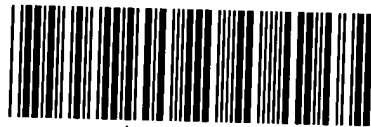


Stoke City (Property) Limited

REPORT AND FINANCIAL STATEMENTS

31 March 2018

FRIDAY



A7IU3FQR

A27

16/11/2018

#15

COMPANIES HOUSE

Company Registration No. 03200051

Stoke City (Property) Limited

CONTENTS

DIRECTORS AND ADVISOR	1
STRATEGIC REPORT	2
DIRECTORS' REPORT	3
DIRECTORS' RESPONSIBILITIES IN THE PREPARATION OF FINANCIAL STATEMENTS	5
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF STOKE CITY (PROPERTY) LIMITED	6
STATEMENT OF COMPREHENSIVE INCOME	8
STATEMENT OF FINANCIAL POSITION	9
STATEMENT OF CHANGES IN EQUITY	10
ACCOUNTING POLICIES	11
NOTES TO THE FINANCIAL STATEMENTS	15

Stoke City (Property) Limited

DIRECTORS AND ADVISOR

DIRECTORS

P Coates

JF Coates

AJ Scholes

RK Smith

SECRETARY

JD Pelling

REGISTERED OFFICE

bet365 Stadium

Stanley Matthews Way

Stoke-on-Trent

Staffordshire

ST4 4EG

AUDITOR

RSM UK Audit LLP

Chartered Accountants

Festival Way

Stoke-on-Trent

Staffordshire

ST1 5BB

Stoke City (Property) Limited

STRATEGIC REPORT

The Directors have pleasure in submitting their Strategic Report for Stoke City (Property) Limited for the year ended 31 March 2018.

BUSINESS AND STRATEGIC OBJECTIVES

Stoke City (Property) Limited's strategy, including its specification of resources, is to provide a range of facility services to ensure that the Stadium and Training Ground, all related offices, car parks and grounds are maintained to the standards, including all statutory and health and safety requirements, of an operating English Premier League Football Club.

REVIEW OF THE BUSINESS

The loss for the year amounted to £54,297 (2017: loss of £108,433). The Directors do not recommend the payment of a dividend (2017: £nil) which leaves a loss of £54,297 (2017: loss of £108,433) to be retained.

During this financial year the company invested £8.5m in tangible fixed assets, this related primarily to the development of the Stadium to increase capacity by adding seating to the corner of the Stadium and was funded by Group loans.

The Directors are committed to providing quality services to Stoke City Football Club Limited with the aim to effectively break even each year at profit before tax. The Directors therefore consider the return achieved by the Company is satisfactory.

RISKS AND UNCERTAINTIES

The Company's main risks and uncertainties are that the stadium and training facility are no longer required by Stoke City Football Club Limited and the changing requirements enforced on the Company by the Premier League and English Football League. The Directors have considered these risks and are confident that they have access to the relevant funding to meet any requirements imposed on the Company and that the Football Club will continue to utilise the facilities supplied.

KEY PERFORMANCE INDICATORS:

The Directors measure the performance of Stoke City (Property) Limited in relation to the following three key performance indicators:

- To ensure all contracted income is levied;
- To ensure that all day-to-day costs are controlled and any significant variances to the budget are fully explained; and
- To maintain infrastructure to a serviceable condition and to keep within agreed capital expenditure budgetary limits.

The Directors believe that all the above Key Performance Indicators have been met satisfactorily in this financial year.

By order of the board



John Coates
Director

bet365 Stadium
Stanley Matthews Way
Stoke-on-Trent
Staffordshire
ST4 4EG

15th November 2018

Stoke City (Property) Limited

DIRECTORS' REPORT

The Directors submit their report and the financial statements of Stoke City (Property) Limited for the year ended 31 March 2018.

PRINCIPAL ACTIVITIES

The principal activity of the Company is the development and management of a purpose built football stadium and football training facility in Stoke-on-Trent.

FUTURE DEVELOPMENTS

Due to the nature and amount of assets that the Company holds there will always be continued maintenance and investment in the facilities infrastructure.

FINANCIAL INSTRUMENTS

The Company is part of a Group and funded by its parent Company and fellow subsidiary, Stoke City Football Club Limited, the Directors consider that the Company is not exposed to any significant financial risk.

Price

The main rental income contracts are thoroughly and regularly reviewed to ensure that the Company is attaining its relevant contracted price and thereby achieving its agreed level of annual income.

Liquidity

The Company's policy is to have committed facilities from within the Group to satisfy both short and medium term working capital requirements.

Cash Flow

Cash Flow levels are continually updated and reviewed to ensure sufficient revenue and capital expenditure funding.

Credit

Most of the Company's income is derived from revenue flows underpinned by contracts containing defined payment terms and conditions. Adherence to the payment terms and conditions is closely monitored and managed appropriately by the Company.

EMPLOYEES (EMPLOYEE INVOLVEMENT/DISABLED PERSONS)

It is the Company's policy that disabled persons have the same consideration as others for all job vacancies for which they apply as suitable candidates and, depending entirely on their skills and abilities, they have the same opportunity for training, career development and promotion as other employees. Attention is paid to the training and other needs who become disabled whilst in the Company's employment.

The Company places considerable value on the involvement of its employees and has continued its previous practice of keeping them informed on matters affecting them as employees and on various factors affecting the performance of the Company. This is achieved through informal team briefings and meetings.

DIRECTORS

The following directors have held office since 1 April 2017:

P Coates
JF Coates
AJ Scholes
RK Smith

Stoke City (Property) Limited

DIRECTORS' REPORT

MARKET VALUE OF LAND AND BUILDINGS

During the year the stadium was revalued in accordance with Accounting Standards as this is a fairer commercial presentation of the stadium's value. The valuation is on a depreciated replacement cost basis prepared by a professional valuer.

The Directors are of the opinion that the market value of the training ground at 31 March 2018 is not materially different from the net book value included in the financial statements, but they are unable to quantify this in the absence of a professional valuation, the costs of which are not considered justifiable in view of the age of the training ground and the Company's intention to retain ownership of the facility for use in its business for the foreseeable future.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITOR

The Directors have confirmed that, as far as they are aware, there is no relevant audit information of which the auditor is unaware. Each of the Directors have confirmed that they have taken all the steps that they ought to have taken as Directors, in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

AUDITOR

RSM UK Audit LLP have indicated their willingness to be reappointed for another term and appropriate arrangements have been put in place for them to be deemed reappointed as auditors in the absence of an Annual General Meeting.

On behalf of the board



John Coates
Director

bet365 Stadium
Stanley Matthews Way
Stoke-on-Trent
Staffordshire
ST4 4EG

15th November 2018

Stoke City (Property) Limited

DIRECTORS' RESPONSIBILITIES IN THE PREPARATION OF FINANCIAL STATEMENTS

The Directors are responsible for preparing the Strategic Report and 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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law).

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that year.

In preparing those financial statements, the Directors are required to:

- a. select suitable accounting policies and then apply them consistently;
- b. make judgements and accounting estimates that are reasonable and prudent; and
- c. prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF STOKE CITY (PROPERTY) LIMITED

Opinion

We have audited the financial statements of Stoke City (Property) Limited (the 'company') for the year ended 31 March 2018 which comprise the statement of comprehensive income, statement of financial position, statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2018 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF STOKE CITY (PROPERTY) LIMITED (continued)

Matters on which we are required to report by exception

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

We have nothing to report in respect of the following matters 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.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

Use of our report

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

RSM UK Audit LLP

ANNE LAKIN (Senior Statutory Auditor)
For and on behalf of RSM UK AUDIT LLP, Statutory Auditor
Chartered Accountants
Festival Way
Stoke-on-Trent
Staffordshire
ST1 5BB

16 November 2018

Stoke City (Property) Limited
STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 March 2018

	Note	2018 £	2017 £
TURNOVER	2	8,041,644	6,956,043
Administrative expenses		(8,035,821)	(6,945,212)
OPERATING PROFIT		5,823	10,831
Interest receivable and similar income	3	25	94
Interest payable and similar expenses	4	(1,333)	(929)
PROFIT BEFORE TAXATION	2-6	4,515	9,996
Taxation	7	(58,812)	(118,429)
LOSS FOR THE FINANCIAL YEAR		(54,297)	(108,433)
OTHER COMPREHENSIVE INCOME			
Deferred tax on revalued assets		-	137,383
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		(54,297)	28,950

Turnover and operating profit are derived from the Company's continuing activities

Stoke City (Property) Limited
STATEMENT OF FINANCIAL POSITION
At 31 March 2018

	Note	2018	2017
		£	£
FIXED ASSETS			
Intangible assets	8	237,601	143,000
Tangible assets	9	57,624,502	51,240,933
		<u>57,862,103</u>	<u>51,383,933</u>
CURRENT ASSETS			
Stock	10	3,725	4,214
Debtors	11	219,723	269,860
Cash at bank and in hand		5,062	317,004
		<u>228,510</u>	<u>591,078</u>
CREDITORS: Amounts falling due within one year	12	(29,040,905)	(23,051,468)
NET CURRENT LIABILITIES		(28,812,395)	(22,460,390)
TOTAL ASSETS LESS CURRENT LIABILITIES		29,049,708	28,923,543
PROVISIONS FOR LIABILITIES	13	(3,583,720)	(3,403,258)
NET ASSETS		25,465,988	25,520,285
CAPITAL AND RESERVES			
Called up share capital	14	4,000,000	4,000,000
Share premium reserve		8,740,000	8,740,000
Revaluation reserve		11,414,806	11,414,806
Profit and loss account		1,311,182	1,365,479
TOTAL EQUITY		25,465,988	25,520,285

The financial statements on pages 8 to 24 were approved by the board of Directors and authorised for issue on 15th November 2018 and were signed on its behalf by:


John Coates
 Director

Stoke City (Property) Limited
STATEMENT OF CHANGES IN EQUITY
For the year ended 31 March 2018

	Share capital £	Share premium £	Revaluation reserve £	Profit and loss account £	Total £
Balance at 1 April 2016	4,000,000	8,740,000	11,277,423	1,473,912	25,491,335
Loss for the year	-	-	-	(108,433)	(108,433)
Other comprehensive income, net of tax:-					
Unrealised deficit on revaluation of stadium	-	-	137,383	-	137,383
Total comprehensive income for the year	-	-	137,383	(108,433)	28,950
Balance at 31 March 2017	4,000,000	8,740,000	11,414,806	1,365,479	25,520,285
Loss for the year	-	-	-	(54,297)	(54,297)
Total comprehensive income for the year	-	-	-	(54,297)	(54,297)
Balance at 31 March 2018	4,000,000	8,740,000	11,414,806	1,311,182	25,465,988

Stoke City (Property) Limited

ACCOUNTING POLICIES

GENERAL INFORMATION

Stoke City (Property) Limited ('the Company') is a private company limited by shares and is registered, domiciled and incorporated in England.

The address of the Company's registered office and principal place of business is bet365 Stadium, Stanley Matthews Way, Stoke-on-Trent, Staffordshire, ST4 4EG.

The Company's principal activities and nature of operations are the development and management of a purpose built football stadium and football training facility in Stoke-on-Trent.

BASIS OF ACCOUNTING

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

The Company has taken the exemption permitted by SI 2008/489 not to disclose the auditor remuneration for non-audit services as these are included in the consolidated accounts of bet365 Group Limited.

REDUCED DISCLOSURES

In accordance with FRS 102, the Company has taken advantage of the exemptions from the following disclosure requirements;

- Section 7 'Statement of Cash Flows' – Presentation of a Statement of Cash Flow and related notes and disclosures.
- Section 11 'Basic Financial Instruments' – Carrying amounts of financial instruments held at amortised cost or cost.
- Section 33 'Related Party Disclosures' – Compensation for key management personnel.

The financial statements of the Company are consolidated in the financial statements of bet365 Group Limited. The consolidated financial statements of bet365 Group Limited are available from, Registrar of Companies, Crown Way, Cardiff, CF14 3UZ.

GOING CONCERN

The Company is dependent on the support of its fellow subsidiary, Stoke City Football Club Limited, both as a tenant and to support its funding arrangements. A letter of support has been provided by this Company and the Company is therefore well placed for the future and the Directors continue to adopt the going concern basis of accounting in preparing the annual financial statements. The Directors consider that the Football Club is in a position to provide this continued support.

FUNCTIONAL AND PRESENTATIONAL CURRENCIES

The financial statements are presented in sterling which is also the functional currency of the Company.

TURNOVER

Turnover is recognised at the fair value of the consideration received or receivable for sale of goods and services to external customers in the ordinary nature of the business. The fair value of consideration takes into account the trade discounts, settlement discounts and volume rebates. Turnover is shown net of Value Added Tax.

Rental income on assets leased under operating leases is recognised on a straight-line basis over the lease term and is disclosed as turnover.

Stoke City (Property) Limited

ACCOUNTING POLICIES

INTANGIBLE FIXED ASSETS

Intangible assets purchased other than in a business combination are recognised when future economic benefits are probable and the cost or value of the asset can be measured reliably.

Intangible assets are initially recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Intangible assets are amortised to profit or loss on a straight-line basis over their useful lives, as follows:-

Purchased computer software	-	20% per annum straight line
-----------------------------	---	-----------------------------

The Directors consider the above period to reflect the useful life of the respective assets.

Amortisation is revised prospectively for any significant change in useful life or residual value.

On disposal, the difference between the net disposal proceeds and the carrying amount of the intangible asset is recognised in profit or loss.

TANGIBLE FIXED ASSETS

Tangible fixed assets are stated at cost or valuation, net of depreciation. Depreciation is provided on tangible fixed assets at rates calculated to write each asset down to its estimated residual value evenly over its expected useful life, as follows:

Football stadium and Training Ground Land	-	No depreciation charged
Football stadium and Training Ground	-	2-5% per annum straight line
Plant and Machinery in Training Ground	-	2-20% per annum straight line
Plant and Machinery and IT	-	4-33% per annum straight line
Motor Vehicles	-	10-25% per annum straight line
Fixtures and fittings	-	4-33% per annum straight line

Residual values are calculated on prices prevailing at the reporting date, after estimated costs of disposal, for the asset as if it were at the age and in the condition expected at the end of its useful life.

REVALUATION OF FOOTBALL STADIUM

The football stadium is revalued in accordance with FRS 102 Section 17 with a full valuation carried out by professionally qualified chartered surveyors on a depreciated replacement cost basis, in accordance with the Statement of Assets Valuation Practice No. 4.

This calculation allows for the obsolescence of the Stadium, excluding the land element, of 50 years.

Revaluation gains and losses are recognised in other comprehensive income and accumulated in equity, except to the extent that a revaluation gain reverses a revaluation loss previously recognised in profit or loss or a revaluation loss exceeds the accumulated revaluation gains recognised in equity, such gains and loss are recognised in profit or loss.

STOCKS

Stocks are valued at the lower of cost and estimated selling price less costs and represents food stock held at the facilities.

At each reporting date, the Company assesses whether stocks are impaired or if an impairment loss recognised in prior periods has reversed. Any excess of the carrying amount of stock over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

Stoke City (Property) Limited

ACCOUNTING POLICIES

TAXATION

The tax expense represents the sum of the current tax expense and deferred tax expense. Current tax assets are recognised when tax paid exceeds the tax payable.

Current tax is based on taxable profit for the year. Taxable profit differs from total comprehensive income because it excludes items of income or expense that are taxable or deductible in other periods. Current tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled based on tax rates that have been enacted or substantively enacted by the reporting date. Deferred tax is not discounted.

Deferred tax liabilities are recognised in respect of all timing differences that exist at the reporting date. Timing differences are differences between taxable profits and total comprehensive income that arise from the inclusion of income and expenses in tax assessments in different periods from their recognition in the financial statements. Deferred tax assets are recognised only to the extent that it is probable that they will be recovered by the reversal of deferred tax liabilities or other future taxable profits.

For non-depreciable assets measured using the revaluation model and investment properties measured at fair value (except investment property with a limited useful life held by the Company to consume substantially all of its economic benefits), deferred tax is measured using the tax rates and allowances that apply to the sale of the asset or property.

Current and deferred tax is charged or credited in profit or loss, except when it relates to items charged or credited to other comprehensive income or equity, when the tax follows the transaction or event it relates to and is also charged or credited to other comprehensive income, or equity.

Current tax assets and current tax liabilities and deferred tax assets and deferred tax liabilities are offset, if and only if, there is a legally enforceable right to set off the amounts and the entity intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

LEASES

All leases are 'operating leases' and the annual rentals are charged to profit or loss on a straight line basis over the lease term.

The Company as Lessor – Operating Leases

Rental income from assets leased under operating leases is recognised on a straight-line basis over the term of the lease. Rent free periods or other incentives given to the lessee are accounted for as a reduction to the rental income and recognised on a straight-line basis over the lease term.

RETIREMENT BENEFITS

Defined contribution plans

For defined contribution schemes the amount charged to profit or loss is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments.

FINANCIAL INSTRUMENTS

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

Stoke City (Property) Limited

ACCOUNTING POLICIES

FINANCIAL INSTRUMENTS (continued)

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument, and are offset only when the Company currently has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Financial assets

Trade and other debtors

Trade and other debtors which are receivable within one year are initially measured at the transaction price. Trade debtors are subsequently measured at amortised cost, being the transaction price less any amounts settled and any impairment losses.

A provision for impairment of trade debtors is established when there is objective evidence that the amounts due will not be collected according to the original terms of the contract. Impairment losses are recognised in profit or loss for the excess of the carrying value of the trade debtor over the present value of the future cash flows discounted using the original effective interest rate. Subsequent reversals of an impairment loss that objectively relate to an event occurring after the impairment loss was recognised, are recognised immediately in profit or loss.

Financial liabilities and equity

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

Equity instruments

Financial instruments classified as equity instruments are recorded at the fair value of the cash or other resources received or receivable, net of direct costs of issuing the equity instruments.

Trade and group creditors

Trade and group creditors payable within one year are initially measured at the transaction price and subsequently measured at amortised cost, being the transaction price less any amounts settled.

Derecognition of financial assets and liabilities

A financial asset is derecognised only when the contractual rights to cash flows expire or are settled, or substantially all the risks and rewards of ownership are transferred to another party, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party. A financial liability (or part thereof) is derecognised when the obligation specified in the contract is discharged, cancelled or expires.

RESERVES

Reserves for the Company represent the following:

Share Premium

Consideration received for shares issued above their nominal value net of transaction costs.

Revaluation reserve for Football Stadium

The cumulative revaluation gains and losses on the Football Stadium and associated deferred tax that have been recognised in profit or loss have been subsequently transferred to this reserve as permitted by FRS 102 paragraph A4.28.

Profit and loss account

Cumulative profit and loss net of distributions to owners and amounts transferred to the revaluation reserve for investment property.

Stoke City (Property) Limited

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2018

1 CRITICAL ACCOUNTING ESTIMATES AND AREAS OF JUDGEMENT

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Critical areas of judgement

In categorising leases as finance leases or operating leases, management makes judgements as to whether significant risks and rewards of ownership have transferred to the Company as lessee, or the lessee, where the Company is a lessor.

The Company values its Stadium on a depreciated replacement cost basis. This takes into account the split of the land value and buildings. It estimates the cost of rebuilding the Stadium at a set rate per capacity and the cost of buying the land at the valuation date.

2 TURNOVER

Turnover and operating profit arise from the Company's principal activities and are derived solely from the United Kingdom.

3 INTEREST RECEIVABLE AND SIMILAR INCOME

	2018 £	2017 £
Bank interest	25	94

4 INTEREST PAYABLE AND SIMILAR EXPENSES

	2018 £	2017 £
On bank loans and overdrafts	1,333	929

Stoke City (Property) Limited
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2018

5 PROFIT BEFORE TAXATION

	2018	2017
	£	£
Profit before taxation is stated after charging/(crediting):		
Depreciation and amounts written off tangible fixed assets:		
Charge for the year – owned assets	1,722,952	1,776,083
Amortisation of intangible fixed assets	68,199	35,795
Operating lease rentals:		
Other	24,825	24,825
Audit services:		
Statutory audit	8,500	7,725
(Profit)/loss on disposal of fixed assets	(19,350)	9,485
Food stock including third party labour expensed to administration costs	331,052	280,895
	<u>331,052</u>	<u>280,895</u>

Stoke City (Property) Limited

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2018

6 EMPLOYEES

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

	2018	2017
	Number	Number
Management	6	6
Other staff	54	50
	60	56

Staff costs for the above persons:

	2018	2017
	£	£
Wages and salaries	1,584,209	1,367,390
Social security costs	111,560	102,112
Other pension costs	42,493	38,478
	1,738,262	1,507,980

In addition to the above the Company employed an average of 187 (2017: 191) match-day staff during the year, incurring costs of £406,000 (2017: £337,600).

DIRECTORS' REMUNERATION AND HIGHEST PAID DIRECTOR

	2018	2017
	£	£
Sums paid to related parties in respect of directors' services	295,394	286,791

	2018	2017
	Number	Number
Number of directors accruing retirement benefits under: Defined contribution schemes	-	-

The remuneration of the Directors is paid by Stoke City Football Club Limited, bet365 Group Limited and Hillside (Shared Services) Limited and is disclosed in the financial statements of those Companies.

Stoke City (Property) Limited
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2018

7 TAXATION

	2018	2017
	£	£
Current tax:		
UK corporation tax on profits for the year	-	121,650
Adjustments in respect of previous periods	(121,650)	(2,247)
	<hr/>	<hr/>
Total current tax	(121,650)	119,403
	<hr/>	<hr/>
Deferred tax:		
Origination and reversal of timing differences	124,195	49,537
Adjustments in respect of prior periods	56,267	8,860
Differences due to changes in tax rates	-	(59,371)
	<hr/>	<hr/>
Total deferred tax	180,462	(974)
	<hr/>	<hr/>
Tax on profit	58,812	118,429
	<hr/>	<hr/>
Factors affecting tax charge for the year:	2018	2017
	£	£
The tax assessed for the year is higher (2017: higher) than the standard average rate of corporation tax in the UK 19% (2017: 20%). The differences are explained below:		
Profit before taxation	4,515	9,996
	<hr/>	<hr/>
Profit before taxation multiplied by the standard average rate of corporation tax in the UK 19% (2017: 20%)	858	1,999
	<hr/>	<hr/>
<i>Effects of:</i>		
Expenses not deductible for tax purposes	92,184	177,931
Adjustments in respect of prior period	(65,383)	(52,758)
Adjustments for difference in deferred tax rates	(14,671)	(8,743)
Group relief	45,824	-
	<hr/>	<hr/>
Total tax charge for the year	58,812	118,429
	<hr/>	<hr/>

Stoke City (Property) Limited
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2018

8 INTANGIBLE FIXED ASSETS

	Purchased computer software £000
<i>Cost</i>	
At beginning of year	178,974
Additions	162,800
	<hr/>
At end of year	341,774
	<hr/>
<i>Amortisation</i>	
At beginning of year	35,974
Charged in year	68,199
	<hr/>
At end of year	104,173
	<hr/>
<i>Carrying amount</i>	
At 31 March 2018	237,601
	<hr/> <hr/>
At 31 March 2017	143,000
	<hr/> <hr/>

The amortisation charge for the year is recognised within administrative expenses.

Stoke City (Property) Limited
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2018

9 TANGIBLE FIXED ASSETS

	Training ground	Football stadium	Plant and machinery, IT and motor vehicles	Fixtures and fittings	Total
	£	£	£	£	£
<i>Cost or valuation</i>					
At beginning of year					
- Cost	13,342,543	3,113,687	5,902,730	1,586,220	23,945,180
- Valuation	-	33,100,000	-	-	33,100,000
Additions	658,484	5,837,761	1,879,697	79,197	8,455,139
Disposals	-	(348,618)	(288,377)	-	(636,995)
At end of year					
- Cost	14,001,027	-	7,494,050	1,665,417	23,160,494
- Valuation	-	41,702,830	-	-	41,702,830
<i>Depreciation</i>					
At beginning of year	2,038,430	-	3,131,180	634,637	5,804,247
Charged in the year	483,898	-	1,058,175	180,879	1,722,952
Disposals	-	-	(288,377)	-	(288,377)
At end of year	2,522,328	-	3,900,978	815,516	7,238,822
<i>Carrying amount</i>					
At 31 March 2018	11,478,699	41,702,830	3,593,072	849,901	57,624,502
At 31 March 2017	11,304,113	36,213,687	2,771,550	951,583	51,240,933

Included in the Football Stadium is land with a net book value of £4,450,000 (2017: £4,450,000).

In March 2018 the football stadium was revalued by GVA Grimley Limited, Chartered Surveyors. The depreciated replacement costs method of valuation for Financial Reporting in accordance with the guidance notes issued by The Royal Institution of Chartered Surveyors for Asset Valuations gave rise to a market value of the bet365 Stadium, for accounting purposes, of £42,500,000, inclusive of £900,000 of plant and machinery. The valuation excluding this plant totalled £41,600,000.

Stoke City (Property) Limited

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2018

9 TANGIBLE FIXED ASSETS (continued)

On an historical cost basis this would have been included at:

	Football Stadium	
	2018	2017
	£	£
Cost	27,780,039	22,290,896
Aggregate depreciation	-	-

10 STOCK

	2018	2017
	£	£
Finished goods	3,725	4,214

11 DEBTORS

	2018	2017
	£	£
<i>Amounts falling due within one year:</i>		
Trade debtors	13,310	15,335
Other debtors	68,201	152,343
Prepayments and accrued income	138,212	102,182
	219,723	269,860

Trade debtors are stated net of a provision of £nil (2017: £nil).

12 CREDITORS: Amounts falling due within one year

	2018	2017
	£	£
Trade creditors	518,213	1,109,937
Amounts owed to Group undertakings	27,759,292	21,278,758
Other taxation and social security costs	36,108	38,211
Accruals and deferred income	727,292	502,912
Corporation tax liability	-	121,650
	29,040,905	23,051,468

Stoke City (Property) Limited
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2018

13 PROVISIONS FOR LIABILITIES

	Deferred tax £
At beginning of year	3,403,258
Charge to the profit and loss account	180,462
At end of year	3,583,720

The elements of deferred tax are as follows:

	2018 £	2017 £
Difference between accumulated depreciation and capital allowances	1,249,396	1,068,934
Valuation of land and buildings	2,335,508	2,335,508
Other timing differences	(1,184)	(1,184)
	3,583,720	3,403,258

14 SHARE CAPITAL

	2018 £	2017 £
Allotted, called up and fully paid		
A Ordinary shares of £1 each	1,960,000	1,960,000
B Ordinary shares of £1 each	1,440,000	1,440,000
C Ordinary shares of £1 each	600,000	600,000
	4,000,000	4,000,000

All shares rank pari passu except for rights regarding the appointment and removal of directors; 'A', 'B' and 'C' shareholders may appoint one, two and three directors respectively. The number of directors must consist of at least one 'A' director, at least one 'B' director and at least one 'C' director.

Stoke City (Property) Limited

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2018

15 COMMITMENTS

a) *Commitments under operating leases*

The total future minimum lease payments under non-cancellable operating leases as follows:

	2018 £	2017 £
Amounts due within one year	24,825	24,825
Amounts due in two to five years	99,300	99,300
Amounts due in more than five years	56,995	81,820
	<u> </u>	<u> </u>

b) *Income from operating leases*

The total future minimum lease income under non-cancellable operating leases as follows:

	2018 £	2017 £
Amounts receivable within one year	19,941	19,941
Amounts receivable in two to five years	63,880	76,621
Amounts receivable in more than five years	15,189	22,389
	<u> </u>	<u> </u>

c) *Capital commitments*

The Company had capital commitments for renovation and building work on the Training Ground and Football Stadium of £nil at year end (2017: £4,918,838).

16 PENSION COMMITMENTS

The Company operates a defined contribution pension scheme whose assets are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company and amounted to £42,493 (2017: £38,478). Contributions totalling £6,238 (2017: £6,967) were payable to the fund at the year end and included within Other taxation and social security costs.

17 CONTINGENT LIABILITIES

Stoke City Football Club Limited and Stoke City (Property) Limited operate a group VAT registration. At the year end date, Stoke City Football Club Limited had a liability of £403,467 (2017: £914,757) under this registration, which was subsequently paid in full post year end. Due to the VAT group, this balance is disclosed within contingent liabilities for Stoke City (Property) Limited at the year end date.

Stoke City (Property) Limited

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2018

18 RELATED PARTY TRANSACTIONS

During the year the Company charged a fellow subsidiary, rent and facility charges of £7,679,246 (2017: £5,967,575) and received loans and funding and cash receipts from a fellow subsidiary of £13,394,213 (2017: £12,205,680).

The balance due to the fellow subsidiary at the year-end was £27,279,801 (2017: £20,792,520).

The Company made purchases during the year of £344,042 (2017: £311,520) from a Company with a common directorship. The balance due to this Company at the year end was £75,159 (2017: £70,033), which is included in trade creditors.

The Company made purchases during the year of £104,453 (2017: £115,797) from a Limited Liability Partnership which is controlled by the shareholders of the ultimate parent Company. There was a £nil balance due to the partnership at the year end (2017: £nil).

19 ULTIMATE PARENT COMPANY AND CONTROLLING INTEREST

The ultimate parent Company of Stoke City (Property) Limited is bet365 Group Limited, a company incorporated and registered in the UK.

The largest and smallest group in which the results of the Company are consolidated is that headed by bet365 Group Limited. bet365 Group Limited is under the control of Denise Coates CBE and her family. The consolidated financial statements of this Group are available to the public and may be obtained from:

Registrar of Companies
Crown Way
Cardiff
CF14 3UZ