

Company Registration No. 00412018 (England and Wales)

EBBSFLEET UNITED FOOTBALL CLUB LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 MAY 2019



EBBSFLEET UNITED FOOTBALL CLUB LIMITED

COMPANY INFORMATION

Directors	Dr A Al-Humaidi Mr D Al-Humaidi Mr A H Almeajel	(Appointed 29 October 2018) (Appointed 29 October 2018)
Company number	00412018	
Registered office	Kufflink Stadium Stonebridge Road Northfleet Kent England DA11 9GN	
Auditor	Wilkins Kennedy Audit Services Greytown House 221-227 High Street Orpington Kent BR6 0NZ	

EBBSFLEET UNITED FOOTBALL CLUB LIMITED

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EBBSFLEET UNITED FOOTBALL CLUB LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 30 MAY 2019

The directors present the strategic report for the year ended 30 May 2019.

Fair review of the business

Football Review

This is the second year the team has completed in the Vanarama National League since being promoted for the Vanarama National League South.

The Club achieved 9th position in the Vanarama National League with 67 points. 22 points from table leaders Leyton Orient.

Youth Academy

The Club operated a successful Youth Academy under licence to EUFC Elite and this was managed by Ebbsfleet United player Danny Kedwell.

Ownership

Throughout the financial year the Club was owned by KEH Sports Limited, a company registered in the UK, which is ultimately controlled by Dr Abdulla Al-Humaidi.

Principal risks and uncertainties

The principal risks affecting the company relates to the continued availability of funding, in particular that required to fund working capital on an ongoing basis. In light of this risk the company remains dependent on the continued support of its ultimate parent undertaking.

The company is regulated by the rules of the National League and the company's management seek to ensure compliance with the relevant rules and regulations

Development and performance

Capital Investment

The Club continues to receive capital investment from the owner on a monthly basis to fund the current operating deficit.

These monthly investments covered player acquisitions, operating expenses and infrastructure development.

Kuwaiti European Holding Company (K.S.C) has confirmed that sufficient funds will be provided to finance the football club for at least 12 months from the date of approval of the financial statements.

EBBSFLEET UNITED FOOTBALL CLUB LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 30 MAY 2019

Key performance indicators

Turnover

The turnover for the year ended 31 May 2019 is detailed below

	2019	2018	Variance
Central Income	£104,935	£118,613	£(13,678)
Match day Operations	£628,174	£467,738	£160,436
Commercial Activities	£155,486	£290,321	£(134,835)
Other	£29,412	£32,727	£(3,315)
Total	£918,007	£909,399	£8,608

The Club continued to attract a large array of sponsorship and this increased throughout the season.

Central income consists of funding received from the Vanarama National League via seasonal instalments, a one off solidarity payment from the Premier League and a smaller play-off pool payment.

Matchday income consists of ticket revenue, matchday restaurant, seasonal hospitality, perimeter advertising, programme sales and associated programme advertising, along with mascot packages.

Commercial income relates to non-match events, sponsorship, both seasonal and matchday packages and player kit sponsorships.

Operating Expenses

Operating expenses are predominantly associated with team operations and matchday costs, including stewarding, staffing, away travel and medical equipment costs.

The total player and staff costs for the year amounted to £2,083,275 (2018: £2,137,642).

The total operating expenses for the year were £3,575,864 (2018: £3,466,586).

Profit / (loss) before taxation

Once interest, depreciation and amortisation are taken into account, the loss before taxation for the year ended 2019 was £2,748,142 (2018: 2,622,613).

EBBSFLEET UNITED FOOTBALL CLUB LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 30 MAY 2019

Other information and explanations

The Club continues to strive to become a member of the EFL, via promotion from Vanarama National League and significant funds continue to be provided by the owner in pursuit of this ultimate goal.

Covid-19

As we were about to file these accounts, the impact of the coronavirus on our income was unfortunately becoming clear, so we paused publication in order to share some of those preliminary impacts. Effectively the Covid 19 outbreak saw all revenues to the club cease outside of the central funding distribution from the National League. This was mitigated by the Government Job Retention Scheme which covered 80% of contracted staff wages, however fixed costs of utilities, maintenance, insurances and contracts remained. The club also carried the burden of 20% of the wage obligations over and above the Job Retention Scheme relief. The club took advantage of the holiday period for VAT and HMRC PAYE payments and is negotiating payment plans with HMRC for those liabilities to ease cash flow burden going forward.

Whilst the cessation of revenues was a substantial reduction of income for the club, with the majority of the wage bill contracts ending during the lockdown period under furlough, this has minimised the financial impact to the club

On behalf of the board



.....
Dr A Al-Humaidi

Director

.....15.7.2020

EBBSFLEET UNITED FOOTBALL CLUB LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 MAY 2019

The directors present their annual report and financial statements for the year ended 30 May 2019.

Principal activities

The principal activity of the company continued to be that of the operation of a football club.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

Dr A Al-Humaidi

Mr D R Archer

Mr D Al-Humaidi

Mr A H Almeajel

Mr D Pooley

(Appointed 29 October 2018 and resigned 17 October 2019)

(Appointed 29 October 2018)

(Appointed 29 October 2018)

(Resigned 21 November 2018)

Results and dividends

The results for the year are set out on page 8.

No ordinary dividends were paid. The directors do not recommend payment of a final dividend.

Financial instruments

Liquidity risk

The company manages its cash and borrowing requirements in order to maximise interest income and minimise interest expense, whilst ensuring the company has sufficient liquid resources to meet the operating needs of the business.

Credit risk

Investments of cash surpluses, borrowings and derivative instruments are made through banks and companies which must fulfil credit rating criteria approved by the Board.

All customers who wish to trade on credit terms are subject to credit verification procedures. Trade debtors are monitored on an ongoing basis and provision is made for doubtful debts where necessary.

EBBSFLEET UNITED FOOTBALL CLUB LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 30 MAY 2019

Statement of directors' responsibilities

The directors are responsible for preparing the annual 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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards 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 these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- 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. 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.

Strategic report

The company has chosen in accordance with Companies Act 2006, s. 414C(11) to set out in the company's strategic report information required by Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, Sch. 7 to be contained in the directors' report.

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

On behalf of the board



Dr A Al-Humaidi
Director

Date: 15.7.2020

EBBSFLEET UNITED FOOTBALL CLUB LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF EBBSFLEET UNITED FOOTBALL CLUB LIMITED

Opinion

We have audited the financial statements of Ebbsfleet United Football Club Limited (the 'company') for the year ended 30 May 2019 which comprise the statement of comprehensive income, the balance sheet, the statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 May 2019 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.

Material uncertainty related to going concern

We draw attention to note 1.2 in the financial statements, which indicates that the company incurred a net loss of £2,661,073 during the year ended 30 May 2019 and, as of that date, the company's current liabilities amounted to £3,217,201. As stated in note 1.2, these events or conditions, along with other matters as set forth in note 1.2 indicate that a material uncertainty exists that may cast significant doubt on the company's ability to continue as a going concern.

Our opinion is not modified in this respect.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, 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 our audit:

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

EBBSFLEET UNITED FOOTBALL CLUB LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF EBBSFLEET UNITED FOOTBALL CLUB LIMITED

Matters on which we are required to report by exception

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 strategic report and the directors' report.

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

- adequate accounting records have not been kept, 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.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, 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: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in 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.

Wilks Kennedy Audit Services

Catherine Cooper (Senior Statutory Auditor)
for and on behalf of Wilkins Kennedy Audit Services

16 July 2020
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Statutory Auditor

Greytown House
221-227 High Street
Orpington
Kent
BR6 0NZ

EBBSFLEET UNITED FOOTBALL CLUB LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 MAY 2019

	Notes	2019 £	2018 £
Turnover	3	1,005,507	909,399
Cost of sales		(2,524,665)	(2,661,978)
Gross loss		(1,519,158)	(1,752,579)
Administrative expenses		(1,054,894)	(810,247)
Other operating income		5,264	5,639
Operating loss	4	(2,568,788)	(2,557,187)
Interest receivable and similar income	7	13	1
Interest payable and similar expenses	8	(92,298)	(65,427)
Loss before taxation		(2,661,073)	(2,622,613)
Tax on loss	9	-	-
Loss for the financial year		(2,661,073)	(2,622,613)

The profit and loss account has been prepared on the basis that all operations are continuing operations.

EBBSFLEET UNITED FOOTBALL CLUB LIMITED

BALANCE SHEET

AS AT 30 MAY 2019

	Notes	2019 £	£	2018 £	£
Fixed assets					
Intangible assets	10		12,241		33,625
Tangible assets	11		6,722,167		6,990,159
			<u>6,734,408</u>		<u>7,023,784</u>
Current assets					
Stocks	12	5,700		11,001	
Debtors	13	12,984		86,070	
Cash at bank and in hand		8,598		15,783	
		<u>27,282</u>		<u>112,854</u>	
Creditors: amounts falling due within one year	14	(3,244,483)		(1,877,288)	
Net current liabilities			<u>(3,217,201)</u>		<u>(1,764,434)</u>
Total assets less current liabilities			<u>3,517,207</u>		<u>5,259,350</u>
Creditors: amounts falling due after more than one year	15		(54,005)		(58,951)
Net assets			<u><u>3,463,202</u></u>		<u><u>5,200,399</u></u>
Capital and reserves					
Called up share capital	19		15,878,186		14,954,310
Share premium account			836,842		836,842
Capital redemption reserve			19,244		19,244
Profit and loss reserves			<u>(13,271,070)</u>		<u>(10,609,997)</u>
Total equity			<u><u>3,463,202</u></u>		<u><u>5,200,399</u></u>

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



Dr A Al-Humaldi
Director

Company Registration No. 00412018

EBBSFLEET UNITED FOOTBALL CLUB LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 MAY 2019

	Notes	Share capital £	Share premium account £	Capital redemption reserve £	Profit and loss reserves £	Total £
Balance at 1 June 2017		12,094,169	836,842	19,244	(7,987,384)	4,962,871
Year ended 31 May 2018:						
Loss and total comprehensive income for the year		-	-	-	(2,622,613)	(2,622,613)
Issue of share capital	19	2,860,141	-	-	-	2,860,141
Balance at 31 May 2018		14,954,310	836,842	19,244	(10,609,997)	5,200,399
Year ended 30 May 2019:						
Loss and total comprehensive income for the year		-	-	-	(2,661,073)	(2,661,073)
Issue of share capital	19	923,876	-	-	-	923,876
Balance at 30 May 2019		15,878,186	836,842	19,244	(13,271,070)	3,463,202

EBBSFLEET UNITED FOOTBALL CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 MAY 2019

1 Accounting policies

Company information

Ebbsfleet United Football Club Limited is a private company limited by shares incorporated in England and Wales. The registered office is Kufflink Stadium, Stonebridge Road, Northfleet, Kent, England, DA11 9GN.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of freehold properties and to include investment properties and certain financial instruments at fair value. The principal accounting policies adopted are set out below.

This company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements:

- Section 4 'Statement of Financial Position': Reconciliation of the opening and closing number of shares;
- Section 7 'Statement of Cash Flows': Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues': Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- Section 26 'Share based Payment': Share-based payment expense charged to profit or loss; reconciliation of opening and closing number and weighted average exercise price of share options, how the fair value of options granted was measured, measurement and carrying amount of liabilities for cash-settled share-based payments, explanation of modifications to arrangements;
- Section 33 'Related Party Disclosures': Compensation for key management personnel.

The financial statements of the company are consolidated in the financial statements of KEHC (UK) Limited. These consolidated financial statements are available from its registered office, 20 Berkeley Square, London, W1J 6EQ.

EBBSFLEET UNITED FOOTBALL CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 MAY 2019

1 Accounting policies

(Continued)

1.2 Going concern

These financial statements are prepared on the going concern basis. The directors have a reasonable expectation that the company will continue in operational existence for the foreseeable future. However, the directors are aware of certain material uncertainties which may cause doubt on the company's ability to continue as a going concern:

The company is reliant on its ultimate parent company, Kuwaiti European Holding Company (K.S.C), for continued financial support. K.S.C has confirmed that sufficient funds will be provided to finance the business for at least 12 months from the date of approval of the financial statements. Based on Discussions with the ultimate owners, the directors continue to adopt the going concern basis in preparing the accounts.

The directors have reviewed the company's forecasts and operating plans and taken into account the expected impact on the company's ability to run the football club and future income levels caused by coronavirus together with planned cost savings and use of government backed scheme as appropriate. Whilst it is difficult to predict the potential implications on the delivery of the company's social value, its operation and income streams with certainty, on the basis of this analysis, the directors have a reasonable expectation that the company will have adequate resources to continue in operational existence for the foreseeable future and therefore still believe it is appropriate to continue to adopt the going concern basis in preparing the accounts.

1.3 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

When cash inflows are deferred and represent a financing arrangement, the fair value of the consideration is the present value of the future receipts. The difference between the fair value of the consideration and the nominal amount received is recognised as interest income.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on dispatch of the goods), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

1.4 Intangible fixed assets other than goodwill

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Intangible assets acquired on business combinations are recognised separately from goodwill at the acquisition date where it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the fair value of the asset can be measured reliably.

Amortisation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Player registrations

Straight line over the term of the contract

1.5 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

EBBSFLEET UNITED FOOTBALL CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 MAY 2019

1 Accounting policies

(Continued)

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Freehold land and buildings	2% - 10% on cost of buildings
Fixtures and fittings	15% reducing balance basis and 33% on cost

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

1.6 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.7 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

Stocks held for distribution at no or nominal consideration are measured at the lower of replacement cost and cost, adjusted where applicable for any loss of service potential.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

1.8 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

EBBSFLEET UNITED FOOTBALL CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 MAY 2019

1 Accounting policies

(Continued)

1.9 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally 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.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

EBBSFLEET UNITED FOOTBALL CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 MAY 2019

1 Accounting policies

(Continued)

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Derecognition of financial liabilities

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

1.10 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

1.11 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

EBBSFLEET UNITED FOOTBALL CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 MAY 2019

1 Accounting policies

(Continued)

1.12 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.13 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.14 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leases asset are consumed.

1.15 Government grants

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

EBBSFLEET UNITED FOOTBALL CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 MAY 2019

2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Critical judgements

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

Leases

Determine whether leases entered into by the company either as a lessor or a lessee are operating or finance leases. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee, on a lease by lease basis.

Tangible fixed assets

Determine whether there are indicators of impairment of the company's tangible assets. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit.

Tangible fixed assets are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

Bad debt provision

Bad debts are provided for specific debts when required.

3 Turnover and other revenue

	2019 £	2018 £
Turnover analysed by class of business		
Match receipts and related football activities	733,109	586,351
Commercial activities	242,986	290,321
Retail and merchandising	29,412	32,727
	<u>1,005,507</u>	<u>909,399</u>

EBBSFLEET UNITED FOOTBALL CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 MAY 2019

3	Turnover and other revenue	(Continued)	
		2019	2018
		£	£
	Other significant revenue		
	Interest income	13	1
	Grants received	5,264	5,639
		<u> </u>	<u> </u>
		2019	2018
		£	£
	Turnover analysed by geographical market		
	United Kingdom	1,005,507	909,399
		<u> </u>	<u> </u>
4	Operating loss	2019	2018
		£	£
	Operating loss for the year is stated after charging/(crediting):		
	Government grants	(5,264)	(5,639)
	Fees payable to the company's auditor for the audit of the company's financial statements	10,000	7,000
	Depreciation of owned tangible fixed assets	310,162	286,817
	Amortisation of intangible assets	26,176	17,121
	Operating lease charges	19,902	7,933
		<u> </u>	<u> </u>
5	Employees		
	The average monthly number of persons (including directors) employed by the company during the year was:		
		2019	2018
		Number	Number
	Players and player management	35	38
	Management and administration	23	22
		<u> </u>	<u> </u>
	Total	58	60
		<u> </u>	<u> </u>
	Their aggregate remuneration comprised:		
		2019	2018
		£	£
	Wages and salaries	2,045,091	2,116,640
	Pension costs	38,184	21,002
		<u> </u>	<u> </u>
		2,083,275	2,137,642
		<u> </u>	<u> </u>

EBBSFLEET UNITED FOOTBALL CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 MAY 2019

5 Employees

(Continued)

Wages and salaries includes employer's social security costs amounting to £217,585 (2018: £244,411).

6 Directors' remuneration

	2019 £	2018 £
Remuneration for qualifying services	25,176	22,311
Company pension contributions to defined contribution schemes	575	-
	<u>25,751</u>	<u>22,311</u>

7 Interest receivable and similar income

	2019 £	2018 £
Interest income		
Interest on bank deposits	13	1
	<u>13</u>	<u>1</u>

8 Interest payable and similar expenses

	2019 £	2018 £
Other interest on financial liabilities	-	25,000
Other interest	92,298	40,427
	<u>92,298</u>	<u>65,427</u>

9 Taxation

The actual charge for the year can be reconciled to the expected credit for the year based on the profit or loss and the standard rate of tax as follows:

	2019 £	2018 £
Loss before taxation	<u>(2,661,073)</u>	<u>(2,622,613)</u>
Expected tax credit based on the standard rate of corporation tax in the UK of 19.00% (2018: 19.00%)	(505,604)	(498,296)
Tax effect of expenses that are not deductible in determining taxable profit	7,000	5,644
Unutilised tax losses carried forward	547,604	486,573
Permanent capital allowances in excess of depreciation	(72,000)	(17,342)
Depreciation on assets not qualifying for tax allowances	<u>23,000</u>	<u>23,421</u>
Taxation charge for the year	<u>-</u>	<u>-</u>

EBBSFLEET UNITED FOOTBALL CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 MAY 2019

10 Intangible fixed assets

	Player registrations £
Cost	
At 1 June 2018	71,500
Additions	15,000
Disposals	(38,500)
At 30 May 2019	48,000
Amortisation and impairment	
At 1 June 2018	37,875
Amortisation charged for the year	26,176
Disposals	(28,292)
At 30 May 2019	35,759
Carrying amount	
At 30 May 2019	12,241
At 31 May 2018	33,625

11 Tangible fixed assets

	Freehold land and buildings £	Fixtures and fittings £	Total £
Cost			
At 1 June 2018	7,034,422	569,988	7,604,410
Additions	41,450	720	42,170
At 30 May 2019	7,075,872	570,708	7,646,580
Depreciation and impairment			
At 1 June 2018	433,873	180,378	614,251
Depreciation charged in the year	250,424	59,738	310,162
At 30 May 2019	684,297	240,116	924,413
Carrying amount			
At 30 May 2019	6,391,575	330,592	6,722,167
At 31 May 2018	6,600,549	389,610	6,990,159

EBBSFLEET UNITED FOOTBALL CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 MAY 2019

12 Stocks

	2019 £	2018 £
Finished goods and goods for resale	5,700	11,001

13 Debtors

	2019 £	2018 £
Amounts falling due within one year:		
Trade debtors	8,345	12,401
Other debtors	786	35,730
Prepayments and accrued income	3,853	37,939
	12,984	86,070

14 Creditors: amounts falling due within one year

	Notes	2019 £	2018 £
Other borrowings	16	933,549	2,875
Trade creditors		1,497,444	1,311,484
Taxation and social security		126,794	66,647
Government grants	17	4,946	5,264
Other creditors		234,286	197,864
Accruals and deferred income		447,464	293,154
		3,244,483	1,877,288

Trade creditors includes an amount of £1,040,827 (2019: £976,560) which is secured by a legal mortgage and debenture over the assets of the company.

15 Creditors: amounts falling due after more than one year

	Notes	2019 £	2018 £
Other borrowings	16	25,000	25,000
Government grants	17	29,005	33,951
		54,005	58,951

EBBSFLEET UNITED FOOTBALL CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 MAY 2019

16 Loans and overdrafts

	2019 £	2018 £
Other loans	958,549	27,875
Payable within one year	933,549	2,875
Payable after one year	25,000	25,000

Loans include the following:

- £933,549 which is unsecured, non interest bearing and repayable on demand.

- £25,000 which is unsecured, due for repayment in July 2020 in one instalment and bears interest at 6% per annum.

17 Government grants

Deferred income is included in the financial statements as follows:

	2019 £	2018 £
Current liabilities	4,946	5,264
Non-current liabilities	29,005	33,951
	33,951	39,215

Grants have been received as a contribution toward the cost of stadium improvements and are released over the useful life of the specified asset.

18 Retirement benefit schemes

	2019 £	2018 £
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	38,184	21,002

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

At the year end there are outstanding contributions due amounting to £29,719 (2019: £21,929)

19 Share capital

	2019 £	2018 £
Ordinary share capital		
Issued and fully paid		
15,878,186 (2018: 14,954,310) Ordinary shares of £1 each	15,878,186	14,954,310

EBBSFLEET UNITED FOOTBALL CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 MAY 2019

19 Share capital

(Continued)

2019	2018
£	£

During the year £923,876 (2018: £2,860,141) £1 ordinary shares were issued at par

20 Financial commitments, guarantees and contingent liabilities

As part of the acquisition of the freehold property at Stonebridge Road, a legal charge was created with regard to overage payments, which fall due should the property be sold as a non-permitted disposal. The amount of any overage payment is calculated by multiplying the enhanced disposal value by a percentage, which diminished over a fixed period of time.

21 Operating lease commitments

Lessee

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

2019	2018
£	£

Within one year	12,642	-
Between two and five years	6,321	-
	<u>18,963</u>	<u>-</u>

22 Capital commitments

Amounts contracted for but not provided in the financial statements:

2019	2018
£	£

Acquisition of tangible fixed assets	-	36,906
	<u>-</u>	<u>36,906</u>

23 Events after the reporting date

In 2020 the world was shaken with the onset of Covid-19. The directors have assessed the operational and financial impact on the company in the strategic report on page 2 and in the going concern statement at note 1.2.

24 Related party transactions

Balances with related parties

EBBSFLEET UNITED FOOTBALL CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 MAY 2019

24 Related party transactions

(Continued)

	Amounts owed by related parties		Amounts owed to related parties	
	2019 £	2018 £	2019 £	2018 £
Armila Capital	-	-	409,000	-
KEH Sports Limited	-	-	518,503	-
KEHC (UK) Limited	-	-	700	-
London Resort Holding Limited	-	-	3,171	-

25 Ultimate controlling party

Kuwaiti European Holding Company (K.S.C.), a company registered in Kuwait and controlled by Dr A Al-Humaidi, is the most senior and ultimate parent undertaking of Ebbsfleet United Football Club Limited.

KEH Sports limited, a company registered in England & Wales, is the immediate parent undertaking of Ebbsfleet United Football Club Limited.