	2017
	£000	£000
Less than one year	**22**	15
Between one and five years	**23**	17
More than five years	**-**	-
	45	32

During the year £17,000 was recognised as an expense in the profit and loss account in respect of operating leases *(2017: £16,000)*.

13 Subsequent events

Since the year end the company has received funding from the ultimate shareholder of £3,973,000, and has acquired the registration of five players.

14 Ultimate parent company

The ultimate parent company is Wordon Limited, incorporated in the Isle of Man.

The smallest group in which the results of the company are consolidated is that headed by Preston North End Limited. Preston North End Limited's accounts are also consolidated into their parent company's accounts, Deepdale PNE Holdings Limited.

Notes *(continued)*

15 Accounting estimates and judgements

Key sources of estimation uncertainty

The board considers the key significant judgement to be the judgement that the going concern basis is appropriate. It would only be in circumstances where this was not the case that the judgemental areas in the accounts would carry risk of material adjustment in future years. For example, the carrying value of the intangible assets is supported by either the expectation that players will play out their contracts or the knowledge that appropriate transfer fees would be sought where the player is sold before expiry of the initial contract. As the value of players' registrations only reduces significantly towards the end of the contract period, there is usually a recognised surplus of that value over the varying amount of registrations. The company has recorded eight impairments over the last seven years and no significant losses have been made on disposal of players. This issue has therefore not been a source of estimation uncertainty historically.