

Financial Statements
for the Year Ended 31 May 2018
for
St Johnstone Football Club Limited



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St Johnstone Football Club Limited

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for the Year Ended 31 May 2018

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St Johnstone Football Club Limited

Company Information
for the Year Ended 31 May 2018

DIRECTORS:

S Brown
S Y Harris
C W S Fraser

REGISTERED OFFICE:

McDiarmid Park
Crieff Road
Perth
PH1 2SJ

REGISTERED NUMBER:

SC007629 (Scotland)

AUDITORS:

MMG Archbold
Statutory Auditor
Chapelshade House
78-84 Bell Street
Dundee
DD1 1RQ

St Johnstone Football Club Limited

Chairman's Report
for the Year Ended 31 May 2018

It is again my privilege as Chairman of St Johnstone Football Club to be writing to our valued shareholders as an introduction to the annual accounts.

I am delighted to be at the helm of a club which continues to participate in Scotland's top professional football league and our continuous time in the Premier League/Premiership now far exceeds anything we have achieved at this level before.

However, the financial challenge of running a full-time football operation remains huge and as the competition in the Premiership becomes ever tougher so the demands on our resources increase and that is reflected in our reporting a net loss for the 2017/2018 Financial Year of £258,249.

The football operation now runs at a cost in the region of £65,000 per week - the highest ever in the club's history - with players in our first team squad on six figure basic salaries and that level of investment can only be sustained through success on the pitch. In that respect, season 2017/2018 was extremely disappointing from a financial perspective.

The Board of Directors are not reluctant to invest in the playing squad but if we are going to spend at a high level then success is imperative and if we underperform then a net loss is inevitable. In football, there is no guarantee of success but it is vital that any player brought to the club on high wages plays a key role in enabling the team to have a successful season.

A run to at least the quarter final stages of either of the domestic cup competitions has the potential to make a real difference to the financial picture of any season and so our second round Betfred League Cup exit to Partick Thistle FC and the fifth round loss to Heart of Midlothian FC in the William Hill Scottish Cup were both significant lost revenue opportunities for the Club. Additionally, our Europa League campaign was also of minimum duration.

In terms of league performance, I would not be too critical of a team that finished in eighth place in an increasingly competitive environment. Indeed, it served to highlight the fantastic achievement of recent 'top six' finishes by the management and players.

However, the harsh reality is that the difference in fees received between 6th place and 8th place is the best part of £200,000 - a figure which would put a very different complexion on the financial outcome we are reporting.

Other vagaries of a football season include the scheduling or rescheduling of many fixtures to midweek dates which hit our income both in terms of gate money and lost hospitality sales.

Last season we had 39 full-time professional players to meet our playing requirements across the First team and Under 20 levels - more than we feel is beneficial to the Club and with season 2018/2019 seeing the introduction of 'professional' Under 18 and reserve leagues this number will only increase. On top of those numbers, eight full-time members of staff are required to support those players.

The requirements of the Scottish FA 'Project Brave' initiative for club youth academies has seen a very steep increase in the financial commitment for clubs in terms of coaching, support staff and facilities and it is notable that two clubs have already felt it necessary to abandon their youth academies and I have no doubt that more will follow if essential change to the minimum criteria does not follow. At this stage, in the first year of the new set-up, we are still assessing and discovering the true overall financial implications for the club but you can be sure that only a fraction of the additional outlay will be met by an increase in Scottish FA funding.

Nevertheless, we are continuing to be competitive in respect of player salaries and, as ever, we will strive to give the Manager as much financial support as is available to us.

I have made mention in previous statements of the ever-increasing costs associated with day to day maintenance and the upkeep of McDiarmid Park and 2019 will mark the 30th year since our opening back in 1989!

Thankfully, the majority of our 'big ticket' maintenance items have now been taken care of - major investments such as the upgrading of the floodlights in both the main stadium and on the all-weather surface, the renewal of the all-weather pitch surface and of course the creation of a new grass training pitch behind the East Stand.

With these projects completed it will give us the scope to channel additional revenue to the football operation when surpluses are available.

St Johnstone Football Club Limited

Chairman's Report
for the Year Ended 31 May 2018

Away from football, we are waiting on the A9/A85 Link Road project to come to a conclusion and this will allow us to complete the tar works in our car park which we have made provision for in the accounts.

As you are no doubt aware, the Link Road has been a distraction and irritant to the Board of Directors since October 2013 and back then we certainly didn't envisage that we would be looking at a scheduled completion date of January 2019.

I said from the outset that this project would have a huge effect on the operation of the club and it has certainly had a highly detrimental effect on our commercial income which was adversely affected by circa £400,000 as well as creating significant disruption to both home and away supporters and the wider local community on match days.

However, with the proposed completion date on the horizon we can look forward to better access and egress making traffic management smoother.

Returning to the football, it is important to remember that our first aim each and every season is to retain our Premiership status and a season of being relatively comfortable in that respect should not be dismissed lightly and indeed in football terms 8th position was still highly creditworthy.

There has been a notable turnover of administration staff in the past year with two members of staff retiring each after more than twenty years of service and it says a great deal for the club and the people concerned that people are happy to remain with us over such a long period of time.

This has led to a remoulding of the administration staff to a model which better suits the needs of the business in the years ahead and a key output of that will be the club doing much more to maximise income from new revenue streams we have perhaps not tapped into before.

The support of our many loyal season ticket holders and of wider St Johnstone fan base remains both vital and hugely appreciated by my Board and I and we look forward to your continued support of the team and the club as a whole.

St Johnstone Football Club Limited (Registered number: SC007629)

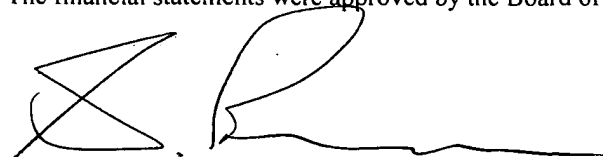
**Balance Sheet
31 May 2018**

	Notes	2018		2017	
		£	£	£	£
FIXED ASSETS					
Tangible assets	4		775,330		667,204
Investments	5		30,155		28,581
			<hr/>		<hr/>
			805,485		695,785
 CURRENT ASSETS					
Stocks		26,504		34,045	
Debtors	6	422,639		766,618	
Cash at bank		1,979,579		2,657,923	
		<hr/>		<hr/>	
			2,428,722		3,458,586
 CREDITORS					
Amounts falling due within one year	7		574,781		1,234,896
			<hr/>		<hr/>
NET CURRENT ASSETS			1,853,941		2,223,690
 TOTAL ASSETS LESS CURRENT LIABILITIES			<hr/>		<hr/>
			2,659,426		2,919,475
 PROVISIONS FOR LIABILITIES	8		174,441		154,403
			<hr/>		<hr/>
NET ASSETS			2,484,985		2,765,072
			<hr/> <hr/>		<hr/> <hr/>
 CAPITAL AND RESERVES					
Called up share capital	9		157,500		157,500
Revaluation reserve	10		78,000		78,000
Retained earnings	10		2,249,485		2,529,572
			<hr/>		<hr/>
SHAREHOLDERS' FUNDS			2,484,985		2,765,072
			<hr/> <hr/>		<hr/> <hr/>

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

In accordance with Section 444 of the Companies Act 2006, the Statement of Income and Retained Earnings has not been delivered.

The financial statements were approved by the Board of Directors on 31 August 2018 and were signed on its behalf by:



S Brown - Director

St Johnstone Football Club Limited

Notes to the Financial Statements for the Year Ended 31 May 2018

1. STATUTORY INFORMATION

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

2. ACCOUNTING POLICIES

Basis of preparing the financial statements

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

The company's forecast and projections, taking account of reasonable changes in trading performance, indicate that the company plans to operate within cash generated. The Board of Directors confirm that, after making appropriate enquiries, it has reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. For this reason, it continues to adopt the going concern basis in preparing these Financial Statements.

Preparation of consolidated financial statements

The financial statements contain information about St Johnstone Football Club Limited as an individual company and do not contain consolidated financial information as the parent of a group. The company is exempt under Section 399(2A) of the Companies Act 2006 from the requirements to prepare consolidated financial statements.

Turnover

Turnover represents the income arising from football for the year in respect of gate receipts, advertising boards, sponsorships and corporate hospitality and is stated exclusive of value added tax.

Season ticket sales are deferred and, together with gate and other matchday revenues, recognised through the football season as games are played. Sponsorship and other commercial income is recognised over the duration of the respective contracts. The fixed element of broadcasting revenues is recognised over the duration of the football season whilst broadcasting revenue for live coverage or other highlights are recognised when the relevant televised match is played. Merit awards are recognised when they are certain.

Revenue from contracts for the provision of services is recognised by reference to the stage of completion when the stage of completion, costs incurred and costs to complete can be estimated reliably. The stage of completion is calculated by comparing costs incurred, mainly in relation to contractual hourly staff rates and materials, as a proportion of total costs. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

Tangible fixed assets

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

Freehold property	- 12.5% on reducing balance and 2% on reducing balance
Plant and machinery	- 20% on reducing balance and 4% on reducing balance
Fixtures and fittings	- 20% on reducing balance and Reducing balance over 12 years
Motor vehicles	- 25% on reducing balance

Government grants

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

Investments in subsidiaries

Investments in subsidiary undertakings are recognised at cost.

St Johnstone Football Club Limited

Notes to the Financial Statements - continued
for the Year Ended 31 May 2018

2. ACCOUNTING POLICIES - continued

Stocks

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

Taxation

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

Current or deferred taxation assets and liabilities are not discounted.

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

Deferred tax

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

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

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

Pension costs and other post-retirement benefits

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

3. EMPLOYEES AND DIRECTORS

The average number of employees during the year was 238 (2017 - 221).

4. TANGIBLE FIXED ASSETS

	Freehold property £	Plant and machinery £	Fixtures and fittings £	Motor vehicles £	Totals £
COST					
At 1 June 2017	1,008,892	846,398	464,740	11,500	2,331,530
Additions	83,333	23,843	69,971	-	177,147
At 31 May 2018	<u>1,092,225</u>	<u>870,241</u>	<u>534,711</u>	<u>11,500</u>	<u>2,508,677</u>
DEPRECIATION					
At 1 June 2017	705,341	650,695	296,790	11,500	1,664,326
Charge for year	3,125	32,090	33,806	-	69,021
At 31 May 2018	<u>708,466</u>	<u>682,785</u>	<u>330,596</u>	<u>11,500</u>	<u>1,733,347</u>
NET BOOK VALUE					
At 31 May 2018	<u>383,759</u>	<u>187,456</u>	<u>204,115</u>	<u>-</u>	<u>775,330</u>
At 31 May 2017	<u>303,551</u>	<u>195,703</u>	<u>167,950</u>	<u>-</u>	<u>667,204</u>

St Johnstone Football Club Limited

Notes to the Financial Statements - continued
for the Year Ended 31 May 2018

5. FIXED ASSET INVESTMENTS

	Shares in group undertakings £	Other investments £	Totals £
COST OR VALUATION			
At 1 June 2017	2	28,579	28,581
Revaluations	-	1,574	1,574
	<hr/>	<hr/>	<hr/>
At 31 May 2018	2	30,153	30,155
	<hr/>	<hr/>	<hr/>
NET BOOK VALUE			
At 31 May 2018	2	30,153	30,155
	<hr/>	<hr/>	<hr/>
At 31 May 2017	2	28,579	28,581
	<hr/>	<hr/>	<hr/>

Cost or valuation at 31 May 2018 is represented by:

	Shares in group undertakings £	Other investments £	Totals £
Valuation in 2018	2	24,629	24,631
Cost	-	5,524	5,524
	<hr/>	<hr/>	<hr/>
	2	30,153	30,155
	<hr/>	<hr/>	<hr/>

6. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2018 £	2017 £
Trade debtors	70,048	78,788
Other debtors	352,591	687,830
	<hr/>	<hr/>
	422,639	766,618
	<hr/>	<hr/>

7. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2018 £	2017 £
Trade creditors	49,049	93,527
Social security and other taxes	133,424	457,655
VAT	68,166	-
Other creditors	172,038	683,714
Accrued expenses	77,778	-
Deferred government grants	74,326	-
	<hr/>	<hr/>
	574,781	1,234,896
	<hr/>	<hr/>

8. PROVISIONS FOR LIABILITIES

	2018 £	2017 £
Deferred tax	23,680	3,642
Stadium maintenance	150,761	150,761
	<hr/>	<hr/>
	174,441	154,403
	<hr/>	<hr/>

St Johnstone Football Club Limited

**Notes to the Financial Statements - continued
for the Year Ended 31 May 2018**

8. PROVISIONS FOR LIABILITIES - continued

	Deferred tax £	Stadium Maintenanc e £
Balance at 1 June 2017	3,642	150,761
Provided during year	20,038	-
	<hr/>	<hr/>
Balance at 31 May 2018	<u>23,680</u>	<u>150,761</u>

9. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

Number:	Class:	Nominal value: £0.25	2018 £ <u>157,500</u>	2017 £ <u>157,500</u>
630,000	Ordinary			

10. RESERVES

	Retained earnings £	Revaluation reserve £	Totals £
At 1 June 2017	2,529,572	78,000	2,607,572
Deficit for the year	(280,087)		(280,087)
	<hr/>	<hr/>	<hr/>
At 31 May 2018	<u>2,249,485</u>	<u>78,000</u>	<u>2,327,485</u>

11. DISCLOSURE UNDER SECTION 444(5B) OF THE COMPANIES ACT 2006

The Report of the Auditors was unqualified.

Paul Crichton, BAcc, CA, CTA (Senior Statutory Auditor)
for and on behalf of MMG Archbold

12. RELATED PARTY DISCLOSURES

G S Brown Construction Limited

G S Brown Construction Limited, is a company in which Geoff Brown, majority shareholder in St Johnstone Football Club Limited, is a majority shareholder. During the year St Johnstone Football Club Limited charged a total of £287,116 for sales relating to advertising and hospitality. G S Brown Construction Limited charged the company a total of £31,488 for rent and repair expenses incurred.

Amount due to related party at the balance sheet date £nil.