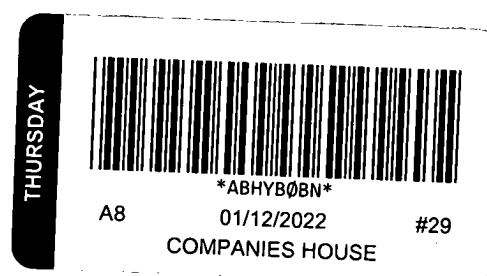


Middlesbrough Football & Athletic  
Company (1986) Limited  
Annual report and financial statements  
for the year ended 30 June 2022

Registered number: 1947851



Middlesbrough Football & Athletic Company (1986) Limited  
Annual report and financial statements  
for the year ended 30 June 2022

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# **Middlesbrough Football & Athletic Company (1986) Limited**

## **Directors and advisers for the year ended 30 June 2022**

### **Directors**

S Gibson

N Bausor

### **Company secretary and registered office**

Jeremy Bloom

Riverside Stadium

Middlesbrough

England

TS3 6RS

### **Solicitors**

The Endeavour Partnership LLP

Tobias House

St Mark's Court

Teesdale Business Park

Teesside

TS17 6QW

Northridge Law LLP

The Bloomsbury Building

Holborn

London

WC1A 2SL

Womble Bond Dickinson (UK) LLP

The Spark, Draymans Way

Newcastle Helix

Newcastle Upon Tyne

NE4 5DE

### **Bankers**

Barclays Bank Plc

Barclays House

5 St Ann's Street, Quayside

Newcastle Upon Tyne

NE1 3DX

### **Independent auditors**

BDO LLP

Central Square

29 Wellington Street

Leeds

LS1 4DL

# Middlesbrough Football & Athletic Company (1986) Limited

## Strategic report for the year ended 30 June 2022

The directors present their Strategic report for the Company for the year ended 30 June 2022.

### **Business review**

The results for the financial year show an EBITDA loss (earnings before interest, tax, depreciation and amortisation, calculated as the operating loss with depreciation and amortisation added back) of £8,539,000 (2021: £13,204,000), a loss before taxation of £19,459,000 (2021: £30,827,000) and turnover of £26,887,000 (2021: £14,466,000). Net liabilities have increased by £15,315,000 on prior year to £131,924,000 (2021: £116,609,000).

The Club competed in the EFL Championship in the 2021/22 season. Government restrictions on social distancing to tackle the COVID19 pandemic were lifted for the 2021/22 season which resulted in the return of supporters to football stadia. The Club marginally missed out on a play-off position in the 2021/22 season, finishing 7<sup>th</sup> in the league.

### **Principal risks and uncertainties**

The principal risk at the moment is the impact that rising costs has on operating costs and the discretionary spend available to supporters.

### *Football*

The biggest risk to the Club is failing to perform competitively in the league in which it competes. This is managed by developing and recruiting a first team squad suited to the relevant league and employing a management team and support team with the requisite knowledge and experience.

### *Finance*

The Company operates in a challenging business environment and market sector where revenue streams can fluctuate significantly depending upon team performance on the pitch and costs can be unrelated to income being generated. The Company continuously reviews the level of fixed costs incurred with a view to restricting unnecessary expense and matching costs to revenue streams to ensure the Club operates within financial regulations governed by The English Football League.

### *COVID19 pandemic*

Government restrictions previously imposed on football stadia to tackle social distancing had a significant impact on the Company's ability to generate income in the prior year, both from a matchday and non-matchday perspective. The Company do not foresee Government measures caused by the pandemic having a future financial impact.

### **Key performance indicators**

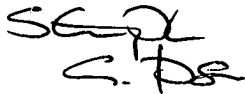
Given the nature of the business the Company is of the opinion that analysis using KPIs is not necessary for an understanding of the development, performance or position of the business.

# **Middlesbrough Football & Athletic Company (1986) Limited**

## **Strategic report for the year ended 30 June 2022 (continued)**

During the financial year Keith Lamb, the former Chief Executive and Director, retired from the board. The Directors would like to thank Mr Lamb for his decades of service to the Club and his contribution in building the squad of the late 1990s and early 2000s which brought considerable success to the Club.

On behalf of the Board

Handwritten signature of S Gibson in black ink.

S Gibson  
Chairman

29 November 2022

# Middlesbrough Football & Athletic Company (1986) Limited

## Directors' report for the year ended 30 June 2022

The directors present their report and the audited financial statements of the Company for the year ended 30 June 2022. The Company's registered number is 1947851.

### Principal activities

The principal activity of the Company is the operation of a professional football club.

### Directors

The directors of the Company during the year are listed below:

S Gibson (Chairman)

N Bausor (Chief Executive Officer)

On 5 July 2021, K Lamb retired as a director and N Bausor was appointed as director of the Company.

### Dividends

The directors do not recommend payment of a dividend (2021: £nil).

### Future outlook

The Club continues to compete in the EFL Championship in the 2022/23 season. It will continue to keep control of operating costs and make as much income as possible available to invest in the football team. The Club will continue to strive for progression and promotion to the Premier League.

### Going concern

At 30 June 2022, the Company had net liabilities of £131,924,000 (2021: £116,609,000) and net current liabilities of £166,043,000 (2021: £147,539,000) including amounts due to group undertakings of £142,386,000 (2021: £120,679,000).

The going concern basis of the Company depends on the continuing support from The Gibson O'Neill Company Limited, the ultimate parent undertaking, which has agreed through a formal letter of support to continue to provide that support, if required, to the Company for the foreseeable future and for at least 12 months after these financial statements are approved by the directors. As such, the going concern status of the Company is linked to the going concern of the group.

The directors have carried out a review of the ultimate parent company's ability to continue as a going concern for a period of at least 12 months from the date of approval of these financial statements. Based on financial projections, the directors have concluded that adequate financial resources are available to ensure the ultimate parent company can meet its obligations as they fall due for the foreseeable future and have therefore adopted the going concern basis in preparing the financial statements.

### Post balance sheet events

Post balance sheet events are shown in note 22 on page 33.

### Financial risk management

The Company's operations expose it to a variety of financial risks that include the effects of changes in liquidity risk, foreign exchange risk and credit risk.

#### *Liquidity risk*

The Company manages its liquidity risk on a daily basis through cash monitoring and cash flow forecasting to ensure that it operates within the parameters of its financial plan.

#### *Foreign exchange risk*

The Company is exposed to foreign exchange risk as a result of acquisition and disposal of player registrations. Where possible the Club minimises the use of foreign currency.

# **Middlesbrough Football & Athletic Company (1986) Limited**

## **Directors' report for the year ended 30 June 2022 (continued)**

### *Credit risk*

The Company's credit risk is primarily attributable to its trade debtors. The amounts presented in the balance sheet are shown net of provisions for impairment where it is considered the Company will not be able to collect all amounts due. The Company considers it has no significant concentration of credit risk as its exposure is spread over a large number of customers. The largest sums will be due from other English football clubs as instalments for player transfer sales and these sums are protected by the Football Creditor rules.

### **Engagement with employees**

Information on matters of concern to employees is communicated on a regular basis to seek to achieve a common awareness on the part of all employees of the financial and economic factors affecting the Company's performance. The Company is committed to employment policies, which follow best practice, based on equal opportunities for all employees, irrespective of sex, race, colour, disability, marital status, age or sexual orientation. It's recognised as an Intermediate Level Premier League Equality Standard and Plan4Sport. Staff are trained in unconscious bias, disability-awareness, LGBT-awareness, and Mental Health First Aid.

### **Disabled employees**

It is the Company's policy that disabled people should receive full and fair consideration for all job vacancies for which they are suitable applicants. Employees who become disabled during their working life will be retained in employment wherever possible and will be given help with any necessary rehabilitation and retraining. The Club is prepared to modify procedures or equipment, wherever this is practicable, so that full use can be made of an individual's abilities.

### **Statement of directors' responsibilities in respect of the financial statements**

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law, the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law). Under company law, the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are 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.

# Middlesbrough Football & Athletic Company (1986) Limited

## Directors' report for the year ended 30 June 2022 (continued)

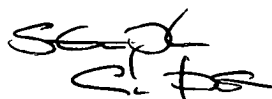
The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006.

### Directors' confirmations

In the case of each director in office at the date the Directors' Report is approved:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

On behalf of the board



S Gibson  
Chairman

29 November 2022



# **Middlesbrough Football & Athletic Company (1986) Limited**

## **Independent auditors' report to the members of Middlesbrough Football & Athletic Company (1986) Limited**

### **Opinion on the financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 30 June 2022 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.

We have audited the financial statements of Middlesbrough Football & Athletic Company (1986) Limited ("the Company") for the year ended 30 June 2022 which comprise the Statement of Comprehensive Income, Statement of Financial Position and 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 Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

### **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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### *Independence*

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.

### **Conclusions relating to going concern**

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

# **Middlesbrough Football & Athletic Company (1986) Limited**

## **Independent auditors' report to the members of Middlesbrough Football & Athletic Company (1986) 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 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. 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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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.

### **Other Companies Act 2006 reporting**

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

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 or the Directors' report.

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.

# **Middlesbrough Football & Athletic Company (1986) Limited**

## **Independent auditors' report to the members of Middlesbrough Football & Athletic Company (1986) Limited (continued)**

### **Responsibilities of Directors**

As explained more fully in the Directors Report, 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.

### *Extent to which the audit was capable of detecting irregularities, including fraud*

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

As part of the audit we gained an understanding of the legal and regulatory framework applicable to the Company and the industry in which it operates, and considered the risk of acts by the Company that were contrary to applicable laws and regulations, including fraud. We considered the Company's compliance with laws and regulations that have a direct impact on the financial statements including, but not limited to, UK company law and UK tax legislation, and we considered the extent to which non-compliance might have a material effect on the Company financial statements.

Based on our understanding we designed our audit procedures to identify instances of non-compliance with such laws and regulations. Our procedures included reviewing the financial statement disclosures and agreeing to underlying supporting documentation where necessary. We made enquiries of management and of the Directors as to the risks of non-compliance and any instances thereof. We also addressed the risk of management override of internal controls, including testing journal entries processed during and subsequent to the year that represented a risk of material misstatement due to fraud. We specifically reviewed manual journal postings to revenue and cash to assess for any evidence of manipulation of account balances. We addressed the risk of fraud in revenue by considering the revenue recognition policy for each individual revenue stream. We

## **Middlesbrough Football & Athletic Company (1986) Limited**

### **Independent auditors' report to the members of Middlesbrough Football & Athletic Company (1986) Limited (continued)**

tested transactions in the general ledger to third party documentation to check for fictitious revenue and performed cut-off procedures to check that amounts were recorded in the correct period. We also assessed management's estimates made in the financial statements for evidence of bias. In particular we considered the appropriateness of stock valuation, intangible asset valuations, tangible assets held at valuation, depreciation and amortisation.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://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.

DocuSigned by:

*Neil Ebdon*

DC0D99BB4F07404...

Neil Ebdon (Senior Statutory Auditor)

For and on behalf of BDO LLP, statutory auditor

Leeds

30 November 2022

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

# Middlesbrough Football & Athletic Company (1986) Limited

## Statement of Comprehensive Income for the year ended 30 June 2022

	Note	30 June 2022 £'000	30 June 2021 £'000
<b>Turnover</b>	1	<b>26,887</b>	14,466
Cost of sales		(35,327)	(34,218)
<b>Gross loss</b>		<b>(8,440)</b>	(19,752)
Administrative expenses before player amortisation and impairment		(5,585)	(5,407)
Player amortisation and impairment		(7,997)	(13,844)
Administrative expenses		(13,582)	(19,251)
Profit on sale of registrations		1,350	4,271
Other operating income	4	1,236	4,551
<b>Operating loss</b>		<b>(19,436)</b>	(30,181)
Interest payable and similar expenses	5	(23)	(646)
<b>Loss before taxation</b>	6	<b>(19,459)</b>	(30,827)
Tax on loss	7	4,144	3,563
<b>Loss for the financial year</b>		<b>(15,315)</b>	(27,264)
<b>Other Comprehensive Income for the Year</b>			
Unrealised surplus on property revaluation	9	-	5,413
Tax on other comprehensive income	16	-	(3,127)
<b>Total Comprehensive Expense for the Year</b>		<b>(15,315)</b>	(24,978)

All of the Company's operations are continuing.

The notes on pages 19 to 33 form an integral part of these financial statements.

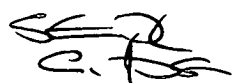
# Middlesbrough Football & Athletic Company (1986) Limited

## Balance sheet as at 30 June 2022

	Note	2022 £'000	2022 £'000	2021 £'000	2021 £'000
<b>Fixed assets</b>					
Intangible assets	8		10,553		10,087
Tangible assets	9		46,132		48,768
			56,685		58,855
<b>Current assets</b>					
Stocks	10	385		867	
Debtors	11	4,900		2,095	
Cash at bank and in hand		174		181	
		5,459		3,143	
<b>Creditors: amounts falling due within one year</b>	12	(171,502)		(150,682)	
<b>Net current liabilities</b>			(166,043)		(147,539)
<b>Total assets less current liabilities</b>			(109,358)		(88,684)
<b>Creditors: amounts falling due after more than one year</b>	13		(9,264)		(12,705)
<b>Accruals and deferred income</b>	14		-		(15)
<b>Provisions for liabilities</b>	15		(13,302)		(15,205)
<b>Non-Current Liabilities</b>			(22,566)		(27,925)
<b>Net liabilities</b>			(131,924)		(116,609)
<b>Capital and reserves</b>					
Called up share capital	17		64,056		64,056
Capital contribution	18		26,000		26,000
Revaluation reserve	18		25,056		26,237
Profit and loss account	18		(247,036)		(232,902)
<b>Total shareholders' deficit</b>			(131,924)		(116,609)

The notes on pages 19 to 33 form an integral part of these financial statements. The financial statements on pages 11 to 33 were approved by the Board on 29 November 2022 and were signed on its behalf by:

S Gibson  
Director



Middlesbrough Football Club & Athletic Company (1986) Limited. Registered number: 1947851

# Middlesbrough Football & Athletic Company (1986) Limited

## Statement of changes in equity for the year ended 30 June 2022

	Called up share capital	Capital contribution	Revaluation reserve	Profit and Loss Account	Total equity
	£'000	£'000	£'000	£'000	£'000
<b>At 1 July 2021</b>	<b>64,056</b>	<b>26,000</b>	<b>26,237</b>	<b>(232,902)</b>	<b>(116,609)</b>
<b>Comprehensive expense for the year</b>					
Loss for the financial year	-	-	-	(15,315)	(15,315)
<b>Other comprehensive expense for the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(15,315)</b>	<b>(15,315)</b>
<b>Total comprehensive expense for the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(15,315)</b>	<b>(15,315)</b>
Depreciation on property revaluations	-	-	(1,181)	1,181	-
<b>Balance at 30 June 2022</b>	<b>64,056</b>	<b>26,000</b>	<b>25,056</b>	<b>(247,036)</b>	<b>(131,924)</b>

# Middlesbrough Football & Athletic Company (1986) Limited

## Statement of changes in equity for the year ended 30 June 2021

	Called up share capital	Capital contribution	Revaluation reserve	Profit and Loss Account	Total equity
	£'000	£'000	£'000	£'000	£'000
<b>At 1 July 2020</b>	<b>64,056</b>	<b>26,000</b>	<b>24,949</b>	<b>(206,636)</b>	<b>(91,631)</b>
<b>Comprehensive expense for the year</b>					
Loss for the financial year	-	-	-	(27,264)	(27,264)
Revaluation gains on property	-	-	5,413	-	5,413
Taxation on other comprehensive income	-	-	(3,127)	-	(3,127)
<b>Other comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>2,286</b>	<b>-</b>	<b>2,286</b>
<b>Total comprehensive income/(expense) for the year</b>	<b>-</b>	<b>-</b>	<b>2,286</b>	<b>(27,264)</b>	<b>(24,978)</b>
Depreciation on property revaluations	-	-	(998)	998	-
<b>Balance at 30 June 2021</b>	<b>64,056</b>	<b>26,000</b>	<b>26,237</b>	<b>(232,902)</b>	<b>(116,609)</b>



# Middlesbrough Football & Athletic Company (1986) Limited

## Statement of accounting policies for the year ended 30 June 2022

### General information

Middlesbrough Football & Athletic Company (1986) Limited is a company limited by share capital. Incorporated and domiciled in England, registration number 1947851.

### Basis of accounting

The Financial Statements have been prepared on the going concern basis under the historical cost convention modified for the revaluation of certain fixed assets, and in accordance with Financial Reporting Standard 102 (FRS 102). The Company is deemed a qualifying entity under FRS 102. On this basis its ultimate parent company has approved its eligibility for disclosure exemptions, this report excludes a cash flow statement, key management compensation disclosure and related party disclosures.

The Company has taken advantage of the following exemptions:

- from preparing a statement of cash flows, on the basis that it is a qualifying entity and the consolidated statement of cash flows of the group includes the Company's cash flows;
- from the requirement to present a reconciliation of the number of shares outstanding at the beginning and end of the year as required by paragraph 4.12(a)(iv); and
- the requirements of Section 11 paragraphs 11.41 (b), 11.41 (c), 11.41 (e), 11.41 (f), 11.42, 11.44, 11.45, 11.47, 11.48 (a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c) and Section 12 paragraphs 12.26 (in relation to those cross referenced paragraphs from which a disclosure exemption is available), 12.27, 12.29 (a), 12.29(b) and 12.29A providing disclosures equivalent to those required by this FRS are included in the consolidated financial statements of the group in which the entity is consolidated.

### Going concern

At 30 June 2022, the Company had net liabilities of £131,924,000 (2021: £116,609,000) and net current liabilities of £166,043,000 (2021: £147,539,000) including amounts due to group undertakings of £142,386,000 (2021: £120,679,000).

The going concern basis of the Company depends on the continuing support from The Gibson O'Neill Company Limited, the ultimate parent undertaking, which has agreed through a formal letter of support to continue to provide that support, if required, to the Company for the foreseeable future and for at least 12 months after these financial statements are approved by the directors. As such, the going concern status of the Company is linked to the going concern of the group.

The directors have carried out a review of the ultimate parent company's ability to continue as a going concern for a period of at least 12 months from the date of approval of these financial statements. Based on financial projections, the directors have concluded that adequate financial resources are available to ensure the ultimate parent company can meet its obligations as they fall due for the foreseeable future and have therefore adopted the going concern basis in preparing the financial statements.

A summary of accounting policies, which have been applied consistently, is set out below.

### Tangible fixed assets and depreciation

Tangible fixed assets, other than leasehold properties, are stated at cost, which is their purchase cost, together with any incidental costs of acquisition, or at valuation, less accumulated depreciation. Leasehold properties are held at valuation and are revalued on a depreciated replacement cost basis. A formal third-party valuation is carried out every three years. In years between formal valuations, the directors make their own assessment of valuation.

# Middlesbrough Football & Athletic Company (1986) Limited

## Statement of accounting policies for the year ended 30 June 2022 (continued)

Depreciation is calculated so as to write off the cost or valuation of tangible fixed assets less their estimated residual values on a straight-line basis, over the expected useful economic lives of the assets concerned. The principal annual rates used for this purpose are:

Long leasehold buildings	2% - 10%
Fixtures, fittings, plant and machinery	2% - 20%
Land is not depreciated.	

### Finance leases

Leasing agreements which transfer to the Company substantially all the benefits and risks of ownership of an asset are treated as if the asset had been purchased outright. The assets are included in fixed assets and the capital element of the leasing commitment is shown as obligations under finance leases. The lease rentals are treated as consisting of capital and interest elements. The capital element is applied to reduce the outstanding obligations and the interest element is charged to the profit and loss account so as to give a constant periodic rate of charge on the remaining balance outstanding at each accounting year. Assets held under finance leases are depreciated over the shorter of the lease terms and the useful lives of equivalent owned assets.

### Stocks

Stocks are stated at the lower of cost and net realisable value. Cost is determined on a first-in first-out basis. Net realisable value is the price at which stocks can be sold in the normal course of business after allowing for the costs of realisation. Provision is made where necessary for obsolete, slow moving and defective stocks.

### Grants

Grants that relate to specific projects are treated as deferred income which is then credited to the profit and loss account over the related project's useful life. Other grants are credited to the profit and loss account when received.

### Foreign currencies

Transactions in foreign currencies are translated at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. All exchange differences are taken to the profit and loss account in the year in which they arise.

### Turnover

Turnover represents income receivable from the Company's principal activities and is exclusive of value added tax and gains in relation to the sale of player registrations. Matchday and Season ticket receipts, including Cup competitions, are recognised over the year of the football season as games are played. The fixed element of broadcasting revenue is recognised over the duration of the football season whilst facility fees for additional live coverage and sale of merchandise are taken when earned. Sponsorship and similar commercial income are recognised over the duration of the respective contracts.

### Deferred taxation

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except that a charge attributable to an item of income or 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 taxable income.

# **Middlesbrough Football & Athletic Company (1986) Limited**

## **Statement of accounting policies for the year ended 30 June 2022 (continued)**

Deferred balances are recognised in respect of all temporary timing differences that have originated but not reversed by the balance sheet date, except:

- 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;
- any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- where timing differences relate to interests in subsidiaries, associates, branches and joint ventures and the group can control their reversal and such reversal is not considered probable in the foreseeable future.

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 income tax is determined based on the rates expected to apply at the date of reversal, using tax rates and laws that have been enacted or substantively enacted by the reporting date.

### **Provisions**

Provisions are recognised when the Company has an obligation at the reporting date as a result of a past event, it is probable that the Company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

Provisions are recognised for onerous player contracts and deferred taxation liabilities.

### **Compensation and loan fees**

The costs associated with the acquisition of players' registrations are capitalised as intangible fixed assets. These costs are fully amortised over the length of the respective players' initial contract. Where a playing contract is extended, the unamortised balance at the date of the amendment, together with any new costs associated with the extension is amortised over the remaining revised contract life. Provision is made for any impairment and player registrations are written down for impairment when the carrying value exceeds the amount recoverable through use or sale of the relevant income generating unit. Provision is also made for the onerous element of players' contracts where a player's registration is impaired.

Where a part of the consideration payable on acquiring a player's registration is contingent upon a future event, the amount of the consideration is recognised once the event occurs and is amortised from the date of the event. The total amount which is currently considered possible is disclosed in note 21. Profit or losses on the sale of registrations represent the compensation or loan fees receivable, net of any transaction costs, less the amortised cost of the registrations.

### **Pension costs**

The Company is making contributions in respect of its share of the deficit of the defined benefit section of the Football League Pension and Life Assurance Scheme (the "Scheme"). As the Company is one of a number of participating employers in the Scheme it is not possible to identify the Company's share of the individual assets and liabilities within the Scheme.

Under FRS102, the Scheme is a funded multi-employer defined benefit scheme and the defined benefit obligation is to be recorded at its present value set by the scheme actuary discounted at appropriate rates. The change in present value not due to contributions paid is taken to the profit and loss account in the year.

# **Middlesbrough Football & Athletic Company (1986) Limited**

## **Statement of accounting policies for the year ended 30 June 2022 (continued)**

The Company also provides access to stakeholder pension plans for employees. The employer's contributions are charged to the profit and loss account in the year in which the liability to pay arises. Further details are provided in note 20.

### **Critical estimates in applying accounting policies and key sources of estimation uncertainty**

The preparation of the financial statement requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities at the reporting date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. The following critical estimates have been applied in preparing these financial statements:

- **Players' net book value** – the cost of obtaining players' registrations are amortised evenly over the period of the representative players' contracts with no residual value. The directors consider player impairment annually by assessing the market value less costs to sell for each individual player. The directors also take into consideration the individual performance of the player and overall contribution towards the first team squad.
- **Onerous contracts** – the directors review all contracts to determine whether the unavoidable cost of meeting the obligations under the contract exceed the economic benefits expected to be received under it. If they do, an onerous contract provision is recognised. This review primarily relates to player contracts where the directors take into consideration long term injuries and overall expected contribution towards the first team squad. An onerous contract provision is made for the remainder of the players' contract.
- **Property valuation** - Leasehold properties were revalued at 30 June 2021 by Montagu Evans, Chartered Surveyors, in accordance with the Appraisal and Valuation Manual of the Royal Institution of Chartered Surveyors in the United Kingdom. The Riverside Stadium and the training ground headquarters were valued on a depreciated replacement cost basis due to the specialist nature of the assets. The replacement cost for The Riverside Stadium was based on a set rate per capacity. The directors consider the valuation of all properties annually with an external valuation carried out every three years. In the current year the directors considered the previous external valuation and assessed the likely current valuation having regard for inflation during the year and expected useful life of the assets. On this basis they are satisfied that the current net book valuation reasonably approximates a depreciated replacement cost valuation.

# Middlesbrough Football & Athletic Company (1986) Limited

## Notes to the financial statements for the year ended 30 June 2022

### 1 Turnover

Turnover is generated entirely from the Company's principal activity in the United Kingdom and is analysed as follows:

	30 June 2022 £'000	30 June 2021 £'000
Gate receipts	6,420	36
Cup competitions	3,040	29
Sponsorship & commercial	6,564	2,584
Broadcasting	9,050	10,096
Merchandising	1,813	1,721
<b>Total turnover</b>	<b>26,887</b>	<b>14,466</b>

### 2 Directors' emoluments

	30 June 2022 £'000	30 June 2021 £'000
Aggregate emoluments	258	-

The highest paid director received emoluments of £258,000 (2021: £nil).

# Middlesbrough Football & Athletic Company (1986) Limited

## Notes to the financial statements for the year ended 30 June 2022 (continued)

### 3 Employee information

The average monthly number of persons (including executive directors) employed by the Company during the year was:

	30 June 2022	30 June 2021
By activity	Number	Number
Playing staff	82	69
Other staff	143	129
	225	198

	30 June 2022	30 June 2021
	£'000	£'000
Staff costs (for the above persons):		
Wages and salaries	25,044	23,864
Social security costs	3,219	2,972
Other pension costs (note 20)	164	127
	28,427	26,963

# Middlesbrough Football & Athletic Company (1986) Limited

## Notes to the financial statements for the year ended 30 June 2022 (continued)

### 4 Other operating income

	30 June 2022	30 June 2021
	£'000	£'000
Release of deferred grant income	15	27
Premier League grant income	1,210	1,185
Insurance proceeds	-	2,750
Furlough scheme	11	589
	<b>1,236</b>	<b>4,551</b>

Premier League grant income relates to the Elite Player Performance Plan and is the Premier League's contribution towards the operational costs of running a Category 1 Youth Academy.

Insurance proceeds relates to claims for business interruption caused by the COVID19 pandemic.

### 5 Interest payable and similar expenses

	30 June 2022	30 June 2021
	£'000	£'000
Payable on finance leases	3	6
Other interest	20	640
<b>Interest payable and similar expenses</b>	<b>23</b>	<b>646</b>

# Middlesbrough Football & Athletic Company (1986) Limited

## Notes to the financial statements for the year ended 30 June 2022 (continued)

### 6 Loss before taxation

	30 June 2022 £'000	30 June 2021 £'000
Loss before taxation is stated after charging/(crediting):		
Depreciation charge for the year:		
- tangible owned fixed assets	2,892	3,119
- tangible fixed assets held under finance leases	8	14
Player amortisation and impairment:		
- amortisation of intangible fixed assets (note 8)	6,239	12,539
- impairment of intangible fixed assets (note 8)	1,758	1,305
Auditors' remuneration for:		
- audit services	48	42
- non audit services	16	-
Amortisation of deferred grant	(15)	(27)
Premier League grant income	(1,210)	(1,185)
Insurance proceeds	-	(2,750)
Exceptional payroll related credit	(2,402)	-
Furlough scheme	(11)	(589)



# Middlesbrough Football & Athletic Company (1986) Limited

## Notes to the financial statements for the year ended 30 June 2022 (continued)

### 7 Tax on loss

#### (a) Analysis of tax charge in the year

	30 June 2022 £'000	30 June 2021 £'000
<b>Current tax</b>		
UK corporation tax on profits for the period	(1,957)	(4,762)
Adjustments in respect of prior years	224	2,518
<b>Total current tax credit</b>	<b>(1,733)</b>	<b>(2,244)</b>
<b>Deferred tax</b>		
Origination and reversal of timing differences	(1,832)	(1,193)
Adjustments in respect of prior years	-	(1,676)
Effect of changes in tax rates	(579)	1,550
<b>Total deferred tax charge (note 16)</b>	<b>(2,411)</b>	<b>(1,319)</b>
<b>Tax credit on loss</b>	<b>(4,144)</b>	<b>(3,563)</b>

# Middlesbrough Football & Athletic Company (1986) Limited

## Notes to the financial statements for the year ended 30 June 2022 (continued)

### 7 Tax on loss (continued)

#### (b) Factors affecting tax charge for the year

The tax assessed for the year is higher (2021: higher) than the standard rate of corporation tax in the UK of 19.00% (2021: 19.00%). The differences are explained below:

	30 June 2022 £'000	30 June 2021 £'000
<b>Loss before taxation</b>	<b>(19,459)</b>	<b>(30,827)</b>
Loss multiplied by standard rate of corporation tax in the UK of 19.00% (2021: 19.00%)	(3,697)	(5,857)
<i>Effects of:</i>		
Expenses not deductible for tax purposes	(130)	(96)
Income not taxable	39	-
Gains, rollover relief etc	(2)	(1)
Tax rate changes	(578)	1,550
Adjustments from previous periods	224	841
<b>Total tax credit for the year</b>	<b>(4,144)</b>	<b>(3,563)</b>

The corporation tax rate is due to increase to 25% from 1 April 2023. This rate was substantively enacted on 24 May 2021 and therefore a corporation tax rate of 25% has been used to measure deferred tax assets and liabilities where applicable.

# Middlesbrough Football & Athletic Company (1986) Limited

## Notes to the financial statements for the year ended 30 June 2022 (continued)

### 8 Intangible assets

	Transfer fees paid for players' contracts £'000
<b>Cost</b>	
At 1 July 2021	31,206
Additions	9,923
Disposals	(10,594)
<b>At 30 June 2022</b>	<b>30,535</b>
<b>Accumulated amortisation and impairment</b>	
At 1 July 2021	21,119
Charge for the year	6,239
Impairment	1,758
Disposals	(9,134)
<b>At 30 June 2022</b>	<b>19,982</b>
<b>Net book amount</b>	
<b>At 30 June 2022</b>	<b>10,553</b>
At 30 June 2021	10,087

# Middlesbrough Football & Athletic Company (1986) Limited

## Notes to the financial statements for the year ended 30 June 2022 (continued)

### 9 Tangible assets

	Long leasehold land and buildings	Fixtures, fittings, plant and machinery	Total
	£'000	£'000	£'000
<b>Cost or valuation</b>			
At 1 July 2021	91,056	6,608	97,664
Additions	80	184	264
<b>At 30 June 2022</b>	<b>91,136</b>	<b>6,792</b>	<b>97,928</b>
<b>Accumulated depreciation</b>			
At 1 July 2021	42,886	6,010	48,896
Charge for the year	2,623	277	2,900
<b>At 30 June 2022</b>	<b>45,509</b>	<b>6,287</b>	<b>51,796</b>
<b>Net book amount</b>			
<b>At 30 June 2022</b>	<b>45,627</b>	<b>505</b>	<b>46,132</b>
At 30 June 2021	48,170	598	48,768

Included in the net book value of fixtures, fittings, plant and machinery is an amount of £217,000 (2021: £225,000) in respect of assets held under finance leases.

Leasehold properties were revalued at 30 June 2021 by Montagu Evans, Chartered Surveyors, in accordance with the Appraisal and Valuation Manual of the Royal Institution of Chartered Surveyors in the United Kingdom. The Riverside Stadium and the training headquarters were valued on a depreciated replacement cost basis. The directors have assessed the valuations at 30 June 2022 and consider this unchanged from the previous year.

# Middlesbrough Football & Athletic Company (1986) Limited

## Notes to the financial statements for the year ended 30 June 2022 (continued)

### 9 Tangible assets (continued)

If long leasehold land and buildings had not been revalued, they would have been included at the following amounts:

	2022	2021
	£'000	£'000
Cost	38,214	38,133
Aggregate depreciation	(26,113)	(24,947)
Net book amount	12,101	13,186

### 10 Stocks

	2022	2021
	£'000	£'000
Finished goods and goods for resale	385	867

The difference between purchase price or production cost of stocks another replacement cost is not material.

Stock recognised in the income statement during the year is an expense of £2,171,000 (2021: £1,006,000). This includes stock impairment of £nil (2021: £nil).

# Middlesbrough Football & Athletic Company (1986) Limited

## Notes to the financial statements for the year ended 30 June 2022 (continued)

### 11 Debtors

	2022	2021
	£'000	£'000
Trade debtors	1,067	919
Compensation and loan fees receivable	1,607	150
Taxation and social security	-	22
Other debtors	231	218
Prepayments and accrued income	1,310	786
Amounts owed from group undertakings	685	-
	4,900	2,095

Impairment for trade debtors in the year is £4,000 (2021: £nil).

The amounts owed from group undertakings are interest free and repayable on demand.

### 12 Creditors: amounts falling due within one year

	2022	2021
	£'000	£'000
Trade creditors	2,824	1,932
Amounts owed to group undertakings	142,386	120,679
Compensation and loan fees payable	5,739	4,668
Other loans	2,971	2,971
Taxation and social security	8,448	11,997
Other creditors	1,580	1,191
Deferred income	6,872	5,649
Accruals	682	1,595
	171,502	150,682

The amounts owed to group undertakings are interest free and repayable on demand however a signed letter of support has been obtained which states that the loans will not be recalled within 12 months of the signing of these financial statements.

# Middlesbrough Football & Athletic Company (1986) Limited

## Notes to the financial statements for the year ended 30 June 2022 (continued)

Other loans comprise payments expected over the following 12 months in respect of loans from The Football League Limited, the terms of which are presented in note 13.

### 13 Creditors: amounts falling due after more than one year

	2022	2021
	£'000	£'000
Compensation and loan fees payable	4,381	2,477
Other loans	2,971	4,901
Taxation and social security	1,677	5,022
Other creditors	235	305
	9,264	12,705

Other loans comprise loans from The Football League Limited which have been extended on an interest-free basis. These loans are expected to be settled through a reduction in future solidarity receipts. Repayments are due on a six-monthly basis with final settlement due on 24 April 2024.

The directors anticipate that the repayments will be made through a reduction in solidarity payment receipts from The Football League Limited. The directors' judgement is that the loans are akin to advanced receipt of income and, on the basis that deferred income is not discounted, the loans are accounted for at nil interest, with no initial gain or loss, and no interest expense recognised in the statement of comprehensive income.

### 14 Accruals and deferred income

	2022	2021
	£'000	£'000
<b>Grants</b>		
At 1 July	15	42
Amortised in year	(15)	(27)
<b>At 30 June</b>	-	15

The grants relate to Football Trust grants provided for the development of disabled and community facilities within the stadium.

# Middlesbrough Football & Athletic Company (1986) Limited

## Notes to the financial statements for the year ended 30 June 2022 (continued)

### 15 Provisions for liabilities

	Note	2022 £'000	2021 £'000
Onerous contracts		508	-
Deferred taxation	16	12,794	15,205
		<b>13,302</b>	<b>15,205</b>

Movements on provisions excluding deferred taxation:

	Onerous contracts £'000
At 1 July 2021	-
Provisions in the year	508
<b>At 30 June 2022</b>	<b>508</b>

### 16 Deferred taxation

The amounts provided for deferred taxation are as follows:

	2022 £'000	2021 £'000
Accelerated capital allowances	8,169	8,867
Short term timing differences	4,625	6,338
	<b>12,794</b>	<b>15,205</b>

#### Movement

At 1 July	15,205	13,396
Adjustment in respect of prior years (note 7)	-	(1,676)
Charged to the profit and loss account (note 7)	(2,411)	358
Charged to other comprehensive income	-	3,127
<b>At 30 June</b>	<b>12,794</b>	<b>15,205</b>



# Middlesbrough Football & Athletic Company (1986) Limited

## Notes to the financial statements for the year ended 30 June 2022 (continued)

### 17 Called-up share capital

	2022	2021
	£'000	£'000
<b>Authorised</b>		
64,056,000 (2021: 64,056,000) ordinary shares of £1 each	64,056	64,056
<b>Allotted, issued, called up and fully paid</b>		
64,056,000 (2021: 64,056,000) ordinary shares of £1 each	64,056	64,056

### 18 Reserves

#### Capital contribution

Capital contribution by the parent company, Middlesbrough Football & Athletic Company Holdings Limited.

#### Revaluation reserve

The revaluation reserve is in relation to the increase in leasehold property valuations which have been valued on a depreciated replacement cost basis.

#### Profit and loss account

The profit and loss account represents cumulative profits or losses, net of dividends paid and other adjustments.

### 19 Related party transactions

The Company has taken advantage of the exemption in Section 33.1A of FRS 102 from the requirement to disclose transactions with its parents and fellow subsidiaries on the grounds that it is a wholly owned subsidiary of a group headed by The Gibson O'Neill Company Limited, whose financial statements are publicly available.

There are no further related party transactions which fall to be disclosed under the Financial Reporting Standards (FRS 102 paragraph 33.1).

# **Middlesbrough Football & Athletic Company (1986) Limited**

## **Notes to the financial statements for the year ended 30 June 2022 (continued)**

### **20 Pensions**

Middlesbrough Football Club ('the Club') participates in the Football League Pension and Life Assurance Scheme ('the Scheme'). The Scheme is a funded multi-employer defined benefit scheme, with 92 participating employers, and where members may have periods of service attributable to several participating employers. The Scheme's actuary has advised that the participating employer's share of the underlying assets and liabilities of the Scheme cannot be identified on a reasonable and consistent basis and, accordingly, it has been accounted for by the Company as if they were paid to a defined contribution scheme.

The last actuarial valuation was carried out at 1 September 2020. The results of the valuation demonstrated an overall increase in scheme deficit, to be shared across its members. On the basis of this valuation and contributions thereafter, the Club's notional share of the deficit was £302,000 as at 30 June 2022 (£368,000 as at 30 June 2021). The Club pays total contributions of £70,000 per annum increasing by 5.0% per annum, which will be sufficient to pay off the deficit by 2026.

The Company also provides access to stakeholder pension plans for employees. The employer's contributions are charged to the profit and loss account in the year in which the liability to pay arises.

The total pension cost for the Company for the year, across all schemes, was £164,000 (2021: £127,000).

### **21 Contingent liabilities and assets**

Under the terms of certain contracts for the purchase of players' registrations, future payments may be due to third parties, dependent upon the success of the team or individual players. At the balance sheet date, the maximum contingent liability was £5,700,000 (2021: £5,600,000).

Any additional fees which may become payable or receivable under these agreements will be accounted for in the year that the event occurs.

# **Middlesbrough Football & Athletic Company (1986) Limited**

## **Notes to the financial statements for the year ended 30 June 2022 (continued)**

### **22 Post balance sheet events**

#### *Player trading*

Player transfer activity in respect of senior professionals after 30 June 2022 has resulted in the following:

- four player acquisitions/registrations.
- three players brought into the Club on season-long loans.
- three players transferred out of the Club and four players leaving the Club on expiry of their contracts.
- five players temporarily transferred out of the Club on season-long loans.

In respect of transfer fees payable/receivable for senior professionals (including loan fees, agent fees and transfer fee levy), the activity after 30 June 2022 has resulted in net income of £13.0m, some of which is paid/received immediately and some of which is deferred over a number of years.

At the year end, there were ongoing disputes with third parties. After the year end, £2.7m was received.

### **23 Immediate and ultimate parent undertaking**

The immediate parent undertaking is Middlesbrough Football & Athletic Company Holdings Limited.

The ultimate parent undertaking is The Gibson O'Neill Company Limited, a private company registered in Middlesbrough, England.

The Gibson O'Neill Company Limited is the parent undertaking of the smallest and largest group of undertakings to consolidate these financial statements at 30 June 2022. The consolidated financial statements of The Gibson O'Neill Company Limited are available from the Company secretary at Brignell Road, Riverside Park Industrial Estate, Middlesbrough, TS2 1PS.

### **24 Ultimate controlling party**

S Gibson, Chairman of the Company, is the ultimate controlling party by virtue of his 75% holding in the shares of The Gibson O'Neill Company Limited, the ultimate parent undertaking.