

Company No.

49139

DERBY COUNTY FOOTBALL CLUB LIMITED

REPORT AND FINANCIAL STATEMENTS

31st MAY 1994



**Derby County Football Club Limited**

**Directors**

L.V. Pickering (Chairman)  
P.J. Gadsby (Vice-Chairman)  
J.N. Kirkland  
A.S. Webb

**Secretary and Registered Office**

L.L. Luckhurst ACIB  
The Baseball Ground, Shaftesbury Crescent, Derby DE3 8NB

**Auditors**

Moore Stephens  
Chartered Accountants  
Priory House, Sydenham Road, Guildford, GU1 3RX

**Report of the Directors**

The directors present their report and audited financial statements for the year ended 31st May 1994.

**Review of Activities**

The principal activity of the company is the promotion of professional football, an activity in which the company will continue to be involved.

**Results and Dividends**

The company's loss for the year amounted to £2,903,271. This amount is to be set against reserves and the resulting deficit carried forward. The directors do not recommend the payment of a dividend for the year.

**Players' Registrations**

The directors believe that the players' registrations had an open market value in excess of their book value at the year end. Movements in the book value of players' registrations are set out in note 10.

**Post Balance Sheet Events**

The company has entered into contracts subsequent to the balance sheet date to buy and sell players' registrations, details of both these events are set out in note 20 to the financial statements.

**Directors**

Mr. A. Cox resigned from the board on 2nd October 1993 and Mr M.D. Mills on 31st May 1994. Messrs B.E. Fearn, C.W. McKerrow and W. Hart left the board on 27th October, 1994 and M.A. Horton resigned from the board on 29th October, 1994.

Mr A.S. Webb was appointed to the board on 14th December 1994 and Mr P.J. Gadsby on 15th December 1994.

**Derby County Football Club Limited**  
**Report of the Directors (Continued)**

**Directors' Interests**

All of the directors are directors of the immediate parent company, DCFC Limited. Details of their interests in that company and other group companies are set out in its directors' report.

**Directors' Responsibilities**

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that year. In preparing those financial statements, the directors are 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
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**Auditors**

The auditors, Moore Stephens, have expressed their willingness to continue in office. A resolution for their reappointment and authorising the directors to fix their remuneration will be submitted to the forthcoming Annual General Meeting.

By Order of the Board



L.L. Luckhurst ACIB  
Secretary  
15th February 1995

**Report of the Auditors to the Members of  
Derby County Football Club Limited**

We have audited the financial statements on pages 4 to 13 which have been prepared under the historical cost convention and the accounting policies set out on pages 6 and 7.

**Respective responsibilities of directors and auditors**

As described on page 2 the company's directors are responsible for the preparation of the financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

**Basis of opinion**


We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

**Opinion**

In our opinion the financial statements give a true and fair view of the state of the company's affairs at 31st May 1994 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Priory House  
Sydenham Road  
Guildford, GU1 3RX  
15th February 1995



MOORE STEPHENS  
Registered Auditor  
Chartered Accountants

## Derby County Football Club Limited

Profit and Loss Account  
For the year ended 31st May 1994

	Note	1994	1993
Turnover	3	3,620,333	4,183,117
Direct operating costs		3,946,233	3,795,231
Gross (loss)/profit		(325,900)	387,886
Profit on sale of players' registrations	4	113,835	650,766
		(212,065)	1,038,652
Administrative expenses		(2,629,300)	(2,577,553)
Operating loss	5	(2,841,365)	(1,538,901)
Other Income	7	294,205	414,781
		(2,547,160)	(1,124,120)
Interest payable and similar charges	8	71,242	42,525
		(2,618,402)	(1,166,645)
Exceptional Item	9	334,201	-
Loss on ordinary activities before taxation		(2,952,603)	(1,166,645)
Tax on ordinary activities	10	(49,332)	-
Retained loss for the year		(2,903,271)	(1,166,645)
Retained profit brought forward		532,099	1,698,744
Accumulated (loss)/profit carried forward		£(2,371,172)	£532,099

The company has no recognised gains or losses other than those reported in the profit and loss account.


There is no difference between the historical cost loss and the loss as stated above.

## Derby County Football Club Limited

## Balance Sheet - 31st May 1994

	Note	1994	1993
<b>Fixed Assets</b>			
Intangible assets	11	9,075,518	9,345,645
Tangible assets	12	2,360,709	2,535,115
		<u>11,436,227</u>	<u>11,880,760</u>
<b>Current Assets</b>			
Debtors	13	560,050	620,421
Cash at bank and in hand		9,155	15,584
		<u>569,205</u>	<u>636,005</u>
Creditors, amounts falling due within one year	14	(12,102,202)	(9,984,939)
<b>Net Current Liabilities</b>		<u>(11,532,997)</u>	<u>(9,348,934)</u>
<b>Total Assets less Current Liabilities</b>		(96,770)	2,531,826
Creditors, amounts falling due after more than one year	15	(42,661)	(3,354)
Deferred income	16	(796,471)	(561,103)
<b>Net Assets</b>		<u>£ (935,902)</u>	<u>£ 1,967,369</u>
<b>Capital and Reserves</b>			
Called up share capital	18	1,172,568	1,172,568
Share premium		262,702	262,702
Profit and loss account		(2,371,172)	532,099
<b>Shareholders' funds</b>	19	<u>£ (935,902)</u>	<u>£ 1,967,369</u>

These financial statements were approved by the Board on 15th February 1995 and signed on their behalf by:

  
 L.V. Pickering - Director

## Derby County Football Club Limited

## Financial Statements - 31st May 1994

## Notes

## 1. Principal Accounting Policies

## 1.1 Basis of accounting

The financial statements have been prepared under the historical cost convention and in accordance with applicable Accounting Standards.

## 1.2 Turnover

Turnover represents amounts receivable from third parties excluding Value Added Tax. Match receipts are shown after deduction of net levies paid to the Football League, the Football Association and amounts due to visiting clubs.

## 1.3 Depreciation of tangible assets

Provision is made for depreciation on all tangible assets, at rates calculated to write off the cost less estimated residual value, of each asset over its expected useful life at the following rates:

Freehold land and buildings	4% per annum on written down value
Leasehold building	- evenly over the lease term
Ground improvements and other	10% per annum on written down value
Motor vehicles	20% per annum on cost

## 1.4 Capital grants

Capital grants are accounted for as deferred income in accordance with Statement of Standard Accounting Practice Number 4. They are released to the profit and loss account over the estimated life of the asset to which they relate.

## 1.5 Transfer costs

Amounts paid to third parties for players' registrations are capitalised as intangible assets. All other costs including signing on fees and football league levies are written off to the profit and loss account in the year incurred. In accordance with the Football League Rules, when a player has reached the age of thirty three, having been engaged by the club for five seasons, he is entitled to a free transfer. In light of this, transfer fees are being written off over the period from the date of the original contract to the end of the season in which the player reaches the age of thirty three. If the original contract would take the player past his thirty third birthday the transfer fee will be written off over the period of the contract. Profits or losses on disposal are written off in the year of termination of the contract.

## 1.6 Pensions

The costs of providing pensions are charged to the profit and loss account on a consistent basis over the service lives of employees. Such costs are calculated by reference to actuarial valuations and variations from such regular costs are spread over the remaining service lives of the current employees.

## 1.7 Leases

Assets rented by means of operating leases are not capitalised. The rentals payable are charged to the profit and loss account in the financial year to which they relate.

**Derby County Football Club Limited**  
**Financial Statements - 31st May 1994**  
**Notes (Continued)**

**1. Principal accounting policies (Continued)**

**1.8 Cash flow statement**

The company has not prepared a cash flow statement because a consolidated cash flow statement is included in the financial statements of the parent company, DCFC Limited.

**2. Going Concern**

The accounts have been prepared using the going concern basis despite the company's balance sheet showing substantially more current liabilities than current assets. The directors consider that sufficient funds have been provided by themselves and the sale of players for it to continue trading for the foreseeable future.

**3. Turnover**

	1994	1993
Match receipts	2,806,273	2,955,585
Advertsing and other sponsorship	382,760	372,176
TV and sundry	203,694	616,625
Programmes and related activities	192,093	205,271
Ramarena	35,513	33,460
	<u>£3,620,333</u>	<u>£4,183,117</u>

**4. Profit on players' registrations**

The profit on sale of players' registrations represents the proceeds of sale less their net book value and any direct costs. Payments made to players by way of signing on bonuses have been included in these Financial Statements as part of the salaries cost. In previous years the profit on sale of players' registrations represented the proceeds of sale net of their net book value, any direct costs and signing on bonuses. This change in accounting treatment has resulted in £644,375 (1993 - £448,250) being transferred from the profit on sale of players' registrations to salaries.

**5. Operating Loss**

	1994 £	1993 £
Operating loss is stated after charging/(crediting)		
Directors' emoluments	165,289	159,700
Auditors' remuneration	15,179	21,800
Depreciation: Tangible fixed assets	226,005	169,380
Players' registrations	1,376,352	1,154,199
Operating lease rentals	11,021	-
Adjustment on disposal of fixed assets	4,146	51,540
Profit on sale of players' registrations	<u>(113,835)</u>	<u>(650,766)</u>



## Derby County Football Club Limited

## Financial Statements - 31st May 1994

## Notes (Continued)

## 6. Directors and employees

Directors' emoluments

Staff costs include the following emoluments in respect of directors of the company:

	1994	1993
Other emoluments including pension contributions	<u>£173,037</u>	<u>£159,700</u>

This figure includes compensation for loss of office £99,550 (1993 - Nil)

There was only one paid director of the company in the year.

Staff costs

Staff costs during the year were as follows:

	1994	1993
Wages and salaries	3,117,797	2,820,405
Social security costs	287,017	264,404
Other pension costs	48,371	30,686
	<u>£ 3,453,185</u>	<u>£ 3,115,495</u>

The average weekly number of employees of the company during the year was:

Category	Number	Number
Players and apprentices	50	58
Management and coaching*	10	9
Groundsmen, kitchen and cleaning*	14	18
Administration and marketing*	14	13
Ramarena*	4	4
Derby County Promotions*	14	16
	<u>106</u>	<u>118</u>

\* includes the following part time staff

Management and coaching	2	2
Groundsmen, kitchen and cleaning	5	7
Administration and marketing	4	2
Ramarena	3	3
Derby County Promotions	5	10
	<u>19</u>	<u>24</u>

## Derby County Football Club Limited

Financial Statements - 31st May 1994  
Notes (Continued)

<b>7. Other Income</b>	<b>1994</b>	<b>1993</b>
Bank interest	4,275	17,534
Donations from Derby County Promotions	289,930	397,247
	<u>£ 294,205</u>	<u>£ 414,781</u>
<b>8. Interest payable</b>	<b>1994</b>	<b>1993</b>
On bank overdrafts repayable within 5 years	46,962	34,698
On loans repayable within 5 years	3,781	5,008
On other loans	20,499	2,819
	<u>£ 71,242</u>	<u>£ 42,525</u>
<b>9. Exceptional item</b>		
The exceptional item represents costs incurred by the club in connection with the proposed new stadium. The board has decided not to go ahead with this project, the costs have therefore been written off.		
<b>10. Taxation on Ordinary Activities</b>		
Tax credit resulting from the transfer of group relief to the ultimate parent company	<u>£ 49,332</u>	<u>£ -</u>
<b>11. Intangible fixed assets</b>		
	<b>Players' Registrations</b>	
Cost:		
At 1st June 1993		10,949,424
Additions		1,673,899
Disposals		(1,000,000)
At 31st May 1994		<u>£11,623,323</u>
Amortisation:		
At 1st June 1993		1,603,779
Charge for year		1,376,352
Disposals		(432,326)
At 31st May 1994		<u>£ 2,547,805</u>
Net book value at 31st May 1994		<u>£ 9,075,518</u>
Net book value at 31st May 1993		<u>£ 9,345,645</u>

## Derby County Football Club Limited

## Financial Statements - 31st May 1994

## Notes (Continued)

## 12. Tangible fixed assets

	Land and Buildings	Fixtures and Fittings	Motor Vehicles	Total
Cost:				
At 1st June 1993	1,629,414	1,837,806	66,193	3,533,413
Additions	-	83,787	91,675	175,462
Disposals	-	-	(39,250)	(39,250)
Transfers	(103,967)	-	-	-
At 31st May 1994	<u>£ 1,525,447</u>	<u>£ 1,921,593</u>	<u>£ 118,618</u>	<u>£ 3,565,658</u>
Depreciation:				
At 1st June 1993	550,231	425,817	22,250	998,298
Charge for year	45,702	160,343	19,960	226,005
Disposals	-	-	(19,354)	(19,354)
At 31st May 1994	<u>£ 595,933</u>	<u>£ 586,160</u>	<u>£ 22,856</u>	<u>£ 1,204,949</u>
Net book value at 31st May 1994	<u>£ 929,514</u>	<u>£ 1,335,433</u>	<u>£ 95,762</u>	<u>£ 2,360,709</u>
Net book value at 31st May 1993	<u>£ 1,079,183</u>	<u>£ 1,411,989</u>	<u>£ 43,943</u>	<u>£ 2,535,115</u>

All land and buildings are held as freehold except short leasehold property costing £18,753 with a net book value of £11,981.

Motor vehicles which cost £101,175 with a net book value of £85,894 have been acquired under hire purchase contracts.

## 13. Debtors

	1994	1993
Trade debtors	353,987	240,429
Other debtors	58,861	194,854
Prepayments	147,202	185,138
	<u>£ 560,050</u>	<u>£ 620,421</u>

## Derby County Football Club Limited

## Financial Statements - 31st May 1994

## Notes (Continued)

14. Creditors, amounts falling due within one year	1994	1993
Bank loans and overdraft	731,399	639,925
Obligations under lease and hire purchase contracts	27,950	14,205
Trade creditors	537,774	264,253
Amounts owed to parent company	10,312,556	8,754,805
Other taxes and social security costs	111,258	81,752
Other creditors	168,084	109,532
Accruals	213,181	120,467
	<u>£12,102,202</u>	<u>£9,984,939</u>

The company's bankers have a charge over the freehold property of the company as security for the bank overdraft.

15. Creditors, amounts falling due after more than one year	1994	1993
Obligations under lease and hire purchase contracts	£ 42,661	£ 3,354

All hire purchase agreements will end within five years.

## 16. Deferred income

The deferred income relates to capital expenditure grants received.

Amounts received	
At 1st June 1993	769,423
Received in the year	305,310
	<u>£1,074,733</u>
At 31st May 1994	
Amortisation	
At 1st June 1993	208,320
Amortised in the year	69,942
	<u>£ 278,262</u>
At 31st May 1994	
Balance at 31st May 1994	<u>£ 796,471</u>
Balance at 31st May 1993	<u>£ 561,103</u>

## Derby County Football Club Limited

## Financial Statements - 31st May 1994

## Notes (Continued)

## 17. Operating Leases

The company has the following annual commitments under non-cancellable operating leases, none of which relate to land and buildings and expire:

	1994	1993
Within one year	£16,159	£11,374
In two to five years	£21,297	£22,596

## 18. Share Capital

	1994	1993
Authorised		
1,080,000 Ordinary shares of £1 each	1,080,000	1,080,000
920,000 2 1/2% non-voting Preference shares of £1 each	920,000	920,000
	£2,000,000	£2,000,000
Allotted, called up and fully paid		
739,000 Ordinary shares of £1 each	739,000	739,000
433,568 2 1/2% non-voting Preference shares of £1 each	433,568	433,568
	£1,172,568	£1,172,568

None of the share capital is considered to be equity share capital. The ordinary shares and the preference shares rank equally on winding up. If there is a surplus on winding up after the repayment of share capital it will be paid either to the Football Association Benevolent Fund, to a company in Derbyshire with similar objectives to this company, or to a local charity and not to the shareholders. Dividends are restricted to 15% of the amount credited as paid up on a share.

## 19. Reconciliation of movements on shareholders' funds

	1994	1993
At 1st June 1993	1,967,369	3,134,014
Loss for the year	(2,903,271)	(1,166,645)
At 31st May 1994	£ (935,902)	£1,967,369

## Derby County Football Club Limited

## Financial Statements - 31st May 1994

## Notes (Continued)

## 20. Post Balance Sheet Events

## Players' registrations

The company has entered into agreements to sell players with a book value of £3,424,621 for £5,304,000 net of expenses.

## 21. Pension commitments

The group provides pension benefits for senior management employees under a funded defined benefit final salary scheme arranged by the Football League. The assets of the scheme are held separately from those of the company and the group, being invested with an insurance company. The contributions are determined by a qualified actuary, the latest actuarial valuation of the scheme was at 1st September 1991, the funding level was 110% and the total assets held in the scheme were £20,960,000. The main actuarial assumptions were:

- a) Investment yields will be 9% p.a. compound
- b) Pensionable earnings of the members will increase by 7% compound
- c) The Retail Price Index will increase by 5% p.a.

## 22. Contingent Liabilities

The following amounts will become payable should the club reach the Premier League:-

Additional transfer fees payable under the terms of transfer agreements	210,000
Specific individual bonuses payable to the players and the manager	216,500
An additional general bonus to be divided amongst the players based on an estimated average league attendance	96,600
	<u>£ 523,100</u>
Other contingent liabilities are:-	
Signing bonuses payable to players under the terms of their contracts	<u>£ 918,125</u>

## 23. Ultimate Parent Company

The company regards Derbyshire Enterprises Limited, registered in England and Wales, as its ultimate parent company.