

Sunderland Limited

Annual report and financial statements  
for the year ended 31 July 2023

Registered number 3189630

# Sunderland Limited

## Annual report and financial statements

for the year ended 31 July 2023

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# Sunderland Limited

## Company Information

### Directors

K R L Louis-Dreyfus  
P J Treuer  
I Levin

### Registered office

The Sunderland Stadium of Light  
Sunderland  
Tyne and Wear  
SR5 1SU

### Registered Number

03189630 (England and Wales)

### Auditors

Constantin  
25 Hosier Lane  
London  
EC1A 9LQ

# Sunderland Limited

## Group Strategic report for the year ended 31 July 2023

The directors present their strategic report and the audited consolidated financial statements of Sunderland Limited (the “Company”) and its subsidiary undertakings listed in note 12 (together the “Group”) for the year ended 31 July 2023.

This strategic report, which incorporates the s172(1) statement, has been prepared for the Group as a whole and therefore gives greater emphasis to those matters which are significant to Sunderland Limited and its subsidiary undertakings when viewed as a whole.

### REVIEW OF BUSINESS

Following promotion to the EFL Championship, the Club were pleased to secure a top-six finish and a Play-Off spot, but we were ultimately disappointed to lose to Luton Town who went on to be promoted to the Premier League. (PL).

Alex Neil opted to leave the Club in August 2022 to join Stoke City and this led to the appointment of Tony Mowbray, who aligned with our strategy and progressed our on-pitch performance through an exciting style of play that led to widespread acclaim.

The Club continued to invest in a strong core of talented young players and we believe this will provide the foundations for a continued progression throughout the upcoming seasons that will culminate in our ultimate objective of returning to the PL.

At the start of the 2023-24 season, only one first-team player remains from the first game following Kyril Louis-Dreyfus’ (KLD) acquisition of the Club, which represents a significant transformation and underlines the substantial progress made during a short space of time.

The aim for the 2023-24 season is to continue the progression on and off the pitch, as we strive to develop our talented squad and support services underpinning our business operation to ensure sustained success in the EFL Championship and provide the platform to achieve promotion to the PL.

On 26 May 2023, KLD and Juan Sartori (JS) acquired the remaining shares of Stewart Donald. The shareholding of the Club is now 64% for KLD and 36% for JS, with the Executive Team comprising of KLD, Sporting Director Kristjaan Speakman and Chief Operating Officer Steve Davison.

The Board of Directors meets formally on a three-month basis and is committed to implementing best standards and practices. Following KLD’s acquisition of control, the Board of Directors has worked closely with the Executive Team to improve all aspects of the governance of the business.

KLD has led the Club embarking on a strategy to create a sustainable business that aims to return to the PL. It is recognised that this requires a long-term outlook and all decisions are aimed at enabling the Club to maximise on-the-field performance through improving the contribution from commercial activities.

Promotion to the EFL Championship via the Play-Offs decreased planning time to prepare the Club’s off-the-field functions for life in the second tier. The first season back in the EFL Championship subsequently provided an opportunity to consolidate and plan for significant upgrades to the facilities and operations.

# Sunderland Limited

## Group Strategic report for the year ended 31 July 2023 (continued)

This resulted in significant investment in three hospitality spaces to improve matchday experience and enhance non-matchday opportunities, which has led to a significant increase in non-matchday events held at the stadium.

A new access/entry system was implemented at the start of the 2023-24 season and this has worked without error or issue throughout the season.

Digital ticketing was also introduced and from the outset it was recognised that our approach had to be inclusive, and unlike some other Clubs, non-digital tickets were made available to anyone who wanted one free of charge.

We applaud the supporters who have adapted to the change and it remains our aim to convert as many of these non-digital ticket holders to digital tickets over the next few seasons, as we continue to support fans in becoming more confident in embracing this new technology.

It is our long term aim to continue to invest in technology to enhance the matchday experience and to this end a project including government support and supported by our partners has commenced meaning that the club will be one of the first clubs to provide 5G connectivity in the stadium. The total project is costing £5.7m, and this is planned to be complete by Spring 2025. This will transform the matchday experience for all attendees.

The Club were pleased to sell over 32,000 season tickets upon its return to the EFL Championship, which set a new season ticket sales record and resulted in an average seasonal attendance of 38,653 – by far the highest in the second tier and the 11<sup>th</sup> highest in English football. For the 2023-24 campaign, season ticket sales rose further to 35,000 and this set a new all-time record for the Club.

During the 2022-23 season, nine new players were recruited in the summer transfer window and a further three were recruited in the winter transfer window. The average age of the squad during this season was 23.5, which is the lowest in the EFL Championship and is consistent with our strategy to invest in and develop young talent in a first-team environment.

At the conclusion of the 2022-23 season, 109 successive games had featured with a graduate of the Club's academy system being part of the matchday squad. Several players from our youth system had also represented their national team at their corresponding age category.

The Women's team struggled during the 2022-23 season, but narrowly avoided relegation from the FA Women's Championship. As the only part-time team in the league, a decision was taken to move to a hybrid playing model for the 2023-24 season that resulted in 11 players becoming full-time professionals. The remainder of the squad are part-time or in full-time education and this has paid dividends, with the team currently performing well in the league and competing for promotion.

The Club were successful in securing three concerts in summer 2023, comprising of two nights of P!nk and one night of Beyoncé. The three events generated substantial revenue for the Club and the City of Sunderland, with over 150,000 people in total attending the three concerts.

# Sunderland Limited

## Group Strategic report for the year ended 31 July 2023 (continued)

This continued our strategy of securing significant revenue from sources outside of football, which mitigates the financial risk related to football performance. It also built on other highly successful events held throughout the year, including the University of Sunderland's winter and summer graduations, and the Stadium of Light hosting England Lionesses' homecoming game in September 2022.

The Club has also secured the opening ceremony and game of the 2025 Women's Rugby World Cup, which further highlights the importance of our close working relationships with all the anchor institutions in the City of Sunderland, including the University of Sunderland and Sunderland City Council.

We continue to pursue several other long-term projects to enhance the profitability of the business. Most significantly, this includes preparation of a planning application for a Solar Farm in the proximity of the Academy of Light on land owned by the club. At the time of this report, a grid connection date has been approved for 2032 and planning submission is expected later in 2024.

During the period of this report, turnover increased from £26.1m to £35.5m. and operating expenses increased from £30.4m (restated) to £40.3m. The loss after tax for the year was £8.9m.

We continue to strive to secure promotion to the PL and as a Club that aims to be financially sustainable, this will be built on continued investment in the Club to improve overall commercial performance. In future seasons, we are aiming to increase the contribution from commercial activities to allow greater investment in on-field playing success.

The stadium is over 25 years old, and will require ongoing investment to ensure it is safe to operate. The club is committed to maintaining a proactive investment program.

Turnover increased from £26.1m to £35.5m. and operating expenses increased from £30.4m (restated) to £41.9m. The loss after tax for the year was £8.9m. During the 22-23 financial year, the Club received £5.5m from shareholders. The shareholders have a strong commitment to continue to support the Club and its ambitions. Since Kyril acquired control the shareholders have contributed a total of £18.1m.

## FUTURE DEVELOPMENTS

The Club will continue to strive to secure promotion to the Premier League. As a Club that aims to be financially sustainable this will be built on continued investment in the Club to improve the overall commercial performance. In future seasons we are aiming to increase the contribution from commercial activities to allow greater investment in on-field playing success.

# Sunderland Limited

Group Strategic report for the year ended 31 July 2023 (continued)

## PRINCIPAL RISKS AND UNCERTAINTIES

The company faces a number of risks and uncertainties and has measures in place to mitigate the impact of these risks.

Our top three risks are considered to be:

- **Supporter Engagement.** Throughout the Club's four year tenure in EFL League One, supporters remained incredibly loyal as evidenced by the recent season card sales. We are grateful for their loyalty, as the majority of income generated by the Football Club is from the supporters whether it be via ticket sales, retail or hospitality.
- **Operational Cost Escalation.** Like all businesses we have seen significant cost rises in the last few years, and to an extent we expect there to be continued cost pressures, but our view is for the rate of increase in costs to slow over the next few seasons, but this still remains a significant risk.
- **Playing Success.** Expectations have increased following a successful season back in the EFL Championship and ongoing progression will be fundamental to maintain the current momentum.

## Key Performance Indicators (KPIs)

The Club measures four KPIs regularly, comprising of:

- Contribution from Football Revenue
- Contribution from Non-Football Revenue
- Operational costs
- Playing performance via a balanced scorecard of metrics

The Clubs Executive team continues to review and improve the metrics utilized.

Some of these measures have already been mentioned in the strategic report, namely the sale of over 35,000 season tickets for the 23-24 campaign up from over 32,000 in 2022-23. Average attendances also increased to 38,653 in the 22-23 season from 33,062 in 21-22.

During the period of this report, turnover increased from £26.1m to £35.5m. and operating expenses increased from £30.4m (restated) to £40.3m. The loss after tax for the year was £8.9m.

## Financial Risk Management

The Directors and the Executive Team continually try to improve the management of financial risks and they do not believe there are significant financial risks in this area due to the operational financial processes in place

Appropriate trade terms are negotiated with suppliers and customers. Management review these terms along with the relationship with suppliers and customers and manage the exposure on normal trade terms. The Club prepares regular forecasts of cash flow and liquidity with which the Directors and the Executive Team assess the ongoing cash requirements of the Club as part of a strict cash flow management process.

# Sunderland Limited

## Group Strategic report for the year ended 31 July 2023 (continued)

### Greenhouse Gas Emissions, Energy Consumption and Energy Efficient Action Reporting

Across the Clubs sites energy consumption totaled 10,195,776 Kwh for the 12 months to 31 July 2023. Of this consumption 4,221,588 Kwh was from Electricity Consumption and 5,974,199 Kwh for the consumption of Gas. Of the Electricity usage, approximately half was generated from renewable sources. The levels of usage equate to emissions of approximately 4,410 metric tonnes of Carbon Dioxide equivalent during the financial year. The emissions factor used in this estimate is as follows :  $1,540.1 \text{ lbs CO}_2/\text{MWh} \times 1 \text{ metric ton}/2,204.6 \text{ lbs} \times 0.001 \text{ MWh}/\text{kWh} = 6.99 \times 10^{-4} \text{ metric tons CO}_2/\text{kWh}$ . Based on the average number of staff, excluding match day employees the annual energy consumption per head in Kwh would be 34,329 Kwh

As previously mentioned, the Club is looking to develop a solar farm on land it owns to further reduce its carbon footprint.

### SECTION 172(1) STATEMENT

Section 172(1) of the Companies Act 2006 requires Directors to act in good faith in a manner most likely to promote the success of the company for the benefit of its members as a whole and to take into consideration a number of matters. In exercising their duties, Directors evaluate the likely long-term consequences of any decision, the interests of the Club's employees, the need to foster the Club's business relationships with suppliers, customers and others, the impact of the Club's operations on the community and the environment, the desirability of the Club maintaining a reputation for high standards of business conduct and the need to act fairly between stakeholders.

### Community

The Club and its charity partner the Foundation of Light remain at the heart of the Sunderland, South Tyneside and Durham communities. Throughout 22-23, the Club enhanced its relationship with the Foundation with the aim of improving the long-term relationship with the community. A Service Level Agreement has been signed which will aid the collaboration between the two organisations.

### Club Employees

Throughout the year the company maintained the practice of keeping employees informed and engaged with respect to changes in corporate policies, activities and progress. The key activities undertaken by the company to ensure this position, include:

- Bi-annual business updates delivered by the Executive Management Team;
- Creation of an employee engagement team to represent the workforce and drive the business to become an engaging and positive place to work;
- Employees participate in an incentive scheme which is linked to the success of the business.

Particular attention is given to the health and safety of employees, employment of disabled persons, continued employment of employees who become disabled and to the training, career development and promotion of disabled people.



# Sunderland Limited

## Group Strategic report for the year ended 31 July 2023 (continued)

The company is committed to ensuring equal opportunity to all employees including disabled staff; including:

- Ensuring our facilities are fully accessible to all with necessary amendment where needed
- Flexibility in working practices such as part time and home working to accommodate employee needs
- Sickness benefits to support rehabilitation of those who become disabled whilst in employment.
- Use of apprentice levy and other training budgets to reskill where necessary.

### Supporter Engagement

The Club is committed to regular consultation with supporters concerning all aspects of the business. A program of at least four per annum has been put in place. A concerted effort to engage with all Supporters' Groups has dramatically improved the Club's relationship with these groups. Minutes of each meeting are shared to the wider fan base via the website. These meetings, and all supporter engagement, are led by a dedicated full-time Supporter Liaison Officer.

### Business Relationships

The Directors recognise that it is essential for the continued success and reputation of the Club to maintain positive relationships with commercial partners. The Club is in regular direct contact with all partners to ensure feedback is gained through a multitude of channels and acted upon to maximise commercial relationships.

### GOING CONCERN

The shareholders of the ultimate parent company, Mercator Limited, have indicated their willingness to continue to support the operations of the Company for the foreseeable future, which is at least, but is not limited to, twelve months from the date of these financial statements. In making their assessment of the going concern the directors have assessed the ability of the parent company to provide such support. Accordingly, the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

### POST BALANCE SHEET EVENTS

The Directors have assessed the events that have taken place in the business between the balance sheet date and the date of this report and there are no events that have taken place which need to be reflected in these financial statements.

On behalf of the board



K Louis-Dreyfus

29<sup>th</sup> February 2024

# Sunderland Limited

## Directors' report for the year ended 31 July 2023

The Directors present their report with the financial statements of the Group for the year ended 31 July 2023.

### Principal activities

The principal activity of the Group is that of a professional football club and the Company continues to be the freeholder of the Stadium of Light football stadium.

### Disclosures in the strategic report

In accordance with section 414C of the companies Act 2006 the following details are discussed in the Strategic report:

- Review of business;
- Future developments;
- Principal risks and uncertainties;
- Key financial performance indicators (KPIs);
- Financial Risk Management;
- Greenhouse Gas Emissions, Energy Consumption and Energy Efficient Action reporting;
- Section 172(1) statement;
- Employees engagement;
- Going Concern;
- Post balance sheet events.

### Dividends

The directors do not recommend the payment of a dividend (2022: £nil).

### Political contributions

The company made no political donations or incurred any political expenditure during the current or previous year.

### Directors

The following directors have held office during the whole of the period from 1 August 2022 to the date of this report.

K R L Louis Dreyfus

P J Treuer

I Levin

### Disclosure of information to auditors

Each director, as at the date of this report, has confirmed that insofar as they are aware there is no relevant audit information (that is, information needed by the Company's auditors in connection with preparing their report) of which the Company's auditors are unaware, and they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

### Auditors

The auditors, Constantin, will be proposed for re-appointment at the forthcoming Annual General Meeting.

# Sunderland Limited

## Directors' report for the year ended 31 July 2023 (continued)

### Statement of directors' responsibilities

The directors are responsible for preparing the strategic report, director's 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 prepared the Group and Parent Company 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 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;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company and the group 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 the Group 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 the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

On behalf of the board



K Louis-Dreyfus

29<sup>th</sup> February 2024

# Sunderland Limited

## Independent auditors' report to the members of Sunderland Limited

### Report on the audit of the financial statements

#### Opinion

In our opinion the financial statements of Sunderland Limited (the 'parent company') and its subsidiaries (the 'group'):

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 July 2023 and of the group's loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the consolidated income statement;
- the consolidated statement of other comprehensive income;
- the consolidated and parent company balance sheets;
- the consolidated and parent company statements of changes in equity;
- the consolidated cash flow statement;
- the statement accounting policies; and
- the related notes 1 to 254.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

#### 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 and the parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (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 group's and parent 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.

# Sunderland Limited

## Independent auditors' report to the members of Sunderland Limited (continued)

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.

### 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 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 FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://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, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We considered the nature of the group's industry and its control environment, and reviewed the group's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management and the directors about their own identification and assessment of the risks of irregularities, including those that are specific to the group's business sector.

We obtained an understanding of the legal and regulatory frameworks that the group operates in, and identified the key laws and regulations that:

# Sunderland Limited

## Independent auditors' report to the members of Sunderland Limited (continued)

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included UK Companies Act, pensions legislation, and the relevant tax compliance regulations in the jurisdictions in which the group operates; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the group's ability to operate or to avoid a material penalty, which principally included the regulations associated with the Group's registration with the English Football League.

We discussed among the audit engagement team, including relevant internal specialists such as tax, regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations.

## Report on other legal and regulatory requirements

### 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 have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the group and of the parent company and their environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

### Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters 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.

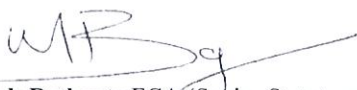
We have nothing to report in respect of these matters.

# Sunderland Limited

## Independent auditors' report to the members of Sunderland Limited (continued)

### 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.



**Mark Bathgate FCA** (Senior Statutory Auditor)

For and on behalf of Constantin  
Chartered Accountants and Statutory Auditor

London

29<sup>th</sup> February 2024

# Sunderland Limited

## Consolidated income statement for the year ended 31 July 2023

		2023	2022
	Note	£'000	(Restated) £'000
<b>Turnover</b>	1	35,543	26,099
Cost of Sales		(3,364)	(2,083)
Gross Profit		32,179	24,016
Other operating income	2	2,301	-
Operating expenses	2	(41,048)	(30,380)
Amortisation of players contracts	3	(2,715)	(2,052)
Profit on disposal of players	3	308	1,243
<b>Operating loss</b>		(8,975)	(7,173)
Interest receivable and similar income	4	43	-
Interest payable and similar expenses	5	-	(1)
<b>Loss before taxation</b>		(8,932)	(7,174)
Taxation on Loss	8	-	1,542
<b>Loss for the financial year</b>		(8,932)	(5,632)

All operations are classed as continuing.

The 2022 comparable column has been restated. The explanation of the restatement is detailed in Note 24

These notes form part of the financial statements



## Sunderland Limited

### Consolidated statement of other comprehensive income for the year ended 31 July 2023

	2023	2022
		(Restated)
	£'000	£'000
Loss for the financial year	(8,932)	(5,632)
Other Comprehensive Income / (Loss)	-	-
<b>Total recognised losses for the financial year</b>	<b>(8,932)</b>	<b>(5,632)</b>

The 2022 comparable column has been restated. The explanation of the restatement is detailed in Note 24

These notes form part of the financial statements

# Sunderland Limited

## Consolidated balance sheet as at 31 July 2023

Company Number 03189630

		2023	2022
			(Restated)
	Note	£'000	£'000
<b>Fixed assets</b>			
Intangible assets	10	8,820	4,471
Tangible assets	11	100,089	100,808
		108,909	105,279
<b>Current assets</b>			
Stocks	13	659	645
Debtors	14	9,724	8,057
Cash at bank and in hand		2,320	1,683
		12,703	10,385
<b>Creditors: amounts falling due within one year</b>	15	(43,515)	(30,511)
<b>Net current liabilities</b>		(30,812)	(20,126)
<b>Total assets less current liabilities</b>		78,097	85,153
<b>Creditors: amounts falling due after more than one year</b>	16	(8,180)	(6,302)
<b>Net assets</b>		69,917	78,851
<b>Capital and reserves</b>			
Called up share capital	17	10,000	10,000
Revaluation reserve	18	58,230	59,445
Special reserve	18	596	596
Profit and loss account	18	1,091	8,810
<b>Total shareholders' funds</b>		69,917	78,851

The 2022 comparable column has been restated. The explanation of the restatement is detailed in Note 24

These notes form part of the financial statements

The financial statements were approved by the board of directors on 29<sup>th</sup> February 2024 and were signed on its behalf by:



**K Louis-Dreyfus**  
Director

# Sunderland Limited

## Company balance sheet as at 31 July 2023

Company Number 03189630

	Note	2023 £'000	2022 £'000
<b>Fixed assets</b>			
Investment Property	11	91,160	91,160
Investments	12	1,086	1,086
		<b>92,246</b>	<b>92,246</b>
<b>Current assets</b>			
Cash at bank and in hand		7	7
Debtors	14	10,439	8,439
<b>Creditors: amounts falling due within one year</b>	15	<b>(28)</b>	<b>(28)</b>
<b>Net current assets</b>		<b>10,418</b>	<b>8,418</b>
<b>Total assets less current liabilities</b>		<b>102,664</b>	<b>100,664</b>
<b>Creditors: amounts falling due after more than one year</b>	16	<b>(4,413)</b>	<b>(4,413)</b>
<b>Net assets</b>		<b>98,251</b>	<b>96,251</b>
<b>Capital and reserves</b>			
Called up share capital	17	10,000	10,000
Fair value reserve	18	54,034	54,034
Special reserve	18	596	596
Profit and loss account	18	33,621	31,621
<b>Total shareholders' funds</b>		<b>98,251</b>	<b>96,251</b>

The financial statements were approved by the board of directors on 29<sup>th</sup> February 2024 and were signed on its behalf by:



**K Louis-Dreyfus**  
Director

These notes form part of the financial statements

## Sunderland Limited

### Company statement of changes in equity for the year ended 31 July 2023

	Called up share Capital £'000	Retained Earnings £'000	Fair value reserve £'000	Special Reserve £'000	Total Shareholders Funds £'000
<b>Opening Balance as at 1 August 2022</b>	<b>10,000</b>	<b>31,621</b>	<b>54,034</b>	<b>596</b>	<b>96,251</b>
Profit after Tax		2,000			2,000
<b>Closing balance as at 31 July 2023</b>	<b>10,000</b>	<b>33,621</b>	<b>54,034</b>	<b>596</b>	<b>98,251</b>

These notes form part of the financial statements

## Sunderland Limited

### Consolidated statement of changes in equity for the year ended 31 July 2023

	Called up share Capital £'000	Retained Earnings £'000	Revaluation reserve £'000	Special reserve £'000	Total Shareholders Funds £'000
<b>Opening balance as at 1 August 2022 as per signed statutory financial statements</b>	<b>10,000</b>	<b>8,810</b>	<b>60,660</b>	<b>596</b>	<b>80,066</b>
Restatement - Depreciation		(1,215)			(1,215)
Restatement – Reserve transfer		1,215	(1,215)		-
<b>Opening Balance as at 1 August 2022 (restated)</b>	<b>10,000</b>	<b>8,810</b>	<b>59,445</b>	<b>596</b>	<b>78,851</b>
Loss after Tax		(8,934)			(8,934)
Reserve Transfer		1,215	(1,215)		-
<b>Closing balance as at 31 July 2023</b>	<b>10,000</b>	<b>1,091</b>	<b>58,230</b>	<b>596</b>	<b>69,917</b>

The 2022 comparable column has been restated. The explanation of the restatement is detailed in Note 24

These notes form part of the financial statements

## Sunderland Limited

### Consolidated cash flow statement for the year ended 31 July 2023

		2023	2022
			(Restated)
	Note	£'000	£'000
<b>Net cash inflow/(outflow) from operating activities</b>	21	<b>2,989</b>	<b>(6,058)</b>
<b>Returns on investments and servicing of finance</b>			
Interest paid		-	(1)
Interest received		43	-
Net cash inflow/(outflow) from returns on investment and servicing of finance		43	(1)
<b>Capital expenditure and financial investment</b>			
Purchase of tangible fixed assets		(1,141)	(348)
Sale of tangible fixed assets		-	-
Purchase of Intangible Assets and contractual settlements		(7,733)	(5,291)
Sale of Intangible Assets		979	2711
Net cash outflow for capital expenditure and financial investment		(7,895)	(2,928)
Net cash outflow before financing		(4,863)	(8,987)
<b>Financing</b>			
Increase in shareholder funding – current shareholder structure		5,500	10,400
Increase in shareholder funding – previous shareholder structure		-	-
Net cash inflow from financing		5,500	10,400
<b>Increase/(Decrease) in cash</b>		<b>637</b>	<b>1,413</b>

These notes form part of the financial statements

# Sunderland Limited

## Statement of accounting policies

### Statutory information

Sunderland Limited is a private company, limited by shares, registered in England and Wales. The company's registered number is 03189630 and the registered office address is The Stadium of Light, Sunderland, SR5 1SU.

### Basis of preparing the financial statements.

These financial statements have been prepared in accordance with 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 other than where otherwise stated.

### Basis of consolidation

The consolidated financial statements present the results for the Company and its own subsidiaries ("the Group") as if they form a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The presentation currency of the financial statements is Pound Sterling (£). Monetary amounts in these financial statements are rounded to the nearest £'000.

The consolidated financial statements incorporate the results of the business combinations using the purchase method. In the balance sheet, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the consolidated statement of comprehensive income from the date on which control is obtained. They are deconsolidated from the date control ceases.

### Critical accounting judgements and key sources of estimation uncertainty

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.

#### (a) Critical judgements in applying the entity's accounting policies:

Management assesses whether, at the year end, players are available for selection to play for the Club. In circumstances where it is apparent that the player would not be able to play for the Club and is yet to be sold, the player is valued on a "recoverable amount" basis which is management's best estimate of his valuation at the next available transfer window. Any resulting impairment charge is recorded within operating expenses.

Examples of such circumstances can include the player sustaining a career threatening injury, or if a player has fallen out of favour with senior football management.

#### (b) Critical accounting estimates and assumptions:

- **Impairment of intangible assets** - The company considers whether intangible assets are impaired on a regular basis throughout the year. Where an indication of impairment is identified the estimation of recoverable value requires an estimate of future cash flows.
- **Impairment and revaluation of The Stadium of Light** – The Stadium of Light is held at fair value in the balance sheet. The Stadium of Light was valued by the independent valuer

# Sunderland Limited

## Statement of accounting policies (continued)

### Turnover

Turnover is the amount derived from the provision of goods and services and is stated after trade discounts, other sales taxes and net of VAT.

Turnover comprises gate receipts, television and media, sponsorship and royalties, conference banqueting and catering, retail and merchandising and invoiced sales. Television and media income is recognised in equal instalments during the season and gate receipt income is taken to the statement of comprehensive income when the matches are played. Sponsorship and royalties income is recognised over the life of the relevant agreements, catering and retail income is recognised upon sale of the goods.

**Accrued Income** Income from match day activities, media and commercial contracts, which is invoiced after the period to which it relates, is treated as accrued income.

**Deferred income** Income from match day activities, media and commercial contracts which has been invoiced prior to the period end in respect of future football seasons, is treated as deferred income.

### Intangible assets

The costs associated with the acquisition of players' registrations are capitalised as intangible assets. Costs include transfer fees, levy fees, agents fees and other directly attributable costs. These costs are amortised from the month of purchase fully over the contract period. Where a playing contract is extended, any costs associated with securing the extension are added to the unamortised balance (at the date of amendment) and the revised book value is amortised over the remaining revised contract life. Where a part of the consideration payable on acquiring a player's registration is contingent on a future event, this amount is recognised once it is probable, rather than possible, that the event will occur.



# Sunderland Limited

## Statement of accounting policies (continued)

Avison Young as at 31 July 2021 on a depreciated replacement cost basis. The valuation was also in accordance with the RICS Appraisal and Valuation Method. Each year the directors reperform the valuation of the investment property. The Stadium of Light is accounted for as an investment property at the Company level. The Stadium of Light is accounted for as tangible fixed assets at Consolidation level.

### Tangible fixed assets and depreciation

Tangible fixed assets, other than The Stadium of Light (treated as an Investment Property for the Company and Tangible Fixed Assets at Consolidation), are held at historic purchase cost less accumulated depreciation. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use. Depreciation has been calculated to write down the cost or valuation, less estimated residual value, of tangible fixed assets over their expected useful lives at the following rates:

Freehold property	See stadium of Light below See Academy of Light below
Fixtures, fittings and equipment	3 - 10 years in equal annual instalments
Motor vehicles	4 years in equal annual instalments

Freehold land and assets in the course of construction are not depreciated.

Costs of ongoing capital projects are held as assets under construction in the balance sheet and are transferred to the appropriate fixed asset categories upon completion.

### Stadium of Light – Tangible Fixed Assets

The asset is carried at a revalued amount, being its fair value at the date of revaluation less subsequent depreciation and impairment. Revaluations are made with sufficient regularity to ensure that the carrying amount of the revalued fixed asset does not differ materially from that which would be determined using fair value at the balance sheet date. If a revaluation results in an increase in value, the variance is credited to other comprehensive income and accumulated in equity under the heading "revaluation surplus" unless it represents the reversal of a revaluation decrease of the same asset previously recognised as an expense, in which case is recognised in profit or loss. A decrease arising as a result of a revaluation is recognised as an expense to the extent that it exceeds any amount previously credited to the revaluation surplus relating to the same asset.

The depreciable amount (cost less residual value) is allocated on a systematic basis over the asset's useful life and is charged to profit or loss..

The residual value and the useful life of the asset is reviewed at least at each financial year-end and, if expectations differ from previous estimates, any change is accounted for prospectively as a change in estimate.

Depreciation has been calculated to write down the cost or valuation, less estimated residual value, of tangible fixed assets over their expected useful lives at the following rates:

Stadium of Light - 75 years in equal annual instalments

# Sunderland Limited

## Statement of accounting policies (continued)

### Stadium of Light - Investment property

Investment property is carried at fair value determined annually. This requirement is met through a full external valuation at least every five years and an interim valuation in year three, and a directors' valuation in the intervening years. No depreciation is provided. Changes in fair value are recognised in the statement of comprehensive income.

### Other Freehold land and buildings

The Directors have decided not to revalue the Academy of Light as it is considered to be a separate asset class from the Stadium of Light. The Directors feel that as the Academy of Light is a purpose built training facility, it is distinctly different to the Stadium of Light.

Academy of Light	50 years in equal annual instalments
------------------	--------------------------------------

### Inventories

Inventories are stated at the lower of cost and estimated selling price less cost to complete and sell. Inventories are recognised as an expense in the period in which the related revenue is recognised.

Cost includes all direct costs attributable to bringing the inventory to its present location and condition.

Where necessary, provision is made for slow moving inventory

# Sunderland Limited

## Statement of accounting policies (continued)

### Investment in subsidiary undertakings

Investments in subsidiary undertakings are recorded at cost plus incidental expenses less any provision for impairment in the Company's accounts. Impairment reviews are performed by the directors when there has been an indication of potential impairment.

### Financial instruments

The company has chosen to adopt Sections 11 and 12 of FRS 102 in respect of financial instruments.

#### (i) Financial assets

Basic financial assets, including other receivables and cash and bank balances, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction which is measured at the present value of the future receipts discounted at a market rate of interest. Such assets are subsequently carried at amortised cost.

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. 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 assets' original effective interest rate. The impairment loss is recognised in the statement of comprehensive income.

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.

Financial assets are derecognised when (i) the contractual rights to the cash flows from the asset expire or are settled, or (ii) substantially all the risks and rewards of the ownership of the asset are transferred to another party, or (iii) control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

#### (ii) Financial liabilities

Basic financial liabilities, including trade and other payables and loans from fellow group undertakings, 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 receipts discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

# **Sunderland Limited**

## **Statement of accounting policies (continued)**

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts 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.

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 they are included in a hedging arrangement.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

### **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.

### **Grants receivable**

Grants received as a contribution towards specific expenditure on fixed assets are held in a deferred income account and recognised in the profit and loss account over the expected useful lives of the related assets. Other grants received are held in a deferred income account and recognised in the profit and loss account so as to match them with the expenditure to which they are intended to contribute.

# Sunderland Limited

## Statement of accounting policies (continued)

### Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

### Pensions

Previously employed staff of the Company are members of either the Football League Limited Players Retirement Income Scheme, a defined contribution scheme, or the Football League Pension and Life Assurance Scheme, a defined benefit scheme. The Company also contributes to individuals private pension schemes.

Pension costs relating to defined benefit schemes are charged to the profit and loss account as if they were defined contribution pension costs. This is due to the Company being unable to identify its share of the assets and liabilities of the schemes, which are held separately in administered funds.

Pension costs relating to defined contribution schemes are charged to the profit and loss account in the year to which they relate.

### Going concern

The shareholders of the ultimate parent company, Mercator Investments Limited, have indicated their willingness to continue to support the operations of the Company for the foreseeable future, which is at least, but is not limited to, twelve months from the date of these financial statements. In making their assessment of the going concern the directors have assessed the ability of the parent company to provide such support.

Accordingly, the directors continue to adopt the going concern basis of accounting in preparing the financial statements. The directors have taken into account the impact of the covid-19 crisis and the impact of the Brexit in making their assessment of the going concern.

### Signing on fees

Contractual amounts of fees payable to players are spread evenly over the term of the contract. In accordance with guidance from an FA Premier League working party, unamortised signing on fees are disclosed net of amounts due to players in the balance sheet. The net balance of signing on fees relating to players sold is included within the calculation of the profit or loss on disposal of players' contracts.

# Sunderland Limited

## Notes to the financial statements for the year ended 31 July 2023

### 1 Turnover

Turnover, which is principally derived from the Group's principal activity, is analysed as follows:

	2023	2022
	£'000	£'000
Gate receipts	10,726	9,496
Television and media	10,083	3,246
Sponsorship and royalties	1,620	1,371
Conference, banqueting and catering	8,429	8,022
Retail and merchandising	2,721	2,116
Other	1,964	1,848
	<b>35,543</b>	<b>26,099</b>

All sales are within the United Kingdom.

# Sunderland Limited

## Notes to the financial statements for the year ended 31 July 2023 (continued)

### 2 Net operating income and expenses

	2023	2022
		(Restated)
	£'000	£'000
Staff costs (note 6)	(25,614)	(16,289)
Depreciation	(1,859)	(1,841)
Other operating charges	(13,575)	(12,250)
<b>Operating expenses</b>	<b>(41,048)</b>	<b>(30,380)</b>

Loss on ordinary activities before taxation is stated after charging/(crediting):

Auditors' remuneration:

Fees payable for the audit of consolidated and company financial statements	14	13
Fees payable for the audit of subsidiary company financial statements	61	50
Other services relating to taxation	9	6

Other operating income of £2.3m (2022 : nil) includes £1.1m (2022: nil) relating to the rebate received following the reassessment of the rateable value of the Stadium of Light.

The 2022 depreciation charge has been restated. The explanation of the restatement is detailed in Note 24

# Sunderland Limited

## Notes to the financial statements for the year ended 31 July 2023 (continued)

### 3 Accounting for players' contracts

	2023	2022
	£'000	£'000
Amortisation of players' contracts	(2,715)	(2,052)
Profit on disposal of players' contracts	308	1,243
	(2,407)	(809)

### 4 Interest receivable and similar income

	2023	2022
	£'000	£'000
Bank deposits	43	-

### 5 Interest payable and similar expenses

	2023	2022
	£'000	£'000
Bank loans and other borrowings	-	1

### 6 Employees

The average monthly number of persons employed by the Group including directors during the year was:

	2023	2022
	Number	Number
Administration / Operations	229	189
Football	92	84
	319	273

In addition, and not included in the above, the Group employs an average of 587 staff (2022: 320) on a matchday.



# Sunderland Limited

## Notes to the financial statements for the year ended 31 July 2023 (continued)

Staff costs including directors' remuneration and match day staff during the year amounted to:

	2023	2022
	£'000	£'000
Wages and salaries	22,869	14,553
Social security costs	2,618	1,626
Other pension costs	127	110
	<b>25,614</b>	<b>16,289</b>

### 7 Directors' emoluments

The directors for Sunderland Limited have received no emoluments for their services for the current and the previous year.

### 8 Tax on loss on ordinary activities

#### (a) Analysis of tax charge on ordinary activities

	2023	2022
	£'000	£'000
Current tax	-	-
Deferred tax	-	(1,542)
Tax on loss on ordinary activities	-	(1542)

## Sunderland Limited

### Notes to the financial statements for the year ended 31 July 2023 (continued)

#### 8 Tax on loss on ordinary activities (continued)

##### (b) Factors affecting tax charge for the year

	2023	2022
	£'000	(Restated) £'000
<b>Loss on ordinary activities before taxation</b>	<b>(8,934)</b>	<b>(7,174)</b>
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 21% (2022: 19%)	(1876)	(1,363)
Effects of:		
Expenses not deductible for tax purposes	1	1
Adjustments in respect of prior periods	-	-
Remeasurement of deferred taxation for changes in taxation rates	-	-
Fixed Asset differences	310	270
Movement in deferred taxation not recognised	1,565	(450)
<b>Current tax charge for the year</b>	<b>-</b>	<b>(1,542)</b>

#### 9 Profit of Parent Company

The profit for the year of the Parent Company is £2,000,000 (2022: £3,542,500). As permitted by Section 408 (3) of the Companies Act 2006 no separate income statement is presented in respect of the Parent Company.

# Sunderland Limited

## Notes to the financial statements for the year ended 31 July 2023 (continued)

### 10 Intangible assets

#### Group

	Transfer fees paid for players' contracts £'000
<b>Cost</b>	
At 1 August 2022	5,527
Additions	7,733
Disposals	(1,151)
<b>At 31 July 2023</b>	<b>12,109</b>
<b>Accumulated amortisation</b>	
At 1 August 2022	1,056
Charged for the year – amortisation	2,715
Disposals	(482)
<b>At 31 July 2023</b>	<b>3,289</b>
<b>Net book amount</b>	
<b>At 31 July 2023</b>	<b>8,820</b>
At 31 July 2022	4,471

#### Company

The Company has no intangible assets (2022: £nil).

# Sunderland Limited

## Notes to the financial statements for the year ended 31 July 2023 (continued)

### 11 Tangible assets

Group as at 31 July 2022 (restated)

	Stadium of Light £'000	Other Freehold land and buildings £'000	Fixtures and Fittings £'000	Assets under construction £'000	Total £'000
<b>Cost</b>					
At 1 August 2021 (restated)	91,160	14,538	18,096	-	123,794
Additions	-	-	348	-	348
<b>At 31 July 2022 (restated)</b>	<b>91,160</b>	<b>14,538</b>	<b>18,444</b>	<b>-</b>	<b>124,142</b>
<b>Accumulated depreciation</b>					
At 1 August 2021 (restated)	-	4,700	16,792	-	21,492
Charge for the year (restated)	1,215	472	154	-	1,841
<b>At 31 July 2022 (restated)</b>	<b>1,215</b>	<b>5,172</b>	<b>16,946</b>	<b>-</b>	<b>23,333</b>
<b>Net book amount</b>					
<b>At 31 July 2022 (restated)</b>	<b>89,945</b>	<b>9,366</b>	<b>1,498</b>	<b>-</b>	<b>100,809</b>
At 31 July 2021 (restated)	91,160	9,838	1,304	-	102,302

Group as at 31 July 2023 (restated)

<b>Cost</b>					
At 1 August 2022 (restated)	91,160	14,538	18,444	-	124,142
Additions	-	-	448	693	1,141
<b>At 31 July 2023</b>	<b>91,160</b>	<b>14,538</b>	<b>18,892</b>	<b>693</b>	<b>125,283</b>
<b>Accumulated depreciation</b>					
At 1 August 2022 (restated)	1,215	5,172	16,946	-	23,333
Charge for the year	1,215	434	210	-	1,859
<b>At 31 July 2023</b>	<b>2,430</b>	<b>5,606</b>	<b>17,156</b>	<b>-</b>	<b>25,192</b>
<b>Net book amount</b>					
<b>At 31 July 2023</b>	<b>88,730</b>	<b>8,932</b>	<b>1,736</b>	<b>693</b>	<b>100,091</b>
At 31 July 2022 (restated)	89,945	9,366	1,498	-	100,809

# Sunderland Limited

## Notes to the financial statements for the year ended 31 July 2023 (continued)

### 11 Tangible assets (continued)

On a historical cost basis freehold land and buildings would have been included at a net book amount of £28,932,000 (2022:£29,542,000). At 31 July 2023 freehold land and buildings included land of £3,225,000 (2022: £3,225,000) which has not been depreciated and land and buildings of £411,000 (2022: £411,000) which has not been depreciated.

In the consolidated financial statements for the years ended 31 July 2021 and 31 July 2022, the Stadium of Light was accounted for as an investment property following the treatment adopted at the former consolidating entity SJD Leisure Holdings Limited. In 2023 Sunderland Limited carried out a review of the accounting treatment and it was concluded that the stadium should be treated as property plant and equipment. The opening balance (which incorporates the valuation performed by Avison Young at 31 July 2021) of the 31 July 2022 financial statements was restated by reclassifying Investment Property to Tangible assets, as from a Group perspective, the Stadium of Light's primary use is for the operation of the football club and related services.

The 2022 consolidated financial statements have been therefore also adjusted to include the depreciation with a P&L charge of £1,215k (debit to operating expenses) and the related credit entry of £1,215k to accumulated depreciation.

#### Company

	Investment Property £'000
<b>Fair Value</b>	
At 1 August 2022	91,160
Revaluation	-
<b>At 31 July 2023</b>	<b>91,160</b>
Comprising:	
Cost and valuations up to 2016	92,775
Valuations up to 2021	(1,165)
	<b>91,160</b>

The Stadium of Light is held as an investment property and is held at a fair value in the Company balance sheet. The Investment Property was valued by Avison Young as at 31 July 2021 on a depreciated replacement cost basis. The valuation was also in accordance with the RICS Appraisal and Valuation Method. The Directors considered that the valuation of the Stadium of Light in the 2023 financial statements is consistent with the Avison Young valuation performed in 2021.

Avison Young is an independent valuer who holds a recognised and relevant professional qualification and has recent experience in the location and class of the investment property being valued.

# Sunderland Limited

## Notes to the financial statements for the year ended 31 July 2023 (continued)

### 12 Investments

#### Company

	£'000
Cost of investments in subsidiary undertakings at 1 August 2022	1,086
<b>Cost of investments in subsidiary undertakings at 31 July 2023</b>	<b>1,086</b>

The directors believe that the carrying value of the investment is supported by their underlying net assets.

The subsidiaries held throughout the year are:

Name of subsidiary	% ownership of ordinary shares	Country of incorporation	Principal activity
The Sunderland Association Football Club, Limited (The)	100	England and Wales	Professional football club
Sunderland properties PLC	100	England and Wales	Dormant
SAFC.COM PLC	100	England and Wales	Dormant
Sunderland AFC.COM Limited	100	England and Wales	Dormant
1879 Events Management Limited	100	England and Wales	Dormant
Sunderland Association Football Club Women Limited	100	England and Wales	Professional Football Club

Sunderland AFC.COM Limited is a wholly owned subsidiary of SAFC.COM PLC.

1879 Events Management Limited is a wholly owned subsidiary of The Sunderland Association Football Club Limited.

Sunderland Association Football Club Women Limited is a wholly owned subsidiary of The Sunderland Association Football Club, Limited(The).

The Sunderland Association Football Club Limited, Sunderland properties PLC, SAFC.COM PLC, Sunderland AFC.COM Limited, 1879 Events Management Limited, Sunderland Association Football Club Ladies Limited are all registered at Sunderland Stadium Of Light, Sunderland, Tyne & Wear, SR5 1SU.

# Sunderland Limited

## Notes to the financial statements for the year ended 31 July 2023 (continued)

### 13 Stocks

#### Group

	2023	2022
	£'000	£'000
Goods for resale	659	645

#### Company

The Company has no stocks (2022: £nil).

### 14 Debtors

#### Group

	2023	2022
	£'000	£'000
Trade debtors	3,006	2,866
Other debtors	4,751	2,910
Prepayments and accrued income	1,967	2,281
	9,724	8,057

Trade debtors include transfer fees receivable from other football clubs of £830,000 (2022: £60,000) of which £0 (2022: £0) is receivable after more than one year.

Other debtors primarily relates to amounts receivable from the purchase of season tickets.

#### Company

The Company has debtors due from group undertakings of £10,439,000 (2022: £8,439,000).

# Sunderland Limited

## Notes to the financial statements for the year ended 31 July 2023 (continued)

### 15 Creditors: amounts falling due within one year

	Group		Company	
	2023	2022	2023	2022
	£'000	£'000	£'000	£'000
Trade creditors	5,605	5,028	-	-
Other creditors	18,156	12,626	7	7
Corporation tax	21	21	21	21
Other taxation and social security	2,391	1,921	-	-
Accruals and deferred income	17,342	10,915	-	-
	<b>43,515</b>	<b>30,511</b>	<b>28</b>	<b>28</b>

Trade creditors include transfer fees and other associated costs in relation to the acquisition of players' registrations of £2,938,535 (2022 : £2,850,026).

Other creditors includes funds introduced by the shareholders for a total amount of £18,050,000 (2022: £12,550,000). See note 23 to the financial statements for further details.



## Sunderland Limited

### Notes to the financial statements for the year ended 31 July 2023 (continued)

#### 16 Creditors: amounts falling due after more than one year

	Group		Company	
	2023	2022	2023	2022
	£'000	£'000	£'000	£'000
Accruals and deferred income	1,457	390	-	-
Trade creditors	2,310	1,499	-	-
Deferred Taxation	4,413	4,413	4,413	4,413
	<b>8,180</b>	<b>6,302</b>	<b>4,413</b>	<b>4,413</b>

Trade creditors, accruals and deferred income includes transfer fees and other associated costs in relation to the acquisition of players' registration of £3,766,372 (2022: £1,889,211).

## Sunderland Limited

### Notes to the financial statements for the year ended 31 July 2023 (continued)

#### 17 Called up share capital

	Number	2023	Number	2022
		£'000		£'000
<b>Allotted, Issued and fully paid</b>				
Ordinary shares of £0.01 (1p) each	1,000,000,000	10,000	1,000,000,000	10,000

#### 18 Reserves

##### Group

	Special reserve	Revaluation reserve	Profit and loss account
	£'000	(Restated) £'000	£'000
At 1 August 2022 (restated)	596	59,445	8,810
Loss for the financial year	-	-	(8,934)
Reserve Transfer	-	(1,215)	1,215
<b>At 31 July 2023</b>	<b>596</b>	<b>58,230</b>	<b>1,091</b>

The 1 August 2022 opening amount has been restated. The explanation of the restatement is detailed in Note 24

##### Company

	Special reserve	Fair value reserve	Profit and loss account
	£'000	£'000	£'000
At 1 August 2022	596	54,034	31,621
Profit for the financial year	-	-	2,000
Revaluation of Investment property	-	-	-
<b>At 31 July 2023</b>	<b>596</b>	<b>54,034</b>	<b>33,621</b>

Sunderland Limited has taken advantage of the exemption granted by S408 of the Companies Act 2006 not to publish its own profit and loss account. Of the Group loss for the year, a profit of £2,000,000 (2022: profit of £3,542,000) has been recognised in the financial statements of Sunderland Limited.

# Sunderland Limited

## Notes to the financial statements for the year ended 31 July 2023 (continued)

The revaluation of the Investment Property relates to the periodical revaluation of the Stadium of Light.

### 19 Financial commitments

Minimum lease payments under non-cancellable operating leases fall due as follows

	2023	2022
	£'000	£'000
Within one year	23	31
Between one and five years	70	35
After more than five years	-	-
	93	66

Lease payments recognised as an operating expense in the year totalled £71,147 (2022: £60,082)

### 20 Pension commitments

#### Defined contribution pension scheme

Charges to profit or loss in respect of defined contribution pension schemes amounted to £127k (2022: £110k).

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 administrated fund.

#### Defined benefit pension scheme

Sunderland Association Football Club ('the Club') participates in the Football League Pension and Life Assurance Scheme ('the Scheme'). The Scheme is a funded multi-employer defined benefit scheme, with 92 participating employers, and where members may have periods of service attributable to several participating employers. The Club is unable to identify its share of the assets and liabilities of the Scheme and therefore accounts for its contributions as if they were paid to a defined contribution scheme. The last actuarial valuation was carried out at 31 August 2020 where the total deficit on the on-going valuation basis was £27.553 million. The key assumptions used to calculate the deficit at the 31 August 2020 actuarial valuation are:

# Sunderland Limited

## Notes to the financial statements for the year ended 31 July 2023 (continued)

### 20 Pension commitments (continued)

Discount rate	Gilt Yield Curve + 2.0% per annum
RPI inflation	Bank of England Inflation Curve
Pension increases	Fixed 3.0% per annum for benefits accrued prior to 6 April 1997, and modelled using the RPI inflation assumption with a cap of 5.0% per annum and a floor of 3.0% per annum for benefits accrued after 6 April 1997.
Mortality (pre-retirement)	None
Mortality (post-retirement)	SAPS (Series 3) with CMI_2019 projections, along-term improvement rate of 1.5% p.a and an initial additional parameter of 0.5% p.a

The accrual of benefits ceased within the Scheme on 31 August 1999, therefore there are no contributions relating to current accrual. The Club pays monthly contributions based on a notional split of the total expenses and deficit contributions of the Scheme.

The results of the 2020 valuation were rolled forward to 31 July 2022 on the same assumptions as detailed above, and the Club's notional share of the deficit was £92,908 (£140,966 as at 31 July 2022)

As at 31 July 2023, the Club was paying total contributions of £4,725 per month (increasing by 5% p.a. from 1 September) and based on the actuarial valuation assumptions detailed above will be sufficient to pay off the deficit by 30 April 2025.

As at 31 July 2023, based on an appropriate discount rate of 5.86% per annum (2.92% per annum as at 31 July 2022), the present value of the Club's outstanding contributions (i.e. their future liability) is £100,747 (£155,993 as at 31 July 2022). This amounts to £59,295 (2022: £56,471) due within one year and £41,452 (2022: £99,522) due after more than one year.

#### Present Value of Defined Benefit Obligation

	2023	2022
	£'000	£'000
Present Value of Defined Benefit Obligation	101	156

# Sunderland Limited

## Notes to the financial statements for the year ended 31 July 2023 (continued)

### 20 Pension commitments (continued)

<b>Reconciliation of Defined Benefit Obligation</b>	<b>2023</b>	<b>2022</b>
	<b>£'000</b>	<b>£'000</b>
Defined Benefit Obligation at start of year	156	213
Net Interest Charge (Unwinding of discount rate)	4	1
Club contribution (deficit contribution)	(56)	(54)
Remeasurement (changes in assumptions)	(3)	(5)
Remeasurement (change to contribution schedule)	0	0
Defined Benefit Obligation at end of year	101	156

<b>Income and Expenditure Impact</b>	<b>2023</b>	<b>2022</b>
	<b>£'000</b>	<b>£'000</b>
Net Interest Charge (Unwinding of discount rate)	4	1
Remeasurement (changes in assumptions)	(3)	(5)
Remeasurement (change to contribution schedule)	0	0

<b>Assumptions</b>	<b>2023</b>	<b>2022</b>
Discount Rate (based on AA Corporate Bond Yields of appropriate currency/duration)	5.86%	2.92%

The funding objective of the Trustees of the Scheme is to have sufficient assets to meet the Technical Provisions of the Scheme. In order to remove the deficit revealed at the previous actuarial valuation (dated 31 August 2020), deficit contributions are payable by all participating clubs. Payments are made in accordance with a pension contribution schedule. As the Scheme is closed to accrual, there are no additional costs associated with the accruing of members' future benefits. In the case of a club being relegated from the Football League and being unable to settle its debt then the remaining clubs may, in exceptional circumstances, have to share the deficit.

Upon the wind-up of the Scheme with a surplus, any surplus will be used to augment benefits. Under the more likely scenario of there being a deficit, this will be split amongst the clubs in line with their contribution schedule. Should an individual club leave the Scheme, they may be required to pay their share of the deficit based on a proxy buyout basis (i.e. valuing the benefits on a basis consistent with buying out the benefits with an insurance company).

# Sunderland Limited

## Notes to the financial statements for the year ended 31 July 2023 (continued)

### 21 Reconciliation of operating loss to net cash inflow/(outflow) from operating activities

	2023	2022
	£'000	(Restated)
		£'000
Operating loss	(8,977)	(7,173)
Revaluation of investment property	-	-
Profit on sale of fixed assets	-	-
Amortisation of players contracts	2,715	2,052
Profit on disposal of players	(308)	(1,243)
Depreciation charge	1,859	1,841
(Increase)/decrease in stocks	(14)	(168)
(Increase)/decrease in debtors	(1,667)	(5,560)
Increase/(decrease) in creditors	9,381	4,193
Net cash inflow/(outflow) from operating activities	2,989	(6,058)

### 22 Contingent liabilities

Under the terms of certain contracts for the purchase of players' registrations, future payments may be due to third parties, dependent on the success of the team and/or individual players. At the balance sheet date, the maximum contingent liability, none of which was provided for in these financial statements, was £24,687,657 (2022 : £4,500,000), some of which are extremely remote.

Any additional fees which may become payable or receivable under these agreements will be accounted for in the year that it becomes probable that the event will occur.

### 23 Related party transactions

#### The Foundation of Light (was Sunderland AFC Foundation)

The Foundation of Light is the registered charity of the Company. It was established in 2001.

A director of the Company during the year, is also Trustee of The Foundation of Light.

At 31 July 2023 the balance owing from The Foundation of Light to the Company was £32,920 (2022: £6,440).

During the year, the Group provided many services to The Foundation of Light free of charge, including staff time and use of the facilities. It is estimated that the gift in kind during the year is £38,202 (2022 : £108,586).

# Sunderland Limited

## Notes to the financial statements for the year ended 31 July 2023 (continued)

The Group invoiced The Foundation of Light during the financial year for various charges including a contribution towards the Centre of Light running costs totalling £12,000 (2022 : £12,000).

### **Shareholder funding received from the immediate parent company Mercator Investments Limited Company**

During the ordinary course of business the shareholders have introduced funding into the Group to support its business activities. As at the balance sheet date a total of £18,050,00 (2022:12,550,000) was owed to Mercator Investments Limited Company, which is owned 64% by Mr K Louis-Dreyfus and 34% by Mr Juan Sartori respectively.

It is the intention of the directors that these funds will be converted to equity at a later date.

## 24 Previous period restatement

The 31 July 2022 comparable figures have been restated.

### **Depreciation of the Stadium of Light**

In the consolidated financial statements of year end 31 July 2021 and 31 July 2022, the Stadium of Light was accounted for as an investment property following the treatment adopted at the former consolidated entity SJD Leisure Holdings Limited. In 2023 Sunderland Limited carried out a review of the accounting treatment and it was concluded that the stadium should be treated as property plant and equipment in its consolidated financial statements as from a Group perspective, the Stadium of Light's primary use is for the operation of the football club and related services.

The opening balance (which incorporates the stadium valuation performed by Avison Young in 31 July 2021) of the 31 July 2022 financial statements was restated by reclassifying the Investment Property to Tangible assets in the consolidated balance sheet.

The 2022 financial statements have therefore been adjusted to include the depreciation charge to the P&L amounting to £1,215k (debit entry to operating expenses) and the related balance sheet credit entry of accumulated depreciation of £1,215k (credit entry to Tangible Assets).

### **Reclassification of Profit and Loss expenses**

In the current year, some expenses previously mapped as Operating Expenses have been reclassified to Cost of Sales. The Comparable 2022 column has been restated to allow comparability. The 2022 comparable column of the Consolidated income statement was restated by debiting £923k cost of sales and crediting £923k operating expenses.

## 25 Ultimate and immediate controlling party

The immediate parent undertaking of the Group is Mercator Investments Limited, a company incorporated in Cayman Islands.

The directors consider the ultimate controlling party of the Company and Group to be Mr K Louis-Dreyfus