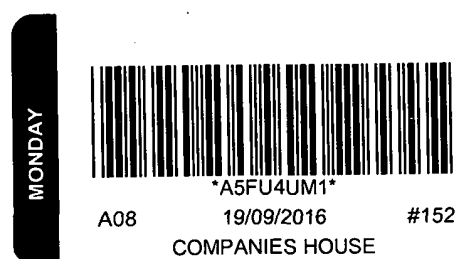


Stoke City Football Club Limited

REPORT AND FINANCIAL STATEMENTS

31 May 2016



Company Registration No. 00099885

Stoke City Football Club Limited

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Stoke City Football Club Limited

DIRECTORS AND ADVISOR

DIRECTORS

P Coates – Chairman

J Coates – Vice Chairman

A Scholes

R Smith

CHIEF EXECUTIVE

A Scholes

SECRETARY

M Goodman

MANAGER

M Hughes

REGISTERED OFFICE

bet365 Stadium

Stanley Matthews Way

Stoke-on-Trent

Staffordshire

ST4 4EG

AUDITOR

RSM UK Audit LLP

Chartered Accountants

Festival Way

Stoke-on-Trent

Staffordshire

ST1 5BB

Stoke City Football Club Limited

STRATEGIC REPORT

The directors have pleasure in submitting their Strategic Report for Stoke City Football Club Limited for the year ended 31 May 2016.

BUSINESS REVIEW

The year ended 31 May 2016 represented the eighth consecutive season of Premier League football at the bet365 Stadium. A ninth place finish at the end of the 2015-2016 season ensures the Club will play a ninth consecutive year in the top league during the 2016-2017 season.

	2016	2015
Average league attendance	27,534	27,081
Final league position	9 th	9 th
	£000's	£000's
Turnover	104,169	99,573
Operating expenses	(116,566)	(96,116)
(Loss)/Profit before player trading/fixed asset disposals	(12,397)	3,457
Player trading/disposal of fixed assets profit	14,352	1,747
Profit before interest and tax	1,955	5,204

The Club has had another successful year on and off the pitch. It has enjoyed three ninth place finishes in the top-flight of English football under manager Mark Hughes, and anticipates another successful campaign in the 2016/2017 season.

Investment in the squad during the year was £51.4m (2015: £7.5m), which included the purchases of Xherdan Shaqiri and Giannelli Imbula, both club record signings at the time they were made.

Net current liabilities increased by £30.2m. This is as a result of an increase in trade creditors of £16.0m and an increase in accruals of £6.5m, mainly due to the amounts owed following player trading activities, and a reduction in cash at bank of £13.4m. This has been offset by an increase in trade debtors of £5.1m predominantly due to player disposal trading activities.

Net liabilities have decreased to £22.4m (2015: £24.4m). The principal indebtedness, £59.5m (2015: £59.4m), was to the parent Company, Stoke City Holdings Limited, which charged no interest and has confirmed to the Directors that it will continue to support the Company. The Company is deemed to be a going concern due to the ongoing support of Stoke City Holdings Limited and its ultimate parent company, bet365 Group Limited.

RISKS AND UNCERTAINTIES

The Football Club's main risks and uncertainties centre around the ability to acquire, train and develop players to a sufficient standard to retain and improve its position in the Premier League, together with any rise or fall in the valuation of these players.

Stoke City Football Club Limited

STRATEGIC REPORT

FINANCIAL INSTRUMENTS

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

The board 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, which 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.

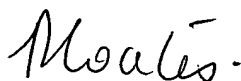
Cash flow

Cash flow levels are continually monitored 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 or cash equivalent basis. Season ticket sales with payment terms have been allowed and are offset by the Company to a third party. Any risk of bad debts is mitigated by thorough credit control procedures and close monitoring of the receipts each month. Payment terms are given to other clubs based on contracts and these are closely monitored and managed appropriately by the Club.

By order of the board



P Coates
Director

bet365 Stadium
Stanley Matthews Way
Stoke-on-Trent
Staffordshire
ST4 4EG

13th September 2016

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 2016.

The directors have now disclosed the following sections of the Directors' Report: 'Business Review and Risk and Uncertainties and Financial Instruments' within the Strategic Report on page 2.

PRINCIPAL ACTIVITIES

The principal activity is that of a professional football club.

RESULTS AND DIVIDENDS

The profit for the year amounted to £2,055,000 (2015: £5,246,000). The directors do not recommend the payment of preference or ordinary share dividends (2015: £nil).

DIRECTORS

The following directors have held office since 1 June 2015:

P Coates – Chairman

J Coates – Vice Chairman

K Humphreys (resigned 15 June 2015)

A Scholes

R Smith

EMPLOYEES

It is the Company's policy that disabled persons should have the same consideration as others for all job vacancies for which they apply as suitable candidates and, depending entirely on their skills and abilities, they have the same opportunity for training, career development and promotion as other employees. Attention is paid to the training and other needs of persons who become disabled whilst in the Company's employment.

The Company places considerable value on the involvement of its employees and has continued its previous practice of keeping them informed on matters affecting them as employees and on various factors affecting the performance of the Company. This is achieved through formal team briefings and informal meetings.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO THE AUDITOR

The Directors have confirmed that, as far as they are aware, there is no relevant audit information of which the auditor is 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.

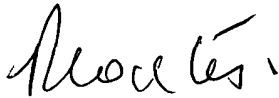
Stoke City Football Club Limited

DIRECTORS' REPORT

AUDITOR

RSM UK Audit LLP have indicated their willingness to be reappointed for another term and appropriate arrangements have been put in place for them to be deemed reappointed as auditors in the absence of an Annual General Meeting.

By order of the board



P Coates
Director

bet365 Stadium
Stanley Matthews Way
Stoke-on-Trent
Staffordshire
ST4 4EG
13th September 2016

Stoke City Football Club Limited

DIRECTORS' RESPONSIBILITIES IN THE PREPARATION OF FINANCIAL STATEMENTS

The Directors are responsible for preparing the Strategic Report and 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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law).

Under Company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing those financial statements, the directors are required to:

- a. select suitable accounting policies and then apply them consistently;
- b. make judgements and accounting estimates that are reasonable and prudent;
- c. state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- d. prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

We have audited the financial statements on pages 8 to 28. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As more fully explained in the Directors' Responsibilities Statement set out on page 6, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit on the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at <http://www.frc.org.uk/auditscopeukprivate>.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 May 2016 and of its profit 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.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion 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.

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept, 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.

RSM UK Audit LLP

ANNE LAKIN (Senior Statutory Auditor)
For and on behalf of RSM UK AUDIT LLP, Statutory Auditor
Chartered Accountants
Festival Way
Stoke-on-Trent
Staffordshire
ST1 5BB

15 September 2016

Stoke City Football Club Limited

STATEMENT OF TOTAL INCOME AND RETAINED EARNINGS

For the year ended 31 May 2016

	Note	Operations excluding player trading £000	2016 Player trading (note 6) £000	Total £000	2015 £000
TURNOVER	2	104,169	-	104,169	99,573
Operating expenses		(98,850)	(17,716)	(116,566)	(96,116)
		<u>5,319</u>	<u>(17,716)</u>	<u>(12,375)</u>	<u>3,457</u>
Profit on disposal of players' registrations	6	-	14,333	14,333	1,684
Profit on disposal of fixed assets		19	-	19	63
		<u>5,338</u>	<u>(3,383)</u>	<u>1,955</u>	<u>5,204</u>
OPERATING PROFIT/PROFIT BEFORE INTEREST AND TAXATION	4	5,338	(3,383)	1,955	5,204
Interest receivable and similar income	3	100	-	100	42
		<u>5,438</u>	<u>(3,383)</u>	<u>2,055</u>	<u>5,246</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	2-6	5,438	(3,383)	2,055	5,246
Taxation	7	-	-	-	-
		<u>5,438</u>	<u>(3,383)</u>	<u>2,055</u>	<u>5,246</u>
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION AND PROFIT FOR THE FINANCIAL YEAR		<u>5,438</u>	<u>(3,383)</u>	<u>2,055</u>	<u>5,246</u>
RETAINED EARNINGS AT 1 JUNE				(60,842)	(66,088)
				<u>(58,787)</u>	<u>(60,842)</u>
RETAINED EARNINGS AT 31 MAY				<u>(58,787)</u>	<u>(60,842)</u>

Stoke City Football Club Limited

STATEMENT OF FINANCIAL POSITION

At 31 May 2016

	Note	2016 £000	2015 £000
FIXED ASSETS			
Intangible assets	8	46,371	14,208
Tangible assets	9	688	638
		<u>47,059</u>	<u>14,846</u>
CURRENT ASSETS			
Stocks	10	388	132
Debtors	11	33,429	25,470
Cash at bank and in hand		12,779	26,205
		<u>46,596</u>	<u>51,807</u>
CREDITORS: Amounts falling due within one year	12	<u>(115,869)</u>	<u>(90,844)</u>
NET CURRENT LIABILITIES		<u>(69,273)</u>	<u>(39,037)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>(22,214)</u>	<u>(24,191)</u>
CREDITORS: Amounts falling due after more than one year	13	(1)	(1)
PROVISIONS FOR LIABILITIES	14	(151)	(229)
NET LIABILITIES		<u>(22,366)</u>	<u>(24,421)</u>
CAPITAL AND RESERVES			
Called up share capital	15	35,842	35,842
Share premium account		579	579
Profit and loss reserve		(58,787)	(60,842)
TOTAL EQUITY		<u>(22,366)</u>	<u>(24,421)</u>

The financial statements on pages 8 to 28 were approved by the board of directors and authorised for issue on 13th September 2016 and are signed on its behalf by:



P Coates
Director

Company Registration No.00099885

Stoke City Football Club Limited

STATEMENT OF CASH FLOWS

For the year ended 31 May 2016

	Note	2016 £'000	2015 £'000
OPERATING ACTIVITIES			
Cash generated from operations	16	22,331	10,536
NET CASH FROM OPERATING ACTIVITIES		22,331	10,536
INVESTING ACTIVITIES			
Interest received		100	42
Purchase of intangible fixed assets		(51,388)	(7,471)
Proceeds from disposal of intangible fixed assets		15,842	3,833
Purchase of tangible fixed assets		(330)	(326)
Proceeds from disposal of tangible fixed assets		19	63
NET CASH USED IN INVESTING ACTIVITIES		(35,757)	(3,859)
FINANCING ACTIVITIES		-	-
NET (DECREASE)/ INCREASE IN CASH AND CASH EQUIVALENTS		(13,426)	6,677
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		26,205	19,528
CASH AND CASH EQUIVALENTS AT END OF YEAR		12,779	26,205

Stoke City Football Club Limited

ACCOUNTING POLICIES

GENERAL INFORMATION

Stoke City Football Club Limited ("the Company") is a limited company domiciled and incorporated in England.

The address of the Company's registered office and principal place of business is bet365 Stadium, Stanley Matthews Way, Stoke-on-Trent, Staffordshire, ST4 4EG.

The Company's principal activity and nature of its operations is that of a professional football club.

BASIS OF ACCOUNTING

These financial statements are the first financial statements of Stoke City Football Club Limited prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (FRS 102) and the requirements of the Companies Act 2006, including the provisions of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, and under the historical cost convention. The financial statements of Stoke City Football Club Limited for the year ended 31 May 2015 were prepared in accordance with previous UK GAAP.

Some of the FRS 102 recognition, measurement, presentation and disclosure requirements and accounting policy choices differ from previous UK GAAP. Consequently, the directors have amended certain accounting policies to comply with FRS 102. The directors have also taken advantage of certain exemptions from the requirements of FRS 102 permitted by FRS 102 Chapter 35 'Transition to this FRS'.

Comparative figures have been restated to reflect the adjustments made, except to the extent that the directors have taken advantage of exemptions to retrospective application of FRS 102 permitted by FRS 102 Chapter 35 'Transition to this FRS'. Adjustments are recognised directly in retained earnings at the transition date.

Monetary amounts in these financial statements are rounded to the nearest whole £1,000.

REDUCED DISCLOSURES

In accordance with FRS 102, the Company has taken advantage of the exemptions from the following disclosure requirements:

- Section 11 'Basic Financial Instruments' & Section 12 'Other Financial Instrument Issues' – Carrying amounts of financial instrument held at amortised cost or cost.
- Section 33 'Related Party Disclosures' – Compensation for key management personnel.

The financial statements of the Company are consolidated in the financial statements of bet365 Group Limited. Details of where these accounts are available have been disclosed in note 22.

GOING CONCERN

The Company prepares detailed forecasts each financial year taking into account the risks and uncertainties as detailed in the Strategic Report, this forecasts a requirement for the need of Group support for the short to medium term.

The financial statements therefore have been prepared on a going concern basis as bet365 Group Limited and Stoke City Holdings 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 12 months from the date of signing these financial statements. As a result of this undertaking, the Directors consider it appropriate to prepare the financial statements on a going concern basis.

FUNCTIONAL AND PRESENTATIONAL CURRENCIES

The financial statements are presented in sterling which is also the functional currency of the Company.

Stoke City Football Club Limited

ACCOUNTING POLICIES

FOREIGN CURRENCIES

Transactions in currencies other than the functional currency are initially recorded at the exchange rate prevailing on the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary assets and liabilities denominated in foreign currencies are translated at the rate ruling at the date of the transaction or, if the asset or liability is measured at fair value, the rate when that fair value was determined.

All translation differences are taken to the profit and loss.

TURNOVER

Turnover, exclusive of value added tax, comprises net match receipts and Premier League 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. Revenue received from the Premier League is recognised in full in the financial statements in the relevant season. This is in accordance with the Premier League guidelines on income recognition. Performance related rewards are not recognised until achieved by the Club, as the income cannot be assumed with certainty.

OTHER INCOME

Interest income is accrued on a time-apportioned basis, by reference to the principal outstanding at the effective interest rate.

INTANGIBLE FIXED ASSETS

The third party costs associated with the acquisition of the 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 event will occur. Provision for the impairment is made when it becomes clear that any diminution in value is permanent. No amounts are included for players developed within the Club.

TANGIBLE FIXED ASSETS

Tangible fixed assets are stated at cost, net of depreciation and any provision from impairment.

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:

Short leasehold land and buildings	-	6.7 – 20% per annum straight line
Plant and equipment	-	8 – 33% per annum straight line
Motor vehicles	-	25% per annum straight line

Residual value is calculated on prices prevailing at the reporting date, after estimated costs of disposal for the asset as if it were at the age and in the condition expected at the end of its useful life.

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 profit or loss account over the period to which the income relates.

GRANTS

Grants received from the Football Trust in respect of the original building costs of the Britannia Stadium, the freehold of which is fully owned by a fellow subsidiary Company, Stoke City (Property) Limited, have been recognised as income when the associated performance conditions are met.

Grants received from the Football Trust and other awarding bodies in respect of other capital expenditure are recognised at the amount of the grant receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received. Grants are recognised as income when the associated performance conditions are met.

Stoke City Football Club Limited

ACCOUNTING POLICIES

GRANTS (Continued)

Grants received in respect of revenue expenditure and financial support are recognised as income in the year in which the relevant expenditure is incurred.

STOCKS

Stocks are valued at the lower of cost and estimated selling price less costs to sell. Cost is determined using the first in, first out cost basis.

At each reporting date, the Company assesses whether stocks are impaired or if an impairment loss recognised in prior periods has reversed. Any excess of the carrying amount of stock over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

Stocks are stated net of a provision of £nil (2015: £91,000).

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 evenly over the period of the player's contract. At the time of a player disposal any excess signing on fees accrued or paid but not recognised are allocated in full against the profit on disposal of players' registrations in the year in which the player disposal is made.

Loyalty bonuses are recognised as an expense when all the conditions relating to the loyalty bonus are met.

TAXATION

The tax expense represents the sum of the current tax expense and deferred tax expense. Current tax assets are recognised when tax paid exceeds the tax payable.

Current tax is based on taxable profit for the year. Taxable profit differs from total comprehensive income because it excludes items of income or expense that are taxable or deductible in other periods. Current tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled based on tax rates that have been enacted or substantively enacted by the reporting date. Deferred tax is not discounted.

Deferred tax liabilities are recognised in respect of all timing differences that exist at the reporting date. Timing differences are differences between taxable profits and total comprehensive income that arise from the inclusion of income and expenses in tax assessments in different periods from their recognition in the financial statements. Deferred tax assets are recognised only to the extent that it is probable that they will be recovered by the reversal of deferred tax liabilities or other future taxable profits.

Current and deferred tax is charged or credited in profit or loss, except when it relates to items charged or credited to other comprehensive income or equity, when the tax follows the transaction or event it relates to and is also charged or credited to other comprehensive income, or equity.

Current tax assets and current tax liabilities and deferred tax assets and deferred tax liabilities are offset, if and only if, there is a legally enforceable right to set off the amounts and the entity intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

LEASES

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

Stoke City Football Club Limited

ACCOUNTING POLICIES

COMPENSATED ABSENCES

Accumulated compensated absences accrual arises when employees render services that give rise to their entitlement to future compensated absences that have not been taken at the period end. The cost accrued is the amount that would be expected to be paid as a result of the unused entitlement.

RETIREMENT BENEFITS

Certain 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 profit or loss as they become payable. The differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet. In addition a provision has been established for future enhanced contributions following instruction from the actuaries of the Schemes.

Contributions are also paid to individuals' money purchase pension schemes. The contributions are charged to profit or loss in the year in which they become payable. The assets of all the pension schemes are held separately from those of the company in independently administered schemes.

FINANCIAL INSTRUMENTS

The Company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102, in full, to all of its financial instruments.

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument, and are offset only when the Company currently has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Financial assets

Trade debtors, group balances and other debtors

Trade debtors, group and other debtors which are receivable within one year are initially measured at the transaction price. The debtors are subsequently measured at amortised cost, being the transaction price less any amounts settled and any impairment losses.

A provision for impairment of trade debtor, group and other debtors is established when there is objective evidence that the amounts due will not be collected according to the original terms of the contract. Impairment losses are recognised in profit or loss for the excess of the carrying value of the debtor over the present value of the future cash flows discounted using the original effective interest rate. Subsequent reversals of an impairment loss that objectively relate to an event occurring after the impairment loss was recognised, are recognised immediately in profit or loss.

Debtors are stated net of a provision of £418,000 (2015: £251,000).

Financial liabilities or equity instruments

Financial instruments are classified as liabilities and equity instruments according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities.

Stoke City Football Club Limited

ACCOUNTING POLICIES

FINANCIAL INSTRUMENTS (Continued)

Equity instruments

Financial instruments classified as equity instruments are recorded at the fair value of the cash or other resources received or receivable, net of direct costs of issuing the equity instruments.

Preference shares

Dividends on preference shares classified as liabilities are presented within interest payable and similar charges.

Trade creditors, group balances and other creditors

Trade, group and other creditors payable within one year are initially measured at the transaction price and subsequently measured at amortised cost, being the transaction price less any amounts settled.

Derecognition of financial assets and liabilities

A financial asset is derecognised only when the contractual rights to cash flows expire or are settled, or substantially all the risks and rewards of ownership are transferred to another party, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party. A financial liability (or part thereof) is derecognised when the obligation specified in the contract is discharged, cancelled or expires.

RESERVES

Share Premium

Consideration for shares issued above their nominal value net of transaction costs.

Profit and loss account

Cumulative profit and loss net of distribution to owners.

Stoke City Football Club Limited

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 May 2016

1 CRITICAL ACCOUNTING ESTIMATES AND AREAS OF JUDGEMENT

Estimates, Judgements and assumptions

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. The directors consider there are no estimates, judgements and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Player impairment

Provision for impairment is made when it becomes clear that any diminution in value is permanent. In certain circumstances there may be an individual player whom the company does not consider to be part of the first team squad going forwards and whom the directors have decided is unlikely to play for the first team for a significant part of the remaining duration of the player's contract. In such situations the carrying value of the player will be assessed for impairment and considered against the best estimate of his fair value less costs to sell.

2 TURNOVER

Turnover, all of which arises from the Company's principal activity and derived solely from the United Kingdom, can be analysed into its main components as follows:

	2016 £000	2015 £000
Gate receipts	8,420	7,611
Sponsorship and advertising	8,874	7,482
Television and media	79,471	77,372
Conferencing and hospitality	3,584	3,681
Other operating income	1,203	1,115
Retail and merchandising	2,617	2,312
	<hr/>	<hr/>
	104,169	99,573
	<hr/>	<hr/>

3 INTEREST RECEIVABLE AND SIMILAR INCOME

	2016 £000	2015 £000
Bank interest	100	42
	<hr/>	<hr/>

Stoke City Football Club Limited

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 May 2016

4 PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

	2016 £000	2015 £000
Profit on ordinary activities before taxation is stated after charging/(crediting):		
Depreciation and amounts written off tangible fixed assets:		
Charge for the year:		
Owned assets	280	261
Amortisation of intangible fixed assets	17,578	12,436
Impairment of player registrations	138	-
Operating lease rentals:		
Land and buildings	1,146	913
Exchange losses	519	40
Profit on disposal of fixed assets	(19)	(63)
Stock:		
- Amounts expensed to operating expenses	947	888
- Reversal of stock impairment provision	(91)	(18)
	<hr/>	<hr/>
Audit services:		
Statutory audit	20	19
Audit-related assurance services	8	8
Other services:		
Taxation compliance services	4	3
Taxation advisory services	5	4
All other non-audit services	2	-
	<hr/>	<hr/>
	39	34
	<hr/>	<hr/>

5 EMPLOYEES

	2016 Number	2015 Number
The average monthly number of persons (including Directors) employed by the Company during the year was:		
Full time playing staff and scholars	67	69
Other	223	203
	<hr/>	<hr/>
	290	272
	<hr/>	<hr/>

In addition to the above the Company employed an average of 71 (2015: 55) match-day staff during the year.

Stoke City Football Club Limited

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 May 2016

5 EMPLOYEES (continued)

	2016 £000	2015 £000
Staff costs for the above persons:		
Wages and salaries	72,149	58,670
Social security costs	9,900	8,086
Other pension costs	244	241
	<u>82,293</u>	<u>66,997</u>

DIRECTORS' REMUNERATION AND HIGHEST PAID DIRECTOR	2016 £000	2015 £000
Emoluments	865	750
Pension fund contributions	69	51
	<u>934</u>	<u>801</u>

The number of Directors to whom relevant benefits are accruing under money purchase pension schemes was 1 (2015: 1).

The remuneration of the other directors is paid by Hillside (Shared Services) Limited and bet365 Group Limited and is disclosed in the financial statements of those Companies.

6 PLAYER TRADING

	2016 £000	2015 £000
Amortisation and impairment of intangible fixed assets	(17,716)	(12,436)
Profit on disposal of players' registrations	14,333	1,684
	<u>(3,383)</u>	<u>(10,752)</u>

Stoke City Football Club Limited

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 May 2016

7 TAXATION

	2016 £000	2015 £000
Total current and deferred tax on operating profit on ordinary activities	-	-
Factors affecting tax charge for the year:	2016 £000	2015 £000
The tax assessed for the year is lower (2015: lower) than the standard rate of corporation tax in the UK 20% (2015: 20%). The differences are explained below:		
Profit on ordinary activities before taxation	2,055	5,246
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK 20% (2015: 20%)	411	1,049
<i>Effects of:</i>		
Expenses not deductible for tax purposes	8	16
Non-taxable income	(44)	(53)
Tax losses utilised	-	(977)
Losses group relieved	360	-
Unprovided deferred tax	(20)	(35)
Adjustments in respect of prior periods	(715)	-
Current tax charge for the year	-	-

Factors that may affect the future tax charge:

Deferred tax assets of £0.05m (2015: £0.47m) relating to tax losses and £0.10m (2015: £0.11m) relating to fixed asset timing differences and £0.03m (2015: £0.05m) relating to other 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 2016

8 INTANGIBLE FIXED ASSETS

	Players registrations £000
<i>Cost</i>	
At beginning of year	77,343
Additions	51,388
Disposals	(24,226)
	<hr/>
At end of year	104,505
	<hr/>
<i>Amortisation</i>	
At beginning of year	63,135
Charge for year	17,578
Impairment	138
Disposals	(22,717)
	<hr/>
At end of year	58,134
	<hr/>
<i>Net book value</i>	
At 31 May 2016	46,371
	<hr/>
At 31 May 2015	14,208
	<hr/>

The amortisation charge for the year is recognised within operating expenses.

The carrying amount of £46,509,000 (2015: £14,208,000) has a remaining amortisation period of up to 5 years (2014: up to 5 years).

Stoke City Football Club Limited

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 May 2016

9	TANGIBLE FIXED ASSETS			
		Short leasehold land and buildings £000	Plant, equipment and motor vehicles £000	Total £000
	<i>Cost</i>			
	At beginning of year	934	1,799	2,733
	Additions	98	232	330
	Disposals	(2)	(368)	(370)
	At end of year	1,030	1,663	2,693
	<i>Depreciation</i>			
	At beginning of year	775	1,320	2,095
	Charge for year	27	253	280
	On disposals	(2)	(368)	(370)
	At end of year	800	1,205	2,005
	<i>Net book value</i>			
	At 31 May 2016	230	458	688
	At 31 May 2015	159	479	638
10	STOCKS			
			2016	2015
			£000	£000
	Goods for resale		388	132

Stoke City Football Club Limited

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 May 2016

11 DEBTORS

	2016 £000	2015 £000
<i>Due within one year:</i>		
Trade debtors	9,604	4,449
Other debtors	71	147
Prepayments and accrued income	8,081	6,882
Amounts owed by Group undertakings	15,673	13,992
	<u>33,429</u>	<u>25,470</u>

Although repayable on demand the Company has confirmed it will only request repayment of the amounts owed by group undertakings when the undertaking has sufficient resources to repay the debt.

12 CREDITORS: Amounts falling due within one year

	2016 £000	2015 £000
Trade creditors	19,040	3,030
Amounts owed to Group undertakings	59,479	59,386
Other taxation and social security costs	8,286	5,841
Other creditors	5	9
Accruals and deferred income	29,059	22,578
	<u>115,869</u>	<u>90,844</u>

13 CREDITORS: Amounts falling due after more than one year

	2016 £000	2015 £000
Preference shares of £1 each (see note 15)	<u>1</u>	<u>1</u>

Stoke City Football Club Limited

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 May 2016

14 PROVISIONS FOR LIABILITIES

	Pension obligations £000
Balance at beginning of year	229
Decrease in liability	(52)
Paid in the year	(26)
	<hr/>
Balance at end of year	151
	<hr/>

Certain staff of the Company are members of either the Football League Limited Retirement Income Scheme, a defined benefit scheme, or the Football League Limited Pension and Life Assurance Scheme ("FLLPLAS"), a defined benefit scheme.

There is insufficient information to account for the scheme as a defined benefit plan, so it is accounted for as a defined contributions plan.

At 1 September 2014, an MFR deficit was identified in the scheme, of which a proportion was allocated to Stoke City Football Club Limited. 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 £151,000 at the year end (2015: £229,000). The Company expects to make contributions of £26,000 in the next accounting period.

In addition to the above the Company also contributes to a defined contribution scheme and makes contributions to employees' personal pension plan.

Contributions to all pension schemes totalling £244,000 (2015: £241,000) were paid to the various schemes in the year. At the year end £nil (2015: £2,000) relating to unpaid contributions were included in accruals and deferred income.

Stoke City Football Club Limited

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 May 2016

15 SHARE CAPITAL

	2016 £000	2015 £000
<i>Allotted and called up:</i>		
35,690,321 Ordinary shares of £1 each	35,690	35,690
64,000 Ordinary I shares of £1 each	64	64
88,023 Ordinary Y shares of £1 each	88	88
1 Ordinary W shares of £1 each	-	-
	<hr/>	<hr/>
Equity shareholders	35,842	35,842
	<hr/>	<hr/>
Non-Equity: preference shares of £1 each	1	1
Cumulative preference A Shares of £1 each	-	-
Cumulative preference B shares of £1 each	-	-
	<hr/>	<hr/>
	1	1
	<hr/>	<hr/>

The I, Y and W ordinary shares attach various voting rights, in all other respects the shares rank pari passu.

The preference shares are non-redeemable and carry no interest coupon.

Stoke City Football Club Limited

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 May 2016

16 RECONCILIATION OF PROFIT AFTER TAX TO NET CASH GENERATED FROM OPERATIONS

	2016 £000	2015 £000
Profit after tax	2,055	5,246
<i>Adjustments for:</i>		
Profit on disposal of player registrations	(14,333)	(1,684)
Profit on disposal of fixed assets	(19)	(63)
Interest receivable and similar income	(100)	(42)
Impairment and amortisation of intangible assets	17,716	12,436
Depreciation of tangible assets	280	261
Decrease in provisions	(78)	(138)
Operating cash flow before movements in working capital	5,521	16,016
(Increase)/decrease in stock	(256)	32
Increase in debtors	(7,959)	(3,769)
Increase/(decrease) in creditors	25,025	(1,743)
Cash generated from operations	22,331	10,536
CASH AND CASH EQUIVALENTS	2016 £	2015 £
Cash and cash equivalents represent:-		
Cash at bank	12,779	26,205

17 CAPITAL COMMITMENTS AND OTHER CONTRACTUAL OBLIGATIONS

	2016 £000	2015 £000
Commitments for the acquisition of a motor vehicle	-	33

Stoke City Football Club Limited

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 May 2016

18 COMMITMENTS UNDER OPERATING LEASES

The total future minimum lease payments under non-cancellable operating leases are as follows:

	2016 £000	2015 £000
Amounts due:		
In less than one year	91	91
In one to five years	2	147
	<hr/>	<hr/>
	93	238
	<hr/>	<hr/>

19 CONTINGENT LIABILITIES AND ASSETS

In accordance with the Company's accounting policies for Intangible fixed assets, transfer fees linked to player contracts and other contracts in place, any additional fees under these agreements are accounted for in the year that it becomes probable that the condition is fulfilled.

Additional fees under these contracts that may therefore be payable or receivable if certain conditions are met in the future, such as retention in the Premier League and activities of other football clubs, have been estimated by the directors at the year end date as a net liability of £3,155,000 (2015: £4,354,000).

20 POST BALANCE SHEET EVENTS

Subsequent to the year end, the Company has acquired player registrations at an initial cost of £19,108,000. The Company has also disposed of player registrations, with initial proceeds on these being £2,000,000 and whose net book value at the year end was £157,000.

Stoke City Football Club Limited

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 May 2016

21 RELATED PARTY TRANSACTIONS

During the financial year the Company had the following transactions with related parties:

<i>Description of relationship</i>	<i>Description of transactions</i>	<i>2016 Aggregate value for financial year £000</i>	<i>Net amount owed to / (by) the company £000</i>	<i>2015 Aggregate value for financial year £000</i>	<i>Net amount owed to / (by) the company £000</i>
Fellow subsidiary	Rent and facilities recharge	(5,187)	15,673	(3,496)	13,992
	Funding	5,974	-	4,780	-
Holding company	Loans	(82)	(59,458)	(2,000)	(59,376)
Fellow subsidiaries	Sponsorship	2,000	(21)	2,000	(1)
	Sales and net recharges	10	-	(100)	-
Common ownership	Sales and recharges	533	(90)	689	(99)
	Purchases	(1,057)	-	(1,250)	-

The above transactions were entered into at arm's length and with normal terms and conditions except no interest is charged on the intergroup balances.

22 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 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 Denise Coates CBE and her family. The consolidated financial statements 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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 May 2016

23 FIRST TIME ADOPTION OF FRS 102

Reconciliations and descriptions of the effect of the transition to FRS 102 on; (i) equity at the date of transition to FRS 102; (ii) equity at the end of the comparative period; and (iii) profit or loss for the comparative period reported under previous UK GAAP are given below.

Under FRS 102, the Statement of Cash Flows presents changes in cash and cash equivalents (which include cash in hand, deposits repayable on demand and overdrafts and short-term, highly liquid investments), showing changes arising from operating activities, investing activities and financing activities separately. Under previous UK GAAP, the Cash Flow Statement presented changes in cash (which includes cash in hand, deposits repayable on demand and overdrafts) under the headings of operating activities, returns on investments and servicing of finance, taxation, capital expenditure and financial investment, acquisitions and disposals, equity dividends paid, management of liquid resources, and financing.

RECONCILIATION OF EQUITY	Note	1 June 2014 £'000	31 May 2015 £'000
Equity as previously reported under previous UK GAAP		(28,412)	(22,696)
Compensated absences accrual	A	(3,157)	(3,574)
Release of deferred grant	B	1,902	1,849
Equity reported under FRS 102		<u>(29,667)</u>	<u>(24,421)</u>

RECONCILIATION OF PROFIT	Note	Year ended 31 May 2015 £'000
Profit as previously reported under previous UK GAAP		5,716
Compensated absences accrual	A	(417)
Reversal of deferred grant income recognised	B	(53)
Profit reported under FRS 102		<u>5,246</u>

Note A

An adjustment has been made to provide for accumulated compensated absences that have not yet been taken at the period end date.

Note B

The Company has applied a performance model accounting policy on adoption of FRS 102. As the conditions of the grant relating to the original building costs of the bet365 Stadium have been fully met the grant has been released in full at transition.