

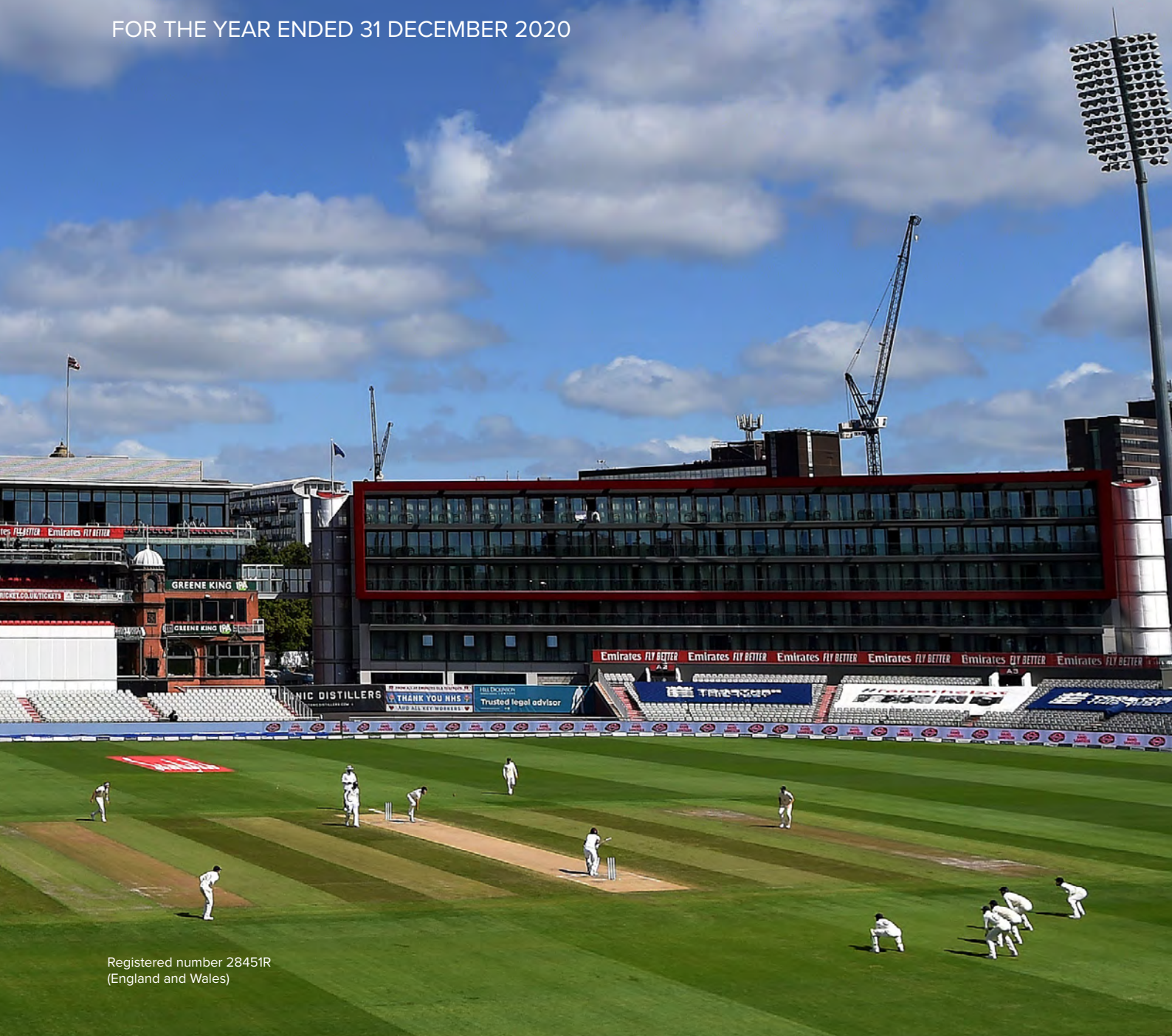


Old Trafford

LANCASHIRE COUNTY  
CRICKET CLUB LIMITED

# ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020





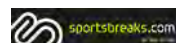




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**THANK YOU TO LANCASHIRE CRICKET'S PARTNERS AND SPONSORS**



# NOTICE OF ANNUAL GENERAL MEETING AND AGENDA

April 2021

Dear Member

The ANNUAL GENERAL MEETING OF MEMBERS will be held in The Point at Lancashire County Cricket Club, Emirates Old Trafford, Manchester M16 0PX, on Thursday 27 May 2021 at 6.30p.m. for the purpose of transacting the following business:

## **AGM AGENDA**

- 1a To confirm the Minutes of the Annual General Meeting held on 5 October 2020
- 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 2020 together with the report of the Auditor thereon
- 4 To approve the re-election of Sir Howard Bernstein as President of the Club
- 5 To approve the re-election of Les Platts as Honorary Treasurer
- 6 To approve the re-election of Andrew Flintoff and James Sheridan to the Board
- 7 To approve the election of John Abrahams and Andrew Anson to the Board
- 8 To elect as Vice-Presidents, Tim Johnston, Malcolm Lorimer and Gary Yates
- 9 To re-appoint Hurst Accountants Limited 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 2021
- 10 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 20 May 2021. 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.

# Officers and Advisers

**PATRON:** HER MAJESTY THE QUEEN

**PRESIDENT:** Sir Howard Bernstein

<b>VICE PRESIDENTS:</b>	MA Atherton OBE HF Atkins Sir Robert Atkins Mrs Alice Bennett R Bennett J Charlson J Cumbes S Edge FM Engineer	NH Fairbrother Miss Rose Fitzgibbon K Hayhurst J Heaton RI Hinchliffe J Livingstone OBE Sir Clive Lloyd CBE D Lloyd D Moss	G Ogden WG Robinson J Simmons MBE Mrs Jacqueline Simmons His Honour Judge E Slinger KB Standring M Watkinson RA Wilson
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## BOARD:

<b>President:</b>	Sir Howard Bernstein
<b>Chairman:</b>	Andy Anson - Co-opted (Appointed 9 November 2020)
<b>Honorary Treasurer:</b>	Les Platts
<b>Senior Independent Director:</b>	James Sheridan
<b>Board Members:</b>	Rachel Downey Andrew Flintoff MBE Sara Tomkins Maurice Watkins CBE

<b>Executive Team:</b>	<b>Chief Executive:</b> Daniel Gidney <b>Finance Director / Secretary:</b> Lee Morgan <b>Director of Cricket:</b> Paul Allott <b>Operations Director:</b> Steve Davies <b>Sales Director:</b> Angela Hodson <b>Partnership Director:</b> Elizabeth Cooper <b>Human Resources Director:</b> Joanne Hunt <b>Head Coach:</b> Glen Chapple
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**Auditor:** Hurst Accountants Limited  
Lancashire Gate, 21 Tiviot Dale, Stockport  
SK1 1TD

**Bankers:** Metro Bank PLC  
One Southampton Row, London  
WC1B 5HA

**Registered Office:** Emirates Old Trafford  
Manchester  
M16 0PX

# CHAIRMAN'S STATEMENT

**It has been a source of immense pride to take on the role of Chairman at Lancashire Cricket Club. As a Member in my younger years and a regular at Emirates Old Trafford, it has meant a lot to both me and my family to take on the role at one of the North West's most famous sporting institutions.**

Just like every other business or sports club up and down the country, Lancashire Cricket continues to navigate its way through the COVID-19 crisis and my statement provides an update on the impact the pandemic has had across the Club and its operations, before a more general reflection on 2020, where we can look back with pride at our achievements in the face of some most unexpected adversity.

## COVID-19 Impact

The impact of the COVID-19 pandemic saw most of the Club's revenue streams grind to a halt from mid-March onwards. This has affected all areas of the business from the missing crowds inside Emirates Old Trafford, restrictions on our Conference and Events business, and significantly reduced visitors to the on-site Hilton Garden Inn Hotel.

All but a very small team of staff have been working from home since 23 March 2020, while the Club has used the Government's furlough scheme throughout the year, in order to help protect jobs in the longer-term. We also had to take the difficult decision to ask all staff, playing and non-playing, to take a 20% pay cut in May and additional cuts for many staff across the final quarter of the year. I would like to place on record my thanks to all staff for their hard work, dedication and understanding during this difficult period.

Unfortunately, as part of this process, the Club had to make difficult commercial decisions including the streamlining of several of the teams working around Emirates Old Trafford on a daily basis. This, sadly, meant that a redundancy process across certain areas of the Club could not be avoided with the Hotel and C&E business falling from an annual revenue budget level of £8-9million down to zero overnight with no sign of immediate recovery. Whilst we foresee a strong pick up when we begin to return to normality, it will take a long time to get back to the levels we saw pre-pandemic.

In addition to the Club taking advantage of government support schemes, we have also benefitted from ECB grants and continuing support from our commercial partners, with Emirates in particular fulfilling all of their financial commitments to the Club across the year. We are hugely appreciative of this contribution from both. As discussed more fully later, the hosting of behind closed doors international cricket at Emirates Old Trafford was the significant highlight of the year. This contributed to the Club's finances at a time during the early part of the summer when the future looked to be at its bleakest.

I would also like to thank Metro Bank for their continued support and assistance over the past year. It really has been hugely appreciated by everyone at the Club and we look forward to working with them for many years to come. Finally, the Club worked tirelessly with its brokers during the year on a business interruption insurance claim linked to the impact of the virus on the Club's business. Late in the year, it was confirmed by the insurers that our claim was valid and has resulted in a sizeable advance payment in the early part of 2021 with hopefully more to follow.

## Stadium Redevelopment

As revealed in January 2020, Trafford Council had approved the Club's plans for the next stage of Emirates Old Trafford's redevelopment. This is something the Club continues to press on with; however, in recognition of the financial impact of the past 12 months, these plans have since been amended.

A modified planning application is in the process of being prepared for submission to Trafford Council, with a key element of the application focusing on the expansion of the on-site Hilton Garden Inn hotel, to take us to a grand total of 250 rooms. Since its opening in 2017, the hotel has been a huge revenue driver for the Club and this expansion will enable us to generate even further growth in terms of big conference and event bookings, which will play a vital role in securing the future of Lancashire Cricket.

In keeping with the initial application, plans for a Members' area, a heritage museum, a new Ticket Office and Retail Store are being retained. Subject to securing funding and confirming the project's financial viability, the Club is aiming for completion of the further redevelopment of Emirates Old Trafford for the 2023 campaign, which is also an Ashes year.



## On the pitch in 2020

Switching focus to 2020's performance on the field, the performance of our young Lancashire Cricket side, in a truncated season - like no other played before it - provided all associated with the Club the perfect tonic during the difficult times being endured. The players conducted themselves admirably throughout the initial lockdown period, engaging with the Club's members and supporters, commercial partners, recreational players and both local and national media.

Then, once receiving the green light to resume training and playing, huge credit must go to Paul Allott, Glen Chapple, and our playing and coaching staff for their excellent performances. The application and talent on show from a young squad, which saw no fewer than six First Team debuts, was excellent to watch and it is good to see our emphasis on young, home-grown talent continuing to bear fruit.

The team performed admirably in the North Group of the Bob Willis Trophy, winning two and drawing two of its five matches to secure a third-place finish with a plethora of First XI players missing due to England's increased squad size in their separate bio-secure bubbles for Test and One Day International Cricket. We also continued our strong form in the T20 Vitality Blast, reaching yet another Finals Day, only to lose out in a 11-overs-per-side Semi-Final on the reserve day of a wet October weekend in Birmingham.

Both James Anderson and Jos Buttler have been accompanied on England's recent tours to Sri Lanka and India by Saqib Mahmood and Matt Parkinson - who were both named as reserves in the travelling squad. Add to this, Liam Livingstone's selection on England's curtailed ODI tour of South Africa and current IT20 tour of India and the Club can be very proud of the current supply of its players into the National side. This winter, a further five Academy players have been handed rookie contracts, the next generation of players who will hopefully go on to represent the Red Rose.

While we were not able to welcome our Members and supporters to Lancashire Cricket games last summer, we are extremely grateful for the continued support from home via the Club's enhanced live streaming service. A huge thank you must also go to the 85% of our Membership who chose to take up the Club's option of a Platinum Membership, keeping their money within Lancashire Cricket and, in turn, helping us to protect vital financial resources. Ultimately, with cash-flow suffering, this helped us protect the Club.

## International Behind Closed Doors Cricket at Emirates Old Trafford

The Club were extremely proud to host 21 days of international cricket in a bio-secure, 'behind-closed-doors' environment at Emirates Old Trafford, becoming the first stadium to host three consecutive Test matches in the process.

The return of international cricket last summer, and the fulfilment of the ECB's broadcast deal with Sky Sports, was critical to securing and safeguarding the future of the game in this country at all levels and we were thrilled that the facilities we have at Emirates Old Trafford enabled us to be one of just two venues capable of hosting bio-secure cricket. Huge credit must also go to the Board and Executive Team for their vision and dedication in creating a world-class, multi-purpose venue. Without doubt, the on-site Hilton hotel was a key factor in allowing us to stage these matches here.

Hosting international cricket at Emirates Old Trafford also helped to ensure that we could deliver a visible presence with strong branding for our sponsors. Despite the uncertainty, all of our partners fully supported the Club, and I would like to thank them – and particularly our headline partner, Emirates – for their continued and unwavering support. We look forward to building on our relationships with all our sponsors in the months and years ahead.

With the England, West Indies, Pakistan and Australia teams, as well as commentators, broadcasters and other









stakeholders, all staying on-site in the Hilton Garden Inn Hotel, it is of great credit to Steve Davies and his Operations Team that none of our on-site guests tested positive for COVID-19 throughout the duration of the summer. This was due to the incredible, and previously unprecedented, safety measures they worked diligently around the clock to put into place.

A special mention must also go to Head Groundsman Matt Merchant and the Grounds Team for the quality in the standard of the pitches produced - which led to entertaining spectacles - as cricket fans everywhere watched Emirates Old Trafford from their homes with the country in lockdown. We became the first Test ground to host three back-to-back Test Matches and the amount of work and preparation that goes into producing quality pitches must not be underestimated. Matt was also a thoroughly deserving winner of the Inaugural 'David Hodgkiss OBE' award for his efforts in 2020.

I would also like to express my gratitude to Chief Executive Daniel Gidney, who has led the Club alongside his Executive Team, for the hard work, dedication, and significant contributions to Lancashire Cricket throughout these challenging times. The decisions taken throughout the year have helped to secure the future of the Club and ensure that we are in a strong position to bounce back across all areas of the business - when the time is right.

## 2021 and beyond

When the time comes, Lancashire Cricket is ready for the upsurge in demand that will no doubt emerge, as we are all desperate to gather at and witness live events. We have

already experienced high demand for international cricket at Emirates Old Trafford in 2021. The IT20 with Pakistan in July has already sold out, alongside a large portion of Test Match tickets for England's September meeting with India. Day Two is already a sell-out, while Days One and Three have limited availability, all following a record number of entries in the ballot for the remaining tickets. On the domestic front, there is also limited availability remaining for the keenly anticipated Roses Match in the Vitality Blast, due to ticket holders choosing to roll-over their seats from last summer.

As part of the Club's ongoing strategy to build a presence in India, Lancashire Cricket had hoped to replicate last year's pre-season tour to Mumbai. Unfortunately, that will not be possible this year due to COVID-19 restrictions. However, we have identified a number of key opportunities for improving ties with the Indian cricketing community surrounding the India Test Match and also continue to network with potential commercial partners.

While the times ahead remain uncertain, we are sure that better days are coming and look forward to seeing you all back again at Emirates Old Trafford for what we hope will be an enjoyable 2021 season and beyond.

**Andy Anson**  
CHAIRMAN









# FINANCE REPORT

**O**n the back of record financial results in 2019, the Club fully expected to be announcing a reduction in both its revenue and its EBITDA for 2020. What we couldn't have anticipated was a global pandemic and the impact it would have on our business. During the early part of the second quarter, soon after going into the first lockdown, the prognosis was looking particularly bleak and it is therefore pleasing to be able to report an EBITDA of £2,351,694 and a surplus before taxation of £105,744. This is well below budgeted levels but reflects success in mitigating the effect of Covid-19 on most of the Club's business activities.

There were times during the year when it was feared the Club would incur significant losses and a resulting cash flow crisis. In response, the Club's Executive team and staff worked incredibly hard to protect revenue streams and reduce costs where possible, whilst at the same time taking advantage of the government furlough scheme and business rates relief; all helping to mitigate against the impact Covid-19 was having on the Club's financial results. The crisis has been averted, the Balance Sheet has not been weakened and we can now start to plan again.

## International Cricket

Following two months in April and May when the Club's gates were padlocked, the summer was then dominated by the hosting of 21 days of international cricket, albeit in a bio secure environment with no fans in attendance. The staging of these matches, along with those hosted at the Ageas Bowl, was critical in protecting broadcast revenues for the game as a whole. At the same time as significantly

increasing its profile, the Club also benefited financially, largely in the form of hotel and catering returns, over a three and half month period dedicated to delivering a Biosafe site fit for top class international sport, and utilising assets that otherwise would have been idle for the majority of the year. All costs incurred in relation to the staging of matches behind closed doors were recouped from the ECB along with the receipt of limited staging fee payments.

Furthermore, despite the previously scheduled international matches being cancelled, the Club still retained 90% of the budgeted international ticket revenues through cancellation and abandonment insurance. Whilst hospitality and other secondary spectator spend were forfeited, these were largely offset by the savings derived from no staging fees and no operating costs incurred.

## Domestic Cricket

With a shortened season and no spectators in stadiums there were minimal returns derived from domestic cricket in the year. The new Hundred Ball competition that was due to commence in 2020 was cancelled completely, albeit some insured advanced ticket revenues were retained. Whilst membership subscriptions clearly fell, the retention of £342,000 of income reflects the financial support provided by members for which the Club is truly appreciative.

The ECB provided support to all counties, which included the payment of an unfettered special distribution of £1.1million in the year designed to help counties through the Covid-19 crisis. The Club took the view that this funding should be spread over a three-year period as it is viewed that it will be 2023 before there is a return to pre-pandemic levels of trading.



## Venue

Once the original lockdown measures came into effect it was apparent that both the Club's hotel and conference events businesses were under serious threat. However, it was never seriously envisaged that the impact would be so severe and so lengthy. Excluding the period during the hosting of international cricket, there has been minimal conference and events business and hotel returns have been heavily curtailed. It is this part of the business that has suffered most and incurred the greatest losses, and continues to do so into the first quarter on 2021. However, the Club has been successful in progressing its Business Interruption insurance claim and is confident of recouping a sizeable proportion of its losses through insurance pay outs in 2021. In January 2021 £1million was received which will be reflected in the 2021 trading results along with any further monies received in the year.

## Other Revenues

Sponsorship revenues have also been impacted by the pandemic. However, with the hosting of additional televised international matches and the corresponding additional media coverage of Emirates Old Trafford, the Club were able to protect and retain a considerable proportion of these returns, £949,169 in total, most specifically from Emirates who fulfilled all their partnership obligations and whose support we continue to value highly.

Whilst the shop continued to trade online, Retail revenues rely on fans being engaged, and therefore with a shortened season and no spectators in stadiums this led to a sizable reduction in revenue year on year from £513,004 down to

£126,204.

The main constituent of miscellaneous income, and shown separately on the face of the Income and Expenditure Account, are the receipts from the Government's furlough scheme which were in excess of £1.3million and were crucial in helping to retain the jobs of both fixed and variable hours staff, particularly in the conference and events team. At £75,000, carparking revenues were down more than 70% on 2019 and Caffé Nero franchise fees were also significantly reduced, falling from £73,000 down to £28,000.

## Expenditure

Comparing year on year expenditure is not particularly informative, with the record turnover in 2019 followed by the lack of trading in 2020. The Club were acutely aware of the significance the current situation would have on its ongoing business and therefore from the very start of the pandemic put in emergency measures to mitigate the impact where possible, resulting in a reduction in the overall cost base.

Operating with a skeleton staff outside of behind closed doors cricket, and imposing a reduction of 20% in hours and pay for most of the staff for four months during the year, resulted in a 17% decrease in payroll costs year on year. This decrease is net of more than £320,000 of redundancy costs stemming from a club-wide restructuring review in the final quarter reflecting the reduced trading outlook for conference end events business for the next two years.

The Club benefited from the Business rates holiday, to the value of just under £500,000, and from savings made in





areas such as utilities, maintenance, waste management, security, medical costs, preseason tour, away match expenses, player pathway and marketing.

### Capital Investment

Not surprisingly, capital investment was limited in 2020, partly due to financial prudence and partly due to restricted access to the site. Expenditure was restricted to continuing ground development fees, contractually due retentions in relation to the Hilton Garden Inn development, or investment of a specific essential nature. Out of total expenditure of £827,360, the most notable was the installation of replacement removable partition walls in The Point deemed critical in protecting future business. There was also the need for some IT investment, predominantly laptops required for remote working.

Loss on disposal of tangible fixed assets includes £281,304 of planning and design fees linked to the ground development that were incurred in 2019 and early 2020 but have now been written off as they are unlikely to be of any value as part of any amended future re-development.

### Cashflows

Despite the £5.4m reduction in operating profits, the net cash inflow from operating activities has increased by over £1m compared with 2019. This is due to some positive movements in working capital, the most significant being an increase in year on year advanced ticket sales of £564,000 compared to a decrease of £4,061,000 in the prior year. The advanced sales for the 2021 international matches are as healthy as they have been for many years outside of a forthcoming Ashes summer. In addition, there have been other advanced receipts included as deferred income, resulting in an additional year on year increase in cash of £1,230,000 plus a deferment of £350,000 of VAT, representing further short-term support from the government. These upsides have been offset by a net reduction in working capital from a net reduction in the level of creditors, stock and debtors amounting to £957,000 in line with reduced activity in the second half of the year.

Operating cashflow generated has been used to invest in tangible fixed assets totalling £770,000, finance borrowing costs and to reduce debt to the value of £1,709,000. These financing activities were benefitted by the reduction in bank base rate down to 0.1% in March 2020 plus a six-month capital repayment holiday provided by Metro Bank who were extremely supportive throughout this most challenging of years. Metro Bank also waived financial covenants and, whilst ultimately not required, made available additional overdraft facilities free of charge.

The result is that the cash balance has increased by over £2million during the year, although a significant proportion of this relates to timing differences that will reverse in 2021.



### Outlook

The Board is acutely aware of the ongoing uncertainty surrounding Covid-19 and its impact on the Club's trading as well as the wider economy. However, the Board has reviewed in detail the Club's cash flow projections which are based on trading forecasts that reflect the reducing activity across all aspects of its business, and its banking facilities and has 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.

Whilst the Club is in a much better financial position than it could have expected when the implications of the pandemic were first established, there remains a significant amount of uncertainty and a need to proceed with caution. The Club therefore remains prudent with its short-term forecasting but is continuing to plan positively for the medium to long term. The Club continues to work closely with the ECB, Metro Bank and its other partners to ensure that the business remains on a sound footing at the same time as seeking to ensure it takes advantage of the opportunities that are likely to arise as we move out of restrictions.

**Les Platts**  
HONORARY TREASURER



# STRATEGIC REPORT

**This year's Strategic Report is written against a background of uncertainty that still abounds even as we sit 12 months on from the initial lockdown in early spring 2020.**

Firstly, it reports on how the Club steered through the unprecedented challenges presented during 2020, and secondly the risks and uncertainties section focuses on 2021 and how the Club is focusing on consolidation, repair and recovery but also enabling a platform for future accelerated growth, Covid-19 permitting, into 2022 and 2023.

## Year ended 31 December 2020

2020 couldn't have painted a more different picture to 2019, a record breaking year including Cricket World Cup matches, an Ashes Test and continued growth across our conference, events and hotel business and much to look forward to.

Then, in March 2020, our budgeted EBITDA disappeared in the space of five days. Our biggest strength, that of reduced reliance on cricket and ECB revenues, and a strong diversified business model built around a £60m stadium redevelopment, became our biggest weakness.

With ECB and government support, smaller first-class counties with much lower overheads, could move to an effective mothballing of operations. However, with a larger overhead base supporting a £10m growing Conference, Events and Hotel business ("CEH"), the Club had to deal with a cliff edge drop in turnover literally overnight.

Unlike a recession, where the organisation would expect a gradual reduction in turnover over a period, and would have to reorganise itself according to its new external environment, an immediate drop in revenues really was uncharted waters for the Club.

The Club focused on a bridging strategy to get through the summer but could react quickly to a sharp growth curve at the end of the year.

We prepared four detailed forecast models with multiple outcomes as endeavouring to nail down hard assumptions was pretty much impossible with so many moving parts coupled with global uncertainty:

**Scenario 1:** The baseline – cricket from July to September followed by a full return to CEH business as normal in September through to December

**Scenario 2:** Scenario 1 but with all cricket played behind closed doors

**Scenario 3:** No cricket at all, followed by a full return of CEH business for October to December

**Scenario 4:** No cricket at all, followed by no return of CEH business until January 2021

With such a fast moving external environment, with multiple potential scenarios, a spread of contingency plans were required. It would be fair to say that the worse-case outcome modelled at that time would have put the Club







at the potential risk of insolvency resulting in a probable compulsory voluntary arrangement followed by a radical restructuring with a very different and much smaller organisation evolving.

On top of this, on 29 March 2020 the Club lost its leader, our Chairman, David Hodgkiss OBE, to Covid-19. A truly great, generous and kind man who gave so much of himself to the Club and never asked for anything in return. To have to deal with the financial challenges was difficult enough without the loss of its totem. Notwithstanding this, the Board came together with the Executive team and vowed to work tirelessly to protect the Club and to secure David's legacy.

All non-essential expenditure was halted with a number of staff being placed on the government's furlough scheme. The ECB provided game-wide leadership with a special distribution and at the same time confirmed core distributions for the year and made immediate advance payments.

Covid-19 then robbed the game of a normal cricket season. However, the Club was able to successfully secure the rights to host half of the planned international programme for the summer. Normally hosting between two and seven days of international cricket annually, the Club hosted an unprecedented twenty-one days of international cricket and became a key player in staging the first international sport anywhere in the world, hosting three Test Matches back to back, which no international ground had ever achieved throughout the game's illustrious history. The Board's

bravery and foresight to build the Hilton hotel just a few years before was further vindicated as part of the Club's longstanding strategy to diversify its business model.

The operational challenges in delivering that period of bio secure sport cannot be underestimated. The complexity and risk profiles were significant, resulting in over a hundred new risk assessments being written. As a result, the Club truly put itself on the global map delivering over £24 million in media value, an astonishing figure that saw the Club retain the majority of its commercial revenue streams underpinned by unstinting support from its principal partner Emirates who stood shoulder to shoulder with us throughout the year.

The Behind Closed Doors expertise also enabled the Club to develop its Safe In One Place Conference and Events strategy to really enable the Club to be ready and prepared for market recovery.

In the end, none of the four identified scenarios came to be. Ultimately there was behind closed doors cricket and no return of hotel, conference and events business in the autumn.

Despite the above benefits and mitigating actions, the Club was still forced into a major restructuring programme including pay deductions across the business and ultimately a seven figure reduction in ongoing employment costs recognising that the events business was not expected to begin recovery until the back end of 2021.

On the field, the Club launched Lancashire Cricket TV and began streaming domestic cricket for the first time with the biggest investment in cameras and operators of any first class county, with record viewing numbers.

### Consolidation, Recovery and Enabler for future accelerated growth

We need a clear strategy to continue repairs in 2021 but to be as prepared and as ready as we can be to enable a return to growth in 2022 and accelerated growth in 2023.

Beginning with 2021 recovery, we have high aspirations for hosting international cricket this year with crowds. A high percentage roll over from 2020 coupled with a record ballot, pent up demand for live events remains high. With international tickets insured, confidence is strong. Even if we suffer a Covid-19 setback as a game, we are well placed to support the ECB with Behind Closed Doors cricket as evidenced last year.

With the positive progression of the vaccination programme, there is renewed confidence that our important CEH business will begin its gradual return as we come towards the end of the summer into Autumn. However, we have had to significantly scale back our original development aspirations in terms of a major new stand and hotel extension. We are continuing design development on a smaller more agile scheme that will drive additional EBITDA into the future. With external market evidence that 2023 will most likely see a return to 2019 trading levels the ideal scenario is to enable development for completion in early 2023 prior to the Ashes and a fuller recovery of the CEH operation.

We have ambitions to develop a second home and elite training base outside of Emirates Old Trafford to support

cricket even when we are hosting major events back at headquarters. This would also provide a platform for renewed growth of school's cricket across the North West and particularly with women and girls.

We want to build on the 2020 success of our launch of digital streaming alongside our India strategy and these opportunities will continue at pace in 2021.

In 2022, the wider industry is expecting a strong return to concert hosting with Emirates Old Trafford working closely with promoters to be actively considered as current tours are rescheduled and new tours are planned.

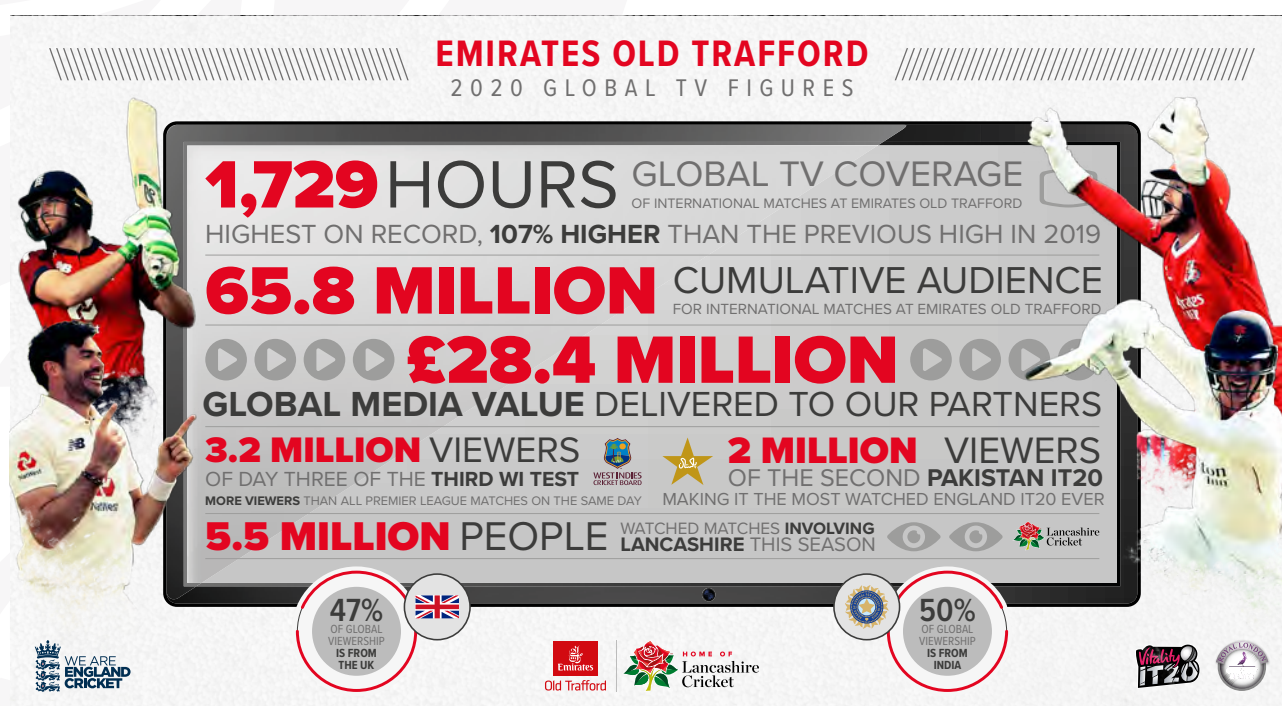
The Club will also be launching a comprehensive Equality, Inclusivity and Diversity strategy this year, recognising that whilst significant progress has been made with regard to gender, that the Club has much work to do to enhance its representation across BAME communities.

### Risks and uncertainties

Notwithstanding a strong finish to a very tough year, the impact of Coronavirus continues to manifest significant risk and uncertainty as we look ahead.

The Key risks and uncertainties facing the Club as a direct result of Covid-19 during 2021 are as follows:

- A truncated, reduced capacity or even Behind Closed Doors cricket season and the resulting potential loss of ticket, hospitality and food and beverage revenue.
- In the event of cancellation of any of the major cricket matches at Emirates Old Trafford in 2021 (Pakistan IT20, India Test Match or Roses T20 Blast match), the subsequent potential impact on sponsorship revenue and broadcast revenue (delivered through ECB distributions).







- The forward order book for CEH in the Autumn being postponed to 2022 due to the disease not being under control by 1 September 2021.

In terms of specific mitigation strategies:

- The ECB have confirmed that their insurance will cover the value of tickets sold for an International match and that they have the power to defer or even cancel relevant staging fees. Loss of food and beverage and hospitality returns would be mitigated by not incurring the relevant expenditure associated with those returns. Budgets have been prepared on the basis of a 50% attendance.
- The ECB have a signed 5-year Broadcast agreement worth over £1billion and have already received the majority of 2021's associated revenue. This has enabled the ECB to protect distributions. 2020's world leading Behind Closed Doors programme, with over half of the international programme staged at Emirates Old Trafford, provides a strong mitigation strategy if Covid-19 prevails deep into 2021.
- The forward order book for Quarter 4 2021 remains strong with limited capacity available. Unless the virus is still requiring no mass gatherings in September then this risk is mitigated particularly if a combination of PCR testing and vaccine passport can be utilised which the travel and sports industries are currently exploring. On a worst-case scenario, the Club's cash headroom can manage even if the current forecast for CEH business is halved.

In terms of general mitigation, the continued strong support of Metro Bank and progression with the business interruption insurance claim puts the Club in a stronger position than it was twelve months ago and provides ongoing confidence going into 2021.

In the immediate short term, the Club is managing with a reduced headcount and more efficient and more agile operating structure and any expenditure is being closely monitored in line with cash flows. The Club continues to take advantage of the Government's Coronavirus Job Retention Scheme for furloughed staff and reduced VAT obligations and business rates holidays whilst those schemes are in operation.

Looking forward to 2022 and beyond, assuming that the virus is under control in the UK, the Club has significant financial certainty. Long term sponsorship agreements with loyal partners who stuck with the Club during 2020, a wider industry demand for CEH expecting to return and thus predictable revenues once this disease has been controlled. Also, the new ECB broadcast agreement, with an increase in core distributions to over £3m per annum for the next four years, as well as the Club having three test matches in the next four years, represents a solid base.

In short, after ten years creating a sustainable and diversified business, the Club, once it has consolidated its recovery position during 2021, is well set to grow into the future in 2022 and beyond with an Ashes Test and hopefully a new EBITDA generating ground development maturing at the same time.

**Daniel Gidney**  
CHIEF EXECUTIVE  
22 MARCH 2021



# 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. The Board operates under a defined Code of Conduct and is subject to a formal Board Self Assessment process. An Equity Policy aimed at achieving gender parity and greater diversity on the Board is in place.

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 to cover ongoing ground re-development and re-financing exercises.

The Remuneration Committee sets the level and structure of remuneration and bonuses for the Chief Executive and members of the Executive Team. It is chaired by Maurice Watkins.

The Nominations Committee is formally constituted with written terms of reference which are defined in the Club Rules and reviewed regularly. Following a rule change agreed at the 2020 AGM, it currently consists of the Club Chairman, one sitting Board member, Sara Tomkins, and a member who is not on the Board. This current member is David Taylor whose tenure comes to an end in 2021 whereupon he will be replaced by a new member who does not sit on the Board. All decisions of this Committee must be unanimous.







## 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 Accountants Limited, 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 the Honorary Treasurer and is also comprised of the President, Chairman and Senior Independent Director. The Chief Executive and Finance Director also attended 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

**T**he 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 AUDITORS' 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 2020 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 2020 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.

## 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

In auditing the financial statements, we have concluded that the Board's 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 Club's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

## 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.

## Responsibilities of the Board

As explained more fully in the Board's Responsibilities Statement on Page 16, 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.

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 identify and assess the risks of material misstatement of the financial statements whether due to fraud or error, and then design and perform audit procedures responsive to those risks, including obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion.

## Identifying and assessing potential risks relating to irregularities

In identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, we considered the following:

- the nature of the industry and sector, control environment and business performance including the key drivers for remuneration and bonus levels;
- enquiring of management concerning the policies and procedures relating to:
  - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
  - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud;
  - the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations.
- discussions amongst the engagement team regarding how and where fraud might occur in the financial statements and any potential indicators of fraud;
- obtaining and understanding the legal and regulatory frameworks that the Club operates in, such as provisions of the Co-operative and Community Benefit Societies Act 2014, pensions and tax legislation, General Data Protection requirements;
- Anti-Bribery policy, Health and Safety and the application of Coronavirus Job Retention Scheme and other central and local government grants and support;
- revenue recognition gives rise to a risk of material misstatement due to fraud. Revenue may be recognised inappropriately or in the wrong period.

## Audit response to risks identified

Our procedures to respond to the risks identified included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;



- enquiring of management concerning actual and potential litigation and claims;
- reading minutes of meetings of those charged with governance;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- reviewing manual journals posted by management throughout the period and testing any unusual or unexpected entries;
- carrying out substantive testing to confirm the validity and accuracy of grant claims under the Coronavirus Job Retention Scheme;
- testing a sample of bookings and orders across all revenue streams throughout the year and at the year end ensuring the revenue has been recognised in line with United Kingdom Generally Accepted Accounting Practice. Reviewing contractual agreements with key strategic partners ensuring that revenue has been recognised in line with United Kingdom Generally Accepted Accounting Practice.

We have also considered the risks noted above in addressing the risk of fraud through management override of controls:

- testing the appropriateness of journal entries and other adjustments;
- assessing whether the judgements made in making accounting estimates are indicative of a potential bias;
- evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

There are inherent limitations in the audit procedures and there is an unavoidable risk that we may not have detected some material misstatements in the financial statements. For example, the further removed non-compliance with laws and regulations (irregularities) is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it. In addition, as with any audit, there remained a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

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](http://www.frc.org.uk/auditorsresponsibilities).

This description forms part of our Auditors' Report.

## 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.

## Mike Jackson

SENIOR STATUTORY AUDITOR  
FOR AND ON BEHALF OF  
HURST ACCOUNTANTS LIMITED

Chartered Accountants

Statutory Auditors

Lancashire Gate

21 Tiviot Dale

Stockport

Cheshire

SK1 1TD

23 March 2021

# INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2020

	Note	2020 £	2020 £	2019 £	2019 £
<b>Income for the year</b>					
Subscriptions		342,897		526,028	
Cricket match receipts		5,325,574		9,311,648	
Hospitality		-		7,017,413	
ECB distributions		3,965,106		3,218,114	
LCCC sponsorships		949,169		1,441,751	
Advertising		-		450,000	
Catering sales - cricket		632,698		2,630,237	
Conferences and events revenue		581,802		3,854,248	
Indoor Cricket Centre		64,806		154,777	
Retail income		126,204		513,004	
Government furlough scheme grant income		1,363,433		-	
Miscellaneous income		232,520		406,668	
Hotel income		2,952,063		4,526,035	
<b>Total income for the year</b>			<b>16,536,272</b>		<b>34,049,923</b>
<b>Expenditure for the year</b>					
Salaries, wages and staff related costs	3 & 4	9,128,408		11,013,397	
Cricket match expenses (incl hospitality)		1,246,473		8,449,729	
Conferences & events and catering purchases and overheads		432,087		1,487,973	
Ground expenses		1,193,751		1,939,782	
Office costs		1,165,000		1,167,164	
Miscellaneous costs		109,610		294,871	
Hotel purchases and overheads		684,875		1,602,995	
Indoor Cricket Centre purchases and overheads		4,780		9,804	
Cricket Development overheads		24,786		83,597	
Retail costs		194,808		422,137	
<b>Total expenditure for the year</b>			<b>(14,184,578)</b>		<b>(26,471,449)</b>
<b>Operating profit</b>			<b>2,351,694</b>		<b>7,578,474</b>
Amortisation of capital grants	16	1,089,046		1,099,045	
Depreciation	8	(1,998,833)		(1,984,893)	
Loss on disposal of tangible fixed assets		(290,533)		-	
Finance costs (net)	6	(1,045,630)		(1,685,038)	
<b>Surplus before taxation</b>			<b>105,744</b>		<b>5,007,588</b>
Corporation tax	7	-		-	
<b>Surplus after taxation</b>			<b>£105,744</b>		<b>£5,007,588</b>
<b>Comprehensive income</b>					

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 2020. Accordingly no separate statement of comprehensive income has been presented. All operations are continuing.

The notes on pages 27 to 37 form part of these financial statements.



## BALANCE SHEET

AS AT 31 DECEMBER 2020

	Note	2020 £	2020 £	2019 £	2019 £
<b>Tangible fixed assets</b>	8		<b>53,176,612</b>		<b>54,421,887</b>
<b>Current assets</b>					
Debtors and prepayments	9	<b>2,275,510</b>		3,771,453	
Stocks	10	<b>405,665</b>		420,684	
Cash at bank and in hand		<b>2,993,062</b>		923,978	
		<b>5,674,237</b>		5,116,115	
<b>Creditors: amounts falling due within one year</b>					
Sundry creditors and accrued liabilities	11	<b>(5,071,269)</b>		(5,605,124)	
<b>Net current assets / (liabilities)</b>			<b>602,968</b>		(489,009)
<b>Total assets less current liabilities</b>			<b>53,779,580</b>		53,932,878
<b>Less deferred income</b>	12		<b>(5,264,897)</b>		(3,470,984)
			<b>48,514,683</b>		50,461,894
<b>Financed by:</b>					
Creditors: amounts falling due after more than one year	13	<b>24,920,897</b>		25,884,728	
Unamortised grants	16	<b>21,744,099</b>		22,833,145	
			<b>46,664,996</b>		48,717,873
<b>Capital and reserves</b>					
Share capital	17	<b>163</b>		241	
General reserve		<b>1,849,524</b>		1,743,780	
			<b>1,849,687</b>		1,744,021
			<b>£48,514,683</b>		£50,461,894

The financial statements of Lancashire County Cricket Club Limited, Registration number 28451R, on pages 22 to 37 were approved on 22 March 2021 on behalf of the Board by:

**LM PLATTS** | HONORARY TREASURER

**DG GIDNEY** | CHIEF EXECUTIVE

**L MORGAN** | FINANCE DIRECTOR & SECRETARY

The notes on pages 27 to 37 form part of these financial statements.

# STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2020

	Share capital £	General reserve £	Total equity £
<b>At 1 January 2019</b>	<b>210</b>	<b>(3,263,808)</b>	<b>(3,263,598)</b>
Surplus for the financial year	-	5,007,588	5,007,588
Increase in share capital	31	-	31
<b>At 31 December 2019</b>	<b>241</b>	<b>1,743,780</b>	<b>1,744,021</b>
Surplus for the financial year	-	105,744	105,744
Decrease in share capital	(78)	-	(78)
<b>At 31 December 2020</b>	<b><u>£163</u></b>	<b><u>£1,849,524</u></b>	<b><u>£1,849,687</u></b>



# STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2020

	Note	2020 £	2019 £
<b>Net cash inflow from operating activities</b>	<b>A</b>	<b>4,764,779</b>	<b>3,505,107</b>
<b>Investing activities</b>			
Payments to acquire tangible fixed assets		<u>(986,624)</u>	<u>(1,433,054)</u>
<b>Net cash flow from investing activities</b>		<b>(986,624)</b>	<b>(1,433,054)</b>
<b>Taxation</b>			
Tax received / (paid)		-	-
<b>Financing activities</b>			
Interest received		2,481	1,047
Interest paid		(918,477)	(1,334,966)
Interest element of finance lease rental payments		(79,413)	(99,555)
Finance costs paid		-	(501,289)
Grants received		-	90,900
Long term loan money received		-	26,000,000
Repayment of long term loans		(262,872)	(24,551,844)
Repayment of capital element of finance leases		<u>(450,790)</u>	<u>(456,950)</u>
<b>Net cash flow from financing activities</b>		<b>(1,709,071)</b>	<b>(852,657)</b>
<b>Increase in cash and cash equivalents</b>		<b>2,069,084</b>	<b>1,219,396</b>
<b>Cash and cash equivalents at 1 January</b>		<b>923,978</b>	<b>(295,418)</b>
<b>Cash and cash equivalents at 31 December</b>	<b>B</b>	<b><u>£2,993,062</u></b>	<b><u>£923,978</u></b>

# NOTES TO THE STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2020

**Note A****Reconciliation of surplus to net cash inflow from operating activities**

	2020 £	2019 £
Surplus before taxation	<b>105,744</b>	5,007,588
Adjustments to reconcile surplus for the year to net cash flow from operating activities:		
Depreciation charges	<b>1,998,833</b>	1,984,893
Loss on disposal of tangible fixed assets	<b>290,533</b>	-
Amortisation of capital grants	<b>(1,089,046)</b>	(1,099,045)
Bank and loan interest receivable	<b>(2,481)</b>	(1,047)
Bank and loan interest payable	<b>1,048,111</b>	1,686,085
Working capital movements:		
Increase/ (decrease) in deferred income	<b>1,793,913</b>	(4,061,737)
(Decrease) / increase in creditors	<b>(891,790)</b>	433,074
Decrease / (increase) in debtors	<b>1,495,943</b>	(326,090)
Decrease / (increase) in stocks	<b>15,019</b>	(118,614)
<b>Net cash inflow from operating activities</b>	<b><u>£4,764,779</u></b>	<b><u>£3,505,107</u></b>

**Note B****Cash and cash equivalents**

	2020 £	2019 £
Cash and cash equivalents	<b><u>£2,993,062</u></b>	<b><u>£923,978</u></b>



## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

### 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.

As set out in the Board's Responsibilities Statement on page 16, 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 currently meets its day to day working capital requirements with, when required, the help of an overdraft facility which will be in place until at least the end of March 2022.

The Board is acutely aware of the ongoing uncertainty surrounding Covid-19 and its impact on the Club's trading as well as the wider economy. However, the Board has reviewed in detail the Club's cash flow projections which are based on trading forecasts that reflect the reducing activity across all aspects of its business, and its banking facilities and has 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

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020 (cont'd)

### 2 Accounting policies (cont'd)

#### 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.

#### 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 £420,122 (2019: £431,051) represents contributions payable to these schemes. As at 31 December 2020 contributions of £63,992 (2019: £71,629) due in respect of the current year had not been paid over to the schemes.

#### g) Grants

Grants are accounted under the accruals model as permitted by FRS 102. Grants relating to expenditure on tangible fixed assets are credited to the Income and Expenditure Account at the same rate as the depreciation on the assets to which the grant relates. The deferred element of grants is included in creditors as deferred income. Grants of a revenue nature are recognised in the Income and Expenditure Account in the same period as the related expenditure.

#### 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.



## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020 (cont'd)

**2 Accounting policies (cont'd)****k) Finance leases**

It is the Club's policy to lease certain fixtures and equipment under finance leases. The lease terms range between 3 and 7 years. For the year ended 31 December 2020, the average effective borrowing rate was 8.3 per cent (2019 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.

**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.

*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.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020 (cont'd)

**3 Salaries, wages and staff related costs**

	2020 £	2019 £
Playing and coaching	<b>2,700,091</b>	3,044,357
Ground and maintenance	<b>1,375,040</b>	1,286,613
Administration	<b>1,674,341</b>	1,696,354
Marketing	<b>1,125,794</b>	1,737,815
Retail	<b>46,220</b>	75,766
Conferences & events and Catering	<b>860,535</b>	1,537,353
Indoor Cricket Centre	<b>87,752</b>	171,887
Hotel	<b>855,833</b>	1,121,699
Cricket Development	<b>402,802</b>	341,553
	<b><u>£9,128,408</u></b>	<b><u>£11,013,397</u></b>

**4 Staff numbers and costs**

	2020 £	2019 £
Salaries and wages	<b>7,147,033</b>	8,706,579
Social security costs	<b>660,304</b>	777,339
Defined contribution pension costs	<b>420,122</b>	431,051
Staff related costs including medical and travelling expenses	<b>900,949</b>	1,098,428
	<b><u>£9,128,408</u></b>	<b><u>£11,013,397</u></b>

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

	2020 Numbers	2019 Numbers
Playing and coaching	<b>33</b>	34
Ground and maintenance	<b>43</b>	36
Administration	<b>23</b>	23
Marketing	<b>32</b>	41
Retail	<b>3</b>	2
Conferences & events and Catering	<b>98</b>	204
Indoor Cricket Centre	<b>13</b>	16
Hotel	<b>45</b>	53
Cricket Development	<b>4</b>	7
	<b><u>294</u></b>	<b><u>416</u></b>



## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020 (cont'd)

**5 Auditor's remuneration**

	<b>2020</b>	2019
	<b>£</b>	£
Fees payable to the Club's auditor for the audit of the Club's financial statements	<b>16,000</b>	25,500
Tax compliance services	<b>4,000</b>	4,000
Total fees payable	<b>£20,000</b>	£29,500

**6 Finance costs (net)**

	<b>2020</b>	2019
	<b>£</b>	£
Bank interest receivable	<b>(2,481)</b>	(1,047)
Bank interest	<b>883,608</b>	761,865
Non-bank interest	<b>34,869</b>	367,290
Finance lease charges	<b>79,413</b>	99,555
Amortisation of finance costs	<b>50,221</b>	364,974
	<b>1,048,111</b>	1,593,684
Loss arising on cash flow hedge - interest rate swap	<b>-</b>	92,401
Bank interest payable	<b>1,048,111</b>	1,686,085
Finance costs (net)	<b>£1,045,630</b>	£1,685,038

The loss arising on adjustment for the interest rate swap related to the fixed rate bank loan that was repaid in March 2019.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020 (cont'd)

**7 Corporation tax**

	<b>2020</b>	2019
	<b>£</b>	£
Current tax on surplus		
UK corporation tax credit - adjustment in respect of prior periods	-	-
Deferred tax	-	-
	<u>-</u>	<u>-</u>

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:

	<b>2020</b>	2019
	<b>£</b>	£
Surplus before taxation	<b>105,744</b>	5,007,588
Tax at 19% (2019: 19%)	<b>20,091</b>	951,442
Expenses not deductible for tax purposes	<b>205</b>	8,381
Income not taxable in determining taxable profit	<b>(259,757)</b>	(261,656)
Depreciation in the year in excess of capital allowances	<b>153,546</b>	-
Capital allowances in the year in excess of depreciation	-	(62)
Utilisation of tax losses brought forward	-	(700,961)
Losses not utilised	<b>87,103</b>	-
- current year	-	117,341
- prior year	-	(117,341)
Adjustments in respect of prior years	-	(117,341)
Other movements	<b>(1,188)</b>	2,856
<b>Total tax credit</b>	<u>-</u>	<u>-</u>

**Deferred taxation**

	<b>2020</b>	2019
	<b>£</b>	£
Unrelieved tax losses	<b>430,000</b>	430,000
	<u><b>£430,000</b></u>	<u>£430,000</u>

At the balance sheet date, the Club has unused tax losses of £7,163,357 (2019: £6,704,924) available for offset against future profits. A deferred tax asset of £430,000 (2019: £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 2020, no adjustment to the asset recognised was deemed to be necessary.



## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020 (cont'd)

**8 Tangible fixed assets**

	Assets under construction £	Motor vehicles £	Equipment, furniture and fittings £	Stands and buildings £	Total £
<b>Cost</b>					
1 January 2020	262,243	28,460	11,267,457	61,149,115	72,707,275
Additions	298,608	-	559,666	185,816	1,044,090
Disposal	(281,304)	-	(14,646)	-	(295,950)
At 31 December 2020	<u>£279,547</u>	<u>£28,460</u>	<u>£11,812,477</u>	<u>£61,334,931</u>	<u>£73,455,415</u>
<b>Depreciation</b>					
1 January 2020	-	28,460	7,400,411	10,856,517	18,285,388
Charge for the year	-	-	811,579	1,187,254	1,998,833
Disposal	-	-	(5,418)	-	(5,418)
At 31 December 2020	<u>-</u>	<u>£28,460</u>	<u>£8,206,572</u>	<u>£12,043,771</u>	<u>£20,278,803</u>
<b>Net book value</b>					
31 December 2020	<u>£279,547</u>	<u>-</u>	<u>£3,605,905</u>	<u>£49,291,160</u>	<u>£53,176,612</u>
31 December 2019	<u>£262,243</u>	<u>-</u>	<u>£3,867,046</u>	<u>£50,292,598</u>	<u>£54,421,887</u>

The net book value of assets held under finance leases within equipment, furniture and fittings is £2,131,078 (2019: £2,301,764).

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 Metro Bank plc (note 14).

**9 Debtors and prepayments**

	2020 £	2019 £
Trade debtors	340,773	1,166,684
Other debtors	590,210	764,895
Deferred tax debtor	430,000	430,000
Prepayments	476,632	1,252,163
Amounts owing from related parties (note 21)	437,895	157,711
	<u>£2,275,510</u>	<u>£3,771,453</u>

**10 Stocks**

	2020 £	2019 £
Catering stocks	221,044	261,447
Stocks relating to cricket activities	7,629	3,908
Retail stocks	176,992	155,329
	<u>£405,665</u>	<u>£420,684</u>

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020 (cont'd)

**11 Sundry creditors and accrued liabilities**

	2020 £	2019 £
Trade creditors	554,084	1,771,298
Finance lease creditors (note 15)	409,023	449,628
Accruals	756,078	1,451,414
Loans (note 14)	2,041,378	658,371
Other taxes and social security costs	987,156	1,002,815
Other creditors	299,495	268,403
Amounts owing to related parties (note 21)	24,055	3,195
	<b><u>£5,071,269</u></b>	<b><u>£5,605,124</u></b>

**12 Deferred income**

	2020 £	2019 £
At 1 January	3,470,984	7,532,721
Increase/(decrease) in advance cricket receipts during the year	564,346	(4,061,737)
Increase in other advance receipts	1,229,567	-
At 31 December	<b><u>£5,264,897</u></b>	<b><u>£3,470,984</u></b>

**13 Creditors falling due after more than one year**

	2020 £	2019 £
Loans (note 14)	24,328,049	24,881,693
Finance lease creditors (note 15)	592,848	1,003,035
	<b><u>£24,920,897</u></b>	<b><u>£25,884,728</u></b>

**14 Bank loans and overdrafts**

	2020 £	2019 £
Bank loans	25,744,628	26,000,000
Other loans	1,042,014	7,500
Less: unamortised finance costs	(417,215)	(467,436)
	<b><u>£26,369,427</u></b>	<b><u>£25,540,064</u></b>



## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020 (cont'd)

**14 Bank loans and overdrafts (cont'd)**

Instalments relating to the loans fall due as follows:

	2020 £	2019 £
Amounts falling due within one year (note 11)	<b>2,091,599</b>	708,592
Less: unamortised finance costs	<b>(50,221)</b>	(50,221)
	<b>2,041,378</b>	658,371
Amounts falling due after more than one year (note 13)	<b>24,695,043</b>	25,298,908
Less: unamortised finance costs	<b>(366,994)</b>	(417,215)
	<b>24,328,049</b>	24,881,693
	<b><u>£26,369,427</u></b>	<b><u>£25,540,064</u></b>

**Loan maturity analysis:**

In one year or less or on demand	<b>2,041,378</b>	658,371
In more than one year but not more than two years	<b>1,033,893</b>	1,881,773
In more than two years but not more than five years	<b>3,318,284</b>	3,124,095
In more than five years	<b>19,975,872</b>	19,875,826
	<b><u>£26,369,427</u></b>	<b><u>£25,540,064</u></b>

The bank loan is secured by a first legal charge over the Lancashire County Cricket Club Limited ground, in favour of Metro Bank plc.

**15 Financial commitments**

	2020 £	2019 £
Minimum lease payments payable:		
Within one year	<b>409,023</b>	449,627
In the second to fifth years inclusive	<b>592,848</b>	1,003,036
	<b>1,001,871</b>	1,452,663
Less: future finance charges	<b>(106,348)</b>	(185,776)
Present value of minimum lease payments	<b><u>£895,523</u></b>	<b><u>£1,266,887</u></b>

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

**16 Unamortised capital grants**

	2020 £	2019 £
Unamortised capital grants at 1 January	<b>22,833,145</b>	23,841,290
New grants	-	90,900
Amortised to Income and Expenditure account	<b>(1,089,046)</b>	(1,099,045)
Unamortised capital grants at 31 December	<b><u>£21,744,099</u></b>	<b><u>£22,833,145</u></b>

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020 (cont'd)

**17 Share capital**

	<b>2020</b>	2019
	<b>£</b>	£
Allotted, called up and fully paid Ordinary 5p shares allotted to 3,260 (2019: 4,821)		
Members in accordance with the rules of Lancashire County Cricket Club Limited	<b><u>£163</u></b>	<b><u>£241</u></b>

Share capital has been adjusted to reflect the number of existing Members, with voting rights, holding a 5 pence share as at 31 December 2020.

**18 Contingent asset**

The Club holds a business interruption insurance policy, a claim on which has been triggered by the impact of the Covid -19 virus. The relevant clause in the policy in relation to notifiable diseases caps any claim at a maximum value of £2.5m. Whilst no funds were received in the year, at the balance sheet date the Board believe that an inflow of resources from the insurer to the Club in 2021 is no longer considered to be remote. On this basis, and in line with the requirements of FRS 102 section 21.16, a related contingent asset exists. The asset will be recognised if appropriate at a future date only when an inflow of economic resources to the Club in respect of the claim is virtually certain in line with FRS 102 section 21.13. After the balance sheet date the Club have received a payment on account in respect of the claim equating to £1,000,000 and has since received communication that a further £1,000,000 payment has been authorised by the insurer. The full value of the claim is still to be determined.

**19 Contingent liability**

The Club has to date received capital grants amounting to £29,592,878 (2019: £29,592,878) 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**

	<b>2020</b>	2019
	<b>£</b>	£
Amounts contracted for but not provided for	<b><u>£437,300</u></b>	<b><u>£620,647</u></b>

**21 Related party transactions**

As at the 31 December 2020 Lancashire County Cricket Club Limited had a creditor balance owing to Lancashire County Cricket Club Development Association of £24,055 (2019: £723 Debtor balance owing from Lancashire County Cricket Club Development Association).

As at 31 December 2020 Lancashire County Cricket Club Limited had a debtor balance owing from Lancashire Cricket Foundation Limited of £437,895 (2019: £156,988).

As at 31 December 2020 Lancashire County Cricket Club Limited had a £nil balance with LCCC Trust Trading Limited (2019: £3,195 Creditor balance owing to LCCC Trust Trading Limited).

Key management compensation in the year totalled £910,283 (2019 £1,448,110).



## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020 (cont'd)

**22 Leasing commitments**

Operating lease charges paid during the year for the hire of equipment, including short term hire arrangements, amounted to £129,745 (2019: £318,955).

There are no future minimum lease payments due under non-cancellable operating leases.

**23 Financial Instruments**

	2020 £	2019 £
The Club has the following financial instruments:		
Financial assets at fair value through income or expenditure	-	-
Financial assets that are debt instruments measured at amortised cost:		
- Trade Receivables	340,773	1,166,684
- Other Receivables	536,478	764,895
	<b>877,251</b>	1,931,579
Financial liabilities measured at fair value through income or expenditure:		
- Derivative financial instruments	-	-
Financial liabilities measured at amortised cost:		
- Bank Term loans	(25,744,628)	(26,000,000)
- Other loans	(1,042,014)	(7,500)
- Finance leases	(1,001,871)	(1,452,663)
- Trade creditors	(554,084)	(1,771,298)
- Deferred revenue	(5,264,897)	(3,470,984)
- Other creditors	(299,495)	(268,403)
	<b>(33,906,989)</b>	(32,970,848)
Other financial liabilities measured at fair value	-	-











Old Trafford

LANCASHIRE COUNTY CRICKET CLUB LIMITED ANNUAL REPORT AND FINANCIAL STATEMENTS 2020