Durham Cricket Community Interest Company

(formerly Durham Cricket Limited)

Annual report

for the year ended 30 September 2017

Registered number: 5238857

Durham Cricket Community Interest Company (formerly Durham Cricket Limited)

Annual report

for the year ended 30 September 2017

Contents

Directors and advisers for the year ended 30 September 2017

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Conference and Banqueting: 0191 387 2876
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Directors
Sir Ian Botham (Chairman)
P Collins (Deputy Chairman)
A Curbishley
N Desai
D Harker
S Henig
R Jackson MBE
P Woolston

Independent auditors
PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Central Square South
Orchard Street
Newcastle upon Tyne
NE1 3AZ

Bankers
Co-operative Bank
29 High Street
Durham
DH1 3PL

Legal advisers
Muckle LLP
Commercial Law Firm
Time Central
32 Gallowgate
Newcastle upon Tyne
NE1 4BF

Chairman's review for the year ended 30 September 2017

The year ended 30 September 2017 was one of mixed fortunes in that while we have made great strides in some areas, and this is set out in greater detail in the Business Review section of these accounts, we ultimately had a disappointing time on the pitch. We always knew that we faced a huge challenge with the points deductions in both the championship and limited overs competitions. But the team never stopped trying and but for the weather and a couple of last over finishes, which could have gone either way, we could have ended the year much higher up the table than we eventually did. We performed creditably in the Royal London Cup and but for the points deduction would have made it through to the knock out stages and we also had a fantastic last ball victory over Yorkshire in the NatWest Blast.

I must also pay tribute to the superb season that Paul Collingwood enjoyed. As well as leading the team on the pitch, he passed 1,000 runs for the season in the Championship, averaged 75 in the Royal London Cup and scored Durham's first ever T20 century. Quite a year and I am delighted that he has signed on for the 2018 season. While we are disappointed to lose players of the calibre of Keaton Jennings, Graham Onions and Paul Coughlin we thank them for their efforts and wish them well for next year at their new counties. But we are also glad to welcome Nathan Rimmington and the returning Will Smith to the dressing room where our challenge starts with trying to get back into the top division as soon as possible.

We would also like to acknowledge support from our key stakeholder Durham County Council and our lead sponsors Emirates, Heineken and the Port of Tyne.

One part of the agreement reached with the ECB last year was a guarantee of international cricket at Durham for the future and we look forward to welcoming Australia to the Emirates Riverside for a One Day International in June.

Finally I would like to say thank you to all the staff who work at Durham all year round and to our members and supporters whose enthusiastic backing for the team has never wavered

Sir Ian Botham
Chairman

25th June 2018

Strategic Report for the year ended 30 September 2017

The directors present their strategic report on the group for the year ended 30 September 2017.

Business review

The group made an operating profit of £2,351,620 (2016: loss of £864,059) which after net interest charges gave a profit before tax of £2,246,198 (2016: loss of £1,259,474). Details are set out in the consolidated profit and loss account on page 9. Included are the group's share of the results of The Riverside Events LLP, a joint venture between Durham Cricket CIC (formerly Durham Cricket Limited) and Elior UK, which was set up to provide catering services.

The current year turnover includes ECB Test Match compensation of £2,000,000, which we received for agreeing not to apply for the staging of Test Matches for the foreseeable future. This did not result in a payment of cash but was part of the wider financial restructuring concluded at the end of last year with £1,107,600 being used to settle match staging fees and the balance set off against other ECB loans. Note also within Revenue there is a significant reduction in Match Income to £700,295 (2016:£1,535,218) which is because we held an IT20 against West Indies in 2017 compared to a Test Match against Sri Lanka in the previous year. While the Test Match was held over four days and generated a higher level of income, because of its staging fees it was actually more profitable to hold the IT20. The difference between the two types of match is also reflected in Match Costs of £2,626,910 (2016:£3,926,854).

The group has net debt, comprising loans, Preference Shares and finance leases, net of cash at bank of £6,007,672 (2016: £7,416,263).

Note the company changed its name from Durham Cricket Limited to Durham Cricket Community Interest Company on 22nd August 2017.

Principal risks and uncertainties

The management of the business and the execution of the group's strategy are subject to a number of risks.

The key business risks affecting the group are considered to relate to staging of international cricket and the share of money we receive that is generated through the ECB. The group has staging agreements up to 2019 which includes matches for the ICC World Cup. Failure to stage international cricket beyond this date would have a financial impact on the group through lost turnover. Note the revenue sharing model now adopted with the ECB for staging major matches significantly reduces the risk of holding these games as opposed to operating on a fixed fee.

Key performance indicators ("KPIs")

The board monitors progress against the overall company strategy by reference to a number of KPIs including:

	2017	
Major Match Revenue	**Achieved**	Match revenue and net return exceeded budget for the sold out IT20 with West Indies
Cash Management	**Achieved**	Cash balances successfully manged during the year and we saw a net inflow in 2017
Company Restructure	**Achieved**	Conversion to Community Interest Company completed.

On behalf of the board

David Harker
Director 25th June 2018

Directors' report for the year ended 30 September 2017

The directors present their annual report and the audited consolidated financial statements of the group for the year ended 30 September 2017.

Directors

The directors who served during the year and up to the date of signing these financial statements were:

Sir Ian Botham (Chairman)
P Collins (Deputy Chairman)
A Curbishley (appointed 25th April 2018)
N Desai
D Harker
S Henig (appointed 30th June 2017)
R Jackson (MBE)
P Woolston

Dividends

The directors do not propose the payment of a dividend (2016: £nil)

Financial Risk Management

The company's operations expose it to a variety of financial risks that include credit risk, liquidity risk and interest rate risk. These risks are monitored on a regular basis in order to limit any adverse effects on financial performance.

Directors' and officers' liability

During the year the group maintained insurance cover for the directors and officers against liabilities incurred while acting in their capacity as directors or officers of the group.

Going concern

The financial statements have been prepared on a going concern basis.

The Directors have reviewed the cash flow forecasts produced by management which show that currently the Company will generate enough cash over the next 12 months to meet its liabilities as they fall due. The Directors and management have also reviewed profit forecasts for the next five years which indicate that the Company will return to a break even position and look to generate an annual ongoing surplus within that period. Consequently the Directors believe it is appropriate to prepare the financial statements on a going concern basis. The financial statements do not include the adjustments that would result if the Company was unable to continue as a going concern.

Future Developments

The focus will remain on controlling staff costs and all other overheads while pursuing additional sources of income. The agreement reached with the ECB, which guarantees that at least one international fixture will be held at the Emirates Riverside each year, including matches played as part of the 2019 World Cup, provides an important source of future revenue. The commercial development of the ground and the continued growth of T20 revenues, including revenue from the new city based competition expected to launch in 2020 will be key new drivers of income. Note amounts expected to be distributed from the new T20 competition will not be dependent on actually being a host venue.

Post Balance Sheet Events

Subsequent to the balance sheet date the Company has continued to discuss with our insurers and advisers issues arising following an incident at the IT20 between England and West Indies in September 2016.

Statement of disclosure of information to auditors

So far as each director is aware, there is no relevant audit information of which the group's auditors are unaware.

Each director has taken all the steps (such as making enquiries of other directors and the auditors and any other steps required by the director's duly to exercise due care, skill and diligence) that they ought to have taken in their duty as a director in order to make themselves aware of any relevant audit information and to establish that the group's auditors are aware of that information.

Statement of directors' responsibilities

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the group and company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and company and of the profit or loss of the group and company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and company and enable them to ensure that the financial statements comply with the Companies Act 2006.

The directors are also responsible for safeguarding the assets of the group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

David Harker
Director

25th June 2018

Independent auditors' report to the members of Durham Cricket Community Interest Company (formerly Durham Cricket Limited)

Report on the audit of the financial statements

Opinion

In our opinion, Durham Cricket Community Interest Company (formerly Durham Cricket Limited)'s group financial statements and company financial statements (the "financial statements"):

- give a true and fair view of the state of the group's and of the company's affairs as at 30 September 2017 and of the group's profit and cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report, which comprise: the consolidated and company balance sheets as at 30 September 2017; the consolidated profit and loss account and statement of comprehensive income, the consolidated statement of cash flows, and the group and company statements of changes in equity for the year then ended; the accounting policies; and the notes to the financial statements.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

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

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

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the group's and company's ability to continue as a going concern.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance 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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of 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 based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 30 September 2017 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the group and company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of directors' responsibilities set out on page 6, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the c ompany's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the company 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 FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the company financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Michael Jeffrey

Michael Jeffrey (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Newcastle upon Tyne
26th June 2018

Consolidated profit and loss account for the year ended 30 September 2017

Registered number: 5238857

	Note	2017 £	2017 £	2016 £	2016 £
Turnover					
Match income		**700,295**		1,535,218	
Membership subscriptions		**318,554**		331,907	
Commercial and sponsorship		**1,061,261**		1,184,452	
ECB distribution		**3,089,138**		2,280,250	
ECB test match compensation		**2,000,000**		-	
Other income (including share of joint venture)		**1,381,678**		1,364,128	
Less: share of joint ventures' turnover		**(968,515)**		(995,256)	
	1		**7,582,410**		5,700,699
Cost of sales					
Match costs		**(2,626,910)**		(3,926,854)	
Membership		**(18,185)**		(11,269)	
Commercial and sponsorship		**(783,985)**		(681,285)	
			(3,429,080)		(4,619,408)
Gross profit		4,153,390		1,081,291	
Administrative expenses		**(1,905,084)**		(2,100,463)	
Share of operating profit in joint ventures	9	**103,373**		155,113	
Operating profit/(loss)			**2,351,620**		(864,059)
Interest receivable and similar income	6	**98**		2,076	
Interest payable and similar charges	5	**(105,519)**		(397,491)	
Profit/(Loss) on ordinary activities before taxation	2		**2,246,198**		(1,259,474)
Tax on profit/(loss) on ordinary activities	7		**(18,247)**		19,036
Profit/(Loss) for the financial year	17		**2,227,951**		(1,240,438)

All the group's operations are continuing.

Consolidated statement of comprehensive income for the year ended 30 September 2017

	2017	2016
	£	£
Profit/(Loss) for the financial year	**2,227,951**	(1,240,438)
Total comprehensive income/(expense) for the year	**2,227,951**	(1,240,438)

Consolidated balance sheet as at 30 September 2017

	Note	2017 £	2017 £	2016 £	2016 £
Fixed assets					
Tangible assets	8	**19,246,819**		19,507,293	
Investments	9	**201**		201	
Interests in joint ventures:					
Share of gross assets		**402,998**		388,490	
Share of gross liabilities		**(292,811)**		(166,822)	
	9	**110,187**		221,668	
			19,357,207		19,729,162
Current assets					
Debtors	10	**392,120**		454,887	
Cash at bank and in hand		**554,299**		130,981	
			946,419		585,868
Creditors: amounts falling due within one year	11		**(954,885)**		(3,337,026)
Net current liabilities			**(8,466)**		(2,751,158)
Total assets less current liabilities			**19,348,741**		16,978,004
Creditors: amounts falling due after more than one year					
Loans and other borrowings	12	**(2,787,158)**		(5,952,331)	
Accruals and deferred income	13	**(7,642,092)**		(8,074,298)	
Preference Shares	12	**(3,740,165)**		-	
			(14,169,415)		(14,026,629)
Net assets			**5,179,326**		2,951,375
Capital and reserves					
Called up share capital	15		**3,132,787**		3,132,787
Revaluation reserve	16		**5,380,412**		5,486,099
Profit and loss account	16		**(3,333,873)**		(5,667,511)
Total shareholders' funds			**5,179,326**		2,951,375

The financial statements on pages 9 to 29 were approved by the board of directors on 25th June 2018 and were signed on its behalf by:

David Harker
Director

Company balance sheet as at 30 September 2017

			2017		2016
	Note	£	£	£	£
Fixed assets					
Tangible assets	8	**19,246,819**		19,507,293	
Investments	9	**251**		251	
			19,247,070		19,507,544
Current assets					
Debtors	10	**392,120**		454,887	
Cash at bank and in hand		**554,299**		130,981	
			946,419		585,868
Creditors: amounts falling due within one year	11		**(954,885)**		(3,337,026)
Net current liabilities			**(8,466)**		(2,751,158)
Total assets less current liabilities			**19,238,604**		16,756,386
Creditors: amounts falling due after more than one year					
Loans and other borrowings	12	**(2,787,158)**		(5,952,331)	
Accruals and deferred income	13	**(7,642,092)**		(8,074,298)	
Preference Shares	12	**(3,740,165)**			
			(14,169,415)		(14,026,629)
Net assets			**5,069,189**		2,729,757
Capital and reserves					
Called up share capital	15		**3,132,787**		3,132,787
Revaluation reserve	16		**5,380,412**		5,486,099
Profit and loss account	16		**(3,444,010)**		(5,889,129)
Total equity			**5,069,189**		2,729,757

The financial statements on pages 9 to 29 were approved by the board of directors on 25th June 2018 and were signed on its behalf by:

David Harker
Director

Consolidated statement of changes in equity

	Share Capital	Revaluation Reserve	Retained Earnings	Total Equity
	£	£	£	£
Balance at 1 October 2015	**3,082,787**	**5,594,717**	**(4,535,691)**	**4,141,813**
Loss for the year			(1,240,438)	(1,240,438)
Transfer		(108,618)	108,618	
Issue of ordinary share capital	50,000			50,000
Balance at 30 September 2016	**3,132,787**	**5,486,099**	**(5,667,511)**	**2,951,375**
Profit for the year			2,227,951	2,227,951
Transfer		(105,687)	105,687	-
Balance at 30 September 2017	**3,132,787**	**5,380,412**	**(3,333,873)**	**5,179,326**

Company statement of changes in equity

	Share Capital	Revaluation Reserve	Retained Earnings	Total Equity
	£	£	£	£
Balance at 1 October 2015	**3,082,787**	**5,594,717**	**(4,647,725)**	**4,141,813**
Loss for the year			(1,350,024)	(1,350,024)
Transfer		(108,618)	108,618	
Issue of ordinary share capital	50,000			50,000
Balance at 30 September 2016	**3,132,787**	**5,486,099**	**(5,889,129)**	**2,729,757**
Profit for the year			2,307,951	2,307,951
Transfer		(105,687)	105,687	-
Balance at 30 September 2017	**3,132,787**	**5,380,412**	**(3,475,491)**	**5,037,708**

Consolidated statement of cash flows for the year ended 30 September 2017

	Note	2017	2016
		£	£
Net cash inflow from operating activities	17	**1,590,947**	**549,336**
Taxation Received		**(17,883)**	(18,249)
Net cash generated from operating activities		**1,573,064**	531,087
Cash flow from investing activities			
Purchase of tangible assets		**(277,405)**	(161,940)
Dividend received from Joint Venture		**214,854**	45,527
Interest received		**98**	2,076
Net cash used in investing activities		**(62,453)**	(114,337)
Cash flow from financing activities			
Repayment of obligations under finance leases		**(21,042)**	(21,159)
Investment in assets under finance lease		**107,992**	-
Repayment of loans		**(4,833,430)**	(934,919)
Proceeds from sale of fixed assets		**3,500**	-
Proceeds from receipt of loans		**-**	990,000
Proceeds from issue of ordinary share capital		-	50,000
Proceeds from issue of preference shares		**3,740,165**	-
Interest paid		**(84,476)**	(397,491)
Net cash used in financing activities		**(1,087,291)**	(313,569)
Net increase/(decrease) in cash at bank and in hand		**423,318**	103,181
Cash and cash equivalents at the beginning of the year		**130,981**	27,800
Cash and cash equivalents at the end of the year		**554,299**	130,981

Summary of significant accounting policies

General Information

Durham Cricket CIC (formerly Durham Cricket Limited) and its Joint Venture Riverside Events LLP (together "the Group") operate a first class cricket club supported by conference and hospitality services. The company is a community interest company and is incorporated in England. The address of the registered office is Emirates Riverside, Riverside, Chester le Street, County Durham, DH3 3QR.

Basis of accounting

The individual and consolidated financial statements of Durham Cricket CIC (formerly Durham Cricket Limited) have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, 'The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland' ('FRS 102') and the Companies Act 2006, under the provision of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 (SI 2008/410).

These financial statements are prepared on a going concern basis, under the historical cost convention, as modified by the revaluation of certain tangible fixed assets; and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom. The preparation of financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are addressed below.

a) Useful economic lives of tangible assets

The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed periodically and amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets. See note 8 for the carrying amount of tangible assets.

b) Debtors

The Company makes an estimate of the recoverable value of trade and other debtors. When assessing impairment of trade and other debtors, management considers factors including the ageing profile of debtors and historical experience. See note 10 for the net carrying amount of the debtors and associated impairment provision.

c) Deferred Income

Deferred income represents cash which has been received by the company in advance of the services or goods to which it relates being delivered. This includes certain grant funding. The company makes an estimate of the timing of the goods and services being delivered and any associated costs in order to release these amounts to the Profit and Loss Account. See note 13 for an analysis of Deferred Income and when it is expected to be released

The principal accounting policies, which have been applied consistently throughout the year and prior year unless otherwise stated, are set out below.

Going concern

The directors believe it is appropriate to prepare the financial statements on the going concern basis as set out in the Directors' Report on page 4

Basis of consolidation

The consolidated financial statements include the results of The Riverside Events LLP for the year to 30 September 2016. This 50% Joint Venture with Azure Support Services Limited has been accounted for under the equity method. In preparing the consolidated financial statements uniform accounting policies have been adopted across the group and profits/losses on intra group transactions have been eliminated.

No profit and loss account for the company has been presented as permitted by Section 408 of the Companies Act 2006.

Turnover

Turnover is stated net of value added tax.

Receipts from the England and Wales Cricket Board are accounted for on an accruals basis within the accounting year and recognised accordingly. Where income received from the England and Wales Cricket Board specifically relates to a future accounting period, the income is deferred and released to the profit and loss account in the relevant period.

Sponsorship income is credited to turnover in the period to which material benefits are granted to sponsors. Included in commercial and sponsorship income are revenues derived from the Howzat weekly lottery. Match income is credited to turnover in the period in which the matches take place.

Membership subscriptions are accounted for as they are received. Income from life members is credited to turnover over 10 years.

Receipts from members and sponsors not yet credited to turnover are included within accruals and deferred income.

Barter transaction revenue is recognised in accordance with Urgent Issues Task Force Abstract No 26 "Barter transactions for advertising". Recognition of turnover and costs in respect of barter transactions for advertising is considered appropriate to the extent that there is persuasive evidence of the value at which, if the advertising had not been exchanged, it would have been sold for cash in a similar transaction.

Turnover relating to the Joint Venture represents the amount derived from the provision of goods and services after deduction of trade discounts and value added tax. Turnover recognition is on a cash and credit basis dependent on the contract type. The group's share of this revenue represents a 50% share based on the level of investment held.

Tangible fixed assets and depreciation

Land and buildings are included in the balance sheet at existing use value. The existing use value has been arrived at using a depreciated replacement cost approach to valuation, which is the current cost of replacing the asset with a modern equivalent asset, less deductions for physical deterioration and all relevant forms of obsolescence and optimisation.

In accordance with IAS 36 'Impairment of assets' the land and buildings are to have a full revaluation every five years, with an interim revaluation three years after every full revaluation.

Accordingly, the land and buildings were valued at 30 September 2014 on an existing use value basis by Sanderson Weatherall LLP, a firm of independent qualified valuers and chartered surveyors. The valuations were undertaken in accordance with the Appraisal and Valuation Manual of the Royal Institution of Chartered Surveyors in the United Kingdom. The basis of valuation was on existing use value using a depreciated replacement cost approach and was valued at £15.87m.

The valuation has been incorporated into the financial statements and the resulting revaluation adjustment has been recognised in the statement of total recognised gains and losses and taken to the revaluation reserve.

Tangible fixed assets other than the level in buildings valued above are stated at historic purchase cost less accumulated depreciation. Cost includes the original price of the asset and the costs attributable to bringing the asset to its working condition for its intended use.

Depreciation on fixed assets is calculated to write off their cost or valuation, less estimated residual value using the reducing balance method at the following annual rates:

Assets under construction	Not depreciated
Buildings	2% per annum
Plant and equipment	10% per annum
Fixtures and fittings	20% per annum

Long leasehold land is not depreciated.

Leased assets

Where assets are financed by leasing agreements that give rights approximating to ownership, the assets are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum lease payments payable during the lease term. The corresponding lease commitments are shown as obligations to the lessor. Lease payments are split between capital and interest using the actuarial method. Depreciation on the relevant assets and interest are charged to the profit and loss account over a period equal to the lower of useful economic life and the term of the lease.

Deferred taxation

The charge for taxation is based on the result for the year and takes into account taxation deferred.

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

A net deferred tax asset is recognised as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits against which to recover carried forward tax losses and from which the future reversal of underlying timing differences can be deducted.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured in a non-discounted basis.

Grants and other capital contributions

Grants from government agencies and similar bodies, together with other capital contributions including capital receipts under debenture agreements, relating to the funding of fixed asset purchases are credited to the profit and loss account over the life of the relevant asset. Amounts received but not yet credited to the profit and loss account are accounted for within accruals and deferred income.

Grants of a revenue nature are credited to turnover in the year to which they relate.

Pensions

The Company makes contributions on behalf of players and other employees to a number of independently controlled defined contribution pension schemes. Contributions are charged to the profit and loss account in the year to which they relate.

Notes to the consolidated financial statements for the year ended 30 September 2017

1 Turnover

The group's turnover arises entirely within the United Kingdom. Revenue relates to match income, membership subscriptions, commercial and sponsorship, ECB distributions and other income as disclosed in the consolidated profit and loss account on page 10.

Included within turnover is £33,500 (2016: £Nil) of revenues from barter transactions.

The joint venture's turnover relates entirely to its principal activity, the provision of catering services.

2 Profit/(Loss) on ordinary activities before taxation

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

		2017	2016
		£	£
Auditors' remuneration:	audit of the financial statements	**16,000**	16,625
	non audit services – tax compliance	**-**	-
Depreciation on owned assets		**490,028**	500,006
Depreciation on assets held under hire purchase contracts		**16,851**	10,749
Grant/deferred income released		**(174,857)**	(179,795)

3 Staff numbers and costs

	2017	2016
	£	£
Staff costs:		
Wages and salaries	**1,990,408**	2,255,628
Social security costs	**207,242**	248,821
Other pension costs	**161,891**	193,899
Total staff costs	**2,359,541**	2,698,348

3 Staff numbers and costs (continued)

The average monthly number of people employed by the company during the year was 68 (2016: 68) split by activity as follows:

	2017	2016
	Number	Number
Playing	**30**	34
Administrative	**5**	5
Commercial	**9**	10
Match	**21**	19
	65	68

4 Directors' emoluments

	2017	2016
	£	£
Aggregate emoluments	**123,185**	123,185
Company contributions to money purchase schemes	**25,662**	25,662
	148,847	148,847

Retirement benefits are accruing to one director (2016: one) under a money purchase pension scheme.

5 Interest payable and similar charges

	2017	2016
	£	£
Interest payable on loans	**84,476**	388,107
Finance leases and hire purchase	**21,042**	6,631
Interest on late paid taxes	**0**	2,753
	105,519	397,491

6 Interest receivable and similar income

	2017	2016
	£	£
Bank interest receivable	**98**	2,076

7 Tax on Profit/(Loss)/Profit on ordinary activities

(a) Analysis of charge in the year

	2017	2016
	£	£
Current tax		
United Kingdom corporation tax on profit/(loss) for the year	**18,247**	(18,250)
Adjustment in respect of previous periods	**-**	(787)
Total current tax	**18,247**	(19,037)
Deferred tax		
Effect of changes in tax rates	**-**	1
Adjustment in respect of previous periods	**1**	-
Tax on profit/(loss) on ordinary activities	**18,248**	(19,036)

(b) Reconciliation of tax charge

The tax assessed for the year is higher (2016: higher) than the standard effective rate of corporation tax in the UK for the year ended 30 September 2017 of 19.50% (2016: 20%). The differences are explained below:

	2017	2016
	£	£
Profit/(Loss) on ordinary activities before taxation	**2,461,052**	(1,213,947)
Profit/(Loss) on ordinary activities multiplied by the standard rate of corporation tax in the United Kingdom of 19.50% (2016: 20%)	**479,871**	(244,789)
Effects of:		
Expenses not deductible for tax purposes	**77,321**	104,971
Non-taxable income	**(81,434)**	(167,408)
(Utilisation of tax losses)/Losses not utilised	**(457,511)**	289,976
Adjustments from previous periods	**1**	(787)
Tax rate changes	**-**	1
Roundings	-	1
Tax charge for current year	**18,248**	(19,036)

8 Tangible assets

Group and company	Assets under construction	Long leasehold land and buildings	Plant and equipment	Fixtures and fittings	Total
	£	£	£	£	£
Cost or valuation					
At 1 October 2016	1,660,791	17,242,652	2,468,416	1,142,953	22,514,812
Additions	3,079	7,000	161,770	105,556	277,405
Disposals	-	-	(64,669)	-	(64,669)
At 30 September 2017	**1,663,870**	**17,249,651**	**2,565,517**	**1,248,509**	**22,727,547**
Accumulated depreciation					
At 1 October 2016	-	698,655	1,452,321	856,543	3,007,519
Charge for the year	-	331,113	110,376	65,390	506,879
Disposals	-	-	(33,669)	-	(33,669)
At 30 September 2017	**-**	**1,029,768**	**1,529,028**	**921,932**	**3,480,728**
Net book amount					
At 30 September 2017	**1,663,870**	**16,219,883**	**1,036,489**	**326,577**	**19,246,819**
At 30 September 2016	1,660,791	16,543,997	1,016,095	286,410	19,507,293

If the revalued assets, which comprise long leasehold land and buildings, were stated on the historical cost basis, the amounts would be:

	2017	2016
	£	£
At cost	**12,911,607**	12,901,528
Aggregate depreciation	**(1,855,666)**	(1,630,240)
Net book amount based on historic cost	**11,055,941**	11,271,288

Included in plant and equipment and fixtures and fittings are assets held under hire purchase contracts with a net book value of £142,526 (2016: £49,013).

9 Investments and joint ventures

Group

Investments	2017 £	2016 £
War stock	**200**	**200**
Foof Productions Limited	**1**	**1**
	201	**201**

Interest in joint ventures	2017 £	2016 £
At 1 October	**221,668**	112,082
Share of profits retained	**103,373**	155,113
Less: Dividend received	**(214,854)**	(45,527)
At 30 September	**110,187**	221,668

Company

Investments	2017 £	2015 £
War stock	**200**	200
The Riverside Events LLP (Joint venture)	**50**	50
Foof Productions Limited	**1**	1
	251	251

The directors consider the value of the investments to be supported by their underlying assets.

10 Debtors

Group and company	2017 £	2016 £
Trade debtors	**335,758**	246,342
Other debtors	**30,672**	173,597
Prepayments and accrued income	**25,690**	34,948
	392,120	454,887

11 Creditors: amounts falling due within one year

Group and company	2017	2016
	£	£
Loans (note 12)	-	1,583,810
Trade creditors	648,510	1,440,970
Finance leases and hire purchase (note 12)	34,648	11,103
Taxation and social security	253,804	291,890
Other creditors	17,923	9,253
	954,885	3,337,026

12 Creditors: amounts falling due after more than one year

Loans and other borrowings

Group and company	2017	2016
	£	£
Loans and other borrowings due after more than one year		
Loans		
Principal	2,693,783	5,943,403
Other borrowings		
Finance lease and hire purchase	93,375	8,928
	2,787,158	5,952,331
Loans		
Due after one and within two years	-	594,545
Due after two and within five years	571,416	2,146,985
Due after more than five years (instalment debts)	2,122,367	3,201,873
Total due after more than one year	2,693,783	5,943,403
Due within one year (note 11)	-	1,583,810
	2,693,783	7,527,213

Loans at 30 September 2017 comprise bank loans £Nil (2016: £787,630), Council loans £Nil (2016: £3,740,165), ECB loans £1,772,367 (2016: £1,878,000), loans from Former Directors £350,000 (2016: £350,000) and North East Local Enterprise Partnership loan £571,416 (2016: £771,418). Interest on the loan from the North East Local Enterprise Partnership is payable at a rate of 4.99 % and former directors' loan interest is payable at 6.7% per annum. ECB loans are currently interest free. The loans are secured by fixed and floating charges over the assets of the company.

As part of the renegotiation and restructuring arrangements, the former Durham County Council Loans of £3,740,165 were converted into non-cumulative Redeemable Preference Shares. These carry zero interest with repayment to be made within 10 years of conversion.

Finance lease and hire purchase

The maturity of finance lease and hire purchase contracts is as follows:

	2017	2016
	£	£
Due in less than one year	**34,648**	11,103
Due after one but not more than five years	**93,375**	8,928
	128,023	20,031

13 Accruals and deferred income

Group and company	**2017**	2016
	£	£
Capital grants	**6,512,482**	6,687,338
Deferred income	**799,500**	801,077
Accruals	**330,111**	585,884
	7,642,092	8,074,298

Of the closing balance £271,627 (2016: £241,861) is due to be credited to the profit and loss account within one year.

Included within accruals and deferred income are the following amounts relating to capital grants:

	£
Balance at 1 October 2016	6,687,338
Credited to profit and loss account	(174,856)
Received in year	-
Balance at 30 September 2017	**6,512,482**

14 Deferred taxation

The company has deferred tax losses of £589,362 (2016 (£1,104,534) but no deferred tax asset is recognised as we do not believe it will be utilised within the next 12 months.

15 Called up share capital

	2017	2016
Group and company	**£**	£
Authorised		
9,999,999 ordinary shares of £1 each (2016: 9,999,999 ordinary shares of £1 each)	**9,999,999**	9,999,999
Unlimited founder shares of £1 each (2016:Unlimited)		
1 golden share of £1 (2016: 1 golden share of £1)	**1**	1
	10,000,000	10,000,000
Allotted and fully paid		
5 ordinary shares of £1 each (2016: 5 ordinary shares of £1 each)	**5**	5
3,132,781 founder shares of £1 each (2016: 3,132,781)		
	3,132,781	3,132,781
1 golden share of £1 (2016: 1 golden share of £1)	**1**	1
	3,132,787	3,132,787

The golden share is a right of veto that is triggered in certain circumstances e.g. a decision to move away from the Riverside. In these limited circumstances the golden share carries 51% of the vote. In all other circumstances voting rights are with the ordinary shareholders.

The Founder shares have no voting rights and nor do they qualify for any distributions.

16 Reserves

Group	Revaluation reserve £	Profit and loss account £
At 30 September 2016	5,486,099	(5,667,511)
Profit for the financial year	-	2,227,951
Transfer to profit and loss account	(105,687)	105,687
At 30 September 2017	**5,380,412**	**(3,333,873)**

Company	Revaluation reserve £	Profit and loss account £
At 30 September 2016	5,486,099	(5,889,129)
Profit for the financial year	-	2,339,432
Transfer to profit and loss account	(105,687)	105,687
At 30 September 2017	**5,380,412**	**(3,444,010)**

17 Notes to the cash flow statement

	2017 £	2016 £
Net cash from operating activities		
Profit/(loss) for the financial year	**2,227,951**	(1,240,438)
Adjustments for:		
Tax on profit/(loss)	**18,247**	(19,036)
Net interest expenses	**105,421**	395,415
Release of deferred income/grants	**(174,856)**	(179,795)
Income from interests in joint venture	**(103,373)**	(155,113)
Loss on disposal of fixed assets	**27,500**	-
Operating (loss)/profit	**2,100,890**	(1,198,967)
Depreciation of tangible assets	**506,879**	510,755
Decrease in inventories	-	990
Decrease in debtors	**62,767**	587,015
(Decrease)/Increase in creditors and deferred income	**(1,079,589)**	649,543
Net cash flow from operating activities	**1,590,947**	549,336

18 Pensions

Contributions have been made to defined contribution pension schemes in the year of £161,891 (2016: £193,899). Of this amount £13,832 (2016: £16,178) was outstanding at the year end.

19 Related party transactions

Related party transactions in the year have occurred previously between Durham Cricket Limited and F Curry, a former director of the Company in relation to payment of sponsorship by Brambledown Landscape Services to the Company of £5,100 (2016:nil) in total. The balance at the year end was £nil (2016: £ nil). Purchases from Brambledown during the year totalled £14,900 (2016:£nil) and the balance outstanding at year end was £nil (2016:£nil)

Sales to The Riverside Events LLP during the financial year were £328,456 (2016: £354,206). At the year end, the debtor balance due from The Riverside Events LLP was £105,111 (2016: £96,670). Purchases from The Riverside Events LLP totalled £457,005 (2016: £563,774). The balance outstanding at the year end was £251,544 (2016: £95,030).

F Curry, a former director of the Company, provided a loan to the Company in 2013 of £100,000. This loan remained outstanding as at 30 September 2017.

CW Leach CBE provided a loan to the Company in 2013 of £245,000. This loan remained outstanding as at 30 September 2017.

Lord Stevens, a former director of the Company provided a loan to the Company in 2013 of £5,000. This loan remained outstanding as at 30 September 2017.

20 Ultimate Controlling Party

There is no ultimate parent or controlling party.

21 Post Balance Sheet Events

There are no material post balance sheet events