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Old Trafford

LANCASHIRE COUNTY CRICKET CLUB LIMITED

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NOTICE OF AGM AND AGENDA

LANCASHIRE COUNTY CRICKET CLUB LIMITED Emirates Old Trafford, Manchester M16 0PX

April 2019

Dear Member

The **ANNUAL GENERAL MEETING OF MEMBERS** will be held in the Members' Suite in the Pavilion, Lancashire County Cricket Club, Emirates Old Trafford, Manchester, M16 0PX on Thursday 2 May 2019 at 6.30 p.m. for the purpose of transacting the following business:

AGM AGENDA

- 1a To confirm the Minutes of the Annual General Meeting held on 30 April 2018
- 1b Matters arising from those Minutes
- 2 Club Chairman's Statement
- 3 To receive and approve the annual report of the Board and the accounts of the Club for the twelve months ended 31 December 2018 together with the report of the Auditor thereon
- 4 To approve the re-election of David Hodgkiss OBE and Maurice Watkins CBE to the Board
- 5 To approve the re-election of Sir Howard Bernstein as President of the Club
- 6 To elect as Vice-Presidents, David Moss and Mike Watkinson
- 7 To re-appoint Hurst & Company Accountants LLP as Auditor of the Club until the conclusion of the general meeting which considers their report on the annual accounts of the Club for the year ending 31 December 2019
- 8 To consider any other business relating to the affairs of the Club (N.B. No resolution may be put to a vote at the meeting under this item)

Yours faithfully

Lee Morgan,
Secretary

In order for your Board or Secretary to be able to answer any questions you may have on any matter, it would be helpful if these could be submitted to the Secretary by Thursday 25 April 2019. It is not always possible to give a comprehensive answer when questions are asked on the day.

Admission to the AGM will be on production of the PROXY FORM only.

Members who vote by proxy and then wish to revoke that proxy may only do so by notifying the Secretary in writing to be received by the Club not less than 48 hours before the time appointed for holding the meeting.

Tea/coffee will be available from 6.00 p.m.

NO SMOKING WILL BE ALLOWED IN THE MEMBERS' SUITE

OFFICERS AND ADVISORS

PATRON: Her Majesty The Queen

PRESIDENT: Sir Howard Bernstein

Vice-Presidents

M A Atherton OBE

H F Atkins

Sir Robert Atkins

Mrs Alice Bennett

R Bennett

J D Bond

P J Brewer

D H Cameron

J Charlson

Dr A J Crook

J Cumbes

F D Dunkley

S Edge

F M Engineer

N H Fairbrother

Miss Rose Fitzgibbon

Lady Flanagan

K Hayhurst

J Heaton

R I Hinchliffe

B J Howard

J Livingstone OBE

C H Lloyd CBE

D Lloyd

K Medlock OBE

G Ogden

W G Robinson

J Simmons MBE

Mrs Jacqueline Simmons

His Honour Judge E Slinger

K B Standing

R A Wilson

BOARD

President:

Sir Howard Bernstein

Chairman:

D M W Hodgkiss OBE

Hon. Treasurer:

L M Platts

Senior Independent Director:

J Sheridan

Board Members:

G A Shindler OBE

E M Watkins CBE

A Flintoff MBE

Miss Sara Tomkins

In attendance:

Chief Executive:

D G Gidney

Finance Director/Secretary:

L Morgan

Director of Cricket:

P J W Allott

Operations Director:

A Mundy

Sales & Marketing Director:

J Hopwood

Human Resources Director:

Miss Joanne Hunt

Head Coach:

G Chapple



COMPANY INFORMATION

Lancashire County Cricket Club Limited

Registered number 28451R (England and Wales)

Registered Office:

Emirates Old Trafford, Manchester M16 0PX

Auditor:

Hurst & Company Accountants LLP,
Lancashire Gate, 21 Tiviot Dale, Stockport SK1 1TD

Bankers:

Metro Bank PLC, One Southampton Row, London, WC1B 5HA

CHAIRMAN'S STATEMENT



Success in the future has to be built on creating a sustainable business model, whether that be through domestic cricket, international cricket or the hotel, conference and events part of the organisation.

David Hodgkiss OBE
Chairman



The end of the financial year is again upon us and I am fortunate enough to have been able to combine a week of work for my business, Hares, alongside my role of Chairman of this great Club, as I sit in Dubai overlooking the team work tirelessly during training in Dubai.

Whilst travelling and sitting in the sunshine there is time to reflect over the last 12 months and an opportunity to ensure that we have the Members, staff, supporters, infrastructure and energy to achieve our vision of 'creating the best cricket club in the world'.

It's important to remind ourselves of what we are trying to achieve. As with any organisation, decision making can be challenged, not everything always go to plan, whether that be on the pitch or off it. The last 12 months have been magnificent off the pitch, yet we know there needs to be a step forward on the pitch, notwithstanding the fact that we qualified for the Vitality t20 Blast Finals Day and the margin around our relegation was by the finest of points.

It has been a fantastic year as a whole in terms of the financials. When you look around the game, and other sports as well, there is a growing pride of what we are achieving and a growing respect of what is happening here at Lancashire and Emirates Old Trafford.

The last 20 years have had their challenges, which we, and the Members, are well aware of, and we can't change everything overnight. We have a plan, it has priorities, and we are achieving what we have set out to do, in the right order.

With a clear long term goal, as I have said, to be the best. The off the field stability, strength and infrastructure has one end goal, to grow and develop cricket in the North West across all areas of the community, both through participation from an elite and player pathway perspective.

As the Red Rose club and county we have to generate the enthusiasm for the game; there has to be aspiration to be part of the wider vision and we need to operate as one game of cricket in one region.

2018 saw the first full year of the new look Lancashire Cricket Foundation and the positioning of the 'Lancashire Cricket' name across the region. We need simplicity to who we are, certainty to what we are trying to achieve, and ensure that whether one is an aspiring young cricketer, an enthusiastic Member or a family wishing to adopt the game and enjoy the values and everything it gives.

£60 million has been invested in the venue and it is now down to us to create and deliver a human face to the Club. This means more people growing the game in the North West from participation through to spectating. We have to commit to merging the sharp edges of business with the joy of the game, our values and the impact clubhouses, affiliated clubs, and everyone member of staff can have in influencing its growth.

We are entering the biggest year of cricket the game has ever seen in this country. We have the venue to make this a success, we have a Board that has a vision and provides the support to achieve it, and we have an executive team that is fantastic, and who are supported by a wonderful set of committed, enthusiastic and talented employees.

Success in the future has to be built on creating a sustainable business model, whether that be through domestic cricket, international cricket or the hotel, conference and events part of the organisation. The game as a whole cannot survive without this, and more and more sports clubs are seeing this. We are ahead of the curve, have made the progress we set-out to, and are ready to enter the next period of growth.

This next phase has many facets to it. The talent and cricket pathway has been remodelled to ensure we protect and provide the right processes to deliver the next, and future, generation of cricketer for ourselves as a county and also for England.

The women's game is entering a hugely exciting time and last year's performance by the Thunder in the Kia Super League, coupled with the recent trophies won by the women's team in the other competitions bodes well for the future.



CHAIRMAN'S STATEMENT

We want to increase membership, and 2019 is the start of this with an uplift in numbers so far ahead of the new season. We need to ensure that the new format of the game 'The Hundred' is included in the membership, and those who wish to attend can, and that we also encourage others to sample it. The game has to reach a wider audience, whether that be through the way it is structured, or how it is viewed, and the new format will do this.

We have been working with the ECB closely on all parts of the game. Whether it being acknowledged as one of 'the' counties who have created a commercial model to allow cricket to flourish, or whether it be how we are simplifying who we share and market the game in the North West through one 'Lancashire Cricket' unified approach.

I am passionate about changing things. We have to. We have to evolve, innovate and enhance how we work and what we have as an offering for Members and fans. At the same time we have to maintain our proud traditions and values of the game and what Members and our other stakeholders and influencers require.

There's a new schools strategy being formed and rolled-out, as not enough schools play cricket, know the game and want to be part of the game. We have made a decision this year to go to Sedbergh School as one of our out-grounds. This decision was not taken lightly and we believe it integrates the entire North West region, takes the game to a wider part of the North West, and allows us to perform on one of the best pitches; we're still committed to the other out-grounds.

Our relationship with the ECB is healthy and we are in continuous discussions around The Hundred and are playing a major role in the creation and launch of the new format The Hundred. It's important to be connected to the centre of cricket. Our role is to reflect the views of the membership, the views of the Club as a whole and ensure that we are protecting the future of the game.

Traditionally, it would have been a tricky year without a Test Match, but overall international cricket revenues were fantastic, exceeded budget and demonstrated how well we deliver major events and what the game means to the North West.

In 2018, the entire team at Lancashire Cricket has worked tirelessly and superbly well to create a stable platform for the future. There has to be stability to allow us to make informed decisions for the future; we didn't always have this in the past.

I'd like to deeply thank everyone from staff to Members, from partners to suppliers, from the bottom of my heart. I'm proud to be Chairman of this great Club, have a Board who support our decisions, and an Executive team who have been exemplary in their activation of our plans.

This is the greatest cricket club in the world in my view, and we now have to prove it through achieving our aims and vision.

There are plans for a new stand to replace the old Red Rose suite, and this will include new Member facilities. Details of this will follow this year and we'll share our thoughts with the Members Representative Group (MRG) when appropriate.

This will sit well with the wider Trafford Masterplan for a new leisure quarter. This whole project is gathering pace; as part of this we have been actively protecting our land and that around us from proposed developments that we won't believe sit within the wider plan and would impact negatively on the local community.

There has to be an element of entrepreneurship when looking to achieve our vision. Other sporting clubs who have taken this approach around the world are the ones who succeed.

Winning trophies, having a successful pathway, seeing more people play cricket, welcoming more people to Emirates Old Trafford, and growing the membership, are all the end result we're striving to achieve. There are many other things that have to evolve - be innovative, robust and strong to create a platform for the game. It's happening, we're taking the right steps and change is taking place.

We have to be happy with 2018 and we're massively optimistic and looking forward to 2019 and what it has in store.

David Hodgkiss OBE
Chairman





FINANCE REPORT

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The Club is pleased to be able to report a year on year improvement in operating profit, increasing to £2,387,000.

Les Platts
Honorary Treasurer

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Despite only hosting two days of international cricket throughout the 2018 summer, the Club is still pleased to be able to report a year on year improvement in operating profit, increasing to £2,387,000.

The significant shortfall in revenues from not hosting a Test Match has been offset by a combination of increased England & Wales Cricket Board (“ECB”) Distributions and the benefit of the Emirates Old Trafford Hilton Garden Inn’s first full year of trading.

Net profit, as expected, has fallen due to a higher depreciation charge along with increases in finance costs both emanating from a full year’s accounting for the new Hotel.

International cricket

Both the One Day International and International t20, featuring Australia and India respectively, were a great success. Despite both games clashing directly with England Football World Cup matches, two sell out attendances were achieved. In addition, there were strong Hospitality sales, with £667,000 of revenue generated across the two games. Including advertising income, overall match day revenues and costs both fell during the year due to the reduced number of international match days.

Advance sales for 2019 have been exceptionally strong for both the Ashes and for Cricket World Cup Hospitality. This is demonstrated by the £5.43million increase in advance receipts compared with the previous year.

Domestic Cricket

Income generated from the County Championship and 50 over competitions remained fairly flat year on year with £92,000 of ticket revenue earned.

With the exception of the Roses match, it was a disappointing season in terms of the T20 Blast. Whilst the objective of growing overall attendances was achieved, revenues for the Friday night games fell below expectations. The exception, however, was the Yorkshire game which was yet again a huge occasion providing a match to remember despite being foreshortened by the weather. More than 22,000 tickets were sold in advance for a game that is fast becoming a headline event of the summer cricket calendar.

Hotel and Conference & Events

A success story of the year has been the strong performance of the new hotel. In addition to achieving an average occupancy for the year of 71% and an average daily room rate of £87, it has already developed a strong reputation for its quality and service. Whilst performing admirably in its own right it has significantly enhanced two other key areas of the business. After two or three years of relatively stable sales, the Conference & Events business grew its revenues by 14% and it is clear that there is mutual benefit to be achieved from the two elements working together effectively to provide the best combined product to the local and national business market. Furthermore, the ability to convert pitch facing bedrooms to hospitality boxes for major matches has unlocked potential for growth in hospitality numbers. This is evidenced by the huge demand from the Ashes, and World Cup in particular, which should result in achieving unprecedented returns in 2019. The signs are now starting to be seen of the Club being able to generate a stable return on its investment in the venue over recent years.

Other Income

There was strong growth in sponsorship income which was up £236,000 on the prior year. This stemmed from a combination of new partners and growth in existing partner contributions.

At the start of the season the Club brought the Shop and retail operation back in-house and as might be expected one off set up costs were incurred which together with a bedding in period has resulted in a small loss in the year. However, the core objective in 2018 was to lay the foundations and infrastructure to take full advantage of opportunities that should be available in what will be a festival of cricket in 2019.

The key elements of miscellaneous income in the year were non-cricket car parking revenue of £260,000, £48,000 of commission income from the Caffè Nero Coffee shop, which opened early in the year, and £412,000 of Concert Income. The net contribution after costs from the Liam Gallagher concert was the best from a single day since the Club started hosting concerts in the 1990s.

FINANCE REPORT

Expenditure

The most significant movement in expenditure between 2017 and 2018 related to the new Hotel with operating, payroll and support costs being much higher from a full year of trading. In addition, there was a £478,000 increase in Playing & Coaching costs demonstrating the Club's commitment to investing in the squad, support staff and underlying cricket infrastructure as more funds become available from non-cricket business revenue streams. Also, additional ECB income was received by the Club to fund the County Age Group programme and Lancashire Thunder which previously had been managed through the Lancashire Cricket Board. These costs were in the region of £300,000.

Overall, there were increases in payroll costs in line with rising turnover and in achieving readiness for the huge year ahead in 2019. Finally, business rates and utility costs increased by £270,000.

Capital Investment

Since 2014 the Club has invested over £15 million into the new hotel, but during the same period it has had limited financial resources to invest in other parts of the business. However, in 2018 there was an opportunity to catch up. In addition to £375,000 spent on settling the Final Account with the hotel builders, the Club also invested nearly £300,000 on the outdoor net area, supported by a grant from the ECB, £80,000 on enhancing the outfield drainage, £40,000 on new ground equipment and more than £40,000 on a new fully equipped players' gym.

Outside cricket around £300,000 was spent on a combination of refurbishing the A stand toilets, digital signage for external bars, glazing for the new Coffee Shop, various IT upgrades and security measures, a new maintenance workshop and a Retail accounting system in the Club Shop.

Lastly, in order to help protect and continue to grow commercial revenues there was a need to address some issues in the Point which is now more than eight years old. As a result around £250,000 was spent on new blinds, improving the dividing walls, a new link corridor in the pavilion to connect the Hotel with the Point, a new boiler and heating system, access equipment and a new projector.

Cash flows & Debt

During the year there was a £6,295,338 net cash inflow from operating activities, a major contributor being the significant increase in advance sales for 2019. This was used to fund £1,402,079 of capital expenditure, service £1,921,825 of debt finance cost and reduce overall net debt by £3,277,516.

It was always the Club's intention to consolidate and re-finance its various loans when the right opportunity arose. With the hotel complete and trading well, strong advance sales for 2019 already generated, a guaranteed series of international matches through to 2024 and the new TV revenue coming into the game from 2020, the Club has taken the opportunity to go to market to secure new long term facilities. The result is that the Club has successfully secured a consolidated loan which delivers a ten year term and twenty year repayment profile, a significantly lower blended interest rate and a new suite of covenants which significantly simplifies its debt management commitments enabling the Club to plan ahead with confidence and greater security.

Les Platts

Honorary Treasurer



STRATEGIC REPORT

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Future sustainable returns from off field business activities will provide the resources to continue to help fund cricket in all areas.

Daniel Gidney
Chief Executive

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The Finance Report on pages 8-9 is incorporated fully into this Strategic Report by reference. The Board, in preparing this Strategic Report, has complied with s414c of the Companies Act 2006.

2018 was a year that in itself was a microcosm of what the Club has been endeavouring to achieve from an overarching strategic financial perspective over the past five or six years during and post recent development.

Achieving financial sustainability outside of international cricket has been a cornerstone of that strategy. The Club has focused on diversification of the business model, overhead reduction and control and to reduce the historic heavy reliance on six days of annual international match day revenue.

2018 saw the first full trading year of the Club's brand new 150 bedroom Hilton Garden Inn hotel with a connecting bridge to the pavilion mirroring the existing bridge to the Point. This has provided a unique UK selling proposition of a bespoke 1,200 delegate capacity, world class, column-free conference facility with natural light directly connected to a high quality on site four star hotel.

As discussed in the Finance Report, the Hotel, in its first full year of trading, has over-achieved against all of its key financial metrics. In addition, it has averaged a score of 4.6 on Trip Advisor, achieving a top ten ranking of Manchester hotels as well as a Hilton Quality Assurance audit score of 96%. The combined hotel and Conference and Events business turned over in excess of £8.1million with a joint contribution of over £2.5million. The Club fully expects these returns to grow, with the facilities also contributing towards maximising returns from Hospitality on the back of a long term major international match package.

The above performance enabled the Club to significantly mitigate the adverse impact of no Test match and only two days of international cricket in 2018. This allowed the Club to increase investment in both the cricket team and coaching staff as well as supporting cricket infrastructure by over £900,000 year on year. Future sustainable returns from off field business activities will provide the resources to continue to help fund cricket in all areas.

The cricket department is currently finalising, with the Board, its long range detailed cricket strategy aimed at achieving sustained on field success over the next five to ten years starting with an immediate return to the 1st Division of the Specsavers County Championship.





STRATEGIC REPORT

Over the next ten years, the Club is concentrating on six strategic areas of focus, as outlined below:

- To develop young players into winning great teams that wear the red rose and play cricket for England;
- To create a dynamic, fun and people-centred organisation that attracts, retains and develops our staff for the long-term benefit of Lancashire Cricket;
- To develop Emirates Old Trafford as a regional hub for Lancashire Cricket and as a globally recognised multi-purpose venue to attract and inspire Members, fans, guests and delegates to watch great teams and enjoy world-class events and experiences;
- To build a financially and commercially sustainable organisation focused on leaving a better legacy for the next generation;
- To have a relentless focus on growing the number of girls and boys playing cricket in Lancashire; and
- To address community need and promote health and well-being through using cricket to bring communities together across Lancashire.

2019 will see the biggest year of cricket for the Club in its history with six ICC Cricket World Cup (“CWC”) matches and an Ashes Test staged at Emirates Old Trafford. The India v Pakistan match on 16 June is expected to generate a global Television broadcast audience in excess of a billion people. With significant advanced Cricket World Cup hospitality sales and tickets for the Ashes Test match nearly sold out, the outlook for 2019 is looking very strong.

One of the key strategic priorities for 2018 was to deliver a major re-finance of the Club’s debt and working capital facilities. As was highlighted in last year’s strategic report, the peak of £27 million of borrowing must be serviced with a strong emphasis on reducing debt levels in the coming years. Whilst a strong EBITDA generating asset base will enable the Club to service its debt, the current repayment

profile was never suited to supporting the Club’s long term assets as it saw 50% of hotel borrowing repaid within two years of opening. The plan has always therefore been to consolidate and restructure the debt with a longer amortisation profile and where possible better terms. The Club has been successful in securing a new banking partner, securing a long term smoothed debt repayment profile that is aligned with its underlying business plan.

Risks and uncertainties

With the international major match package in place, the hotel completed and performing beyond expectations, the major funding partner secured and with the help of the new TV money coming into the game, the underlying level of financial risk will be significantly reduced compared with recent years where the Club has been through a disruptive transitional period. The management of financial risk will, however, remain a priority along with ensuring that the venue is maintained to a high standard with measures put in place to protect the Club from any issues that may affect business continuity.

As a result the Club can now begin to focus on a combination of phased debt repayment, strategic cricket facilities development and investment into the Lancashire Cricket Foundation through schools and clubs to grow participation across the region.

Looking forward, by 2022 the Club will have entered the next phase of bidding for the future major match programme post 2025 coupled with completing any development as part of the new Trafford masterplan alongside Trafford Council. This will include the establishment of the new UA92 University opening adjacent to the Club in 2019 at Emirates Old Trafford as well as a potential new Red Rose Stand and new Leisure Centre incorporating new cricket facilities.

Daniel Gidney
Chief Executive

29 March 2019





CORPORATE GOVERNANCE

The Board is accountable to the Members and is responsible for ensuring an appropriate corporate governance regime is in place to meet the needs of the business. The following report briefly summarises how the Board fulfils these responsibilities.

The Board

The Board is comprised of members who have successfully met the criteria laid down by the Nominations Committee to ensure they are of the appropriate calibre required to meet the business needs of the Club. They are all independent, experienced and influential individuals from a range of relevant industries. Their mix of skills and business experience is a major contribution to the proper functioning of the Board ensuring that matters are fully debated.

Club Rules are in place under which the Club is governed. These rules are reviewed regularly and where necessary updated following approval by the membership.

The Board sets the strategic objectives of the Club and approves all key policies whilst delegating to management the detailed planning and implementation of those objectives and policies in accordance with appropriate risk parameters. The Board monitors compliance with policies and achievement against objectives by holding management accountable for its activities through monthly performance reporting and updates against budget. The Board meets at least once a month and more frequently should circumstances require it.

There is a schedule of matters which are dealt with exclusively by the Board. These include approval of financial statements, the annual capital expenditure plan, major capital projects, major changes to the Club's management and control structure, risk management strategy and treasury policies. The Board has established sub-committees with specific terms of reference, namely those covering audit & risk, remuneration and nominations and more recently the new hotel project and refinancing exercise.

During the year the Board has continued to review its governance activities and has most recently established the following:

- A formal Board Self Assessment process;
- A defined Code of Conduct;
- Appointed a Senior Independent Director to provide a sounding board for the Chairman and alternative contact for stakeholders as well as monitoring performance; and
- An Equity Policy aimed at achieving gender parity and greater diversity on the Board.

Internal Control

The directors are responsible for the Club's system of internal control and for maintaining and reviewing its effectiveness from both a financial and an operational perspective. The system of internal control is designed to manage, rather than eliminate, the risk of failure to achieve business objectives and to provide reasonable but not absolute assurance against material misstatement or loss. The Club's approach to internal control is based on the underlying principle of line management's accountability for control and risk management. In reviewing the effectiveness of the system of internal control, the Board has taken account of the results of the work carried out by the external auditor to audit and review the activities of the Club.

There is an ongoing process to identify, assess, manage and communicate risk, including those risks affecting the Club's reputation. This process is subject to continuous improvement and has been in place throughout the financial year to which these statements apply and up to the date of their approval.

The Club has a clearly defined organisation structure within which operational management has detailed responsibilities and levels of authorisation, supported by written job descriptions and operating procedures.

Accountability and Audit

The Board's obligation to establish formal and transparent arrangements for considering how it should apply financial reporting and internal control principles, and for maintaining an appropriate relationship with the Club's external auditor, Hurst & Company Accountants LLP, is met through the Audit & Risk Committee. The role of this Committee is to monitor the integrity of the financial statements of the Club and review and, when appropriate, make recommendations to the Board on business risks, internal controls and compliance. The Committee satisfies itself, by means of suitable steps and appropriate information, that proper and satisfactory internal control systems are in place to identify and manage business risks and that the Club's business is conducted in a proper and economically sound manner.

The Audit & Risk Committee is chaired by Les Platts and comprises two other Board members – Chairman, David Hodgkiss and Senior Independent Director, James Sheridan. The Chief Executive and Finance Director also attend meetings. The Chairman of the Committee reports to the subsequent meeting of the Board on the Committee's work and the Board receives a copy of the minutes of each meeting.

The Audit & Risk Committee assesses annually the qualification, expertise and resources, and independence of the external auditor and the effectiveness of the audit process.

BOARD'S RESPONSIBILITIES STATEMENT

The Co-operative and Community Benefit Societies Act 2014 requires the Board to prepare financial statements for each financial year or period which give a true and fair view of the state of affairs of the Club and of the financial result of the Club for that period.

In preparing those financial statements the Board is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Club will continue in operation.

The Board confirms that it has complied with the above requirements in preparing the financial statements.

The Board is responsible for ensuring proper accounting records are kept which disclose with reasonable accuracy at any time the financial position of the Club and to enable it to comply with the Co-operative and Community Benefit Societies Act 2014. It is also responsible for ensuring that the assets of the Club are safeguarded and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.







INDEPENDENT AUDITOR'S REPORT

Independent Auditor's Report to the Members of Lancashire County Cricket Club Limited

Opinion

We have audited the financial statements of Lancashire County Cricket Club Limited (the "Club") for the year ended 31 December 2018, which comprise the Income and Expenditure Account, the Balance Sheet, the Statement of Changes in Equity, the Statement of Cash Flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Club's affairs as at 31 December 2018 and of its surplus for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been properly prepared in accordance with the requirements of the Co-operative and Community Benefit Societies Act 2014.

Use of our report

This report is made solely to the Club's members, as a body, in accordance with Section 87 of the Co-operative and Community Benefit Societies Act 2014. Our audit work has been undertaken so that we might state to the Club'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 Club and the Club's members as a body, for our audit work, for this report, or for the opinions we have formed.

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 Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Club in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Board's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Board has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Club's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The Board is responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Auditors' Report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Club and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

We have nothing to report in respect of the following matters in relation to which the Co-operative and Community Benefit Societies Act 2014 requires us to report to you if, in our opinion:

- a satisfactory system of control over transactions has not been maintained; or
- the Club has not kept proper accounting records; or
- the financial statements are not in agreement with the books of account; or
- we have not received all the information and explanations we need for our audit.

INDEPENDENT AUDITOR'S REPORT

Independent Auditor's Report to the Members of Lancashire County Cricket Club Limited (cont)

Responsibilities of the Board

As explained more fully in the Board's Responsibilities Statement on Page 15, the Board is responsible for the preparation of financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Board 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 Board is responsible for assessing the Club'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 Club or to cease operations, or have no realistic alternative but to do so.

Auditors' 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 Auditors' Report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditors' Report.

Mike Jackson (senior statutory auditor) for and on behalf of Hurst & Company Accountants LLP

Chartered Accountants
Statutory Auditors
Lancashire Gate, 21 Tiviot Dale,
Stockport, Cheshire SK1 1TD

1 April 2019

INCOME AND EXPENDITURE ACCOUNT

Lancashire County Cricket Club Limited Income and Expenditure Account for the year ended 31 December 2018

	Note	2018 £	2018 £	2017 £	2017 £
Income for the year					
Subscriptions		489,989		485,738	
Cricket match receipts		2,583,682		3,508,679	
Hospitality		1,043,053		1,100,689	
ECB distributions		3,402,517		1,985,678	
LCCC sponsorships		1,529,458		1,293,823	
Advertising		160,000		480,000	
Catering sales - cricket		945,300		1,115,221	
Conferences and events revenue		4,098,946		3,595,262	
Indoor Cricket Centre		195,195		224,251	
Retail income		211,164		-	
Miscellaneous income		865,920		1,233,715	
Hotel income		4,184,458		1,439,041	
Total income for the year			19,709,682		16,462,097
Expenditure for the year					
Salaries, wages and staff related costs	3 & 4	9,135,360		7,234,381	
Cricket match expenses (incl hospitality)		2,234,672		2,657,211	
Conferences & events and catering purchases and overheads		1,314,626		1,206,930	
Ground expenses		1,660,978		1,298,946	
Office costs		815,662		735,514	
Miscellaneous costs		315,883		418,932	
Hotel purchases and overheads		1,504,409		520,862	
Indoor Cricket Centre purchases and overheads		16,481		9,780	
Cricket Development overheads		120,205		32,082	
Retail costs		204,510		-	
Total expenditure for the year			(17,322,786)		(14,114,638)
Operating profit			2,386,896		2,347,459
Amortisation of capital grants	17		1,073,983		1,060,743
Depreciation	8		(1,878,390)		(1,567,794)
Finance costs (net)	6		(1,388,976)		(869,082)
Surplus before taxation			193,513		971,326
Corporation tax	7		41,231		-
Surplus after taxation			£234,744		£971,326

Comprehensive income

The Club has no other income, other than the results in the income and expenditure account shown above, for the two years ended on 31 December 2018. Accordingly no separate statement of comprehensive income has been presented. All operations are continuing.

The notes on pages 24 to 32 form part of these financial statements.

BALANCE SHEET

Lancashire County Cricket Club Limited Balance Sheet as at 31 December 2018

	Note	2018 £	2018 £	2017 £	2017 £
Tangible fixed assets	8		54,585,083		54,995,106
Current assets					
Debtors and prepayments	9	3,445,363		2,559,237	
Stocks	10	302,070		215,302	
Cash at bank and in hand		103,921		138,469	
		3,851,354		2,913,008	
Creditors: amounts falling due within one year					
Sundry creditors and accrued liabilities	11	(12,541,078)		(11,547,659)	
Net current liabilities			(8,689,724)		(8,634,651)
Total assets less current liabilities			45,895,359		46,360,455
Less deferred income	12		(7,532,721)		(2,101,809)
			38,362,638		44,258,646
Financed by:					
Creditors: amounts falling due after more than one year	13	17,784,946		23,106,562	
Unamortised grants	17	23,841,290		24,650,422	
			41,626,236		47,756,984
Capital and reserves					
Share capital	18	210		214	
General reserve		(3,263,808)		(3,498,552)	
			(3,263,598)		(3,498,338)
			£38,362,638		£44,258,646

The financial statements of Lancashire County Cricket Club Limited, Registration number 28451R, on pages 20 to 32 were approved on 29 March 2019 on behalf of the Board by:

L Morgan, Secretary

D M W Hodgkiss OBE, Chairman

L M Platts, Honorary Treasurer

The notes on pages 24 to 32 form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

STATEMENT OF CASH FLOWS

Lancashire County Cricket Club Limited

Statement of Changes in Equity

for the year ended 31 December 2018

	Share capital £	General reserve £	Total equity £
At 1 January 2017	241	(4,469,878)	(4,469,637)
Surplus for the financial year	-	971,326	971,326
Decrease in share capital	(27)	-	(27)
At 31 December 2017	214	(3,498,552)	(3,498,338)
Surplus for the financial year	-	234,744	234,744
Decrease in share capital	(4)	-	(4)
At 31 December 2018	210	(3,263,808)	(3,263,598)

Lancashire County Cricket Club Limited

Statement of Cash Flows

for the year ended 31 December 2018

	Note	2018 £	2017 £
Net cash inflow from operating activities	A	6,295,338	3,480,185
Investing activities			
Payments to acquire tangible fixed assets		(1,402,079)	(7,924,941)
Net cash flow from investing activities		(1,402,079)	(7,924,941)
Taxation			
Tax received		41,231	-
Financing activities			
Interest paid		(1,755,664)	(1,769,797)
Interest element of finance lease rental payments		(107,839)	(108,104)
Finance costs paid		(58,322)	(18,137)
Grants received		264,851	-
Long term loan money received		2,824,601	8,015,294
Repayment of long term loans		(3,969,818)	(1,380,383)
Repayment of capital element of finance leases		(399,862)	(286,932)
Net cash flow from financing activities		(3,202,053)	4,451,941
Increase in cash and cash equivalents		1,732,437	7,185
Cash and cash equivalents at 1 January		(2,027,855)	(2,035,040)
Cash and cash equivalents at 31 December	B	(295,418)	(2,027,855)

NOTES TO THE STATEMENT OF CASH FLOWS

Lancashire County Cricket Club Limited Notes to the Statement of Cash Flows for the year ended 31 December 2018

Note A

Reconciliation of surplus before taxation to net cash inflow from operating activities

	2018 £	2017 £
Surplus before taxation	193,513	971,326
Adjustments to reconcile surplus for the year to net cash flow from operating activities:		
Depreciation charges	1,878,390	1,567,794
Amortisation of capital grants	(1,073,983)	(1,060,743)
Bank and loan interest payable	1,388,976	869,082
Working capital movements:		
Increase in deferred income	5,430,912	30,334
(Decrease)/Increase in creditors	(549,576)	1,591,153
Increase in debtors	(886,126)	(354,296)
Increase in stocks	(86,768)	(134,465)
Net cash inflow from operating activities	£6,295,338	£3,480,185

Note B

Cash and cash equivalents

	2018 £	2017 £
Cash at bank and in hand	103,921	138,469
Bank overdraft	(399,339)	(2,166,324)
Cash and cash equivalents	(295,418)	(2,027,855)

NOTES TO THE FINANCIAL STATEMENTS

Lancashire County Cricket Club Limited

Notes to the Financial Statements

for the year ended 31 December 2018

1 General information

Lancashire County Cricket Club Limited ('The Club') is a cricket club that competes in English First-Class Cricket competitions as well as hosting international cricket. It trades from Emirates Old Trafford Cricket Ground where it also operates a hotel and runs conferences and events.

The Club is a registered society under the Co-operative and Community Benefit Societies Act 2014. The address of its registered office is Emirates Old Trafford, Manchester M16 0PX.

2 Accounting policies

a) Accounting convention

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and the preceding year.

The financial statements have been prepared under the historical cost convention, modified to include certain items at fair value, and in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council.

The financial statements have been prepared on a going concern basis, notwithstanding the significant net current liabilities position at 31 December 2018.

As set out in the Board's Responsibilities Statement on page 15, in preparing these financial statements the Board is required to prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Club will continue in operation. The Club meets its day to day working capital requirements through an overdraft facility which will be in place until at least the end of March 2020.

The Board has reviewed in detail the Club's cash flow projections and banking facilities, and considered the Club's ability to discharge its liabilities as they fall due and meet its financial covenants. In doing so, they have a reasonable expectation that the Club has adequate resources to continue in operational existence for the foreseeable future. The Board therefore continues to adopt the going concern basis of accounting in preparing the annual financial statements.

b) Fixed assets

- i) Fixed assets are stated at cost less depreciation.
- ii) The improvement element of expenditure on major ground refurbishment work is capitalised.
- iii) Finance costs which are directly attributable to the construction of tangible fixed assets are capitalised as part of the cost of those assets. The commencement of capitalisation begins when both finance costs and expenditure for the asset are being incurred and activities that are necessary to get the asset ready for use are in progress. Capitalisation ceases when substantially all the activities that are necessary to get the asset ready for use are complete.
- iv) Fixed assets are reviewed for impairment only if there is an indication that impairment has occurred in line with FRS 11. Impairment is measured by comparing the carrying value of the fixed asset or income-generating unit with its recoverable amount. The recoverable amount is the higher of the amounts that can be obtained from selling the fixed asset or income-generating unit, net realisable value, or using the fixed asset or income-generating unit, value in use.

c) Depreciation

Depreciation is provided evenly on tangible fixed assets at rates calculated to write off the cost, less estimated residual value, of each asset over its expected useful life as follows:

Stands and buildings: various periods from 5 years to 50 years

Equipment, furniture & fittings: various periods from 3 years to 25 years

Motor vehicles: over 5 years

d) Income

All income, including both subscriptions and amounts received from the England and Wales Cricket Board (ECB), is accounted for on an accruals basis except for donations which are accounted for in the year of receipt. Income represents amounts receivable from the Club's principal activities.

The Club's principal activities are comprised of the following:

The staging of domestic and international cricket matches and other large events leading to amounts received from gate receipts, ticket sales, advertising, sponsorship and hospitality.

The provision of catering, hotel, retail and car parking services.

Income received in respect of future periods is treated as deferred income.

NOTES TO THE FINANCIAL STATEMENTS

Lancashire County Cricket Club Limited Notes to the Financial Statements (cont) for the year ended 31 December 2018

2 Accounting policies (cont)

e) Stocks

Stocks are stated at the lower of cost or net realisable value.

f) Pensions

Contributions payable to the defined contribution pension schemes are charged to the income and expenditure account in the year to which they relate. The total cost charged to income of £372,194 (2017: £335,134) represents contributions payable to these schemes. As at 31 December 2018 contributions of £56,725 (2017: £53,785) due in respect of the current year had not been paid over to the schemes.

g) Capital grants

Capital grants received are treated as deferred income and credited to the income and expenditure account over the estimated useful life of the relevant fixed assets.

h) Taxation

Current tax, including UK corporation tax, is provided at amounts expected to be paid (or recovered) using the rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised on all timing differences where the transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Club's relievable tax losses and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements. Deferred tax assets are recognised when it is more likely than not that they will be recovered. Deferred tax is measured using rates of tax that have been enacted or substantively enacted by the balance sheet date.

i) Leased assets

Rentals paid under operating leases are charged to the income and expenditure account on a straight line basis over the term of the lease.

j) Finance costs

Finance costs of debt are recognised in the income and expenditure account over the term of such instrument at a constant rate on the carrying amount.

k) Finance leases

It is the Club's policy to lease certain fixtures and equipment under finance leases. The average lease term is 3 - 5 years. For the year ended 31 December 2018, the average effective borrowing rate was 8.3 per cent (2017 8.3 per cent). Interest rates are fixed at the contract date. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

l) Financial Instruments

Financial assets and financial liabilities are recognised when the Club becomes a party to the contractual provisions of the instrument.

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Club after deducting all of its liabilities.

Financial assets and liabilities

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets and liabilities are only offset in the statement of financial position when, and only when there exists a legally enforceable right to set off the recognised amounts and the Club intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Financial assets are derecognised when and only when a) the contractual rights to the cash flows from the financial asset expire or are settled, b) the Club transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or c) the Club, despite having retained some, but not all, significant risks and rewards of ownership, has transferred control of the asset to another party.

Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

NOTES TO THE FINANCIAL STATEMENTS

Lancashire County Cricket Club Limited Notes to the Financial Statements (cont) for the year ended 31 December 2018

2 Accounting policies (cont)

l) Financial Instruments (cont)

Derivative financial instruments

The Club uses derivative financial instruments to reduce and to manage its exposure to interest rate movements on its bank borrowings.

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently re-measured to their fair value at each reporting date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

Fair value measurement

The best evidence of fair value is a quoted price for an identical asset in an active market. When quoted prices are unavailable, the price of a recent transaction for an identical asset provides evidence of fair value as long as there has not been a significant change in economic circumstances or a significant lapse of time since the transaction took place. If the market is not active and recent transactions of an identical asset on their own are not a good estimate of fair value, the fair value is estimated by using a valuation technique.

m) Judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements:

Impairment of non-financial assets

Where there are indicators of impairment of individual assets, the Club performs impairment tests based on fair value less costs to sell or a value in use calculation.

Derivatives

The Club has entered into an interest rate swap to manage its exposure to interest rate movements on its bank borrowings. These derivatives are measured at fair value and the resulting gain or loss is recognised in profit or loss immediately.

Depreciation

The officers of the Club exercise significant judgement in estimating the useful life of tangible fixed assets. Should these estimates vary, the profit or loss and balance sheet of the following years could be impacted.

3 Salaries, wages and staff related costs

	2018	2017
	£	£
Playing and Coaching	2,829,442	2,351,026
Ground and maintenance	1,011,912	796,172
Administration	1,257,038	927,563
Marketing	1,198,616	1,123,465
Retail	34,078	-
Conferences & events and Catering	1,392,092	1,312,430
Indoor Cricket Centre	198,284	158,113
Hotel	942,865	446,069
Cricket Development	271,033	119,543
	£9,135,360	£7,234,381

NOTES TO THE FINANCIAL STATEMENTS

Lancashire County Cricket Club Limited Notes to the Financial Statements (cont) for the year ended 31 December 2018

4 Staff numbers and costs

	2018	2017
	£	£
Salaries and wages	7,121,402	5,666,301
Social security costs	698,947	561,065
Defined contribution pension costs	372,194	335,134
Staff related costs including medical and travelling expenses	942,817	671,881
	£9,135,360	£7,234,381

The average number of employees during the year was as follows:

	2018	2017
	Numbers	Numbers
Playing and coaching	32	28
Ground and maintenance	33	40
Administration	20	20
Marketing	34	33
Retail	2	-
Conferences & events and Catering	179	181
Indoor Cricket Centre	18	19
Hotel	45	12
Cricket Development	7	2
	369	335

5 Auditor's remuneration

	2018	2017
	£	£
Fees payable to the Club's auditor for the audit of the Club's financial statements	25,500	24,500
Tax compliance services	4,000	3,250
Total fees payable	£29,500	£27,750

6 Finance costs (net)

	2018	2017
	£	£
Bank interest	738,609	746,369
Non-bank interest	866,613	363,576
Finance lease charges	103,925	108,104
Amortisation of finance costs	101,980	96,519
	1,811,127	1,314,568
Gain arising on cash flow hedge - interest rate swap	(422,151)	(445,486)
	£1,388,976	£869,082

The gain arising on adjustment for the interest rate swap relates to the fixed rate bank loan, details of which are disclosed in note 16.

NOTES TO THE FINANCIAL STATEMENTS

Lancashire County Cricket Club Limited Notes to the Financial Statements (cont) for the year ended 31 December 2018

7 Corporation tax

	2018 £	2017 £
Current tax on surplus		
UK corporation tax credit - adjustment in respect of prior periods	41,231	-
Deferred tax	-	-
	£41,231	-

The differences between the total tax charge shown above and the amount calculated by applying the standard rate of UK corporation tax to the surplus before tax is as follows:

	2018 £	2017 £
Surplus before taxation	193,513	971,326
Tax at 19% (2017: 19%)	36,767	184,552
Expenses not deductible for tax purposes	2,430	3,014
Income not taxable in determining taxable profit	(204,057)	(201,541)
Depreciation in the year in excess of capital allowances	22,900	4,936
Losses not utilised - current year	153,567	59,607
- prior year	294,680	9,033
Adjustments in respect of prior years	(294,680)	(9,033)
Other movements	(52,838)	(50,568)
Total tax credit	£(41,231)	-

	2018 £	2017 £
Deferred taxation		
Unrelieved tax losses	430,000	430,000
	£430,000	£430,000

At the balance sheet date, the Club has unused tax losses of £9,776,607 (2017: £8,552,658) available for offset against future profits. A deferred tax asset of £430,000 (2017: £430,000) has been recognised in previous periods on the basis of the expected utilisation of losses in the foreseeable future. The amount recognised has been reviewed as at 31 December 2018, no adjustment to the asset recognised was deemed to be necessary.

8 Tangible fixed assets

	Motor vehicles £	Equipment, furniture and fittings £	Stands and buildings £	Total £
Cost				
1 January 2018	28,460	8,983,458	60,405,293	69,417,211
Additions	-	815,448	652,919	1,468,367
At 31 December 2018	£28,460	£9,798,906	£61,058,212	£70,885,578
Depreciation				
1 January 2018	28,460	5,922,537	8,471,108	14,422,105
Charge for the year	-	686,858	1,191,532	1,878,390
At 31 December 2018	£28,460	£6,609,395	£9,662,640	£16,300,495
Net book value				
31 December 2018	-	£3,189,511	£51,395,572	£54,585,083
31 December 2017	-	£3,060,921	£51,934,185	£54,995,106

NOTES TO THE FINANCIAL STATEMENTS

Lancashire County Cricket Club Limited Notes to the Financial Statements (cont) for the year ended 31 December 2018

8 Tangible fixed assets (cont)

The net book value of assets held under finance leases within equipment, furniture and fittings is £1,779,071 (2017: £1,880,592).

The land which the Club occupies is held by Lancashire County Cricket Club Limited on a freehold basis and is subject to a charge in favour of National Westminster Bank plc (Note 14).

9 Debtors and prepayments

	2018	2017
	£	£
Trade debtors	1,304,455	722,229
Other debtors	698,823	671,647
Deferred tax debtor	430,000	430,000
Prepayments	1,012,085	735,361
	£3,445,363	£2,559,237

10 Stocks

	2018	2017
	£	£
Catering stocks	201,625	206,300
Stocks relating to cricket activities	5,163	9,002
Retail stocks	95,282	-
	£302,070	£215,302

11 Sundry creditors and accrued liabilities

	2018	2017
	£	£
Bank overdraft	399,339	2,166,324
Trade creditors	1,324,790	1,569,106
Finance lease creditors (note 15)	436,103	408,687
Accruals	1,375,343	1,672,752
Loans (Note 14)	7,050,146	3,679,518
Other taxes and social security costs	1,355,925	984,395
Other creditors	405,304	274,588
Amounts owing to related parties (note 21)	194,128	792,289
	£12,541,078	£11,547,659

12 Deferred income

	2018	2017
	£	£
At 1 January	2,101,809	2,071,475
Increase in advance cricket receipts during the year	5,430,912	30,334
At 31 December	£7,532,721	£2,101,809

13 Creditors falling due after more than one year

	2018	2017
	£	£
Loans (note 14)	15,292,674	19,806,112
Finance lease creditors (note 15)	790,218	1,176,245
Derivative financial instruments (note 16)	1,702,054	2,124,205
	£17,784,946	£23,106,562

NOTES TO THE FINANCIAL STATEMENTS

Lancashire County Cricket Club Limited Notes to the Financial Statements (cont) for the year ended 31 December 2018

14 Bank loans and overdrafts	2018	2017
	£	£
Bank overdraft	399,339	2,166,324
Bank loans	10,643,790	9,969,608
Other loans	12,030,154	13,890,804
Less: unamortised finance costs	(331,124)	(374,782)
	£22,742,159	£25,651,954
Instalments relating to the loans fall due as follows:		
Amounts falling due within one year (note 11)	7,131,000	3,769,000
Less: unamortised finance costs	(80,854)	(89,482)
	7,050,146	3,679,518
Amounts falling due after more than one year (note 13)	15,542,944	20,091,412
Less: unamortised finance costs	(250,270)	(285,300)
	15,292,674	19,806,112
	£22,342,820	£23,485,630
Loan maturity analysis:		
In one year or less or on demand	7,050,146	3,679,518
In more than one year but not more than two years	1,402,495	6,088,643
In more than two years but not more than five years	6,892,182	4,323,848
In more than five years	6,997,997	9,393,621
	£22,342,820	£23,485,630

The bank loans and overdraft are secured by a first legal charge over the Lancashire County Cricket Club Limited ground, in favour of National Westminster Bank plc. There are also two other loans which are secured by a second legal charge ranking pari passu with each other.

On 28 March 2019 the Club underwent a major refinancing of its bank loans, other loans and overdraft. A new loan of £26million was secured with Metro Bank plc which will be repayable over a 20 year term commencing on 30 June 2020. This loan replaces all loans with the exception of a small loan of £313,500, due to the England & Wales Cricket Board. The new loan and overdraft with Metro Bank PLC will be secured by a first charge over the Lancashire County Cricket Club Limited ground.

15 Financial commitments	2018	2017
	£	£
Minimum lease payments payable:		
Within one year	436,103	408,687
In the second to fifth years inclusive	790,218	1,176,245
	1,226,321	1,584,932
Less: future finance charges	(80,180)	(107,839)
Present value of minimum lease payments	£1,146,141	£1,477,093

The Finance leases are secured against the individual assets against which they relate.

NOTES TO THE FINANCIAL STATEMENTS

Lancashire County Cricket Club Limited Notes to the Financial Statements (cont) for the year ended 31 December 2018

16	Derivative financial instruments	Current		Non - current	
		2018	2017	2018	2017
		£	£	£	£
	Liabilities				
	Interest rate swaps	-	-	£1,702,054	£2,124,205

Interest rate swaps are valued at the present value of future cash flows estimated and discounted based on the applicable yield curves derived from quoted interest rates.

Interest rate swap contracts

The following table details the notional principal amounts and remaining terms of interest swap contracts outstanding as at the reporting date:

Outstanding receive floating pay fixed contracts

	Average contract fixed interest rate		Notional principal value		Fair value	
	2018	2017	2018	2017	2018	2017
	%	%	£	£	£	£
5 years +	8.0	8.0	£7,934,119	£8,443,703	£(1,702,054)	£(2,124,205)

The interest rate swaps settle on a quarterly basis. The floating rate on interest rate swaps is three months' LIBOR. The Club will settle the difference between the fixed and floating interest rate on a net basis.

17	Unamortised capital grants	2018	2017
		£	£
	Unamortised capital grants at 1 January	24,650,422	25,711,165
	New grants	264,851	-
	Amortised to Income and Expenditure account	(1,073,983)	(1,060,743)
	Unamortised capital grants at 31 December	£23,841,290	£24,650,422

18	Share capital	2018	2017
		£	£
	Allotted, called up and fully paid Ordinary 5p shares allotted to 4,200 (2017: 4,280)		
	Members in accordance with the rules of Lancashire County Cricket Club Limited	£210	£214

Share capital has been adjusted to reflect the number of existing Members, with voting rights, holding a 5 pence share as at 31 December 2018.

19	Contingent liability		
	The Club has to date received capital grants amounting to £29,501,978 (2017: £29,237,128) which may become repayable should the Club breach certain conditions relating to those grants, none of which have been breached to date or are forecast to be.		

20	Capital commitments	2018	2017
		£	£
	Amounts contracted for but not provided for	1,394,839	£944,896

NOTES TO THE FINANCIAL STATEMENTS

Lancashire County Cricket Club Limited Notes to the Financial Statements (cont) for the year ended 31 December 2018

21 Related party transactions

As at the 31 December 2018 Lancashire County Cricket Club Limited had a creditor balance owing to Lancashire County Cricket Club Development Association of £9,130 (2017: £11,047).

As at 31 December 2018 Lancashire County Cricket Club Limited had a creditor balance owing to Lancashire Cricket Foundation Limited of £26,431 (2017: £186,068).

As at 31 December 2018 Lancashire County Cricket Club Limited had a creditor balance owing to LCCC Trust Trading Limited of £158,567 (2017: £595,174).

Key management compensation in the year totalled £950,460 (2017: £779,142).

22 Leasing commitments

Operating lease charges paid during the year for the hire of equipment, including short term hire arrangements, amounted to £252,541 (2017: £231,009).

Total future minimum lease payments under non-cancellable operating leases are as follows:

	2018		2017	
	Land and buildings	Other	Land and buildings	Other
	£	£	£	£
- within one year	-	-	-	-
- between one and five years	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

23 Financial Instruments

The Club has the following financial instruments:

Financial assets at fair value through income or expenditure

2018	2017
£	£
-	-

Financial assets that are debt instruments measured at amortised cost:

- Trade receivables	1,304,455	722,229
- Other receivables	698,823	671,647
	2,003,278	1,393,876

Financial liabilities measured at fair value through income or expenditure:

- Derivative financial instruments	(1,702,054)	(2,124,205)
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Financial liabilities measured at amortised cost:

- Bank term loans	(10,643,790)	(9,969,608)
- Other loans	(14,559,190)	(11,884,038)
- Finance leases	(1,226,321)	(1,584,932)
- Trade creditors	(1,324,790)	(1,569,106)
- Deferred revenue	(7,532,721)	(2,101,809)
- Other creditors	(542,708)	(1,066,877)

(35,829,520)	(28,176,370)
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Other financial liabilities measured at fair value

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