

CAMBRIDGE UNITED FOOTBALL CLUB LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2018



CAMBRIDGE UNITED FOOTBALL CLUB LIMITED

COMPANY INFORMATION

DIRECTORS

E J Clarke
D G Daniels
S F Grady
C H Loch
I P Mather (appointed 1 June 2018)
D Matthew-Jones
R L Sargent
G W N Smith (appointed 19 July 2018)
S K Chamberlain (resigned 1 June 2018)
D P Doggett (resigned 30 December 2017)

REGISTERED NUMBER

00482197

REGISTERED OFFICE

Abbey Stadium
Newmarket Road
Cambridge
CB5 8LN

INDEPENDENT AUDITORS

Price Bailey LLP
Chartered Accountants & Statutory Auditors
Tennyson House
Cambridge Business Park
Cambridge
CB4 0WZ

BANKERS

Barclays Bank PLC
28 Chesterton Road
Cambridge
CB4 3AZ

CAMBRIDGE UNITED FOOTBALL CLUB LIMITED

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CAMBRIDGE UNITED FOOTBALL CLUB LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2018

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

BUSINESS REVIEW

In 2017 the Club reported a loss in the year to June 2017 of £693,687. A budget for 2017/18 was prepared and approved by the Board of Directors that sought to significantly reduce the deficit for the year to June 2018. During the course of the 2017/18 season, it became clear that the performance of the business was significantly behind budget. As a result, further funding was required for the Club which was made principally by Paul Barry.

Since the end of June 2017, the following changes to the Board of Directors have taken place;

- Dave Doggett resigned as Chairman and as a Director on 30 December 2017
- Jeremy George ceased to be employed as Chief Executive Officer in February 2018
- Ian Mather was appointed as a Director on 1 June 2018
- Steve Chamberlain resigned as a Director on 1 June 2018
- Godric Smith was appointed as a Director on 19 July 2018
- Duncan Foyle was engaged as Finance Director in August 2018. Duncan Foyle is not a Director of the Company

In August 2018, the Board of Directors engaged Price Bailey to audit the Financial Statements of the Club for the year ended 30 June 2018. The audit is the first independent statutory audit to have been carried out in respect of the Club.

As a result of work carried out in preparation for the audit, the Board identified material errors in the prior period due to inadequacies in the accounting records which required restatement of the June 2017 comparative balances. Full details are set out in Note 12 to the accounts. This has resulted in a restatement of the previously reported loss in the year ended June 2017 from £693,687 to £882,691.

Steps have been taken to improve the financial management of the Club and in the Finance Team to establish the necessary capabilities and process to ensure the provision of timely and accurate information to the Board to enable improved forecasting and budget planning going forward. Practices, processes and procedures recommended by Price Bailey in the course of the audit have been adopted, or are in the process of being adopted.

The loss for the financial year ended June 2018 is £834,830, marginally less than the restated loss of £882,691 for the prior period. Turnover in 2018 reduced in part as a result of the Cup competition income in the prior year which was not repeated in 2018. The 2018 result benefited from profits on player sales which totalled £569,568. Costs increased in 2018 compared to the prior year with the largest cost being wages and salaries. With respect to the number of people employed by the Club, while over half of the number of total positions are part time, the Board has, after the period end, carried out a review of the number of and level of people employed in light of the recent financial performance and have made a number of changes as a result.

The Balance Sheet at 30 June 2018 reflects, amongst other things, the establishment of the Chinese Summer School subsidiary company Cambridge United China Collaborations Limited, in which the Club holds a 67% stake. As the initial working capital for this business was provided through third party investment, this was seen by the Board of Directors as a low risk opportunity to seek to leverage the Cambridge brand, particularly in China, and to create an additional income stream for the Club. The Shareholders Agreement which sets out the rights and obligations with regard to the Summer School business was approved after the period end and the first Summer School ran in July and August 2018, generating a small operating surplus. The Board are currently in discussions with the third party investor and other stakeholders to establish the best approach to maximise the Summer School opportunity as a sustainable future income stream.

For the current financial year, the financial performance continues to be challenging and a loss for the year ended 30 June 2019 is also anticipated. Coupled with the results for 2017 and 2018, this has meant that the Club has required further significant financial support from Paul Barry. Paul Barry has indicated that he is willing to provide further funding for the Club for the remainder of the financial year to 30 June 2019. Beyond that date, the Directors will need to secure further funding for the Club from Paul Barry and/or to obtain new funding, and the Directors have taken steps to start discussions with appropriate third parties interested in investing in the Club in order to secure its long term future.

CAMBRIDGE UNITED FOOTBALL CLUB LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2018

DIRECTORS

The directors who served during the year were:

E J Clarke
D G Daniels
S F Grady
C H Loch
I P Mather (appointed 1 June 2018)
D Matthew-Jones
R L Sargent
S K Chamberlain (resigned 1 June 2018)
D P Doggett (resigned 30 December 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 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 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.

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

CAMBRIDGE UNITED FOOTBALL CLUB LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2018**

DISCLOSURE OF INFORMATION TO AUDITORS

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 auditors are 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 auditors are aware of that information.

AUDITORS

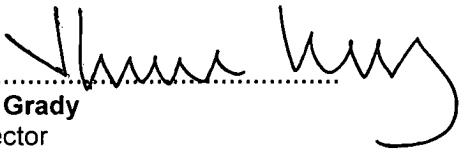
Under section 487(2) of the Companies Act 2006, Price Bailey LLP will be deemed to have been reappointed as auditors 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the accounts with the registrar, whichever is earlier.

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 on 5 April 2019 and signed on its behalf.

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S F Grady
Director



CAMBRIDGE UNITED FOOTBALL CLUB LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF CAMBRIDGE UNITED FOOTBALL CLUB LIMITED

QUALIFIED OPINION

We have audited the financial statements of Cambridge United Football Club Limited (the 'Company') for the year ended 30 June 2018, which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and the related notes, 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 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, except for the possible effects of the matters described in the Basis for qualified opinion section of our report, the financial statements:

- give a true and fair view of the state of the Company's affairs as at 30 June 2018 and of its 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 QUALIFIED OPINION

With respect to certain financial statement areas as at 30 June 2017, namely trade creditors of £228,177, and accruals and deferred income of £791,423, the audit evidence available to us was limited due to the inadequate nature of the company's accounting records as at that date, changes in staff, and the fact that the financial statements were unaudited for the year ended 30 June 2017. We were unable to satisfy ourselves by alternative means concerning these comparative balances by using other audit procedures. Consequently we were unable to determine whether any adjustments to these comparative amounts were necessary, nor therefore whether any other adjustments were necessary in respect of the current period revenue or expenditure, and hence of the loss for the year ended 30 June 2018.

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 Auditors' 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 United Kingdom, including the Financial Reporting Council'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 qualified opinion.

MATERIAL UNCERTAINTY RELATED TO GOING CONCERN

We draw attention to note 2.2 in the financial statements, which indicates that based on the net current liabilities as at the balance sheet date and the forecast results for a period of at least 12 months from the date of the financial statement approval that the company will need to obtain new funding to enable it to meet its liabilities as they fall due. As stated in note 2.2, these events or conditions, along with the other matters as set forth in note 2.2, 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 respect of this matter.

OTHER MATTER

The financial statements of the company for the year ended 30 June 2017 were unaudited.

CAMBRIDGE UNITED FOOTBALL CLUB LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF CAMBRIDGE UNITED FOOTBALL CLUB LIMITED (CONTINUED)

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 Auditors' 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.

OPINION 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.

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 Directors' Report.

In respect solely of the limitation on our work relating to the comparative period balances for trade creditors, and accruals and deferred income, as detailed above;

- we have not received all the information and explanations that we consider necessary for the purpose of our audit; and
- the accounting records kept as at 30 June 2017 were not adequate.

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:

- 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
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the Directors' Report and from the requirement to prepare a Strategic Report.

CAMBRIDGE UNITED FOOTBALL CLUB LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF CAMBRIDGE UNITED FOOTBALL CLUB LIMITED (CONTINUED)

RESPONSIBILITIES OF DIRECTORS

As explained more fully in the Directors' Responsibilities Statement on page 2, 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.

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

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



Andrew Mason BA FCA (Senior Statutory Auditor)

for and on behalf of

Price Bailey LLP

Chartered Accountants
Statutory Auditors

Tennyson House
Cambridge Business Park
Cambridge
CB4 0WZ

5 April 2019

CAMBRIDGE UNITED FOOTBALL CLUB LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2018**

	2018	As restated
	£	2017
		£
Turnover	4,814,855	5,155,790
Administrative expenses	(6,219,253)	(6,038,773)
Profit on disposal of player registrations	569,568	-
OPERATING LOSS	(834,830)	(882,983)
Interest receivable and similar income	-	292
LOSS BEFORE TAX	(834,830)	(882,691)
LOSS FOR THE FINANCIAL YEAR	(834,830)	(882,691)

There was no other comprehensive income for 2018 (2017:£NIL).

The notes on pages 10 to 21 form part of these financial statements.

CAMBRIDGE UNITED FOOTBALL CLUB LIMITED
REGISTERED NUMBER: 00482197

BALANCE SHEET
AS AT 30 JUNE 2018

	Note	2018 £	As restated 2017 £
FIXED ASSETS			
Intangible assets	4	64,611	145,675
Tangible assets	5	444,162	481,973
Investments	6	300,000	-
		<u>808,773</u>	<u>627,648</u>
CURRENT ASSETS			
Stocks	7	22,528	35,614
Debtors: amounts falling due within one year	8	239,333	306,391
Cash at bank and in hand	9	61,926	76,782
		<u>323,787</u>	<u>418,787</u>
Creditors: amounts falling due within one year	10	(1,597,121)	(1,211,166)
NET CURRENT LIABILITIES		<u>(1,273,334)</u>	<u>(792,379)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>(464,561)</u>	<u>(164,731)</u>
NET LIABILITIES		<u>(464,561)</u>	<u>(164,731)</u>
CAPITAL AND RESERVES			
Called up share capital	11	4,522,272	3,987,272
Profit and loss account		(4,986,833)	(4,152,003)
		<u>(464,561)</u>	<u>(164,731)</u>

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime and in accordance with the provisions of FRS 102 Section 1A - small entities.

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 5 April 2019.


S F Grady
 Director

The notes on pages 10 to 21 form part of these financial statements.

CAMBRIDGE UNITED FOOTBALL CLUB LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2018**

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 July 2017 (as previously stated)	3,987,272	(3,916,928)	70,344
Prior year adjustment	-	(235,075)	(235,075)
At 1 July 2017 (as restated)	<u>3,987,272</u>	<u>(4,152,003)</u>	<u>(164,731)</u>
COMPREHENSIVE INCOME FOR THE YEAR			
Loss for the year	-	(834,830)	(834,830)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>-</u>	<u>(834,830)</u>	<u>(834,830)</u>
Shares issued during the year	535,000	-	535,000
TOTAL TRANSACTIONS WITH OWNERS	<u>535,000</u>	<u>-</u>	<u>535,000</u>
AT 30 JUNE 2018	<u><u>4,522,272</u></u>	<u><u>(4,986,833)</u></u>	<u><u>(464,561)</u></u>

The notes on pages 10 to 21 form part of these financial statements.

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

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 July 2016 (as previously stated)	3,307,639	(3,223,241)	84,398
Prior year adjustment	-	(46,071)	(46,071)
At 1 July 2016 (as restated)	<u>3,307,639</u>	<u>(3,269,312)</u>	<u>38,327</u>
COMPREHENSIVE INCOME FOR THE YEAR			
Loss for the year	-	(882,691)	(882,691)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>-</u>	<u>(882,691)</u>	<u>(882,691)</u>
Shares issued during the year	679,633	-	679,633
TOTAL TRANSACTIONS WITH OWNERS	<u>679,633</u>	<u>-</u>	<u>679,633</u>
AT 30 JUNE 2017	<u><u>3,987,272</u></u>	<u><u>(4,152,003)</u></u>	<u><u>(164,731)</u></u>

The notes on pages 10 to 21 form part of these financial statements.

CAMBRIDGE UNITED FOOTBALL CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

1. GENERAL INFORMATION

Cambridge United Football Club Limited is a private company, limited by shares, incorporated in England and Wales, United Kingdom. Its registered address is Abbey Stadium, Newmarket Road, Cambridge, United Kingdom, CB5 8LN.

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

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 Section 1A of Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

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

The financial statements are presented in sterling which is the functional currency of the company and are rounded to the nearest pound.

The company and group that it heads qualifies as a small group and therefore the company has claimed exemption from the preparation of consolidated financial statements. These financial statements contain the results and financial position of the company as a parent entity.

In the process of preparing the financial statements and information required for audit, the directors identified material errors in the comparative period, which have been corrected by means of a prior year restatement. Details of the errors identified and the impact on the comparative period are included in note 12.

The following principal accounting policies have been applied:

2.2 GOING CONCERN

The company reports net current liabilities of £1.3m at 30 June 2018, and has made a loss in the year of £0.8m. The directors have prepared forecast information for a period of at least 12 months from the anticipated date of approval of these financial statements that indicate that the company will need further investment from existing shareholders and/or new investment to continue to meet its liabilities as they fall due.

While the directors are confident, based on the cash advances from shareholders received subsequent to the balance sheet date, that this overall investment will be obtained, and have therefore prepared the financial statements on a going concern basis, the fact that at the date of approval of these financial statements all of the investment that is likely to be needed has not been secured represents a material uncertainty.

CAMBRIDGE UNITED FOOTBALL CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

2. ACCOUNTING POLICIES (CONTINUED)

2.3 TURNOVER

Turnover is recognised to the extent that it is probable that the economic benefits will flow to the Company and the turnover can be reliably measured. Turnover is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before turnover is recognised:

Sale of goods

Turnover from the sale of goods is recognised when all of the following conditions are satisfied:

- the Company has transferred the significant risks and rewards of ownership to the buyer;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of turnover can be measured reliably;
- it is probable that the Company will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rendering of services

Turnover from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of turnover can be measured reliably;
- it is probable that the Company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

2.4 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.

2.5 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 Balance Sheet. The assets of the plan are held separately from the Company in independently administered funds.

Multi-employer pension plan

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

CAMBRIDGE UNITED FOOTBALL CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

2. ACCOUNTING POLICIES (CONTINUED)

2.6 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 corporation tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet 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 Balance Sheet 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 balance sheet date.

2.7 INTANGIBLE ASSETS

Transfer fees and transfer levies payable associated with the acquisition of players' registrations are capitalised as intangible fixed assets and are initially recognised at cost. After recognition, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

Amortisation is provided at rates calculated to write off the cost of the intangible asset over the duration of the player's contract.

At each reporting date the company assesses whether there is any indication of impairment. The directors consider that it is not possible to determine the value in use of an individual player in isolation, however where there are circumstances as at the period end where the player would not be available for selection, the player is valued on a recoverable amount basis, being the best estimate of the player's fair value less cost to sell. Any resulting impairment charge is included within operating expenses in the Statement of Income and Retained Earnings.

CAMBRIDGE UNITED FOOTBALL CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

2. ACCOUNTING POLICIES (CONTINUED)

2.8 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 property improvements	- Over the life of the lease or 10% straight line
Plant and machinery	- 20% straight line
Fixtures and fittings	- 20% straight line
Office equipment	- 20% - 33% straight line

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

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

2.9 VALUATION OF INVESTMENTS

Investments in subsidiaries are measured at cost less accumulated impairment.

2.10 STOCKS

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a weighted average basis.

At each balance sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

2.11 DEBTORS

Short term debtors are measured at transaction price, less any impairment.

2.12 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.

2.13 CREDITORS

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

CAMBRIDGE UNITED FOOTBALL CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

2. ACCOUNTING POLICIES (CONTINUED)

2.14 FINANCIAL INSTRUMENTS

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

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.

3. EMPLOYEES

The average monthly number of employees, including directors, during the year was 217 (2017 - 199). This comprises of 104 (2017 - 88) full time staff, including directors, and 113 (2017 - 111) part time staff.

CAMBRIDGE UNITED FOOTBALL CLUB LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018**

4. INTANGIBLE ASSETS

	Player registrations £	Goodwill £	Total £
COST			
At 1 July 2017 (as previously stated)	180,000	36,772	216,772
Prior Year Adjustment	30,000	(36,772)	(6,772)
	<hr/>	<hr/>	<hr/>
At 1 July 2017 (as restated)	210,000	-	210,000
Additions	15,000	-	15,000
Disposals	(100,000)	-	(100,000)
	<hr/>	<hr/>	<hr/>
At 30 June 2018	125,000	-	125,000
	<hr/>	<hr/>	<hr/>
AMORTISATION			
At 1 July 2017 (as previously stated)	60,666	11,031	71,697
Prior Year Adjustment	3,659	(11,031)	(7,372)
	<hr/>	<hr/>	<hr/>
At 1 July 2017 (as restated)	64,325	-	64,325
Charge for the year	40,632	-	40,632
On disposals	(44,568)	-	(44,568)
	<hr/>	<hr/>	<hr/>
At 30 June 2018	60,389	-	60,389
	<hr/>	<hr/>	<hr/>
NET BOOK VALUE			
	<hr/>	<hr/>	<hr/>
At 30 June 2018	64,611	-	64,611
	<hr/>	<hr/>	<hr/>
At 30 June 2017 (as restated)	145,675	-	145,675
	<hr/>	<hr/>	<hr/>

CAMBRIDGE UNITED FOOTBALL CLUB LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018**

5. TANGIBLE FIXED ASSETS

	Leasehold property improvements £	Plant and machinery £	Fixtures and fittings £	Office equipment £	Total £
COST					
At 1 July 2017	486,798	66,562	16,878	63,588	633,826
Additions	-	-	20,000	-	20,000
At 30 June 2018	486,798	66,562	36,878	63,588	653,826
DEPRECIATION					
At 1 July 2017	70,267	38,927	6,401	36,258	151,853
Charge for the year on owned assets	31,132	12,419	3,377	10,883	57,811
At 30 June 2018	101,399	51,346	9,778	47,141	209,664
NET BOOK VALUE					
At 30 June 2018	385,399	15,216	27,100	16,447	444,162
At 30 June 2017	416,531	27,635	10,477	27,330	481,973

CAMBRIDGE UNITED FOOTBALL CLUB LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018**

6. FIXED ASSET INVESTMENTS

	Investments in subsidiary companies £
COST OR VALUATION	
Additions	300,000
At 30 June 2018	<u>300,000</u>

SUBSIDIARY UNDERTAKING

The following was a subsidiary undertaking of the Company:

Name	Registered office	Principal activity	Class of shares	Holding
Cambridge United China Collaborations Limited	England and Wales	Football training courses	Ordinary	67%

7. STOCKS

	2018 £	2017 £
Finished goods and goods for resale	<u>22,528</u>	<u>35,614</u>

CAMBRIDGE UNITED FOOTBALL CLUB LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018**

8. DEBTORS

	2018	As restated
	£	2017
		£
Trade debtors	128,187	120,063
Other debtors	41,019	30,726
Prepayments and accrued income	70,127	155,602
	239,333	306,391

9. CASH AND CASH EQUIVALENTS

	2018	As restated
	£	2017
		£
Cash at bank and in hand	61,926	76,782

10. CREDITORS: Amounts falling due within one year

	2018	As restated
	£	2017
		£
Trade creditors	203,755	228,177
Amounts owed to group undertakings	546,325	-
Other taxation and social security	188,356	144,913
Other creditors	19,213	46,653
Accruals and deferred income	639,472	791,423
	1,597,121	1,211,166

CAMBRIDGE UNITED FOOTBALL CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

11. SHARE CAPITAL

	2018 £	2017 £
Allotted, called up and fully paid		
3,012,026 (2017 - 3,012,026) Ordinary shares of £0.50 each	1,506,013	1,506,013
60,325,180 (2017 - 49,625,180) Ordinary shares of £0.05 each	3,016,259	2,481,259
	4,522,272	3,987,272

During the year the company issued 10,700,000 ordinary shares of £0.05 each with nominal value of £535,000 for consideration of £535,000. Share premium of £nil arose on the issue.

12. PRIOR YEAR ADJUSTMENT

In the process of preparing the financial statements and information required for audit, the directors identified material errors in the comparative period, which have been corrected by means of a prior year restatement. The errors arose due to the inadequate nature of the accounting records as at that date where the underlying records could not be fully reconciled to supporting documentation. A number of presentational adjustments have also been made to the comparative balance sheet to better reflect the underlying transactions.

The impact of the restatement on the comparative balance sheet was to decrease goodwill (by £25,741), increase player registrations (by £26,341), increase trade debtors (by £1,072), decrease prepayments and accrued income (by £56,744), decrease cash at bank (by £4,971), decrease trade creditors (by £1,746), increase other taxes and social security (by £19,218), increase other creditors (by £46,653) and increase accruals and deferred income (by £110,907).

The presentational adjustments made to the comparative balance sheet were to reclassify £212,346 from other debtors to prepayments and accrued income, and £96,822 reclassified from other creditors to accruals and deferred income.

The impact of the restatement on the comparative income statement was to decrease turnover (by £236,946) and to decrease administrative expenses (by £47,941). The restatement reduced the net assets as at 1 July 2016 by £46,071.

CAMBRIDGE UNITED FOOTBALL CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

13. PENSION COMMITMENTS

The Company is one of a number of participating employees in the Football League Limited Pension and Life Assurance Scheme. The scheme is administered nationally and is now closed to new members. The company is unable to identify its share of the assets and liabilities of the scheme and therefore accounts for its contributions as if they were paid to a defined contribution scheme.

The latest actuarial valuation of the scheme, which was undertaken in 2017 indicated that the scheme remains in deficit and, in accordance with the scheme rules, the company, along with the other football clubs, are required to make payments to the scheme to reduce the deficit. The outstanding liability will be paid to the pension scheme on a monthly basis over a period of approximately eight years. The total pension charge for the year was £1,524 (2017 - £1,464) and the total amount payable to the pension scheme as at 30 June 2018 was £15,129 (2017 - £16,653) and is included in creditors.

The Company also operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £14,630 (2017 - £12,457). Contributions totalling £3,126 (2017 - £Nil) were payable to the fund at the balance sheet date and are included in creditors.

14. COMMITMENTS UNDER OPERATING LEASES

At 30 June 2018 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2018 £	2017 £
Land and buildings		
Not later than 1 year	354,350	352,850
Later than 1 year and not later than 5 years	1,423,400	1,421,900
Later than 5 years	9,869,775	10,225,625
	<u>11,647,525</u>	<u>12,000,375</u>

The company has entered into a memorandum of understanding whereby the landlord has agreed at their discretion, on an annual basis to reduce the annual rental charge to £100,000, so long as both parties continue to work together to promote the redevelopment or relocation of the Abbey Stadium. The annual rental charge for the year under the lease was £100,000 (2017 - £100,000).

	2018 £	2017 £
Other operating leases		
Not later than 1 year	83,148	58,196
Later than 1 year and not later than 5 years	167,223	111,953
	<u>250,371</u>	<u>170,149</u>

CAMBRIDGE UNITED FOOTBALL CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

15. CONTINGENT LIABILITIES

As part of player registrations, the company enters into transfer agreements whereby amounts might become payable if certain conditions are fulfilled. Additional amounts due as a result of player appearances and team results to a maximum of £60,000 (2017 - £25,000) could become payable under terms of contracts as at 30 June 2018. These contracts also include possible percentage sell-on liabilities, although it is impractical to make an estimate of any potential amounts that could become due.

The company also benefits from similar terms when players are sold, and during the year £41,500 (2017 - £nil) was received and included within profits on disposal of player registrations. Given the nature of the calculations, which include future player appearances and percentage sell-on clauses, it is impractical to make an estimate of the contingent asset that might arise from transfers completed before 30 June 2018.

In the process of preparing the financial statements and reconciliation of creditor amounts due, the directors identified a possible risk arising from the nature and accounting for certain activities performed by the club. While the directors believe that the steps taken and advice sought post year end should mitigate the risk, at the period end there is a possible obligation that might arise. The directors estimate that the financial impact could be approximately £50,000.