

Report of the Directors and
Financial Statements
for the Year Ended 31 May 2017
for
Lincoln City Football Club
Company Limited

Lincoln City Football Club
Company Limited

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for the Year Ended 31 May 2017

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**Lincoln City Football Club
Company Limited**

**Company Information
for the Year Ended 31 May 2017**

DIRECTORS: K Cooke
R Dorrian
R G Bates
Lincoln City Supporters' Society Ltd
Lindum Group Limited
D A Parman
S L Tointon
C H Nates
I Reeve
R I Clarke
J S Wright
G D Levine

SECRETARY: C J Hubbard

REGISTERED OFFICE: Sincil Bank Stadium
Sincil Bank
LINCOLN
Lincolnshire
LN5 8LD

REGISTERED NUMBER: 00045611 (England and Wales)

ACCOUNTANTS: Nicholsons
Chartered Accountants
Newland House
The Point
Weaver Road
LINCOLN
Lincolnshire
LN6 3QN

BANKERS: The Co-operative Bank
16 Saltergate
LINCOLN
Lincolnshire
LN2 1DG

Lincoln City Football Club
Company Limited

Report of the Directors
for the Year Ended 31 May 2017

The directors present their report with the financial statements of the company for the year ended 31 May 2017.

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of running a professional football club and ancillary bar and catering operations.

REVIEW OF BUSINESS

The results for the year and financial position of the company are shown in the annexed financial statements which cover a period of 12 months from 1 June 2016 to 31 May 2017.

	2017	2016	2015
Turnover	£4,681,977	£1,341,222	£1,443,514
Staff costs	£2,562,406	£1,160,855	£966,851
Contribution	£2,119,571	£180,367	£476,663
Contribution to turnover	45.27%	13.45%	33.02%
Profit (Loss) on ordinary activities before taxation	£1,279,598	£(418,849)	£(191,595)
Activities before taxation to turnover	27.33%	(31.22%)	(13.27%)

2016/17 was the year that the Club regained its membership of the English Football League, winning the Vanarama National League with a total of 99 points. In addition to being crowned League Champions, the Club also reached the quarter finals of the FA Cup, the first non-league club to do so in 103 years. Historic wins over EFL clubs Oldham Athletic; Ipswich Town; Brighton & Hove Albion; and Premier League club Burnley saw the Club visit the Emirates Stadium, where we were eventually defeated by Premier League club Arsenal. A semi-final defeat in the FA Trophy over 2 legs, to York City, saw the Club almost reach Wembley for the first time in its 133-year history.

Attendances at league matches increased substantially when compared to the previous season, reaching a high of 10,031 in the final home game of the season. Increased attendances, along with the historic run in the FA Cup, saw turnover increase to £4,681,977, an increase of 249.1% when compared to the previous year. A profit before tax of £1,279,598 was recorded, compared to a loss of £418,849 in the comparative year.

In addition to the significant cash balances generated from ordinary activities, the Club received new investment of £271,522 in equity share capital.

The strategy of the Board to invest in a new management team in the summer of 2016, along with further investment in the playing squad, proved to be extremely successful and provided a solid foundation from which to build upon for the future.

EVENTS SINCE THE END OF THE YEAR

On the back of near sell-out crowds towards the end of the season, a record number of almost 6,000 season tickets were sold for the 2017/18 campaign. Crowds for the 2017/18 season are averaging well in excess of 8,500 and the Club is competing in the top half of League 2 at the time of writing. It is the aim of directors to challenge for a top 7 finish in what is the Club's first season back in the English Football League. Finally, the icing on the cake, the Club has made it to Wembley in the CheckaTrade Trophy Final. This is the first time the Club will have played at Wembley in its entire history.

Lincoln City Football Club
Company Limited

Report of the Directors
for the Year Ended 31 May 2017

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

DIRECTORS

The directors shown below have held office during the whole of the period from 1 June 2016 to the date of this report.

R Dorrian
Lindum Group Limited
K Cooke
R G Bates
Lincoln City Supporters Society Limited
S L Tointon
C H Nates
D A Parnam
I Reeve
R I Clarke - Appointed 24/4/17
J S Wright - Appointed 24/4/17
G D Levine - Appointed 8/1/18

The beneficial interests of the directors holding office on 31 May 2017 in the issued share capital of the company were as follows:

	31.05.17	31.05.16
Ordinary 50p shares		
Lincoln City Supporters' Society Limited	75,511	75,511
R Dorrian	12,100	11,500
R G Bates	3,100	2,500
Lindum Group Limited	800	200
K Cooke	3,100	2,500
D A Parnam	6,700	6,100
S Tointon	5,000	4,800
C H Nates	200	200
I Reeve	4,600	4,000
R I Clark	0	0
J S Wright	0	0

DONATIONS RECEIVED

The club would like to thank all supporter organisations for donations made during the year and especially

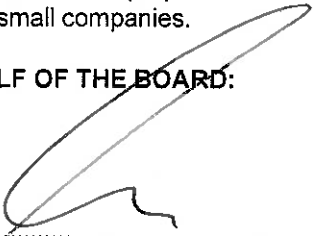
	2017	2016
Red Imps Travel Section	£15,000	£1,000
Lincoln & District Football Supporters Club	£6,000	£10,000
Lincoln City Fans Player Scheme	£38,990	£33,210
Lincoln City Supporters Society	£1,500	£2,000

Lincoln City Football Club
Company Limited

Report of the Directors
for the Year Ended 31 May 2017

This report has been prepared in accordance with the provisions of Part 15 of the Companies Act 2006 relating to small companies.

ON BEHALF OF THE BOARD:



.....
C J Hubbard - Secretary

Date: *9th February 2018*

Chartered Accountants' Report to the Board of Directors
on the Unaudited Financial Statements of
Lincoln City Football Club
Company Limited

In order to assist you to fulfil your duties under the Companies Act 2006, we have prepared for your approval the financial statements of Lincoln City Football Club Company Limited for the year ended 31 May 2017 which comprise the Income Statement, Balance Sheet and the related notes from the company's accounting records and from information and explanations you have given us.

As a practising member firm of the Institute of Chartered Accountants in England and Wales (ICAEW), we are subject to its ethical and other professional requirements which are detailed within the ICAEW's regulations and guidance at <http://www.icaew.com/en/membership/regulations-standards-and-guidance>.

This report is made solely to the Board of Directors of Lincoln City Football Club Company Limited, as a body, in accordance with our terms of engagement. Our work has been undertaken solely to prepare for your approval the financial statements of Lincoln City Football Club Company Limited and state those matters that we have agreed to state to the Board of Directors of Lincoln City Football Club Company Limited, as a body, in this report in accordance with ICAEW Technical Release 07/16AAF. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Lincoln City Football Club Company Limited and its Board of Directors, as a body, for our work or for this report.

It is your duty to ensure that Lincoln City Football Club Company Limited has kept adequate accounting records and to prepare statutory financial statements that give a true and fair view of the assets, liabilities, financial position and profit of Lincoln City Football Club Company Limited. You consider that Lincoln City Football Club Company Limited is exempt from the statutory audit requirement for the year.

We have not been instructed to carry out an audit or a review of the financial statements of Lincoln City Football Club Company Limited. For this reason, we have not verified the accuracy or completeness of the accounting records or information and explanations you have given to us and we do not, therefore, express any opinion on the statutory financial statements.



Nicholsons
Chartered Accountants
Newland House
The Point
Weaver Road
LINCOLN
Lincolnshire
LN6 3QN

Date: 13th FEBRUARY 2018

Lincoln City Football Club
Company Limited

Income Statement
for the Year Ended 31 May 2017

	Notes	2017 £	2016 £
TURNOVER		4,681,977	1,341,222
Cost of sales		2,873,643	1,341,280
GROSS PROFIT/(LOSS)		1,808,334	(58)
Administrative expenses		825,346	523,932
		982,988	(523,990)
Other operating income		310,383	123,176
OPERATING PROFIT/(LOSS)	4	1,293,371	(400,814)
Interest payable and similar expenses		13,773	18,035
PROFIT/(LOSS) BEFORE TAXATION		1,279,598	(418,849)
Tax on profit/(loss)	5	20,204	-
PROFIT/(LOSS) FOR THE FINANCIAL YEAR		<u>1,259,394</u>	<u>(418,849)</u>

The notes form part of these financial statements

Lincoln City Football Club
Company Limited (Registered number: 00045611)

Balance Sheet
31 May 2017

	Notes	2017		2016	
		£	£	£	£
FIXED ASSETS					
Intangible assets	6		35,208		3,120
Tangible assets	7		1,690,857		1,864,368
Investments	8		1		1
			<u>1,726,066</u>		<u>1,867,489</u>
CURRENT ASSETS					
Stocks		5,251		3,746	
Debtors	9	2,816,560		180,401	
Cash at bank and in hand		268,133		21,944	
			<u>3,089,944</u>		<u>206,091</u>
CREDITORS					
Amounts falling due within one year	10	1,938,484		863,693	
NET CURRENT ASSETS/(LIABILITIES)			<u>1,151,460</u>		<u>(657,602)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			2,877,526		1,209,887
CREDITORS					
Amounts falling due after more than one year	11		381,768		245,045
NET ASSETS			<u>2,495,758</u>		<u>964,842</u>
CAPITAL AND RESERVES					
Called up share capital			3,650,182		3,378,660
Revaluation reserve	13		830,200		861,136
Retained earnings			(1,984,624)		(3,274,954)
SHAREHOLDERS' FUNDS			<u>2,495,758</u>		<u>964,842</u>

The notes form part of these financial statements

Lincoln City Football Club
Company Limited (Registered number: 00045611)

Balance Sheet - continued
31 May 2017

The company is entitled to exemption from audit under Section 477 of the Companies Act 2006 for the year ended 31 May 2017.

The members have not required the company to obtain an audit of its financial statements for the year ended 31 May 2017 in accordance with Section 476 of the Companies Act 2006.

The directors acknowledge their responsibilities for:

- (a) ensuring that the company keeps accounting records which comply with Sections 386 and 387 of the Companies Act 2006 and
- (b) preparing financial statements which give a true and fair view of the state of affairs of the company as at the end of each financial year and of its profit or loss for each financial year in accordance with the requirements of Sections 394 and 395 and which otherwise comply with the requirements of the Companies Act 2006 relating to financial statements, so far as applicable to the company.

The financial statements have been prepared in accordance with the provisions of Part 15 of the Companies Act 2006 relating to small companies.

The financial statements were approved by the Board of Directors on *9th February 2018* and were signed on its behalf by:

..... 

K Cooke - Director

Lincoln City Football Club
Company Limited

Notes to the Financial Statements
for the Year Ended 31 May 2017

1. **STATUTORY INFORMATION**

Lincoln City Football Club Company Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

2. **ACCOUNTING POLICIES**

Basis of preparing the financial statements

These financial statements have been prepared in accordance with the provisions of Section 1A "Small Entities" of Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention as modified by the revaluation of certain assets.

Preparation of consolidated financial statements

The financial statements contain information about Lincoln City Football Club Company Limited as an individual company and do not contain consolidated financial information as the parent of a group. The company has taken the option under Section 398 of the Companies Act 2006 not to prepare consolidated financial statements.

Turnover

Turnover represents gate monies, league levy and cup pool, advertising and sponsorship income, bar and catering, retail shop and all weather pitch income, excluding Value Added Tax.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Freehold property	- 10% on cost, 5% on cost and 2% on cost
Equipment	- 20% on cost
All weather pitch	- 10% on cost and 2% on cost
Motor vehicles	- 20% on reducing balance

Investments in subsidiaries

Investments in subsidiary undertakings are recognised at cost.

Stocks

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

Taxation

Taxation for the year comprises current and deferred tax. Tax is recognised in the Income Statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Lincoln City Football Club
Company Limited

Notes to the Financial Statements - continued
for the Year Ended 31 May 2017

2. **ACCOUNTING POLICIES - continued**

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Hire purchase and leasing commitments

Assets obtained under hire contracts or finance leases are capitalised in the balance sheet. Those held under hire purchase contracts are depreciated over their estimated useful lives. Those held under finance leases are depreciated over their estimated useful lives or the lease term, whichever is the shorter.

The interest element of these obligations is charged to the profit and loss account over the relevant period. The capital element of the future payments is treated as a liability.

Rentals paid under operating leases are charged to the profit and loss account on a straight line basis over the period of the lease.

Pension costs and other post-retirement benefits

The company operates a defined contribution pension scheme. Contributions payable to the company's pension scheme are charged to profit or loss in the period to which they relate.

Pensions are paid to some employees' personal pension plans. These costs are charged to the profit and loss account as they occur.

Government grants

Government grants received are treated as deferred creditors and credited to the profit and loss account over the estimated useful life of the relevant fixed assets.

Deferred income

Deferred income comprises amounts received from sponsorship, season tickets and other income which is released to the profit and loss on a straight line basis over the period to which it relates.

Lincoln City Football Club
Company Limited

Notes to the Financial Statements - continued
for the Year Ended 31 May 2017

2. ACCOUNTING POLICIES - continued

Transfer fees

Transfer fees and other costs associated with the acquisition of players' registrations are capitalised as intangible fixed assets. These costs are amortized over the period of the players' contracts adjusted for any agreed extensions. These costs are adjusted when the amortised value exceeds the amount recoverable through use or sale. Future costs which may become due are recognised within the original cost of acquisition if, in the opinion of the directors, it is probable that these costs will be incurred.

Where proceeds are received from the disposal of players, these future receipts are not recognised as part of the proceeds of disposal until such time as the events upon which these receipts are dependent, are known to have occurred. No value is recognised in the financial statements for players developed within the company.

Signing on fees

Signing on fees are charged to the profit and loss account in the accounting period when they become due under the terms of the players' initial contract. Instalments due in the future are not provided for but are noted as contingent liabilities.

3. EMPLOYEES AND DIRECTORS

The average monthly number of employees during the year was 169 (2016 - 163).

4. OPERATING PROFIT/(LOSS)

The operating profit (2016 - operating loss) is stated after charging:

	2017	2016
	£	£
Depreciation - owned assets	108,837	95,825
Transfer registrations amortisation	29,792	-
Computer software amortisation	3,120	780
	<u>141,749</u>	<u>96,605</u>

5. TAXATION

Analysis of the tax charge

The tax charge on the profit for the year was as follows:

	2017	2016
	£	£
Current tax:		
UK corporation tax	20,204	-
	<u>20,204</u>	<u>-</u>
Tax on profit/(loss)	<u>20,204</u>	<u>-</u>

Lincoln City Football Club
Company Limited

Notes to the Financial Statements - continued
for the Year Ended 31 May 2017

5. **TAXATION - continued**

Factors that may affect future tax charges

Losses carried forward amounted to £3,802,709 (2016: £4,859,612). No provision has been made for a deferred taxation asset as the recoverability of these losses against future profits is uncertain.

6. **INTANGIBLE FIXED ASSETS**

	Transfer registrations £	Computer software £	Totals £
COST			
At 1 June 2016	-	3,900	3,900
Additions	65,000	-	65,000
	<u>65,000</u>	<u>3,900</u>	<u>68,900</u>
At 31 May 2017	65,000	3,900	68,900
AMORTISATION			
At 1 June 2016	-	780	780
Amortisation for year	29,792	3,120	32,912
	<u>29,792</u>	<u>3,900</u>	<u>33,692</u>
At 31 May 2017	29,792	3,900	33,692
NET BOOK VALUE			
At 31 May 2017	<u>35,208</u>	<u>-</u>	<u>35,208</u>
At 31 May 2016	<u>-</u>	<u>3,120</u>	<u>3,120</u>

**Lincoln City Football Club
Company Limited**

**Notes to the Financial Statements - continued
for the Year Ended 31 May 2017**

7. TANGIBLE FIXED ASSETS

	Freehold property £	Equipment £	All weather pitch £	Motor vehicles £	Totals £
COST OR VALUATION					
At 1 June 2016	2,915,887	133,104	443,873	23,700	3,516,564
Additions	2,084	130,255	-	-	132,339
Disposals	(254,959)	-	-	-	(254,959)
At 31 May 2017	<u>2,663,012</u>	<u>263,359</u>	<u>443,873</u>	<u>23,700</u>	<u>3,393,944</u>
DEPRECIATION					
At 1 June 2016	1,232,805	110,945	285,655	22,791	1,652,196
Charge for year	65,512	23,156	19,260	909	108,837
Eliminated on disposal	(57,946)	-	-	-	(57,946)
At 31 May 2017	<u>1,240,371</u>	<u>134,101</u>	<u>304,915</u>	<u>23,700</u>	<u>1,703,087</u>
NET BOOK VALUE					
At 31 May 2017	<u>1,422,641</u>	<u>129,258</u>	<u>138,958</u>	<u>-</u>	<u>1,690,857</u>
At 31 May 2016	<u>1,683,082</u>	<u>22,159</u>	<u>158,218</u>	<u>909</u>	<u>1,864,368</u>

Freehold property is included in the accounts at valuation and other tangible fixed assets at historical cost. The St Andrews Stand and Stacey West Stand were revalued by the directors in the year 1990/91 and the South Park Stand revalued in 1992/93. In 1993/94 the Stacey West Stand was revalued by a further £300,000 and other ground improvements by £91,022. In 1994/95 the Sincil Bank Stand was completed and revalued by £719,821. Had the revaluations not been carried out, the original cost less grants of the stands and buildings would have been £1,292,469 (2016: £1,292,469) and the net book value £801,290 (2016: £827,439).

The director confirm these figures are still an accurate valuation.

During the year the company disposed of a property known as the "Play Zone" for £360,000. Profits on the sale of this property are shown in 'Other Income'.

Lincoln City Football Club
Company Limited

Notes to the Financial Statements - continued
for the Year Ended 31 May 2017

8. **FIXED ASSET INVESTMENTS**

	Shares in group undertakings £
COST	
At 1 June 2016 and 31 May 2017	1 <hr/>
NET BOOK VALUE	
At 31 May 2017	1 <hr/> <hr/>
At 31 May 2016	1 <hr/> <hr/>

9. **DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2017 £	2016 £
Trade debtors	242,995	137,252
Provision for bad debts	-	(20,478)
Amounts owed by group undertakings	6,303	6,303
Impfinity Ltd	2,400,000	-
Prepayments and accrued income	167,262	57,324
	<hr/> <hr/>	<hr/> <hr/>
	2,816,560	180,401

In the final quarter of the financial year, the Club accumulated significant cash balances due primarily to its historic run in the FA cup. During this time, there was significant media speculation about the future of the Club's bankers. The Directors resolved to urgently take measures to protect the Club's cash balances and, after discussions with its accountants, created a new company, Impfinity Ltd, to hold the Club's cash balances at another bank. As a result of the urgency in setting up the new bank account it was agreed that in order to expedite the process the shares in Impfinity would initially be owned by a small number of directors. Impfinity is now a wholly owned subsidiary of the Club and, going forward, any cash balances held by Impfinity will be treated in the Annual Financial Statements as cash at bank rather than as debtors.

**Lincoln City Football Club
Company Limited**

**Notes to the Financial Statements - continued
for the Year Ended 31 May 2017**

10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2017	2016
	£	£
Bank loans and overdrafts	-	171,417
Hire purchase contracts	9,535	-
Trade creditors	324,410	140,135
Tax	20,204	-
Social security and other taxes	199,303	57,753
Bonds	61,923	-
Directors' current accounts	119,700	143,700
Deferred income	904,656	244,322
Accrued expenses	279,109	86,722
Deferred grants	19,644	19,644
	<u>1,938,484</u>	<u>863,693</u>

11. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2017	2016
	£	£
Hire purchase contracts	58,220	-
Bonds	221,060	127,650
Deferred capital grant more than five years	60,912	63,819
Accruals and deferred income	11,000	23,000
Deferred grants	30,576	30,576
	<u>381,768</u>	<u>245,045</u>

12. SECURED DEBTS

The following secured debts are included within creditors:

	2017	2016
	£	£
Bank overdraft	-	109,682
Bank loans	-	61,735
Hire purchase contracts	67,755	-
	<u>67,755</u>	<u>171,417</u>

Security is given against the asset to which the loan relates.

Lincoln City Football Club
Company Limited

Notes to the Financial Statements - continued
for the Year Ended 31 May 2017

13. **RESERVES**

	Revaluation reserve £
At 1 June 2016	861,136
Depreciation	(30,936)
	<hr/>
At 31 May 2017	<u>830,200</u>

14. **CONTINGENT LIABILITIES**

There are potential liabilities and assets in respect of transactions involving players registrations. Due to the variable nature of these amounts it is not possible to calculate the maximum potential liability or asset.

15. **RELATED PARTY DISCLOSURES**

TRADING RELATIONSHIPS

During the period the company has traded with other businesses in which individual directors have an interest.

All of these transactions were carried out under normal commercial terms.

DIRECTORS

Amounts owing to the directors at 31 May 2017 totalled £119,700 (2016: £143,700).

These loans are not secured and no interest is charged.

During the year the company loaned £2,400,000 to Impfinity Limited a company under the significant influence of the Directors of the company. Since the year end the shares in the company have been transferred to Lincoln City Football Club Limited (this company) and the funds held in the Impfinity bank account have been reclassified as cash at bank.

16. **ULTIMATE CONTROLLING PARTY**

The ultimate controlling party is Lincoln City Holdings Limited.

17. **GOING CONCERN**

The company continues to be supported by its parent company and underlying investors. "On pitch" performance in the current year has also resulted in profits in excess of budgets being created and cash being generated.