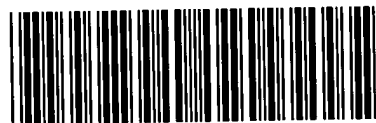


Company number 07206409

CPFC 2010 LIMITED
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
30 JUNE 2017

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CPFC 2010 LIMITED

COMPANY INFORMATION

Directors	S Parish DS Blitzler JJ Harris
Secretary	H Jani
Company number	07206409 (England and Wales)
Registered office	Selhurst Park Stadium Holmesdale Road London SE25 6PU
Auditor	RSM UK Audit LLP Chartered Accountants 25 Farringdon Street London EC4A 4AB

CPFC 2010 LIMITED

STRATEGIC REPORT

The directors submit their report and the group financial statements of CPFC 2010 Limited for the year ended 30 June 2017.

Business review

The 2016 / 17 season was the club's 4th consecutive season in the Premier League. A summary of the financial results for the year ended 30 June 2017, the financial position as at that date and certain key financial performance indicators are set out in the table below:

	2017	2016
Average league attendance	25,161	24,825
Final league position	14 th	15 th
	£'000	£'000
Turnover	142,735	101,816
Staff costs / turnover ratio	78%	79%
Operating profit before player trading	10,693	3,916
Profit / (loss) before tax	11,820	(6,932)
Net assets	36,866	26,849

Turnover

Turnover for the year ended 30 June 2017 was significantly increased compared to the prior year as this represented the first year of the new Premier League Broadcasting contract. Broadcasting revenue increased by £38.9m to £116.9m (2016: £78.0m). We also had 4 more televised games (14 in all) which improved the broadcast turnover and reflects the popularity of the club. Gate receipts continued to be robust although overall ticketing income was lower compared to the prior year as the 2015/16 season included additional games from a successful cup-run. Further details of turnover are disclosed in note 3 to the financial statements.

Operating costs

The group's operating costs (excluding amortisation of capital costs) increased to £133.1m (2016: £95.7m) principally due to further investment in the playing squad with staff costs increasing by £31.2m to £111.8m (2016: £80.6m). Further details are disclosed in note 4 to the financial statements.

Profit for the year after player trading

Profit before tax for 2017 increased to £11.8m (2016 loss of £6.9m), which includes both a profit on player trading for the year as well as other operating income.

Review of the 2016/17 Season

The season started with the record addition of Christian Benteke amongst others during the transfer window. Despite the additions our league form was patchy and we were badly affected by some key injuries; left back Pape Souare had an unfortunate car accident and Conor Wickham a cruciate injury. After a series of defeats the Chairman felt a change was needed and in December 2016 the club parted company with Alan Pardew. Sam Allardyce was installed as manager and despite some promising performances the results did not improve culminating in a pivotal 4-0 defeat at home to Sunderland. At that time the Chairman, backed by the Board, felt that urgent investments needed to be made in the squad and around £50m of player expenditure was committed to in the January transfer window with an initial cash injection made by the directors and shareholders of £13.5m to fund the activity.

Following this and some hard work by Sam and the coaching staff the Club's results improved resulting in a 14th place finish in the table. Sam wanted to finish his managerial career on a high and resigned in the new season in 17-18. He had a change of heart and joined another Premier League Club later on in the season.

CPFC 2010 LIMITED

STRATEGIC REPORT

Investment in playing squad

During the 2016/17 season, the club made significant investments in the playing squad with record additions of £104m, including breaking the club's transfer record with the acquisition of Christian Benteke. The transfer fee received record was also broken in the season with Yannick Bolasie going to Everton, being the largest component of the £34.7m (2016: £9.7m) profit on disposal of players. Further sums of over £40m were invested in the summer and January 2017/18 transfer windows.

The club has now invested a total of £147 in players over the last two years with around £39m in transfer receipts so a net spend of circa £108m.

Bonus and Directors Investments

During the year the club performed well both financially and on the pitch and there were also matters which were resolved which benefitted the club significantly. One of these was a major income through a third party proposed investment. Whilst this investment was not completed it resulted in a large deposit being retained by the club. As a result of this and linked to arrangements made at the time of the American investment, there was an entitlement to bonus. The Chairman has forgone this bonus and invested this and further monies back into the club. In 16-17 the directors invested a total of £8.1m with a further £3m from the Chairman and directors injected in April '18 to fund the planning application and academy expansion. There are further plans both in terms of strengthening the infrastructure of the club which will require continued support from the directors who are also majority shareholders. Other shareholders will also inject their pro rata sums. In all £21m of capital has been injected from directors and shareholders since Jan 2017.

Stadium Planning

It has been well publicised that a successful planning application was made for improving the stadium facility which will increase both the capacity and also the match experience at the club. Significant investment of both time and financial support will be needed from the Board. The new stadium will not only progress the club but also, we believe bring a welcome boost to the local area. There are one or two hurdles still to overcome, including final sign off from the mayor of London, land that must be purchased to facilitate the build and a further planning application for residential accommodation to replace the boroughs housing stock, none of these are envisaged to be insurmountable.

Financial position

The group's financial position as at 30 June 2017 remains healthy with cash at bank of £15.9m (2016: £8.1m) and net assets of £36.9m (2016: £26.8m). Net current liabilities have increased to £55.6m (2016: £20.7m) following the increased investment in the playing squad.

The player registration intangible asset increased in the year by £67.4m to £109.3m (2016: £41.9m) as explained above whilst capital expenditure on the ground was £4.6m in the year, which was partially financed through long-term lease arrangements.

Debtors increased slightly compared to 30 June 2016 from increased transfer fees receivable, whilst creditors increased by £60.6m mainly due to £34.3m additional transfer fees payable along with £7.5m of staff related costs and £7.5m of further shareholder funding via a new £13.5m loan.

CPFC 2010 LIMITED

STRATEGIC REPORT

Outlook

The 2017/18 season did not start as planned and we parted company with Frank de Boer in September 2017. We recruited Roy Hodgson as the new manager and we are confident he will move the club forward, so that it can continue its successful tenure in the Premier League.

Principal risks and uncertainties

All our planning takes into account the inherent risks associated with running a Premier League football club. The planning for the Premier League and Championship have significant implications on the core revenue and the club ensures that it keeps within all the guidelines issued by the Premier League on cost controls.

On behalf of the board



S Parish
Chairman

14 June 2018

CPFC 2010 LIMITED

DIRECTORS' REPORT

The directors submit their report and the group financial statements of CPFC 2010 Limited for the year ended 30 June 2017.

Principal activity

The group's principal activity during the year was that of overseeing the group's football related activities.

The company's principal activity during the year was that of a holding company.

Dividends

The directors do not recommend the payment of a dividend (2016: £Nil).

Post balance sheet events

In the post year end period, the group contracted for the sale and purchase of a number of players. The cost of these purchases was £42.5m (2016: £50.5m) and the sales proceeds were £2m (2016: £39.8m).

Employees

It is the group's policy to ensure that no employee or job applicant is treated less favourably than another on the grounds of religion, sexual orientation, disability, race, creed, colour, nationality, ethnic or national origins, sex or marital status.

Applications for employment by disabled persons are always fully considered bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the group continues and that appropriate training is arranged. It is the policy of the group that the training, career development and promotion of disabled persons should, as far as possible, be identical with that of other employees.

Continued close attention is paid to the health and safety of employees while at work and all employees are provided with appropriate training.

Third party indemnity provision for directors

Qualifying third party indemnity provision is in place for the benefit of all directors of the group.

Directors

The following directors have held office since 1 July 2016:

S Parish
DS Blitzer
JJ Harris

Strategic report

Information in connection with Future Developments is not shown within this Directors' Report as it is instead included within the Strategic Report on pages 2 and 3 under S414c(11).

Financial instrument risk management

The main financial risks associated with the group's activities are credit risk and liquidity and cash flow risks. These are monitored by the board of directors and were not considered to be significant at the balance sheet date.

The group's policy in respect of credit risk is to require appropriate credit checks on the relevant parties before sales are made.

The group's policy in respect of liquidity and cash flow risk is to maintain a mixture of long term related party finance and readily accessible bank deposit accounts to ensure the group has sufficient funds for operations.

CPFC 2010 LIMITED

DIRECTORS' REPORT

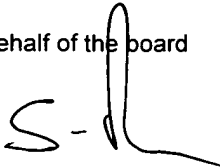
Statement as to disclosure of information to the auditor

The directors who were in office on the date of approval of these financial statements have confirmed that, as far as they are aware, there is no relevant audit information of which the auditor is unaware. Each of the directors has confirmed that they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

Auditor

The auditor, RSM UK Audit LLP, have indicated its willingness to be reappointed for another term and appropriate arrangements have been made for them to be deemed reappointed as auditors in the absence of an Annual General Meeting.

On behalf of the board



S Parish
Chairman

14 June 2018

CPFC 2010 LIMITED

DIRECTORS' RESPONSIBILITIES IN THE PREPARATION OF FINANCIAL STATEMENTS

The directors are responsible for preparing the Directors' Report, Strategic 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 group and the company and of the profit or loss of the group for that period.

In preparing those financial statements, the directors are required to:

- a. select suitable accounting policies and then apply them consistently;
- b. make judgements and accounting estimates that are reasonable and prudent;
- c. state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- d. prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's and the company's transactions and disclosing with reasonable accuracy at any time the financial position of the group and the company and enabling them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the group and 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 CPFC 2010 LIMITED

Opinion

We have audited the financial statements of CPFC 2010 Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 30 June 2017 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Financial Position, the Company Statement of Financial Position, the Consolidated Statement of Changes in Equity, the Company Statement of Changes in Equity, the Consolidated Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including 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 group's and of the parent company's affairs as at 30 June 2017 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- 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 group 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 group's or the parent 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 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. 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CPFC 2010 LIMITED (continued)

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the 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 has 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 group and the parent 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 in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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 set out on page 6, 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 group's and the parent 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 group or the parent 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CPFC 2010 LIMITED (continued)

Use of this 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.

RSM UK Audit LLP

RICHARD COATES (Senior Statutory Auditor)
For and on behalf of RSM UK Audit LLP, Statutory Auditor
Chartered Accountants
25 Farringdon Street
London EC4A 4AB

14 June 2018

CPFC 2010 LIMITED

CONSOLIDATED STATEMENT OF TOTAL COMPREHENSIVE INCOME

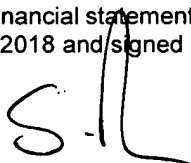
FOR THE YEAR ENDED 30 JUNE 2017

		2017			
	Notes	Operations excluding player trading £000	Player Trading £000	Total £000	2016 Total £000
Turnover	3	142,735	-	142,735	101,816
Operating expenses	4	(136,042)	(32,653)	(168,695)	(118,273)
Other operating income	4	4,000	-	4,000	-
Profit on disposal of players		-	34,741	34,741	9,679
Operating profit / (loss)		10,693	2,088	12,781	(6,778)
Interest receivable	5	14	-	14	54
Interest payable	6	(975)	-	(975)	(208)
Profit / (loss) before taxation		9,732	2,088	11,820	(6,932)
Taxation	9	(1,391)	(412)	(1,803)	1,309
Profit / (loss) for the year		8,341	1,676	10,017	(5,623)

CPFC 2010 LIMITED**CONSOLIDATED STATEMENT OF FINANCIAL POSITION****AS AT 30 JUNE 2017****Company registration No 07206409**

	Notes	2017 £000	2016 £000
Fixed assets			
Intangible assets	10	109,279	41,873
Tangible assets	11	14,268	12,615
		<u>123,547</u>	<u>54,488</u>
Current assets			
Stocks	13	388	362
Debtors	14	16,245	15,808
Cash at bank and in hand		15,910	8,111
		<u>32,543</u>	<u>24,281</u>
Creditors: Amounts falling due within one year	15	(88,161)	(45,006)
Net current liabilities		<u>(55,618)</u>	<u>(20,725)</u>
Total assets less current liabilities		<u>67,929</u>	<u>33,763</u>
Creditors: Amounts falling due after more than one year	16	(19,375)	(1,884)
Provisions for liabilities	17	(11,688)	(5,030)
Net assets		<u>36,866</u>	<u>26,849</u>
Capital and reserves			
Called up share capital	20	16,450	16,450
Profit and loss account		20,416	10,399
Total equity		<u>36,866</u>	<u>26,849</u>

The financial statements on pages 11 to 28 were approved by the board and authorised for issue on 14 June 2018 and signed on its behalf by:



S Parish
Director

CPFC 2010 LIMITED

COMPANY STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2017

Company registration No 07206409

	Notes	2017 £000	2016 £000
Fixed assets			
Investments	12	1,000	1,000
		<hr/>	<hr/>
Current assets			
Debtors	14	15,450	21,636
		<hr/>	<hr/>
		15,450	21,636
Creditors: amounts falling due within one year	15	-	(6,186)
		<hr/>	<hr/>
Net current assets		15,450	15,450
		<hr/>	<hr/>
Total assets less current liabilities		16,450	16,450
		<hr/>	<hr/>
Net assets		16,450	16,450
		<hr/>	<hr/>
Capital and reserves			
Called up share capital	20	16,450	16,450
Profit and loss account		-	-
		<hr/>	<hr/>
Shareholders' funds		16,450	16,450
		<hr/>	<hr/>

As permitted by Section 408 Companies Act 2006, the parent company's profit and loss account has not been included in these financial statements. The parent company's profit for the financial year was £Nil (2016: £Nil).

The financial statements on pages 11 to 28 were approved by the board and authorised for issue on 14 June 2018 and signed on its behalf by:


S Parish
Director

CPFC 2010 LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2017

GROUP	Share capital £000	Profit and loss account £000	Total £000
Balance at 30 June 2015	5,750	16,022	21,772
Total comprehensive income for the year	-	(5,623)	(5,623)
Issue of share capital	10,700	-	10,700
Balance at 30 June 2016	16,450	10,399	26,849
Total comprehensive income for the year	-	10,017	10,017
Balance at 30 June 2017	16,450	20,416	36,866
COMPANY	Share capital £000	Profit and loss account £000	Total £000
Balance at 30 June 2015	5,750	-	5,750
Total comprehensive income for the year	-	-	-
Issue of share capital	10,700	-	10,700
Balance at 30 June 2016	16,450	-	16,450
Total comprehensive income for the year	-	-	-
Balance at 30 June 2017	16,450	-	16,450

CPFC 2010 LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2017

	Notes	2017 £000	2016 £000
Operating activities			
Cash generated from / (used in) operations	21	32,320	(1,154)
Income taxes received		445	-
Interest paid		(802)	(20)
Net cash generated from / (used in) operating activities		<u>31,963</u>	<u>(1,174)</u>
Investing activities			
Purchase of intangible assets		(63,375)	(26,778)
Disposal of intangible assets		34,044	4,725
Purchase of tangible fixed assets		(1,750)	(3,430)
Interest received		14	54
Net cash used in investing activities		<u>(31,067)</u>	<u>(25,429)</u>
Financing activities			
Repayment of previous shareholder loans		-	(10,700)
Issue of share capital		-	10,700
(Repayment of) / proceeds from directors' loans		(6,000)	6,000
Loans from parent company		13,500	-
Repayment of finance lease and hire purchase liabilities		(597)	-
Net cash from financing activities		<u>6,903</u>	<u>6,000</u>
Net increase / (decrease) in cash and cash equivalents		<u>7,799</u>	<u>(20,603)</u>
Cash and cash equivalents at beginning of year		8,111	28,714
Cash and cash equivalents at end of year		<u><u>15,910</u></u>	<u><u>8,111</u></u>

CPFC 2010 LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

1 General information

CPFC 2010 Limited ("the Company") is a private company limited by shares and is registered, domiciled and incorporated in England. The address of the Company's registered office and principal place of business is Selhurst Park Stadium, Holmesdale Road, London SE25 6PU.

The principal activities of the Company and its subsidiaries (together "the Group") are disclosed in the Directors' Report and the nature of operations are disclosed in the Strategic Report.

2 Accounting policies

Basis of accounting

These financial statements have been prepared in accordance with FRS102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS102"), the requirements of the Companies Act 2006, including the provisions of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, and under the historical cost convention modified to include certain financial instruments at fair value.

These financial statements are presented in sterling which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest whole £1,000, except where otherwise indicated.

Reduced disclosures

In accordance with FRS102, the Company has taken advantage of the exemptions from the following disclosures requirements:

- Section 7 "*Statement of Cash Flows*" – Presentation of a Statement of Cash Flow and related notes and disclosures
- Section 11 "*Basic Financial Instruments*" – Presentation of carrying amounts and related disclosures
- Section 33 "*Related Parties Disclosures*" – compensation for key management personnel.

Basis of consolidation

The consolidated financial statements incorporate those of the company and all of its subsidiary undertakings for the year. All financial statements are made up to 30 June 2017.

Going concern

The financial statements have been prepared on the going concern basis. The directors have considered the Company's and the Group's cash flow requirements for the 12 month period from the date of approval of these financial statements and have concluded that the Company and the Group will be able to meet their liabilities as they fall due for at least that period.

Turnover

Turnover represents income receivable from football and related commercial activities, exclusive of VAT. Gate receipts and other match day revenue are recognised as the games are played. The club also receives central distributions from the Premier League that are beyond the direct control of the officers of the club. These distributions are recognised evenly over the course of the financial year. Merit awards are accounted for only when known at the end of the football season.

Revenue derived from season tickets is credited to income in the period to which it relates. Amounts received in advance are credited to deferred income in the statement of financial position.

CPFC 2010 LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

2 Accounting policies (continued)

Turnover (continued)

Sponsorship, advertising and similar commercial income is recognised over the duration of the respective contracts. Amounts received in advance are credited to deferred income in the statement of financial position. Conferencing and banqueting receipts are recognised at the time of the event with deposits held in the statement of financial position as deferred income until then or until they are refunded, whichever is the earlier.

The fixed element of broadcasting revenue is recognised over the duration of the football season whilst fees received for live coverage or highlights are taken when earned.

Tangible fixed assets and depreciation

Tangible fixed assets, other than freehold land, are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset evenly over its expected useful life, as follows:

Freehold buildings	over 50 years
Property improvements	20% Straight Line
Plant and machinery	20% Straight Line
Fixtures, fittings & equipment	20% Straight Line
Motor vehicles	20% Straight Line

Leasing

An asset and corresponding liability are recognised for leasing agreements that transfer to the Group substantially all of the risks and rewards incidental to ownership ("finance leases"). The amount capitalised is the fair value of the leased asset or, if lower, the present value of the minimum lease payments payable during the lease term, both determined at inception of the lease. 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. Rentals payable under operating leases are charged against income on a straight-line basis over the lease term.

Stock

Stock is valued at the lower of cost and net realisable value. Provision is made for obsolete and slow-moving items.

Retirement benefits

The Group contributes to a defined contribution scheme for the benefit of its employees. Contributions payable are charged to profit and loss in the year they are payable.

Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary assets and liabilities denominated in foreign currencies are translated at the rate ruling at the date of the transaction or, if the asset or liability is measured at fair value, the rate when that fair value was determined.

All translation differences are taken to profit or loss, except to the extent that they relate to gains or losses on non-monetary items recognised in other comprehensive income, when the related translation gain or loss is also recognised in other comprehensive income.

CPFC 2010 LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

2 Accounting policies (continued)

Taxation

The tax expense represents the sum of the current tax expense and deferred tax expense. Current tax assets are recognised when tax paid exceeds the tax payable.

Current tax is based on taxable profit for the year. Current tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled based on tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax liabilities are recognised in respect of all timing differences that exist at the reporting date. Timing differences are differences between taxable profits and total comprehensive income that arise from the inclusion of income and expenses in tax assessments in different periods from their recognition in the financial statements. Deferred tax assets are recognised only to the extent that it is probable that they will be recovered by the reversal of deferred tax liabilities or other future taxable profits.

Intangible fixed assets - player registrations

Payments made to third parties in order to acquire a player's registration, including agents' fees and transfer fee levies, are capitalised at cost. The cost is then amortised on a straight-line basis over the period of the player's contract.

Under the conditions of certain transfer agreements, further fees will be payable in the event of the players concerned making a certain number of first team appearances or on the occurrence of certain other specified future events. Liabilities in respect of these additional fees are accounted for, as provisions, when it becomes probable that the number of appearances will be achieved or the specified future events will occur. The additional costs are capitalised and amortised as set out above.

The Group performs an impairment review on player registrations if adverse events indicate that the amortised carrying value of its intangible assets may not be recoverable. Whilst no individual player can be separated from the income generating unit, which is represented by the playing squad and football club as a whole, there may be certain circumstances where a player is removed from the income generating unit. If such circumstances arise, individual player registrations are written down for impairment where the carrying value exceeds the directors' estimate of fair value less any costs to sell.

Fees receivable from other football clubs on the transfer of players' registrations together with associated costs, are dealt with through profit and loss in the accounting period in which the agreement to transfer the player's registration takes place.

Provisions

Provisions are recognised when the Group has a present obligation as a result of a past event, it is probable that a transfer of economic benefits will be required to settle the obligation, and a reliable estimate can be made as to the amount of the obligation.

Financial Instruments

The Group has applied the provisions of Sections 11 and 12 of FRS 102, in full, to all of its financial instruments. Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument and are offset only when the Group currently has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

CPFC 2010 LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

2 Accounting policies (continued)

Financial assets

Trade and other debtors

Trade debtors which are receivable within one year and which do not constitute a financing transaction are initially measured at the transaction price. Trade debtors are subsequently measured at amortised cost, being the transaction price less any amounts settled and any impairment losses.

Where the arrangement with a debtor constitutes a financing transaction, the debtor is initially measured at the present value of future payments discounted at a market rate of interest for a similar debt instrument and subsequently measured at amortised cost.

A provision for impairment of trade debtors is established when there is objective evidence that the amounts due will not be collected according to the original terms of the contract. Impairment losses are recognised in profit or loss for the excess of the carrying value of the trade debtor over the present value of the future cash flows discounted using the original effective interest rate. Subsequent reversals of an impairment loss that objectively relate to an event occurring after the impairment loss was recognised, are recognised immediately in profit or loss.

Financial liabilities and equity

Financial instruments are classified as liabilities and equity instruments 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 Group after deducting all of its liabilities.

Trade and other creditors

Trade and other creditors payable within one year that do not constitute a financing transaction are initially measured at the transaction price and subsequently measured at amortised cost, being the transaction price less any amounts settled.

Where the arrangement with a creditor constitutes a financing transaction, the creditor is initially measured at the present value of future payments discounted at a market rate of interest for a similar debt instrument and subsequently measured at amortised cost.

Borrowings

Borrowings are initially recognised at the transaction price, including transaction costs, and subsequently measured at amortised cost using the effective interest method. Interest expense is recognised on the basis of the effective interest method and is included in interest payable and other similar charges.

Derivative financial instruments

The Group uses derivative financial instruments, such as forward foreign exchange contracts, to reduce its foreign exchange risk. Derivative financial instruments are initially recognised at fair value and are subsequently re-measured to their fair value at each reporting date. The resulting gain or loss is recognised in profit or loss.

Key accounting estimates and areas of judgement

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

The key areas of accounting estimation relate to the Group's intangible fixed assets, especially in respect of the timing and quantum of recognising a provision for future fees that may be payable under transfer agreements and in respect of the impairment review. The Group's accounting policies for these areas are as set out above.

CPFC 2010 LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

3 Turnover

The turnover of the Group for the year has been derived from its principal activity, wholly undertaken in the United Kingdom.

	2017 £000	2016 £000
Gate receipts	10,609	11,945
Sponsorship and advertising	6,432	4,316
Broadcasting	116,928	78,003
Other commercial activities	5,449	5,872
Other income	3,317	1,680
	<u>142,735</u>	<u>101,816</u>

4 Operating expenses and other operating income

	2017 £000	2016 £000
Amortisation of player registrations	32,653	18,141
Impairment of player registration	-	2,232
Depreciation of tangible fixed assets	2,910	2,202
Staff costs (note 8)	111,801	80,556
Other operating charges	21,331	15,142
Total operating expenses	<u>168,695</u>	<u>118,273</u>
Other operating income	<u>(4,000)</u>	<u>-</u>

Other operating income in the year comprises compensation received (net of costs) after an award in favour of the club by the Premier League Managers' Arbitration Tribunal.

5 Interest receivable	2017 £000	2016 £000
Bank interest received	<u>14</u>	<u>54</u>

6 Interest payable and similar charges	2017 £000	2016 £000
On finance leases and hire purchase agreements	126	9
On bank overdraft	402	13
On loan from ultimate parent company (i)	359	-
On loan from directors (ii)	88	186
	<u>975</u>	<u>208</u>

(i) This interest was waived subsequent to the year end. As a result, all loans from the shareholders to the ultimate parent company are now interest free.

(ii) The short-term loan providing essential finance on completion of the US investment in December 2015 was repaid in full in October 2016 along with a small coupon as further disclosed in note 23.

CPFC 2010 LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

7	Auditor's remuneration	2017	2016
		£000	£000
	Fees payable to RSM UK Audit LLP and its associates in respect of both audit and non-audit services are as follows:		
	Auditors' remuneration – statutory audit of the company and consolidated financial statements	3	3
	Other services:		
	- Audit services – statutory audit of subsidiaries	30	29
	- Tax compliance and advisory services	18	18
	- Audit related assurance	10	10
		<u>61</u>	<u>60</u>

8	Employees	2017	2016
		No	No
	The average monthly number of persons (including directors) employed by the Group during the year was:		
	Players, managers and coaches	131	121
	Administration and commercial	65	73
		<u>196</u>	<u>194</u>

The Company had no employees during the year (2016: None).

	2017	2016
	£000	£000
Staff costs for the above persons:		
Wages and salaries	98,724	71,044
Social security costs	12,999	9,439
Other pension costs	78	73
	<u>111,801</u>	<u>80,556</u>

The directors, who are also considered to be the Group's key management personnel, received remuneration including exceptional bonuses of £2,150,000 during the year (2016: £692,000). After taxes this figure was £1,139,500. As highlighted in the strategic report all this plus more was reinvested into the club.

No director received pension benefits during the year (2016: Nil). The highest paid director received remuneration of £2,150,000 during the year (2016: £692,000). After taxes this figure was £1,139,500. As highlighted in the strategic report all this plus more was reinvested into the club.

Total key management personnel compensation for the year was £2,446,000 (2016: £787,000), which includes social security costs of £296,000 (2016: £95,000).

CPFC 2010 LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

9	Taxation	2017 £000	2016 £000
	Based on the profit / (loss) for the year:		
	UK corporation tax on profit / (loss) for the year	2,640	(1,308)
	Adjustment in respect of prior periods	(823)	6
		<u>1,817</u>	<u>(1,302)</u>
	Deferred tax		
	Origination and reversal of timing differences	18	(65)
	Adjustment in respect of prior periods	(32)	58
		<u>(14)</u>	<u>(7)</u>
	Tax charge / (credit) for the year	<u>1,803</u>	<u>(1,309)</u>
	Factors affecting the tax charge for the year		
	The tax assessed for the year is lower than the standard rate of corporation tax in the UK as explained below:		
	Profit / (loss) before tax	11,820	(6,932)
	Profit / (loss) before tax multiplied by the standard rate of UK corporation tax UK of 19.75% (2016: 20%)	<u>2,334</u>	<u>(1,386)</u>
	Effects of:		
	Expenses not deductible for tax purposes	13	11
	Fixed asset permanent differences	311	39
	Adjustments in respect of prior periods	(855)	64
	Other differences	-	(37)
	Tax charge / (credit) for the year	<u>1,803</u>	<u>(1,309)</u>

The adjustment in respect of prior period includes £820,000 (2016: £nil) of adjustments following the agreed valuation of share options exercised in the ultimate parent company during the period ended 30 June 2016.

CPFC 2010 LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

10	Intangible fixed assets					Player registration cost £000
	Group					
	Cost					
	1 July 2016					75,747
	Additions					104,307
	Disposals					(16,531)
	30 June 2017					163,523
	Amortisation					
	1 July 2016					33,874
	Charged in the year					32,653
	On disposals					(12,283)
	Impairment					-
	30 June 2017					54,244
	Net book value					
	30 June 2017					109,279
	30 June 2016					41,873
11	Tangible fixed assets					
	Group	Freehold land and buildings £000	Plant and machinery £000	Fixtures, fittings and equipment £000	Motor vehicles £000	Total £000
	Cost					
	1 July 2016	7,459	6,556	4,179	135	18,329
	Additions	-	4,071	492	-	4,563
	30 June 2017	7,459	10,627	4,671	135	22,892
	Depreciation					
	1 July 2016	1,147	2,505	2,008	54	5,714
	Charged in the year	102	1,904	863	41	2,910
	30 June 2017	1,249	4,409	2,871	95	8,624
	Net book value					
	30 June 2017	6,210	6,218	1,800	40	14,268
	30 June 2016	6,312	4,051	2,171	81	12,615

Freehold land and buildings includes £2,396,000 (2016: £2,396,000) of land that is not depreciated.

The net book value of plant and machinery includes £2,360,000 (2016: £66,000) in respect of assets held under finance leases.

CPFC 2010 LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

12	Fixed asset investments	Shares in group undertakings £000
	Company	
	Cost and net book value	
	1 July 2016 and 30 June 2017	1,000

The company holds more than 20% of the equity (and no other share or loan capital) of the following undertakings:

Subsidiary undertakings:	Class of holding	Proportion directly held	Nature of business
CPFC Limited	Ordinary	100%	Football Club
CPFC Selhurst Park Limited	Ordinary	100%	Stadium management

The registered office and principal place of business for the above companies is Selhurst Park Stadium, Holmesdale Road, London SE25 6PU

	Group		Company	
13	2017	2016	2017	2016
Stocks	£000	£000	£000	£000
Goods held for resale	388	362	-	-

	Group		Company	
14	2017	2016	2017	2016
Debtors	£000	£000	£000	£000
Trade debtors	1,770	446	-	-
Debtors arising from football transfers	11,437	6,492	-	-
Other debtors	1,880	5,261	-	-
Corporation tax recoverable	-	467	-	-
Amounts owed by group undertakings	-	-	15,450	21,636
Prepayments and accrued income	966	2,964	-	-
Deferred tax asset	192	178	-	-
	16,245	15,808	15,450	21,636

Included within the above are amounts recoverable after more than one year of £2,410,000 (2016: £1,587,000) comprising debtors arising from football transfers of £2,218,000 (2016: £1,409,000) and the deferred tax asset of £192,000 (2016: £178,000). The deferred tax asset arises from depreciation being charged in excess of capital allowances claimed.

CPFC 2010 LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

15	Creditors: Amounts falling due within one year	Group		Company	
		2017 £000	2016 £000	2017 £000	2016 £000
	Loans from directors (see note 23)	-	6,186	-	6,186
	Loan from ultimate parent company	13,500	-	-	-
	Amounts owed to group undertakings	570	-	-	-
	Trade creditors	1,858	1,856	-	-
	Creditors arising from football transfers	31,794	11,600	-	-
	Corporation tax	1,795	-	-	-
	Other taxation and social security	9,097	5,872	-	-
	Other creditors	1,866	2,229	-	-
	Finance lease and hire purchase liability	523	157	-	-
	Accruals and deferred income	27,158	17,106	-	-
		<u>88,161</u>	<u>45,006</u>	<u>-</u>	<u>6,186</u>

The finance lease and hire purchase liabilities are secured on the related tangible fixed assets.

Included within accruals and deferred income is £6,461,000 (2016: £6,310,000) in relation to amounts received in advance in respect of season ticket sales. This income is to be released to the profit and loss account in the period to which it relates.

16	Creditors: Amounts falling due after more than one year	2017 £000	2016 £000
	Creditors arising from football transfers	14,080	-
	Other creditors	3,415	1,835
	Finance lease and hire purchase liability	1,850	-
	Accruals and deferred income	30	49
		<u>19,375</u>	<u>1,884</u>

The finance lease and hire purchase liabilities are secured on the related tangible fixed assets. All finance lease and hire purchase liabilities fall due for payment within 5 years.

Accruals and deferred income relates to advance season ticket sales. Revenue derived from season ticket sales is recognised in the profit and loss account in the period to which they relate.

CPFC 2010 LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

17 Provisions for liabilities

	Cost of Player Registration	
	2017 £000	2016 £000
Balance at 1 July 2016	5,030	3,083
Provided in year	13,233	4,947
Utilised in year	(6,575)	(3,000)
Balance at 30 June 2017	<u>11,688</u>	<u>5,030</u>

Under the conditions of certain transfer agreements, further fees will be payable in the event of the players concerned making a certain number of first team appearances or on the occurrence of certain other specified future events. The above provision relates to additional fees that will probably fall due for payment under these transfer agreements.

The maximum additional amount payable if all conditions were to be met is £2,614,000 (2016: £1,618,000).

18 Financial instruments

At the year end, the carrying amount of the Group's financial instruments were as follows:

	2017 £000	2016 £000
Financial assets stated at amortised cost	<u>15,087</u>	<u>11,823</u>
Financial assets stated at fair value (see note 19)	<u>-</u>	<u>376</u>
Financial liabilities stated at amortised cost	<u>80,941</u>	<u>31,891</u>

Financial assets stated at amortised cost comprise debtors, excluding corporation tax recoverable, deferred tax asset, prepayments and the derivative financial instrument stated at fair value.

Financial liabilities stated at amortised cost comprise creditors, excluding corporation tax creditor, other tax and social security, finance lease and hire purchase liabilities and deferred income.

CPFC 2010 LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

19 Derivative financial instruments

At the year end, the total carrying amount of outstanding foreign exchange forward contracts that the Group has committed to were as follows:

	2017 £000	2016 £000
Euros	-	2,503

The fair value of these contracts as at the year end was an asset of £nil (2016: £376,000), which is included in other debtors in the financial statements and the gain in 2016 was recognised in operating expenses.

20	Share capital and reserves	2017 £000	2016 £000
	Allotted, called up and fully paid		
	Ordinary shares of £1 each	16,450	16,450

The Company's ordinary shares carry no right to fixed income and each carry the right to vote at general meetings of the Company. During the year ended 30 June 2016, 10,700,000 ordinary shares with a nominal value of £1 were issued at par for cash consideration.

The profit and loss account comprises cumulative profit and loss less distributions to owners.

21	Cash flows	2017 £000	2016 £000
	Reconciliation of profit / (loss) after tax to net cash generated from / (used in) operations		
	Profit / (loss) after tax	10,017	(5,624)
	Depreciation of tangible fixed assets	2,910	2,202
	Amortisation of player registrations	32,653	18,141
	Gain on disposal of player registrations	(34,741)	(9,679)
	Impairment of player registrations	-	2,232
	Interest receivable	(14)	(54)
	Taxation	1,803	(1,309)
	Interest payable	975	208
	Operating cash flows before movements in working capital	13,603	6,117
	Increase in stocks	(26)	(80)
	Decrease / (increase) in debtors	4,055	(5,883)
	Increase / (decrease) creditors	14,688	(1,308)
	Cash generated from / (used in) operations	32,320	(1,154)

CPFC 2010 LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

22 Retirement benefits

The Group contributes to defined contribution pension schemes. The assets of the schemes are held in independently administered funds. The pension cost charge for the year of £78,000 (2016: £73,000) represents contributions payable by the Group. Contributions totalling £6,000 (2016: £4,000) were payable at the year end and are included in other creditors.

23 Related party transactions

During the year ended 30 June 2016, the three directors provided loans totalling £6,000,000 to the Company. During the year ended 30 June 2017, these loans were repaid in full together with the associated interest of £274,000. The interest expense in the Group's financial statements for the year ended 30 June 2017 in respect of these loans was £88,000 (2016: £186,000).

During the year £117,000 (2016: £Nil) was charged by VMM Ltd, a company controlled by S Parish (a director), in respect of services provided to the Group, with an amount of £nil being accrued at the year end (2016: £45,000).

During the year £234,000 (2016: £78,000) was charged to the Group by Smoke & Mirrors Group Limited, a company controlled by S Parish (a director), for rent payable under a tenancy agreement that can be terminated by giving six months' notice, with a further amount of £ nil being accrued at the year end (2016: £78,000).

24 Ultimate parent company

The immediate parent company is Palace Midco UK Limited and ultimate parent company is Palace Holdco UK Limited.

The smallest and largest group in which the results of the Company are consolidated is that headed by Palace Holdco UK Limited. Consolidated accounts of this company are available from its registered office, Selhurst Park Stadium, Holmesdale Road, London SE25 6PU.

25 Post balance sheet events

After the year end, the Group contracted for the sale and purchase of a number of players. The cost of these purchases amounted to £42,484,000 (2016: £50,500,000), proceeds totalling £2,000,000 (2016: £39,750,000) are due in respect of player sales.

Also subsequent to the year end, the Group recruited and then parted company with Frank de Boer as manager. Roy Hodgson was appointed as the new manager in September 2017.