

Company Registration No. 04305508 (England and Wales)

SWANSEA CITY FOOTBALL 2002 LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JULY 2019



SWANSEA CITY FOOTBALL 2002 LIMITED

COMPANY INFORMATION

Directors

Mr G Davies
Mr R Chaudhari
Mr R E Hernreich
Mr H M Jenkins
Mr S Kaplan
Mr J Levien
Mr S J McDonald
Mr T Birch
Mr M W Morgan

(Appointed 24 April 2019)

Secretary

Mr G Davies

Company number

04305508

Registered office

Liberty Stadium
Landore
Swansea
UK
SA1 2FA

Auditor

Baldwins
Charter Court
Phoenix Way
Enterprise Park
Swansea
UK
SA7 9FS

SWANSEA CITY FOOTBALL 2002 LIMITED

CONTENTS

	Page
Strategic report	1 - 3
Directors' report	4 - 5
Independent auditor's report	6 - 8
Group statement of comprehensive income	9
Group balance sheet	10
Company balance sheet	11
Group statement of changes in equity	12
Company statement of changes in equity	13
Group statement of cash flows	14
Notes to the financial statements	15 - 43

SWANSEA CITY FOOTBALL 2002 LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 JULY 2019

The directors present the strategic report for the year ended 31 July 2019.

Business review

During the year under review, Swansea City Football Club competed in the EFL Championship following relegation from the English Premier League the previous season. The season under review was a challenging season as the Club had to work hard to reduce both the playing and general running costs of the business. The playing squad saw some significant changes with experienced players leaving the Club as part of a cost reduction plan and also provided first team opportunities for the talented players in the Club's Academy. It was an opportunity for our manager, Graham Potter, to encourage and develop the young talent in the Academy. This confidence and faith in their ability saw a number of our Academy players flourishing in the first team environment and establishing themselves in the side and it was very pleasing to see the Club finish in a respectable 12th place in the EFL Championship.

In February 2019, the Club's Chairman, Huw Jenkins, resigned and this led to the appointment in April 2019 of Trevor Birch as Executive Chairman. Following the end of the season, Graham Potter was offered the opportunity to manage a Premier League side, Brighton and Hove Albion Football Club which he decided to accept.

Trevor's first challenge was to oversee the appointment of a new head coach and, with the support of two Swansea stalwarts, Leon Britton and Alan Curtis, appointed Steve Cooper.

Turnover for the year was £69.4 million compared with £128.2 million for the previous year. Total operating costs, including player amortisation and impairment costs of £29.6 million, amounted to £103.8 million compared with £176.2 million for the previous year.

At the Balance Sheet date, net current liabilities reduced to £18.6 million from £38.1 million the previous year whilst net assets reduced to £12.1 million from £17.7 million the previous year. The group's cash reserves, inclusive of amounts held on short term deposit, increased to £20.1 million from £0.3 million.

Youth Academy

Our under 23 squad has progressed very positively during the course of the season and a number of very specific targets were set at the beginning of the season to challenge the players and staff. As our Academy continues to grow and progress, we are aware that the best way to develop our players is to expose them to different challenges and environments. One of the targets set and achieved for the under 23 squad was to reach the knockout stages of the Checkatrade trophy and the squad also reached the semifinal of the Premier league Cup. We didn't qualify for the knockout stages of the International Cup but only narrowly missed out. Average age of the squad was nineteen and the players rose to the different challenges presented to them during the season.

SWANSEA CITY FOOTBALL 2002 LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2019

Principal Risks and Uncertainties

The main risk continues to be relegation from the League Division in which the team plays. The Directors are committed to facilitating the provision of funding necessary for investment in players, coaches and management to ensure the team is competitive. However this funding is dependent on player trading in the absence of available external investment. In the event of relegation then the Directors will address this risk by divesting in members of their playing squad to strive to achieve an appropriate cost base for the League Division they are competing in.

There are also a number of other risks and uncertainties but the board believes that adequate controls and key performance indicators are in place to minimise these.

Key performance indicators are:-

Financial

	2019	2018
Cash Flow (Annual movement in cash at bank and in hand balance)	+ £19.8m	- £7.1m
Turnover	£69.4m	£128.2m
Profit on player trading	£30.3m	£46.1m
Operating loss	£34.3m	£48.0m

Non-financial: playing squad performance.

The performance of our playing squad has been commented on within the Business Review.

SWANSEA CITY FOOTBALL 2002 LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2019

Development and performance

The group's operations expose it to a variety of financial risks.

Price risk

The group's principal financial instruments comprise bank balances, temporary bank overdrafts, loans, trade debtors and creditors and finance lease agreements. The main purpose of these instruments is to finance the group's operations. Due to the nature of the financial instruments used by the group there is no exposure to price risk. The group's approach to managing other risks applicable to the financial instruments concerned is shown below.

Liquidity risk

In respect of bank balances, the liquidity risk is managed by maintaining a balance between the continuity of funding on the one hand, and on the other hand flexibility through the use of temporary overdrafts at floating rates of interest.

In respect of loans, these are comprised of loans from various sources. The interest rates on these loans are variable, but the capital repayments are fixed. The group prepares regular forecasts of cash flow and liquidity, and any requirement for additional funding is managed as part of the overall liquidity requirement to ensure there are sufficient funds to meet the payments as they fall due. The group is a lessee in respect of finance lease assets. The liquidity risk in respect of these is managed in the same as loans.

Credit risk

Trade debtors are managed in respect of credit and cashflow risk by policies concerning the credit offered to customers and the regular monitoring of amounts outstanding for both time and credit risk. The risk of debtor default from UK football clubs is mitigated by the preferential football creditor rules. The credit-worthiness of non UK football debtors is considered on a case by case basis prior to concluding any major transactions with these potential customers.

Appropriate terms are negotiated with suppliers. Trade creditors liquidity risk is managed by ensuring sufficient funds are available to meet amounts due.

Currency risk

Currency risk is managed by careful monitoring of the exchange rates and the maintenance of bank accounts in foreign currencies as required.

On behalf of the board



Mr T Birch

Director

12/11/2019

SWANSEA CITY FOOTBALL 2002 LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 JULY 2019

The directors present their annual report and financial statements for the year ended 31 July 2019.

Principal activities

The principal activity of the group continued to be the operation of a professional football club, together with associated activities.

Directors

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

Mr G Davies
Mr R Chaudhari
Mr R E Hernreich
Mr H M Jenkins
Mr S Kaplan
Mr J Levien
Mr S J McDonald
Mr T Birch
Mr M W Morgan

(Appointed 24 April 2019)

Results and dividends

The results for the year are set out on page 9.

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

Disabled persons

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment within the group continues and that the appropriate training is arranged. It is the policy of the group that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

Employee involvement

The group places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on the various factors affecting the performance of the company. This is achieved through formal and informal communications issued to staff. Employee representatives are consulted regularly on a wide range of matters affecting their current and future interests.

Post reporting date events

Material post balance sheet events are disclosed in note 30 to the financial statements.

Future developments

The strategy and future developments in the business are set out in the Strategic Report.

Auditor

Baldwins Audit Services were appointed as auditor to the company and in accordance with section 485 of the Companies Act 2006, a resolution proposing that they be re-appointed will be put at a General Meeting.

SWANSEA CITY FOOTBALL 2002 LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2019

Statement of directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and company, and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

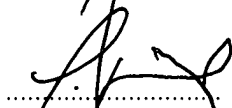
- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and 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 group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Statement of disclosure to auditor

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

On behalf of the board



.....
Mr T Birch
Director

Date: 12/11/2019

SWANSEA CITY FOOTBALL 2002 LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF SWANSEA CITY FOOTBALL 2002 LIMITED

Opinion

We have audited the financial statements of Swansea City Football 2002 Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 July 2019 which comprise the group statement of comprehensive income, the group balance sheet, the company balance sheet, the group statement of changes in equity, the company statement of changes in equity, the group statement of cash flows 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 group's and the parent company's affairs as at 31 July 2019 and of the group's loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Material uncertainty related to going concern

We draw attention to note 1 to the financial statements concerning the group and parent company's ability to continue as a going concern. Should the forecasts, which include receipts from player trading, continuation of external facilities and operating cost reductions, prepared by the board not be realised, the group would need to find further sources of funding in order to bridge its cash flow position until appropriate player transactions are fulfilled. These conditions indicate the existence of a material uncertainty which may cast significant doubt about the group and parent company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other information

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

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

We have nothing to report in this regard.

SWANSEA CITY FOOTBALL 2002 LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF SWANSEA CITY FOOTBALL 2002 LIMITED

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

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

In preparing the financial statements, the directors are responsible for assessing the group's and the parent 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 group or the parent 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.

SWANSEA CITY FOOTBALL 2002 LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF SWANSEA CITY FOOTBALL 2002 LIMITED

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.



Matthew Thomas (Senior Statutory Auditor)
for and on behalf of Baldwins Audit Services

12/11/2019

Statutory Auditor

Charter Court
Phoenix Way
Enterprise Park
SWANSEA
UK
SA7 9FS

SWANSEA CITY FOOTBALL 2002 LIMITED

GROUP STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 JULY 2019

	Notes	Operations excluding player amortisation & trading £	Player amortisation & trading £	2019 £	2018 £
Turnover	3	67,438,934	1,979,654	69,418,588	128,176,892
Operating expenses		(74,211,028)	(29,615,603)	(103,826,631)	(176,182,324)
Other operating income		65,401	-	65,401	39,700
Operating loss before profit on disposal of player registrations	4	(6,706,693)	(27,635,949)	(34,342,642)	(47,965,732)
Share of associates loss		-	-	-	(219,790)
Profit on disposal of player registrations		-	30,305,464	30,305,464	46,077,452
(Loss)/profit on ordinary activities before interest and taxation		(6,706,693)	2,669,515	(4,037,178)	(2,108,070)
Interest receivable and similar income	7			980,879	848,229
Interest payable and similar expenses	8			(3,548,416)	(1,874,844)
Loss before taxation				(6,604,715)	(3,134,685)
Tax on loss	9			992,615	309,511
Loss for the financial year				(5,612,100)	(2,825,174)

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

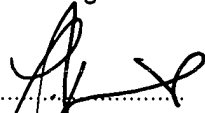
SWANSEA CITY FOOTBALL 2002 LIMITED

GROUP BALANCE SHEET

AS AT 31 JULY 2019

	Notes	2019 £	£	2018 £	£
Fixed assets					
Intangible assets	11	18,617,857		58,486,996	
Tangible assets	12	22,678,126		23,008,204	
Investments	13		1		1
		<u>41,295,984</u>		<u>81,495,201</u>	
Current assets					
Stocks	17	471,342		939,977	
Debtors	18	18,764,816		33,360,856	
Investments	19	12,500,000		-	
Cash at bank and in hand		7,598,727		1,129,877	
		<u>39,334,885</u>		<u>35,430,710</u>	
Creditors: amounts falling due within one year	20	(57,954,148)		(73,495,089)	
Net current liabilities		<u>(18,619,263)</u>		<u>(38,064,379)</u>	
Total assets less current liabilities		<u>22,676,721</u>		<u>43,430,822</u>	
Creditors: amounts falling due after more than one year	21	(5,893,792)		(19,695,891)	
Provisions for liabilities	24	(4,673,890)		(6,013,792)	
Net assets		<u>12,109,039</u>		<u>17,721,139</u>	
Capital and reserves					
Called up share capital	27	950,000		950,000	
Capital redemption reserve		50,000		50,000	
Profit and loss reserves		11,105,608		16,717,708	
Equity attributable to owners of the parent company		<u>12,105,608</u>		<u>17,717,708</u>	
Non-controlling interests		3,431		3,431	
		<u>12,109,039</u>		<u>17,721,139</u>	

The financial statements were approved by the board of directors and authorised for issue on 12/11/2019 and are signed on its behalf by:



 Mr T Birch
 Director

SWANSEA CITY FOOTBALL 2002 LIMITED

COMPANY BALANCE SHEET

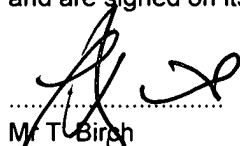
AS AT 31 JULY 2019

	Notes	2019 £	£	2018 £	£
Fixed assets					
Investments	13		1,500,767		1,500,767
Current assets					
Cash at bank and in hand		9,299		9,299	
Creditors: amounts falling due within one year	20	(470,032)		(470,032)	
Net current liabilities			(460,733)		(460,733)
Total assets less current liabilities			1,040,034		1,040,034
Capital and reserves					
Called up share capital	27		950,000		950,000
Capital redemption reserve			50,000		50,000
Profit and loss reserves			40,034		40,034
Total equity			1,040,034		1,040,034

As permitted by s408 Companies Act 2006, the company has not presented its own profit and loss account and related notes. The company's profit for the year was £0 (2018 - £0 profit).

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements were approved by the board of directors and authorised for issue on 12/11/2019 and are signed on its behalf by:


 Mr T Birsh
 Director

Company Registration No. 04305508

SWANSEA CITY FOOTBALL 2002 LIMITED

GROUP STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 JULY 2019

	Share capital £	Capital redemption reserve £	Profit and loss reserves £	Total controlling interest £	Non- controlling interest £	Total £
Balance at 1 August 2017	950,000	50,000	19,542,882	20,542,882	3,431	20,546,313
Year ended 31 July 2018:						
Loss and total comprehensive income for the year	-	-	(2,825,174)	(2,825,174)	-	(2,825,174)
Balance at 31 July 2018	950,000	50,000	16,717,708	17,717,708	3,431	17,721,139
Year ended 31 July 2019:						
Loss and total comprehensive income for the year	-	-	(5,612,100)	(5,612,100)	-	(5,612,100)
Balance at 31 July 2019	950,000	50,000	11,105,608	12,105,608	3,431	12,109,039

SWANSEA CITY FOOTBALL 2002 LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 JULY 2019

	Share capital £	Capital redemption reserve £	Profit and loss reserves £	Total £
Balance at 1 August 2017	950,000	50,000	40,034	1,040,034
Year ended 31 July 2018: Profit and total comprehensive income for the year	-	-	-	-
Balance at 31 July 2018	950,000	50,000	40,034	1,040,034
Year ended 31 July 2019: Profit and total comprehensive income for the year	-	-	-	-
Balance at 31 July 2019	950,000	50,000	40,034	1,040,034

SWANSEA CITY FOOTBALL 2002 LIMITED

GROUP STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 JULY 2019

	Notes	2019 £	£	2018 £	£
Cash flows from operating activities					
Cash generated from/(absorbed by) operations	33	8,326,808		(27,035,701)	
Interest paid		(835,478)		(133,237)	
Net cash inflow/(outflow) from operating activities		7,491,330		(27,168,938)	
Investing activities					
Purchase of business		-	832,223		
Purchase of intangible assets	(37,931,528)		(38,497,400)		
Proceeds on disposal of intangibles	57,459,726		54,449,308		
Purchase of tangible fixed assets	(2,008,324)		(1,819,563)		
Proceeds on disposal of tangible fixed assets	15,411		21,384		
Interest received	25,613		3,230		
Net cash generated from investing activities		17,560,898		14,989,182	
Financing activities					
Proceeds of new bank loans	-		8,512,160		
Repayment of bank loans	(5,222,908)		(3,343,925)		
Payment of finance leases obligations	(51,535)		(88,072)		
Net cash (used in)/generated from financing activities		(5,274,443)		5,080,163	
Net increase/(decrease) in cash and cash equivalents		19,777,785		(7,099,593)	
Cash and cash equivalents at beginning of year		273,421		7,507,869	
Effect of foreign exchange rates		47,521		(134,855)	
Cash and cash equivalents at end of year		20,098,727		273,421	
Relating to:					
Cash at bank and in hand		7,598,727		1,129,877	
Short term deposits included in current asset investments		12,500,000		-	
Bank overdrafts included in creditors payable within one year		-		(856,456)	

SWANSEA CITY FOOTBALL 2002 LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JULY 2019

1 Accounting policies

Company information

Swansea City Football 2002 Limited ("the company") is a private limited company domiciled and incorporated in England and Wales. The registered office is Liberty Stadium, Landore, Swansea, West Glamorgan, SA1 2FA.

The group consists of Swansea City Football 2002 Limited and all of its subsidiaries.

1.1 Accounting convention

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

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

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

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

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

SWANSEA CITY FOOTBALL 2002 LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2019

1 Accounting policies (Continued)

1.2 Basis of consolidation

In the parent company financial statements, the cost of a business combination is the fair value at the acquisition date of the assets given, equity instruments issued and liabilities incurred or assumed, plus costs directly attributable to the business combination. The excess of the cost of a business combination over the fair value of the identifiable assets, liabilities and contingent liabilities acquired is recognised as goodwill. The cost of the combination includes the estimated amount of contingent consideration that is probable and can be measured reliably, and is adjusted for changes in contingent consideration after the acquisition date. Provisional fair values recognised for business combinations in previous periods are adjusted retrospectively for final fair values determined in the 12 months following the acquisition date. Investments in subsidiaries, joint ventures and associates are accounted for at cost less impairment.

Deferred tax is recognised on differences between the value of assets (other than goodwill) and liabilities recognised in a business combination accounted for using the purchase method and the amounts that can be deducted or assessed for tax, considering the manner in which the carrying amount of the asset or liability is expected to be recovered or settled. The deferred tax recognised is adjusted against goodwill or negative goodwill.

The consolidated financial statements incorporate those of Swansea City Football 2002 Limited and all of its subsidiaries (ie entities that the group controls through its power to govern the financial and operating policies so as to obtain economic benefits). Subsidiaries acquired during the year are consolidated using the purchase method. Their results are incorporated from the date that control passes.

All financial statements are made up to 31 July 2019. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the group.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

SWANSEA CITY FOOTBALL 2002 LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2019

1 Accounting policies (Continued)

1.3 Going concern

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

Following relegation to the Football League Championship, and the resultant reduction in revenues as compared to the Premier League, the Board and key management have paid due consideration to the overall club's strategy, playing squad, and operating and financing cash flows, including all significant revenue streams, the operating cost base of the club, player trading and sources of finance.

The group prepares detailed profit and loss, balance sheet and cash flow forecasts each financial year considering all reasonably foreseeable potential scenarios (including promotion and relegation) and material uncertainties in relation to income and costs.

The Football League and Premier League transfer markets remain buoyant and, given the various options available to it, the group believes that forecasted player trading is reasonably achievable and that accordingly the company should be able to meet its liabilities as they fall due for a period of at least 12 months from the date of signing the financial statements. However, should the forecasted player trading not be achieved, the group would need to both maintain existing and find further sources of funding in order to bridge its cash flow position until appropriate player transactions are fulfilled. This represents a material uncertainty which may cast significant doubt about the group's ability to continue as a going concern.

The club retains a level of flexibility in its playing squad options and the Board will balance its financial needs with a squad that has the ability to still strive for promotion.

Based on these forecasts, which include expectations for net player trading and the availability and use of external finance, and other cost reductions, the directors remain confident the group will generate sufficient resources to meet its liabilities as they fall due and the board has concluded that it is appropriate for the financial statements to be prepared on a going concern basis.

1.4 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. Principal sources of income include broadcasting and media, match day income, commercial activities and grants. Revenue is recognised when the underlying event or service takes place.

Season ticket and home gate receipts were recognised gross of commissions that were deducted at source by the stadium's landlord, with the related commission expense being recognised in match day costs. This commission arrangement ceased after the company acquired control of Swansea Stadium Management Company Limited on 16 February 2018. Advanced season ticket sales, broadcasting/media and advertising/sponsorship income is included within deferred income and is recognised as turnover in the relevant season.

In the instance of merchandise sales, revenue is recognised on the transfer of goods to customers, which is usually on delivery or on-site purchase.

Income arising from the temporary transfer of a player registration is recognised over the period of the temporary transfer and presented within player amortisation and trading in the Statement of Comprehensive Income.

SWANSEA CITY FOOTBALL 2002 LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2019

1 Accounting policies (Continued)

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

1.5 Intangible fixed assets - goodwill

Goodwill represents the excess of the cost of acquisition of a business over the fair value of net assets acquired. It is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is considered to have a finite useful life and is amortised on a systematic basis over its expected life and has been fully amortised in these accounts.

1.6 Intangible fixed assets other than goodwill

Patents and licences

Patents and licences are owned by the group are capitalised as intangible fixed assets and initially measured at cost less amortisation.

Signing-on fees

Players' contracts of employment may include a signing on fee payable in equal instalments over the period of the contract. Where a player's registration is transferred, any signing-on fees payable in respect of future periods may be effectively cancelled. Therefore such fees are charged to the Statement of Comprehensive Income as they fall due under the terms of the contract.

Players' registration fees

The costs associated with the acquisition of players' registrations are capitalised as intangible fixed assets, with cost discounted to present value where payments are deferred. Cost of players' registrations are comprised of transfer fees, transfer levies, intermediary fees and solidarity payments. These costs are fully amortised in equal instalments over the period of the players' individual contracts. Where a player's contract is extended beyond its initial period, amortisation is calculated over the period of the extended contract from the date the extension is signed. Players' registrations are written down for impairment in certain circumstances when the carrying amount is assessed as exceeding the amount recoverable through use or sale.

The profit or loss on disposal of a player's registration is calculated as the difference between the present value of the transfer fee receivable less the net book value at the date of sale and less any direct costs of the transfer. Receipts of transfer fees based on the future performance of the transferred player or the buying club are recognised when the future criteria are met or are virtually certain to be met. Similarly, payments of transfer fees based on future performance criteria are recognised when the criteria are assessed as being probable that they will be met.

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

Patents & licences	10 years
Players' registration costs	In accordance with terms of the contract

1.7 Tangible fixed assets

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

SWANSEA CITY FOOTBALL 2002 LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2019

1 Accounting policies (Continued)

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

Land	Not depreciated
Buildings	25-50 years
Stadium fittings	25 years
Plant and equipment	5 years
Fixtures and fittings	5 years
Motor vehicles	3 years

Assets in the course of construction are not depreciated.

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

1.8 Fixed asset investments

Equity investments are measured at fair value through profit or loss, except for those equity investments that are not publicly traded and whose fair value cannot otherwise be measured reliably, which are recognised at cost less impairment until a reliable measure of fair value becomes available.

In the parent company financial statements, investments in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses.

Interests in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in or .

A subsidiary is an entity controlled by the company. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

An associate is an entity, being neither a subsidiary nor a joint venture, in which the company holds a long-term interest and where the company has significant influence. The company considers that it has significant influence where it has the power to participate in the financial and operating decisions of the associate.

Entities in which the group has a long term interest and shares control under a contractual arrangement are classified as jointly controlled entities.

SWANSEA CITY FOOTBALL 2002 LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2019

1 Accounting policies (Continued)

1.9 Impairment of fixed assets

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

The directors do not consider it possible to determine the value in use of an individual player in isolation, as that player cannot generate cash flows independently. However, in circumstances where it is apparent that as at the period end the player would not be available for selection to play for the Club, the player is taken outside of the wider cash generating unit ("CGU") and valued on a recoverable amount basis being the directors' best estimate of the player's fair value less cost to sell, with any resulting impairment charge being made in operating expenses

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

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

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

Where there is an impairment of a particular player's registration costs consideration is given to whether there is simultaneously an onerous contract arising. Where onerous contracts exists, a provision is recognised equal to the minimum net cost of practically exiting from the contract.

1.10 Stocks

Stocks are stated at the lower of cost and net realisable value. Cost comprises purchase price less discounts where applicable. Net realisable value is based on estimated selling price.

Provision is made for obsolete and slow moving items where appropriate.

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

The value of impaired stock as at 31 July 2019 was £270,398 (2018: £107,568).

1.11 Cash and cash equivalents

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

SWANSEA CITY FOOTBALL 2002 LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2019

1 Accounting policies (Continued)

1.12 Financial instruments

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

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

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

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

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Impairment of financial assets

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

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

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

Derecognition of financial assets

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

Classification of financial liabilities

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

SWANSEA CITY FOOTBALL 2002 LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2019

1 Accounting policies (Continued)

Basic financial liabilities

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

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

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

Other financial liabilities

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

Derecognition of financial liabilities

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

1.13 Equity instruments

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

1.14 Taxation

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

Current tax

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

SWANSEA CITY FOOTBALL 2002 LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2019

1 Accounting policies (Continued)

Deferred tax

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

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

1.15 Provisions

Provisions are recognised when the group has a legal or constructive present obligation as a result of a past event, it is probable that the group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting end date, taking into account the risks and uncertainties surrounding the obligation. Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value. When a provision is measured at present value, the unwinding of the discount is recognised as a finance cost in profit or loss in the period in which it arises.

1.16 Employee benefits

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

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

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

1.17 Retirement benefits

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

Where the group participates in a defined benefit plan, which is a multi-employer plan that is accounted for as if the plan were a defined contribution plan, and the group has entered into an agreement with the multi-employer plan that determines how the group will fund a deficit, the group recognises a liability for the contributions payable that arise from the agreement and a resulting expense in the Statement of Comprehensive Income.

A provision has also been made to cover the group's share of the liabilities of the Football League Limited Pension and Life Assurance Scheme. This is a defined benefit scheme which has been closed to new contributions since 31 August 1995.

SWANSEA CITY FOOTBALL 2002 LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2019

1 Accounting policies (Continued)

1.18 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the balance sheet as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to profit or loss so as to produce a constant periodic rate of interest on the remaining balance of the liability.

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

1.19 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation are included in the profit and loss account for the period.

1.20 Deferred Income

Deferred income comprises amounts received on sales of season tickets, sponsorship, broadcasting and other commercial contracts prior to the period end in respect of the current and future football seasons. These amounts will be released to the Statement of Comprehensive Income over the period to which the income relates.

SWANSEA CITY FOOTBALL 2002 LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2019

2 Judgements and key sources of estimation uncertainty

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

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

Critical judgements

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

Impairment of Capitalised Player Registration Costs

The carrying values of capitalised player registration costs, where removed from the wider football club CGU, are subject to impairment tests on a player-by-player basis. On performing the individual tests of impairment, the group primarily considers the following factors:

- Injury - Where the medical opinion provided suggests that a player has suffered a career ending injury then an impairment loss will be recognised in full less any anticipated insurance receivable, against the carrying value of that particular player. Career threatening injuries may also result in impairment losses depending on the medical opinion received and other external factors.
- Loss of player form - The assessment of player form is considered to be highly subjective and accordingly it is unlikely that the loss of player form will result in an impairment loss unless there is firm intention to release the player without further first team performance subsequent to the period end for a fee less than his carrying amount.
- Transfer of a player's registration after the end of an accounting period - Where a player is sold after the end of an accounting period, consistent with management's intentions at the year end date, without further first team action for an amount lower than the carrying value this is strong indicator of impairment and accordingly an impairment loss will be recognised in the accounting period if there is sufficient evidence that the underlying impairment existed as at the accounting period end date.

Revenue Recognition

The group's primary source of revenue during the financial year ended 31 July 2019 was The F.A. Premier League (FAPL). The quantum of income received directly from the FAPL each year is set out in the FAPL annual budget which is revised periodically throughout the financial year. The group recognises income from the FAPL only when it has achieved set criteria contained in the FAPL's annual budget (for instance the group's league position at the end of any given football season; or a certain number of the group's Premier League fixtures being selected for Live Television broadcast). Any additional income is only recognised either on receipt of cash consideration, or when the entitlement to additional income is formally communicated by the FAPL in a Shareholders' Meeting of the FAPL or can otherwise be reliably measured at the financial reporting period end date.

Leases

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

SWANSEA CITY FOOTBALL 2002 LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2019

2 Judgements and key sources of estimation uncertainty (Continued)

Key sources of estimation uncertainty

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

Tangible Fixed Assets

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

Corporation taxes

The determination of the group's provision for corporation tax as well as deferred tax assets and liabilities involves significant judgements and estimates on certain matters and transactions, for which the ultimate outcome may be uncertain. If the final outcome differs from the group's estimates, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made.

3 Turnover and other revenue

	2019 £	2018 £
Turnover analysed by class of business		
Sale of goods		
Commercial	1,860,359	2,379,488
Media	72,008	93,453
Other	34,606	34,792
Rendering of services		
Media	51,606,675	104,635,989
Match	6,992,408	7,365,849
Commercial	3,715,985	9,660,829
Other	5,136,547	4,006,493
	<u>69,418,588</u>	<u>128,176,893</u>
	2019 £	2018 £
Other significant revenue		
Interest income	<u>980,879</u>	<u>848,229</u>

SWANSEA CITY FOOTBALL 2002 LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2019

4 Operating loss

	2019 £	2018 £
Operating loss for the year is stated after charging/(crediting):		
Exchange (gains)/losses	(204,266)	155,914
Depreciation of owned tangible fixed assets	1,723,130	1,845,010
Depreciation of tangible fixed assets held under finance leases	34,018	31,183
Loss/(profit) on disposal of tangible fixed assets	565,843	(14,234)
Amortisation of intangible assets	28,177,387	37,113,424
Impairment of player registration costs	1,443,409	15,247,713
Cost of stocks recognised as an expense	1,400,693	1,192,438
Operating lease charges	425,006	269,664
Provision for onerous contracts	1,149,498	1,713,690

Exchange differences recognised in profit or loss during the year, except for those arising on financial instruments measured at fair value through profit or loss, amounted to £204,266 (2018 - £155,914).

5 Auditor's remuneration

	2019 £	2018 £
Fees payable to the company's auditor and associates:		
For audit services		
Audit of the financial statements of the group and company	3,000	7,000
Audit of the financial statements of the company's subsidiaries	24,100	28,000
	<u>27,100</u>	<u>35,000</u>
For other services		
Other assurance services	-	7,870
Taxation compliance services	4,200	12,195
Other taxation services	-	306,635
	<u>4,200</u>	<u>326,700</u>

SWANSEA CITY FOOTBALL 2002 LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2019

6 Employees

The average monthly number of persons (including directors) employed by the group and company during the year was:

	Group 2019 Number	2018 Number	Company 2019 Number	2018 Number
Football	260	287	-	-
Administration (including directors)	16	18	-	-
Commercial	67	89	-	-
Media	16	15	-	-
Stadium	134	149	-	-
	<u>493</u>	<u>558</u>	<u>-</u>	<u>-</u>

Their aggregate remuneration comprised:

	Group 2019 £	2018 £	Company 2019 £	2018 £
Wages and salaries	44,344,066	79,774,790	-	-
Social security costs	5,857,875	11,298,477	-	-
Pension costs	98,765	100,031	-	-
	<u>50,300,706</u>	<u>91,173,298</u>	<u>-</u>	<u>-</u>

7 Interest receivable and similar income

	2019 £	2018 £
Interest on bank deposits	25,613	3,230
Finance income on unwinding of discount of player receivables	955,266	844,999
	<u>980,879</u>	<u>848,229</u>

8 Interest payable and similar expenses

	2019 £	2018 £
Interest on bank overdrafts and loans	271,519	48,008
Other interest on financial liabilities	773,921	799,812
Interest on finance leases and hire purchase contracts	3,521	5,101
Finance charges on unwinding of discount of player liabilities	2,499,455	1,021,923
	<u>3,548,416</u>	<u>1,874,844</u>

SWANSEA CITY FOOTBALL 2002 LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2019

9 Taxation

	2019 £	2018 £
Current tax		
UK corporation tax on profits for the current period	-	22,786
Deferred tax		
Origination and reversal of timing differences	(992,615)	(332,297)
Total tax credit	(992,615)	(309,511)

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

	2019 £	2018 £
Loss before taxation	(6,604,715)	(3,134,685)
Expected tax credit based on the standard rate of corporation tax in the UK of 19.00% (2018: 19.00%)	(1,254,896)	(595,590)
Tax effect of expenses that are not deductible in determining taxable profit	183,396	249,035
Deferred tax adjustments in respect of prior years	192,778	239,261
Reduction in tax rate on deferred tax balances	-	(194,322)
Fixed asset timing differences	87,673	132,468
Share of associates and joint ventures results	-	(14,959)
Deferred tax not recognised	(201,566)	(125,404)
Taxation credit	(992,615)	(309,511)

10 Impairments

Impairment tests have been carried out where appropriate and the following impairment losses have been recognised in profit or loss:

	Notes	2019 £	2018 £
In respect of:			
Goodwill	11	-	478,168
Intangible assets	11	1,443,409	14,769,545
Recognised in:			
Administrative expenses		1,443,409	15,247,713

SWANSEA CITY FOOTBALL 2002 LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2019

10 Impairments (Continued)

The impairment recognised in both the current and comparative periods on intangible assets (excluding goodwill) relates to an assessment of the carrying values of capitalised players registration costs. See note 2 for further details.

11 Intangible fixed assets

Group	Goodwill	Patents & licences	Players' registration costs	Total
	£	£	£	£
Cost				
At 1 August 2018	478,168	58,990	141,650,124	142,187,282
Additions - separately acquired	-	-	2,622,395	2,622,395
Disposals	-	-	(74,123,739)	(74,123,739)
At 31 July 2019	478,168	58,990	70,148,780	70,685,938
Amortisation and impairment				
At 1 August 2018	478,168	25,768	83,196,350	83,700,286
Amortisation charged for the year	-	5,192	28,172,195	28,177,387
Impairment losses	-	-	1,443,409	1,443,409
Disposals	-	-	(61,253,001)	(61,253,001)
At 31 July 2019	478,168	30,960	51,558,953	52,068,081
Carrying amount				
At 31 July 2019	-	28,030	18,589,827	18,617,857
At 31 July 2018	-	33,222	58,453,774	58,486,996

The company had no intangible fixed assets at 31 July 2019 or 31 July 2018.

More information on the impairment arising in the year is given in note 10.

SWANSEA CITY FOOTBALL 2002 LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2019

12 Tangible fixed assets

Group	Freehold land and buildings	Leasehold land and buildings	Stadium fittings	Assets under construction	Plant and equipment	Fixtures and fittings	Motor vehicles	Total
	£	£	£	£	£	£	£	£
Cost								
At 1 August 2018	8,885,062	10,687,876	1,122,537	580,911	7,195,063	856,745	39,107	29,367,301
Additions	-	1,309,967	-	-	695,766	2,591	-	2,008,324
Disposals	-	-	-	(580,911)	(465,903)	(225,219)	(39,107)	(1,311,140)
At 31 July 2019	8,885,062	11,997,843	1,122,537	-	7,424,926	634,117	-	30,064,485
Depreciation and impairment								
At 1 August 2018	963,533	844,778	156,078	-	3,942,609	412,992	39,107	6,359,097
Depreciation charged in the year	212,062	289,920	24,204	-	975,186	255,776	-	1,757,148
Eliminated in respect of disposals	-	-	-	-	(465,903)	(224,876)	(39,107)	(729,886)
At 31 July 2019	1,175,595	1,134,698	180,282	-	4,451,892	443,892	-	7,386,359
Carrying amount								
At 31 July 2019	7,709,467	10,863,145	942,255	-	2,973,034	190,225	-	22,678,126
At 31 July 2018	7,921,529	9,843,098	966,459	580,911	3,252,454	443,753	-	23,008,204

The company had no tangible fixed assets at 31 July 2019 or 31 July 2018.

SWANSEA CITY FOOTBALL 2002 LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2019

12 Tangible fixed assets (Continued)

The net carrying value of tangible fixed assets includes the following in respect of assets held under finance leases or hire purchase contracts.

	Group 2019 £	2018 £	Company 2019 £	2018 £
Fixtures and fittings	104,886	138,903	-	-

13 Fixed asset investments

	Notes	Group 2019 £	2018 £	Company 2019 £	2018 £
Investments in subsidiaries	14	-	-	513,370	513,370
Loans to subsidiaries	14	-	-	987,397	987,397
Investments in associates	15	1	1	-	-
		1	1	1,500,767	1,500,767

Movements in fixed asset investments

Group

Shares in
group
undertakings
and
participating
interests
£

Cost or valuation

At 1 August 2018 and 31 July 2019

Carrying amount

At 31 July 2019

At 31 July 2018

1

1

1

SWANSEA CITY FOOTBALL 2002 LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2019

13 Fixed asset investments (Continued)

Movements in fixed asset investments

Company	Shares in group undertakings £	Loans to group undertakings £	Total £
Cost or valuation			
At 1 August 2018 and 31 July 2019	513,370	987,397	1,500,767
Carrying amount			
At 31 July 2019	513,370	987,397	1,500,767
At 31 July 2018	513,370	987,397	1,500,767

14 Subsidiaries

Details of the company's subsidiaries at 31 July 2019 are as follows:

Name of undertaking	Address	Nature of business	Class of shares held	% Held Direct Indirect
Swansea City Football Club Limited	United Kingdom	Dormant	Ordinary	99.40
Swansea City Association Football Club Limited	United Kingdom	Professional Association Football Club	Ordinary	100.00
Swansea Stadium Management Company Limited	United Kingdom	Stadium Management	Ordinary	100.00

Registered office addresses (all UK unless otherwise indicated):

Liberty Stadium, Landore, Swansea, SA1 2FA.

The aggregate capital and reserves and the result for the year of the subsidiaries noted above was as follows:

Name of undertaking	Capital and Reserves £	Profit/(Loss) £
Swansea City Football Club Limited	470,000	-
Swansea City Association Football Club Limited	10,800,629	(6,031,769)
Swansea Stadium Management Company Limited	387,870	1,119,348

SWANSEA CITY FOOTBALL 2002 LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JULY 2019

15 Associates

Details of associates at 31 July 2019 are as follows:

Name of undertaking	Registered office	Nature of business	Class of	% Held	
			shares held	Direct	Indirect
Swansea Stadium Premier Club Limited	United Kingdom	Management of the Stadium Premier Club	Ordinary		50.00

The registered office of the associated company is Liberty Stadium, Landore, Swansea, SA1 2FA.

16 Financial instruments

	Group 2019 £	2018 £	Company 2019 £	2018 £
Carrying amount of financial assets				
Debt instruments measured at amortised cost	28,065,399	31,048,516	n/a	n/a
Carrying amount of financial liabilities				
Measured at amortised cost	57,627,168	86,296,383	n/a	n/a

As permitted by the reduced disclosure framework within FRS 102, the company has taken advantage of the exemption from disclosing the carrying amount of certain classes of financial instruments, denoted by 'n/a' above.

17 Stocks

	Group 2019 £	2018 £	Company 2019 £	2018 £
Finished goods and goods for resale	471,342	939,977	-	-

SWANSEA CITY FOOTBALL 2002 LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2019

18 Debtors

	Group 2019 £	2018 £	Company 2019 £	2018 £
Amounts falling due within one year:				
Trade debtors	1,535,683	1,031,041	-	-
Corporation tax recoverable	-	443	-	-
Other debtors	13,805,134	17,715,830	-	-
Prepayments and accrued income	3,101,258	2,311,897	-	-
	<u>18,442,075</u>	<u>21,059,211</u>	<u>-</u>	<u>-</u>
Amounts falling due after more than one year:				
Other debtors	<u>322,741</u>	<u>12,301,645</u>	<u>-</u>	<u>-</u>
Total debtors	<u>18,764,816</u>	<u>33,360,856</u>	<u>-</u>	<u>-</u>

19 Current asset investments

	Group 2019 £	2018 £	Company 2019 £	2018 £
Bank deposit accounts	<u>12,500,000</u>	<u>-</u>	<u>-</u>	<u>-</u>

Investments in bank deposit accounts have an original maturity of 3 months or less. As of the balance sheet date the average maturity of the deposits was 1 month, with an average interest rate of 0.8%.

20 Creditors: amounts falling due within one year

	Notes	Group 2019 £	2018 £	Company 2019 £	2018 £
Bank loans and overdrafts	22	9,177,107	6,487,073	-	-
Obligations under finance leases	23	53,571	51,369	-	-
Trade creditors		1,679,177	2,858,899	-	-
Other taxation and social security		6,220,772	6,894,597	-	-
Other creditors		7,402,681	32,132,483	470,032	470,032
Accruals and deferred income		33,420,840	25,070,668	-	-
		<u>57,954,148</u>	<u>73,495,089</u>	<u>470,032</u>	<u>470,032</u>

SWANSEA CITY FOOTBALL 2002 LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2019

21 Creditors: amounts falling due after more than one year

	Notes	Group 2019 £	2018 £	Company 2019 £	2018 £
Bank loans and overdrafts	22	-	8,769,398	-	-
Obligations under finance leases	23	9,132	62,869	-	-
Other creditors		945,412	10,863,624	-	-
Accruals and deferred income		4,939,248	-	-	-
		<u>5,893,792</u>	<u>19,695,891</u>	<u>-</u>	<u>-</u>

Other creditors due within and after one year include amounts payable on purchase of player registrations.

22 Loans and overdrafts

	Group 2019 £	2018 £	Company 2019 £	2018 £
Bank loans	9,177,107	14,400,015	-	-
Bank overdrafts	-	856,456	-	-
	<u>9,177,107</u>	<u>15,256,471</u>	<u>-</u>	<u>-</u>
Payable within one year	9,177,107	6,487,073	-	-
Payable after one year	-	8,769,398	-	-
	<u>-</u>	<u>8,769,398</u>	<u>-</u>	<u>-</u>

The loan drawn down in the comparative period, which accrues at a rate of 4.5% per annum, amounted to £9,177,107 at the balance sheet date (2018: £8,769,398). The scheduled final repayment date is 20 August 2019.

The group had use of a flexible overdraft facility which was secured by way of a fixed and floating charge over the group's assets. This facility ceased during the current year.

23 Finance lease obligations

	Group 2019 £	2018 £	Company 2019 £	2018 £
Future minimum lease payments due under finance leases:				
Within one year	53,571	51,369	-	-
In two to five years	9,132	62,869	-	-
	<u>62,703</u>	<u>114,238</u>	<u>-</u>	<u>-</u>

Hire purchase contract liabilities are secured on the underlying fixed assets.

SWANSEA CITY FOOTBALL 2002 LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2019

24 Provisions for liabilities

	Notes	Group 2019 £	2018 £	Company 2019 £	2018 £
Onerous contracts		429,460	1,713,960	-	-
Other provisions		1,149,498	212,286	-	-
		<u>1,578,958</u>	<u>1,926,246</u>	<u>-</u>	<u>-</u>
Deferred tax liabilities	25	3,094,932	4,087,546	-	-
		<u>4,673,890</u>	<u>6,013,792</u>	<u>-</u>	<u>-</u>

Movements on provisions apart from deferred tax liabilities:

Group	Dilapidation provision £	Onerous contracts £	Total £
At 1 August 2018	245,112	1,713,960	1,959,072
Additional provisions in the year	184,348	1,149,498	1,333,846
Utilisation of provision	-	(1,713,960)	(1,713,960)
At 31 July 2019	<u>429,460</u>	<u>1,149,498</u>	<u>1,578,958</u>

Onerous contracts

The provision for onerous contracts is expected to be utilised within one year.

SWANSEA CITY FOOTBALL 2002 LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2019

24 Provisions for liabilities (Continued)

Dilapidation provision

The group occupies the Liberty Stadium under a lease from the City and County of Swansea. The lease is for a term of 50 years and commenced in April 2005.

Under the terms of that lease the group has an obligation to maintain the Stadium in a state of good and sustainable repair. In order to comply with this obligation the group has worked in conjunction with its professional advisors, Messrs Faithful and Gould, Quantity Surveyors, to carry out work on the Stadium in accordance with a 'Lifecycle Maintenance Plan' prepared by that firm.

The Plan was initially prepared in 2011 and estimated that £5,793,601 should be expended on the Stadium over the first 25 years of the lease term. The object of the Plan is that the Stadium will be properly maintained during the term of the lease and in conjunction required by the lease at the end of the lease term. The Plan was last updated in June 2017 and estimated that £16,038,499 is required to be expected on the Stadium over the 25 year period ending June 2042.

In order to do this, the group:

- 1) Undertakes the works required under the Plan.
- 2) Commissions regular surveys by Faithful and Gould so that any necessary amendments can be made to the Plan (see above).
- 3) Is subject to annual checks by the Landlord in order to verify whether the work is being performed in accordance with the Plan.
- 4) Obtains a specific survey on an ad hoc basis to value the cost of dilapidations at the survey date.

Under the Plan, work may be scheduled for the future years where an element of deterioration in the condition of the Stadium has taken place by the balance sheet date. It is necessary for the financial statements to include a reliable estimate of the group's liability under the lease in respect of such deterioration at the balance sheet date.

SWANSEA CITY FOOTBALL 2002 LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2019

24 Provisions for liabilities (Continued)

Cash reserves

Although not a specific requirement of the lease, the group sets aside funds in order to meet the future costs of adhering to the Plan. The amount of the funds set aside at the year end amounted to £502,132 (2018: £505,298)

Dilapidations survey

Faithful and Gould undertook a dilapidations survey of the Stadium in February 2014, which identified the deterioration in the condition of the Stadium that had occurred at that date. Faithful and Gould had quantified the work by making notional estimates based upon standard costing data. Under the Lifecycle Maintenance Plan, the group will undertake work by either using its own labour or that of local contractors and has evaluated the cost of such work with reference to quotations from local contractors or by calculating the costs of using in house labour. Faithful and Gould have agreed that this is an appropriate approach at arriving at a reliable estimate of actual cost outlay.

Interval Survey

In September 2018 Faithful and Gould carried out the annual survey and updated Plan accordingly. The directors have referred to the schedule of work needed over the 3 years from this date and identified repair work that they consider represents deterioration as at the balance sheet date. A provision of £179,460 (2018: £212,286) has been included in the accounts in respect of this.

Due to the scope of the Faithful and Gould report and the inherent risk of predicting future events, it is possible that additional costs may be expended in future years in relation to deterioration of the stadium at 31 July 2019, in addition to the amounts quantified above.

The directors have also identified future capital expenditure that the group is required to expend under the terms of the lease. The provision for dilapidation does not include capital expenditure, as the economic benefit of such will be enjoyed by the group in future years and to provide for capital expenditure would not impact upon reported profits, but instead augment reported assets, which have not been acquired at the balance sheet date. The cost of capital expenditure requiring to be replenished over the immediate maintenance period has been assessed as £356,380 (2018: £329,850). Both the repair and capital costs referred to above are expected to be expended within the 3 years from the report date. Such 3 year repair and capital cost estimates are revised on an ongoing rolling basis.

In addition to the above items, the directors recognise that remedial work is also required in relation to the Stadium steelwork. With regards to the remedial work, during the financial period litigation proceedings were concluded against two parties involved in the original construction of the Liberty Stadium. The group claimed that elements of the flooring and structural steelwork located within the structure of the Liberty Stadium contained defects which would require rectification at a significant cost to the group. The case was heard in the High Court in October and November 2018 and judgement over the case was issued in April 2019. The group was unsuccessful in its litigation action, and as a consequence was liable to the defendants legal costs. These were paid in this financial year and therefore no provision is required in this regard.

An accurate assessment of the cost of the above remedial work will not be conducted until the work is in progress. However, based on the information and preliminary assessments available to the board, this is estimated to be not lower than £250,000 and a provision has been included in dilapidations provision to this amount. Due to the inherent uncertainty in this assessment at this time, the Board acknowledge that the total cost could significantly exceed this amount. However, a more reliable estimate cannot be made at this time.

SWANSEA CITY FOOTBALL 2002 LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2019

25 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the group and company, and movements thereon:

	Liabilities 2019 £	Liabilities 2018 £
Group		
Accelerated capital allowances	136,616	158,417
Capital gains	3,136,288	4,107,660
Other short term timing differences	(177,972)	(178,531)
	<u>3,094,932</u>	<u>4,087,546</u>

The company has no deferred tax assets or liabilities.

	Group 2019 £	Company 2019 £
Movements in the year:		
Liability at 1 August 2018	4,087,546	-
Credit to profit or loss	(992,614)	-
	<u>3,094,932</u>	<u>-</u>
Liability at 31 July 2019		

26 Retirement benefit schemes

	2019 £	2018 £
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	98,765	100,031

A defined contribution pension scheme is operated for all qualifying employees. The assets of the scheme are held separately from those of the group in an independently administered fund.

27 Share capital

	Group and company 2019 £	2018 £
Ordinary share capital		
Issued and fully paid		
950,000 Ordinary shares of £1 each	950,000	950,000

SWANSEA CITY FOOTBALL 2002 LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2019

28 Financial commitments, guarantees and contingent liabilities

During the year, the group entered in to a finance arrangement with Aldermore bank to sell the debt from player sales. The group guarantees these arrangements and is therefore liable for the full amount if the purchasing club does not pay. As at the year end, there was one arrangement of this type outstanding for a total of £2,450,000. The buying club settled the invoice post year end and therefore no liability recognised in these accounts.

Under the terms of certain contracts for the purchase of players' registrations, future payments may be due, dependent on the future success of the team and/or the future team selection and performance of individual players. As at 31 July 2019 the maximum that could be payable is £7,429,835 (2018: £12,727,421). Signing on fees of £2,511,834 (2018: £8,189,167) will become due to certain players if they are still in the service of the group on specific future dates. In accordance with the group's stated accounting policies these amounts have not been recognised as liabilities as at 31 July 2019.

The club has responded to certain HMRC requests for further details pertaining to historic employment tax matters. The directors have taken professional tax advice (including Tax Counsel) and considers itself to be appropriately accrued for such tax liabilities in line with prevailing tax statute and case law. However, whilst the directors' informed position is that further enquiry from HMRC will not result in additional material liabilities to that already accrued, they acknowledge that these matters have not yet been concluded with HMRC. In the context of ongoing uncertainty, the directors are not able to make a reliable estimate of any further potential exposure.

The Director's note that in 2013 the European Commission contacted Swansea City Council following an allegation by a constituent that in the course of developing the Liberty Stadium, Swansea City Council made an unlawful aid to certain members of the group. Swansea City Council formally responded to the European Commission's information requests, the last request received from the European Commission was responded to in 2014. Whilst the group has received no formal notification from Swansea City Council, the Directors have formed a reasonable expectation that the possibility of any liability arising to the group in respect of this matter is remote. This expectation has been formed based on informal discussions with Swansea City Council executives; the lack of any further action from the European Commission since 2014 and a review of information available in the public domain. Accordingly no provision is recognised in these financial statements in respect of this matter.

29 Operating lease commitments

Lessee

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

	Group 2019 £	2018 £	Company 2019 £	2018 £
Within one year	405,396	405,393	-	-
Between two and five years	1,461,174	1,588,198	-	-
In over five years	15,500,000	15,694,856	-	-
	<u>17,366,570</u>	<u>17,688,447</u>	<u>-</u>	<u>-</u>

SWANSEA CITY FOOTBALL 2002 LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2019

30 Events after the reporting date

Subsequent to the balance sheet date, the group received income in respect of the transfer of certain player registrations for a total consideration of £15,049,629 (2018: £22,691,113). In addition the group acquired new player registrations and extended the registrations of existing players for a total consideration of £746,267 (2018: £1,570,648).

31 Related party transactions

Remuneration of key management personnel

The remuneration of key management personnel is as follows.

	2019 £	2018 £
Aggregate compensation	737,366	1,359,069

Transactions with related parties

During the year the group entered into the following transactions with related parties:

	Sales		Purchases	
	2019 £	2018 £	2019 £	2018 £
Group				
Entities over which the group has control, joint control or significant influence	1,198,340	3,342,672	-	354,688
Key management personnel	2,980	4,436	-	-
Other related parties	13,783	5,330	561,965	1,710,385

The following amounts were outstanding at the reporting end date:

Amounts due to related parties	2019 £	2018 £
Group		
Other related parties	-	2,168

The following amounts were outstanding at the reporting end date:

Amounts due from related parties	2019 Balance £	2018 Balance £
Group		
Entities over which the group has control, joint control or significant influence	33,480	12,027
Key management personnel	462	324
Other related parties	9,000	-

SWANSEA CITY FOOTBALL 2002 LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2019

32 Controlling party

In the opinion of the directors, the Company's ultimate parent company and ultimate controlling party is Swansea Football LLC, a company incorporated in the United States of America. Swansea Football LLC is the parent company of the largest group which includes the company.

33 Cash generated from/(absorbed by) group operations

	2019 £	2018 £
Loss for the year after tax	(5,612,100)	(2,825,174)
Adjustments for:		
Share of results of associates and joint ventures	-	219,790
Taxation credited	(992,615)	(309,511)
Finance costs	3,548,416	1,874,844
Investment income	(980,879)	(848,229)
Loss/(gain) on disposal of tangible fixed assets	565,843	(14,234)
Gain on disposal of intangible assets	(30,305,464)	(46,077,452)
Amortisation and impairment of intangible assets	29,620,796	52,361,137
Depreciation and impairment of tangible fixed assets	1,757,148	1,876,193
Foreign exchange gains on cash equivalents	(204,266)	155,914
Movements in working capital:		
Decrease in stocks	468,635	270,130
Decrease in debtors	1,267,073	3,871,697
Increase/(decrease) in creditors	9,194,221	(37,590,806)
Cash generated from/(absorbed by) operations	8,326,808	(27,035,701)