

Company Registration No. SC005702 (Scotland)

THE MOTHERWELL FOOTBALL AND ATHLETIC CLUB LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2020

THE MOTHERWELL FOOTBALL AND ATHLETIC CLUB LIMITED

COMPANY INFORMATION

Directors	Mr A G Burrows Mr D H Dickie Mr T M H Feely Mr J C McMahon Mr A J Wilson	(Appointed 17 March 2020)
Company number	SC005702	
Registered office	Fir Park Stadium Fir Park Street Motherwell ML1 2QN	
Auditor	Azets Audit Services Titanium 1 King's Inch Place Renfrew PA4 8WF	

THE MOTHERWELL FOOTBALL AND ATHLETIC CLUB LIMITED

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THE MOTHERWELL FOOTBALL AND ATHLETIC CLUB LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 MAY 2020

The directors present the strategic report for the year ended 31 May 2020.

Business review

The 2019/20 season was unprecedented in modern-day Scottish football. The Covid-19 pandemic curtailed the campaign, the first time an external circumstance would end a league season since the outbreak of World War Two.

A member's resolution gave the SPFL Board the power to officially end the leagues and decide the outcome on an average points basis, which they did on 18 May 2020. This decision meant the club confirmed a third-place finish in the Scottish Premiership, completing 30 of the 38 matches of the campaign.

That represented our best league finish for six years, having finished second in 2013/14. It also meant a return to UEFA Europa League football for the first time since facing Sljarnan in July 2014.

Sadly, there were no significant runs in either domestic cup competitions during the year. We were eliminated in the second round of the Betfred Cup by Heart of Midlothian in a 2-1 defeat at Fir Park. In the William Hill Scottish Cup, we exited at the fifth-round stage, losing to St Mirren on penalties.

We continued, along with our Scottish Premiership counterparts, to benefit from UEFA solidarity distributions, due to both Celtic and Rangers qualifying for the group stages of the UEFA Europa League. However, the absence of a Scottish side from the UEFA Champions League for a second year meant this payment remained at the significantly lower scale than in previous years.

The shortening to the season and the lockdown restrictions, which started in mid-March and are likely to continue until at least the end of the 2020/21 campaign, had a material impact on the club's ability to generate revenue in the last quarter.

Included in that was the loss of at least four home matches, one of them being a Category A fixture.

Despite these hugely difficult restrictions, the club's turnover rose by nearly £0.4m to £4.95m, up from £4.59m in the previous year.

We continue to trade effectively in the transfer market. The overall figure on player registration gains is up by over £260,000, posting a final figure of £1.04m, compared to £781,000 the previous year. This came primarily from the sale of James Scott to then English Championship side Hull City FC in January 2020, with the potential to earn significantly more from that deal by way of performance-related incentives and future sell-on percentages.

Like last year, the club wishes to record its gratitude and acknowledge the excellent work of the recruitment and coaching staff on that particular transfer, together with all the Elite Academy staff, who were instrumental in James' development into an excellent young talent.

Shortly after year end, the club also traded David Turnbull to Celtic FC for a fee significantly higher than the previous record received for Phil O'Donnell back in 1994. Not only did this action justify the board's decision not to accept a revised transfer deal in the summer of 2019, but also validated the investment the club made in David's rehabilitation to get him back to the level he was before his operation.

The board would like to formally thank and acknowledge the sterling work done by our physiotherapist David Henderson and the surgeon, Dr Andy Williams. David and his representatives also handled the situation impeccably and with honour, allowing the club to recoup a fee that will provide a cushion to the economic challenges Covid-19 has brought about.

THE MOTHERWELL FOOTBALL AND ATHLETIC CLUB LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2020

Business review (continued)

The trading of both James and David has once again brought into sharp focus the critical role the club's academy plays in our strategy. Although the nature of professional academies means that producing sellable assets from every single intake is unrealistic, we have been fortunate to have developed some exceptional talent over recent years. We are excited about the numerous prospects that are emerging.

A significant risk to the club in future years is ensuring that we maintain our ability to have players to promote from the academy to the first team. Training compensation criteria has not been reviewed in Scotland for over a decade, and with the impending changes Brexit might bring about, the club needs to be vigilant in this area and remain fully committed to the academy. We will continue to do so, despite the ongoing pandemic.

Costs for the year have remained relatively consistent. There was a slight increase in our staff costs, the majority of which resulted from performance-related bonuses for confirming third place and European football.

As a result of all of the above, the club posted a profit for the year of £346,590. This profit came against a previous loss of £435,970 in 2019, a swing of £782,560.

Despite the economic challenges, we continue to invest in our playing surface to maintain the excellent quality set by Paul Matthew in recent years. The club instructed contractors to add additional drainage to the area of the pitch near the corner of the Davie Cooper Stand and the John Hunter Stand. Also, we have invested in new equipment for the pitch care team, including additional grow lamps and new battery-powered mowers.

Around the ground, we have used the time in the last quarter to make improvements. The most notable is the start of the stadium-wide repainting of the steelworks which began in the John Hunter Stand. We anticipate we will fully complete this before fans return to the ground. Shortly after the year end, the board approved the installation of a new public address system for the stadium, replacing the previous which had been in place for over 40 years.

Most importantly, during the year the club settled the outstanding amounts owed to Mr J Boyle and Mr L Hutchison. This repayment was facilitated by a small loan on favourable terms, offered by five Motherwell-supporting individuals. The five were all fully repaid less than two months later following James Scott's sale to Hull City FC.

At the height of lockdown, to ensure sound management of the club's cashflow, the club took advantage of HMRC schemes to defer VAT and PAYE/NIC liabilities and took out a small £50,000 "bounce back" loan from the UK Government. The "bounce back" loan is the only external debt on the balance sheet, with the only other borrowings currently being to the Well Society, an accumulation of their contributions across the last nine years, totalling £868,000.

Sadly, results in the current season 2020/21 have not lived up to the expectations of everyone associated with the club and on 31 December 2020 the Board accepted the resignation of our manager Stephen Robinson.

The Board wishes to place on record its thanks to Stephen for everything he has done for the club. Over the last three and a half years, he delivered upon or exceeded the targets set for him. On the field, that entailed reaching cup finals, achieving a third-place finish and reaching European competition. Those moments will live long in the memory of supporters and will go down in our history. Off it, his success in player development and sales has ensured this club is in a strong financial position. His ability to rear new talent was commendable and delivered great benefit to us.

The Board has since moved quickly to appoint Graham Alexander to succeed Stephen as the club's new manager. The Board are looking forward to the start of Graham's tenure. We believe that he is the right man to take the club forward and fits the profile of what we expect a Motherwell manager to be.

It is our view that the club remains in a strong position, but we are cognisant of the genuine and ongoing threats to the whole football infrastructure from the current crisis. The work that has been done to establish the club's model and strategy in recent years has been successful, but we have to do more. We must secure the foundations of the club and emerge from the crisis in a sustainable way. Our aim continues to be that of an exemplar fan-owned, community-focussed, family club.

THE MOTHERWELL FOOTBALL AND ATHLETIC CLUB LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2020

Risks and uncertainties

Due to the nature of professional football there are many risks and inherent uncertainties due to the nature of participating in competitive sport. The directors consider that the principal risks and uncertainties are the following:

- the 1st team's football performance;
- the development of centrally controlled broadcast deals;
- the maintenance of season ticket revenue and match day attendances;
- external economic conditions affecting spending capacity of supporters and sponsors;
- the availability of future funding from investors and The Well Society;
- government imposed restrictions as a result of the Covid-19 pandemic.

Each of the above risks are reviewed and analysed regularly by the directors with the impact of such risks minimised by the management controls that have been put in place. Further information in respect of the Covid-19 pandemic can be seen below.

Covid-19 and future outlook

Like many business, the Club has faced unprecedented challenges as a result of the Covid-19 pandemic. However, the actions taken over recent years and at the start of the pandemic have resulted in the Club maintaining a healthy cash position with limited external debt. As such, the Club is well placed to continue to meet such challenges.

Despite the progress made to achieve this position, the Club needs everyone, the Board, management, players, fans and the Well Society, to work harmoniously towards the common goal.

The Club is following Government guidance concerning all aspects of the pandemic to ensure best practice precautions are applied and risk to players and staff is mitigated.

The current liquidity and future cash position of the Club has been reviewed by the Board, including a comprehensive review of the cash flow projections. Following this review, the Board are confident that the Club's existing resources and support from The Well Society will provide sufficient headroom to meet the forecast cash requirements. This takes into consideration the potential impact should key assumptions not materialise as projected including anticipated football performance, continuing restrictions on fan attendance and the curtailment of season 20/21 through government intervention.

At the date of signing, the directors consider the company to have sufficient resources to remain a going concern.

Financial instruments

Our financial risk management objectives are to ensure sufficient working capital and cash flow for the company and to ensure there is sufficient support for its future needs. This is achieved through careful management of our cash resources and by obtaining loans from our investors and The Well Society where necessary. No treasury transactions or derivatives are entered into.

On behalf of the board

Mr J C McMahon
Director
17 January 2021

THE MOTHERWELL FOOTBALL AND ATHLETIC CLUB LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MAY 2020

The directors present their annual report and financial statements for the year ended 31 May 2020.

Principal activities

The principal activity of the company in the year under review was that of the promotion and organisation of professional football and allied 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 A G Burrows

Mr D H Dickie

Mr T M H Feely

Mr J C McMahon

Mrs L Thomas

(Resigned 4 November 2019)

Mr A J Wilson

(Appointed 17 March 2020)

Results and dividends

The results for the year are set out on page 10.

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

Post reporting date events

Information relating to events since the end of the year is given in the notes to the financial statements.

Auditor

In accordance with the company's articles, a resolution proposing that Azets Audit Services be reappointed as auditor of the company will be put at a General Meeting.

On 7 September 2020 Campbell Dallas Audit Services, changed it's name to Azets Audit Services and accordingly they have signed their report in their new name.

Strategic report

The company has chosen in accordance with Companies Act 2006, s. 414C(11) to set out in the company's strategic report information required by Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, Sch. 7 to be contained in the directors' report. It has done so in respect of financial instrument risks and objectives.

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.

THE MOTHERWELL FOOTBALL AND ATHLETIC CLUB LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2020

On behalf of the board

Mr J C McMahon

Director

17 January 2021

THE MOTHERWELL FOOTBALL AND ATHLETIC CLUB LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 MAY 2020

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.

THE MOTHERWELL FOOTBALL AND ATHLETIC CLUB LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF THE MOTHERWELL FOOTBALL AND ATHLETIC CLUB LIMITED

Opinion

We have audited the financial statements of The Motherwell Football and Athletic Club Limited (the 'company') for the year ended 31 May 2020 which comprise the income statement, the statement of comprehensive income, the statement of financial position, the statement of changes in equity, the 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 company's affairs as at 31 May 2020 and of its profit 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.

Conclusions relating to going concern

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

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

Other information

The 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.

THE MOTHERWELL FOOTBALL AND ATHLETIC CLUB LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF THE MOTHERWELL FOOTBALL AND ATHLETIC CLUB 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 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, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

THE MOTHERWELL FOOTBALL AND ATHLETIC CLUB LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF THE MOTHERWELL FOOTBALL AND ATHLETIC CLUB 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.

Alan Brown (Senior Statutory Auditor)
for and on behalf of Azets Audit Services
Chartered Accountants
Statutory Auditor

18 January 2021

Titanium 1
King's Inch Place
Renfrew
PA4 8WF

THE MOTHERWELL FOOTBALL AND ATHLETIC CLUB LIMITED

INCOME STATEMENT

FOR THE YEAR ENDED 31 MAY 2020

		2020	2019
	Notes	£	£
Revenue	3	4,948,740	4,586,036
Other operating income		445,112	-
Staff costs	6	(4,187,223)	(3,982,279)
Depreciation and other amounts written off tangible and intangible fixed assets	4	(177,884)	(204,580)
Player registration gains		1,045,108	781,228
Other operating expenses		(1,702,028)	(1,872,320)
Operating profit/(loss)	4	371,825	(691,915)
Investment income	8	367	584
Finance costs	9	(51,955)	(101,803)
Other gains and losses	10	18,994	294,019
Profit/(loss) before taxation		339,231	(499,115)
Tax on profit/(loss)	11	7,359	63,145
Profit/(loss) for the financial year		346,590	(435,970)

The income statement has been prepared on the basis that all operations are continuing operations.

THE MOTHERWELL FOOTBALL AND ATHLETIC CLUB LIMITED

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MAY 2020

	2020	2019
	£	£
Profit/(loss) for the year	346,590	(435,970)
Other comprehensive income		
Tax relating to other comprehensive income	(81,192)	-
Total comprehensive income for the year	<u>265,398</u>	<u>(435,970)</u>

THE MOTHERWELL FOOTBALL AND ATHLETIC CLUB LIMITED

STATEMENT OF FINANCIAL POSITION

AS AT 31 MAY 2020

	Notes	2020 £	£	2019 £	£
Non-current assets					
Intangible assets	12		71,196		12,500
Property, plant and equipment	13		5,368,156		5,514,395
			<u>5,439,352</u>		<u>5,526,895</u>
Current assets					
Inventories	14	8,000		12,372	
Trade and other receivables	15	1,098,010		1,344,821	
Cash and cash equivalents		1,207,609		476,851	
		<u>2,313,619</u>		<u>1,834,044</u>	
Current liabilities	16	(2,510,434)		(2,170,152)	
Net current liabilities			<u>(196,815)</u>		<u>(336,108)</u>
Total assets less current liabilities			<u>5,242,537</u>		<u>5,190,787</u>
Non-current liabilities	17		(50,000)		(318,637)
Provisions for liabilities	19		(700,817)		(626,984)
Deferred grants	21		(82,232)		(101,076)
Net assets			<u>4,409,488</u>		<u>4,144,090</u>
Equity					
Called up share capital	23		300,831		300,831
Share premium account	24		374,398		374,398
Revaluation reserve	25		3,013,205		3,163,161
Other reserves	26		-		51,953
Retained earnings	27		721,054		253,747
Total equity			<u>4,409,488</u>		<u>4,144,090</u>

The financial statements were approved by the board of directors and authorised for issue on 17 January 2021 and are signed on its behalf by:

Mr J C McMahon
Director

Company Registration No. SC005702

THE MOTHERWELL FOOTBALL AND ATHLETIC CLUB LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MAY 2020

	Share capital	Share premium account	Revaluation reserve	Other reserves	Retained earnings	Total
	£	£	£	£	£	£
Balance at 1 June 2018	300,831	374,398	3,235,990	294,978	373,863	4,580,060
Year ended 31 May 2019:						
Loss and total comprehensive income for the year	-	-	-	-	(435,970)	(435,970)
Transfers from revaluation reserve	-	-	(72,829)	-	72,829	-
Transfers from other reserves	-	-	-	(243,025)	243,025	-
Balance at 31 May 2019	300,831	374,398	3,163,161	51,953	253,747	4,144,090
Year ended 31 May 2020:						
Profit for the year	-	-	-	-	346,590	346,590
Other comprehensive income:						
Tax relating to other comprehensive income	-	-	(81,192)	-	-	(81,192)
Total comprehensive income for the year	-	-	(81,192)	-	346,590	265,398
Transfers from revaluation reserve	-	-	(68,764)	-	68,764	-
Transfers from other reserves	-	-	-	(51,953)	51,953	-
Balance at 31 May 2020	300,831	374,398	3,013,205	-	721,054	4,409,488

THE MOTHERWELL FOOTBALL AND ATHLETIC CLUB LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MAY 2020

	Notes	2020 £	£	2019 £	£
Cash flows from operating activities					
Cash generated from/(absorbed by) operations	33		133,009		(644,614)
Interest paid			-		(4,459)
Net cash inflow/(outflow) from operating activities			133,009		(649,073)
Investing activities					
Purchase of intangible assets		(77,357)		(15,000)	
Proceeds on disposal of intangibles		1,065,554		555,228	
Purchase of property, plant and equipment		(12,984)		(29,422)	
Proceeds on disposal of property, plant and equipment		-		38,986	
Interest received		367		584	
Net cash generated from investing activities			975,580		550,376
Financing activities					
Proceeds from borrowings		220,000		120,000	
Repayment of borrowings		(647,831)		(323,237)	
Proceeds of new bank loans		50,000		-	
Payment of finance leases obligations		-		(41,395)	
Net cash used in financing activities			(377,831)		(244,632)
Net increase/(decrease) in cash and cash equivalents			730,758		(343,329)
Cash and cash equivalents at beginning of year			476,851		820,180
Cash and cash equivalents at end of year			1,207,609		476,851

THE MOTHERWELL FOOTBALL AND ATHLETIC CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MAY 2020

1 Accounting policies

Company information

The Motherwell Football and Athletic Club Limited is a private company limited by shares incorporated in Scotland. The registered office is Fir Park Stadium, Fir Park Street, Motherwell, ML1 2QN.

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. The principal accounting policies adopted are set out below.

THE MOTHERWELL FOOTBALL AND ATHLETIC CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2020

1 Accounting policies

(Continued)

1.2 Going concern

The directors are required to prepare the statutory financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

In satisfaction of this responsibility, the Board have considered the company's ability to meet its liabilities as they fall due. This assessment considers the company's principal risks and uncertainties, including those in respect of Covid-19, and is dependent on a number of factors including financial performance and the continued support of The Well Society.

As a result of the pandemic, the last few months of season 19/20 saw the Club review its cost base, take advantage of Government support measures where available and manage its working capital and cash flow closely to ensure it maintained sufficient financial resources throughout.

Subsequently, the Club's 3rd place finish in season 19/20 combined the fantastic support shown by the fans to purchase season tickets despite all the economic uncertainty meant that the Club entered season 20/21 in a relatively strong position. This was bolstered further by the Club's Europa league performance and the sale of David Turnbull in August, which resulted in a record transfer fee for the Club. At the time of writing, the Club's cash position is particularly healthy.

During the year the Club settled the loans due to Mr L Hutchison and Mr J Boyle in full and as a result the loan from The Well Society and a small bank loan under the Bounce Back Loan Scheme are the only external borrowings owed by the Club. The Club is aiming to convert part of the loans due to The Well Society to share capital in the foreseeable future, further strengthening the Club's balance sheet position.

Despite the progress made to achieve a strong healthy cash position with limited debt, the Club is reliant on the ongoing availability of funding from The Well Society. For the Club to continue to thrive it needs everyone, the Board, management, players, fans and the Well Society, to work harmoniously towards a common goal. The Well Society's numbers continue to grow and funds are available to be drawn down by the Club in the short term should they be required.

The current liquidity and future cash position of the Club has been reviewed by the Board, including a comprehensive review of the cash flow projections. The projections make key assumptions around football performance, restrictions on fan attendance as a result of Covid-19, ticket sales, sponsorship, player salaries, operating costs and the ability to secure further finance amongst other factors.

Following this review, the Board are confident that the Club's existing resources and support from The Well Society will provide sufficient headroom to meet the forecast cash requirements. This takes into consideration the potential impact should key assumptions not materialise as projected including anticipated football performance, continuing restrictions on fan attendance and a curtailment of season 20/21 through government intervention.

Taking all of the above into consideration, the Board believe that it is appropriate to prepare the financial statements on the going concern basis.

1.3 Revenue

Revenue 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. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

When cash inflows are deferred and represent a financing arrangement, the fair value of the consideration is the present value of the future receipts. The difference between the fair value of the consideration and the nominal amount received is recognised as interest income.

THE MOTHERWELL FOOTBALL AND ATHLETIC CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2020

1 Accounting policies

(Continued)

Gate receipts and other matchday turnover are recognised in line with when the games are played. Prize money in respect of cup competitions is recognised when earned. Sponsorship and similar commercial income is recognised over the duration of the respective contracts. The fixed element of broadcasting income is recognised over the course of the football season, whilst facility fees received for highlights or live coverage are taken when earned. Merit awards related to final league position are accounted for only when known at the end of the football season.

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.

1.4 Intangible fixed assets other than goodwill

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

The company's intangible assets relate to the acquisition of player registrations.

The Directors review the value of player registrations to identify if there is an impairment. The recoverability of player registrations is assessed by reference to an assumed market value of individual registrations. The Directors make their assessment based on internal and external references, such as recent comparable transfers or offers received for those players.

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:

Player Registrations	Over the terms of each individual contract
----------------------	--

1.5 Property, plant and equipment

Property, plant and equipment are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

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:

Freehold land and buildings	2% straight line (on deemed cost)
Fixtures and fittings	15% reducing balance - 20% straight line
Computers	25% straight line

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.

1.6 Impairment of non-current 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.

THE MOTHERWELL FOOTBALL AND ATHLETIC CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2020

1 Accounting policies

(Continued)

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.

1.7 Inventories

Inventories are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition.

Inventories held for distribution at no or nominal consideration are measured at the lower of replacement cost and cost, adjusted where applicable for any loss of service potential.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of inventories 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.

1.8 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.

1.9 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 statement of financial position 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 trade and other receivables 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.

THE MOTHERWELL FOOTBALL AND ATHLETIC CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2020

1 Accounting policies

(Continued)

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 company 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 company after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including trade and other payables, 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.

On initial recognition, investor loans provided on an interest free basis are required to be booked at fair value. As there is no active market for the loans, the fair value is estimated by discounting the amount repayable to the present value using a market rate for a similar instrument. The difference arising between fair value and the nominal value on initial recognition is deemed as a capital contribution and taken directly to equity in 'Other reserves'.

Trade payables 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 payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

THE MOTHERWELL FOOTBALL AND ATHLETIC CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2020

1 Accounting policies

(Continued)

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 company's contractual obligations expire or are discharged or cancelled.

1.10 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.

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recognised in profit or loss immediately, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

1.11 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 income statement 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 company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

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 income statement, 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 when the company has 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.

THE MOTHERWELL FOOTBALL AND ATHLETIC CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2020

1 Accounting policies

(Continued)

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 non-current 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 Retirement benefits

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

1.14 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.

Government grants relating to turnover are recognised as income over the periods when the related costs are incurred. Grants relating to an asset are recognised in income systematically over the asset's expected useful life. If part of such a grant is deferred it is recognised as deferred income rather than being deducted from the asset's carrying amount.

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 Revenue

	2020	2019
	£	£
Revenue analysed by class of business		
Gate receipts	1,518,555	1,647,274
Sponsorship & advertising	510,539	448,028
Broadcasting rights	1,925,973	1,417,805
Commercial income	31,409	5,297
Prize money & UEFA solidarity	338,226	160,000
Other income	624,038	907,632
	<u>4,948,740</u>	<u>4,586,036</u>

THE MOTHERWELL FOOTBALL AND ATHLETIC CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2020

3	Revenue	(Continued)	
		2020	2019
		£	£
	Other significant revenue		
	Interest income	367	584
	Grants received	293,703	-
	Gains on disposal of player registrations	1,098,608	781,228
	Donations	151,409	-
		<u> </u>	<u> </u>
4	Operating profit/(loss)	2020	2019
		£	£
	Operating profit/(loss) for the year is stated after charging/(crediting):		
	Government grants	(293,703)	-
	Depreciation of owned property, plant and equipment	159,223	168,021
	(Profit)/loss on disposal of property, plant and equipment	-	15,488
	Amortisation of intangible assets	18,661	21,071
		<u> </u>	<u> </u>
5	Auditor's remuneration	2020	2019
		£	£
	Fees payable to the company's auditor and associates:		
	For audit services		
	Audit of the financial statements of the company	15,000	13,750
		<u> </u>	<u> </u>
6	Employees		
	The average monthly number of persons (including directors) employed by the company during the year was:		
		2020	2019
		Number	Number
	Directors	5	5
	Catering and bar staff	5	3
	Commercial	12	13
	Facilities	8	9
	Football staff	16	12
	Players	41	45
	Youth football	40	30
	Administration	2	2
		<u> </u>	<u> </u>
	Total	129	119
		<u> </u>	<u> </u>

THE MOTHERWELL FOOTBALL AND ATHLETIC CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2020

6 Employees (Continued)

Their aggregate remuneration comprised:

	2020 £	2019 £
Wages and salaries	3,770,070	3,580,706
Social security costs	372,328	367,186
Pension costs	44,825	34,387
	<u>4,187,223</u>	<u>3,982,279</u>

The Club also employed an average of 98 part time staff (2019 - 64) throughout the year to assist on match days and other events. The total average number of staff employed is 223 (2019 - 179).

7 Directors' remuneration

	2020 £	2019 £
Remuneration for qualifying services	78,903	60,000
Company pension contributions to defined contribution schemes	1,315	891
	<u>80,218</u>	<u>60,891</u>

8 Investment income

	2020 £	2019 £
Interest income		
Interest on bank deposits	367	584
	<u>367</u>	<u>584</u>

Investment income includes the following:

Interest on financial assets not measured at fair value through profit or loss	367	584
	<u>367</u>	<u>584</u>

9 Finance costs

	2020 £	2019 £
Interest on financial liabilities measured at amortised cost:		
Other interest on financial liabilities	51,955	101,803
	<u>51,955</u>	<u>101,803</u>

THE MOTHERWELL FOOTBALL AND ATHLETIC CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2020

10 Other gains and losses

	2020	2019
	£	£
Amounts written back to financial liabilities	18,994	294,019
	<u> </u>	<u> </u>

Other gains and losses represents loan amounts written off by Mr J Boyle during the year. The comparative figure represents loan amounts written off by Mr L Hutchison in the prior year.

THE MOTHERWELL FOOTBALL AND ATHLETIC CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2020

11 Taxation

	2020 £	2019 £
Deferred tax		
Origination and reversal of timing differences	-	(63,145)
Changes in tax rates	(7,359)	-
Total deferred tax	(7,359)	(63,145)

In addition to the amount credited to the income statement, £81,192 relating to the change in tax rates substantively enacted has been recognised directly in other comprehensive income as this applies to the deferred tax arising from the original revaluation of the property.

	2020 £	2019 £
Deferred tax arising on:		
Revaluation of property	81,192	-

The Finance Bill 2020 repealed the previously enacted reduction to the main rate of corporation tax to 17% thereby maintaining the current main rate of corporation tax at 19%. The rate applicable to the measurement of deferred tax has thus changed to 19% from 17%.

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

	2020 £	2019 £
Profit/(loss) before taxation	339,231	(499,115)
Expected tax charge/(credit) based on the standard rate of corporation tax in the UK of 19.00% (2019: 19.00%)	64,454	(94,832)
Tax effect of utilisation of tax losses not previously recognised	(95,013)	-
Change in unrecognised deferred tax assets	9,484	10,612
Depreciation on assets not qualifying for tax allowances	21,075	21,075
Change in rate applicable to recognised deferred tax	(7,359)	-
Taxation credit for the year	(7,359)	(63,145)

THE MOTHERWELL FOOTBALL AND ATHLETIC CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2020

12 Intangible fixed assets

	Player Registrations £
Cost	
At 1 June 2019	35,000
Additions	77,357
	<hr/>
At 31 May 2020	112,357
	<hr/>
Amortisation and impairment	
At 1 June 2019	22,500
Amortisation charged for the year	18,661
	<hr/>
At 31 May 2020	41,161
	<hr/>
Carrying amount	
At 31 May 2020	71,196
	<hr/>
At 31 May 2019	12,500
	<hr/>

13 Property, plant and equipment

	Freehold land and buildings £	Fixtures and fittings £	Computers £	Total £
Cost or valuation				
At 1 June 2019	5,680,254	1,354,054	17,020	7,051,328
Additions	-	12,984	-	12,984
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 May 2020	5,680,254	1,367,038	17,020	7,064,312
	<hr/>	<hr/>	<hr/>	<hr/>
Depreciation and impairment				
At 1 June 2019	443,680	1,078,232	15,021	1,536,933
Depreciation charged in the year	110,920	47,287	1,016	159,223
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 May 2020	554,600	1,125,519	16,037	1,696,156
	<hr/>	<hr/>	<hr/>	<hr/>
Carrying amount				
At 31 May 2020	5,125,654	241,519	983	5,368,156
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 May 2019	5,236,574	275,822	1,999	5,514,395
	<hr/>	<hr/>	<hr/>	<hr/>

Included in cost or valuation of land is freehold land of £134,254 (2019 - £134,254) which is not depreciated.

THE MOTHERWELL FOOTBALL AND ATHLETIC CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2020

13 Property, plant and equipment

(Continued)

On transition to FRS 102, the company elected to hold the previous valuation of freehold land and buildings at deemed cost. If this valuation had not been retained, the total amounts included at historical cost would have been as follows:

	2020 £	2019 £
Cost	2,594,777	2,594,777
Accumulated depreciation	(1,450,688)	(1,398,792)
Carrying value	<u>1,144,089</u>	<u>1,195,985</u>

At the year end, Freehold land and buildings with a carrying amount of £5.24m (2019 - £5.35m) had been pledged to secure borrowings of the company.

14 Inventories

	2020 £	2019 £
Bar stocks	<u>8,000</u>	<u>12,372</u>

15 Trade and other receivables

	2020 £	2019 £
Amounts falling due within one year:		
Trade receivables	435,067	875,332
Other receivables	283,553	113,855
Prepayments and accrued income	379,390	355,634
	<u>1,098,010</u>	<u>1,344,821</u>

Included within Trade and other receivables is £400,000 receivable in respect of player transfers (2019 - £435,000).

THE MOTHERWELL FOOTBALL AND ATHLETIC CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2020

16 Current liabilities

	Notes	2020 £	2019 £
Other borrowings	18	868,000	944,233
Trade payables		156,812	247,990
Taxation and social security		918,546	364,192
Other payables		39,416	71,691
Accruals and deferred income		527,660	542,046
		<u>2,510,434</u>	<u>2,170,152</u>

Included within Current liabilities is £nil payable in respect of player transfers (2019 - £nil).

17 Non-current liabilities

	Notes	2020 £	2019 £
Bank loans and overdrafts	18	50,000	-
Other borrowings	18	-	318,637
		<u>50,000</u>	<u>318,637</u>

18 Borrowings

	2020 £	2019 £
Bank loans	50,000	-
Other loans	868,000	1,262,870
	<u>918,000</u>	<u>1,262,870</u>
Payable within one year	868,000	944,233
Payable after one year	50,000	318,637

At the year end, Other loans are represented by interest free loans due to The Well Society. Amounts due to The Well Society are secured over the Stadium. In the prior year, Other loans included amounts due to Mr J Boyle and Mr L Hutchison. All amounts due to both Mr Boyle and Mr Hutchison were settled in full during the year.

Bank loans are represented by the lending facility obtained under the Bounce Back Loan Scheme during the year. Such loans are subject to fixed interest at 2.5% and a final repayment date six years after draw down. The loan is 100% guaranteed by the UK Government and the first twelve months of payments are covered by the UK Government's Business Interruption Payment, effectively meaning that the company does not need to make any payments for twelve months.

THE MOTHERWELL FOOTBALL AND ATHLETIC CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2020

19 Provisions for liabilities

	Notes	2020 £	2019 £
Deferred tax liabilities	20	700,817	626,984

20 Deferred taxation

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

	Liabilities 2020 £	Liabilities 2019 £
Balances:		
Tax losses	(70,504)	(63,145)
Revaluations	771,321	690,129
	<u>700,817</u>	<u>626,984</u>
Movements in the year:		2020 £
Liability at 1 June 2019		626,984
Credit to profit or loss		(7,359)
Charge to other comprehensive income		81,192
Liability at 31 May 2020		<u>700,817</u>

The Finance Bill 2020 repealed the previously enacted reduction to the main rate of corporation tax to 17% thereby maintaining the current main rate of corporation tax at 19%. The closing deferred tax liability has been calculated in accordance with the rate substantively enacted at the Balance Sheet date of 19% (2019 - 17%).

At the Balance Sheet date, the company has unrecognised tax losses of £6.5m (2019 - £6.6m) which amounts to an unrecognised deferred tax asset of £1.1m (2019 - £1.1m). No deferred tax asset has been booked in respect of this as the Directors are of the opinion that there is insufficient evidence over when sufficient taxable profits will arise to offset these losses to support recognition of a deferred tax asset.

21 Deferred grants

	2020 £	2019 £
Arising from government grants	82,232	101,076

Deferred grants are secured by floating charge over the assets of the company and are being amortised evenly over their clawback period and the amortisation period of the assets to which the grants relate.

THE MOTHERWELL FOOTBALL AND ATHLETIC CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2020

22 Retirement benefit schemes

	2020	2019
	£	£
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	44,825	34,387

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

23 Share capital

	2020	2019
	£	£
Ordinary share capital		
Issued and fully paid		
298,743 Ordinary of £1 each	298,743	298,743
2,088 Deferred of £1 each	2,088	2,088
	300,831	300,831

All ordinary shares have full rights with regards to voting, participation and dividends. The deferred shares have no voting rights attached.

24 Share premium account

	2020	2019
	£	£
At the beginning and end of the year	374,398	374,398

THE MOTHERWELL FOOTBALL AND ATHLETIC CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2020

25 Revaluation reserve

	2020 £	2019 £
At beginning of year	3,163,161	3,235,990
Adjustment to deferred tax rate - property, plant and equipment	(81,192)	-
Transfer to retained earnings	(68,764)	(72,829)
At end of year	<u>3,013,205</u>	<u>3,163,161</u>

26 Other reserves

	£
Balance at 1 June 2018	294,978
Unwinding of interest free loans	(243,025)
Balance at 31 May 2019	<u>51,953</u>
Unwinding of interest free loans	(51,953)
Balance at 31 May 2020	<u>-</u>

On initial recognition, loans provided on an interest free basis are required to be booked at fair value. As there is no active market for the loans, the fair value is estimated by discounting the amount repayable to the present value using a market rate for a similar instrument. The difference arising between fair value and the nominal value on initial recognition is deemed as a capital contribution and taken directly to equity in 'Other reserves'.

As loans are repaid and interest unwinds, a transfer is made from 'Other reserves' to 'Retained earnings'. Following the settlement of loans to Mr L Hutchison and Mr J Boyle, the full balance of 'Other reserves' has been transferred to 'Retained earnings'.

27 Retained earnings

	2020 £	2019 £
At the beginning of the year	253,747	373,863
Profit/(loss) for the year	346,590	(435,970)
Transfer from revaluation reserve	68,764	72,829
Transfer from other reserves	51,953	243,025
At the end of the year	<u>721,054</u>	<u>253,747</u>

THE MOTHERWELL FOOTBALL AND ATHLETIC CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2020

28 Financial commitments, guarantees and contingent liabilities

Under the terms of certain contracts with other football clubs in respect of the transfer of player registrations, additional amounts are receivable or payable if specific future conditions are met (for example first team appearances).

At the year end contingent amounts which could become receivable under such contracts amounted to £55,000 (2019 - £nil). Contingent amounts that could become payable under such contracts total £nil (2019 - £10,000).

29 Operating lease commitments

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

	2020 £	2019 £
Within one year	83,496	57,565
Between two and five years	143,926	110,111
	<u>227,422</u>	<u>167,676</u>

30 Events after the reporting date

The economic landscape the Club is operating in continues to be challenging. Restrictions on fan attendance has meant that the Club continues to miss out on gate receipts, hospitality and associated commercial income.

However, subsequent to the year end the Club has recognised record fees for the transfer of David's Turnbull's player registration and has since had its entitlement to claim under its Business Interruption insurance policy accepted. Interim claims have been lodged with further claims to be raised. It is anticipated that the above events will generate income for the Club that is in excess of £4m.

On 31 December 2020 the Club accepted the resignation of its first team manager, Stephen Robinson, and on 7 January 2021 appointed Graham Alexander as its new manager.

THE MOTHERWELL FOOTBALL AND ATHLETIC CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2020

31 Related party transactions

Key management personnel are considered to be the Directors of the company. Details with regards to remuneration can be found in note 7 to these financial statements.

Transactions with related parties

During the year the company entered into the following significant transactions with related parties:

	Loans received		Loans re-paid	
	2020	2019	2020	2019
	£	£	£	£
The Well Society	140,000	120,000	-	-
Other investors and directors	80,000	-	(80,000)	-
Mr J Boyle	-	-	(69,863)	(116,750)
Mr L Hutchison	-	-	(493,674)	(206,487)
	<u>220,000</u>	<u>120,000</u>	<u>(643,537)</u>	<u>(323,237)</u>

The following amounts were outstanding at the reporting end date:

	2020	2019
	£	£
Amounts owed to related parties		
The Well Society	869,461	728,000
Mr J Boyle	-	93,150
Mr L Hutchison	-	493,674
	<u>869,461</u>	<u>1,314,824</u>

During the year Mr J Boyle wrote off £18,994 (2019 - £nil) of loan amounts due to him by the Club. During the year Mr L Hutchinson wrote off £nil (2019 - £294,019) of loan amounts due to him by the Club.

All loans payable to Mr L Hutchison and Mr J Boyle have been settled in full during the financial year.

The interest free loan received from The Well Society is used for general working capital purposes and is repayable on demand.

Further to the above, the Club was due £59,138 (2019 - £113,352) at the year end by the Motherwell Football Club Community Trust in respect of costs paid by the Club on its behalf.

32 Ultimate controlling party

The Well Society are the ultimate controlling party by virtue of their majority shareholding.

THE MOTHERWELL FOOTBALL AND ATHLETIC CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2020

33 Cash generated from operations

	2020 £	2019 £
Profit/(loss) for the year after tax	346,590	(435,970)
Adjustments for:		
Taxation credited	(7,359)	(63,145)
Finance costs	51,955	101,803
Investment income	(367)	(584)
(Gain)/loss on disposal of property, plant and equipment	-	15,488
Gain on disposal of intangible assets	(1,045,108)	(781,228)
Amortisation and impairment of intangible assets	18,661	21,071
Depreciation and impairment of property, plant and equipment	159,223	168,021
Other gains and losses	(18,994)	(294,019)
(Decrease) in deferred income	(18,844)	(53,915)
Movements in working capital:		
Decrease in inventories	4,372	38,092
Decrease in trade and other receivables	226,365	604,240
Increase in trade and other payables	416,515	35,532
Cash generated from/(absorbed by) operations	133,009	(644,614)

34 Analysis of changes in net funds/(debt)

	1 June 2019 £	Cash flows £	Other non-cash changes £	Market value movements £	31 May 2020 £
Cash at bank and in hand	476,851	730,758	-	-	1,207,609
Borrowings excluding overdrafts	(1,262,870)	273,921	18,994	51,955	(918,000)
	<u>(786,019)</u>	<u>1,004,679</u>	<u>18,994</u>	<u>51,955</u>	<u>289,609</u>

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.