

Company Registration No. 07698872 (England and Wales)

WREXHAM AFC LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020
PAGES FOR FILING WITH REGISTRAR

WREXHAM AFC LIMITED

COMPANY INFORMATION

Directors	Mr H Ker	(Appointed 9 February 2021)
	Mr R McElhenney	(Appointed 9 February 2021)
	Mr R R Reynolds	(Appointed 9 February 2021)

Company number	07698872
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Registered office	The Coach House 25 Rhosddu Road Wrexham LL11 1EB
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Auditor	McLintocks (NW) Limited The Coach House 25 Rhosddu Road Wrexham LL11 1EB
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Business address	Racecourse Ground Mold Road Wrexham LL11 2AH
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WREXHAM AFC LIMITED

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WREXHAM AFC LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2020

The directors present their annual report and financial statements for the year ended 30 June 2020.

The period covered by these accounts was wholly under the control of the Wrexham Football Supporters' Society Limited ('WST').

The current Board of Wrexham AFC Limited acknowledge the efforts of all those members of the WST ensuring that the Club continued for the benefit of the community from which it takes its name. These efforts ensured that the takeover on the 9 February 2021 could be achieved and we hope to repay the faith put in us by delivering against our mission statement going forward within the shortest period possible.

The impact of the Covid-19 pandemic was significant towards the end of the reporting period and remains a challenge up to the date these accounts were signed.

We believe that the true potential of the Club will not be realised until spectators are allowed to return to the Racecourse Ground without any restriction in number which is only likely to occur in the 2021/22 season.

Our most basic commitment is to keep the Club viable during these challenging times to allow it to prosper on the other side.

Directors

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

Mr Gavin Jones	(Resigned 9 February 2021)
Mr Mark Williams	(Resigned 9 February 2021)
Mr H Ker	(Appointed 9 February 2021)
Mr R McElhenney	(Appointed 9 February 2021)
Mr R R Reynolds	(Appointed 9 February 2021)

Post reporting date events

Information relating to events after the reporting period is given in note 11 to the financial statements.

Auditor

In accordance with the company's articles, a resolution proposing that McLintocks (NW) Limited be reappointed as auditor of the company will be put at a General Meeting.

WREXHAM AFC LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2020

Statement of directors' responsibilities

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

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

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

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

Statement of disclosure to auditor

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

This report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption.

On behalf of the board

Mr H Ker
Director

3 May 2021

WREXHAM AFC LIMITED

BALANCE SHEET

AS AT 30 JUNE 2020

	Notes	2020 £	£	2019 £	£
Fixed assets					
Intangible assets	4		12,484		32,470
Tangible assets	5		162,181		183,336
			<u>174,665</u>		<u>215,806</u>
Current assets					
Stocks		42,516		48,601	
Debtors	6	93,228		968,757	
Cash at bank and in hand		139,134		257,554	
		<u>274,878</u>		<u>1,274,912</u>	
Creditors: amounts falling due within one year	7	(531,039)		(826,438)	
Net current (liabilities)/assets			<u>(256,161)</u>		<u>448,474</u>
Total assets less current liabilities			<u>(81,496)</u>		<u>664,280</u>
Creditors: amounts falling due after more than one year	8		(37,892)		(43,341)
Net (liabilities)/assets			<u><u>(119,388)</u></u>		<u><u>620,939</u></u>
Capital and reserves					
Called up share capital			1,057,508		1,057,508
Profit and loss reserves			(1,176,896)		(436,569)
Total equity			<u><u>(119,388)</u></u>		<u><u>620,939</u></u>

The directors of the company have elected not to include a copy of the profit and loss account within the financial statements.

These financial statements have been prepared and delivered 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 3 May 2021 and are signed on its behalf by:

Mr H Ker
Director

Company Registration No. 07698872

WREXHAM AFC LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020

1 Accounting policies

Company information

Wrexham AFC Limited is a private company limited by shares incorporated in England and Wales. The registered office is The Coach House, 25 Rhosddu Road, Wrexham, LL11 1EB.

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 as applicable to companies subject to the small companies regime. The disclosure requirements of section 1A of FRS 102 have been applied other than where additional disclosure is required to show a true and fair view.

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. The principal accounting policies adopted are set out below.

1.2 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Therefore the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

1.3 Turnover

Turnover is stated exclusive of value added tax, and match receipts are recognised net of payments owing to visiting clubs, the Football Association and the Football Conference.

Gate and other match day revenue is recognised over the period of the football season as games are played. Sponsorship income is recognised over the duration of the contract. Broadcasting fees are recognised when earned.

1.4 Intangible fixed assets - goodwill

Goodwill, being the amount paid in connection with the acquisition of a business in 2011, is being amortised evenly over its estimated useful life of two years.

1.5 Intangible fixed assets other than goodwill

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:

Website	Amortised evenly over their estimated useful life of 5 years.
Trademarks	Amortised evenly over their estimated useful life of 10 years.
Player Registration	Amortised evenly over the life of the individual contracts.

1.6 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.

WREXHAM AFC LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2020

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:

Property improvements	Straight line over the life of the lease
Plant and equipment	20% on cost
Fixtures and fittings	20% on cost
Computers	30% on cost

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

1.7 Impairment of fixed assets

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

1.8 Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

1.9 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.

1.10 Financial instruments

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

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

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

Basic financial assets

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

Classification of financial liabilities

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

WREXHAM AFC LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2020

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.

1.11 Equity instruments

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

1.12 Employee benefits

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

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

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

1.13 Government grants

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

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

1.14 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 in the period are included in profit or loss.

WREXHAM AFC LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2020

2 Judgements and key sources of estimation uncertainty

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

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

3 Employees

The average monthly number of persons (including directors) employed by the company during the year was 171 (2019 - 178).

4 Intangible fixed assets

	Goodwill	Website	Trademarks	Player Registration	Total
	£	£	£	£	£
Cost					
At 1 July 2019	443,990	20,000	340	74,500	538,830
Additions	-	-	-	10,000	10,000
Disposals	-	-	-	(74,500)	(74,500)
At 30 June 2020	443,990	20,000	340	10,000	474,330
Amortisation and impairment					
At 1 July 2019	443,990	9,333	204	52,833	506,360
Amortisation charged for the year	-	4,000	34	25,952	29,986
Disposals	-	-	-	(74,500)	(74,500)
At 30 June 2020	443,990	13,333	238	4,285	461,846
Carrying amount					
At 30 June 2020	-	6,667	102	5,715	12,484
At 30 June 2019	-	10,667	136	21,667	32,470

WREXHAM AFC LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2020

5 Tangible fixed assets

	Property improvements	Plant and machinery etc	Total
	£	£	£
Cost			
At 1 July 2019	173,195	144,442	317,637
Additions	12,666	11,301	23,967
At 30 June 2020	185,861	155,743	341,604
Depreciation and impairment			
At 1 July 2019	52,087	82,214	134,301
Depreciation charged in the year	17,399	27,723	45,122
At 30 June 2020	69,486	109,937	179,423
Carrying amount			
At 30 June 2020	116,375	45,806	162,181
At 30 June 2019	121,108	62,228	183,336

6 Debtors

	2020 £	2019 £
Amounts falling due within one year:		
Trade debtors	59,621	944,444
Other debtors	565	2,188
Prepayments and accrued income	33,042	22,125
	93,228	968,757

7 Creditors: amounts falling due within one year

	2020 £	2019 £
Trade creditors	43,822	99,032
Amounts owed to group undertakings	137,758	94,198
Taxation and social security	82,520	131,825
Other creditors	266,939	501,383
	531,039	826,438

WREXHAM AFC LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2020

8 Creditors: amounts falling due after more than one year

	2020	2019
	£	£
Other creditors	37,892	43,341
	<u> </u>	<u> </u>

9 Audit report information

As the income statement has been omitted from the filing copy of the financial statements, the following information in relation to the audit report on the statutory financial statements is provided in accordance with s444(5B) of the Companies Act 2006:

The auditor's report was unqualified.

Emphasis of matter

We draw attention to note 11 of the financial statements which describes the challenges created by the COVID-19 pandemic and the change of ownership that occurred on the 9 February 2021. Our opinion is not modified in respect of this.

The senior statutory auditor was Timothy Mitchell BSc FCA.

The auditor was McLintocks (NW) Limited.

WREXHAM AFC LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2020

10 Pension commitments

Wrexham Football Club ('the Club') participates in the Football League Pension and Life Assurance Scheme ('the Scheme'). The Scheme is a funded multi-employer defined benefit scheme, with 92 participating employers, and where members may have periods of service attributable to several participating employers. The Club is unable to identify its share of the assets and liabilities of the Scheme and therefore accounts for its contributions as if they were paid to a defined contribution scheme.

The last actuarial valuation was carried out at 31 August 2017 where the total deficit on the on-going valuation basis was £30.4 million. The key assumptions used to calculate the deficit at the 31 August 2017 actuarial valuation are:

Discount Rate Gilt Yield Curve + 2.0% per annum

RPI inflation: Bank of England Inflation Curve

Pension Increases: Fixed 3.0% per annum for benefits accrued prior to 6 April 1997, and modelled using the RPI inflation assumption with a cap of 5.0% per annum and a floor of 3.0% per annum for benefits accrued after 6 April 1997.

Mortality (pre-retirement): None

Mortality (post-retirement): SAPS CMI 2016, 1.5% p.a. long term improvement rate

The accrual of benefits ceased within the Scheme on 31 August 1999, therefore there are no contributions relating to current accrual. The Club pays monthly contributions based on a notional split of the total expenses and deficit contributions of the Scheme.

The results of the 2017 valuation were rolled forward to 30 June 2020 on the same assumptions as detailed above, and the Club's notional share of the deficit was £37,439 (£42,185 as at 30 June 2019).

As at 30 June 2020, the Club was paying total contributions of £546 per month (increasing by 5% p.a. from 1 September 2018 and thereafter) and based on the actuarial valuation assumptions detailed above will be sufficient to pay off the deficit by 31 May 2026.

As at 30 June 2020, based on an appropriate discount rate of 0.70% per annum (1.28% per annum as at 30 June 2019), the present value of the Club's outstanding contributions (i.e. their future liability) is £44,717 (£49,842 as at 30 June 2019). This amounts to £6,825 (2019: £6,500) due within one year and £37,892 (2019: £43,342) due after more than one year and is included within other payables.

Present Value of Defined Benefit Obligation

	2020	2019
	£	£
Present Value of Defined Benefit Obligation	44,717	49,842

Reconciliation of Defined Benefit Obligation

	2020	2019
	£	£
Defined Benefit Obligation at start of year	49,842	54,735
Net Interest Charge (Unwinding of discount rate)	595	832
Club contribution (deficit contribution)	(6,500)	(6,311)
Remeasurement (changes in assumptions)	780	586
Remeasurement (changes to contribution schedule)	-	-
Defined Benefit Obligation at end of year	44,717	49,842

WREXHAM AFC LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2020

10 Pension commitments (Continued)

Income and Expenditure Impact

	2020	2019
	£	£
Net Interest Charge (Unwinding of discount rate)	595	832
Remeasurement (changes in assumptions)	780	586
Remeasurement (changes to contribution schedule)	-	-

Assumptions

	2020	2019
Discount Rate (based on AA Corporate Bond Yields of appropriate currency/duration)	0.70%	1.28%

The funding objective of the Trustees of the Scheme is to have sufficient assets to meet the Technical Provisions of the Scheme. In order to remove the deficit revealed at the previous actuarial valuation (dated 31 August 2017), deficit contributions are payable by all participating clubs. Payments are made in accordance with a pension contribution schedule. As the Scheme is closed to accrual, there are no additional costs associated with the accruing of members' future benefits. In the case of a club being relegated from the Football League and being unable to settle its debt then the remaining clubs may, in exceptional circumstances, have to share the deficit.

Upon the wind-up of the Scheme, any surplus will be used to augment benefits. Under the more likely scenario of there being a deficit, this will be split amongst the clubs in line with their contribution schedule. Should an individual club leave the Scheme, they may be required to pay their share of the deficit based on a proxy buyout basis (i.e. valuing the benefits on a basis consistent with buying out the benefits with an insurance company).

WREXHAM AFC LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2020

11 Events after the reporting date

Change in ownership

On 9 February 2021, 100% of the issued share capital in Wrexham AFC Limited was purchased by The R.R. McReynolds Company LLC, a company incorporated in the United States.

At the same date, Wrexham AFC Limited committed to a 25 year lease on the Racecourse football ground.

At the same date, the intercompany loans with Wrexham Football Supporters' Society Limited and WST Assets Limited were written off as part of the agreement.

The above are non-adjusting balance sheet events. As a result of the assessment of the events and conditions summarised above and based on information available at the date of approval of the financial statements, the company has concluded there are no material impacts for year ended 30 June 2020.

COVID-19

On 11 March 2020, the World Health Organization declared the outbreak of COVID-19, a novel strain of coronavirus, a pandemic. The coronavirus outbreak is disrupting supply chains and affecting production and sales across a range of industries, including the sporting industry. However, despite COVID-19 the company continues to operate within government imposed guidelines and has considered the potential impact of COVID-19 on its operations, risk management and financial forecasts for the period of one year from the date of signing of the financial statements.

As a result of the assessment, the directors consider that the company has adequate resources to continue in operational existence for a period of twelve months from signing of the financial statements.

COVID-19 is a non-adjusting balance sheet event. As a result of the assessment of the event and conditions summarised above and based on information available at the date of approval of the financial statements, the company has concluded that there are no material impacts in relation to the COVID-19 pandemic other than already provided for in the financial statements.

The directors have confirmed there are no other events after the reporting period that are required to be disclosed.

12 Related party disclosures

At the balance sheet date, Wrexham AFC Limited and WST Assets Limited were subsidiaries of Wrexham Football Supporters' Society Limited (trading as Wrexham Supporters Trust).

On 1 August 2016 WST Assets Limited entered into a 99 year finance lease with Wrexham Glyndwr University to lease the Racecourse football ground. The lease is guaranteed by Wrexham AFC Limited and Wrexham Football Supporters' Society Limited.

The property is being rented by WST Assets Limited to Wrexham AFC Limited at £100,000 per annum plus associated expenses recharged. During the year the company was charged rent and associated expenses of £115,000 (2019: £130,000) and insurance of £10,786 (2019: £10,786) from WST Assets Limited.

As at 30 June 2020 the company owed £40,093 (2019: debtor £7,108) to WST Assets Limited.

As at 30 June 2020 the company owed Wrexham Football Supporters' Society Limited £97,665 (2019: £94,198).

Mr Gavin Jones, who was a director during the year, is a trustee of the Racecourse Community Foundation. During the year, the company made donations to the Racecourse Community Foundation totaling £nil (2019: £3,600).

WREXHAM AFC LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2020

13 Ultimate controlling party

At the balance sheet date, Wrexham Football Supporters' Society Limited (trading as Wrexham Supporters Trust) was the company's ultimate parent company and controlling party.

Wrexham Football Supporters' Society Limited is registered under the Co-operative and Community Benefit Societies Act 2014 and is owned by its members. The registered address for Wrexham Football Supporters' Society Limited is C/o McLintocks, The Coach House, 25 Rhosddu Road, Wrexham LL11 1EB.

On 9 February 2021, 100% of the share capital in Wrexham AFC Limited was purchased by The R.R. McReynolds Company LLC, a company incorporated in the United States. Robert McElhenney and Ryan Reynolds are the ultimate controlling party of The R.R. McReynolds Company LLC.

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.