



Derby County Football Club Limited

Directors' report and financial statements

For the year ended 30 June 2007

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Registered number 49139

Derby County Football Club Limited

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Notes forming part of the financial statements

Derby County Football Club Limited

Company information

Directors

A F Pearson (Chairman)
M A Horton (Vice Chairman)
J N Kirkland OBE (President)
P J Gadsby
D K Amott
M Morris
T Birch

Company Secretary

M P Ridgeway

Registered Office

Pride Park Stadium, Derby DE24 8XL

Company Number

49139

Auditor

BDO Stoy Hayward LLP, Commercial Buildings, 11-15 Cross Street, Manchester M2 1WE

Bankers

The Co-operative Bank plc, 31 East Street, Derby DE1 2AL

Solicitors

Edwards Geldard, Number One Pride Place, Pride Park, Derby DE24 8QR

Derby County Football Club Limited

Directors' Report

The directors present their report and the audited financial statements of Derby County Football Club Limited ('the Club') for the year ended 30 June 2007

Principal activity and future developments

The principal activity of the company is the promotion of professional football. There have been no changes in the company's activities in the year under review and this is the activity in which the company will continue to be involved.

Business review

During the financial year to 30 June 2007, the club achieved promotion to the FA Premier League, the top flight of English professional football.

The financial impact to the Club of promotion is significant in terms of additional revenues that are available to the club over the next 3 years, particularly through central FA Premier League broadcasting agreements. This has enabled the Board to produce a business plan which sees the Club operate within its current bank facility limits for at least the next three seasons, whilst maintaining a playing squad and football management structure that is competitive for whichever league the Club participates in during this time.

As part of this plan, the Club will take the opportunity to reduce the current levels of debt with its bankers, by repaying facilities totalling £6 million in the financial year to 30 June 2008.

In early August 2008, before the receipt of central FA Premier League funds, an additional £3 million was provided to the Club from the parent company, Gellaw 101 Limited. This was to enable the Club to compete in the early stages of the transfer window.

The financial statements report a net loss for the year of £12.5 million (2006 profit £51k). This loss represents the cost of the investment made in the 2006/07 season in a squad capable of challenging for promotion to the FA Premier League, and subsequently rewarding them when promotion was achieved. Aside from this, the Club has significantly improved its financial performance both in terms of revenues achieved and costs incurred, a trend which the Board is committed to continuing.

On 27 November 2007, the Club welcomed Paul Jewell as our new manager following the departure of Billy Davis by mutual consent.

The directors do not recommend the payment of an ordinary dividend.

Principal risks and uncertainties

Due to the principal activities of the company the revenues of the business are susceptible to the on-pitch performance of the football team. In particular relegation from the FA Premier League could result in significant reductions in revenues of the business in future years.

In order to compete in the world's most competitive league, significant investment is required on an ongoing basis in both financial and non-financial terms. The directors are continually exploring avenues for bringing new resources into the Club in order to improve its long term position and prospects.

The company's credit risk is relatively low and is primarily attributable to its trade debtors. Credit risk is managed by running credit checks on new customers and by monitoring payments against contractual agreements.

Operations are financed by a mixture of parent company loans and bank borrowings. The objective is to ensure a mix of funding methods offering flexibility and cost effectiveness to match the needs of the company.

Creditor payment policy

The company's policy is to pay all creditors in accordance with contractual and other legal obligations. Advantage is taken of available discounts for prompt payment whenever possible. The rate, expressed in days, between the amounts invoiced to the company by its suppliers in the year and the amount owing to trade creditors at the year end was 74 days (2006: 56 days). The year end trade creditor payment ratio is unusually high as a result of various one off costs and liabilities that were incurred through the Club participating in the Championship play off semi-final and final and ultimately gaining promotion to the FA Premier League.

Derby County Football Club Limited

Directors' Report (continued)

Directors and directors' interests

The directors who held office were as follows

P J Gadsby	
J N Kirkland OBE	
M A Horton	
D K Amott	
Mrs J D Marples	(resigned 12 June 2007)
M Morris	
T Birch	(appointed 12 June 2007)
A F Pearson	(appointed 22 October 2007)

None of the directors who held office at the end of the financial year had any beneficial interest in the shares of the company

The directors' beneficial interests in the ultimate parent company, Gellaw 101 Limited, are shown in the financial statements of that company

Financial instruments

The company does not use financial instruments

Employee involvement

Within the bounds of commercial confidentiality, staff at all levels are kept fully informed of matters that affect the progress of the company and are of interest to them as employees

Disabled employees

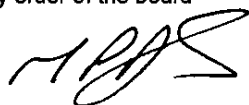
Disabled employees are given full and fair consideration for all types of vacancy. If an existing employee becomes disabled, such steps as are practical and reasonable are taken to retain him/her in employment. Where appropriate, assistance with rehabilitation and suitable training are given. Disabled persons have equal opportunities for training, career development and promotion, except insofar as such opportunities are constrained by the practical limitations of their disability.

Auditors

All of the current directors have taken all of the steps that they ought to have taken to make themselves aware of information needed by the company's auditors for the purposes of their audit and established that the auditors are aware of that information. The directors are not aware of any relevant audit information of which the auditors are unaware.

BDO Stoy Hayward LLP have expressed their willingness to continue in office. A resolution to reappoint them will be proposed at the next annual general meeting.

By order of the board



M P Ridgeway
Company Secretary
Pride Park Stadium, Derby DE24 8XL

Date 13 December 2007

Derby County Football Club Limited

Statement of directors' responsibilities

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice

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 period. In preparing these 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 that disclose with reasonable accuracy at any time the financial position of the company and 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

Derby County Football Club Limited

Report of the independent auditors

To the shareholders of Derby County Football Club Limited

We have audited the financial statements of Derby County Football Club Limited for the year ended 30 June 2007 which comprise the profit and loss account, the balance sheet, the cash flow statement and the related notes. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and have been properly prepared in accordance with the Companies Act 1985 and whether the information given in the directors' report is consistent with those financial statements. We also report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the directors' report and consider the implications for our report if we become aware of any apparent misstatements within it.

Our report has been prepared pursuant to the requirements of the Companies Act 1985 and for no other purpose. No person is entitled to rely on this report unless such a person is a person entitled to rely upon this report by virtue of and for the purpose of the Companies Act 1985 or has expressly authorised to do so by our prior written consent. Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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 judgments 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, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 30 June 2007 and of its loss for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the directors' report is consistent with the financial statements.


BDO STOY HAYWARD LLP

Chartered Accountants and Registered Auditors
Manchester

Date 14/12/2007

Derby County Football Club Limited

Profit and loss account			
For the year ended 30 June 2007			
	Note	Year to 30 June 2007	Year to 30 June 2006
		£000	£000
Turnover	2	13,907	11,355
Direct operating costs		(21,464)	(11,356)
Donations from Derby County Promotions		49	27
Gross (loss)/profit		(7,508)	26
Administrative expenses		(5,261)	(6,032)
Operating loss before amortisation and exceptional items		(10,395)	(5,691)
Amortisation of players' registrations, transfer fee levies and associated costs		(1,982)	(412)
Impairment of players' registrations, transfer fee levies and associated costs		(459)	-
Reversal of impairment of players' registrations, transfer fee levies and associated costs		67	97
Operating loss before exceptional items		(12,769)	(6,006)
Exceptional operating income	23	-	7,044
Operating (loss)/profit	3	(12,769)	1,038
Profit on sale of players' registrations		1,228	1,978
Profit on sale of investment		40	-
Reversal of impairment provision against investments	10	40	-
Interest receivable and similar income		97	1
Interest payable and similar charges	6	(1,138)	(2,966)
(Loss)/profit on ordinary activities before taxation		(12,502)	51
Tax on (loss)/profit on ordinary activities	7	-	-
(Loss)/profit on ordinary activities after taxation	19	(12,502)	51

The results shown above have been derived from continuing activities in both financial periods

The notes on pages 10 to 24 form part of these financial statements

Derby County Football Club Limited

Balance sheet

at 30 June 2007

	Note	2007		2006	
		£000	£000	£000	£000
Fixed assets					
Intangible assets	8		10,574		1,252
Tangible assets	9		23,278		24,116
Investments	10		-		-
			<hr/>		<hr/>
			33,852		25,368
Current assets					
Players' registration fees receivable		-		1,100	
Stocks	11	78		292	
Debtors	12	2,916		4,059	
Cash at bank and in hand		4,160		4,411	
		<hr/>		<hr/>	
		7,154		9,862	
Creditors amounts falling due within one year	13	(28,883)		(15,044)	
Players' registration fees payable within one year		(6,031)		(567)	
		<hr/>		<hr/>	
Net current liabilities			(27,760)		(5,749)
			<hr/>		<hr/>
Total assets less current liabilities			6,092		19,619
Creditors amounts falling due after more than one year	14		(24,876)		(50,458)
			<hr/>		<hr/>
Net liabilities			(18,784)		(30,839)
			<hr/> <hr/>		<hr/> <hr/>
Financed by					
Capital and reserves					
Called up share capital	18		8,239		8,239
Share premium account	19		263		263
Profit and loss account	19		(27,286)		(39,341)
			<hr/>		<hr/>
Shareholders' deficit	20		(18,784)		(30,839)
			<hr/> <hr/>		<hr/> <hr/>

The notes on pages 10 to 24 form part of these financial statements

These financial statements were approved by the board and were authorised for issue on 13 December 2007 and were signed on its behalf by


P J Gadsby
Director

Derby County Football Club Limited

Cash flow statement

For the year ended 30 June 2007

	Note	Year to 30 June 2007		Year to 30 June 2006	
		£000	£000	£000	£000
Net cash outflow from operating activities	26		(2,031)		(2,468)
Returns on investments and servicing of finance					
Interest received	28	97		1	
Interest paid	28	(1,014)		(3,353)	
Net cash outflow from returns on investments and servicing of finance			(917)		(3,352)
Capital expenditure					
Payments to acquire tangible fixed assets		(475)		(132)	
Payments to acquire players' registrations		(6,322)		(1,029)	
Proceeds from the sale of tangible fixed assets		-		(71)	
Proceeds from the sale of players' registrations		2,480		1,201	
Net cash outflow from capital expenditure			(4,317)		(31)
			(7,265)		(5,851)
Financing					
Capital element of hire purchase repayments		(175)		(94)	
New secured loans		2,101		7,177	
Repayment of secured loan		(1,019)		(9)	
Net cash inflow from financing			907		7,074
(Decrease)/increase in cash	27		(6,358)		1,223

Reconciliation of net cash flow to movement in net debt

	Year to 30 June 2007 £000	Year to 30 June 2006 £000
(Decrease)/increase in cash in the year	(6,358)	1,223
Cash outflow from increase in debt and lease finance	(907)	(7,074)
Change in net debt resulting from cash flows	(7,265)	(5,851)
New finance leases	-	-
Bank loan write down	-	4,572
Waiver of group debt	24,557	12,924
Change in net debt	17,292	11,645
Net debt at start of year	(47,469)	(59,114)
Net debt at end of year	(30,177)	(47,469)

The notes on pages 10 to 24 form part of these financial statements

Derby County Football Club Limited

Notes

1 Principal accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements

Basis of accounting

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards

The balance sheet format as set out in the Companies Act 1985 has been amended to show players' registration fees receivable and payable separately on the face of the balance sheet. The directors believe this is an appropriate presentation given the significance of the amounts involved

The company is exempt by virtue of s229(2) of the Companies Act 1985 from the requirement to prepare group accounts. These financial statements present information about the company as an individual undertaking and not about its group

Going concern

The financial statements, which show net current liabilities of £27.8 million and net liabilities of £18.8 million have been prepared on the going concern basis, which assumes that the company will continue in operational existence for the foreseeable future

The company's borrowings at the balance sheet date, comprised bank loans and overdrafts and other loans as set out in notes 13 and 14

However, during the financial year to 30 June 2007 the Club achieved promotion to the top flight of English football, the FA Premier League. Achieving promotion significantly alters the financial outlook of the Club for at least the next three financial years

Participation in the FA Premier League generates significant additional guaranteed revenues for the next three seasons, particularly through the distribution of the FA Premier League's centrally negotiated broadcasting, sponsorship and advertising deals. Even if the Club were to only enjoy one season in this league, the next two seasons would be supported by significant 'parachute' payments made available to all clubs relegated from the top flight

This certainty of increased revenues has enabled the Board to prepare a financial plan, which ensures financial stability for the Club for the next three years and beyond, whilst maintaining a playing squad that is competitive in whatever league the Club finds itself in during this cycle

The plan includes the repayment of £6 million of the bank debt reported as at 30 June 2007, to be replaced by more flexible working capital facilities

During the financial year ended 30 June 2007, the parent company, following a review of the Club's financial position, agreed to waive loans due from the Club amounting to £24.6 million. In addition in early August 2007, before the receipt of any central FA Premier League funds, an additional £3 million was provided to the Club from the parent company to enable the Club to compete in the early stages of the transfer window. These actions further improved the financial position of the Club

The directors have prepared cashflow projections for the period to 30 June 2008 and considered the period immediately thereafter, extending to 30 June 2010. These projections are prepared using assumptions which the directors consider to be appropriate to the financial position of the company as regards future expected revenues and changes in the cost base. There are sufficient working capital resources to maintain operations for the foreseeable future, and for a period of at least twelve months from the date of approval of the financial statements

Taking into account the impact of promotion, the financial projections and the support provided by the parent company, the directors consider it appropriate to prepare the financial statements on the going concern basis

Derby County Football Club Limited

Notes (continued)

1 Principal accounting policies (continued)

Turnover

Turnover represents amounts receivable from third parties as disclosed in note 2, 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.

Profit or loss on sale of players' registrations

The profit or loss on sale of players' registrations represents the proceeds of sale less the net book value of the registration and any direct costs.

Signing on fees

Signing on fees and loyalty bonuses are charged to the profit and loss account in the accounting period in which payment is made. However, those instalments due in the future based on continued service are not provided for but are noted as contingent liabilities. Where signing on fees are paid to a player as a consequence of the transfer of his registration to another club, the charge is included in profit or loss on disposal of player registrations.

Transfer costs

Amounts paid to third parties for players' registrations, football league levies, agents' commissions and compensation for management and coaching staff are capitalised as intangible assets and amortised on a straight line basis over the period of the players' or other employees' contracts.

Depreciation of tangible assets

Depreciation is provided to write off the cost or valuation less the estimated residual value of tangible fixed assets on a straight line basis over their estimated useful economic lives as follows:

Freehold buildings	2% to 10% per annum on cost
Fixtures and fittings	2% to 20% per annum on cost
Motor vehicles	20% per annum on cost
Computers	25% per annum on cost

Freehold land is not depreciated.

The cost of fixed assets includes interest incurred on borrowings to finance specific developments in respect of the period of production.

Trademarks are amortised over the life of the agreement.

Investments

Investments in subsidiary undertakings are stated at cost less provisions for impairment.

Stocks

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

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.

Derby County Football Club Limited

Notes (continued)

1 Principal accounting policies (continued)

Pensions

The company provides pension benefits based on final pensionable pay through a multi-employer scheme. It is not possible to identify the company's share of the underlying assets and liabilities of the scheme and it is therefore accounted for as if it were a defined contribution scheme in accordance with the exemption under FRS 17. The assets of the scheme are held separately from those of the company, being invested with an insurance company. Contributions to the scheme are based on actuarial advice, and charged to the profit and loss account as they become payable (see note 24).

The company also contributes to individuals' money purchase pension schemes with contributions being charged to the profit and loss account as they become payable.

Leases

Where the company enters into a lease which entails taking substantially all the risks and rewards of ownership of an asset, the lease is treated as a 'finance lease'. The asset is recorded in the balance sheet as a tangible fixed asset and is depreciated over its estimated useful life or the term of the lease, whichever is shorter. Future instalments under such leases, net of finance charges, are included within creditors. Rentals payable are apportioned between the finance element, which is charged to the profit and loss account, and the capital element which reduces the outstanding obligation for future instalments.

All other leases are accounted for as 'operating leases' and the rental charges are charged to the profit and loss account on a straight line basis over the life of the lease.

Taxation

The charge for taxation is based on the result for the period and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by Financial Reporting Standard number 19.

FRS 25 'Financial instruments: disclosure and presentation'

The company has adopted the presentational requirements of FRS 25 'Financial instruments: disclosure and presentation'. Previously, redeemable preference shares were classified as equity. In accordance with FRS 25, redeemable preference shares have been classified as a liability as the company has to pay a coupon into perpetuity. Dividends on these shares have been recognised as expenses and classified as interest.

2 Turnover

	2007 £000	2006 £000
Match receipts	6,660	4,923
Sponsorship income	820	1,023
Advertising income	252	206
TV receipts	1,339	1,003
Commercial activities	2,783	2,225
Programme sales and related activities	272	182
Merchandising	1,383	1,373
Other receipts	398	420
	<hr/>	<hr/>
	13,907	11,355
	<hr/>	<hr/>

Derby County Football Club Limited

Notes (continued)

3 Operating (loss)/profit

	2007 £000	2006 £000
This is stated after charging/(crediting)		
Auditors remuneration		
- audit services	18	20
- non-audit services	7	8
Depreciation		
- tangible fixed assets	1,215	1,199
Amortisation		
- players' registrations	1,439	214
- transfer fee levies and associated costs	542	167
- trademarks	1	1
- grants received	(104)	(104)
Hire of plant and machinery - rentals payable under operating leases	9	33
Loss on disposal of fixed assets	4	55

4 Staff numbers and costs

The average number of persons employed by the company during the year was as follows

Category	2007 Number	2006 Number
Players and apprentices	45	45
Management and coaching	22	23
Groundsmen, kitchen and cleaning *	25	29
Administration and marketing *	80	58
	172	155

* includes the following part time staff

Management and coaching	2	-
Groundsmen, kitchen and cleaning	1	1
Administration and marketing	40	19
	43	20

The costs of employment (including directors) were

	2007 £000	2006 £000
Wages and salaries	15,461	8,395
Social security costs	1,843	932
Other pension costs	21	48
	17,325	9,375

Derby County Football Club Limited

Notes (continued)

5 Directors' emoluments

	2007 £000	2006 £000
Directors' emoluments	446	141
Company contributions to money purchase pension schemes	-	9
Amounts paid to third parties in respect of directors' services	-	52
	<u>446</u>	<u>202</u>

Emoluments of the highest paid director amounted to £445,810 (2006 £126,925)

There are no directors in the company's pension scheme (2006 £nil)

6 Interest payable and similar charges

	2007 £000	2006 £000
On bank loans and overdrafts	1,095	2,874
Finance charges payable in respect of finance leases and hire purchase contracts	32	59
Other interest	11	33
	<u>1,138</u>	<u>2,966</u>

7 Taxation

	2007 £000	2006 £000
Analysis of charge in period		
UK corporation tax		
Current tax on (loss)/profit for the period	-	-

Factors affecting the tax charge for the current period

The current tax charge for the period is different (2006 different) to the standard rate of corporation tax in the UK (30%, 2006 30%) The differences are explained below

	2007 £000	2006 £000
Current tax reconciliation		
(Loss)/profit on ordinary activities before tax	(12,502)	51
	<u>(3,751)</u>	<u>15</u>
Current tax at 30% (2005 30%)	(3,751)	15
Effects of		
Expenditure not deductible for tax purposes	230	238
Movements on provisions	875	(135)
Fixed asset timing differences	(198)	118
Increase in tax losses carried forward	2,844	(236)
Non taxable income	-	-
	<u>-</u>	<u>-</u>
Current tax charge	-	-

Derby County Football Club Limited

Notes (continued)

8 Intangible fixed assets

	Players' registrations	Transfer fee levies and associated costs	Trademarks	Total
	£000	£000	£000	£000
Cost				
At 1 July 2006	1,654	1,070	15	2,739
Additions	10,399	1,387	-	11,786
Disposals	(910)	(294)	(15)	(1,219)
At 30 June 2007	11,143	2,163	-	13,306
Amortisation				
At 1 July 2006	1,208	268	11	1,487
Charge for the period	1,439	543	1	1,983
Disposals	(879)	(239)	(12)	(1,130)
Impairment provisions	324	68	-	392
At 30 June 2007	2,092	640	-	2,732
Net book value				
At 30 June 2007	9,051	1,523	-	10,574
At 30 June 2006	446	802	4	1,252

Derby County Football Club Limited

Notes (continued)

9 Tangible fixed assets

	Land and buildings	Fixtures and fittings	Motor vehicles	Computers	Total
	£000	£000	£000	£000	£000
Cost					
At 1 July 2006	27,357	4,300	29	427	32,113
Adjustment to consideration	(96)	-	-	-	(96)
Additions	3	410	-	61	474
Disposals	-	(2)	-	-	(2)
At 30 June 2007	27,264	4,708	29	488	32,489
Depreciation					
At 1 July 2006	4,967	2,757	18	255	7,997
Charge for the period	666	464	4	81	1,215
Disposals	-	(1)	-	-	(1)
At 30 June 2007	5,633	3,220	22	336	9,211
Net book value					
At 30 June 2007	21,631	1,488	7	152	23,278
At 30 June 2006	22,390	1,543	11	172	24,116

All assets are subject to depreciation with the exception of freehold land of £1,109,125 (2006 £1,109,125) which is not depreciated

The cost of tangible fixed assets include capitalised borrowing costs of £872,678 (2006 £872,678)

Included within fixed assets are land and buildings, fixtures and fittings, motor vehicles and computers which are held under hire purchase or finance leases, as follows

	2007		2006	
	Net book value £000	Depreciation charge £000	Net book value £000	Depreciation charge £000
Land and buildings	4,167	210	4,377	210
Fixtures and fittings	117	187	304	189
Computers	-	-	-	2
	4,284	397	4,681	401

Derby County Football Club Limited

Notes (continued)

10 Investments

Net book value	£000
At 30 June 2006	-
Reversal of previous impairment	40
Disposal at cost	(40)
	<hr/>
Net book value at 30 June 2007	-
	<hr/>

The original cost of investments was £7,540,000 which have been fully written down in prior years

Investments include the following subsidiary undertaking

Company	Country of incorporation	Percentage of ordinary £1 shares held	Principal activity
Derby County Stadium Limited	England and Wales	100%	Dormant company

The disposal of investments relates to a 22% holding in the ordinary share capital of Intascope com Limited at a cost of £40,000 which had been impaired in full in prior years

11 Stocks

	2007 £000	2006 £000
Finished goods	75	289
Consumable stocks	3	3
	<hr/>	<hr/>
	78	292
	<hr/>	<hr/>

12 Debtors

	2007 £000	2006 £000
Trade debtors	1,034	525
Other debtors	1,150	2,913
Prepayments and accrued income	732	621
Amounts due from group undertakings	-	-
	<hr/>	<hr/>
	2,916	4,059
	<hr/>	<hr/>

Derby County Football Club Limited

Notes (continued)

13 Creditors amounts falling due within one year

	2007 £000	2006 £000
Bank loans and overdrafts (secured - see note 14)	11,868	3,760
Obligations under finance leases and hire purchase contracts (see note 15)	2	175
Trade creditors	1,455	1,199
Amounts owed to group undertakings	-	-
Other taxes and social security costs	1,924	991
Other creditors	3,011	3,628
Accruals and deferred income	10,623	5,291
	<u>28,883</u>	<u>15,044</u>

14 Creditors amounts falling due after more than one year

	2007 £000	2006 £000
Bank loans and overdrafts (secured)	15,134	18,143
Obligations under finance leases and hire purchase contracts (see note 15)	3	5
Amounts owed to group undertakings	6,896	29,363
Accruals and deferred income	2,409	2,513
Preference shares of £1 each	434	434
	<u>24,876</u>	<u>50,458</u>

In accordance with FRS 25 the preference shares have been classified as a liability

Included within accruals and deferred income are amounts relating to capital expenditure grants received, as follows

	£000
Amounts received or valuation	
At 1 July 2006 and at 30 June 2007	3,325
Amortisation	
At 1 July 2006	812
Amortised in the period	104
	<u>916</u>
At 30 June 2007	
Net book value.	
At 30 June 2007	<u>2,409</u>
	<u>2,513</u>
At 30 June 2006	

Derby County Football Club Limited

Notes (continued)

14 Creditors' amounts falling due after more than one year (continued)

Analysis of debt excluding finance leases

	2007 £000	2006 £000
Debt can be analysed as falling due		
In one year or less, or on demand	11,868	3,760
Between one and two years	12	11
Between two and five years	39	37
In five years or more	22,413	47,892
	<u>34,332</u>	<u>51,700</u>

As security over the bank loans and overdrafts, the company's bankers have fixed and floating charges over the whole of the company's undertakings and assets

15 Obligations under finance leases and hire purchase contracts

	2007 £000	2006 £000
Gross obligations repayable:		
Within one year	2	207
Between one and two years	3	6
	<u>5</u>	<u>213</u>
Finance charges repayable		
Within one year	-	32
Between one and two years	-	1
	<u>-</u>	<u>33</u>
Net obligations repayable		
Within one year	2	175
Between one and two years	3	5
	<u>5</u>	<u>180</u>

Derby County Football Club Limited

Notes (continued)

16 Operating leases

Annual commitments under non-cancellable operating leases are as follows

	2007 Land and buildings £000	2007 Other £000	2006 Land and buildings £000	2006 Other £000
Expiring				
Within one year	-	-	-	16
Between two and five years	-	8	19	-
Over five years	31	-	30	9
	<u>31</u>	<u>8</u>	<u>49</u>	<u>25</u>

17 Provisions for liabilities and charges

The elements of deferred taxation are as follows

	2007 £000	2006 £000
Differences between accumulated depreciation and capital allowances	579	381
Other timing differences	(579)	(128)
Tax losses	-	(253)
	<u>-</u>	<u>-</u>

Deferred tax asset not recognised

Approximately £56.3 million of accumulated tax losses are potentially available for relief against tax charges on future profits of the company, resulting in a potential deferred tax asset not recognised of £16.9 million, and are subject to effective agreement with HM Revenue & Customs

18 Called up share capital

	2007 £000	2006 £000
Authorised.		
8,580,000 ordinary shares of £1 each	8,580	8,580
920,000 2 1/2% non-voting preference shares of £1 each	920	920
	<u>9,500</u>	<u>9,500</u>
Allotted, called up and fully paid:		
8,239,000 ordinary shares of £1 each	8,239	8,239
433,568 2 1/2% non-voting preference shares of £1 each (see note 14)	-	-
	<u>8,239</u>	<u>8,239</u>

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, or a company in Derbyshire with similar objectives to this company, or to a local charity and not to the shareholders.

Derby County Football Club Limited

Notes (continued)

19 Reserves

	Share premium account £000	Profit and loss account £000
At 1 July 2006	263	(39,341)
Loss for the year	-	(12,502)
Capital contribution - waiver of amounts due to parent undertaking	-	24,557
At 30 June 2007	263	(27,286)

Waiver of amounts due to parent undertaking

At 2 April 2007 the parent undertaking, Gellaw 101 Limited, waived an amount due of £24,557,000

20 Reconciliation of movements in shareholders' funds

	2007 £000	2006 £000
At 1 July 2006	(30,839)	(38,067)
(Loss)/profit for the year	(12,502)	51
Capital contribution (see note 19)	24,557	7,177
At 30 June 2007	(18,784)	(30,839)

21 Ultimate controlling parties

At 30 June 2007 the company's ultimate parent undertaking was Gellaw 101 Limited, the parent of both the smallest and the largest group of which the company was a member

Derby County Football Club Limited

Notes (continued)

22 Related party transactions

The company had transactions with the following related parties, the directors of which were also directors of the company during the year. The directors consider that all such transactions were carried out on normal commercial terms.

	Sales	Amount included in debtors at 30 June 2007	Purchases	Amount included in creditors at 30 June 2007
Mr J N Kirkland OBE				
Bowmer & Kirkland Limited	61,259	8,934	-	-
Mr P J Gadsby				
Ark Capital Limited	210	14	1,300	1,300
Miller Birch Limited	6,914	-	-	-
Derby Cityscape Limited	2,000	600	-	-
Mr M Morris				
Prevx Limited	46,520	22,500	6,750	-

Amounts owed to group undertakings (see note 14) represents monies owed to group companies at the year end as follows

	£000
Gellaw 101 Limited	6,896

During the year amounts due to Gellaw 101 Limited of £24,557,000 were waived

23 Exceptional operating income - 2006

As part of the debt restructuring of the company, new bank loans of £7.044 million were put into place which are unlikely to become repayable. Accordingly, this amount has been written down to £nil in the accounts to 30 June 2006.

Derby County Football Club Limited

Notes (continued)

24 Pension commitments

Certain employees of the company participate in the Football League Pension and Life Assurance (FLPLA) Scheme and the Football League Players' Benefit Scheme. Both schemes are defined benefit schemes co-sponsored by the FA Premier League and the Football League.

The company is one of a number of participating employers in the FLPLA and it is not possible to identify its share of the assets and liabilities, and therefore to allocate any actuarial surplus or deficit on a consistent and reasonable basis, consequently contributions are expensed in the profit and loss account as they become payable. The assets of the schemes are held separately from those of the company, being invested with insurance companies.

On 1 September 2007 the Club made a payment of £145,467 as final settlement of all scheme deficits assessed by the actuary up to that point, which has discharged any future liabilities of this scheme.

The amounts charged to profit and loss account were £nil (2006: £8,024). Contributions paid to individuals' money purchase pension schemes were £21,884 (2006: £39,950).

25 Contingent liabilities

	2007 £000	2006 £000
Signing and other bonuses due to players under the terms of their contracts	738	66
Maximum liability under sell on clauses	1,192	840

The Club has entered into agreements with other football clubs in respect of the sale of players from which the Club may receive receipts contingent upon a number of circumstances including the number of appearances made by the players sold.

26 Reconciliation of operating result to net cash outflow from operating activities

	2007 £000	2006 £000
Operating (loss)/profit	(12,769)	1,038
Exceptional operating income	-	(7,044)
Loss on sale of tangible fixed assets	1	55
Loss on disposal of intangible fixed assets	3	-
Amortisation of players' registrations, transfer levies and associated costs	1,982	381
Amortisation of other intangible fixed assets	1	2
Depreciation of tangible fixed assets	1,215	1,199
Increase in impairment provisions	459	-
Release of impairment provisions	(67)	(97)
Amortisation of deferred grant income	(104)	(104)
Decrease/(increase) in stock	214	(88)
Decrease in debtors	1,206	1,497
Increase in creditors	5,828	693
Net cash outflow from operating activities	(2,031)	(2,468)

Derby County Football Club Limited

Notes (continued)

27 Analysis of changes in net debt

	At 1 June 2006 £000	Cash flows £000	Other changes £000	At 30 June 2007 £000
Cash at bank	4,411	(251)	-	4,160
Overdraft	-	(6,107)	-	(6,107)
	<u>4,411</u>	<u>(6,358)</u>	<u>-</u>	<u>(1,947)</u>
Debt due within one year	(3,760)	(2,001)	-	(5,761)
Debt due in more than one year	(47,940)	919	24,557	(22,464)
Hire purchase	(180)	175	-	(5)
	<u>(51,880)</u>	<u>(907)</u>	<u>24,557</u>	<u>(28,230)</u>
Total	<u>(47,469)</u>	<u>(7,265)</u>	<u>24,557</u>	<u>(30,177)</u>

The non-cash changes above of £24,557,000 relates to the waiver of group debt

28 Returns on investments and servicing of finance

	2007 £000	2006 £000
Interest received	97	1
Interest paid - interest on bank loans and overdrafts	(971)	(3,260)
- interest on finance leases	(32)	(58)
- other interest	(11)	(34)
	<u>(1,014)</u>	<u>(3,352)</u>
	<u>(917)</u>	<u>(3,351)</u>