Company Registration No. SC005702 (Scotland)

THE MOTHERWELL FOOTBALL AND ATHLETIC CLUB LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MAY 2021

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
Company number	SC005702
Registered office	Fir Park Stadium Firpark Street Motherwell ML1 2QN
Auditor	Azets Audit Services Titanium 1 Kings Inch Place Renfrew Renfrewshire United Kingdom PA4 8WF

THE MOTHERWELL FOOTBALL AND ATHLETIC CLUB LIMITED

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The directors present the strategic report for the year ended 31 May 2021.

Business review

The 2020/21 season was a unique one for both Motherwell Football Club and the whole of Scottish football. The Covid-19 pandemic resulted in a slightly delayed start to the 2020/21 season and led to all of the club's matches being played behind "closed doors". The pandemic also significantly restricted many other normal operations, such as the Youth Academy.

The 2020/21 season finally kicked off in August 2020 and during the early part of the campaign, we competed in the UEFA Europa League after a five-year absence from European competitions. The team progressed to the Third Qualifying Round, defeating Northern Irish sides Glentoran and Coleraine, before being knocked out of the competition by Hapoel Beer Sheva from Israel.

League results between August and December 2020 were disappointing and we were also knocked out in the second round of the Betfred Cup by St Johnstone. On 31 December 2020, the Board reluctantly accepted the resignation of Stephen Robinson as manager. The Board wishes to once again place on record our thanks to Stephen for everything he did for Motherwell FC during his four years as manager. His contribution was significant.

On 7 January 2021, Graham Alexander was appointed as our new manager. League results improved over the remainder of the season. The team moved up the league table, finishing the season in eighth place on 45 points, the same total achieved by the three teams directly above us in the table. We also reached the quarter-final of the Scottish Cup before being knocked out of the competition in a penalty shoot-out by Hibernian.

The financial results for the 2020/21 season are difficult to compare and contrast to earlier years. But despite the financial challenges created by the pandemic, I am delighted to report that the profit for the financial year is a club record £3,575,615.

The pandemic caused a major reduction in our operating income. For example, revenue in the prior year included £1.35m of gate receipts. With matches being played behind closed doors, no such income was generated in 2020/21. The restrictions also reduced our commercial income by almost £350,000. There were various other smaller reductions in funding from the football bodies, who had front-loaded awards at the start of the pandemic. The reduction in revenue would have been even greater if we had not benefitted from £775,000 of prize money from our UEFA Europa League participation.

The club had put measures in place to reduce the impact of the pandemic on its finances. These were very successful and resulted in £4.1m of Other Operating Income being recorded in the financial year. This includes monies from the HMRC Job Retention (furlough) scheme, a business interruption insurance claim and an SPFL Trust Covid-19 grant.

We also borrowed £2,959,000 from The Scottish Government to further strengthen our position should the pandemic, and the associated restriction to our normal trading conditions, continue for an extended period. The borrowings are to be repaid between September 2022 and August 2042 and are unsecured and interest-free.

Accounting standards require such debt transactions to reflect normal commercial arrangements, i.e., the interest rate an arms-length lender could be expected to charge on an unsecured 20-year loan. Therefore, the financial results recognise the "benefit" of having such a loan interest-free. The total of that computed over the loan's full term is shown as a credit to Other Operating Income in year one of the borrowing. This has been calculated at £1.52m. This amount will subsequently be charged as a finance cost in the club's future financial results spread over the total period of the borrowing.

The biggest factor in the profit for the financial year is the £2.8m generated in player registration gains, made up almost entirely of our initial fee from Celtic for David Turnbull. That transfer deal, a total that will most probably end as being at least double our previous record sale, also contains several add-ons, one of which has already been achieved during the 2021/22 season, and the opportunity to retain future economic rights should the player's career continue to blossom.

Business review (continued)

Over the last five financial years, the player registration gains generated by the club are £6.2m. Whilst player registration gains are not incorporated within the club's operating revenue, they form an integral part of the financial results and strategy and influence budget decisions such as setting the staff budget. The two-pronged approach of generating income through player recruitment and development, together with Academy promotion, will continue to form the spine of our model for the future.

In the financial year, there is an overall increase in the Staff Costs and Other Operating Expenses of £650,000. This was due, in part, to a horrendous injury list during the term, which, at its height, saw 18 players unavailable for periods in February of 2021. The abnormally large playing squad, where an additional ten players were recruited between the end of the Summer Transfer Window and the end of the January Window, is not something we wish to repeat.

The increase in costs also reflect:

A. the bonuses earned for progression in the UEFA Europa League rounds.
B. £200,000 of Covid-19 testing and other Covid-19 connected costs.
C. £115,000 of travel and hotel costs connected to matches in the UEFA Europa League.
D. substantial repair work to the stadium steelwork and stadium surrounds.

There were some significant cost savings from the matches being played behind closed doors, but these were largely offset by increased expenditure in other areas.

There is also a sizeable increase in the depreciation charge for the financial year. This is partly the result of new capital expenditure in the year and a review of the useful economic life of some older assets. The new capital expenditure includes the important refurbishment of the John Hunter Stand, the Davie Cooper Stand, and a new public address system.

At the end of the financial year, and despite all the challenges created by the pandemic, the balance sheet shows we are in a strong financial position with significant net assets and over £4m of bank funds.

This backdrop enabled us to reward and acknowledge the loyalty and support of our fans throughout the pandemic. We were able to renew season tickets to existing season ticket holders free of charge. We froze gate prices for non-season ticket holders at pre-pandemic levels, including juvenile entry at £3. And in conjunction with our fans, we provided free gate entry to those otherwise unable to afford to attend games due to unemployment. As a result, our season ticket numbers sit at nearly 5,600, our highest ever total, and an improvement of 50% on the Covid-19 impacted 2020/21 total.

The club’s financial position is healthy in the short to medium term. But we are acutely aware of the potential threats we face. We hope that this is the final spin of the Covid-19 roulette wheel, but it would be imprudent to plan solely on that basis.

We continue to examine new ways of generating additional revenue streams and look at ways to streamline costs and make the club more efficient.

This needs to be done whilst remaining competitive in what is probably the most challenging top league in Scotland for the last two decades. It is not an easy balance to get right, but it is essential that we do.

The club only works properly and with a chance of success when all the component parts - fans, owners, playing and coaching staff, the management team and the Board - work in unison. They have, and I give my thanks to everyone for making that happen during 2020/21.

Risks and uncertainties

Due to the nature of professional football and participating in competitive sport there are many risks and inherent uncertainties to be considered. 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 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 businesses, the Club has faced unprecedented challenges as a result of the Covid-19 pandemic.

Throughout the pandemic, the Club has followed Government guidance concerning all aspects of the pandemic to ensure best practice precautions were being applied within all its operations and will continue to do so.

The Club has put measures in place to reduce the impact of the pandemic on its finances and combined with player registration gains has been able to maintain a healthy cash position and to meet its liabilities as they fall due.

The current liquidity and future cash position of the Club, has been reviewed by the Board, including a comprehensive review of the future cash flow projections. Following this review, the Board are confident that the Club’s existing resources and continued 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 and further pandemic restrictions.

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 The Well Society where necessary. No treasury transactions or derivatives are entered into.

On behalf of the board

Mr J C McMahon
Director
24 January 2022

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MAY 2021

The directors present their annual report and financial statements for the year ended 31 May 2021.

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.

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.

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
Mr A J Wilson

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

Auditor
The auditor, Azets Audit Services, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

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.

On behalf of the board

Mr J C McMahon
Director

24 January 2022

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 MAY 2021

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.

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 2021 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 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 2021 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

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. 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. 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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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.

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 is available on the Financial Reporting Council’s website at: https://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Extent to which the audit was considered capable of detecting irregularities, including fraud
Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above and on the Financial Reporting Council's website, to detect material misstatements in respect of irregularities, including fraud.

We obtain and update our understanding of the entity, its activities, its control environment, and likely future developments, including in relation to the legal and regulatory framework applicable and how the entity is complying with that framework. Based on this understanding, we identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. This includes consideration of the risk of acts by the entity that were contrary to applicable laws and regulations, including fraud.

In response to the risk of irregularities and non-compliance with laws and regulations, including fraud, we designed procedures which included:

- Enquiry of management and those charged with governance around actual and potential litigation and claims as well as actual, suspected and alleged fraud;
- Reviewing minutes of meetings of those charged with governance;
- Assessing the extent of compliance with the laws and regulations considered to have a direct material effect on the financial statements or the operations of the company through enquiry and inspection;
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations;
- Performing audit work over the risk of management bias and override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing accounting estimates for indicators of potential bias.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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

24 January 2022

Chartered Accountants
Statutory Auditor

Titanium 1
Kings Inch Place
Renfrew
Renfrewshire
United Kingdom
PA4 8WF

THE MOTHERWELL FOOTBALL AND ATHLETIC CLUB LIMITED

INCOME STATEMENT

FOR THE YEAR ENDED 31 MAY 2021

	Notes	2021 £	2020 £
Revenue	**3**	3,566,912	4,948,740
Other operating income	**3**	4,125,691	445,112
Player registration gains	**3**	2,805,750	1,045,108
Staff costs	**6**	(4,697,888)	(4,155,660)
Depreciation and other amounts written off tangible and intangible fixed assets	**4**	(386,627)	(177,884)
Other operating expenses		(1,838,665)	(1,733,591)
Operating profit	**4**	3,575,173	371,825
Investment income	**8**	1,144	367
Finance costs	**9**	(22,966)	(51,955)
Other gains and losses	**10**	-	18,994
Profit before taxation		3,553,351	339,231
Tax on profit	**11**	22,264	7,359
Profit for the financial year		3,575,615	346,590

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 2021

	2021 £	2020 £
Profit for the year	3,575,615	346,590
Other comprehensive income		
Tax relating to other comprehensive income	(243,575)	(81,192)
Total comprehensive income for the year	3,332,040	265,398

THE MOTHERWELL FOOTBALL AND ATHLETIC CLUB LIMITED

STATEMENT OF FINANCIAL POSITION

AS AT 31 MAY 2021

	Notes	2021 £	2021 £	2020 £	2020 £
Non-current assets					
Intangible assets	**12**		89,292		71,196
Property, plant and equipment	**13**		5,327,422		5,368,156
			5,416,714		5,439,352
Current assets					
Inventories	**15**	14,328		8,000	
Trade and other receivables	**16**	3,182,341		1,098,010	
Cash and cash equivalents		4,117,620		1,207,609	
		7,314,289		2,313,619	
Current liabilities	**17**	(1,833,670)		(2,153,867)	
Net current assets			5,480,619		159,752
Total assets less current liabilities			10,897,333		5,599,104
Non-current liabilities	**18**		(1,458,799)		(50,000)
Provisions for liabilities					
Deferred tax liability	**21**	922,128		700,817	
			(922,128)		(700,817)
Deferred income	**22**		(774,878)		(438,799)
Net assets			7,741,528		4,409,488
Equity					
Called up share capital	**24**		300,831		300,831
Share premium account	**25**		374,398		374,398
Revaluation reserve	**26**		2,702,670		3,013,205
Retained earnings	**27**		4,363,629		721,054
Total equity			7,741,528		4,409,488

The financial statements were approved by the board of directors and authorised for issue on 24 January 2022 and are signed on its behalf by:

Mr J C McMahon
Director

Company Registration No. SC005702

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MAY 2021

	Share capital	Share premium account	Revaluation reserve	Other reserves	Retained earnings	Total
	£	£	£	£	£	£
Balance at 1 June 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
Year ended 31 May 2021:						
Profit for the year	-	-	-	-	3,575,615	3,575,615
Other comprehensive income:						
Tax relating to other comprehensive income	-	-	(243,575)	-	-	(243,575)
Total comprehensive income for the year	-	-	(243,575)	-	3,575,615	3,332,040
Transfers from revaluation reserve	-	-	(66,960)	-	66,960	-
Balance at 31 May 2021	300,831	374,398	2,702,670	-	4,363,629	7,741,528

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MAY 2021

	Notes	2021 £	2021 £	2020 £	2020 £
Cash flows from operating activities					
Cash (absorbed by)/generated from operations	**33**		(2,438,450)		133,009
Interest paid			(6,262)		-
Net cash (outflow)/inflow from operating activities			(2,444,712)		133,009
Investing activities					
Purchase of intangible assets		(138,646)		(77,357)	
Proceeds on disposal of intangibles		2,805,750		1,065,554	
Purchase of property, plant and equipment		(224,545)		(12,984)	
Proceeds on disposal of property, plant and equipment		2,959		-	
Interest received		1,144		367	
Net cash generated from investing activities			2,446,662		975,580
Financing activities					
Proceeds from borrowings		2,959,000		220,000	
Repayment of borrowings		-		(647,831)	
Proceeds of new bank loans		-		50,000	
Repayment of bank loans		(50,000)		-	
Payment of finance leases obligations		(939)		-	
Net cash generated from/(used in) financing activities			2,908,061		(377,831)
Net increase in cash and cash equivalents			2,910,011		730,758
Cash and cash equivalents at beginning of year			1,207,609		476,851
Cash and cash equivalents at end of year			4,117,620		1,207,609

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, Firpark 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.

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.

The Club has put measures in place to reduce the impact of the pandemic on its finances and combined with player registration gains has been able to maintain a healthy cash position and to meet its liabilities as they fall due.

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 and further pandemic restrictions.

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.

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 domestic cup and UEFA 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.

During the year management performed a review of the expected remaining useful lives of items of Plant and equipment. The outcome of this review identified certain assets with a reduced useful life than had previously been estimated. Such items have been fully depreciated in the current year resulting in an additional depreciation charge of £61,000 in the year.

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)
Plant and equipment	10% - 33.33% 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 Accounting policies **(Continued)**

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.

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 cost and replacement 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.

1 Accounting policies **(Continued)**

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.

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.

1 Accounting policies **(Continued)**

Basic financial liabilities

Basic financial liabilities, including trade and other payables, bank loans, other loans 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.

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.

1 Accounting policies **(Continued)**

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.

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 Leases

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

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

1 Accounting policies **(Continued)**

1.15 Grants

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.

Grants relating to revenue 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.

Interest free loans received from Government bodies are considered to be below market rate financial instruments. As such, the loan is recognised at the present value of future payments discounted at a market rate of interest. The difference between the fair value and nominal value of the loan is recorded as grant income in the period that conditions are met.

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.

Critical judgements and estimates

The following judgements and estimates have had the most significant effect on amounts recognised in the financial statements.

The Scottish Ministers' loan

During the year the Club received an interest free loan from The Scottish Ministers, as part of the Premier Division Support Fund, repayable in instalments by 2042.

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. For interest free government loans, the difference arising between fair value and the nominal value on initial recognition is deemed as a grant and is recognised in Other operating income. The amount recognised in this regard during the year was £1.52m. A 1% movement in the market rate used would result in a change to the amount recognised of c. £140,000.

3 Revenue

	2021	2020
	£	£
Revenue analysed by class of business		
Gate receipts	-	1,349,055
Broadcasting rights	1,689,121	1,934,071
Commercial income	453,697	800,263
Cup prize income	217,500	169,500
UEFA prize money	774,812	-
UEFA solidarity	210,000	292,971
SFA licencing & international player participation	22,180	45,255
Youth academy	150,900	338,625
Women's team	48,702	19,000
	3,566,912	4,948,740

	2021	2020
	£	£
Other significant revenue		
Interest income	1,144	367
Grants received	1,821,737	293,703
Gains on disposal of player registrations	2,805,750	1,098,608
Donations	5,151	151,409
Business interuption insurance claim	2,298,803	-

Included within Grants received is the difference between the fair value and the book value of the Scottish Minister's loan amounting to £1,518,471.

4 Operating profit

	2021	2020
Operating profit for the year is stated after charging/(crediting):	£	£
Grants	(1,821,737)	(293,703)
Depreciation of owned property, plant and equipment	269,036	159,223
Profit on disposal of property, plant and equipment	(2,959)	-
Amortisation of intangible assets	120,550	18,661

5 Auditor's remuneration

	2021	2020
Fees payable to the company's auditor and associates:	£	£
For audit services		
Audit of the financial statements of the company	17,000	15,000

6 Employees

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

	2021 Number	2020 Number
Directors	5	5
Catering and bar staff	3	5
Commercial and media staff	10	12
Facilities	7	8
Football staff	11	11
Players	38	41
Youth football	29	40
Administration	2	2
Total	105	124

Their aggregate remuneration comprised:

	2021 £	2020 £
Wages and salaries	4,212,251	3,738,507
Social security costs	436,714	372,328
Pension costs	48,923	44,825
	4,697,888	4,155,660

The Club also employed an average of 5 part time staff (2020 - 98) throughout the year to assist on match days and other events. The total average number of staff employed is 106 (2020 - 218).

7 Directors' remuneration

	2021 £	2020 £
Remuneration for qualifying services	75,000	78,903
Company pension contributions to defined contribution schemes	1,314	1,315
	76,314	80,218

8 Investment income

	2021 £	2020 £
Interest income		
Interest on bank deposits	1,144	367

(Continued)

8 Investment income

Investment income includes the following:

Interest on financial assets not measured at fair value through profit or loss	1,144	367

9 Finance costs

	2021	2020
	£	£
Interest on financial liabilities measured at amortised cost:		
Other interest on financial liabilities	22,966	51,955

10 Other gains and losses

	2021	2020
	£	£
Amounts written back to financial liabilities	-	18,994

Other gains and losses represents loan amounts written off by Mr J Boyle during the prior year.

11 Taxation

	2021	2020
	£	£
Deferred tax		
Changes in tax rates	(22,264)	(7,359)

In addition to the amount credited to the income statement, £243,575 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.

	2021	2020
	£	£
Deferred tax arising on:		
Revaluation of property	243,575	81,192

The Finance Bill 2021 was substantively enacted on 24 May 2021 changing the main rate of corporation tax from 19% to 25% after 1 April 2023. The rate applicable to the measurement of deferred tax has thus changed to 25% from 19%.

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

	2021	2020
	£	£
Profit before taxation	3,553,351	339,231
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2020: 19.00%)	675,137	64,454
Tax effect of expenses that are not deductible in determining taxable profit	4,517	-
Tax effect of utilisation of tax losses not previously recognised	(700,729)	(95,013)
Change in unrecognised deferred tax assets	-	9,484
Depreciation on assets not qualifying for tax allowances	21,075	21,075
Change in rate applicable to recognised deferred tax	(22,264)	(7,359)
Taxation credit for the year	(22,264)	(7,359)

12 Intangible fixed assets

	Player Registrations
	£
Cost	
At 1 June 2020	112,357
Additions	138,646
Disposals	(62,131)
At 31 May 2021	188,872
Amortisation and impairment	
At 1 June 2020	41,161
Amortisation charged for the year	120,550
Disposals	(62,131)
At 31 May 2021	99,580
Carrying amount	
At 31 May 2021	89,292
At 31 May 2020	71,196

13 Property, plant and equipment

	Freehold land and buildings	Plant and equipment	Total
	£	£	£
Cost or valuation			
At 1 June 2020	5,680,254	1,384,058	7,064,312
Additions	-	228,302	228,302
Disposals	-	(1,046,207)	(1,046,207)
At 31 May 2021	5,680,254	566,153	6,246,407
Depreciation and impairment			
At 1 June 2020	554,600	1,141,556	1,696,156
Depreciation charged in the year	110,920	158,116	269,036
Eliminated in respect of disposals	-	(1,046,207)	(1,046,207)
At 31 May 2021	665,520	253,465	918,985
Carrying amount			
At 31 May 2021	5,014,734	312,688	5,327,422
At 31 May 2020	5,125,654	242,502	5,368,156

At the year end, Freehold land and buildings with a carrying amount of £5.01m (2020 - £5.13m) had been pledged to secure borrowings of the company.

13 Property, plant and equipment (Continued)

Included in cost or valuation of land is freehold land of £134,254 (2020 - £134,254) which is not depreciated.

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:

	2021 £	2020 £
Cost	2,594,777	2,594,777
Accumulated depreciation	(1,502,584)	(1,450,688)
Carrying value	1,092,193	1,144,089

14 Financial instruments

	2021 £	2020 £
Carrying amount of financial assets		
Debt instruments measured at amortised cost	1,639,675	718,620
Carrying amount of financial liabilities		
Measured at amortised cost	2,924,716	1,285,321

15 Inventories

	2021 £	2020 £
Bar stocks	14,328	8,000

16 Trade and other receivables

Amounts falling due within one year:	2021 £	2020 £
Trade receivables	1,563,337	435,067
Other receivables	76,338	283,553
Prepayments and accrued income	1,542,666	379,390
	3,182,341	1,098,010

Included within Trade and other receivables is £1,375,000 receivable in respect of player transfers (2020 - £400,000).

17 Current liabilities

	Notes	2021 £	2020 £
Obligations under finance leases	**20**	1,253	-
Other borrowings	**19**	868,000	868,000
Trade payables		229,012	156,812
Taxation and social security		367,753	918,546
Other payables		21,607	39,416
Accruals		346,045	171,093
		1,833,670	2,153,867

Included within Current liabilities is £12,000 payable in respect of player transfers (2020 - £nil).

18 Non-current liabilities

	Notes	2021 £	2020 £
Bank loans and overdrafts	**19**	-	50,000
Obligations under finance leases	**20**	1,566	-
Other borrowings	**19**	1,457,233	-
		1,458,799	50,000

19 Borrowings

	2021 £	2020 £
Bank loans	-	50,000
Other loans	2,325,233	868,000
	2,325,233	918,000
Payable within one year	868,000	868,000
Payable after one year	1,457,233	50,000

At the year end, Other loans are represented by interest free loans due to The Well Society and to The Scottish Ministers. Amounts due to The Well Society are secured over the Stadium. Amounts due to The Scottish Ministers are unsecured but are not subordinated to any other creditor.

In the prior year, Bank loans were represented by a lending facility obtained under the Bounce Back Loan Scheme. This was repaid in full during the current year.

20 Finance lease obligations

Future minimum lease payments due under finance leases:	2021 £	2020 £
Within one year	1,253	-
In two to five years	1,566	-
	2,819	-

21 Deferred taxation

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

Balances:	Liabilities 2021 £	Liabilities 2020 £
Tax losses	(92,767)	(70,504)
Revaluations	1,014,895	771,321
	922,128	700,817

Movements in the year:	2021 £
Liability at 1 June 2020	700,817
Effect of change in tax rate - profit or loss	(22,264)
Effect of change in tax rate - other comprehensive income	243,575
Liability at 31 May 2021	922,128

The Finance Bill 2021 was substantively enacted on 24 May 2021 changing the main rate of corporation tax from 19% to 25% after 1 April 2023. The closing deferred tax liability has been measured in accordance with the rate substantively enacted at the Balance Sheet date that would be expected to apply on reversal of the timing differences.

At the year end, the company has an unrecognised deferred tax asset amounting to £0.62m (2020 - £1.1m) in respect of unutilised tax losses. 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.

22 Deferred income

	2021	2020
	£	£
Arising from grants	63,388	82,232
Other deferred income	711,490	356,567
	774,878	438,799

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.

23 Retirement benefit schemes

	2021	2020
Defined contribution schemes	£	£
Charge to profit or loss in respect of defined contribution schemes	48,923	44,825

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.

24 Share capital

	2021	2020
	£	£
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.

25 Share premium account

	2021	2020
	£	£
At the beginning and end of the year	374,398	374,398

26 Revaluation reserve

	2021	2020
	£	£
At beginning of year	3,013,205	3,163,161
Adjustment to deferred tax rate - property, plant and equipment	(243,575)	(81,192)
Transfer to retained earnings	(66,960)	(68,764)
At end of year	2,702,670	3,013,205

27 Retained earnings

	2021	2020
	£	£
At the beginning of the year	721,054	253,747
Profit for the year	3,575,615	346,590
Transfer from revaluation reserve	66,960	68,764
Transfer from other reserves	-	51,953
At the end of the year	4,363,629	721,054

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 £255,700 (2020 - £55,000). Contingent amounts that could become payable under such contracts total £30,000 (2020 - £nil).

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:

	2021	2020
	£	£
Within one year	100,423	83,496
Between two and five years	175,445	143,926
	275,868	227,422

30 Events after the reporting date

The following events have occurred subsequent to the year end:

- The Club contracted for the purchase of player registrations and received fees in respect of the sale of player registrations including amounts that were contingent on future events. The net amount of the above excluding direct costs amounted to a gain of £443,000.

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**	
	2021	**2020**	**2021**	**2020**
	£	**£**	**£**	**£**
The Well Society	-	140,000	-	-
Other investors and directors	-	80,000	-	(80,000)
Mr J Boyle	-	-	-	(69,863)
Mr L Hutchison	-	-	-	(493,674)
	-	220,000	-	(643,537)

The following amounts were outstanding at the reporting end date:

	2021	**2020**
Amounts owed to related parties	**£**	**£**
The Well Society	868,000	869,461
	868,000	869,461

All loans payable to Mr L Hutchison and Mr J Boyle were settled in full during the prior 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 £50,817 (2020 - £67,650) 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

At the year end, The Well Society are the ultimate controlling party by virtue of their majority shareholding.

33 Cash generated from operations

	2021	2020
	£	£
Profit for the year after tax	3,575,615	346,590
Adjustments for:		
Taxation credited	(22,264)	(7,359)
Finance costs	22,966	51,955
Investment income	(1,144)	(367)
Gain on disposal of property, plant and equipment	(2,959)	-
Gain on disposal of intangible assets	(2,805,750)	(1,045,108)
Amortisation and impairment of intangible assets	120,550	18,661
Depreciation and impairment of property, plant and equipment	269,036	159,223
Other non-cash changes	(1,518,471)	(18,994)
Increase in deferred income	336,079	337,723
Movements in working capital:		
(Increase)/decrease in inventories	(6,328)	4,372
(Increase)/decrease in trade and other receivables	(2,084,331)	226,365
(Decrease)/increase in trade and other payables	(321,449)	59,948
Cash (absorbed by)/generated from operations	(2,438,450)	133,009

34 Analysis of changes in net funds

	1 June 2020	Cash flows	New finance leases	Other non-cash changes	31 May 2021
	£	£	£	£	£
Cash at bank and in hand	1,207,609	2,910,011	-	-	4,117,620
Borrowings excluding overdrafts	(918,000)	(2,925,704)	-	1,518,471	(2,325,233)
Obligations under finance leases	-	939	(3,758)	-	(2,819)
	289,609	(14,754)	(3,758)	1,518,471	1,789,568