



FINANCIAL STATEMENTS

31 December 2017

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Year ended 31 December 2017

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SUPPORTERS DIRECT

REFERENCE AND ADMINISTRATIVE DETAILS

Year ended 31 December 2017

Directors

Tom Greatrex (Chair)
Peter Lloyd (Vice-Chair)
Tim Hartley (Vice-Chair)
Neil Le Milliere
Martyn Cheney
Michael Green
David Little
Oliver Holtaway
Paul Thexton
John Boyle
Stuart Fuller
John Alexander
Tim Hillyer
Alison Simcock

Society registered number

29581R

Registered office

CAN Mezzanine
49-51 East Road
London
N1 6AH

Auditor

Richard Place Dobson Services Limited
1-7 Station Road
Crawley
West Sussex
RH10 1HT

REPORT OF THE BOARD OF DIRECTORS

Year ended 31 December 2017

The Board of Directors have pleasure in presenting their report and the financial statements of the Society for the year ended 31 December 2017.

Principal Activity

The principal activity of the Society during the year was to offer support, advice and information to groups of supporters who wish to play a responsible part in the life of the clubs they support.

Board of Directors

The Board of Directors as at 31 December 2017 were

		Board Meeting Attendance
Tom Greatrex (Chair)	Elected until AGM in 2018	3/3
Peter Lloyd (Vice-Chair)	Elected until AGM in 2019	5/5
Tim Hartley (Vice-Chair)	Elected until AGM in 2020	4/5
Neil Le Milliere	Elected until AGM in 2018	5/5
Martyn Cheney	Elected until AGM in 2018	2/5
Michael Green	Elected until AGM in 2018	2/3
David Little	Elected until AGM in 2019	4/5
Oliver Holtaway	Elected until AGM in 2019	5/5
Paul Thexton	Elected until AGM in 2019	2/5
John Boyle	Elected until AGM in 2020	2/3
Stuart Fuller	Elected until AGM in 2020	2/3
John Alexander	Elected until AGM in 2020	2/3
Tim Hillyer	Co-opted until AGM in 2018	5/5
Alison Simcock	Co-opted until AGM in 2018	0/3

During 2017, Brian Burgess (Chair), Michael Frater and Andy Walker stood down from the Board.

Ashley Brown was appointed as Chief Executive in October 2016.

The Board elected Tom Greatrex as Chair in July 2017. A clear division of accountability and responsibility exists between the positions of Chair and Chief Executive, with the Chair primarily responsible for running the Board and the Chief Executive responsible for operation of the organisation and the implementation of the Board's strategy.

The Board of the Society comprises between seven and twelve members democratically elected by full members of the organisation with an additional maximum of up to six further co-opted members. Board members elected shall serve for three years, unless they are elected in a by-election in which case they shall serve the remainder of the period of office of the person they replaced. Co-opted members must always be in a minority in relation to elected members. As at 31 December 2017, there were two co-opted board members which are reviewed on an annual basis.

SUPPORTERS DIRECT

REPORT OF THE BOARD OF DIRECTORS (continued)

Year ended 31 December 2017

The current governance structures of the Society seek to ensure significant areas of its operations have representation on the Board. Therefore, several of the seats on the Board are reserved for English and Wales Football Council Members and Rugby League Council Members. The remainder of the seats are deemed to be general seats. During 2017 the Board consulted with members regarding the current constitution of the Board which resulted in a change in the balance of general to reserved seats. The number of general seats was increased, with the intention of attracting a larger, more diverse pool of candidates for election.

Directors do not receive any remuneration for their duties although their expenses are reimbursed. None of the Directors has a beneficial interest in the shares of the Society.

Board Responsibilities

The Board is responsible for overseeing the overall management and performance of the organisation and for approving the long-term objectives and strategy. In particular, it agrees the strategy and annual budgets and monitors performance against plans and targets. In order to improve its effectiveness, the Board has set out a formal Schedule of Matters reserved for the Board. After reviewing what matters needed to be considered and when, the Board also has an established calendar of Board Meetings for the coming year. The Board met 5 times in the year and the September Board Meeting included a strategy session which discussed the future priorities for the Society.

All Directors are provided with papers in advance of meetings and any Director unable to attend, due to conflicts in their schedule, is able to relay comments via the Chair. Each meeting of the Board is attended by the Chief Executive, the Secretary and members of the Senior Management Team and the Board may request the presence of other members of the wider team as it sees fit. The Board also utilises a Board Members' e-mail group between meetings to facilitate communication. In addition to regular meetings of the full Board, the Board is also assisted in carrying out its responsibilities by two subcommittees, the staffing committee and the governance committee. Each sub-committee is appointed by the Board and has formal terms of reference approved by the Board.

In late 2017, the Board appointed a new Secretary from the Society's staff to whom all Board Members have access. The Board regularly reviews its practices against the Co-operatives Code of Best Practice and evaluates the results to formulate Corporate Governance priorities.

The Co-operative and Community Benefit Societies Act 2014 requires the Directors to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the Society as at the end of the period and of the surplus or deficiency for the period then ended.

In preparing those financial statements, the Board is required to select suitable accounting policies, as described on pages 15 to 17, and then apply them on a consistent basis, making judgements and estimates that are prudent and reasonable. The Board must also prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Society will continue in business.

REPORT OF THE BOARD OF DIRECTORS (continued)

Year ended 31 December 2017

The Board is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Society and to enable them to ensure that the financial statements comply with the Co-operative and Community Benefit Societies Act 2014. The Board is also responsible for safeguarding the assets of the Society and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Board is also responsible for the maintenance and integrity of the corporate and financial information included on the Society's website.

Governance Structures

During 2017, the Society had three subsidiary democratic bodies, the England & Wales Football Council, the Scottish Council and the Rugby League Council (which was previously the Rugby League Advisory Group) These bodies assisted the Board by monitoring activity against KPIs in their particular area and contributed ideas and suggestions regarding the Society's strategy in their area for consideration by the Board. Following the separation of Supporters Direct England and Wales and Supporters Direct Scotland from 1st January 2018, the England & Wales Football Council and the Rugby League Council will be the two democratic bodies carrying out this function.

This report has been prepared having taken advantage of the small companies exemptions in the Companies Act 2006.

Signed on behalf of the Directors on 12 June 2018

.....
Tom Greatrex – Chair

.....
Peter Lloyd – Vice-Chair

.....
Richard Irving – Secretary

BUSINESS REVIEW

Year ended 31 December 2017

England and Wales

Support to our Members

A key part of the SD team's work is providing one to one advice to our members, of which we have recorded many hours throughout the year. The advice ranges greatly from helping to run democratic professional supporters organisations, to building formal supporter involvement, to helping supporter ownership bids to save clubs.

During 2017 we launched a new online hub which now gives us the ability better to share good practice and knowledge across the network and connect people from the membership. We are thankful to the 14 people we recruited as volunteer 'experts' who support the executive in answering questions in different topic areas. We continue to add more guidance and exclusive material to the hub to make it attractive to our members.

We ran 7 training events and hosted 10 network meetings, reaching approximately 200 Trust Board members and volunteers. The club network meetings also featured live streams of presentations which have been viewed more than 7,000 times.

The Supporters Summit was held jointly with the FSF at St Georges Park with over 200 attending. SD organised workshops on regulatory reform, structured dialogue, football finance and supporter takeovers.

Improving Formal Involvement of Supporters at Clubs

We continue to lead the way working with all parties to improve structured dialogue between supporters and their clubs. For the 2nd year since the Government Expert Working Group (EWG) on supporter ownership and engagement and, working alongside the FSF, we conducted an annual survey of supporters to see how the commitments of structured dialogue with club leaders is working and how it could be improved. We launched 'Engage – how clubs can win with football supporters' in October which unpicks the different forms of engagement and points to best practice and case studies in each area. This has already started to make an impact in football when in December Fulham FC pioneered a new push from SD for Memorandums of Understanding for clubs to voluntarily commit to greater formal engagement with supporters over and above the EWG commitment.

We are pleased that the National League is committed to a trial co-ordinated by SD to improve structured dialogue at levels 5 and 6 of the pyramid. A similar commitment has been given by the Rugby Football League, following support and success at Salford City Reds amongst others.

Working for Changes to Sport

We continue to research, lobby and campaign for improved regulation and better governance in sport and were pleased to partner with sportswear activists SKINS to launch the Fans not Numbers campaign. It allowed us to shine a light on the need for football reform. At the heart of the campaign sat a detailed paper drawn from 11 case study clubs across a range of English football clubs. It pinpointed the similarities of the problems at these clubs and put forward recommendations of how they could have been prevented with a better regulatory structure, something which has failed to keep pace with the development of the sport. The video had over 2 million views, the campaign page had over 30,000 visits and MPs were contacted by close to 1,000 people as a result.

SUPPORTERS DIRECT

BUSINESS REVIEW (continued)

Year ended 31 December 2017

Encouragingly the EFL started a review into the conduct of owners in October to look at various areas of ownership and the powers of intervention that they could have, and we look forward to contributing to that review and seeing the results in 2018.

Our consultancy business worked with 20 different clients, included 6 new community owned clubs, 3 community share offers, 4 grounds listed as assets of community value and a number of club health-checks that we conducted on behalf of Sport England.

Other News

The Brian Lomax SD Cup was won by Exeter City who beat Bath City 2-0 at Twerton Park. It was fantastic that Catharine Lomax was on hand to award the trophy.

The SD Rugby League Community Champion for supporters who have gone beyond the call of duty was named as Ray Abbey, with double the number of nominations from last year.

The Richard Lillicrap Award was won by Alan Russell from the Raith Rovers Supporters Trust for his work producing a tool to help understand who owns Scottish clubs, something he has shared amongst the network.

You can read more about the year in our annual report published online at www.supporters-direct.org/articles/supporters-direct-annual-report-2017

Scotland

2017 was another busy year for Supporters Direct Scotland.

Alongside the core work of our support to members and our object of acting as the democratic and representative voice of the supporters of Scottish football, and protecting, promoting and furthering their interests, we successfully grew and developed our various streams of activity working towards this.

This included our Annual Supporters Summit which saw us welcome a range of guests and speakers to share best practice and learn from members of the Supporters Trust and fan organisation movement. Attendees heard from The Guardian journalist David Conn, The Foundation of Hearts and Scottish FA Chief Executive Stewart Regan.

SD Scotland also ran another successful Scottish Football Supporters Survey, gathering and sharing the views of Scottish football fans to key decision makers within the game. Overall, the survey engaged 13,000 individuals throughout Scottish football and the results were presented to the Scottish FA's Professional Game Board.

SD Scotland significantly grew Club Development Scotland activity in 2017 including strengthening ties with a club in Fife for which we continue to provide support on an ongoing basis. SD Scotland also received funding from the Paul Hamlyn Foundation to develop a feasibility study into a social investment fund for sport clubs – something we hope to further explore in 2018.

BUSINESS REVIEW (continued)

Year ended 31 December 2017

Our Supporter Liaison Officer developmental work in association with the Scottish FA continued to grow and we delivered three development days for SLOs across Scotland. Our work also attracted the attention of UEFA to whom we presented our work (alongside other Football Associations) at an SLO Workshop in Vienna.

As part of our work to increase transparency and promote good governance in Scottish football we launched the SD Scotland Index showing who owns what in Scottish football and highlighting best practice throughout the game.

April saw us announce the news that our Colours of our Scarves programme had been awarded continued funding from the Scottish Government. We were one of 11 organisations funded through the Tackling Sectarianism Fund and the funds received have allowed us to use our position within football to facilitate anti-discrimination work with youth players and coaches in schools, colleges, communities and clubs through Supporter Liaison Officers. Our work has been recognised by the College Network who have nominated Ayrshire College for their 'Say Naw To Racism' campaign delivered in partnership with SD Scotland.

July was significant to SD Scotland for another reason too. Following the Supporters Direct AGM on 2 July 2017, Supporters Direct Scotland (SD Scotland) was pleased to announce that SD members voted unanimously in favour of SD Scotland incorporating locally in Scotland.

The new organisation will be run and directed from within Scotland and all football activity, including SD Scotland's work supporting Supporters Trusts and organisations, Supporter Liaison Officers and the Scottish Supporters Network, was transferred on 1 January 2018 to this new organisation which is established and registered as a Community Benefit Society and owned by its Scottish members.

As a Community Benefit Society, with an objective of promoting sport and sports clubs as vehicles through which positive societal change can occur, we have helped support some great organisations delivering value to Scottish sport and society. Through our Supporters Summit, we were able to raise money to donate to our charity partners for the event 'Football Memories' and 'Motor Neuron Disease Scotland'. We were very proud to support these events and have since been able to further support Football Memories through videos raising awareness of the charity's work. This involved a one-to-eleven session with former Celtic and Rangers players Tom Boyd and Gordon Smith respectively. We've also been able to support the Tartan Army Sunshine Appeal and a special contribution to the Margaret Ross Memorial Fund, following her sad passing last year.

Finally, we were very pleased to launch our very own 'Build A Winning Club' crowdfunding platform. Using ShareIn's white labelling technology, Supporters Direct Scotland can now enable communities to raise capital for projects around their clubs, which could include ownership. This applies to all levels of sport in Scotland from professional clubs to grassroots community clubs. The platform's first campaign has seen Supporters Direct Scotland help raise over £700 for the Scottish Amputee Football Association which will be used to meet the costs associated with hosting an international tournament.

BUSINESS REVIEW (continued)

Year ended 31 December 2017

Financial Review

After recording deficits in each of the last 3 years the Society has once more posted a small deficit in 2017. In recent years the Society has faced the challenge of maintaining the level of service it provides to members against a backdrop of reduced grant income from its major funders. The decision to maintain service levels has resulted in the reported deficits and a gradual diminution of reserves. At 31 December 2013 these stood at £419,000 but a combination of annual deficits and the transfer in early 2017 of SD Europe's historical reserves, following its establishment as an independent organisation, has led to reserves being more than halved in the intervening 4 years. The decision to separate SD Scotland as an independent entity from January 2018 will result in the transfer of its historical reserves and a further reduction in Supporters Direct's reserves.

The scaled back entity, now focussed almost entirely on England & Wales, generated a surplus of £3,000 in the period under review. Going forward it is pursuing a range of strategies to protect its funding while maintaining the quality of its support to members. However, in the context of the aforementioned reduction in grant income, it recognises that achieving financial sustainability will be challenging.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SUPPORTERS DIRECT Year ended 31 December 2017

Opinion

We have audited the financial statements of Supporters Direct (the 'society') for the year ended 31 December 2017 which comprise the Income and Expenditure Account, Balance Sheet and notes to the financial statements, 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 Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the society'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 society'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 society and the society's members as a body, for our audit work, for this report, or for the opinions we have formed.

In our opinion the financial statements:

- give a true and fair view of the state of the society's affairs as at 31 December 2017 and of its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been 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 Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the society in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions Relating to Going Concern

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

- the board of directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the board of directors has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the society'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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SUPPORTERS DIRECT (continued)

Year ended 31 December 2017

Other Information

The board of directors is responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's 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

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

- the society has not kept proper books of account, and not maintained a satisfactory system of control over its transactions, in accordance with the requirements of the legislation; or
- the revenue account, any other accounts to which our report relates, and the balance sheet are not in agreement with the society's books of account; or
- we have not obtained all the information and explanations necessary for the purposes of our audit.

Responsibilities of the Board of Directors

As explained more fully in the Report of the Board of Directors' (set out on pages 4-5), the board is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as it determines 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 society'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 board either intends to liquidate the society or to cease operations, or has no realistic alternative but to do so.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SUPPORTERS DIRECT
(continued)****Year ended 31 December 2017****Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs (UK), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but, except to the extent otherwise explicitly stated in our report, not for the purpose of expressing an opinion on the effectiveness of the society's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the board.
- Conclude on the appropriateness of the board's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the society's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the society to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Darren Harding ACA, FCCA, DChA (Senior Statutory Auditor)

For and on behalf of

Richard Place Dobson Services Limited (Statutory Auditor)

1-7 Station Road

Crawley

West Sussex

RH10 1HT

12 June 2018

INCOME AND EXPENDITURE ACCOUNT

Year ended 31 December 2017

	Notes	Year ended 31 Dec 2017			Year ended 31 Dec 2016		
		Continuing operations	Discontinued operations	Total	Continuing operations	Discontinued operations	Total
		£	£	£	£	£	£
Income		433,412	135,499	568,911	655,245	218,917	874,162
Direct costs		(67,691)	(36,808)	(104,499)	(117,353)	(135,231)	(252,584)
Gross surplus		365,721	98,691	464,412	537,892	83,686	621,578
Administrative expenses		(362,539)	(116,243)	(478,782)	(530,860)	(114,635)	(645,495)
Restructuring costs:							
- SD Europe separation		-	-	-	-	(61,777)	(61,777)
- SD Scotland separation		-	(22,329)	(22,329)	-	-	-
Operating (deficit)/surplus		3,182	(39,881)	(36,699)	7,032	(92,726)	(87,687)
Interest receivable & similar income		17	-	17	181	-	181
Movement in provision for pension liability		(181)	-	(181)	1,993	-	1,993
(Deficit)/surplus before taxation		3,018	(39,881)	(36,863)	7,213	(92,726)	(85,513)
Taxation	3	(36)	-	(36)	(44)	-	(44)
(DEFICIT)/SURPLUS AFTER TAXATION	11	2,982	(39,881)	(36,899)	7,169	(92,726)	(85,557)

The Society has no recognised gains and losses for the years 2017 and 2016 other than the deficit/surplus shown above.

These financial statements were approved by the Board of Directors on 12 June 2018 and are signed on their behalf by:

.....
Tom Greatrex - Chair

.....
Peter Lloyd – Vice-Chair

.....
Richard Irving – Secretary

The notes on pages 15 to 20 form part of these financial statements

BALANCE SHEET
31 December 2017

	Notes	As at 31 Dec 2017		As at 31 Dec 2016	
		£	£	£	£
Fixed assets					
Tangible assets	4		1,977		198
Current assets					
Debtors	5	52,740		51,066	
Cash at bank and in hand		190,386		259,263	
		<u>243,126</u>		<u>310,329</u>	
Creditors: amounts due within one year	6	<u>(91,885)</u>		<u>(120,592)</u>	
Net Current Assets			151,241		189,738
			<u>153,218</u>		<u>189,936</u>
Provisions	7		(11,188)		(11,007)
			<u>142,030</u>		<u>178,929</u>
Capital and reserves					
Called up share capital	9		114		114
Trust development fund	10		-		103,000
Income and expenditure account	11		141,916		75,815
			<u>142,030</u>		<u>178,929</u>

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime under the Companies Act 2006.

These financial statements were approved by the Board of Directors on 12 June 2018 and are signed on their behalf by:

.....
Tom Greatrex - Chair

.....
Peter Lloyd – Vice-Chair

.....
Richard Irving – Secretary

The notes on pages 15 to 20 form part of these financial statements

SUPPORTERS DIRECT

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2017

1. General Information

Supporters Direct ("the Society") is registered in the UK under the Co-operative and Community Benefit Societies Act 2014, number 29581R. Liability of the members is limited by shares. The address of the registered office is CAN Mezzanine, 49-51 East Road, London, N1 6AH.

2. Accounting Policies

Basis of accounting

The financial statements have been prepared under the historical costs convention and in accordance with Section 1A of FRS 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland. The Society transitioned to FRS 102 on 1 January 2015.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies.

The financial statements are prepared in sterling and rounded to the nearest pound.

Income

The income shown in the Income and Expenditure account represents grants, membership fees and consultancy income.

Grant income is recognised as income at the point that the work has been completed and the income earned. Consultancy income is recognised once the work has been completed and the income earned. Membership fees are recognised at the point at which they are paid.

Tangible fixed assets and depreciation

Tangible fixed assets are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Office equipment: 25%

Pensions costs

The Society makes contributions on behalf of employees to a defined contribution scheme. Contributions are charged to the income and expenditure account over the period to which they relate.

Moreover, certain former employees are members of another multi employer defined benefit scheme. The funds in this scheme are protected by a capital guarantee whereby the funds at the end of each year would not be less than the funds at the beginning of each year. This guarantee has given rise to an actuarial deficit and the Society's share of this deficit has been provided for in the Society's balance sheet. The scheme is subject to an actuarial valuation every year and any gain or loss over the year is recognised in the Society's income and expenditure account.

NOTES TO THE FINANCIAL STATEMENTS (continued)

Year ended 31 December 2017

Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts.

Debtors

Short term debtors are measured at transaction price, less any impairment.

Creditors

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Creditors are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Employee benefits

Employee remuneration is recognised as an expense in the period when the employee's services are received.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Foreign currency transactions

The Society's functional and presentational currency is sterling.

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at the period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit and loss account except when deferred in other comprehensive income as qualifying cash flow hedges.

Going concern

In the opinion of the Directors, the Society has sufficient cash reserves to meet its working capital requirements for the foreseeable future. There are no material uncertainties that cast significant doubt upon the Society's ability to continue as a going concern.

NOTES TO THE FINANCIAL STATEMENTS (continued)

Year ended 31 December 2017

Discontinued operations

Discontinued operations in the income and expenditure account for the current financial year relate to the activities of Supporters Direct Scotland. On 1 January 2018 the business undertaken by this division was transferred by the Society to Supporters Direct Scotland Limited, a newly incorporated entity. Historical reserves of this division were also transferred to Supporters Direct Scotland Limited in early 2018 and are shown in creditors as at 31 December 2017.

Discontinued operations in the income and expenditure account for the preceding financial year relate to the activities of Supporters Direct Europe. On 1 November 2016, the business undertaken by this division was transferred by the Society to the European Supporters Alliance. Historical reserves of this division were transferred to the European Supporters Alliance in early 2017 and are shown in creditors as at 31 December 2016.

3. Taxation on Ordinary Activities

The Board does not consider that the core activities of the Society are subject to tax. By far the majority of the income is received from grants and are not considered to be taxable. The Board does however accept that corporation tax is payable on interest received and a provision in the accounts relates to the tax on that interest.

4. Tangible Fixed Assets

	Office equipment £
Cost	
As at 1 January 2017	10,252
Additions	2,538
Disposals	(10,252)
At 31 December 2017	<u>2,538</u>
Depreciation	
At 1 January 2017	10,054
Charge for year	759
Disposals	(10,252)
At 31 December 2017	<u>561</u>
Net book value	
At 31 December 2017	<u>1,977</u>
At 31 December 2016	<u>198</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)

Year ended 31 December 2017

5. Debtors

	Year ended	
	31 Dec 17	31 Dec 16
	£	£
Trade debtors	24,859	30,056
Prepayments and accrued income	17,574	13,609
Other debtors	10,307	7,401
	52,740	51,066

6. Creditors: Amounts Due Within One Year

	Year ended	
	31 Dec 17	31 Dec 16
	£	£
Trade creditors	10,421	1,372
Accruals and deferred income	35,359	56,044
Taxes and social security costs	12,071	8,995
Other creditors	34,034	54,181
	91,885	120,592

7. Provisions

Provision for pension liability:

	Year ended	
	31 Dec 17	31 Dec 16
	£	£
At 1 January	11,007	13,000
Increase/(decrease) in provision	181	(1,993)
At 31 December	11,188	11,007

8. Employees

The average number of employees during the year was 9 (2016: 11).

NOTES TO THE FINANCIAL STATEMENTS (continued)

Year ended 31 December 2017

9. Share Capital

	Year ended	
	31 Dec 17	31 Dec 16
	£	£
<u>Allotted, called up and fully paid:</u>		
114 ordinary shares of £1 each (2016 – 114)	<u>114</u>	<u>114</u>

The shares of the Society have a nominal value of £1 each and may not be transferred or withdrawn.

If a member ceases to be a member, the share registered in the name of that member is to be cancelled and the amount subscribed for the share is to become the property of the Society.

Shares do not carry any right to interest, dividend or bonus.

10. Trust Development Fund

	Year ended	
	31 Dec 17	31 Dec 16
	£	£
At 1 January	103,000	103,000
Transferred to Income and Expenditure Account	(103,000)	-
At 31 December	<u><u>-</u></u>	<u><u>103,000</u></u>

The development fund had previously been designated by the board for future investment to develop SD's sustainability and resilience as an organisation. The board has now resolved to release these funds to the Income and Expenditure Account.

11. Income And Expenditure Account

	Year ended	
	31 Dec 17	31 Dec 16
	£	£
At 1 January	75,815	161,372
Transferred from Trust Development Fund	103,000	-
Deficit for year	(36,899)	(85,557)
At 31 December	<u><u>141,916</u></u>	<u><u>75,815</u></u>

The surpluses of the Society are not available to be distributed either directly or indirectly in any way whatsoever among the members of the Society.

NOTES TO THE FINANCIAL STATEMENTS (continued)

Year ended 31 December 2017

12. Operating Leases

At 31 December the Society had the following commitments in respect of operating leases.

	Year ended	
	31 Dec 17	31 Dec 16
	£	£
<u>Land and buildings</u>		
Expiring within one year	<u>6,097</u>	<u>5,985</u>



The following page does not form part of the statutory financial statements and is not, therefore, the subject of the independent auditors' report on pages 10 to 12

DETAILED INCOME AND EXPENDITURE ACCOUNT

Year ended 31 December 2017

	Year ended			
	31 Dec 2017		31 Dec 2016	
	£	£	£	£
Income				
Grant income		520,805		791,454
Members' fees and donations		11,475		10,913
Consultancy		33,040		24,911
Sponsorship and events		3,391		8,237
Other income		199		292
		<hr/>		<hr/>
		568,911		835,807
Direct costs				
Travel & subsistence	(23,780)		(56,593)	
Website, database & online platform	(21,372)		(32,433)	
Consultancy	(15,741)		(97,229)	
Event costs	(18,789)		(11,925)	
Research, analysis & publications	(17,319)		(20,732)	
Other costs	(7,498)		(33,673)	
		<hr/>		<hr/>
		(104,499)		(252,585)
Administrative expenses				
Payroll costs	(385,880)		(427,451)	
Consultancy	(3,960)		(95,609)	
Other staff costs	(6,791)		(9,407)	
Premises costs	(33,618)		(37,189)	
Office costs	(17,540)		(24,083)	
Professional costs	(19,257)		(17,825)	
Board & council costs	(6,446)		(6,527)	
Finance costs	(652)		(1,974)	
Bad debts	(634)		(3,653)	
Other costs	(4,811)		(740)	
Differences on foreign exchange	807		15,326	
		<hr/>		<hr/>
		(478,782)	33	(609,132)
Restructuring costs:				
- SD Europe separation				(61,777)
- SD Scotland separation		(22,329)		
		<hr/>		<hr/>
Operating deficit		(36,699)		(87,687)
Interest receivable		17		181
Provision for pension liability - (increase)/decrease		(181)		1,993
		<hr/>		<hr/>
Deficit before taxation		(36,863)		(85,513)

The above figures include restructuring costs which have been disclosed separately in the income and expenditure account shown on page 13, the background to which is explained in note 2 under the heading of "Discontinued operations".