

Stoke City Football Club Limited

REPORT AND FINANCIAL STATEMENTS

31 May 2007



Company Registration No 00099885

Stoke City Football Club Limited

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Stoke City Football Club Limited

OFFICERS AND PROFESSIONAL ADVISORS

DIRECTORS

P Coates - Chairman

P Rawlins

KA Humphreys

CHIEF EXECUTIVE

A Scholes

SECRETARY

K Silk (appointed 22 May 2007)

MANAGER

T Pulis

REGISTERED OFFICE

Britannia Stadium

Stanley Matthews Way

Stoke-on-Trent

Staffordshire

ST4 4EG

AUDITORS

Baker Tilly UK Audit LLP

Chartered Accountants

Festival Way

Stoke-on-Trent

Staffordshire

ST1 5BB

BANKERS

Co-operative Bank Plc

1 Balloon Street

Manchester

M60 4EP

Stoke City Football Club Limited

CHAIRMAN'S REPORT

The financial year ending 31 May 2007 coincided with the first full 12 months of new ownership of the Club and saw progress both on and off the pitch

- ^s The financial performance of the Club improved with turnover rising to £7,930,000 (2006 £7,594,000) However, operating expenses of £10,794,000 (2006 £10,961,000) means that the Club made a loss before transfer activity of £2,864,000 (2006 £3,367,000) After player trading and interest, the Club made a loss on ordinary activities before taxation of £3,085,000 (2006 £6,702,000)

Although the losses before transfer activity have been reduced by £½ million to approximately £3 million, they still represent a substantial loss which has to be funded by the owners At the current levels of turnover however, the Club budgets to continue to make a loss of this order so that a player wage bill can be created to produce a competitive team on the field This is likely to remain the case for the foreseeable future, until such time as we are able to realise our aim of gaining promotion to the Premier League

During the year, I along with my fellow Directors converted our loans into equity This means that for the first time in a number of years, the Club is effectively debt free

FOOTBALL

Ultimately, it was a case of so near but yet so far We realised last summer that major changes needed to be made to the squad in order to make us competitive and realistic challengers for promotion Despite the signings of Ricardo Fuller, Danny Higginbotham and Vincent Pericard during the summer, we started the season poorly We were then boosted by key permanent (Liam Lawrence and Rory Delap) and loan signings and went on a wonderful run, during which I genuinely felt that we had a chance of gaining automatic promotion Our charge however faltered as Andy Griffin, Salif Diao and Lee Hendrie all returned to their respective clubs Although we were able ultimately to re-sign all three of these players, the team had by then lost momentum and the three players had lost a little fitness Despite a further resurgence in form in March and April, we ended up just missing out on the Play-Offs It was a huge disappointment to everyone concerned at the Club, particularly as we were hitting peak form at the end of the season However, this disappointment should not overshadow the fact that this had been our best season for many years and the management team and players, along with the supporters, all played their extremely important part

YOUTH DEVELOPMENT

A successful Youth Development Programme, providing the future 1st team talent is vital to the future success of the Football Club Clearly, it is difficult for us to compete with Premier League clubs for the very best players at senior level Accordingly, we must try to produce our own

I also believe that it is the responsibility of the owners of the major football club in the region to provide an opportunity for the most talented youngsters in the Stoke on Trent and North Staffordshire area to receive the best training and opportunity possible within their region

I am therefore committed to continuing to support the cost of an Academy at Stoke City

In this regard, we have embarked on a programme to improve our facilities, our management structure, and our scouting structure within the Academy A new management team has been brought in and I look forward to the results of their work over the coming years

Stoke City Football Club Limited

CHAIRMAN'S REPORT

COMMUNITY ACTIVITIES

I believe that the Football Club is a key partner and has a responsibility to play an active role in its local community. In this respect, over the past 12 months we have substantially increased the level of activity that we undertake in the community. The work that we carry out ranges from running football coaching classes within and after school, to running classes for hard to teach children at the Britannia Stadium, to programmes working with young people who are having difficulty finding employment. I am delighted that we are developing a reputation for first class delivery in all of these areas and anticipate that the work that we do in the community will continue to increase over the coming 12 months.

COMMERCIAL ACTIVITIES

One of our critical objectives is to grow the turnover of the Club, and in this respect, I am delighted to report that our average attendance last season of 15,797, was the second highest in the last 10 years, only surpassed by the average attendance in 2004/2005 when the price of season tickets was cut so dramatically.

As I have stated previously, it is critical to the success of the Football Club that we are able to garner the support of the local business community in supporting their Football Club. During the year we made a number of fundamental changes to our commercial activities including the introduction of a new kit supplier, a new caterer at the Britannia Stadium, a new ticketing system, and a number of new sponsors. I would like to take this opportunity to thank all of our partners, both existing and new for their support. In particular, I would like to welcome the new stand sponsors, Seddons and the Potteries Shopping Centre and of course our long-term partners, Britannia Building Society whose support has once again been absolutely fantastic.

FUTURE PROSPECTS

I remain positive about the future prospects of the Football Club. The environment within which we operate has of course got more difficult, particularly with the significant increase in the parachute payment paid to those clubs relegated from the Premier League into the Championship in the preceding two seasons. Whilst this clearly creates an uneven playing field for all the other clubs in our division, I remain confident that by astute dealings in the transfer market, the continued good organisation of our team by the Football Manager and the financial backing which I am prepared to continue to give to the Club, we will achieve our objective of reaching the Premier League.

I have stated previously that our aim this year was to sign permanent players and not rely so extensively on the loan system. As a result of the market becoming much more difficult and certainly not due to lack of effort or commitment on anyone's part, we have not been as successful in doing this as I would have liked. Everyone at the Club, including myself, Tony Pulis and Tony Scholes are working together to bring in players who improve us. We will continue to do this until we have achieved the squad we all want.

I am hopeful that in the coming weeks we will complete our purchase of the Britannia Stadium. This not only gives the Football Club added security, but enables us to generate higher levels of turnover and income, which ultimately will be used to help fund the player wage bill.

In addition, I am confident that we will shortly complete the purchase of the Club's training ground enabling us to make a major investment in facilities and infrastructure. Once again, this has a very positive effect on the playing side of the Club as enhanced and improved facilities will make it easier for us to attract better quality players.

Finally, I would like to thank all of the Club's supporters for the tremendous support they gave the team last season. It really did make a difference.



P Coates
Chairman

19 October 2007

Stoke City Football Club Limited

DIRECTORS' REPORT

The directors submit their report and the financial statements of Stoke City Football Club Limited for the year ended 31 May 2007

PRINCIPAL ACTIVITIES

The principal activity is that of a professional football club

RESULTS AND DIVIDENDS

The loss for the year amounted to £3,085,000 (2006 loss £6,702,000) The directors do not recommend payment of preference or ordinary share dividends (2006 £nil)

REVIEW OF THE BUSINESS

A review of the Club's results for the year ended 31 May 2007 and its future prospects are contained in the Chairman's Report on page 2

RISKS AND UNCERTAINTIES

The major uncertainties facing the company are the results of the first team, the size and revenue received from crowds watching the first team home matches, and any rise in the valuation of the players

FINANCIAL INSTRUMENTS

The significant financial risks and exposures to the company are in respect of liquidity, and pricing and their effect on cashflow

The company's finance department manages these risks in order to minimise any adverse effects on the company

Price

The board meets prior to the start of the season to consider the pricing levels of season and matchday tickets, this is evaluated considering both the impact on the loyal fan base and requirements of the club All other key decisions with regard to significant corporate sponsorships are also considered by the board

Liquidity

The company's policy is to have committed facilities from both the bank and its parent company to satisfy working capital requirements in the near to medium term

Cash flow

Cash flow levels are monitored monthly and reviewed to cover any foreseeable funding requirements with an allowance for unforeseen events

Credit

Minimal credit is given by the club, with the majority of sales being on a cash basis Any risk of bad debts is mitigated by thorough credit control procedures

DIRECTORS

The following directors have held office since 1 June 2006

P Coates – Chairman
P Rawlins
KA Humphreys

Stoke City Football Club Limited

DIRECTORS' REPORT

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

The directors who were in office on the date of approval of these financial statements have confirmed, as far as they are aware, that there is no relevant audit information of which the auditors are unaware. Each of the directors have confirmed that they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

AUDITORS

KPMG LLP resigned during the period and Baker Tilly UK Audit LLP were appointed auditors to fill the casual vacancy.

A resolution for the re-appointment of Baker Tilly UK Audit LLP as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

By order of the board



P Coates
Director

Britannia Stadium
Stanley Matthews Way
Stoke-on-Trent
Staffordshire
ST4 4EG

19 October 2007

Stoke City Football Club Limited

DIRECTORS' RESPONSIBILITIES IN THE PREPARATION OF FINANCIAL STATEMENTS

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). The financial statements are required by law to 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 those financial statements, the directors are required to

- a select suitable accounting policies and then apply them consistently,
- b make judgements and estimates that are reasonable and prudent,
- c prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

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

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF STOKE CITY FOOTBALL CLUB LIMITED

We have audited the financial statements on pages 9 to 27

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. 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

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

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

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition, we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read other information contained in the Annual Report, and consider whether it is consistent with the audited financial statements. This other information comprises only the Directors' Report and the Chairman's Report. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF STOKE CITY
FOOTBALL CLUB LIMITED (continued)

Opinion

In our opinion

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs at 31 May 2007 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' Report is consistent with the financial statements

Baker Tilly UK Audit LLP

BAKER TILLY UK AUDIT LLP

Registered Auditor
Chartered Accountants
Festival Way
Stoke-on-Trent
Staffordshire
ST1 5BB

24 October 2007

Stoke City Football Club Limited

PROFIT AND LOSS ACCOUNT

For the year ended 31 May 2007

	Note	Operations excluding player trading £000	2007 Player trading (note 6) £000	Total £000	2006 £000
TURNOVER – CONTINUING OPERATIONS	1	7,930	-	7,930	7,594
Operating expenses		(10,794)	(1,178)	(11,972)	(11,877)
OPERATING LOSS – CONTINUING OPERATIONS	1	(2,864)	(1,178)	(4,042)	(4,283)
Profit on disposal of players' registrations	6	-	925	925	1,585
Impairment of the carrying value of fixed asset investment	10	-	-	-	(3,929)
LOSS BEFORE INTEREST AND TAXATION		(2,864)	(253)	(3,117)	(6,627)
Interest receivable and similar income	2	59	-	59	-
Interest payable and similar charges	3	(27)	-	(27)	(75)
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION	1-6	(2,832)	(253)	(3,085)	(6,702)
Taxation	7	-	-	-	-
LOSS FOR THE FINANCIAL YEAR		(2,832)	(253)	(3,085)	(6,702)

No separate Statement of Total Recognised Gains and Losses has been presented as all such gains and losses have been dealt with in the profit and loss account

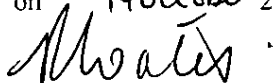
Stoke City Football Club Limited

BALANCE SHEET

At 31 May 2007

	Note	2007 £000	2006 £000
FIXED ASSETS			
Intangible assets	8	1,414	1,483
Tangible assets	9	792	756
Investments	10	5,071	5,071
		7,277	7,310
CURRENT ASSETS			
Stocks	11	103	194
Debtors	12	921	810
Cash at bank and in hand		802	4,193
		1,826	5,197
CREDITORS Amounts falling due within one year	13	(4,934)	(13,314)
NET CURRENT LIABILITIES		(3,108)	(8,117)
TOTAL ASSETS LESS CURRENT LIABILITIES		4,169	(807)
CREDITORS Amounts falling due after more than one year	14	(5,746)	(5,901)
PROVISIONS FOR LIABILITIES AND CHARGES	17	(80)	(131)
NET LIABILITIES		(1,657)	(6,839)
CAPITAL AND RESERVES			
Called up share capital	18	11,843	3,576
Share premium account	19	579	579
Revaluation reserve	19	15	15
Profit and loss reserve	19	(14,094)	(11,009)
SHAREHOLDERS' DEFICIT		(1,657)	(6,839)
EQUITY SHAREHOLDER DEFICIT		(1,658)	(6,840)
NON-EQUITY SHAREHOLDER FUNDS		1	1
		(1,657)	(6,839)

The financial statements on pages 9 to 27 were approved by the board of directors and authorised for issue on 19 October 2007 and are signed on its behalf by


P Coates
 Director

Stoke City Football Club Limited

RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

For the year ended 31 May 2007

	2007 £000	2006 £000
LOSS FOR THE FINANCIAL YEAR	(3,085)	(6,702)
New share capital subscribed	8,267	1,705
NET ADDITION TO/(REDUCTION IN) SHAREHOLDERS' FUNDS	5,182	(4,997)
Opening shareholders' deficit	(6,839)	(1,842)
CLOSING SHAREHOLDERS' DEFICIT	(1,657)	(6,839)

Stoke City Football Club Limited

ACCOUNTING POLICIES

BASIS OF ACCOUNTING

The financial statements have been prepared under the historical cost convention modified to include the revaluation of certain investments as detailed below, and in accordance with applicable accounting standards

The financial statements have been prepared on a going concern basis, notwithstanding the net liabilities of £1,657,000 at 31 May 2007 bet365 Group Limited and Stoke City Holdings Limited (formerly Kidsgrove Road Limited) have agreed to continue to support the company's funding requirements to enable the company to meet its obligations as they fall due for at least the next 12 months. As a result of this undertaking, the directors consider it appropriate to prepare the financial statements on a going concern basis

Under Financial Reporting Standard ("FRS") 1 the company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the company in its own published consolidated financial statements. The company has taken advantage of the exemption contained in Financial Reporting Standards ("FRS") 8 and has therefore not disclosed transactions or balances with entities which form part of the bet365 Group Limited group

INTANGIBLE FIXED ASSETS

The third party costs associated with the acquisition of players' registrations and coaching staff are capitalised and amortised on a straight line basis over the period of their respective contracts. Any transfer fees payable as a result of the occurrence of one or more uncertain future events are capitalised when it is probable such an event will occur. Provision for impairment is made when it becomes clear that any diminution in value is permanent. In accordance with Financial Reporting Standard 10 'Goodwill and Intangible assets' (FRS 10), no amounts are included for players developed within the Club

TANGIBLE FIXED ASSETS

Depreciation is provided on all tangible fixed assets at rates calculated to write each asset down to its estimated residual value evenly over its expected useful life, as follows

Freehold land and buildings	-	2% per annum straight line
Leasehold land and buildings	-	4-25% per annum straight line
Plant and equipment	-	8-33% per annum straight line
Motor vehicles	-	10-25% per annum straight line

ASSOCIATED UNDERTAKINGS

Undertakings in which the company has a participating interest of not less than 20% in the voting capital and over which it exerts significant influence are defined as associated undertakings

The investment in the associated company is stated at cost less provision for impairment. The directors have considered the need for impairment by valuing the investment on a notional yield basis, assuming a 5% yield, as permitted under the Companies Act 1985 and intend to review this valuation using this methodology on an annual basis

LEASED ASSETS

All leases are 'operating leases' and the annual rentals are charged to profit and loss on a straight line basis over the lease term

SIGNING ON FEES AND LOYALTY BONUSES

The Board consider that signing on fees represent a normal part of the employment cost of the player and as such should be charged to the profit and loss account over the period of the player's contract as the instalment payments are made, except in the circumstances of a player disposal. In that case any remaining signing on fees due are allocated in full against profit on disposal of players' registrations in the year in which the player disposal is made

Stoke City Football Club Limited

ACCOUNTING POLICIES

STOCKS

Stocks are valued at the lower of cost and net realisable value

DEFERRED INCOME

Deferred income consists of season tickets, sponsorship and other elements of income which have been received prior to the year end in respect of future football seasons. Deferred income is released to the profit and loss account over the periods to which the income relates.

GRANTS

Grants received from the Football Trust in respect of the building costs of the Britannia Stadium, the freehold of which is part owned by the associated company, are treated as deferred income and released to the profit and loss account over the useful economic life of the Stadium.

Grants received from The Football Trust and other awarding bodies in respect of other capital expenditure are treated as deferred income and released to profit and loss account over the expected useful lives of the related assets.

Grants received in respect of revenue expenditure and financial support are recognised in the profit and loss account in the year in which the relevant expenditure is incurred.

DEFERRED TAXATION

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantially enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

RETIREMENT BENEFITS

Certain of the employees of the Club participate in the Football League Limited Pension and Life Assurance Scheme and the Football League Limited Players' Benefit Scheme. Both schemes are defined benefit schemes co-sponsored by the FA Premier League and the Football League. The Club makes contributions to the schemes in accordance with the recommendations of the actuaries to the schemes.

As the club is one of a number of participating employers in the schemes, it is not possible to allocate that part of any actuarial rights or deficit owing to the Club's employees. Consequently, contributions are charged to the profit and loss account as they become payable.

Contributions are also paid to individuals' money purchase pension schemes. The contributions are charged to the profit and loss account in the year in which they become payable.

The assets of all the pension schemes are held separately from those of the Club in independently administered funds.

TURNOVER

Turnover, exclusive of value added tax, comprises net match receipts and other income arising from the Club's activities. Revenue is recognised when substantially all of the obligations under a sales contract have been fulfilled.

Stoke City Football Club Limited

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 May 2007

1 SEGMENTAL REPORT

Turnover and operating loss arise from the company's principal activities and are derived solely from the United Kingdom

2 INTEREST RECEIVABLE AND SIMILAR INCOME

	2007 £000	2006 £000
Bank interest	59	-

3 INTEREST PAYABLE AND SIMILAR CHARGES

	2007 £000	2006 £000
Interest payable on bank loans and overdrafts	27	73
Interest payable on convertible loan stock	-	2
	27	75

Stoke City Football Club Limited

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 May 2007

4	LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION	2007 £000	2006 £000
	Loss on ordinary activities before taxation is stated after charging/(crediting)		
	Depreciation and amounts written off tangible fixed assets		
	Charge for the period		
	Owned assets	158	168
	Amortisation of intangible fixed assets	1,178	916
	Grants released	(55)	(69)
	(Release)/provision in respect of potential employee liabilities claim	(671)	715
	Operating lease rentals		
	Land and buildings	333	333
	Other	51	41
	Loss on sale of fixed asset	5	-
		<hr/>	<hr/>
	Audit services		
	Statutory audit	12	11
	Further assurance services	5	-
	Tax services		
	Compliance services	1	1
	Advisory services	2	19
		<hr/>	<hr/>
		20	31
		<hr/>	<hr/>
	Comprising		
	Audit services	12	11
	Non-audit services	8	20
		<hr/>	<hr/>
		20	31
		<hr/>	<hr/>

Stoke City Football Club Limited

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 May 2007

5 EMPLOYEES

	2007 Number	2006 Number
The average monthly number of persons (including directors) employed by the company during the year was		
Full time playing staff and scholars	46	46
Other	88	85
	<u>134</u>	<u>131</u>

In addition to the above the company employed an average of 262 (2006 249) match –day staff during the year

	2007 £000	2006 £000
Staff costs for the above persons		
Wages and salaries	6,230	5,352
Social security costs	703	1,292
Other pension costs	54	81
	<u>6,987</u>	<u>6,725</u>

DIRECTORS' REMUNERATION

	2007 £000	2006 £000
Emoluments	-	17
Pension fund contributions	-	-
	<u>-</u>	<u>17</u>

6 PLAYER TRADING

	2007 £000	2006 £000
Amortisation of intangible fixed assets	(1,178)	(916)
Profit on disposal of players' registrations	925	1,585
	<u>(253)</u>	<u>669</u>

Stoke City Football Club Limited

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 May 2007

7 TAXATION

	2007		2006	
	£000	£000	£000	£000
Current tax				
UK corporation tax on losses of the period	-		-	
Total current tax		-		-
Deferred tax				
Origination and reversal of timing differences	-		-	
Total deferred tax		-		-
Tax on loss on ordinary activities		-		-
Factors affecting tax charge for the year			2007	2006
			£000	£000
The tax assessed for the year is higher (2006, higher) than the standard rate of corporation tax in the UK 30% (2006 30%) The differences are explained below				
Loss on ordinary activities before taxation			(3,085)	(6,702)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK 30% (2006 30%)			(926)	(2,011)
Effects of				
(Income not taxable)/expenses not deductible for tax purposes			(33)	60
Fixed asset timing differences			(64)	50
Movement in short term timing differences			(17)	13
Impairment of fixed asset investment			-	1,179
Losses carried forward			120	709
Group relief			920	-
Current tax charge for the year			-	-

Factors that may affect the future tax charge

Deferred tax assets of £2.6m (2006 £2.5m) relating to tax losses and £0.2m (2006 £0.3m) relating to fixed asset timing differences have not been recognised as a result of uncertainty over future levels of profitability

Stoke City Football Club Limited

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 May 2007

8 INTANGIBLE FIXED ASSETS

	Players registrations £000
<i>Cost</i>	
At beginning of year	2,686
Additions	1,446
Disposals	(565)
	<hr/>
At end of year	3,567
	<hr/>
<i>Amortisation</i>	
At beginning of year	1,203
Charged in the year	1,178
Disposals	(228)
	<hr/>
At end of year	2,153
	<hr/>
<i>Net book value</i>	
At 31 May 2007	1,414
	<hr/>
At 31 May 2006	1,483
	<hr/>

Stoke City Football Club Limited

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 May 2007

9 TANGIBLE FIXED ASSETS

	Freehold land and buildings	Leasehold land and buildings	Plant, equipment and motor vehicles	Total
	£000	£000	£000	£000
<i>Cost</i>				
At beginning of year	25	894	865	1,784
Additions	-	10	189	199
Disposals	-	-	(19)	(19)
At end of year	25	904	1,035	1,964
<i>Depreciation</i>				
At beginning of year	7	287	734	1,028
Charge for year	1	73	84	158
Disposals	-	-	(14)	(14)
At end of year	8	360	804	1,172
<i>Net book value</i>				
At 31 May 2007	17	544	231	792
At 31 May 2006	18	607	131	756

The net book value of leasehold land and buildings comprises

	2007 £000	2006 £000
Long leasehold	13	12
Short leasehold	531	595
	544	607

Depreciation in respect of long leasehold properties in the year is £6,000 (2006 £5,000) and £67,000 (2006 £67,000) in respect of short leasehold properties

Stoke City Football Club Limited

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 May 2007

10 INVESTMENTS IN ASSOCIATED COMPANY

	£000
<i>Cost</i>	
At beginning and end of year	9,000
	<hr/>
<i>Amounts written off</i>	
At beginning and end of year	3,929
	<hr/>
<i>Net book value</i>	
At 31 May 2007	5,071
	<hr/>
At 31 May 2006	5,071
	<hr/>

The investment reflects a 49% holding of the issued ordinary share capital of Stoke-on-Trent Community Stadium Development Company Limited

Football Trust grants of £2.3m used to fund the company's investment in the stadium are held within creditors

The Club's share of the associated company's results and net assets as extracted from that company's unaudited financial statements for the 12 months ended 31 March 2007 and audited financial statements for the 10 months ended 31 March 2006 were as follows

	2007 £000	2006 £000
Turnover	222	260
	<hr/>	<hr/>
Profit before taxation	149	164
Taxation	(45)	(49)
	<hr/>	<hr/>
Profit after taxation	104	115
	<hr/>	<hr/>
Fixed assets	7,342	7,350
Current assets	538	504
Liabilities due within one year	(108)	(229)
Liabilities due after more than one year	(705)	(662)
	<hr/>	<hr/>
Share of net assets	7,067	6,963
	<hr/>	<hr/>

The principal activity of the associated company is the management of the Britannia Stadium

Stoke City Football Club Limited

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 May 2007

11	STOCKS	2007 £000	2006 £000
	Goods for resale	103	194
12	DEBTORS	2007 £000	2006 £000
	<i>Due within one year</i>		
	Trade debtors	304	358
	Other debtors	9	37
	Prepayments and accrued income	608	415
		921	810
13	CREDITORS Amounts falling due within one year	2007 £000	2006 £000
	Bank loans and overdrafts	57	787
	Unsecured loan stock	268	63
	Other loans	88	88
	Trade creditors	1,556	433
	Amounts owed to group undertakings	-	8,268
	Amounts owed to associated undertaking	14	4
	Other taxation and social security costs	517	428
	Accruals and deferred income	2,434	3,243
		4,934	13,314
14	CREDITORS Amounts falling due after more than one year	2007 £000	2006 £000
	Bank loans	312	-
	Unsecured loan stock	1,996	2,201
	Other loans	89	177
	Accruals and deferred income	3,349	3,523
		5,746	5,901

Stoke City Football Club Limited

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 May 2007

15 ANALYSIS OF DEBT

	2007 £000	2006 £000
<i>Analysis of external borrowings</i>		
Bank loans and overdrafts	369	787
Unsecured loan stock	2,264	2,264
Other loans	177	265
	<u>2,810</u>	<u>3,316</u>
<i>Analysis of debt maturity</i>		
In one year or less or on demand	413	938
In more than one year but not more than two years	106	88
In more than two years but not more than five years	2,257	2,290
In more than five years	34	-
	<u>2,810</u>	<u>3,316</u>

Bank loans and overdrafts

The bank loans are secured by way of a fixed and floating charge over all the assets of the Club and a legal charge over the Club's leasehold interest in the Britannia Stadium

16 DEFERRED GRANTS

	2007 £000	2006 £000
Included within accruals and deferred income are deferred grants relating to capital expenditure, revenue expenditure and financial support as follows		
Balance at beginning of year	2,329	2,398
Released to profit and loss account	(55)	(69)
	<u>2,274</u>	<u>2,329</u>
<i>Accruals and deferred income Deferred grants</i>		
Creditors Amounts falling due within one year	55	56
Creditors Amounts falling due after more than one year	2,219	2,273
	<u>2,274</u>	<u>2,329</u>

Stoke City Football Club Limited

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 May 2007

17 PROVISIONS FOR LIABILITIES AND CHARGES

	Pension obligations £000
Balance at beginning of year	131
Decrease in provision	(51)
	<hr/>
Balance at end of year	80
	<hr/>

Certain staff of the Company are members of either the Football League Limited Retirement Income Scheme, a defined contribution scheme, or the Football League Limited Pension and Life Assurance Scheme ("FLLPLAS"), a defined benefit scheme. As the Company is one of a number of participating employers in the FLLPLAS, it is not possible to allocate any actuarial surplus or deficit on a meaningful basis and consequently contributions are expensed to the profit and loss account as they become payable. The assets of the scheme are held separately from those of the company, being invested with insurance companies. Under the provisions of FRS 17 the scheme is treated as a defined benefit multi employer scheme.

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 FRS 17. At 31 August 2005, an MFR deficit was identified in the scheme, of which a proportion was allocated to Stoke City Football Club. Contributions have continued to be paid during the year, as advised by the actuary, resulting in a provision relating to the club's share of the MFR deficit of £80,000 at the year end (2006 £131,000).

Contributions totalling £54,000 (2006 £81,000) were paid to the various schemes in the year.

Stoke City Football Club Limited

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 May 2007

18 SHARE CAPITAL

	2007 £000	2006 £000
<i>Authorised</i>		
Non-Equity 5 25% Cumulative preference shares of £1 each	1	1
Equity Ordinary shares of £1 each	19,759	6,759
Equity Ordinary I shares of £1 each	64	64
Equity Ordinary X shares of £1 each	88	88
Equity Ordinary Y shares of £1 each	88	88
	<u>20,000</u>	<u>7,000</u>
<i>Allotted, issued and paid</i>		
Non-Equity 5 25% Cumulative preference shares of £1 each	1	1
Equity Ordinary shares of £1 each	11,602	3,335
Equity Ordinary I shares of £1 each	64	64
Equity Ordinary X shares of £1 each	88	88
Equity Ordinary Y shares of £1 each	88	88
	<u>11,843</u>	<u>3,576</u>

The I, X and Y ordinary shares attach various voting and director appointment rights

On 13 July 2006 8,267,640 ordinary shares of £1 each were allotted to Stoke City Holdings Limited (formerly Kidsgrove Road Limited) by the capitalisation of the amounts due to the parent company included in creditors less than one year. This share issue was actioned by the directors to strengthen the long term capital base of the company and enable the company to move forward in a stronger financial position under its new owners.

As part of the acquisition agreement by Stoke City Holdings Limited, on 22 May 2006 new terms were negotiated whereby the unsecured loan stock holders (Stoke Holdings AS and Aslaug Sarl) are only paid on the occurrence of certain events, including the promotion of the club into the top division of English football and the transfer of certain players, all of which must be incurred prior to 1 September 2012. At this date the stockholders fully and irrevocably release and discharge the company from any and all claims or demands they may have against the company on any remaining balance due.

In the event the payments due exceed the unsecured loan balance of £2,264,000 then the additional amount is payable by Stoke City Holdings Limited.

At 31 May 2007 an amount of £268,000 (2006 £63,000) was due on the unsecured loan stock which has been included in creditors less than one year due to an additional payment event.

Stoke City Football Club Limited

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 May 2007

19 RESERVES

	Share premium	Revaluation reserve	Profit and loss reserve	Total
	£000	£000	£000	£000
Balance at beginning of year	579	15	(11,009)	(10,415)
Loss for year	-	-	(3,085)	(3,085)
Balance at end of year	579	15	(14,094)	(13,500)

20 CAPITAL COMMITMENTS

	2007 £000	2006 £000
Capital expenditure contracted for but not provided in the financial statements	-	20

21 COMMITMENTS UNDER OPERATING LEASES

	2007		2006	
At 31 May the company was committed to making the following payments during the next year under non-cancellable operating leases as follows	Land and buildings £000	Other £000	Land and buildings £000	Other £000
Expiring within one year	-	-	-	-
Expiring between two and five years	30	51	30	51
Expiring in five years or more	303	-	303	-
	333	51	333	51

Stoke City Football Club Limited

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 May 2007

22 CONTINGENT LIABILITIES

Ground safety grants

When a facility which has attracted a grant ceases to be used or is sold, The Football Trust reserves the right to call for repayment of all or a proportion of any grant made

Collateral security

The company has a Standard Mortgage Debenture incorporating a fixed and floating charge over the assets of the company incorporating

- A first legal charge held over the leasehold interest in the Britannia Stadium dated 31 December 1998
- A first legal charge held over the leasehold interest in the Indoor Training Facility dated 20 February 2003

Collateral warranties are held from eight parties with origination dates between 21 March 2002 and 18 September 2003

Deeds of assignment are held with four parties with origination dates between 31 December 1998 and 28 February 2003

A letter of comfort has been given to the company's bank by bet365 Group Limited in favour of the club, dated 12 February 2007

Deferred Income

Included in deferred income is £27,245 (2006 £58,000) received under an advance discount agreement with the stadium's brewery, this amount is secured by a legal charge over the leasehold interest in Britannia Stadium

Stoke City Football Club Limited

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 May 2007

23 RELATED PARTY TRANSACTIONS

During the financial year the company had the following transactions with related parties as defined by Financial Reporting Standard 8

<i>Name of related party</i>	<i>Description of relationship</i>	<i>Description of transactions</i>	<i>2007</i>		<i>2006</i>	
			<i>Aggregate value for financial year</i>	<i>Net amount owed to / (by) the company</i>	<i>Aggregate value for financial year</i>	<i>Net amount owed to / (by) the company</i>
			<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
Stoke-on-Trent Community Stadium Development Company Limited	Associate Company	Rent and stadium events	(230)	(14)	(239)	(4)

All of the above transactions were entered into at arm's length and with normal terms and conditions applying

Peter Coates was appointed a director of Stoke-on-Trent Community Stadium Development Company Limited on 22 May 2006

24 ULTIMATE PARENT COMPANY AND CONTROLLING INTEREST

The ultimate parent company of Stoke City Football Club Limited is bet365 Group Limited, a company incorporated and registered in the UK. Stoke City Holdings Limited (formerly Kidsgrove Road Limited) is the immediate parent company

The largest and smallest group in which the results of the company are consolidated is that headed by bet365 Group Limited. bet365 Group Limited is under the control of Peter Coates. The consolidated accounts of this group are available to the public and may be obtained from

Registrar of Companies
Crown Way
CARDIFF
CF14 3UZ

Stoke City Football Club Limited

NOTICE OF MEETING

NOTICE IS HEREBY GIVEN that an Annual General Meeting of Stoke City Football Club Limited will be held at the Britannia Stadium, Stoke-on-Trent on Thursday 22 November 2007 at 6 00pm for the following purposes

Ordinary Business

- 1 To receive and adopt the audited accounts for the year ended 31 May 2007 together with the reports of the directors and auditors
- 2 To re-appoint Baker Tilly UK Audit LLP as auditors of the company, to hold office until the next general meeting at which accounts are laid, and to authorise the directors to determine their remuneration

By order of the Board

K. Silk

K Silk
Company Secretary
Britannia Stadium
Stanley Matthews Way
Stoke-on-Trent
Staffordshire
ST4 4EG

19 October 2007

Note

A member entitled to attend and vote at the Annual General Meeting is entitled to appoint one or more proxies to attend and, on a poll vote, on his/her behalf. A proxy need not be a member of the company. Appointment of a proxy does not prevent a member from attending and voting in person. Instruments of proxy to be effective must be received at the registered office of the company not later than forty-eight hours before the time fixed for the meeting.