

Financial Statements

Bristol Rovers Football Club Limited

For the Year Ended 30 June 2017

Registered number: 00051828

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COMPANIES HOUSE

Bristol Rovers Football Club Limited

Company Information

| | |
|----------------------------|---|
| Directors | W Al Qadi S C Hamer K A W Masters B Seymour-Smith (resigned 19 October 2017) L Atkins (resigned 21 November 2016) |
| Company secretary | Taylor Wessing Secretaries Limited |
| Registered number | 00051828 |
| Registered office | The Memorial Stadium Filton Avenue Horfield Bristol BS7 0BF |
| Independent auditor | Grant Thornton UK LLP Chartered Accountants & Statutory Auditor 2 Glass Wharf Bristol BS2 0EL |
| Bankers | Bank of Scotland Plc Bank House Wine Street Bristol BS1 2AN |
| Solicitors | Taylor Wessing LLP 5 New St Square London EC4A 3TW |

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Directors' Report

For the Year Ended 30 June 2017

The directors present their report and the financial statements for the year ended 30 June 2017.

Principal activity

The principal activities of the company are that of a professional football league club.

Business review

It gives me great pleasure to present my second Chairman's Report to the shareholders of Bristol Rovers (1883) Limited. This report covers the first full year exclusively under the ownership of Dwane Sports Limited.

Having gained promotion at the end of 2015/16 season, season 2016/17 marked the clubs first season back in the EFL League 1 since the 2010/11 season. The season certainly ebbed and flowed, but overall, considering the journey the team and back room staff has been on for the past two seasons, we must be pleased with a commendable 10th placed finishing League position. The Club accumulated 66 points in League One, the highest number of points in that Division for 17 years, an incredible achievement for all involved with the first team on a daily basis. Once again, our Manager Darrell Clarke and his team have been outstanding. I must on behalf of the Board and the supporters, express my gratitude and thanks for all the hard work that he and his team has put into the Club over this year. The success that he continues to achieve is well deserved.

As always, the Club never shirks its responsibility in development of younger players, the 2016-17 season saw an increase in the Club's contribution towards youth development in the following ways:

- The implementation of the Development Squad (U23s). Whilst this is not incorporated within the 'Academy' budget, it certainly forms part of the pathway for players progressing from the Academy into the 1st team. 2016/17 saw Chris Hargreaves appointed, with the squad fulfilling fixtures in the EFL Central Development League to provide competitive fixtures for younger professional players in the 1st team squad as well as talented U18s with the opportunity to play above their age bracket.
- Increase in Academy recruitment budget. This saw a new network of paid scouts recruited and deployed across the South West to further increase our ability to identify local talented players.
- Additional staff employed: Full time sports therapist (previously were part time) to increase the level of medical care and support that can be given to the players within the U9s-U16s programme; Full time Strength & Conditioning Coach (was part-time) to increase contact time with U18s players on a daily basis to support their physical development; contracted part-time Lead Pre-Academy Phase Coach to increase the provision, structure, and contact time of the U6-8s section of the programme;
- The Academy also employed a Full Time Head of Coaching. The role was introduced to oversee the development of the coaching staff (first time this had been an independent role and not included as part of another person's work). Funding for this role was later secured through the Premier League so in actual fact was cost neutral to the club, however before this funding became available the club had committed to making this investment.

2016-17 Highlights:

- Under 15s and U16s were winners of their respective South West Academies Floodlit Cups. The U16s also won a prestigious tournament at St Georges Park run by the FA which saw them compete with Category 3,2, and 1 academies – beating West Bromwich Albion in the final.
- 9 players from the U16s offered scholarships for the 2017/18 season.
- 5 Academy players were offered professional contracts at the end of the season to join the Development Squad for 2017/18 (Luke Russe, Lewis Ellington, Connor Jones, Lewis Leigh-Gilchrist, and Sam Blake). Cameron Hargreaves and Ben Morgan also joined the U18s later in the season from Exeter and Swansea respectively before also gaining professional contracts.
- Academy graduates Alfie Kilgour and Ryan Broom, (plus Tom Lockyer, Ollie Clarke, Ellis Harrison and Chris Lines) retained by the club for 2016/17 season
- 191 appearances in the first team (league games) by Academy graduates.

Directors' Report (continued)

For the Year Ended 30 June 2017

Business review (continued)

- International call-ups [all for Wales]: Luc Noble & Logan Bowkett (U15s), Lewis Clutton (U16s), Ellis Harrison & Tom Lockyer (U21s); Tom Lockyer also called up to the Wales senior squad for first time.

The majority of our squad remained with us for the 2016/17 season and indeed has remained with us for the 2017/18 season with only the more senior players not having their contracts renewed. It was disappointing to lose our leading goal scorer in January 2017 but in this day and age, if a player and his advisers trigger a move away, there is not a great deal any Club can do to counteract this wish.

Whilst this season, 2017/18 has been an inconsistent one at the time of writing this report, with 3 new players introduced in the recent January transfer window and one significant one leaving, we still hope for a strong League finish and will look to strengthen the squad yet again this summer.

Dwane Sports Ltd, a company owned by the Al Qadi family continue to financially commit themselves in supporting the Club and still foresee a bright future for Bristol Rovers Football Club.

Whilst some necessary investment has been made at the Memorial Stadium, Dwane Colony Ltd (a subsidiary of Dwane Sports Ltd) completed the acquisition of a 29 acre site in Almondsbury in February 2017 to provide the Club with its own training facilities and it is projected that this will be open for the first day of preseason training in 2019.

The owners' intentions are to continue to improve amenities and facilities for all spectators. If the Club is to progress to the Championship and beyond, it is essential it has an arena that assists in improved revenue streams for the benefit of the Club and all concerned.

Concluding but not least, I would as always like to thank all our supporters for their valued commitment during the year and also not forgetting our owners and our loyal staff for all their hard work during the past twelve months. Finally, I should like to record my gratitude to my co-directors, Wael Al Qadi, Ken Masters and Mike Turner, for all their support.

Principal risks and uncertainties

The company uses various financial instruments, these include loans, cash, preference shares, ordinary shares and various items, such as trade debtors and trade creditors that arise directly from its operations. The main purpose of these financial instruments is to raise finance for the company's operations. The main risks arising from the company's financial instruments are cash flow interest rate risk and liquidity risk. The directors review and agree policies for managing each of these risks. These policies have remained unchanged from previous years.

Price risk, credit risk, liquidity risk and cash flow risk

Appropriate trade terms are negotiated with suppliers and customers. Management reviews these terms, the relationship with suppliers and customers and manages any exposure on normal trade terms. The company prepares regular forecasts of cash flow and liquidity and any requirements for additional funding is managed by the directors on a needs basis.

Directors

The directors who served during the year were:

W Al Qadi
S C Hamer
K A W Masters
B Seymour-Smith (resigned 19 October 2017)
L Atkins (resigned 21 November 2016)

Directors' Report (continued)

For the Year Ended 30 June 2017

Directors' responsibilities statement

The directors are responsible for preparing 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 the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and 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 for the Company's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- 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 to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Disclosure of information to auditor

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Auditor

Grant Thornton UK LLP, having expressed their willingness to continue in office, will be deemed reappointed for the next financial year in accordance with section 487(2) of the Companies Act 2006 unless the company receives notice under section 488(1) of the Companies Act 2006.

Small company provisions

This report has been prepared in accordance with the provisions applicable to companies subject to the small companies regime in Part 15 of the Companies Act 2006.

Bristol Rovers Football Club Limited

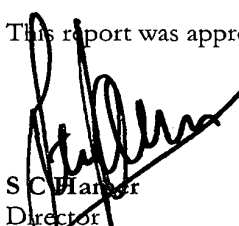
Directors' Report (continued)

For the Year Ended 30 June 2017

Small companies note

In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

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


S C Harmer
Director

Date

24/2/2018



Independent Auditor's Report to the Members of Bristol Rovers Football Club Limited

Opinion

We have audited the financial statements of Bristol Rovers Football Club Limited for the year ended 30 June 2017, which comprise the Statement of comprehensive income, the Statement of financial position, the Statement of changes in equity and the related notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is the applicable law and the United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 June 2017 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Who we are reporting to

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.

Conclusions relating to going concern

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

- 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.

Independent Auditor's Report to the Members of Bristol Rovers Football Club Limited (continued)

Other information

The directors are responsible for the other information. The other information comprises the information included in the Directors' report set out on pages 1-4, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

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

Matter on which we are required to report under the Companies Act 2006

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' report.

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept, 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; or
- the directors were not entitled to take advantage of the small companies' exemptions in preparing the directors' report and from the requirement to prepare a strategic report.



Independent Auditor's Report to the Members of Bristol Rovers Football Club Limited (continued)

Responsibilities of directors for the financial statements

As explained more fully in the Directors' responsibilities 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, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the 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.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

A handwritten signature in black ink, appearing to read "Timothy Lincoln".

Timothy Lincoln
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Bristol

Date:

26 February 2018.

Statement of Comprehensive Income

For the Year Ended 30 June 2017

| | Note | 2017 £ | 2016 £ |
|--|------|--------------------|------------------|
| Turnover | 4 | 6,226,859 | 4,740,293 |
| Operating expenditure | 8 | (7,800,324) | (5,565,236) |
| Gross loss | | (1,573,465) | (824,943) |
| Donations from support organisations | 5 | 51,501 | 50,000 |
| Amortisation of players | 6 | (97,122) | (56,195) |
| Operating loss | 6 | (1,619,086) | (831,138) |
| Net compensation for loss of youth players | 5 | - | 90,000 |
| Profit on sale of players | 5 | 327,218 | - |
| Loss on ordinary activities before interest | | (1,291,868) | (741,138) |
| Net Interest | 11 | (9,603) | (9,863) |
| Loss on ordinary activities before taxation | | (1,301,471) | (751,001) |
| Tax on loss | 12 | - | - |
| Loss for the financial year | | (1,301,471) | (751,001) |
| Other comprehensive income for the year | | | |
| Other comprehensive income | | - | - |
| Total comprehensive income for the year | | (1,301,471) | (751,001) |

There were no recognised gains and losses for 2017 or 2016 other than those included in the statement of comprehensive income.

The notes on pages 11 to 27 form part of these financial statements.

Statement of Financial Position

As at 30 June 2017

| | Note | 2017 £ | 2016 £ |
|---|------|---------------------|--------------------|
| Fixed assets | | | |
| Intangible assets | 13 | 296,754 | 35,253 |
| Tangible assets | 14 | 164,014 | 52,954 |
| Investments | 15 | 20,000 | 20,000 |
| | | <u>480,768</u> | <u>108,207</u> |
| Current assets | | | |
| Stocks | 16 | 66,316 | 52,442 |
| Debtors | 17 | 471,676 | 339,273 |
| Cash at bank and in hand | 18 | 9,345 | 195,569 |
| | | <u>547,337</u> | <u>587,284</u> |
| Creditors: amounts falling due within one year | 19 | (10,995,699) | (9,360,166) |
| Net current liabilities | | <u>(10,448,362)</u> | <u>(8,772,882)</u> |
| Total assets less current liabilities | | <u>(9,967,594)</u> | <u>(8,664,675)</u> |
| Creditors: amounts falling due after more than one year | 20 | - | (1,448) |
| Net liabilities | | <u>(9,967,594)</u> | <u>(8,666,123)</u> |
| Capital and reserves | | | |
| Called up share capital | 22 | 139,664 | 139,664 |
| Share premium account | 23 | 252,174 | 252,174 |
| Profit and loss account | 23 | (10,359,432) | (9,057,961) |
| | | <u>(9,967,594)</u> | <u>(8,666,123)</u> |

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

S C Hamer
Director

Date:

24/2/2018

Bristol Rovers Football Club Limited

Statement of Changes in Equity

For the Year Ended 30 June 2017

| | Called up share capital | Share premium account | Profit and loss account | Total equity |
|-----------------------------------|----------------------------|-----------------------------|----------------------------|--------------------|
| | £ | £ | £ | £ |
| At 1 July 2016 | 139,664 | 252,174 | (9,057,961) | (8,666,123) |
| Comprehensive income for the year | | | | |
| Loss for the year | - | - | (1,301,471) | (1,301,471) |
| At 30 June 2017 | <u>139,664</u> | <u>252,174</u> | <u>(10,359,432)</u> | <u>(9,967,594)</u> |

Statement of Changes in Equity

For the Year Ended 30 June 2016

| | Called up share capital | Share premium account | Profit and loss account | Total equity |
|-----------------------------------|----------------------------|-----------------------------|----------------------------|--------------------|
| | £ | £ | £ | £ |
| At 1 July 2015 | 139,664 | 252,174 | (8,306,960) | (7,915,122) |
| Comprehensive income for the year | | | | |
| Loss for the year | - | - | (751,001) | (751,001) |
| At 30 June 2016 | <u>139,664</u> | <u>252,174</u> | <u>(9,057,961)</u> | <u>(8,666,123)</u> |

The notes on pages 11 to 27 form part of these financial statements.

Notes to the Financial Statements

For the Year Ended 30 June 2017

1. General information

The company is limited by shares and is incorporated in England and Wales. The registered office address is The Memorial Stadium, Filton Avenue, Horfield, Bristol, BS7 0BF.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

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

The following principal accounting policies have been applied:

2.2 Financial reporting standard 102 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d).

This information is included in the consolidated financial statements of Bristol Rovers (1883) Limited as at 30/06/2017 and these financial statements may be obtained from Companies House.

2.3 Going concern

The Statement of Financial Position discloses net liabilities of £9,967,594 (2016: £8,666,123). Notwithstanding the net liabilities, the financial statements have been prepared on the going concern basis which assumes the company will continue in operational existence for the foreseeable future. The company relies on the continued support of the Al Qadi family for its day to day funding and funds its working capital requirements through a facility provided by Dwane Sports Limited, a company owned by the Al Qadi family, that is repayable only at such time as the Club is in a position to repay the outstanding loans.

Mr H Al Qadi has confirmed his intention to maintain support for a period of at least twelve months from the signing of these accounts.

On the basis above the directors consider it appropriate to prepare the financial statements on a going concern basis.

Notes to the Financial Statements

For the Year Ended 30 June 2017

2. Accounting policies (continued)

2.4 Turnover

Turnover is the total amount receivable by the company for goods supplied and services provided, excluding VAT and trade discounts. Gate, season tickets and other match day revenue is recognised over the period of the football season as matches are played. Sponsorship and similar commercial income is recognised over the duration of the respective contracts. The fixed element of the broadcasting revenues is recognised over the duration of the football season, whilst facility fees for live coverage or highlights are taken when earned. Payments received from the Football League are recognised over the period of the football season to which payments relate.

2.5 Intangible assets

The company capitalises as an intangible asset the element of a player's transfer fee which relates to his registration together with associated costs and amortises that element over the period of his contract. No provision is made for the value of players developed within the company.

2.6 Tangible fixed assets

Tangible fixed 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:

| | | |
|------------------------|---|------------|
| Leasehold improvements | - | 5% to 33% |
| Plant and machinery | - | 5% to 20% |
| Motor vehicles | - | 20% to 33% |
| Computer equipment | - | 33% |

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.

Notes to the Financial Statements

For the Year Ended 30 June 2017

2. Accounting policies (continued)

2.7 Impairment of fixed assets and goodwill

Assets that are subject to depreciation or amortisation are assessed at each reporting date to determine whether there is any indication that the assets are impaired. Where there is any indication that an asset may be impaired, the carrying value of the asset (or cash-generating unit to which the asset has been allocated) is tested for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's (or CGU's) fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs). Non-financial assets that have been previously impaired are reviewed at each reporting date to assess whether there is any indication that the impairment losses recognised in prior periods may no longer exist or may have decreased.

2.8 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

Investments in unlisted Company shares, whose market value can be reliably determined, are remeasured to market value at each reporting date. Gains and losses on remeasurement are recognised in the Statement of comprehensive income for the period. Where market value cannot be reliably determined, such investments are stated at historic cost less impairment.

Investments in listed company shares are remeasured to market value at each Statement of financial position date. Gains and losses on remeasurement are recognised in profit or loss for the period.

2.9 Stocks

Stocks are stated at the lower of cost and net realisable value.

2.10 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.

2.11 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

Notes to the Financial Statements

For the Year Ended 30 June 2017

2. Accounting policies (continued)

2.12 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, loans to related parties and investments in non-puttable ordinary shares.

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.

Investments in non-convertible preference shares and in non-puttable ordinary and preference shares are measured:

- at fair value with changes recognised in the Statement of comprehensive income if the shares are publicly traded or their fair value can otherwise be measured reliably;
- at cost less impairment for all other investments.

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

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

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the reporting date.

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.

2.13 Creditors

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

Notes to the Financial Statements

For the Year Ended 30 June 2017

2. Accounting policies (continued)

2.14 Employers' contracts

Provision is made for all liabilities in respect of employees' contracts signed before the reporting sheet date.

2.15 Government grants

Grants are accounted under the accruals model as permitted by FRS 102. Grants relating to expenditure on tangible fixed assets are credited to the Statement of comprehensive income at the same rate as the depreciation on the assets to which the grant relates. The deferred element of grants is included in creditors as deferred income.

Grants of a revenue nature are recognised in the Statement of comprehensive income in the same period as the related expenditure.

2.16 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.

2.17 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, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

The Company has taken advantage of the optional exemption available on transition to FRS 102 which allows lease incentives on leases entered into before the date of transition to the standard 01 July 2014 to continue to be charged over the period to the first market rent review rather than the term of the lease.

2.18 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.

Notes to the Financial Statements

For the Year Ended 30 June 2017

2. Accounting policies (continued)

2.19 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.

Notes to the Financial Statements

For the Year Ended 30 June 2017

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

The preparation of financial statements requires management to make estimates and judgements that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of income and expenditure during the reported period. The estimates and associated judgements are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements about the carrying values of assets and liabilities that are not readily apparent from other sources.

Adjustments to accounting estimates are recognised in the period in which the estimate is revised if the change affects only that period or in the period of the revision and subsequent periods if both periods are affected.

The following are significant management judgements in applying the accounting policies of the company that have the most significant effect on the financial statements.

Useful lives of depreciable assets

Management reviews its estimate of the useful lives of depreciable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technological obsolescence that may change the utility of certain tangible assets.

Fair value measurement

Management uses valuation techniques to determine the fair value of financial instruments. Management bases its assumptions on observable data. Estimated fair values may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date. The estimates and underlying judgements are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

4. Turnover

The turnover and loss before taxation are attributable to the running of a professional football league club.

| | 2017 £ | 2016 £ |
|-------------------|------------------|------------------|
| Football receipts | 3,977,366 | 2,813,839 |
| Other receipts | 2,249,493 | 1,926,454 |
| | <u>6,226,859</u> | <u>4,740,293</u> |

All turnover arose within the United Kingdom.

5. Other operating income

Notes to the Financial Statements

For the Year Ended 30 June 2017

6. Operating loss

The operating loss is stated after charging:

| | 2017 | 2016 |
|--|---------------|---------------|
| | £ | £ |
| Depreciation of tangible fixed assets, owned | 75,313 | 25,749 |
| Amortisation of other intangible assets | 97,122 | 56,195 |
| Operating lease rentals - Land & Buildings | 54,000 | 60,525 |
| Operating lease rentals - Other | 65,513 | 12,796 |
| Grants credited | (4,897) | (11,307) |
| | <u>75,313</u> | <u>25,749</u> |

7. Auditor's remuneration

| | 2017 | 2016 |
|---|---------------|---------------|
| | £ | £ |
| Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements | 39,100 | 19,000 |
| | <u>39,100</u> | <u>19,000</u> |
| Fees payable to the Company's auditor and its associates in respect of: | | |
| Non-audit services | 3,800 | 5,500 |
| | <u>3,800</u> | <u>5,500</u> |

8. Operating expenditure

| | 2017 | 2016 |
|---------------------------|------------------|------------------|
| | £ | £ |
| Players and staff costs | 5,047,138 | 3,601,892 |
| Match and ground expenses | 1,516,358 | 1,052,598 |
| Administrative expenses | 658,963 | 354,562 |
| Cost of goods sold | 577,865 | 556,184 |
| | <u>7,800,324</u> | <u>5,565,236</u> |

Notes to the Financial Statements

For the Year Ended 30 June 2017

9. Employees

| | 2017 £ | 2016 £ |
|-------------------------------------|------------------|------------------|
| Wages and salaries | 4,619,926 | 3,251,672 |
| Social security costs | 407,852 | 288,501 |
| Cost of defined contribution scheme | 19,360 | 61,719 |
| | <u>5,047,138</u> | <u>3,601,892</u> |

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

| | 2017 No. | 2016 No. |
|-------------------------------------|-------------|-------------|
| Playing staff | 45 | 45 |
| Management and administration staff | 30 | 23 |
| Commercial staff | 9 | 7 |
| Academy | 31 | 24 |
| Bar & Catering | 53 | 47 |
| Matchday Stewards | 59 | 70 |
| | <u>227</u> | <u>216</u> |

10. Directors' remuneration

| | 2017 £ | 2016 £ |
|---|---------------|---------------|
| Directors' emoluments | 71,627 | 15,870 |
| Company contributions to defined contribution pension schemes | 436 | 98 |
| | <u>72,063</u> | <u>15,968</u> |

During the year retirement benefits were accruing to 1 director (2016: 1) in respect of defined contribution pension schemes.

11. Net interest

| | 2017 £ | 2016 £ |
|----------------------------|--------------|--------------|
| Other loans and overdrafts | 9,603 | 9,863 |
| | <u>9,603</u> | <u>9,863</u> |

Notes to the Financial Statements

For the Year Ended 30 June 2017

12. Taxation

| | 2017 £ | 2016 £ |
|-------------------------------------|-----------------|-----------------|
| Current tax on profits for the year | - | - |
| Deferred tax | - | - |
| | <u><u>-</u></u> | <u><u>-</u></u> |

Taxation on profit on ordinary activities

Unrelieved tax losses of £8,395,305 (2016: £7,149,694) remain available to offset against future taxable trading profits. Deferred tax assets unrecognised amounted to £1,457,311 (2016: £1,309,111).

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2016 -the same as) the standard rate of corporation tax in the UK of 19% (2016 - 20%). The differences are explained below:

| | 2017 £ | 2016 £ |
|---|--------------------|------------------|
| Loss on ordinary activities before tax | <u>(1,301,471)</u> | <u>(751,001)</u> |
| Profit/(loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.75% (2016 -20%) | (257,049) | (150,200) |
| Effects of: | | |
| Expenses not deductible for tax purposes | 2,878 | 4,620 |
| Capital allowances for year in excess of depreciation | 5,025 | 3,565 |
| Adjust closing deferred tax to average rate of 19.75% | 235,800 | - |
| Adjust opening deferred tax to average rate of 19.75% | (127,992) | - |
| Deferred tax not recognised | <u>141,338</u> | <u>142,015</u> |
| Total tax charge for the year | <u><u>-</u></u> | <u><u>-</u></u> |

Factors that may affect future tax charges

There were no factors that may affect future tax charges.

Notes to the Financial Statements

For the Year Ended 30 June 2017

13. Intangible assets

| | Players £ |
|-----------------------|----------------|
| Cost | |
| At 1 July 2016 | 103,680 |
| Additions | 363,423 |
| Disposals | (55,850) |
| At 30 June 2017 | <u>411,253</u> |
| Amortisation | |
| At 1 July 2016 | 68,427 |
| Charge for the year | 97,122 |
| On disposals | (51,050) |
| At 30 June 2017 | <u>114,499</u> |
| Net book value | |
| At 30 June 2017 | <u>296,754</u> |
| At 30 June 2016 | <u>35,253</u> |

Notes to the Financial Statements

For the Year Ended 30 June 2017

14. Tangible fixed assets

| | Leasehold improvements £ | Sundry equipment & motor vehicles £ | Total £ |
|-------------------------------------|--------------------------------|---|------------|
| Cost or valuation | | | |
| At 1 July 2016 | 484,585 | 211,968 | 696,553 |
| Additions | 150,813 | 35,560 | 186,373 |
| At 30 June 2017 | 635,398 | 247,528 | 882,926 |
| Depreciation | | | |
| At 1 July 2016 | 439,043 | 204,556 | 643,599 |
| Charge for the year on owned assets | 64,364 | 10,949 | 75,313 |
| At 30 June 2017 | 503,407 | 215,505 | 718,912 |
| Net book value | | | |
| At 30 June 2017 | 131,991 | 32,023 | 164,014 |
| At 30 June 2016 | 45,542 | 7,412 | 52,954 |

Notes to the Financial Statements

For the Year Ended 30 June 2017

15. Fixed asset investments

| | Shares in subsidiary undertakings £ |
|--------------------------|--|
| Cost or valuation | |
| At 1 July 2016 | 20,000 |
| At 30 June 2017 | 20,000 |
| Net book value | |
| At 30 June 2017 | 20,000 |
| At 30 June 2016 | 20,000 |

Subsidiary undertakings

At 30 June 2017 the company held 20% or more of the equity of the following:

The following were subsidiary undertakings of the Company:

| Name | Country of incorporation | Class of shares | Holding | Principal activity |
|--------------------------------------|--------------------------|-----------------|---------|--|
| The Memorial Stadium Company Limited | England | Ordinary | 100 % | Sports stadium leasing & catering facilities provision (dormant) |

Notes to the Financial Statements

For the Year Ended 30 June 2017

16. Stocks

| | 2017 £ | 2016 £ |
|------------------|-----------|-----------|
| Goods for resale | 66,316 | 52,442 |

17. Debtors

| | 2017 £ | 2016 £ |
|--------------------------------|----------------|----------------|
| Trade debtors | 90,700 | 143,404 |
| Other debtors | 243,812 | 62,248 |
| Prepayments and accrued income | 137,164 | 133,621 |
| | <u>471,676</u> | <u>339,273</u> |

18. Cash and cash equivalents

| | 2017 £ | 2016 £ |
|--------------------------|------------------|----------------|
| Cash at bank and in hand | 9,345 | 195,569 |
| Less: bank overdrafts | (177,458) | - |
| | <u>(168,113)</u> | <u>195,569</u> |

19. Creditors: Amounts falling due within one year

| | 2017 £ | 2016 £ |
|------------------------------------|-------------------|------------------|
| Bank overdrafts | 177,458 | - |
| Payments received on account | 1,374,128 | 1,395,016 |
| Trade creditors | 257,269 | 179,284 |
| Amounts owed to group undertakings | 8,403,261 | 7,347,654 |
| Other taxation and social security | 201,117 | 220,517 |
| Other creditors | 344,804 | 73,028 |
| Accruals and deferred income | 236,214 | 139,770 |
| Other deferred income: grant | 1,448 | 4,897 |
| | <u>10,995,699</u> | <u>9,360,166</u> |

Notes to the Financial Statements

For the Year Ended 30 June 2017

20. Creditors: Amounts falling due after more than one year

| | 2017 £ | 2016 £ |
|-------------------------|-----------|-----------|
| Deferred income: grants | - | 1,448 |

21. Financial instruments

| | 2017 £ | 2016 £ |
|--|----------------|----------------|
| Financial assets | | |
| Financial assets measured at fair value through profit or loss | 9,345 | 195,569 |
| Financial assets measured at amortised cost | 334,512 | 205,652 |
| | <u>343,857</u> | <u>401,221</u> |

Financial liabilities

| | | |
|---|--------------------|--------------------|
| Financial liabilities measured at fair value through profit or loss | <u>(9,182,792)</u> | <u>(7,739,736)</u> |
|---|--------------------|--------------------|

Financial assets measured at fair value through profit or loss comprise cash at bank and in hand.

Financial assets measured at amortised cost comprise trade and other debtors.

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

22. Share capital

| | 2017 £ | 2016 £ |
|---|----------------|----------------|
| Shares classified as equity | | |
| Allotted, called up and fully paid | | |
| 1,396,639 Ordinary shares of £0.10 each | <u>139,664</u> | <u>139,664</u> |

23. Reserves

Share premium account

Includes any premiums received on issue of share capital. Any transaction costs associated with the issuing of shares are deducted from the share premium.

Profit and loss account

Includes all current and prior period retained profits and losses.

Notes to the Financial Statements

For the Year Ended 30 June 2017

24. Contingent assets and liabilities

The company may receive, under transfer agreements, further amounts for players already sold dependent on whether these players are sold on again for a profit: No reliable estimate can be made of the likelihood of these players being transferred or their potential transfer values.

The company has, under transfer agreements, a liability to pay additional sums dependent on players' attainment and any subsequent transfer value. No provision has been made in these accounts for such liabilities and no reliable estimates can be made of any subsequent transfer values.

25. Capital commitments

The company had no capital commitments at 30 June 2017 (2016: £Nil).

26. Pension commitments

The company operates a defined contribution pension scheme for the benefit of employees. The assets of the scheme are administered by trustees in a fund independent from those of the company.

The company has in the past contribution to The Football League Limited Pension and Life Assurance Scheme, a defined contribution pension scheme operated on behalf of all league clubs.

27. Commitments under operating leases

At 30 June 2017 the Company had future minimum lease payments under non-cancellable operating leases as follows:

| | 2017 £ | 2016 £ |
|----------------------------|----------------|---------------|
| In one year or less | 128,338 | 25,294 |
| Between two and five years | 81,254 | 29,667 |
| | <u>209,592</u> | <u>54,961</u> |

Notes to the Financial Statements

For the Year Ended 30 June 2017

28. Related party transactions

As a wholly owned subsidiary of Bristol Rovers (1883) Limited, the company is exempt from the requirements of FRS 102 to disclose transactions with other wholly owned members of the group headed by Bristol Rovers (1883) Limited.

S Al Qadi is a director and shareholder of Dwane Sports Limited. During the year sales of £Nil (2016: £8,560) were made to companies in which S Al Qadi is a director. At the year end £Nil (2016: £Nil) was held in debtors.

H Al Qadi is a director and shareholder of Dwane Sports Limited. During the year sales of £492 (2016: £Nil) were made to H Al Qadi. At the year end £Nil (2016: £Nil) was held in debtors.

S Hamer is a director of the company. During the year purchases of £37,943 (2016: £4,626) were made to companies in which S Hamer is a director. At the year end £37,943 (2016: £Nil) was held in creditors.

W Al Qadi is a director of the company. During the year sales of £1,367 (2016: £Nil) were made to W Al Qadi. At the year end £Nil (2016: £Nil) was held in debtors.

Dwane Colony Limited is a subsidiary of Dwane Sports Limited, the ultimate parent of this company. During the year, purchases of £127,566 (2016: £Nil) were made on behalf of Dwane Colony Limited. At the year end £127,566 (2016: Nil) was held in debtors.

29. Controlling party

The ultimate parent undertaking of this company is Dwane Sports Limited, incorporated in Jersey, by virtue of holding 92.6% of the ordinary shares in Bristol Rovers (1883) Limited.

Bristol Rovers (1883) Limited is the largest and smallest group of undertakings for which consolidated accounts are prepared. Their registered address is The Memorial Stadium, Filton Avenue, Horfield, Bristol, BS7 0BF.

The directors consider that there is no single controlling related party.