

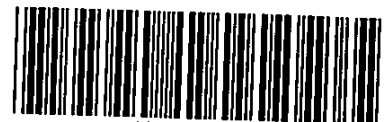
# Derby County Football Club Limited

## Directors' report and financial statements

For the year ended 30 June 2011

Registered number 49139

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# Derby County Football Club Limited

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# **Derby County Football Club Limited**

<b>Company information</b>
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## **Directors**

**A D Appleby (Chairman)**

**T A Glick**

**W Luby**

**J Mallett**

**D Richardson**

**T Ricketts**

**T Vertin**

## **Company Secretary**

**M Brannigan**

## **Registered Office**

**Pride Park Stadium, Derby DE24 8XL**

## **Company Number**

**49139**

## **Auditors**

**BDO LLP, 3 Hardman Street, Spinningfields, Manchester M3 3AT**

## **Bankers**

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

## **Solicitors**

**Flint Bishop LLP, St Michael's Court, St Michael's Lane, Derby DE1 3HQ**

# 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 2011

### Principal activity

The principal activity of the company is the operation of a professional football club. 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 and future developments

The financial year to 30 June 2011 reported turnover of £18.1 million compared to the previous year's turnover of £29.8 million. It was the Club's third season back in the Football League Championship and therefore the first that the Club did not benefit from a Premier League parachute payment. The financial results from the year reflected this consequential material reduction in income.

The main source of external funding has continued to come from the Club's ultimate shareholder, General Sports Derby Partners LLC, who remains committed to achieving success for both the football and commercial operations of the company. Between 1 July 2010 and 30 June 2011, General Sports Derby Partners LLC invested £7.0 million into the Club, with a further £5.8 million received since the year end. Since the Club was purchased in January 2008, General Sports Derby Partners LLC has invested more than £28 million to meet the working capital needs of the Club.

Addressing the overall financial performance, the company has returned a loss of £7.7 million on its ordinary activities before taxation for the financial year. The result is the Club's third best over the last five years, including the season in the Premier League and viewed in the knowledge that the parachute payments were no longer available. This is a clear indication of the improving health of the Club's finances. The projected results for the current reporting year remain good and although it is anticipated that the Club will return another financial loss, it will be in line with the budgeted target.

On the pitch, the Club found the season to be a transitional one which was borne out by its final league table position of nineteenth. Nigel Clough and his staff have, over time, managed to assemble a First Team squad that this current season has made the team far more competitive. This has been achieved with the knowledge that the Championship's Financial Fair Play regulations were due to be introduced before the start of the 2012/13 season.

Prior to the financial year end, the Club invested in a number of players to strengthen the squad for the start of the 2011/12 season. The policy contributed to the loss reported in the accounts but was seen as an essential part of the long term approach of injecting quality and depth to the team. The acquisition of these players, along with the contract renewals of key players, is essential in improving the team performance and squad value year on year.

The development of the Club's Academy, like the First Team, benefitted during the year from consistency of management and direction. Under the stewardship of Darren Wassall and his staff, the advancement of Academy graduates into the First Team is a strong indication of the Academy's current performance and potential for further success.

The advent of the Elite Player Performance Programme (EPPP), which will restructure the Academy programme within the professional game, will bring fresh opportunities and challenges to the Club's own Academy operation. The programme's particulars are yet to be fully determined but the Club plans to utilise it to the maximum potential benefit to the Club.

While parachute payments have ceased, the Club's self-generated income has held steady and in some areas improved. Attendances continue to rank in the top two of the Championship and outpace several Premier League clubs. Additionally, the Club's corporate partnership programme continues to grow in strength. Upgraded relationships with BuyMobiles.net who have acquired shirt partner rights, new partnerships including Doncasters Limited, and extensions of contracts with companies like Toyota Manufacturing, Bombardier Transportation, Menzies Hotels, Flint Bishop LLP and the University of Derby, have underpinned growth in this part of the Club's business.

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

# Derby County Football Club Limited

## Directors' Report (continued)

### 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 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 will continue to research any commercial opportunities that will create additional revenue for 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

The company is financed by a mixture of parent company capital injections and the revenue that is raised through its business activities. 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

### Directors

The directors who held office were as follows

A D Appleby  
T A Glick  
W Luby  
J Mallett  
D Richardson  
T Ricketts  
T Vertin

### 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 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 Brannigan  
Company Secretary

Date 24 February 2012

## **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 regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the 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 accounting estimates that are reasonable and prudent,
- ♦ state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- ♦ prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and 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 2006. 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

### Independent auditor's report to the members of Derby County Football Club Limited

We have audited the financial statements of Derby County Football Club Limited for the year ended 30 June 2011 which comprise the profit and loss account, the note of historical cost profits and losses, the balance sheet, the cash flow statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company'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 company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

### Respective responsibilities of directors and auditors

As explained more fully in the statement of directors' responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

### Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at [www.frc.org.uk/apb/scope/private.cfm](http://www.frc.org.uk/apb/scope/private.cfm).

### Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 30 June 2011 and of its loss for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting
- have been prepared in accordance with the requirements of the Companies Act 2006.

### Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

### Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

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



Julien Rye (senior statutory auditor)

For and on behalf of BDO LLP, statutory auditor

Manchester, United Kingdom

Date 29 February 2012

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127)

## Derby County Football Club Limited

<b>Profit and loss account</b>			
For the year ended 30 June 2011			
	Note	Year to 30 June 2011 £000	Year to 30 June 2010 £000
Turnover	2	18,121	29,754
Direct operating costs		(17,621)	(21,266)
<b>Gross profit</b>		<b>500</b>	<b>8,488</b>
Administrative expenses		(7,429)	(8,532)
Operating (loss)/profit before amortisation and impairment		(4,461)	3,027
Amortisation of players' registrations, transfer fee levies and associated costs		(2,468)	(2,898)
Impairment of players' registrations, transfer fee levies and associated costs		-	(173)
<b>Operating loss</b>	3	<b>(6,929)</b>	<b>(44)</b>
Profit/(loss) on sale of players' registrations		241	(1,373)
Interest receivable and similar income		13	26
Interest payable and similar charges	6	(1,008)	(773)
<b>Loss on ordinary activities before taxation</b>		<b>(7,683)</b>	<b>(2,164)</b>
Tax on loss on ordinary activities	7	4	-
<b>Loss on ordinary activities after taxation</b>	19, 20	<b>(7,679)</b>	<b>(2,164)</b>

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

The notes on pages 11 to 24 form part of these financial statements



## Derby County Football Club Limited

### Note of historical cost profits and losses

For the year ended 30 June 2011

	Year to 30 June 2011 £000	Year to 30 June 2010 £000
Reported loss on ordinary activities after taxation	(7,679)	(2,164)
Difference between historical cost depreciation charge and actual depreciation charge for the year calculated on revalued amount	993	994
Historical cost loss on ordinary activities after taxation	<u>(6,686)</u>	<u>(1,170)</u>

The notes on pages 11 to 24 form part of these financial statements

# Derby County Football Club Limited

Balance sheet					
at 30 June 2011					
		2011	2010		
Company number 49139	Note	£000	£000	£000	£000
<b>Fixed assets</b>					
Intangible assets	8		2,636		4,354
Tangible assets	9		57,505		59,053
Investments	10		-		-
			60,141		63,407
<b>Current assets</b>					
Players' registration fees receivable		519	-		
Stocks	11	636	256		
Debtors	12	1,852	2,448		
Cash at bank and in hand		1,750	1,178		
		4,757	3,882		
<b>Creditors: amounts falling due within one year</b>	13	(25,511)	(18,505)		
<b>Players' registration fees payable within one year</b>		(799)	(1,336)		
<b>Net current liabilities</b>			(21,553)		(15,959)
<b>Total assets less current liabilities</b>			38,588		47,448
<b>Creditors: amounts falling due after more than one year</b>	14		(17,587)		(18,768)
<b>Net assets</b>			21,001		28,680
<b>Financed by</b>					
<b>Capital and reserves</b>					
Called up share capital	18		8,239		8,239
Share premium account	19		14,627		14,627
Revaluation reserve	19		36,078		37,071
Profit and loss account	19		(37,943)		(31,257)
<b>Shareholders' funds</b>	20		21,001		28,680

The notes on pages 11 to 24 form part of these financial statements

These financial statements were approved by the board and were authorised for issue on 24 February 2012 and were signed on its behalf by

T A Glick  
Director



# Derby County Football Club Limited

## Cash flow statement

For the year ended 30 June 2011

		Year to 30 June 2011	Year to 30 June 2010
	Note	£000	£000
Net cash (outflow)/inflow from operating activities	21	(3,943)	1,437
Returns on investments and servicing of finance			
Interest received	23	13	26
Interest paid	23	(431)	(1,373)
Net cash outflow from returns on investments and servicing of finance		(418)	(1,347)
Capital expenditure			
Payments to acquire tangible fixed assets		(450)	(535)
Payments to acquire players' registrations		(1,939)	(4,467)
Proceeds from the sale of tangible fixed assets		2	19
Proceeds from the sale of players' registrations		374	1,483
Net cash outflow from capital expenditure		(2,013)	(3,500)
		(6,374)	(3,410)
Financing			
Capital element of hire purchase repayments		(12)	(12)
New secured loans		9,722	4,746
Repayment of secured loan		(2,764)	(9,995)
Share capital issued		-	6,624
Net cash inflow from financing		6,946	1,363
Increase/(decrease) in cash	22	572	(2,047)

## Reconciliation of net cash flow to movement in net debt

	Year to 30 June 2011 £000	Year to 30 June 2010 £000
Increase/(decrease) in cash in the year	572	(2,047)
Cash (inflow)/outflow from increase/(decrease) in debt	(6,946)	5,261
Change in net debt resulting from cash flows	(6,374)	3,214
New finance leases	-	(11)
Change in net debt	(6,374)	3,203
Net debt at start of year	(19,129)	(22,332)
Net debt at end of year	(25,503)	(19,129)

The notes on pages 11 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 as modified by the revaluation of certain tangible fixed assets and are in accordance with applicable accounting standards

The balance sheet format as set out in the Companies Act 2006 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 under section 401 of the Companies Act 2006 from the requirement to prepare consolidated accounts. These financial statements present information about the company as an individual undertaking not about its group. The company and its subsidiary undertaking are included by full consolidation in the financial statements of its ultimate United Kingdom parent company, General Sports Derby (UK) Limited, a company registered in England and Wales

#### Going concern

The financial statements, which show net current liabilities of £21.6 million and net assets of £21.0 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

The directors have prepared cashflow projections for the period to 30 June 2013. 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. These forecasts indicate that additional working capital financing is required to enable the company to fund its business plan and to meet its liabilities as they fall due. The directors have obtained written confirmation from ultimate parent undertaking, General Sports Derby Partners LLC, of their intention to provide such financial support as is required by the company for its continued operation for a period of at least twelve months from the date of approval of the financial statements

Given 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

#### 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. Revenue from match receipts is recognised over the course of the football season as games are played. Sponsorship and similar commercial income is recognised over the duration of the respective contracts in line with the contractual terms. Income arising from the fixed element of TV receipts is recognised over the course of the playing season. The non-fixed element of TV receipts relating to match coverage is recognised as the matches are played

Income from match receipts, sponsorship and commercial contracts, which has been received prior to the period end in respect of future football seasons, is treated as deferred income

#### Foreign currency

Transactions in foreign currencies are recorded at the rates of exchange at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date. All exchange differences are included in the profit and loss account

# Derby County Football Club Limited

## Notes (continued)

### 1 Principal accounting policies (continued)

#### 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. Players' registrations are written down for impairment when the carrying amount exceeds the amount recoverable through use or sale.

#### 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.

#### Land and buildings

The freehold buildings known as Pride Park Stadium are held at valuation based on the depreciated replacement cost of the property. The property is subject to a full valuation every five years with an interim valuation carried out in the third year of the cycle.

#### 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/valuation
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.

#### 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 SSAP 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

Certain employees are members of the Football League Pension and Life Assurance (FLPLA) Scheme and the Football League Players' Benefit Scheme (the "Schemes"). The company continues to make contributions in respect of its share of the deficit of these defined benefit pension Schemes. Accrual of the benefits on a final salary basis was suspended with effect from 31 August 1999, when actuarial review showed a substantial deficit. As one of the number of participating employers the company is advised only of its share of the Scheme's deficit and recognises a liability in respect of this. Contributions payable to the Scheme's reduce this liability.

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 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 FRS 19. Deferred tax assets are only recognised to the extent that the company anticipates making sufficient taxable profits in the future to absorb the reversal of underlying timing differences.

#### Financial liabilities and equity

Financial liabilities and equity are classified according to the substance of the financial instrument's contractual obligations, rather than the financial instruments legal form. As such redeemable preference shares are classified as a liability as the company has to pay a coupon in perpetuity.

Dividends on these shares have been recognised as expenses and classified as interest.

### 2 Turnover

	2011 £000	2010 £000
Match receipts	5,551	6,319
Sponsorship and advertising income	2,087	2,252
TV receipts	5,188	15,984
Commercial activities	3,022	2,915
Programme sales and related activities	221	227
Merchandising	1,461	1,578
Other receipts	591	479
	<u>18,121</u>	<u>29,754</u>

# Derby County Football Club Limited

## Notes (continued)

### 3 Operating loss

	2011 £000	2010 £000
This is stated after charging/(crediting)		
Auditors remuneration		
- audit services	17	17
- non-audit services	6	8
Depreciation		
- tangible fixed assets	1,998	1,969
Amortisation		
- players' registrations	1,941	2,528
- transfer fee levies and associated costs	527	370
- grants received	(87)	(99)
Hire of plant and machinery - rentals payable under operating leases	8	8
Profit on disposal of tangible fixed assets	(2)	(15)
Foreign exchange (gains)/losses	(110)	96

### 4 Staff numbers and costs

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

Category	2011 Number	2010 Number
Players and apprentices	45	54
Management and coaching	41	43
Groundsmen, kitchen and cleaning *	21	18
Administration and marketing *	74	86
	181	201

\* includes the following part time staff

Management and coaching	8	13
Groundsmen, kitchen and cleaning	6	2
Administration and marketing	26	32
	40	47

The costs of employment (including directors) were

	2011 £000	2010 £000
Wages and salaries	11,629	14,523
Social security costs	1,524	1,774
Other pension costs	91	113
	13,244	16,410

# Derby County Football Club Limited

## Notes (continued)

### 5 Directors' emoluments

	2011 £000	2010 £000
Directors' emoluments	265	404
Company contributions to money purchase pension schemes	13	20
	<u>278</u>	<u>424</u>

Emoluments of the highest paid director amounted to £277,802 (2010 £326,444)

There are no directors in the company's pension scheme (2010 none)

### 6 Interest payable and similar charges

	2011 £000	2010 £000
On bank loans and overdrafts	450	304
Finance charges payable in respect of finance leases and hire purchase contracts	1	1
Other interest	557	468
	<u>1,008</u>	<u>773</u>

### 7 Taxation

	2011 £000	2010 £000
Analysis of charge in period		
<b>UK corporation tax:</b>		
Current tax on loss for the period	(4)	-

#### Factors affecting the tax charge for the current period

The current tax charge for the period is different to the standard rate of corporation tax in the UK (27.5%, 2010 28%). The differences are explained below

	2011 £000	2010 £000
<b>Current tax reconciliation</b>		
Loss on ordinary activities before tax	(7,683)	(2,164)
	<u>(2,112)</u>	<u>(606)</u>
Current tax at 27.5% (2010 28%)		
Effects of:		
Expenditure not deductible for tax purposes	15	12
Movements on provisions	59	87
Fixed asset timing differences	547	258
Increase in tax losses carried forward	1,487	249
	<u>(4)</u>	<u>-</u>
Current tax credit		



# Derby County Football Club Limited

## Notes (continued)

### 8 Intangible fixed assets

	Players' registrations	Transfer fee levies and associated costs	Total
	£000	£000	£000
<b>Cost</b>			
At 1 July 2010	8,827	1,661	10,488
Additions	1,078	323	1,401
Disposals	(4,152)	(427)	(4,579)
At 30 June 2011	5,753	1,557	7,310
<b>Amortisation</b>			
At 1 July 2010	5,257	877	6,134
Charge for the period	1,941	527	2,468
Disposals	(3,524)	(404)	(3,928)
At 30 June 2011	3,674	1,000	4,674
<b>Net book value</b>			
At 30 June 2011	2,079	557	2,636
At 30 June 2010	3,570	784	4,354

## 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
<b>Cost or valuation</b>					
At 1 July 2010	61,411	6,124	31	726	68,292
Additions	9	300	-	141	450
Disposals	-	-	-	(213)	(213)
<b>At 30 June 2011</b>	<b>61,420</b>	<b>6,424</b>	<b>31</b>	<b>654</b>	<b>68,529</b>
<b>Depreciation</b>					
At 1 July 2010	4,264	4,397	30	548	9,239
Charge for the period	1,481	428	-	89	1,998
Disposals	-	-	-	(213)	(213)
<b>At 30 June 2011</b>	<b>5,745</b>	<b>4,825</b>	<b>30</b>	<b>424</b>	<b>11,024</b>
<b>Net book value</b>					
<b>At 30 June 2011</b>	<b>55,675</b>	<b>1,599</b>	<b>1</b>	<b>230</b>	<b>57,505</b>
<b>At 30 June 2010</b>	<b>57,147</b>	<b>1,727</b>	<b>1</b>	<b>178</b>	<b>59,053</b>

Freehold buildings with an historical cost of £20,852,867 known as Pride Park Stadium were valued by independent valuers King Sturge LLP on 11 December 2007. The valuation was prepared on a depreciated replacement cost basis and was made in accordance with the Royal Institution of Chartered Surveyors Asset Statements of Valuation Practice and Guidance Notes. Based on this valuation the stadium has been revalued to £55,000,000. The current net book value of the stadium is £50,117,808 and the depreciated historical cost £14,039,690.

All assets are subject to depreciation with the exception of freehold land of £1,109,125 (2010: £1,109,125) which is not depreciated.

The cost of tangible fixed assets include capitalised borrowing costs of £872,678 (2010: £872,678).

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

	2011		2010	
	Net book value £000	Depreciation charge £000	Net book value £000	Depreciation charge £000
Fixtures and fittings	8	2	10	2

# Derby County Football Club Limited

## Notes (continued)

### 10 Investments

Net book value £000

At 1 July 2010 and 30 June 2011 -

The original cost of investments was £7,500,000 which have been fully written down in prior years

Investments comprise 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

### 11 Stocks

	2011 £000	2010 £000
Finished goods	633	251
Consumable stocks	3	5
	<u>636</u>	<u>256</u>

### 12 Debtors

	2011 £000	2010 £000
Trade debtors	722	1,173
Other debtors	420	488
Prepayments and accrued income	710	787
	<u>1,852</u>	<u>2,448</u>

### 13 Creditors amounts falling due within one year

	2011 £000	2010 £000
Bank loans and overdrafts (secured - see note 14)	17	17
Obligations under finance leases and hire purchase contracts (see note 15)	2	12
Other loans (see note 14)	11,722	4,746
Trade creditors	1,615	1,778
Other taxes and social security costs	1,443	1,236
Other creditors	3,211	3,258
Accruals and deferred income	7,501	7,458
	<u>25,511</u>	<u>18,505</u>

Other loans include £3,172,423 (2010 £2,999,075) which is secured on future income streams. Included in other loans is an amount of £8,549,383 (2010 £1,747,298) which is due to immediate parent company Gellaw 101 Limited.

# Derby County Football Club Limited

## Notes (continued)

### 14 Creditors, amounts falling due after more than one year

	2011 £000	2010 £000
Bank loans and overdrafts (secured)	15,073	15,090
Obligations under finance leases and hire purchase contracts (see note 15)	6	8
Other creditors	56	231
Accruals and deferred income	2,018	3,005
Preference shares of £1 each	434	434
	<hr/>	<hr/>
	17,587	18,768
	<hr/>	<hr/>

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
<b>Amounts received or valuation</b>	
At 1 July 2010 and at 30 June 2011	3,325
	<hr/>
<b>Amortisation</b>	
At 1 July 2010	1,220
Amortised in the period	87
	<hr/>
At 30 June 2011	1,307
	<hr/>
<b>Net book value</b>	
At 30 June 2011	2,018
	<hr/>
At 30 June 2010	2,105
	<hr/>

### Analysis of debt excluding finance leases

	2011 £000	2010 £000
Debt can be analysed as falling due		
In one year or less, or on demand	11,739	4,763
Between one and two years	17	17
Between two and five years	15,055	54
In five years or more	434	15,453
	<hr/>	<hr/>
	27,245	20,287
	<hr/>	<hr/>

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

Interest on bank loans due between two and five years is charged at a rate of 2½% over Bank of England base rate

# Derby County Football Club Limited

## Notes (continued)

### 15 Obligations under finance leases and hire purchase contracts

	2011 £000	2010 £000
<b>Gross obligations repayable</b>		
Within one year	2	13
Between one and two years	7	9
	<u>9</u>	<u>22</u>
<b>Finance charges repayable</b>		
Within one year	-	1
Between one and two years	1	1
	<u>1</u>	<u>2</u>
<b>Net obligations repayable:</b>		
Within one year	2	12
Between one and two years	6	8
	<u>8</u>	<u>20</u>

### 16 Operating leases

Annual commitments under non-cancellable operating leases are as follows

	2011 Land and buildings £000	2011 Other £000	2010 Land and buildings £000	2010 Other £000
<b>Expiring</b>				
Within one year	-	-	-	-
Between two and five years	-	8	-	8
Over five years	31	-	31	-
	<u>31</u>	<u>8</u>	<u>31</u>	<u>8</u>

## Derby County Football Club Limited

### Notes (continued)

#### 17 Provisions for liabilities and charges

Deferred taxation (assets)/liabilities are provided as follows

	2011 £000	2010 £000
Differences between accumulated depreciation and capital allowances	-	357
Other timing differences	-	(300)
Tax losses	-	(57)
	<hr/>	<hr/>
	-	-
	<hr/>	<hr/>

#### Deferred tax asset not recognised

Approximately £76.1 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 £19.8 million, and are subject to effective agreement with HM Revenue & Customs

#### 18 Called up share capital

	2011 £000	2010 £000
<b>Authorised</b>		
9,080,000 ordinary shares of £1 each	9,080	9,080
920,000 2½% non-voting preference shares of £1 each	920	920
	<hr/>	<hr/>
	10,000	10,000
	<hr/>	<hr/>
<b>Allotted, called up and fully paid</b>		
8,239,003 ordinary shares of £1 each	8,239	8,239
433,568 2½% non-voting preference shares of £1 each (see note 14)	-	-
	<hr/>	<hr/>
	8,239	8,239
	<hr/>	<hr/>

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

# Derby County Football Club Limited

## Notes (continued)

### 19 Reserves

	Share premium account £000	Revaluation reserve £000	Profit and loss account £000
At 1 July 2010	14,627	37,071	(31,257)
Loss for the year	-	-	(7,679)
Transfers	-	(993)	993
At 30 June 2011	14,627	36,078	(37,943)

The transfer relates to the difference between the actual depreciation charge and the historic cost depreciation charge

### 20 Reconciliation of movements in shareholders' funds

	2011 £000	2010 £000
Opening shareholders' funds	28,680	24,220
Loss for the year	(7,679)	(2,164)
Issue of share capital	-	6,624
Closing shareholders' funds	21,001	28,680

On 30 June 2010 the company issued one £1 ordinary share for a total consideration of £6,623,587. This transaction capitalised previous financing from parent undertaking Gellaw 101 Limited.

### 21 Reconciliation of operating result to net cash (outflow)/inflow from operating activities

	2011 £000	2010 £000
Operating loss	(6,929)	(44)
Profit on sale of tangible fixed assets	(2)	(15)
Amortisation of players' registrations, transfer levies and associated costs	2,468	2,898
Depreciation of tangible fixed assets	1,998	1,969
Impairment provisions	-	173
Amortisation of deferred grant income	(87)	(99)
(Increase)/decrease in stock	(380)	119
Decrease in debtors	596	232
Decrease in creditors	(1,607)	(3,796)
Net cash (outflow)/inflow from operating activities	(3,943)	1,437

# Derby County Football Club Limited

## Notes (continued)

### 22 Analysis of changes in net debt

	At 1 June 2010 £000	Cash flows £000	Other changes £000	At 30 June 2011 £000
Cash at bank	1,178	572	-	1,750
	1,178	572	-	1,750
Debt due within one year	(4,763)	(6,976)	-	(11,739)
Debt due in more than one year	(15,524)	18	-	(15,506)
Hire purchase	(20)	12	-	(8)
	(20,307)	(6,946)	-	(27,253)
<b>Total</b>	<b>(19,129)</b>	<b>(6,374)</b>	<b>-</b>	<b>(25,503)</b>

### 23 Returns on investments and servicing of finance

	2011 £000	2010 £000
Interest received	13	26
Interest paid		
- interest on bank loans and overdrafts	(426)	(1,056)
- interest on finance leases	(1)	(1)
- other interest	(4)	(316)
	(431)	(1,373)
	(418)	(1,347)

### 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.

Accrual of the benefits on a final salary basis was suspended with effect from 31 August 1999, when actuarial review showed a substantial deficit. As one of the number of participating employers the company is advised only of its share of the Scheme's deficit and recognises a liability in respect of this.

The latest valuation of the scheme deficit has shown further underfunding of the scheme and accordingly an additional provision of £78,360 was made in the financial statements for the year ended 30 June 2009. The liability stands at £63,994 as at 30 June 2011 and is included within other creditors.

Contributions paid to individuals' money purchase pension schemes were £90,877 (2010: £113,137). Outstanding contributions included within creditors as at 30 June 2011 were £5,432.



## Derby County Football Club Limited

### Notes (continued)

#### 25 Contingent liabilities

	2011 £000	2010 £000
Signing and other bonuses due to players under the terms of their contracts	267	204
Maximum liability under sell on clauses	1,248	1,809

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 Post balance sheet events

##### Players registrations

In the period since the end of the financial year the company has entered into agreements to dispose of players with a net book value of £436,684 for net proceeds of £196,352 and has made purchases, inclusive of Football League levies and agents commissions, of £2,467,448

#### 27 Related party transactions

During the year management charges of £60,000 (2010 £189,124) payable to General Sports and Entertainment LLC were incurred. At the year end £15,000 (2010 £15,000) remained outstanding and is included within trade creditors. These charges relate to all the management and consultancy services that the Club has utilised within the twelve month period to 30 June 2011.

The company has taken advantage of the exemption conferred by Financial Reporting Standard 8 'Related party disclosures' not to disclose transactions with members of the group headed by General Sports Derby (UK) Limited on the grounds that 100% of the voting rights in the company are controlled within that group and the company is included in consolidated financial statements.

#### 28 Ultimate controlling parties

At 30 June 2011 the company's ultimate parent undertaking was General Sports Derby Partners LLC, a company incorporated in the United States. The company's immediate parent undertaking is Gellaw 101 Limited, which in turn is now wholly owned by General Sports Derby (UK) Limited. Both companies are incorporated in England and Wales and General Sports Derby (UK) Limited prepares accounts which consolidate the results of Derby County Football Club Limited. These consolidated accounts are available from Companies House.