

MOORE STEPHENS

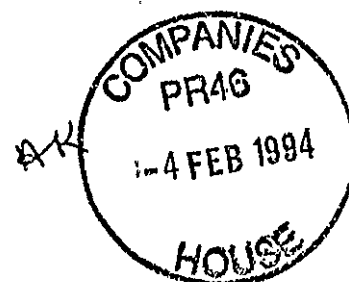
Company No.

49139

DERBY COUNTY FOOTBALL CLUB LIMITED

REPORT AND FINANCIAL STATEMENTS

31st MAY 1993



**Derby County Football Club Limited**

**Directors**

B.E.Fearn (Chairman)  
L.V.Pickering (Vice Chairman)  
C.W.McKerrow  
J.N.Kirkland  
W.Hart  
A.Cox (Manager)  
M.D.Mills  
M.A.Horton

**Secretary and Registered Office**

M.J.Dunford  
The Baseball Ground, Shaftesbury Crescent, Derby DE3 8NB

**Auditors**

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

**Report of the Directors**

The directors present their report and audited financial statements for the year ended 31st May 1993.

**Review of Activities**

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

**Results and Dividends**

The company's loss for the year amounted to £1,166,645. This amount is to be debited to retained reserves.  
The Directors do not recommend the payment of a dividend for the year.

**Tangible Fixed Assets**

In the opinion of the Directors the existing value of the freehold land and buildings at the Baseball Ground exceeds the balance sheet value, but in view of the specialised use of the asset, no increase in the value is reflected in these accounts.

**Players' Registrations**

The directors believe that the players' registrations had an open market value in excess of their book value at the year end. Movements in the book value of players' registrations are set out in note 9.

**Post Balance Sheet Events**

The company has entered into contracts subsequent to the balance sheet date to buy and sell players' registrations, details of which are given in note 18 to the financial statements.

**Directors**

Mr. S.A.Adams resigned from the board on 25th January 1993. Mr. M.A.Horton became a director of the company on 3rd February 1993.

Derby County Football Club Limited

Report of the Directors (Continued)

Directors' Interests

All of the directors are directors of the immediate parent company, DCFC Limited details of their interests in that company are set out in its directors report.

Directors' Responsibilities

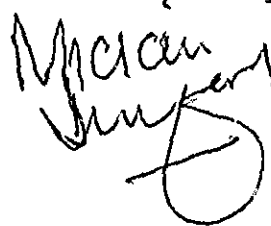
The directors are required by company law to prepare financial statements for each financial year which give a true and fair view of the state of the affairs of the company at the end of the year and of the result of the company for that year. The financial statements must be prepared in accordance with applicable accounting standards. The directors are required to formulate suitable accounting policies and to apply them consistently and to make judgements and estimates that are reasonable and prudent. In addition, the directors are required to prepare the financial statements on a going concern basis unless it is inappropriate to presume that the company will continue in business. '

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

Auditors

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

By Order of the Board



M.J. Dunford  
Secretary  
4th November 1993

MOORE STEPHENS

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

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

*Respective responsibilities of directors and auditors*

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

*Basis of opinion*

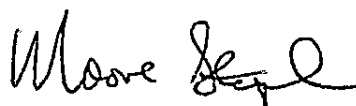
We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements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

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

*Opinion*

In our opinion the financial statements give a true and fair view of the state of the company's affairs at 31st May 1993 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Priory House  
Sydenham Road  
Guildford, GU1 3RX



MOORE STEPHENS  
Registered Auditor  
Chartered Accountants  
4th November 1993

## Derby County Football Club Limited

Profit and Loss Account  
For the year ended 31st May 1993

	Note	1993	1992
Turnover	3	4,183,117	2,851,681
Direct operating costs		3,346,981	2,904,779
Gross profit/(loss)		836,136	(53,098)
Administrative expenses		(2,577,553)	(1,404,238)
Operating loss	4	(1,741,417)	(1,457,336)
Other Income	6	414,781	311,314
Interest payable and similar charges	7	(1,326,636)	(1,146,022)
		42,525	103,590
Loss before transfer fees		(1,369,161)	(1,249,612)
Profit on sale of players' registrations		202,516	3,426,927
(Loss)/Profit on ordinary activities before taxation		(1,166,645)	2,177,315
Tax on ordinary activities	8	-	-
Retained (loss)/profit for the year		(1,166,645)	2,177,315
Retained profit/(deficit) brought forward		1,698,744	(478,571)
Retained profit carried forward		£532,099	£1,698,744

## Derby County Football Club Limited

## Balance Sheet - 31st May 1993

	Note	1993	1992
<b>Fixed Assets</b>			
Intangible assets	9	9,345,645	6,463,254
Tangible assets	10	2,535,115	1,567,420
		<u>11,880,760</u>	<u>8,030,674</u>
<b>Current Assets</b>			
Properties held for resale		-	191,726
Debtors	12	620,421	1,385,563
Cash at bank and in hand		15,584	9,909
		<u>636,005</u>	<u>1,587,198</u>
Creditors, amounts falling due within one year	13	(9,984,939)	(5,821,849)
<b>Net Current Liabilities</b>		<u>(9,348,934)</u>	<u>(4,234,651)</u>
<b>Assets less Current Liabilities</b>		<u>2,531,826</u>	<u>3,796,023</u>
Creditors, amounts falling due after more than one year	14	(3,354)	(118,329)
Deferred income	15	(561,103)	(543,680)
<b>Net Assets</b>		<u><u>£ 1,967,369</u></u>	<u><u>£ 3,134,014</u></u>
<b>Capital and Reserves</b>			
Called up share capital	17	1,172,568	1,172,568
Share premium		262,702	262,702
Profit and loss account		532,099	1,698,744
		<u><u>£ 1,967,369</u></u>	<u><u>£ 3,134,014</u></u>

These financial statements were approved by the Board on 4th November 1993 and signed on their behalf by:

*B.E. Fearn* B.E. Fearn  
*C.W. McKerrow* C.W. McKerrow

)  
 ) Directors  
 )

# Derby County Football Club Limited

## Financial Statements - 31st May 1993

### Notes

#### 1. Principal Accounting Policies

##### 1.1 Basis of accounting

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

##### 1.2 Turnover

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

##### 1.3 Depreciation of tangible assets

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

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

##### 1.4 Capital grants

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

##### 1.5 Transfer costs

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

##### 1.6 Pensions

Senior management employees are members of a pension scheme run by the Football League. The scheme is a defined contribution scheme and the assets are independently administered.

##### 1.7 Leases

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

## Derby County Football Club Limited

Financial Statements - 31st May 1993  
Notes (Continued)

## 1. Principal accounting policies (Continued)

## 1.8 Cash flow statement

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

## 2. Going Concern

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

## 3. TURNOVER

	1993	1992
Match receipts	2,955,585	2,019,339
Advertising and other sponsorship	372,176	485,952
TV and sundry	616,625	134,431
Programmes and related activities	205,271	178,097
Ramarena	33,460	33,862
	<u>£4,183,117</u>	<u>£2,851,681</u>

## 4. Operating Profit

	1993 £	1992 £
Operating Profit is stated after charging/(crediting)		
Directors' emoluments	159,700	133,293
Auditors' remuneration	21,800	19,797
Depreciation: Tangible fixed assets	169,380	112,136
Players' registrations	1,154,199	212,422
Adjustment on disposal of fixed assets	51,540	7,437
Profit on sale of players' registrations	202,516	3,426,927
	<u>2,769,135</u>	<u>3,911,885</u>



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## Derby County Football Club Limited

Financial Statements - 31st May 1993

Notes (Continued)

## 5. Directors and employees

## Directors' emoluments

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

	1993	1992
Other emoluments including pension contributions	£ 159,700	£ 133,293

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

## Staff costs

Staff costs during the year were as follows:

	1993	1992
Wages and salaries	2,372,155	2,343,146
Social security costs	264,404	254,993
Other pension costs	30,686	22,287
	<u>£2,667,245</u>	<u>£2,620,426</u>

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

Category	Number	Number
Players and apprentices	58	45
Management and coaching*	9	6
Groundsmen, kitchen and cleaning*	18	15
Administration and marketing	11	11
Ramarena*	4	4
Derby County Promotions*	16	15
	<u>108</u>	<u>96</u>

\* includes the following part time staff

Management and coaching	2	3
Groundsmen, kitchen and cleaning	7	9
Administration and marketing	2	-
Ramarena	3	3
Derby County Promotions	10	11
	<u>24</u>	<u>26</u>

## Derby County Football Club Limited

Financial Statements - 31st May 1993  
Notes (Continued)

6. Other Income	1993	1992
Bank interest	17,534	185,849
Donations from Derby County Promotions	397,247	100,464
Income from the Football Trust	-	25,001
	<u>£ 414,781</u>	<u>£ 311,314</u>
7. Interest payable	1993	1992
On bank overdrafts repayable within 5 years	34,698	51,586
On loans repayable within 5 years	5,008	21,370
On other loans	2,819	30,634
	<u>£ 42,525</u>	<u>£ 103,590</u>

## 8. Taxation on Ordinary Activities

There are tax losses of approximately £XXXXXX available to be carried forward against future trading profits.

## 9. Intangible fixed assets

	Players' Registrations
Cost:	
At 1st June 1992	6,943,500
Additions	4,049,424
Disposals	(43,500)
At 31st May 1993	<u>£10,949,424</u>
Amortisation:	
At 1st June 1992	480,246
Charge for year	1,154,199
Disposals	(30,666)
At 31st May 1993	<u>£ 1,603,779</u>
Net book value at 31st May 1993	<u>£ 9,345,645</u>
Net book value at 31st May 1992	<u>£ 6,463,254</u>

## Derby County Football Club Limited

## Financial Statements - 31st May 1993

## Notes (Continued)

## 10. Tangible fixed assets

	Land and buildings	Ground improvements and other	Motor vehicles	Total
Cost:				
At 1st June 1992	1,515,868	827,187	87,040	2,430,095
Additions	113,546	1,010,619	23,644	1,147,809
Disposals	-	-	(44,491)	(44,491)
At 31st May 1993	<u>£1,629,414</u>	<u>£1,837,806</u>	<u>£ 66,193</u>	<u>£3,533,413</u>
Depreciation:				
At 1st June 1992	508,775	312,727	41,173	862,675
Charge for year	41,456	113,090	14,834	169,380
Disposals	-	-	(33,757)	(33,757)
At 31st May 1993	<u>£ 550,231</u>	<u>£ 425,817</u>	<u>£ 22,250</u>	<u>£ 998,298</u>
Net book value at 31st May 1993	<u>£1,079,183</u>	<u>£1,411,989</u>	<u>£ 43,943</u>	<u>£2,535,115</u>
Net book value at 31st May 1992	<u>£1,007,093</u>	<u>£ 514,460</u>	<u>£ 45,867</u>	<u>£1,567,420</u>

All land and buildings are held as freehold except leasehold property costing £18,753 and with a net book value of £12,480.

## 11. Capital Commitments

There were no capital commitments at 31st May 1993.

## 12. Debtors

	1993	1992
Trade debtors	240,429	558,407
Other debtors	194,854	695,620
Prepayments	185,138	131,536
	<u>£ 620,421</u>	<u>£1,385,563</u>

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## Derby County Football Club Limited

Financial Statements - 31st May 1993

Notes (Continued)

	1993	1992
13. Creditors, amounts falling due within one year		
Bank loans and overdraft	639,925	390,712
Obligations under lease and hire purchase contracts	14,205	18,089
Trade creditors	264,253	584,592
Amounts owed to group companies	8,754,805	4,376,781
Other taxes and social security costs	81,752	109,140
Other creditors	109,532	83,610
Accruals	120,467	258,925
	<u>£9,984,939</u>	<u>£5,821,849</u>
14. Creditors, amounts falling due after more than one year		
Bank loans	-	105,589
Obligations under lease and hire purchase contracts	3,354	12,740
	<u>£ 3,354</u>	<u>£ 118,329</u>
The total amount of bank loans and overdrafts was as follows:		
Falling due within one year:		
Bank overdraft	639,925	347,223
Bank loan - current portion	-	43,489
	<u>£ 639,925</u>	<u>£ 390,712</u>
Falling due after more than one year:		
Bank loan - repayable within five years	£ -	£ 105,589
Total bank borrowings	<u>£ 639,925</u>	<u>£ 496,301</u>

## Derby County Football Club Limited

Financial Statements - 31st May 1993  
Notes (Continued)

## 15. Deferred income

The deferred income relates to capital expenditure grants received.

Amounts received	
At 1st June 1992	
Received in the year	717,925
	<u>51,498</u>
At 31st May 1993	<u>£769,423</u>
Amortisation	
At 1st June 1992	
Amortised in the year	174,245
	<u>34,075</u>
At 31st May 1993	<u>£208,320</u>
Balance at 31st May 1993	<u>£561,103</u>
Balance at 31st May 1992	<u>£543,680</u>

## 16. Operating Leases

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

	1993	1992
Within one year	<u>£11,374</u>	<u>£17,359</u>
In two to five years	<u>£22,596</u>	<u>£21,741</u>

## 17. Share Capital

	1993	1992
Authorised		
1,080,000 Ordinary shares of £1 each	1,080,000	1,080,000
920,000 2 1/2% non-voting Preference shares of £1 each	<u>920,000</u>	<u>920,000</u>
	<u>£2,000,000</u>	<u>£2,000,000</u>
Allotted, called up and fully paid		
739,000 Ordinary shares of £1 each	739,000	739,000
433,568 2 1/2% non-voting Preference shares of £1 each	<u>433,568</u>	<u>433,568</u>
	<u>£1,172,568</u>	<u>£1,172,568</u>

**Derby County Football Club Limited**

**Financial Statements - 31st May 1993**

**Notes (Continued)**

**18. Post Balance Sheet Events**

The company has entered into agreements to sell players with a book value of £            for £            net of expenses and to buy players for £            inclusive of expenses.

The ultimate parent company has made available funds for the purchase of the players.

**19. Contingent Liabilities**

Additional transfer fees of £            (1992 - £762,000) will become payable under the terms of transfer agreements if certain conditions are fulfilled.

**20. Transactions with directors**

During the year, the company entered into the following transactions with non group companies controlled by various directors, the transactions were carried out on an arms length basis:

1) B & K Building Services Limited and related companies in which Mr J.N.Kirkland has an interest undertook building work for the club with a value of £618,762.

2) S.P.A. Contractors Limited is a company in which Mr S.A.Adams has an interest. Until his resignation on 25th January 1992 it provided services to the club with a value of £1,821.

**21. Ultimate Parent Company**

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