

THE DERBY COUNTY FOOTBALL CLUB LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

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THE DERBY COUNTY FOOTBALL CLUB LIMITED

COMPANY INFORMATION

| | |
|-------------------|---|
| Directors | M Morris CBE S Pearce (appointed 4 May 2017) J Vicars (appointed 4 May 2017) J N Kirkland OBE (appointed 30 May 2017) R L McFarland (appointed 30 May 2017) D H Williams (appointed 30 May 2017) S J Rush (resigned 3 May 2017) |
| Registered number | 00049139 |
| Registered office | Pride Park Stadium Pride Park Derby DE24 8XL |
| Bankers | Barclays Bank PLC 69 Albion Street Leeds LS1 5AA |
| Solicitors | Geldards LLP Number One Pride Place Pride Park Derby DE24 8QR |

THE DERBY COUNTY FOOTBALL CLUB LIMITED

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THE DERBY COUNTY FOOTBALL CLUB LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 30 JUNE 2017

Introduction

The Company operates as a professional football club, currently competing in the Championship division of the EFL (English Football League).

The Club was founded in 1884 as an off-shoot of Derbyshire County Cricket Club. As this was prior to the introduction of the Football League, up until 1888 the Club only ever competed in friendly matches and the FA Cup. In 1888, the Club was one of the founding 12 teams in the Football League, alongside the likes of Preston North End, Aston Villa, Wolverhampton Wanderers, Blackburn Rovers, Bolton Wanderers, West Bromwich Albion, Accrington FC, Everton, Burnley, Notts County and Stoke City, all clubs based across the midlands and north-west of England

The Club's vision is to make Derby County Football Club a sustainable and perennial competitor in the top half of the Premier League with a philosophy both on and off the field of continuous personal and team development supported by first class facilities, staff, coaching, youth development and support systems. We are committed to building a reputation for excellence in everything we do and becoming the 'club of choice' for all our staff, players, supporters and other stakeholders as well as highly talented players and aspiring youngsters.

Business review and future developments

Owned by local businessman Melvyn Morris CBE, who is the ultimate beneficiary and controlling party of the Club (see note 27). Mr Morris has stated that his intention is to make Derby County a perennial competitor in the upper reaches of the Premier League. The vision stated above, which centres around a thriving senior football and academy set up, will ensure that the Club recruits exceptional talent and develops its existing players to the maximum level possible.

In June 2016, Nigel Pearson was appointed Manager of Derby County and while he was quieter than his predecessor in the transfer market, he also broke the club transfer record with the £8.5 million purchase of Matej Vydra from Watford. Pearson's spell with the club was though short lived and after a poor run of form he left his role in October 2016. The club had won one league game under his reign and were around the relegation places at the time of his departure. On 12 October 2016, Steve McClaren returned as Manager and despite an initial resurgence, whereby the club had risen to 9th place in the league by the end of November 2016, the results dipped and the team picked up 6 points from a possible 27. He departed in the days following the 3-0 defeat to Brighton on 10 March 2017.

Gary Rowett was subsequently appointed and despite losing only 2 of the remaining 9 games of the season - picking up 15 points - the club finished 9th on 67 points and were unable to make the play-offs.

On 3 May 2017 the President and Chief Executive Officer of the Club was dismissed for gross misconduct and a breach of fiduciary duty. The Club's parent company Sevco 5112 Limited, the President and Chief Executive Officer's employer, issued proceedings against him in the High Court on 22 December 2017. The claim relates to certain contracts entered into by the Club including:

- (a) scouting and consultancy agreements which were not authorised by the Board of Directors the substance of which are currently under regulatory review;
- (b) transfer fees in respect of players that were above the figure agreed by the Board of Directors;
- (c) wages in excess of what was agreed with and/or notified to the Board of Directors; and
- (d) the payment of excessive fees to agents which were also unauthorised by the Board of Directors.

The claim is for the sum of £6,841,107.60. The Club is also seeking an indemnity from the former President and Chief Executive Officer in relation to significant contingent liabilities that will crystallise in the future. The former President and Chief Executive Officer counterclaims against Sevco 5112 Limited for circa £2 million for breach of contract and for an alleged 5% shareholding.

THE DERBY COUNTY FOOTBALL CLUB LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2017

Financial review

The financial year to 30 June 2017 reported an increase in turnover of £6.4 million, to £29.0 million compared to £22.6 million in the previous financial year. TV and broadcasting revenues increased by £2.3 million, predominantly due to the EFL broadcasting deal. Ticketing and commercial revenues have grown by £0.9 million, Sponsorship by £2.0 million and other receipts by £1.2 million. The commercial and sponsorship rights increases are a combination of a new joint venture between the Club and Delaware North Companies UK Limited called "Club DCFC Limited" who as of 1 July 2016 operate all of the hospitality, events and concourse activities at the stadium. In addition a venture operated by Stadia DCFC Limited commercialises and monetises the sponsorship, social media and remaining non EFL broadcasting rights on behalf of the Club.

As in previous financial years, the Board continued with the strategic decision that further investment was to be made on the playing side, the operational functions and in the infrastructure of the Club, whilst recognising it must still continue to operate within the boundaries and rules of profit and sustainability as set by the EFL.

The signings of players such as Matej Vydra, David Nugent and Ikechi Anya were made during the transfer windows of summer 2016 and January 2017, which boosted the balance sheet intangible assets to £42.6 million from £33.5 million, whilst the sales of Jeff Hendrick, Lee Grant, Will Hughes and Tom Ince during the financial year to Burnley, Stoke, Watford and Huddersfield Town respectively, contributed to a significant profit on disposal of player registrations of £16.2 million.

In addition to the increased investment and trading on the playing side, further operational spend took place and during the year, £4.2 million (2016: £5.8 million) of development was made at the club's stadium infrastructure and training facility. This development included, but was not limited to, an additional new pitch at the training facility, new LED perimeter advertising around the stadium pitch and the new Club website and television project.

The result of the above has contributed to a loss for the financial year to £7.9 million (2016: £14.7 million), which the Board believes is of a level of spend and investment that is required in order to build a sustainable club for the long term and is being monitored in line with the club's strategy and vision.

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. As discussed above, 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, however the Directors note that such dependency on parent company support is critical to remaining a going concern.

The EFL profit and sustainability regulations continues to provide a significant challenge. The Club needs to balance success on the field together with the financial imperatives of this regulatory framework.

THE DERBY COUNTY FOOTBALL CLUB LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2017

Financial key performance indicators

The principal financial key performance indicators used by the Board in monitoring the performance of the Company are as follows:

Revenue income by stream
Wages to revenue ratio
Operating result before playing transactions and amortisation
Financial fair play result
Cash position against budget

Non-financial key performance indicators

The principal non-financial key performance indicators used by the Board in monitoring the performance of the Company are as follows:

League position
Average league attendance
Number of social media followers

This report was approved by the board and signed on its behalf.



.....
S Pearce
Director

Date: 22 February 2018

THE DERBY COUNTY FOOTBALL CLUB LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2017

The directors present their report and the financial statements for the year ended 30 June 2017.

Directors' responsibilities statement

The directors are responsible for preparing the Strategic Report, the Directors' 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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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 for the Company's financial statements and then apply them consistently;
- make judgments 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;
- 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 to 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.

Principal activity

The principal activity of the Company is the operation of a professional football club.

Results and dividends

The loss for the year, after taxation, amounted to £7,872,715 (2016: loss of £14,725,353).

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

Directors

The directors who served during the year were:

M Morris CBE
S Pearce (appointed 4 May 2017)
J Vickers (appointed 4 May 2017)
J N Kirkland OBE (appointed 30 May 2017)
R L McFarland (appointed 30 May 2017)
D H Williams (appointed 30 May 2017)
S J Rush (resigned 3 May 2017)

Future developments

The future developments of the Company are detailed in the Strategic Report.

THE DERBY COUNTY FOOTBALL CLUB LIMITED

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2017

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.

Disclosure of information to auditors

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Post balance sheet events

These are detailed in note 26 of the financial statements.

Auditors

Under section 487(2) of the Companies Act 2006, Smith Cooper Limited will be deemed to have been reappointed as auditors 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the accounts with the registrar, whichever is earlier.

This report was approved by the board and signed on its behalf.



.....
S Pearce
Director

Date: 22 February 2018

THE DERBY COUNTY FOOTBALL CLUB LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF THE DERBY COUNTY FOOTBALL CLUB LIMITED

Opinion

We have audited the financial statements of The Derby County Football Club Limited (the 'Company') for the year ended 30 June 2017, which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Cash Flows, the Statement of Changes in Equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the 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 Auditors' 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.

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 30 June 2017 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our Auditors' Report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent

THE DERBY COUNTY FOOTBALL CLUB LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF THE DERBY COUNTY FOOTBALL CLUB LIMITED (CONTINUED)

material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

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

- adequate accounting records have not been kept, 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.

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

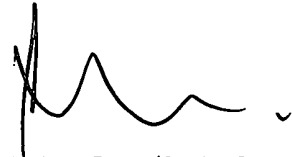
THE DERBY COUNTY FOOTBALL CLUB LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF THE DERBY COUNTY FOOTBALL CLUB
LIMITED (CONTINUED)

Auditors' responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditors' Report.



Andrew Delve (Senior Statutory Auditor)
for and on behalf of
Smith Cooper Limited
Registered Auditors & Chartered Accountants
St Helen's House
King Street
Derby
DE1 3EE

28 February 2018

THE DERBY COUNTY FOOTBALL CLUB LIMITED

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2017

| | Note | 2017 £ | 2016 £ |
|---|------|---------------------|---------------------|
| Revenue | 4 | 29,029,577 | 22,558,821 |
| Direct operating costs | | (35,261,413) | (35,003,199) |
| Gross loss | | (6,231,836) | (12,444,378) |
| Administrative expenses | | (12,003,888) | (11,608,379) |
| Amortisation of players' registrations, levies and associated costs | | (5,041,196) | (3,370,103) |
| Operating loss | 6 | (23,276,920) | (27,422,860) |
| Profit on disposal of players' registrations, levies and associated costs | | 16,154,429 | 199,661 |
| Exceptional operating income | 5 | - | 12,433,568 |
| Loss on ordinary activities before interest | | (7,122,491) | (14,789,631) |
| Interest receivable and similar income | | - | 64,278 |
| Interest payable and expenses | 10 | (750,224) | - |
| Loss before tax | | (7,872,715) | (14,725,353) |
| Tax on loss | 11 | - | - |
| Loss for the financial year | | (7,872,715) | (14,725,353) |

There were no recognised gains and losses for 2017 or 2016 other than those included in the statement of comprehensive income.

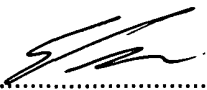
There was no other comprehensive income for 2017 (2016:£nil).

THE DERBY COUNTY FOOTBALL CLUB LIMITED
REGISTERED NUMBER:00049139

BALANCE SHEET
AS AT 30 JUNE 2017

| | Note | 2017 £ | 2016 £ |
|---|------|---------------------------|--------------------------|
| Fixed assets | | | |
| Intangible assets | 12 | 42,564,939 | 33,456,186 |
| Tangible assets | 13 | 59,321,188 | 58,469,857 |
| | | <u>101,886,127</u> | <u>91,926,043</u> |
| Current assets | | | |
| Debtors: amounts falling due after more than one year | 14 | 283,342 | - |
| Debtors: amounts falling due within one year | 14 | 36,287,873 | 4,657,958 |
| Cash at bank and in hand | 15 | 2,737,913 | 11,938,430 |
| | | <u>39,309,128</u> | <u>16,596,388</u> |
| Creditors: amounts falling due within one year | 16 | (22,826,348) | (27,269,359) |
| Net current assets/(liabilities) | | <u>16,482,780</u> | <u>(10,672,971)</u> |
| Total assets less current liabilities | | <u>118,368,907</u> | <u>81,253,072</u> |
| Creditors: amounts falling due after more than one year | 17 | (10,691,708) | (9,461,458) |
| Net assets | | <u><u>107,677,199</u></u> | <u><u>71,791,614</u></u> |
| Capital and reserves | | | |
| Called up share capital | 20 | 10,337,281 | 9,899,698 |
| Share premium account | 21 | 153,914,186 | 110,593,469 |
| Revaluation reserve | 21 | 30,295,529 | 31,229,294 |
| Profit and loss account | 21 | (86,869,797) | (79,930,847) |
| | | <u><u>107,677,199</u></u> | <u><u>71,791,614</u></u> |

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:


.....
S Pearce
Director

Date:
22 February 2018

The notes on pages 13 to 28 form part of these financial statements.

THE DERBY COUNTY FOOTBALL CLUB LIMITED
REGISTERED NUMBER:00049139

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2017

| | Called up share capital £ | Share premium account £ | Revaluation reserve £ | Profit and loss account £ | Total equity £ |
|-------------------------------|---------------------------------|----------------------------------|-----------------------------|---------------------------------|-------------------|
| At 1 July 2015 | 9,379,698 | 59,113,469 | 32,163,059 | (66,139,259) | 34,516,967 |
| Loss for the year | - | - | - | (14,725,353) | (14,725,353) |
| Shares issued during the year | 520,000 | 51,480,000 | - | - | 52,000,000 |
| Transfer | - | - | (933,765) | 933,765 | - |
| At 1 July 2016 | 9,899,698 | 110,593,469 | 31,229,294 | (79,930,847) | 71,791,614 |
| Loss for the year | - | - | - | (7,872,715) | (7,872,715) |
| Shares issued during the year | 437,583 | 43,320,717 | - | - | 43,758,300 |
| Transfer | - | - | (933,765) | 933,765 | - |
| At 30 June 2017 | 10,337,281 | 153,914,186 | 30,295,529 | (86,869,797) | 107,677,199 |

THE DERBY COUNTY FOOTBALL CLUB LIMITED

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2017**

| | 2017 £ | 2016 £ |
|---|---------------------|---------------------|
| Cash flows from operating activities | | |
| Loss for the financial year | (7,872,715) | (14,725,353) |
| Adjustments for: | | |
| Amortisation of intangible assets | 5,059,852 | 3,370,103 |
| Depreciation of tangible assets | 3,176,360 | 2,446,699 |
| Loss on disposal of tangible fixed assets | 132,708 | - |
| Profit on disposal of intangible assets | (16,154,429) | (200,533) |
| Amortisation of grants | (77,809) | (77,809) |
| Exceptional income | - | (12,433,568) |
| (Increase) in trade and other debtors | (659,820) | (1,395,984) |
| (Increase)/decrease in amounts owed by group companies | (13,137,895) | - |
| Increase/(decrease) in trade and other creditors | (6,626,258) | (1,575,389) |
| Interest paid | 750,224 | (56,579) |
| Interest received | - | (8,278) |
| Net cash generated from operating activities | (35,409,782) | (24,656,691) |
| Cash flows from investing activities | | |
| Purchase of intangible fixed assets | (21,528,146) | (12,697,772) |
| Sale of intangible assets | 8,894,274 | 438,661 |
| Purchase of tangible fixed assets | (4,160,399) | (5,815,221) |
| Interest received | - | 8,278 |
| Net cash from investing activities | (16,794,271) | (18,066,054) |
| Cash flows from financing activities | | |
| Issue of ordinary shares | 43,758,300 | 52,000,000 |
| Net movement on group loans | - | 41,000 |
| Repayment of finance leases | (4,540) | (67,540) |
| Interest paid | (750,224) | (244,000) |
| Net cash used in financing activities | 43,003,536 | 51,729,460 |
| Net (decrease)/increase in cash and cash equivalents | (9,200,517) | 9,006,715 |
| Cash and cash equivalents at beginning of year | 11,938,430 | 2,931,715 |
| Cash and cash equivalents at the end of year | 2,737,913 | 11,938,430 |
| Cash and cash equivalents at the end of year comprise: | | |
| Cash at bank and in hand | 2,737,913 | 11,938,430 |

THE DERBY COUNTY FOOTBALL CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

1. General information

The Derby County Football Club Limited is a company limited by shares, incorporated in the UK. The address of the registered office is Pride Park Stadium, Pride Park, Derby, DE24 8XL.

The principal activity of the Company is the operation of a professional football club.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention modified to include certain items at fair value and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The Company has not produced consolidated financial statements as it qualifies for exemption under section 400 of Companies Act 2006 as a wholly owned subsidiary of a UK parent company, SEVCO 5112 Limited, which publishes consolidated financial statements.

In these financial statements the Company is considered to be a qualifying entity (for the purposes of this FRS) and has applied the exemptions available under FRS 102 in respect of the following disclosures as the consolidated financial statements of SEVCO 5112 include equivalent disclosures:

- Reconciliation of the number of shares outstanding from the beginning to the end of the period
- Key management personnel compensation
- Transactions with wholly owned subsidiaries

2.2 Going concern

The financial statements, which show net current assets of £16.5 million (2016: £10.7 net current liabilities) and net assets of £107.7 million (2016: £71.8 million) have been prepared on the going concern basis, which assumes that the Company will continue in operational existence for the foreseeable future.

The directors have prepared cashflow projections for the period to 30 June 2019. 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 the ultimate parent undertaking, SEVCO 5112 Limited, 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.

THE DERBY COUNTY FOOTBALL CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

2. Accounting policies (continued)

2.3 Revenue recognition

Revenue represents income receivable, net of VAT, from football and related commercial activities. The Company has one class of business which is the principal activity of operating a professional football club.

Match receipts are recognised over the period of the football season as games are played and are net of levies paid to the English Football League (EFL).

Sponsorship and similar commercial income is recognised over the duration of the respective contracts.

The fixed element of broadcasting revenue is recognised over the duration of the season whilst the non-fixed element of TV receipts received for live coverage or highlights are taken when earned at the point of broadcast.

Fees received in respect of loan players are included against wage costs within administrative expenses.

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

2.4 Intangible assets

Player registrations, levies and associated costs

The costs associated with acquiring players' registration, inclusive of EFL levies, or extending their contracts, including agent fees, are capitalised and amortised over the period of the respective players' contracts after consideration of their residual values.

Where a contract is renegotiated, the unamortised costs, together with the new costs relating to the contract extension, are amortised over the term of the new contract. Residual values are reviewed by the board on an ongoing basis over the course of the season by reference to active market values.

Under the conditions of certain transfer agreements, further fees may become payable in the event of players or the Company achieving specified outcomes. Costs are capitalised at the date of achievement with any future costs considered to be contingent liabilities.

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

The Company undertakes annual impairment reviews for player registrations.

Computer software and licenses

Computer software and licenses under the cost model are stated at historical cost less accumulated amortisation and any accumulated impairment losses.

Amortisation is provided on a straight line basis at 25% per annum.

2.5 Signing on fees

Signing on fees and loyalty bonuses payable to players 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.

THE DERBY COUNTY FOOTBALL CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

2. Accounting policies (continued)

2.6 Tangible fixed assets

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

Land is not depreciated. Depreciation on other assets is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

| | |
|--|---|
| Freehold property | - 2 to 10% |
| Motor vehicles | - 20 % |
| Fixtures, plant and fittings | - 2 to 20% |
| Assets held under the course of construction | - Depreciation is not provided until the asset is available for use |

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of Comprehensive Income.

2.7 Revaluation of tangible fixed assets

Freehold property is carried at current year value at fair value at the date of the revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are undertaken with sufficient regularity to ensure the carrying amount does not differ materially from that which would be determined using fair value at the balance sheet date.

Fair values are determined from market based evidence normally undertaken by professionally qualified valuers.

Revaluation gains and losses are recognised in the Statement of Comprehensive Income unless losses exceed the previously recognised gains or reflect a clear consumption of economic benefits, in which case the excess losses are recognised in profit or loss

2.8 Debtors

Debtors are measured at transaction price, less any impairment.

2.9 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours.

2.10 Financial instruments

The Company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

THE DERBY COUNTY FOOTBALL CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

2. Accounting policies (continued)

2.11 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

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

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

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

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Statement of Comprehensive Income within 'finance income or costs'. All other foreign exchange gains and losses are presented in the Statement of Comprehensive Income within 'other operating income'.

2.12 Finance costs

Finance costs are charged to the Statement of Comprehensive Income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.13 Leases

Assets acquired under finance leases are capitalised and depreciated over the shorter of the lease term and the expected useful life of the asset. Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding lease liability using the effective interest method. The related obligations, net of future finance charges, are included in creditors.

Rentals paid under operating leases are charged to the Statement of Comprehensive Income on a straight line basis over the lease term.

2.14 Interest income

Interest income is recognised in the Statement of Comprehensive Income using the effective interest method.

THE DERBY COUNTY FOOTBALL CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

2. Accounting policies (continued)

2.15 Taxation

Tax is recognised in the Statement of Comprehensive Income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance Sheet date, except that the recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date

2.16 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.

Under FRS 102 the Scheme would be treated as a defined benefit multi-employer scheme, however the Scheme's actuary has advised that the participating employer's share of the underlying assets and liabilities cannot be identified on a reasonable and consistent basis and accordingly no disclosures are made under the provisions of Section 28.

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

2.17 Capital grants

Capital grants are accounted for under the accruals model. They are released to the profit and loss account over the estimated life of the asset to which they relate. Capital grants are included within accruals and deferred income.

THE DERBY COUNTY FOOTBALL CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

3. Judgments in applying accounting policies and key sources of estimation uncertainty

In application of the Company's accounting policies the directors are required to make judgements, estimates and assumptions about the carrying amounts of certain assets and liabilities. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant; actual results may differ from these estimates. The estimates are reviewed on an ongoing basis. The following critical judgements have been applied in preparing these financial statements:

Stadium revaluation

The freehold buildings known as Pride Park Stadium were valued by independent valuers Jones Lang LaSalle on 23 May 2013 on a depreciated replacement costs basis. Based on this valuation the directors have assessed the carrying value of the freehold buildings and determined that the current value is appropriate.

Residual values and amortisation of intangible assets

Intangible assets are amortised on a straight line basis over their useful life after consideration of active market residual values. Those intangible assets capitalised in relation to amounts paid to third parties for players' registrations, EFL levies, agents' commissions and compensation are allocated a residual value and amortised over the life of the asset down to the residual value. Net book values are reviewed continuously for their appropriateness and any indications they might be impaired.

Depreciation of fixed assets

Fixed assets are depreciated over their useful life. The useful life is based on management's estimate of the period that the assets will generate revenue and will be reviewed annually for continued appropriateness. The carrying values will be tested for impairment where there is an indication that the value of an asset might be impaired. No such indication of impairment has been noted

Contingent liabilities for player transactions

Player appearance fees and signing on bonuses, which could become contractually payable in the future, are recognised as being contingent due to their timing and value being uncertain.

4. Revenue

An analysis of turnover by class of business is as follows:

| | 2017 £ | 2016 £ |
|--|-------------------|-------------------|
| Match receipts | 8,675,221 | 8,302,344 |
| TV and broadcasting revenue | 7,917,740 | 5,610,450 |
| Merchandising | 275,000 | 275,000 |
| Programme sales and related activities | 199,520 | 162,492 |
| Commercial and hospitality | 4,081,943 | 3,578,391 |
| Sponsorship | 5,014,248 | 3,022,265 |
| Other receipts | 2,865,904 | 1,607,879 |
| | <u>29,029,576</u> | <u>22,558,821</u> |

All turnover arose within the United Kingdom.

THE DERBY COUNTY FOOTBALL CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

5. Exceptional operating income

| | 2017 £ | 2016 £ |
|--------------------|-----------|-------------------|
| Exceptional income | - | 12,433,568 |
| | <u>-</u> | <u>12,433,568</u> |

Exceptional income in the prior year related to the cancellation of 433,568 preference shares at a nominal value of £1.00 each, in relation to the change in ownership of the group, and the cancellation of a loan of £12,000,000 owed to North American Derby Partners LP.

6. Operating loss

The operating loss is stated after charging /(crediting):

| | 2017 £ | 2016 £ |
|--|-----------------|-----------------|
| Depreciation of tangible fixed assets | 3,176,360 | 2,445,890 |
| Amortisation of intangible assets | 5,059,852 | 3,370,103 |
| Auditors remuneration - audit services | 16,000 | 16,000 |
| Auditors remuneration - non-audit services | 9,000 | 14,000 |
| Foreign exchange differences | (44,815) | (16,000) |
| Operating lease rentals | 105,788 | 60,116 |
| Amortisation of grants | (77,809) | (77,809) |
| | <u>(77,809)</u> | <u>(77,809)</u> |

THE DERBY COUNTY FOOTBALL CLUB LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017**

7. Employees

Staff costs, including directors' remuneration, were as follows:

| | 2017 £ | As restated 2016 £ |
|-----------------------|-------------------|--------------------------|
| Wages and salaries | 29,971,254 | 29,338,856 |
| Social security costs | 4,568,443 | 3,635,214 |
| Other pension costs | 27,793 | 153,112 |
| | <u>34,567,490</u> | <u>33,127,182</u> |

The average monthly number of employees, including the directors, during the year was as follows:

| | 2017 No. | 2016 No. |
|----------------------------------|-------------|-------------|
| Players and apprentices | 25 | 62 |
| Management and coaching | 31 | 60 |
| Groundsmen, kitchen and cleaning | 11 | 16 |
| Administration and marketing | 85 | 113 |
| | <u>152</u> | <u>251</u> |

In addition to the above the Company employs on average 252 (2016: 282) casual matchday staff at a total costs of £413,055 (2016: £455,935).

8. Directors' remuneration

| | 2017 £ | 2016 £ |
|---|-----------|----------------|
| Directors' emoluments | - | 189,583 |
| Company contributions to defined contribution pension schemes | - | 5,000 |
| | <u>-</u> | <u>194,583</u> |

Emoluments of the highest paid director amounted to £nil (2016: £194,583).

As at 30 June 2017 there are no directors in the Company's pension scheme (2016: 1).

In the current year directors have been remunerated through the Company's immediate parent.

THE DERBY COUNTY FOOTBALL CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

9. Interest receivable

| | 2017 £ | 2016 £ |
|---------------------------|-----------|-----------|
| Other interest receivable | - | 64,278 |

10. Interest payable and similar charges

| | 2017 £ | 2016 £ |
|-----------------|-----------|-----------|
| Finance charges | 750,224 | - |

11. Taxation

| | 2017 £ | 2016 £ |
|-------------------------------------|-----------|-----------|
| Current tax on profits for the year | - | - |
| Total current tax | - | - |

Factors affecting tax charge for the year

The tax assessed for the year is higher than [2016 -higher than] the standard rate of corporation tax in the UK of 19.75% (2016: 20%). The differences are explained below:

| | 2017 £ | 2016 £ |
|--|-------------|--------------|
| Loss on ordinary activities before tax | (7,872,715) | (14,725,353) |
| Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.75% (2016 -20%) | (1,554,861) | (2,945,071) |
| Effects of: | | |
| Expenditure not deductible for tax purposes | 42,646 | (2,387,113) |
| Fixed asset timing differences | 221,660 | 99,710 |
| Increase in tax loss carried forward | 1,290,555 | 2,832,474 |
| Utilisation of tax losses | - | 2,400,000 |
| Total tax charge for the year | - | - |

THE DERBY COUNTY FOOTBALL CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

12. Intangible assets

| | Players' registrations £ | Transfer fee levies and associated costs £ | Computer software and licenses £ | Total £ |
|-----------------------|--------------------------------|--|---|-------------|
| Cost | | | | |
| At 1 July 2016 | 32,862,480 | 7,163,560 | - | 40,026,040 |
| Additions | 17,862,136 | 3,298,288 | 101,208 | 21,261,632 |
| Disposals | (6,895,011) | (1,777,960) | - | (8,672,971) |
| At 30 June 2017 | 43,829,605 | 8,683,888 | 101,208 | 52,614,701 |
| Amortisation | | | | |
| At 1 July 2016 | 4,831,285 | 1,738,570 | - | 6,569,855 |
| Charge for the year | 4,354,516 | 694,648 | 10,688 | 5,059,852 |
| On disposals | (948,172) | (631,773) | - | (1,579,945) |
| At 30 June 2017 | 8,237,629 | 1,801,445 | 10,688 | 10,049,762 |
| Net book value | | | | |
| At 30 June 2017 | 35,591,976 | 6,882,443 | 90,520 | 42,564,939 |
| At 30 June 2016 | 28,031,195 | 5,424,991 | - | 33,456,186 |

THE DERBY COUNTY FOOTBALL CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

13. Tangible fixed assets

| | Freehold property £ | Fixtures, plant & fittings £ | Motor vehicles £ | Assets under construction £ | Total £ |
|-------------------------------------|---------------------------|---------------------------------------|------------------------|-----------------------------------|------------|
| Cost or valuation | | | | | |
| At 1 July 2016 | 63,797,975 | 7,390,558 | 28,124 | 3,256,070 | 74,472,727 |
| Additions | 728,204 | 2,263,991 | - | 1,168,204 | 4,160,399 |
| Disposals | - | - | - | (132,708) | (132,708) |
| Transfers between classes | 1,993,299 | 1,026,974 | - | (3,020,273) | - |
| At 30 June 2017 | 66,519,478 | 10,681,523 | 28,124 | 1,271,293 | 78,500,418 |
| Depreciation | | | | | |
| At 1 July 2016 | 13,143,550 | 2,853,695 | 5,625 | - | 16,002,870 |
| Charge for the year on owned assets | 1,757,740 | 1,413,264 | 5,356 | - | 3,176,360 |
| At 30 June 2017 | 14,901,290 | 4,266,959 | 10,981 | - | 19,179,230 |
| Net book value | | | | | |
| At 30 June 2017 | 51,618,188 | 6,414,564 | 17,143 | 1,271,293 | 59,321,188 |
| At 30 June 2016 | 50,654,425 | 4,536,863 | 22,499 | 3,256,070 | 58,469,857 |

The freehold buildings with a historical cost of £20,852,867 known as the Pride Park Stadium were valued by independent valuers Jones Lang LaSalle on 23 May 2013. 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 directors have assessed the carrying value of the freehold buildings and determined that the current value is appropriate.

Tangible fixed assets with a net book value of £59.3 million (2016: £58.5 million) are pledged as security for the Company's banking facilities.

All assets are subject to depreciation with the exception of freehold land which is held at historic cost of £1,109,125 (2016: £1,109,125) and assets under construction for which no depreciation is provided until the assets are available for use.

The cost of tangible fixed assets include capitalised borrowing costs of £872,678 (2016: £872,678).

Included within fixtures, plant and fittings are assets held under hire purchase contracts with a net book value of £140,526 (2016: £218,344).

THE DERBY COUNTY FOOTBALL CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

14. Debtors

| | 2017 £ | 2016 £ |
|-------------------------------------|-------------------|------------------|
| Due after more than one year | | |
| Player registration fees receivable | 283,342 | - |
| | <u>283,342</u> | <u>-</u> |
| Due within one year | | |
| Player registration fees receivable | 20,104,843 | - |
| Trade debtors | 1,316,374 | 2,289,984 |
| Amounts owed by group undertakings | 13,693,117 | - |
| Other debtors | 94,929 | 1,038,935 |
| Prepayments and accrued income | 1,078,610 | 1,329,039 |
| | <u>36,287,873</u> | <u>4,657,958</u> |

An impairment loss of £22,500 (2016: £408,556) has been recognised against trade debtors.

15. Cash and cash equivalents

| | 2017 £ | 2016 £ |
|--------------------------|------------------|-------------------|
| Cash at bank and in hand | 2,737,913 | 11,938,430 |
| | <u>2,737,913</u> | <u>11,938,430</u> |

16. Creditors: Amounts falling due within one year

| | 2017 £ | As restated 2016 £ |
|---|-------------------|--------------------------|
| Bank loans (unsecured) | 3,000,000 | 3,000,000 |
| Player registrations payable | 8,077,925 | 11,525,996 |
| Trade creditors | 1,473,994 | 2,887,605 |
| Amounts owed to group undertakings | - | 555,222 |
| Other taxation and social security | 2,269,997 | 1,946,177 |
| Obligations under finance lease and hire purchase contracts | - | 4,540 |
| Other creditors | 34,889 | 66,079 |
| Accruals and deferred income (note 18) | 7,969,543 | 7,283,740 |
| | <u>22,826,348</u> | <u>27,269,359</u> |

THE DERBY COUNTY FOOTBALL CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

17. Creditors: Amounts falling due after more than one year

| | 2017 £ | As restated 2016 £ |
|--|-------------------|--------------------------|
| Player registrations payable | 9,141,210 | 7,833,151 |
| Accruals and deferred income (note 18) | 1,550,498 | 1,628,307 |
| | <u>10,691,708</u> | <u>9,461,458</u> |

18. Grants

| | 2017 £ |
|---------------------------|------------------|
| At 1 July 216 | 1,628,307 |
| Amortised during the year | (77,809) |
| | <u>1,550,498</u> |

Capital expenditure grants are recognised within accruals and deferred income. Grants are amortised in line with the assets to which they relate.

19. Deferred taxation

The Company has unprovided deferred taxation/(liabilities) as follows:

| | 2017 £ | 2016 £ |
|---|-------------------|-------------------|
| Differences between accumulated depreciation and capital allowances | 369,291 | 696,587 |
| Other timing differences | 7,632 | 146,630 |
| Tax losses | 20,732,890 | 23,112,769 |
| Deferred tax on capital gains | (6,672,149) | (8,137,897) |
| | <u>14,437,664</u> | <u>15,818,089</u> |

The Company has unprovided deferred tax assets due to the timing of future taxable profits being uncertain.

THE DERBY COUNTY FOOTBALL CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

20. Share capital

| | 2017 £ | 2016 £ |
|---|------------|-----------|
| Shares classified as equity | | |
| Allotted, called up and fully paid | | |
| 10,337,281 (2016:9,899,698) Ordinary shares shares of £1 each | 10,337,281 | 9,899,698 |

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.

The Company made an allotment of 437,583 ordinary shares of £1 each at £100.00 per share. The difference between the total consideration of £43,758,300 and the nominal value of £437,583 has been credited to the share premium account (£43,320,717).

21. Reserves

Share premium

Represents the premium arising on the issue of shares net of issues costs.

Revaluation reserve

Represents the cumulative effect of revaluations of tangible assets.

Profit and loss

Includes all current and prior period retained profits and losses.

22. Contingent liabilities

| | 2017 £ | 2016 £ |
|---|------------|------------|
| Signing and other bonuses due to players under terms of their contracts | 5,333,249 | 5,401,000 |
| Maximum liability payable based on future achievements | 11,262,500 | 12,528,000 |
| | 16,595,749 | 17,929,000 |

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

THE DERBY COUNTY FOOTBALL CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

23. Pension commitments

The Company participates in the Football League Pension and Life Assurance Scheme (the 'Scheme'). The Scheme is a funded multi-employer defined benefit scheme, with 92 participating employers, and where members may have periods of service attributable to several participating employers. The Company is unable to identify its share of the assets and liabilities of the Scheme and therefore accounts for its contributions as if they were paid to a defined contribution scheme.

The last actuarial valuation was carried out at 31 August 2014 where the total deficit on the on-going valuation basis was £21.8m.

The accrual of the benefits ceased within the Scheme on 31 August 1999, therefore there are no contributions relating to the current accrual. The Company pays monthly contributions based on a notional split of the total expenses and deficit contributions of the Scheme. There is no liability outstanding as at 30 June 2017 (2016: £31,661)

The Company also operates a stakeholder defined contribution pensions scheme for qualifying employees and directors. The assets of the scheme are administered by an independent pensions provider.

Total pension payments recognised as an expense during the year amounted to £27,793 (2016: £153,112) Pension contributions outstanding as at 30 June 2017 totalled £23,967 (2016: £nil).

24. Commitments under operating leases

At 30 June 2017 the Company had future minimum lease payments under non-cancellable operating leases as follows:

| | 2017 £ | 2016 £ |
|--|------------------|------------------|
| Not later than 1 year | 124,946 | 139,931 |
| Later than 1 year and not later than 5 years | 277,656 | 306,056 |
| Later than 5 years | 4,963,901 | 5,025,950 |
| | <u>5,366,503</u> | <u>5,471,937</u> |

25. Related party transactions

The Company has taken advantage of the exemption in Section 33.1A of FRS 102 from the requirements to disclose transactions with its parent and fellow subsidiaries on the grounds it is a wholly owned subsidiary of the group headed by SEVCO 5112 Limited whose consolidated financial statements are publicly available from Companies House.

Purchases of £21,429 (2016: £7,000) and wage recharges of £18,884 (£9,000) to The Derby County Community Trust, a Company with common directors, were made during the year. As at 30 June 2017 the balance outstanding was £8,912 (2016: £19,000).

THE DERBY COUNTY FOOTBALL CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

26. Post balance sheet events

Player registrations

In the period since the end of the financial year the Company has entered into agreements to dispose of first team players with a net book value of £213,429 for £2,250,000 (2016: £9,667,431) and has made purchases of both academy and first team players, inclusive of EFL levies and agents commissions of £12,763,030 (2016: £14,183,500). Amounts both receivable and payable are made in instalments which fall due over a three year period. The Company also received £1,094,000 (2016: £nil) in relation to loan receipts and sell on fees since the year end.

Financing

In the period since the financial year end, funding of £15.6 million (2016: £29.0 million) has been received from SEVCO 5112 Limited, the Company's immediate parent.

Legal

As highlighted in the Strategic Report, at the date of approval of these financial statements the Company's parent undertaking, SEVCO 5112 Limited, has issued legal proceedings in the High Court against the Club's former President and Chief Executive Officer in relation to gross misconduct and a breach of fiduciary duty. The Club's former President and Chief Executive Officer has issued counter claims against SEVCO 5112 Limited in relation to breach of contract and an alleged 5% shareholding.

27. Controlling party

The Company's ultimate and immediate parent undertaking is SEVCO 5112 Limited.

SEVCO 5112 Limited is a company registered in England and Wales for which consolidated financial statements may be obtained from Companies House.

The ultimate controlling party is M Morris by virtue of owning 100% of the issued share capital of SEVCO 5112 Limited.