

Sunderland FC Development LLP

Annual Report and Financial Statements

Year Ended

31 July 2020

Company Number OC375782



Sunderland FC Development LLP

LLP Information

LLP Designated Members

Wear LLC
J L Feggett

LLP registered number

OC375782

Registered office

Hilton Garden Inn Sunderland
Vaux Brewery Way
Sunderland
England
SR5 1SU

Independent auditor

BDO LLP
Citypoint
65 Haymarket Terrace
Edinburgh
EH12 5HD

Bankers

Barclays Bank PLC
5 St Ann's Street
Quayside
Newcastle upon Tyne
NE1 3DX

Solicitors

Macfarlanes LLP
20 Cursitor Street
London
EC4A 1LT

Sunderland FC Development LLP

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Sunderland FC Development LLP

Members' Report For the Year Ended 31 July 2020

The members present their annual report together with the audited financial statements of Sunderland FC Development LLP (the "LLP and the group") for the year ended 31 July 2020.

Principal activity and results

The principal activity of Sunderland FC Development LLP ("the LLP") is that of property development. The group activity is the operation of a hotel, restaurant and bar. The results for the LLP are noted on page 7. These were considered satisfactory by the members who expect continued growth in the foreseeable future.

Review of business

As discussed below, COVID 19 has had a significant impact on the financial performance of the group in the year as the hotel was forced to shut and operate under restrictions for a significant portion of the year.

Going concern and COVID 19

The members have completed a thorough assessment of the ongoing impact of COVID-19, including scenario forecasting and stress testing. These forecasts reflect a prudent approach to trading levels to ensure that working capital requirements are not understated.

Forecasts for 2021 and 2022 are prepared on year-to-date actuals and the basis that forecasted turnover will remain below normal trading levels last seen in the year to 2019. As restrictions ease regarding large events there is capacity for the forecasts to be exceeded.

Funding has been provided by the ultimate parent company since the year ended 31 July 2020 through to April 2021 and current forecasts show that the company is self-funding from May 2021. However additional funding lines are in place from the ultimate parent company to address any adverse scenarios that may occur for the foreseeable future. To this extent the directors have ensured that funding lines are agreed and in place to manage and exceed cash requirements of the stress forecasting scenarios. The business to date has not sought any external funding outside of the group and there are no realistic circumstances where it would envisage doing so. Therefore, as there is a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future. The members are confident that the actions and strategies in place, results in the group being able to mitigate business threats as they arise.

However, the group places significant reliance on the ultimate controlling party not recalling amounts owing to them and on this entity to provide further funds at times when required, in addition to the uncertainty around potential impacts on the future operations and results of the group as a result of COVID-19. These conditions indicate the existence of a material uncertainty which may cast significant doubt about the ability of the group to continue as a going concern and therefore its ability to realise its assets and discharge its liabilities in the normal course of business.

The financial statements do not include any adjustments that would arise should the company be unable to continue as a going concern.

Designated Members

The following designated members have held office during the year and to the date of signing the financial statements:

Wear LLC
J L Feggett

Members' drawings and the subscription and repayment of members' capital

The members' drawings policy allows each member to receive monthly drawings and, from time to time,

Sunderland FC Development LLP

Members' Report (continued) For the Year Ended 31 July 2020

additional profit distributions which are made following approval of the management and strategy board, taking into account the need to retain sufficient funds to maintain the working capital of the limited liability partnership.

A member's capital requirement is linked to his/her share of profit and the financing requirement of the limited liability partnership. There is no opportunity for appreciation of the capital subscribed. Just as incoming members introduce their capital at par, so the retiring members are repaid their capital at par.

Post balance sheet events

There have been no significant events affecting the Group since the year end.

Disclosure of information to auditor

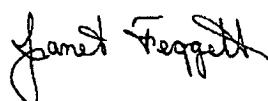
Each of the persons who are members at the time when this members' report is approved has confirmed that:

- so far as that member is aware, there is no relevant audit information of which the group's auditor is unaware; and
- that member has taken all the steps that ought to have been taken as a member in order to be aware of any relevant audit information and to establish that the group's auditor is aware of that information.

Auditor

The auditor, BDO LLP, has indicated its willingness to continue in office. The Designated members will propose a motion re-appointing the auditor at a meeting of the members.

This report was approved by the members on 12 July 2021 and signed on their behalf by:



J L Feggett
Designated member

Sunderland FC Development LLP

Members' Responsibilities Statement For the Year Ended 31 July 2020

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

The Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008 require the members to prepare financial statements for each financial year. Under that law the members 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, as applied to LLPs, the members 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 LLP and the group and of the profit or loss of the group for that period.

In preparing these financial statements, the members 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the LLP and the group will continue in business.

The members are responsible for keeping adequate accounting records that are sufficient to show and explain the LLP's transactions and disclose with reasonable accuracy at any time the financial position of the LLP and the group and enable them to ensure that the financial statements comply with the Limited Liability Partnerships (Accounts and Audit) (Application of the Companies Act 2006) Regulations 2008. They are also responsible for safeguarding the assets of the LLP and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Sunderland FC Development LLP

Independent Auditor's Report to the Members of Sunderland FC Development LLP

Opinion

We have audited the financial statements of Sunderland FC Development LLP ("the Limited Liability Partnership") and its subsidiary ("the group") for the year ended 31 July 2020 which comprise the consolidated statement of comprehensive income, the consolidated and LLP statement of financial position, the consolidated and LLP reconciliation of members' interests, the consolidated 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 Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the group and Limited Liability Partnership's affairs as at 31 July 2020 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 applied to limited liability partnerships by the Limited Liability Partnerships (Accounts and Audit) (Application of the Companies Act 2006) Regulations 2008.

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 group and the Limited Liability Partnership 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 relating to going concern

We draw your attention to note 2.4 to the financial statements, which indicates that the group is reliant on the ongoing support of the ultimate controlling party to enable it to continue as a going concern.

As stated in note 2.4, these events or conditions, along with the other matters as set out to in note 2.4, indicate that a material uncertainty exists that may cast significant doubt on the group's and limited liability partnership's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other information

The members are responsible for the other information. The other information comprises the information included in the annual report and financial statements, 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.

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Independent Auditor's Report to the Members of Sunderland FC Development LLP (continued)

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.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 as applied to limited liability partnerships requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the Limited Liability Partnership, or returns adequate for our audit have not been received from branches not visited by us; or
- the Limited Liability Partnership financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

Sunderland FC Development LLP

Independent Auditor's Report to the Members of Sunderland FC Development LLP (continued)

Responsibilities of members

As explained more fully in the members' responsibilities statement, the members 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 members 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 members are responsible for assessing the group and the limited liability partnership'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 Members either intend to liquidate the group or the limited liability partnership 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 at the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

This report is made solely to the limited liability partnership's members, as a body, in accordance with Chapter 3 of part 16 of the Companies Act 2006 as applied by Limited Liability Partnerships (Accounts and Audit) (Application of the Companies Act 2006) Regulations 2008. Our audit work has been undertaken so that we might state to the Limited Liability Partnership'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 Partnership and the Limited Liability Partnership's members as a body, for our audit work, for this report, or for the opinions we have formed.

DocuSigned by:
Martin Gill
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Martin Gill (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
Edinburgh
United Kingdom

12 July 2021

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

Sunderland FC Development LLP

Consolidated Statement of Comprehensive Income For the Year Ended 31 July 2020

	Note	2020 £000	2019 £000
Turnover	4	2,205	3,411
Cost of sales		(1,189)	(1,445)
		<hr/>	<hr/>
Gross profit		1,016	1,966
Administrative expenses		(2,270)	(2,760)
Other operating income		156	-
		<hr/>	<hr/>
Operating loss	6	(1,098)	(794)
Tax on loss	9	-	-
		<hr/>	<hr/>
Loss for the year before members' remuneration and profit shares available for discretionary division among members		(1,098)	(794)
Other comprehensive income		-	-
		<hr/>	<hr/>
Total comprehensive loss for the year		(1,098)	(794)
		<hr/> <hr/>	<hr/> <hr/>

There were no recognised gains and losses for 2020 or 2019 other than those included in the consolidated statement of comprehensive income.

The results are derived from continuing activities.

The notes on pages 13 to 24 form part of these financial statements.

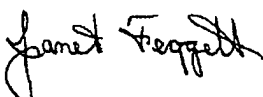
Sunderland FC Development LLP

Registered number: OC375782

Consolidated Statement of Financial Position As at 31 July 2020

	Note	2020 £000	2020 £000	2019 £000	2019 £000
Fixed assets					
Tangible assets	10		8,545		9,789
Current assets					
Stocks	12	10		16	
Debtors: amounts falling due within one year	13	39		227	
Cash at bank and in hand	14	154		516	
		<u>203</u>		<u>759</u>	
Creditors: amounts falling due within one year	15	(272)		(595)	
Net current (liabilities)/assets			(69)		164
Total assets less current liabilities			<u>8,476</u>		<u>9,953</u>
Creditors: amounts falling due after more than one year	16		(13,442)		(13,821)
Net liabilities			<u>(4,966)</u>		<u>(3,868)</u>
Capital and reserves					
Members' other interests					
Other reserves classified as equity			(4,966)		(3,868)
			<u>(4,966)</u>		<u>(3,868)</u>
Total members' interests					
Members' other interests			(4,966)		(3,868)
			<u>(4,966)</u>		<u>(3,868)</u>

The financial statements were approved and authorised for issue by the members and were signed on their behalf on 12 July 2021



J L Feggett
Designated member

The notes on pages 13 to 24 form part of these financial statements.

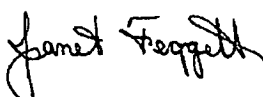
Sunderland FC Development LLP

Registered number: OC375782

LLP Statement of Financial Position As at 31 July 2020

	Note	2020 £000	2020 £000	2019 £000	2019 £000
Current assets					
Cash at bank and in hand	14	6		6	
Creditors: amounts falling due within one year	15	(37)		(34)	
Net current liabilities			(31)		(28)
Net liabilities			(31)		(28)
Represented by:					
Members' other interests					
Other reserves classified as equity carried forward			(31)		(28)
			(31)		(28)
Total members' interests					
Members' other interests			(31)		(28)
			(31)		(28)

The financial statements were approved and authorised for issue by the members and were signed on their behalf on 12 July 2021



J L Feggett
Designated member

The notes on pages 13 to 24 form part of these financial statements.

Sunderland FC Development LLP

Consolidated Reconciliation of Members' Interests For the Year Ended 31 July 2020

	EQUITY	
	Members' other interests	
	Other reserves	Total
	£000	£000
Balance at 1 August 2018	(3,074)	(3,074)
Loss for the year available for discretionary division among members	(794)	(794)
Members' interests after loss for the year	(3,868)	(3,868)
Balance at 31 July 2019	(3,868)	(3,868)
Loss for the year available for discretionary division among members	(1,098)	(1,098)
Members' interests after loss for the year	(4,966)	(4,966)
Balance at 31 July 2020	(4,966)	(4,966)

The notes on pages 13 to 24 form part of these financial statements.

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LLP Reconciliation of Members' Interests For the Year Ended 31 July 2020

	EQUITY	
	Members' other interests	
	Other reserves	Total
	£000	£000
Balance at 1 August 2018	(26)	(26)
Loss for the year available for discretionary division among members	(2)	(2)
	<hr/>	<hr/>
Members' interests loss for the year	(28)	(28)
Balance at 31 July 2019	(28)	(28)
Loss for the year available for discretionary division among members	(3)	(3)
	<hr/>	<hr/>
Members' interests after loss for the year	(31)	(31)
Balance at 31 July 2020	(31)	(31)
	<hr/> <hr/>	<hr/> <hr/>

The notes on pages 13 to 24 form part of these financial statements.

Sunderland FC Development LLP

Consolidated Statement of Cash Flows For the Year Ended 31 July 2020

	2020 £000	2019 £000
Cash flows from operating activities		
Loss for the financial year	(1,098)	(794)
Adjustments for:		
Depreciation of tangible assets	1,244	1,274
Decrease/(increase) in stocks	6	(2)
Decrease in debtors	188	32
(Decrease) in creditors	(325)	(88)
Net cash generated from operating activities before transactions with members	<u>15</u>	<u>422</u>
 Cash flows from financing activities		
Amounts due to related undertakings	(379)	(324)
Net cash used in financing activities	<u>(379)</u>	<u>(324)</u>
Net (decrease)/increase in cash and cash equivalents	<u>(364)</u>	<u>98</u>
Cash and cash equivalents at beginning of year	516	418
Cash and cash equivalents at the end of year	<u><u>152</u></u>	<u><u>516</u></u>
 Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	154	516
Bank overdrafts	(2)	-
	<u><u>152</u></u>	<u><u>516</u></u>

The notes on pages 13 to 24 form part of these financial statements.

Sunderland FC Development LLP

Notes to the Financial Statements For the Year Ended 31 July 2020

1. General information

Sunderland FC Development LLP is a limited liability partnership ("LLP") incorporated in England and Wales under the Companies Act 2006. The address of the registered office is given on the LLP information page and the nature of the group's operations and its principal activity are set out in the members' report.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006 and the requirements of the Statement of Recommended Practice "Accounting by Limited Liability Partnerships".

The financial statements are prepared in £ Sterling and are rounded to the nearest £1,000.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires group management to exercise judgement in applying the group's accounting policies (see note 3).

The LLP has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own statement of comprehensive income in these financial statements.

The following principal accounting policies have been applied:

2.2 Parent LLP disclosure exemptions

In preparing the separate financial statements of the parent LLP, advantage has been taken of the following disclosure exemptions available in FRS 102:

- No cash flow statement has been presented for the parent LLP; and
- Disclosures in respect of the parent LLP's financial statements have not been presented as equivalent disclosures have been provided in respect of the group as a whole.

2.3 Basis of consolidation

The consolidated financial statements present the results of the LLP and its subsidiary ("the group") as if they form a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the statement of financial position, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the consolidated statement of comprehensive income from the date on which control is obtained. They are deconsolidated from the date control ceases.

Sunderland FC Development LLP

Notes to the Financial Statements For the Year Ended 31 July 2020

2. Accounting policies (continued)

2.4 Going concern

The members have completed a thorough assessment of the ongoing impact of COVID-19, including scenario forecasting and stress testing. These forecasts reflect a prudent approach to trading levels to ensure that working capital requirements are not understated.

Forecasts for 2021 and 2022 are prepared on year-to-date actuals and the basis that forecasted turnover will remain below normal trading levels last seen in the year to 2019. As restrictions ease regarding large events there is capacity for the forecasts to be exceeded.

Funding has been provided by the ultimate controlling party, Wear LLC since the year ended 31 July 2020 through to April 2021 and current forecasts show that the group is self-funding from May 2021. However additional funding lines are in place from the ultimate controlling party to address any adverse scenarios that may occur for the foreseeable future. To this extent the directors have ensured that funding lines are agreed and in place to manage and exceed cash requirements of the stress forecasting scenarios. The business to date has not sought any external funding outside of the group and there are no realistic circumstances where it would envisage doing so. Therefore, as there is a reasonable expectation that the group and LLP has adequate resources to continue in operational existence for the foreseeable future. A letter of support has been obtained confirming that support will continue to be provided, and amounts owing to the ultimate controlling party will not be recalled for a period of at least a year from the date of approval of the financial statements, however that letter is not legally binding. The members are confident that the actions and strategies in place, results in the group being able to mitigate business threats as they arise.

However, the group places significant reliance on the ultimate controlling party not recalling amounts owing to them and on this entity to provide further funds at times when required which is not guaranteed, in addition to the uncertainty around potential impacts on the future operations and results of the group as a result of COVID-19. These conditions indicate the existence of a material uncertainty which may cast significant doubt about the ability of the group and LLP to continue as a going concern and therefore its ability to realise its assets and discharge its liabilities in the course of business. The financial statements do not include any adjustments that would arise should the group and LLP be unable to continue as a going concern.

2.5 Turnover

Turnover is measured at the fair value of the consideration received or receivable, net of discounts and value added taxes. Turnover includes revenue earned from the sale of goods and from the rendering of services.

Turnover from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have transferred to the buyer.

2.6 Operating leases: the group as lessee

Rentals paid under operating leases are charged to profit or loss on a straight line basis over the lease term.

2.7 Tangible fixed assets

Tangible fixed assets under the cost model, other than land are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Land is not depreciated.

Sunderland FC Development LLP

Notes to the Financial Statements For the Year Ended 31 July 2020

2. Accounting policies (continued)

2.7 Tangible fixed assets (continued)

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Land and buildings	- 25 years in equal installments
Fixtures and fittings	- 2 - 10 years in equal annual installments

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

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

2.8 Valuation of investments

In the LLP's individual accounts, investments in subsidiaries are measured at cost less accumulated impairment.

2.9 Stocks

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

2.10 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.11 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the consolidated statement of cash flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the group's cash management.

2.12 Financial instruments

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

Sunderland FC Development LLP

Notes to the Financial Statements For the Year Ended 31 July 2020

2. Accounting policies (continued)

2.12 Financial instruments (continued)

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or in case of an out-right short-term loan that is not at market rate, the financial asset or liability is measured, initially at the present value of future cash flows discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost, unless it qualifies as a loan from a director in the case of a small company, or a public benefit entity concessionary loan.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the consolidated statement of comprehensive income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the group would receive for the asset if it were to be sold at the reporting date.

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is an 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.

Amounts due to the group's ultimate controlling parent, which are interest free and due in greater than one year, are measured at amortised cost.

2.13 Creditors

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

2.14 Pensions

Defined contribution pension plan

The group operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the group pays fixed contributions into a separate entity. Once the contributions have been paid the group has no further payment obligations.

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the statement of financial position. The assets of the plan are held separately from the group in independently administered funds.

Sunderland FC Development LLP

Notes to the Financial Statements For the Year Ended 31 July 2020

2. Accounting policies (continued)

2.15 Taxation

Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the LLP and the group operate and generate income.

3. Judgements in applying accounting policies and key sources of estimation uncertainty

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

Tangible fixed assets (see note 10)

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.

4. Turnover

An analysis of turnover by class of business is as follows:

	2020 £000	2019 £000
Accommodation, food and drink	2,205	3,411

All turnover arose within the United Kingdom.

5. Other operating income

	2020 £000	2019 £000
Other operating income	156	-
	156	-

Sunderland FC Development LLP

Notes to the Financial Statements For the Year Ended 31 July 2020

6. Operating loss

The operating loss is stated after charging:

	2020 £000	2019 £000
Fees payable to the group's auditor and its associates for the audit of the group's annual accounts	16	15
Fees payable to the group's auditor and its associates in respect of non audit fees	3	3
Depreciation of tangible fixed assets	1,244	1,274
Other operating lease rentals	1	39
Defined contribution pension cost	13	13
Carrying amount of inventory sold	200	339
	<u> </u>	<u> </u>

7. Employees

Staff costs were as follows:

	Group 2020 £000	Group 2019 £000	LLP 2020 £000	LLP 2019 £000
Wages and salaries	919	1,033	-	-
Social security costs	60	67	-	-
Cost of defined contribution scheme	13	13	-	-
	<u>992</u>	<u>1,113</u>	<u>-</u>	<u>-</u>

The average monthly number of persons (including members with contracts of employment) employed during the year was as follows:

	2020 No.	2019 No.
Direct labour	51	55
Administration	14	14
Sales	2	2
	<u>67</u>	<u>71</u>

The entity has no employees other than the members, who did not receive any remuneration (2019 - £Nil).

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Notes to the Financial Statements For the Year Ended 31 July 2020

8. Members' profit share

Profits are shared among members each year in accordance with agreed profit sharing arrangements disclosed in the members agreement.

The profit share attributable to the members with the largest entitlement to profit was £Nil (2019 - £Nil).

9. Taxation

	2020 £000	2019 £000
Corporation tax		
Current tax on loss for the year	-	-
Total current tax	-	-
Deferred tax		
Origination and reversal of timing differences	-	-
Total deferred tax	-	-
Taxation on loss on ordinary activities	-	-

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2019 - higher than) the standard rate of corporation tax in the UK of 19% (2019 - 19%). The differences are explained below:

	2020 £000	2019 £000
Loss on ordinary activities before tax	(1,098)	(794)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2019 - 19%)	(209)	(151)
Effects of:		
Deferred tax not recognised	115	24
Expenses not deductible for tax purposes	-	5
Fixed asset differences	119	122
Remeasurement of deferred tax for changes in tax rates	(26)	-
Total tax charge for the year	-	-

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Notes to the Financial Statements For the Year Ended 31 July 2020

9. Taxation (continued)

Factors that may affect future tax charges

Under legislation substantively enacted on 17 March 2020, the UK tax rate will remain to be 19% from 1 April 2020 onwards. As such, there will be no effect on future tax charges.

The company has unrecognised deferred tax assets in respect of timing differences of £332,182 (2019 - £216,696).

10. Tangible fixed assets

Group

	Land and buildings £000	Fixtures and fittings £000	Total £000
Cost or valuation			
At 1 August 2019	6,168	7,908	14,076
At 31 July 2020	6,168	7,908	14,076
Depreciation			
At 1 August 2019	841	3,446	4,287
Charge for the year	245	999	1,244
At 31 July 2020	1,086	4,445	5,531
Net book value			
At 31 July 2020	5,082	3,463	8,545
At 31 July 2019	5,327	4,462	9,789

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Notes to the Financial Statements For the Year Ended 31 July 2020

11. Fixed asset investments

	2020 £000
Cost and NBV	
At 1 August	-
At 31 July	-

Subsidiary undertakings

The LLP has direct investments in the following principal subsidiary undertakings:

Name	Country of incorporation	Class of shares	Holding	Principal activity
Sunderland FC Hotels Limited	England and Wales	Ordinary	100%	Hotel operator

The registered address for the above subsidiary is Hilton Garden Inn Sunderland, Vaux Brewery Way, Sunderland, SR5 1SU.

The aggregate of the share capital and reserves as at 31 July 2020 and of the profit or loss for the year ended on that date for the subsidiary undertakings were as follows:

Name	Aggregate of share capital and reserves £000	Profit/(loss) £000
Sunderland FC Hotels Limited	(4,970)	(1,098)

12. Stocks

	Group 2020 £000	Group 2019 £000	LLP 2020 £000	LLP 2019 £000
Raw materials and consumables	10	16	-	-

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

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Notes to the Financial Statements For the Year Ended 31 July 2020

13. Debtors: amounts falling due within one year

	Group 2020 £000	Group 2019 £000	LLP 2020 £000	LLP 2019 £000
Trade debtors	4	87	-	-
Other debtors	9	16	-	-
Prepayments and accrued income	26	124	-	-
	<u>39</u>	<u>227</u>	<u>-</u>	<u>-</u>

14. Cash and cash equivalents

	Group 2020 £000	Group 2019 £000	LLP 2020 £000	LLP 2019 £000
Cash at bank and in hand	154	516	6	6
Less: bank overdrafts	(2)	-	-	-
	<u>152</u>	<u>516</u>	<u>6</u>	<u>6</u>

15. Creditors: amounts falling due within one year

	Group 2020 £000	Group 2019 £000	LLP 2020 £000	LLP 2019 £000
Bank overdrafts	2	-	-	-
Trade creditors	60	225	-	-
Amounts owed to group undertakings	-	-	35	32
Other taxation and social security	67	132	-	-
Accruals and deferred income	163	238	2	2
	<u>272</u>	<u>595</u>	<u>37</u>	<u>34</u>

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Notes to the Financial Statements For the Year Ended 31 July 2020

16. Creditors: amounts falling due after more than one year

	Group 2020 £000	Group 2019 £000
Amounts owed to group undertakings	13,442	13,821
	<u>13,442</u>	<u>13,821</u>

Amounts owed to related undertaking include unsecured, interest free loans repayable to Wear LLC, the immediate parent undertaking of Sunderland FC Development LLP. These loans do not have a formal repayment date but the parent company have confirmed in writing that these are not due within 1 year from the balance sheet date.

17. Financial instruments

The group's financial instruments may be analysed as follows:

	Group 2020 £000	Group 2019 £000	LLP 2020 £000	LLP 2019 £000
Financial assets				
Financial assets measured at amortised cost	<u>172</u>	<u>619</u>	<u>6</u>	<u>6</u>
Financial liabilities				
Financial liabilities measured at amortised cost	<u>(13,657)</u>	<u>14,277</u>	<u>37</u>	<u>32</u>

Financial assets that are debt instruments measured at amortised cost comprise cash at bank and in hand, trade debtors, other debtors and accrued income.

Financial liabilities measured at amortised cost comprise trade creditors, bank overdrafts, other creditors, accruals and amounts owed to related undertakings.

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Notes to the Financial Statements For the Year Ended 31 July 2020

18. Analysis of Net Debt

	At 1 August 2019 £000	Arising from cash flows £000	At 31 July 2020 £000
Cash at bank and in hand	516	(362)	154
Bank overdrafts	-	(2)	(2)
Net debt (before members' debt)	516	(364)	152
	516	(364)	152

19. Pension commitments

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £13,453 (2019 - £12,829). Contributions totalling £Nil (2019 - £2,877) were payable to the fund at the reporting date and are included in creditors.

20. Commitments under operating leases

At 31 July 2020 the group and the LLP had no future minimum lease payments under non-cancellable operating leases (2019: £1,000 payable not later than 1 year).

21. Related party transactions

The company has taken advantage of the exemption available in Section 33.1A of FRS 102 whereby it has not disclosed transactions with the ultimate parent company or any wholly owned subsidiary undertaking of the group.

22. Ultimate and immediate controlling party

The immediate controlling party is Wear LLC by virtue of their voting rights within the partnership. The partners consider the ultimate controlling party of the partnership to be Mr E Short.