

NORWICH CITY FOOTBALL CLUB PLC

ANNUAL REPORT For the year ended 31 May 2009

DIRECTORS AND OFFICIALS

BOARD OF DIRECTORS:

A J Bowkett (Chairman)
M M Foulger (Deputy Chairman)
D McNally (Chief Executive)
S Phillips
Ms D A Smith
E M S Wynn Jones

COMPANY SECRETARY:

S Gordon (Director of Finance and Operations)

OTHER SENIOR EXECUTIVES:

P Lambert (Football Manager)
K Platt (Club Secretary)

COMPANY NUMBER:

154044

REGISTERED OFFICE:

Carrow Road
Norwich
NR1 1JE

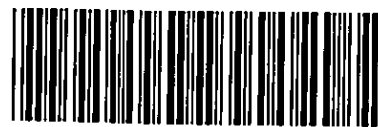
AUDITOR:

Grant Thornton UK LLP
Kingfisher House
1 Gilders Way
St James Place
Norwich
NR3 1UB

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NORWICH CITY FOOTBALL CLUB PLC

REPORT OF THE DIRECTORS

The directors present their report and the consolidated financial statements for the year ended 31 May 2009.

Principal activity

The company's principal activity is that of a professional football club. The principal activities of the subsidiary undertakings are shown in note 14.

Results and dividends

The loss for the year after taxation amounted to £4,979,000 (2008: £2,292,000).

A dividend on the 'A' preference shares of £508 (2008: £508) and on the 'B' preference shares of £58,000 (2008: £57,000) has been reserved for the year ended 31 May 2009 (note 10).

Key performance indicators

The Club uses a variety of performance measures in order to monitor and manage the business effectively. These are both financial and non-financial measures and include the following key performance indicators (KPI's):

	2009	2008
Average league attendance (number)	24,541	24,527
Season tickets sold (number)	20,200	19,556
Player wage costs as a percentage of turnover (%)	41	35
Cash balance at the year end (£'000)	826	1,378
Group operating loss excluding player amortisation and player trading (£'000)	(3,563)	(3,231)

Directors

The directors of the company who served during the year and, in respect of directors in office at the year end, their beneficial interests in the company's issued share capital were:

	Ordinary shares of £1 each		'B' preference shares of £1 each	
	31 May 2009	1 June 2008	31 May 2009	1 June 2008
R J Munby (resigned 31 May 2009)	N/A	244	-	-
M M Foulger	18,200	18,200	4,400	2,400
Ms D A Smith	100	100	-	-
E M S Wynn Jones	100	100	-	-
Ms D A Smith and E M S Wynn Jones (jointly)	327,309	327,309	3,025	3,025
N A Doncaster (resigned 3 July 2009)	100	103	1	1
A C Turner (resigned 19 August 2008)	N/A	100	N/A	-
Mrs S L Turner (resigned 19 August 2008)	N/A	100	N/A	-
A C Turner and Mrs S L Turner (jointly)	N/A	5,000	N/A	150

None of the directors had a beneficial interest in the 'A' preference shares of £1 each.

A J Bowkett, D McNally and S Phillips were appointed directors on 2 July 2009.

Directors and officers liability insurance

During the year the group maintained liability insurance for its directors and officers, as permitted by Section 233 of the Companies Act 2006.

Share capital

During the year 84 (2008: 207) £1 ordinary shares were issued at a cost of £30 each and 2,000 (2008: Nil) 'B' £1 preference shares were issued at a cost of £100 each.

NORWICH CITY FOOTBALL CLUB PLC

REPORT OF THE DIRECTORS (continued)

Future outlook

After relegation from the Football League Championship, the Club finds itself competing in the third tier of English football for the first time in fifty years. The primary aim of the Club is to make an immediate return to the Championship and continue in its ultimate objective of promotion to the Premier League.

Financial risk management objectives and policies

In common with other businesses, the group aims to minimise financial risk. The principal business risks are a reduction in attendances in the event that team performances are below expectation and that the Club has insufficient cashflow to meet its obligations for the 2009/2010 season. The directors are aware of the issues and have implemented a strategy to mitigate the risks. The group annually prepares 18 month rolling budgets and monitors the actual performance against these budgets. In addition the group prepares rolling cashflow forecasts to make sure that cash is managed effectively. As part of the strategy the Club has implemented a number of initiatives to ensure the group has sufficient cash resources to meet its day to day requirements (see going concern section below).

The financial assets that expose the group to financial risk include cash and trade debtors. Cash is held in bank accounts with the Bank of Scotland. A large proportion of the trade debtor balance is due from other football clubs and the risk of non-payment is considered minimal due to football clubs' status as football creditors under the Football League articles of association. All other trade debtors are monitored closely to minimise the risk of bad debts. The directors are of the opinion that the risks associated with the group's financial liabilities are minimal.

A significant proportion of the group's interest commitments are to its bondholders. The interest rate on the bonds was fixed in 2003 for the duration of the bonds thus mitigating any risk associated with Bank of England base rate increases. Interest rate risk associated with all other borrowings is reviewed on a regular basis and, where appropriate, rates are fixed to mitigate the exposure to rate fluctuations.

Going concern

In assessing the appropriateness of the going concern assumption the directors have prepared a detailed cash flow forecast covering a period to 31 May 2011 and have considered any uncertainties in relation to income and costs along with the requirement to make deferred interest and loan repayments as they fall due on 31 May 2010, 1 November 2010 and 1 May 2011.

The forecast has been prepared on the basis of continued League One status and demonstrates that, in order to operate within the Club's existing finance facilities, additional funds of £2.9m will need to be generated to cover the deficit from 31 May 2010 to 31 May 2011. The Club is actively pursuing a strategy to raise sufficient funds through increased income, additional investment and/or disposal of non core assets and has instructed professional advisors to assist with its strategy.

The Club's primary creditors, AXA Investment Managers Limited and Bank of Scotland, have agreed to continue to support the Club until at least 31 May 2010. In addition, the Club has received an indicative but non-binding letter from AXA Investment Managers Limited stating that they wish to continue to work with the Club and its bankers on a consensual restructuring which would include a waiver of outstanding payments and the provision of interest-free and capital-free periods in the longer term which will reduce the additional funds required by the Club to cover the period from 31 May 2010 to 31 May 2011. Bank of Scotland have also indicated an intention to support the Club beyond 31 May 2010.

The directors believe there is a reasonable prospect that adequate funding arrangements can be agreed beyond 31 May 2010 and have therefore concluded that it is appropriate for the financial statements to be prepared on the going concern basis. Accordingly no provisions, reclassifications, or adjustments have been made in these financial statements to reflect the impact of the Club not being able to continue in business.

Asset values

Accounting Standards require the Club to value its assets using specific criteria. At the year end there were 12 players for which the cost of their player registration has been capitalised and was still being amortised over the period of the respective players contract. The combined net book value of these 12 players is valued at £1.2m as at 31 May 2009.

The Carrow Road stadium and other land and buildings are currently stated at £34.5m, being valued on a historical cost basis less accumulated depreciation (land is not depreciated).

NORWICH CITY FOOTBALL CLUB PLC

REPORT OF THE DIRECTORS (continued)

In the opinion of the directors, the market value of the land and buildings at 31 May 2009 would exceed the book value included in the financial statements, but they are unable to quantify this excess in the absence of a full professional valuation. A national property adviser has been appointed to undertake a review and valuation of all Group assets, therefore this view will be verified in the near future.

Post balance sheet events

Details of post balance sheet events are given in note 35 to the financial statements.

Charitable donations

The Club issued more than 200 pairs of tickets to local charities and also donated £5,000 to Football In The Community using monies distributed to the Club from the FA Community Shield.

Payments to suppliers

The group's policy in relation to all its suppliers is to settle the terms of payment when agreeing the transaction and to abide by those terms, provided that it is satisfied that the supplier has provided the goods or service in accordance with the agreed terms and conditions. The group does not follow any code or standard of payment practice.

The ratio expressed in days between amounts invoiced to the group by its suppliers in the year and the amounts owed to its trade creditors at the end of the year was 22 (2008: 56) days.

Statement of directors' responsibilities

The directors are responsible for preparing the Report of the directors 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 financial statements in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). The financial statements are required by law to give a true and fair view of the state of affairs of the group and the company and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

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

The directors are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the group 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 group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as each of the directors is aware:

- there is no relevant audit information of which the group's auditor is unaware; and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Auditor

Grant Thornton UK LLP offer themselves for reappointment as auditor in accordance with s485(4) of the Companies Act 2006.

BY ORDER OF THE BOARD

S Gordon

Company Secretary

31 December 2009



NORWICH CITY FOOTBALL CLUB PLC

INDEPENDENT AUDITOR'S REPORT to the Members of Norwich City Football Club PLC

We have audited the financial statements of Norwich City Football Club PLC for the year ended 31 May 2009 which comprise the consolidated profit and loss account, the consolidated statement of total recognised gains and losses, the balance sheets, the consolidated cash flow statement, the reconciliation of net cash flow to movement in net debt and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Sections 495 and 496 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 explained more fully in the statement of directors' responsibilities on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/UKNP.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent company's affairs as at 31 May 2009 and of the group's loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Emphasis of matter - going concern

In forming our opinion on the financial statements, which is not qualified, we have considered the adequacy of the disclosures in the accounting policies, note 1.2, concerning the company's ability to continue as a going concern. The company is in negotiation with its primary lenders, AXA Investment Managers Limited and the Bank of Scotland, who have indicated their continued support to 31 May 2010. The company is actively working with its lenders to achieve a longer term solution to the funding issues facing the company which could involve the deferral of capital repayments and interest due to be paid in May 2010 and November 2010, the raising of additional investment and/or the disposal of non core assets. There is no certainty that this action will be successful or that facilities will be renewed.

These conditions indicate the existence of an uncertainty which may cast doubt about the company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the company was unable to continue as a going concern.

Opinion on other matter prescribed by the Companies Act 2006

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

NORWICH CITY FOOTBALL CLUB PLC

INDEPENDENT AUDITOR'S REPORT to the Members of Norwich City Football Club PLC (continued)

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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.



NIGEL SAVORY
SENIOR STATUTORY AUDITOR
FOR AND ON BEHALF OF GRANT THORNTON UK LLP
STATUTORY AUDITOR, CHARTERED ACCOUNTANTS
NORWICH
31 December 2009

NORWICH CITY FOOTBALL CLUB PLC

CONSOLIDATED PROFIT AND LOSS ACCOUNT For the year ended 31 May 2009

	Note	Operations excluding player trading £'000	Player trading £'000	Continuing operations 2009 Total £'000	2008 Total £'000
Turnover: group and share of joint venture	1, 2	18,201	-	18,201	19,176
Less: share of joint venture turnover		(272)	-	(272)	(216)
Group turnover		17,929	-	17,929	18,960
Operating expenses	4	(22,106)	(1,411)	(23,517)	(23,817)
Other operating income	3	360	-	360	-
Group operating loss		(3,817)	(1,411)	(5,228)	(4,857)
Gain on disposal of players' registrations	11	-	909	909	3,465
Share of operating profit in joint venture		254	-	254	208
Group operating loss including share of joint venture		(3,563)	(502)	(4,065)	(1,184)
Profit on sale of subsidiary undertaking	14			122	-
Interest receivable and similar income	7				
- Group				46	166
Share of joint venture				25	38
				71	204
Interest payable and similar charges	8				
- Group				(1,478)	(1,561)
- Share of joint venture				(214)	(231)
				(1,692)	(1,792)
Loss on ordinary activities before taxation				(5,564)	(2,772)
Tax on loss on ordinary activities	9			585	480
Loss on ordinary activities after taxation				(4,979)	(2,292)
Equity minority interest				(7)	(5)
Loss for the financial year	25			(4,986)	(2,297)

CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES For the year ended 31 May 2009

	2009 £'000	2008 £'000
Loss for the financial year	(4,986)	(2,297)
Unrealised (deficit)/surplus on revaluation of investment property in joint venture	(1,023)	1,588
Total recognised gains and losses relating to the year	(6,009)	(709)
The accompanying accounting policies and notes form an integral part of these financial statements.		

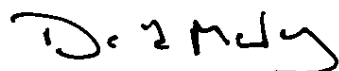
NORWICH CITY FOOTBALL CLUB PLC

CONSOLIDATED BALANCE SHEET At 31 May 2009

	Note	2009 £'000	2008 £'000
Fixed assets			
Intangible fixed assets	12	1,165	2,225
Tangible fixed assets	13	35,496	37,098
Investment - associated undertaking	14	28	-
Investment - joint venture	14		
- share of gross assets		3,967	5,265
- share of gross liabilities		(3,327)	(3,667)
		640	1,598
		37,329	40,921
Current assets			
Stocks	15	395	266
Debtors	16	6,474	7,246
Cash at bank and in hand		826	1,378
		7,695	8,890
Creditors: amounts falling due within one year	17	(13,593)	(16,714)
Net current liabilities		(5,898)	(7,824)
Total assets less current liabilities		31,431	33,097
Creditors: amounts falling due after more than one year	18	(19,578)	(14,523)
Accruals and deferred income	19	(2,358)	(2,456)
Provisions for liabilities	20	(283)	(873)
Net assets		9,212	15,245
Capital and reserves			
Called up equity share capital	23	536	535
Share premium account	24	8,732	8,730
Revaluation reserves	24	636	1,659
Capital redemption reserve	24	34	34
Profit and loss account	25	(726)	4,260
Shareholders' funds	26	9,212	15,218
Equity minority interest		-	27
		9,212	15,245

The financial statements were approved by the board of directors, signed and authorised for issue on 31 December 2009.

D McNally
Director



The accompanying accounting policies and notes form an integral part of these financial statements.

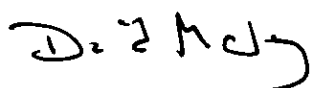
NORWICH CITY FOOTBALL CLUB PLC

COMPANY BALANCE SHEET At 31 May 2009

	Note	2009 £'000	2008 £'000
Fixed assets			
Intangible fixed assets	12	1,165	2,225
Tangible fixed assets	13	33,306	34,866
Fixed asset investments	14	341	326
		<u>34,812</u>	<u>37,417</u>
Current assets			
Stocks	15	395	266
Debtors	16	7,068	7,590
Cash at bank and in hand		825	1,285
		<u>8,288</u>	<u>9,141</u>
Creditors: amounts falling due within one year	17	<u>(13,207)</u>	<u>(13,604)</u>
Net current liabilities		<u>(4,919)</u>	<u>(4,463)</u>
Total assets less current liabilities		<u>29,893</u>	<u>32,954</u>
Creditors: amounts falling due after more than one year	18	(17,090)	(14,523)
Accruals and deferred income	19	(2,358)	(2,456)
Provisions for liabilities	20	-	(584)
Net assets		<u>10,445</u>	<u>15,391</u>
Capital and reserves			
Called up equity share capital	23	536	535
Share premium account	24	8,732	8,730
Revaluation reserve	24	71	71
Capital redemption reserve	24	34	34
Profit and loss account	25	1,072	6,021
Shareholders' funds		<u>10,445</u>	<u>15,391</u>

The financial statements were approved by the board of directors, signed and authorised for issue on 31 December 2009.

D McNally
Director



The accompanying accounting policies and notes form an integral part of these financial statements.

NORWICH CITY FOOTBALL CLUB PLC

CONSOLIDATED CASH FLOW STATEMENT For the year ended 31 May 2009

	Note	2009		2008	
		£'000	£'000	£'000	£'000
Net cash outflow from operating activities	27		(3,147)		(1,932)
Returns on investments and servicing of finance	28		(1,447)		(1,516)
Capital expenditure and financial investment	28		334		2,444
Acquisitions and disposals	28		91		-
Corporation tax			-		(40)
Net cash outflow before financing			<u>(4,169)</u>		<u>(1,044)</u>
Financing					
Grant income	19	-		60	
Issue of shares	28	203		6	
Increase/(decrease) in debt	28	<u>2,320</u>		<u>(1,205)</u>	
			2,523		(1,139)
Decrease in cash in the year			<u><u>(1,646)</u></u>		<u><u>(2,183)</u></u>

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT For the year ended 31 May 2009

	Note	2009	2008
		£'000	£'000
Decrease in cash in the year	29	(1,646)	(2,183)
Cash flow from (increase)/decrease in debt	29	(2,320)	1,205
Cash flow from increase in preference shares	29	(200)	-
		<u>(4,166)</u>	<u>(978)</u>
Non cash movement in finance leases and hire purchase contracts		-	(126)
Change in net debt resulting from cash flows		<u>(4,166)</u>	<u>(1,104)</u>
Net debt at 1 June 2008		(18,780)	(17,676)
Net debt at 31 May 2009	29	<u><u>(22,946)</u></u>	<u><u>(18,780)</u></u>

The accompanying accounting policies and notes form an integral part of these financial statements.

NORWICH CITY FOOTBALL CLUB PLC

NOTES TO THE ANNUAL REPORT For the year ended 31 May 2009

1 ACCOUNTING POLICIES

1.1 Basis of preparation of financial statements

The financial statements have been prepared in accordance with applicable United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and under the historical cost convention, as modified by the valuation of certain freehold land and buildings and the investment property in the joint venture company. In addition, the financial statements have also been prepared in accordance with the document 'Financial Reporting Guidance for Football Clubs' issued by The Football League, The FA Premier League and the FA.

1.2 Going concern

The financial statements have been prepared on the going concern basis notwithstanding the losses incurred during the year and the net current liabilities at the balance sheet date.

In assessing the appropriateness of the going concern assumption the directors have prepared a detailed cash flow forecast covering a period to 31 May 2011 and have considered any uncertainties in relation to income and costs along with the requirement to make deferred interest and loan repayments as they fall due on 31 May 2010, 1 November 2010 and 1 May 2011.

The forecast has been prepared on the basis of continued League One status and demonstrates that in order to operate within the Club's existing finance facilities, additional funds of £2.9m will need to be generated to cover the deficit from 31 May 2010 to 31 May 2011. The Club is actively pursuing a strategy to raise sufficient funds through increased income, additional investment and/or disposal of non core assets and has instructed professional advisors to assist with its strategy.

The Club's primary creditors, AXA Investment Managers Limited and Bank of Scotland, have agreed to continue to support the Club until at least 31 May 2010. In addition, the Club has received an indicative but non-binding letter from AXA Investment Managers Limited stating that they wish to continue to work with the Club and its bankers on a consensual restructuring which would include a waiver of outstanding payments and the provision of interest-free and capital-free periods in the longer term which will reduce the additional funds required by the Club to cover the period from 31 May 2010 to 31 May 2011. Bank of Scotland have also indicated an intention to support the Club beyond 31 May 2010.

The directors believe that there is a reasonable prospect that adequate funding arrangements can be agreed beyond 31 May 2010 and have therefore concluded that it is appropriate for the financial statements to be prepared on the going concern basis. Accordingly no provisions, reclassifications, or adjustments have been made in these financial statements to reflect the impact of the Club not being able to continue in business.

1.3 Consolidated financial statements

The financial statements incorporate the financial statements of Norwich City Football Club PLC and its subsidiary undertakings. With the exception of Kerrison Hotel Limited, which has a year end of 31 March 2009, the financial statements of all group undertakings are made up to 31 May 2009. A separate profit and loss account has not been included for Norwich City Football Club PLC by virtue of Section 408 of the Companies Act 2006. The loss for the year relating to this company of £4,949,000 (2008: £2,265,000) is included in the consolidated profit and loss account.

Joint ventures are accounted for in accordance with Financial Reporting Standard 9 'Associates and Joint Ventures'.

1.4 Turnover

Turnover comprises net gate and ticket receipts, sports contracts, television and sponsorship revenue, catering, shop, programme, lottery and rental income, excluding value added tax. Turnover is the total amount excluding value added tax, receivable by the group in the ordinary course of business. Net gate and ticket receipts are recognised when the match is played; sports contracts, television and sponsorship revenue is recognised over the contract or sponsorship period; rental income is recognised over the rental period; all other income is recognised as it becomes receivable in line with the service provided.

NORWICH CITY FOOTBALL CLUB PLC

NOTES TO THE ANNUAL REPORT For the year ended 31 May 2009

ACCOUNTING POLICIES (CONTINUED)

1.5 Financial instruments

Financial liabilities and equity instruments are classified 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 entity after deducting all of its financial liabilities.

Where the contractual obligations of financial instruments (including share capital) are equivalent to a similar debt instrument, those financial instruments are classed as financial liabilities. Financial liabilities are presented as such in the balance sheet. Finance costs and gains or losses relating to financial liabilities are included in the profit and loss account. Finance costs are calculated so as to produce a constant rate of return on the outstanding liability.

Where the contractual terms of share capital do not have any terms meeting the definition of a financial liability then this is classed as an equity instrument. Dividends and distributions relating to equity instruments are debited direct to equity.

1.6 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost or valuation less depreciation. Depreciation is provided at rates calculated to write off the cost or valuation of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Freehold land	- not depreciated
Freehold buildings	- straight line over 40 to 50 years or remaining useful life if less
Plant and machinery	- straight line over 5 to 6 years
Motor vehicles	- straight line over 5 years

In adopting Financial Reporting Standard 15 'Tangible Fixed Assets', the directors have chosen to adopt the transitional rule by retaining the book amount rather than adopting the latest valuation or reverting to historical cost.

1.7 Leases

Rentals applicable on operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged to profit and loss account on a straight line basis over the term of the lease. The cost of assets acquired on finance leases and on hire purchase contracts are capitalised and written off over the estimated useful life of the asset. Lease finance charges represent a constant proportion of the capital balance outstanding and are allocated to accounting periods during the term of the lease.

1.8 Stocks

Stocks are valued at the lower of cost (on a first in, first out basis) and net realisable value after making due allowance for obsolete and slow-moving stocks.

1.9 Taxation

The charge for taxation is based on the result for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. In accordance with Financial Reporting Standard 19 'Deferred Taxation', provision is made for deferred taxation liabilities in respect of all timing differences that have originated but not reversed by the balance sheet date. Deferred tax assets are recognised to the extent that it is more likely than not that they will be recovered. Deferred tax balances are not discounted.

1.10 Deferred grant income

Grants relating to freehold buildings are being released to the profit and loss account on a straight line basis over 50 years or over the remaining useful life of the building if less.

NORWICH CITY FOOTBALL CLUB PLC

NOTES TO THE ANNUAL REPORT For the year ended 31 May 2009

ACCOUNTING POLICIES (CONTINUED)

1.11 Pensions

The group participates in a defined contribution pension scheme for certain employees and contributes to certain employees' personal pension schemes. The pension charge represents the amount payable by the group to the fund in respect of the year.

In addition, the group is making contributions in respect of its share of the deficit of the defined benefit section of The Football League Pension and Life Assurance Scheme ("the Scheme"). Contributions are charged to the profit and loss account when they are claimed by the Scheme. Under Financial Reporting Standard 17 'Retirement Benefits', the Scheme would be treated as a defined benefit multi-employer scheme. The Scheme's actuary has advised that the participating employers' share of the underlying assets and liabilities cannot be identified on a reasonable basis and accordingly no disclosures are made under the provisions of FRS 17.

The assets of all schemes are held in funds independent from the group.

1.12 Transfer income and intangible assets

Transfer income is credited to the profit and loss account, after deducting the net book value of the relevant player's registration.

In accordance with Financial Reporting Standard 10 'Goodwill and Intangible Assets' and Financial Reporting Guidance for Football Clubs, transfer fees, transfer levies payable and agents fees are capitalised as intangible assets. Amortisation is provided at rates calculated to write off the cost of the transfer over the duration of the player's contract.

Payments, which are contingent on the appearances and/or performance of a player, are not recognised until the events crystallising such payments are more likely than not to take place.

1.13 Finance costs

The finance costs of debt are allocated to periods over the term of the debt at a constant rate on the carrying amount. The carrying amount of debt is increased by the finance cost in respect of the reporting period and reduced by payments made in respect of the debt in that period. Immediately after issue, debt is stated at the amount of net proceeds, which will be net of issue costs.

2 TURNOVER

Turnover in respect of the business operations comprised:

	2009 £'000	2008 £'000
Gate receipts and ticket sales	7,763	7,754
Football Association and league income	1,939	2,626
Catering	3,460	3,668
Commercial	3,504	3,612
EventGuard (note 14)	471	662
Other income	792	638
Group turnover	17,929	18,960
Share of turnover in joint venture	272	216
Group and share of joint venture turnover	<u>18,201</u>	<u>19,176</u>

All turnover arose within the United Kingdom.

NORWICH CITY FOOTBALL CLUB PLC

NOTES TO THE ANNUAL REPORT For the year ended 31 May 2009

3 OTHER OPERATING INCOME

	2009 £'000	2008 £'000
Gift from M M Foulger (director) (note 33)	<u>360</u>	<u>-</u>

4 OPERATING EXPENSES

Total operating expenses comprised:

	2009 £'000	2008 £'000
Staff costs (note 5)	13,716	13,588
Depreciation of tangible fixed assets (note 13)		
- Owned by the group	1,681	1,645
- Held under finance leases and hire purchase contracts	42	38
Auditor's remuneration		
- Audit fees in respect of audit of the company's financial statements	20	20
- Fees paid in respect of other services - audit of the company's subsidiaries	5	6
- tax services	5	46
Operating lease rentals - hire of plant and machinery	18	22
Other operating expenses	6,619	7,034
	<u>22,106</u>	<u>22,399</u>
Amortisation of intangible fixed assets (note 12)	1,411	1,418
Total operating expenses	<u>23,517</u>	<u>23,817</u>

5 STAFF COSTS

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

	2009 £'000	2008 £'000
Wages and salaries	10,945	11,586
Other employment costs (including loan players)	1,578	725
	<u>12,523</u>	<u>12,311</u>
Social security costs	1,104	1,178
Pension costs (note 31)	89	99
	<u>13,716</u>	<u>13,588</u>

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

	Number of employees	
	2009	2008
Directors	5	6
Football (including academy and football support staff)	63	70
Other	131	134
	<u>199</u>	<u>210</u>

NORWICH CITY FOOTBALL CLUB PLC

NOTES TO THE ANNUAL REPORT For the year ended 31 May 2009

6 DIRECTORS' REMUNERATION

	2009 £'000	2008 £'000
Aggregate emoluments (including benefits)	185	179
Compensation for loss of office	95	-
Contributions to money purchase pension scheme (one (2008: one) director)	18	14
Amounts paid to third parties in respect of director's services	26	25

Amounts paid to third parties represents amounts paid to Strategic Marketing and Research Consultants Limited and SMRC Limited to compensate them for time spent by R J Munby on football club matters during the year.

7 INTEREST RECEIVABLE AND SIMILAR INCOME

	2009 £'000	2008 £'000
Group		
Bank interest receivable	46	161
Other interest receivable	-	5
	<u>46</u>	<u>166</u>
Joint venture		
Bank interest receivable	25	38
	<u>71</u>	<u>204</u>

8 INTEREST PAYABLE AND SIMILAR CHARGES

	2009 £'000	2008 £'000
Group		
Bank loans and overdrafts	241	321
Loan notes	971	987
Other similar charges	180	162
	<u>1,392</u>	<u>1,470</u>
Pension liability (note 31)	17	20
Finance leases and hire purchase contracts	10	13
Finance charges on shares classified as liabilities (note 10)	59	58
	<u>1,478</u>	<u>1,561</u>
Joint venture		
Bank loans and overdraft	214	231
	<u>1,692</u>	<u>1,792</u>

NORWICH CITY FOOTBALL CLUB PLC

NOTES TO THE ANNUAL REPORT For the year ended 31 May 2009

9 TAX ON LOSS ON ORDINARY ACTIVITIES

(a) Analysis of tax credit for the year:

	2009 £'000	2008 £'000
Based on the group loss for the year		
Current tax		
UK Corporation tax on loss of the year	-	70
Adjustments in respect of previous years	-	287
Current tax credit for the year (note 9(b))	-	357
Deferred tax		
Current year	568	224
Adjustments in respect of previous years	17	(142)
Change in rate of tax	-	41
Total deferred tax (note 21)	585	123
Tax on loss on ordinary activities	585	480

(b) Factors affecting the tax credit for the year:

The tax assessed for the year is higher than the standard rate of corporation tax in the UK (28% (2008: 30%)). The differences are explained below:

	2009 £'000	2008 £'000
Loss on ordinary activities before tax	(5,564)	(2,772)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 28% (2008: 30%) - expected credit	1,558	832
Effects of:		
Expenses not deductible for tax purposes	(51)	(170)
Charge in respect of shares classified as financial liabilities	(17)	(17)
Income not taxable	119	19
Depreciation on assets not qualifying for capital allowances	(331)	(350)
Capital allowances in excess of depreciation	69	178
Other timing differences	1	11
Losses carried forward	(1,348)	(433)
Adjustments in respect of previous years	-	287
Current tax credit for year (note 9(a))	-	357

(c) Factors that may affect future tax charges:

No provision has been made for deferred tax on gains recognised on the revalued land or capital gains which have been rolled over into other group assets as it is the intention to retain ownership of the revalued land and core capital assets for use in the existing business for the foreseeable future.

NORWICH CITY FOOTBALL CLUB PLC

NOTES TO THE ANNUAL REPORT For the year ended 31 May 2009

10 DIVIDENDS ON SHARES CLASSIFIED AS FINANCIAL LIABILITIES

	2009 £'000	2008 £'000
Dividend payable		
'A' preference shares	1	1
'B' preference shares	58	57
	<u>59</u>	<u>58</u>

11 GAIN ON DISPOSAL OF PLAYERS' REGISTRATIONS

	2009 £'000	2008 £'000
Gain on disposal of players' registrations	764	3,431
Loss on termination of players' registrations	(55)	(164)
Appearance related receipts for former players	200	93
Refund of League Levy	-	105
	<u>909</u>	<u>3,465</u>

12 INTANGIBLE FIXED ASSETS

	Cost of players registrations £'000
Group and company	
Cost	
At 1 June 2008	5,902
Additions	1,059
Disposals	(3,263)
At 31 May 2009	<u>3,698</u>
Amortisation	
At 1 June 2008	3,677
Charge for the year	1,411
Disposals	(2,555)
At 31 May 2009	<u>2,533</u>
Net book value at 31 May 2009	<u>1,165</u>
Net book value at 31 May 2008	<u>2,225</u>

NORWICH CITY FOOTBALL CLUB PLC

NOTES TO THE ANNUAL REPORT For the year ended 31 May 2009

13 TANGIBLE FIXED ASSETS

	Freehold land & buildings £'000	Plant & machinery £'000	Motor vehicles £'000	Total £'000
Group				
Cost or valuation				
At 1 June 2008	42,947	7,091	30	50,068
Additions	79	57	21	157
Disposals	-	-	(3)	(3)
Sale of subsidiary undertaking	-	(15)	(27)	(42)
At 31 May 2009	43,026	7,133	21	50,180
Depreciation				
At 1 June 2008	7,000	5,970	-	12,970
Charge for the year	1,523	195	5	1,723
Sale of subsidiary undertaking	-	(5)	(4)	(9)
At 31 May 2009	8,523	6,160	1	14,684
Net book value at 31 May 2009	34,503	973	20	35,496
Net book value at 31 May 2008	35,947	1,121	30	37,098

The net book value of freehold land and buildings comprise:

	2009 £'000	2008 £'000
Assets at adopted valuation (per FRS 15)		
Land (not depreciated)	2,483	2,483
Assets at cost		
Land (not depreciated)	3,725	3,725
Buildings and infrastructure	28,295	29,739
	34,503	35,947

If the amount of the revalued land had been determined according to historical cost accounting rules, the book value of the land would have been as follows:

	2009 £'000	2008 £'000
Cost and net book value	2,412	2,412

Included in plant and machinery are assets held under finance leases and hire purchase contracts. The net book value of these assets at 31 May 2009 was £132,000 (2008: £174,000) and depreciation during the year on these assets was £42,000 (2008: £38,000).

NORWICH CITY FOOTBALL CLUB PLC

NOTES TO THE ANNUAL REPORT For the year ended 31 May 2009

TANGIBLE FIXED ASSETS (CONTINUED)

	Freehold land & buildings £'000	Plant & machinery £'000	Motor vehicles £'000	Total £'000
Company				
Cost or valuation				
At 1 June 2008	40,715	7,076	-	47,791
Additions	79	57	21	157
At 31 May 2009	<u>40,794</u>	<u>7,133</u>	<u>21</u>	<u>47,948</u>
Depreciation				
At 1 June 2008	6,958	5,967	-	12,925
Charge for the year	1,523	193	1	1,717
At 31 May 2009	<u>8,481</u>	<u>6,160</u>	<u>1</u>	<u>14,642</u>
Net book value at 31 May 2009	<u>32,313</u>	<u>973</u>	<u>20</u>	<u>33,306</u>
Net book value at 31 May 2008	<u>33,757</u>	<u>1,109</u>	<u>-</u>	<u>34,866</u>

The net book value of freehold land and buildings comprise:

	2009	2008
	£'000	£'000
Assets at adopted valuation (per FRS 15)		
Land (not depreciated)	1,917	1,917
Assets at cost		
Land (not depreciated)	2,185	2,185
Buildings and infrastructure	28,211	29,655
	<u>32,313</u>	<u>33,757</u>

If the amount of the revalued land had been determined according to historical cost accounting rules, the book value of the land would have been as follows:

	2009	2008
	£'000	£'000
Cost and net book value	<u>1,846</u>	<u>1,846</u>

Included in plant and machinery are assets held under finance leases and hire purchase contracts. The net book value of these assets at 31 May 2009 was £132,000 (2008: £174,000) and depreciation during the year on these assets was £42,000 (2008: £38,000).

NORWICH CITY FOOTBALL CLUB PLC

NOTES TO THE ANNUAL REPORT For the year ended 31 May 2009

14 FIXED ASSET INVESTMENTS

	Group Interest in joint venture £'000	Group and company Investment in associated undertaking £'000	Company Investment in subsidiary undertakings £'000
Cost			
At 1 June 2008	1,598	-	941
Additions	-	-	113
Disposals	-	-	(86)
Transfer	-	28	(28)
Share of profit in joint venture	65	-	-
Share of unrealised deficit on revaluation of investment property	(1,023)	-	-
At 31 May 2009	640	28	940
Amounts written off			
At 1 June 2008	-	-	615
Provided in the year	-	-	12
At 31 May 2009	-	-	627
Net book value at 31 May 2009	640	28	313
Net book value at 31 May 2008	1,598	-	326

Subsidiary undertakings

The subsidiary undertakings, which were incorporated in England and Wales and are included within the consolidated financial statements at 31 May 2009, are as follows:

Company	% owned	Principal Activity
N.C.F.C. (Holdings) Limited	100%	Property holding company
Kerrison Holdings Limited	100%	Provision of car park facilities and property development
Kerrison Developments Limited	100%	Interest in joint venture
EventGuard Limited	75% - 100% *	Provision of event stewarding and security services

*to January 2009, see associated undertaking below.

Associated undertaking

In September 2008, Norwich City Football Club PLC purchased the remaining 25% of shares in EventGuard Limited previously held by the minority interest. Subsequently, in January 2009, Norwich City Football Club PLC sold 75.1% of the shares in EventGuard Limited to Norfolk County Services Limited and, at that date, EventGuard Limited became an associated undertaking.

NORWICH CITY FOOTBALL CLUB PLC

NOTES TO THE ANNUAL REPORT For the year ended 31 May 2009

FIXED ASSET INVESTMENTS (CONTINUED)

Joint venture

The interest in the joint venture, Kerrison Hotel Limited, comprises £2 (2008: £2) of share capital and £640,000 (2008: £1,598,000) share of post acquisition profits and unrealised gains of the company. The financial statements of Kerrison Hotel Limited are made up to 31 March 2009.

The investment represents 100% of the issued 'A' ordinary share capital of the joint venture. Norwich City Football Club PLC does not have any interest in the 'B' ordinary share capital of the joint venture.

In accordance with the joint venture agreement, the income and profits are apportioned between the 'A' and 'B' ordinary shareholders in the ratio of 30% and 70% respectively.

The principal activity of the joint venture company is to manage a hotel at Carrow Road, Norwich.

Results of associate and joint venture

The group's share of the associate's and joint venture's results, assets and liabilities comprise:

	Associate 2009 £'000	Joint venture 2009 £'000	2008 £'000
Turnover	-	272	216
Profit before and after tax	-	65	15
Unrealised (deficit)/surplus on revaluation of investment property	-	(1,023)	1,588
Fixed assets	8	3,750	4,800
Current assets	53	217	465
Liabilities due within one year	61 (31)	3,967 (3,327)	5,265 (450)
Liabilities due after more than one year	30 (2)	640 -	4,815 (3,217)
	28	640	1,598

15 STOCKS

	Group and company 2009 £'000	2008 £'000
Goods for resale	395	266

NORWICH CITY FOOTBALL CLUB PLC

NOTES TO THE ANNUAL REPORT For the year ended 31 May 2009

16 DEBTORS

	Group		Company	
	2009	2008	2009	2008
	£'000	£'000	£'000	£'000
Due within one year				
Trade debtors	4,488	5,196	4,388	4,927
Amounts due from subsidiary undertakings	-	-	255	174
Other debtors	613	403	507	283
Prepayments and accrued income	1,295	1,286	423	445
	<u>6,396</u>	<u>6,885</u>	<u>5,573</u>	<u>5,829</u>
Due in more than one year				
Trade debtors	78	361	78	361
Amounts due from subsidiary undertakings	-	-	1,417	1,400
	<u>6,474</u>	<u>7,246</u>	<u>7,068</u>	<u>7,590</u>

17 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	2009	2008	2009	2008
	£'000	£'000	£'000	£'000
Bank overdraft	1,497	403	1,497	403
Bank loans	215	2,805	115	257
Loan notes	907	838	907	838
Other loans	2,959	2,346	2,959	2,346
Trade creditors	408	1,858	408	1,822
Receipts in advance	5,242	6,038	5,242	6,038
Amounts due to subsidiary undertakings	-	-	-	20
Other taxes and social security	785	771	785	731
Dividends payable on shares classified as financial liabilities	62	57	62	57
Other creditors	416	55	416	55
Net obligations under finance lease and hire purchase contracts	45	60	45	60
Accruals and deferred income	1,057	1,483	771	977
	<u>13,593</u>	<u>16,714</u>	<u>13,207</u>	<u>13,604</u>

The bank overdraft is secured by a fixed charge over the Colney training ground.

Security for the bank loans, loan notes and other loans are disclosed in note 18. Net obligations under finance lease and hire purchase contracts are secured on the relevant assets (note 13).

NORWICH CITY FOOTBALL CLUB PLC

NOTES TO THE ANNUAL REPORT For the year ended 31 May 2009

18 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Group		Company	
	2009	2008	2009	2008
	£'000	£'000	£'000	£'000
Bank loans	3,498	1,125	1,010	1,125
Loan notes	10,224	11,120	10,224	11,120
Other loans	2,856	44	2,856	44
Receipts in advance	1,259	626	1,259	626
5.25% 'A' preference shares of £1 each	10	10	10	10
4.5% 'B' preference shares of £1 each	1,552	1,352	1,552	1,352
Net obligations under finance lease and hire purchase contracts (note 17)	9	55	9	55
Accruals and deferred income	170	191	170	191
	<u>19,578</u>	<u>14,523</u>	<u>17,090</u>	<u>14,523</u>

Included within the above are amounts falling due as follows:

	Group		Company	
	2009	2008	2009	2008
	£'000	£'000	£'000	£'000
In one to two years				
Bank loans	2,612	115	124	115
Loan notes	976	907	976	907
Other loans	2,856	44	2,856	44
Receipts in advance	357	353	357	353
4.5% 'B' preference shares of £1 each	-	1,352	-	1,352
Net obligations under finance lease and hire purchase contracts	5	45	5	45
Accruals and deferred income	23	21	23	21
	<u>6,829</u>	<u>2,837</u>	<u>4,341</u>	<u>2,837</u>

	Group		Company	
	2009	2008	2009	2008
	£'000	£'000	£'000	£'000
In two to five years				
Bank loans	431	401	431	401
Loan notes	3,394	3,129	3,394	3,129
Receipts in advance	612	273	612	273
4.5% 'B' preference shares of £1 each	1,552	-	1,552	-
Net obligations under finance lease and hire purchase contracts	4	10	4	10
Accruals and deferred income	83	76	83	76
	<u>6,076</u>	<u>3,889</u>	<u>6,076</u>	<u>3,889</u>

NORWICH CITY FOOTBALL CLUB PLC

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CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR (CONTINUED)

	Group		Company	
	2009	2008	2009	2008
	£'000	£'000	£'000	£'000
In more than five years				
Bank loans	455	609	455	609
Loan notes	5,854	7,084	5,854	7,084
Receipts in advance	290	-	290	-
5.25% 'A' preference shares of £1 each	10	10	10	10
Accruals and deferred income	64	94	64	94
	<u>6,673</u>	<u>7,797</u>	<u>6,673</u>	<u>7,797</u>

The loan notes are repayable in biannual instalments over a 15 year period to May 2018. The loan notes were released in two instalments of £7,500,000 and interest is charged at a fixed rate of 7.67% and 7.24% on the two instalments. The first capital repayments were made in May 2005. The loan notes are being repaid in a securitisation agreement serviced by future stadium generated gross revenues including season ticket and matchday income, Football League centrally distributed funds, sponsorship revenue and catering income. Issue costs amounting to £598,758 have been offset against the loan proceeds and are being amortised to give a constant rate on the outstanding balance of the liability.

A bank loan of £1,200,000, of which £Nil (2008: £150,000) is outstanding at the year end, was repayable by quarterly instalments of £75,000. Interest was payable in arrears at 2% above the Bank of Scotland base rate and the loan was secured by a legal mortgage and charge on land purchased by Norwich City Football Club PLC.

A further bank loan of £1,300,000, of which £1,125,000 (2008: £1,232,000) is outstanding at the year end, is repayable by monthly instalments over a period of 10 years. Interest is payable in arrears at 2% above the Bank of Scotland base rate and, again, the loan is secured by a legal mortgage and charge on land purchased by Norwich City Football Club PLC.

A bank loan of £Nil (2008: £2,548,000, shown net of finance costs of £2,000) was repaid in full in December 2008. Interest was payable in arrears at 2% above base rate. The loan was secured by a first legal charge and debenture on land purchased by Kerrison Holdings Limited.

A bank loan of £2,588,000 (2008: £Nil) (shown net of finance costs of £42,000 (2008: £Nil)) is repayable in seven quarterly instalments of £25,000 followed by a final lump sum of £2,455,000. Interest is payable in arrears at 4.25% above LIBOR. The loan is secured by a first legal charge and debenture on land purchased by Kerrison Holdings Limited.

Other loans of £5,815,000 (2008: £2,390,000) are unsecured and interest free.

19 ACCRUALS AND DEFERRED INCOME

	Group and company	
	2009	2008
	£'000	£'000
Deferred grant income		
At 1 June 2008	2,456	2,491
Grant received in year	-	60
Credited to profit and loss account	(98)	(95)
At 31 May 2009	<u>2,358</u>	<u>2,456</u>

NORWICH CITY FOOTBALL CLUB PLC

NOTES TO THE ANNUAL REPORT For the year ended 31 May 2009

20 PROVISION FOR LIABILITIES

The provision for liabilities comprises:

	Group		Company	
	2009	2008	2009	2008
	£'000	£'000	£'000	£'000
Deferred taxation (note 21)	-	585	-	584
Other provision (note 22)	283	288	-	-
	<u>283</u>	<u>873</u>	<u>-</u>	<u>584</u>

21 DEFERRED TAXATION

	Group		Company	
	2009	2008	2009	2008
	£'000	£'000	£'000	£'000
Deferred tax liability				
At 1 June 2008	585	708	584	708
Credit to profit and loss account (note 9(a))	(585)	(123)	(584)	(124)
At 31 May 2009	<u>-</u>	<u>585</u>	<u>-</u>	<u>584</u>

The deferred tax liability comprises:

	Group		Company	
	2009	2008	2009	2008
	£'000	£'000	£'000	£'000
Accelerated capital allowances	-	1,288	-	1,287
Other timing differences	-	(29)	-	(29)
Losses carried forward	-	(674)	-	(674)
	<u>-</u>	<u>585</u>	<u>-</u>	<u>584</u>

The unprovided deferred tax asset at 31 May 2009 shown below has not been recognised due to the uncertainty surrounding its recovery:

	Group		Company	
	2009	2008	2009	2008
	£'000	£'000	£'000	£'000
Accelerated capital allowances	1,382	-	1,382	-
Other timing differences	(39)	-	(39)	-
Losses carried forward	(2,081)	-	(2,079)	-
Unprovided asset at 31 May 2009	<u>(738)</u>	<u>-</u>	<u>(736)</u>	<u>-</u>

NORWICH CITY FOOTBALL CLUB PLC

NOTES TO THE ANNUAL REPORT For the year ended 31 May 2009

22 OTHER PROVISION

The provision relates to further expenditure required by a group undertaking for utility services and other amenities in connection with the sale of land to Taylor Wimpey PLC in 2004.

The provision represents the directors' best current estimate of the cost of carrying out this work over the next two years.

	Group	
	2009 £'000	2008 £'000
At 1 June 2008	288	381
Provision utilised	(5)	(93)
At 31 May 2009	<u>283</u>	<u>288</u>

23 CALLED UP SHARE CAPITAL

	2009 £'000	2008 £'000
Authorised		
568,568 ordinary shares of £1 each	568	568
9,675 5.25% 'A' preference shares of £1 each	10	10
310,000 4.5% 'B' preference shares of £1 each	310	310
	<u>888</u>	<u>888</u>
Allotted, called up and fully paid		
Equity interest		
535,526 (2008: 535,442) ordinary shares of £1 each	<u>536</u>	<u>535</u>
Interest in shares classified as financial liabilities		
9,675 5.25% 'A' preference shares of £1 each	10	10
15,521 (2008: 13,521) 4.5% 'B' preference shares of £1 each	15	13
Total interest in shares classified as financial liabilities	<u>25</u>	<u>23</u>

During the year 84 (2008: 207) £1 ordinary shares were issued at a cost of £30 each and 2,000 (2008: Nil) 'B' £1 preference shares were issued at a cost of £100 each. A total of £2,000 (2008: £6,000) has been credited to the share premium account in respect of the £1 ordinary shares (note 24).

The holders of the 'A' preference shares have the right to preference dividends at a rate of 5.25% per annum on the nominal value in priority to holders of any other shares. The holders of 'B' preference shares have the right to a cumulative preferential cash dividend at 4.5% of issue price, subject to the payment of the 'A' preference dividend, but in priority to dividends on ordinary shares.

The 'A' preference shares are not redeemable, therefore the par value of the shares has been shown as a liability due in more than five years.

The holders of the 'B' preference shares have an option to redeem their shares in any year the Club achieves or retains promotion to the Premier League. The 'B' shares are redeemable at £100 per share and, as the earliest redemption date is January 2012, the shares have been classified as a liability due between two and five years.

NORWICH CITY FOOTBALL CLUB PLC

NOTES TO THE ANNUAL REPORT For the year ended 31 May 2009

CALLED UP SHARE CAPITAL (CONTINUED)

In the event of a winding up order on the company, the holders of preference shares have the right only to repayment of capital paid up thereon and arrears of preference dividends to the date of payment but shall not have any further right to participate in profits or surplus assets.

The 'A' and 'B' preference shareholders do not have the right to vote at General Meetings of the company, except on resolutions proposing the winding up of the company or where the preference dividend is in arrears for more than 12 months.

24 RESERVES

	Group 2009 £'000	Company 2009 £'000
Share premium account		
At 1 June 2008	8,730	8,730
Premium on shares issued during the year (note 23)	2	2
At 31 May 2009	<u>8,732</u>	<u>8,732</u>
Investment property revaluation reserve		
At 1 June 2008	1,588	-
Group share of deficit on revaluation of investment property in joint venture	(1,023)	-
At 31 May 2009	<u>565</u>	<u>-</u>
Revaluation reserve		
At 1 June 2008 and 31 May 2009	<u>71</u>	<u>71</u>
Capital redemption reserve		
At 1 June 2008 and 31 May 2009	<u>34</u>	<u>34</u>

25 PROFIT AND LOSS ACCOUNT

	Group 2009 £'000	Company 2009 £'000
Retained profit at 1 June 2008	4,260	6,021
Loss for the financial year	(4,986)	(4,949)
(Loss)/retained profit at 31 May 2009	<u>(726)</u>	<u>1,072</u>

NORWICH CITY FOOTBALL CLUB PLC

NOTES TO THE ANNUAL REPORT For the year ended 31 May 2009

26 RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	2009 £'000	2008 £'000
Loss for the financial year	(4,986)	(2,297)
Ordinary shares issued during the year	1	-
Premium on ordinary shares issued during the year	2	6
Share of (deficit)/surplus on revaluation of investment property in joint venture	(1,023)	1,588
Net decrease in shareholders' funds	(6,006)	(703)
Opening shareholders' funds	15,218	15,921
Closing shareholders' funds	9,212	15,218

27 RECONCILIATION OF OPERATING LOSS TO NET CASH OUTFLOW FROM OPERATING ACTIVITIES

	2009 £'000	2008 £'000
Group operating loss	(5,228)	(4,857)
Amortisation of intangible fixed assets	1,411	1,418
Depreciation of tangible fixed assets	1,723	1,683
(Increase)/decrease in stocks	(129)	126
Decrease/(increase) in debtors	97	(327)
(Decrease)/increase in creditors	(923)	120
Deferred grant income	(98)	(95)
Net cash outflow from operating activities	(3,147)	(1,932)

28 ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT

	2009 £'000	2008 £'000
Returns on investments and servicing of finance		
Interest received	46	166
Interest paid	(1,429)	(1,615)
Interest element of finance lease rentals and hire purchase contracts	(10)	(13)
Preference dividends paid	(54)	(54)
Net cash outflow for returns on investments and servicing of finance	(1,447)	(1,516)
Capital expenditure		
Purchase of intangible fixed assets	(1,713)	(2,463)
Purchase of tangible fixed assets	(249)	(1,124)
Proceeds from sale of intangible fixed assets	2,293	6,029
Proceeds from sale of tangible fixed assets	3	2
Net cash inflow for capital expenditure	334	2,444

NORWICH CITY FOOTBALL CLUB PLC

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ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT (CONTINUED)

	2009	2008
	£'000	£'000
Acquisitions and disposals		
Purchase of shares in subsidiary undertaking	(113)	-
Proceeds from sale of shares in subsidiary undertaking	338	-
Cash adjustment on sale of subsidiary undertaking	(134)	-
Net cash inflow for acquisitions and disposals	<u>91</u>	<u>-</u>
Financing		
Issue of ordinary shares and share premium	3	6
Issue of 'B' preference shares classified as liabilities	200	-
	<u>203</u>	<u>6</u>
New loans	6,159	300
Repayments of loans	(3,778)	(1,451)
Capital element of finance lease rentals	(61)	(54)
Net increase/(decrease) in debt	<u>2,320</u>	<u>(1,205)</u>
Net cash inflow/(outflow) from financing	<u>2,523</u>	<u>(1,199)</u>

29 ANALYSIS OF NET DEBT

	At 1 June 2008 £'000	Cash flow £'000	Transfer £'000	At 31 May 2009 £'000
Cash balances				
Cash at bank and in hand	1,378	(552)	-	826
Bank overdraft	(403)	(1,094)	-	(1,497)
	<u>975</u>	<u>(1,646)</u>	<u>-</u>	<u>(671)</u>
Debt				
Finance leases and hire purchase contracts	(115)	61	-	(54)
Debt due within one year	(5,989)	1,266	642	(4,081)
Debt due after one year	(12,289)	(3,647)	(642)	(16,578)
	<u>(18,393)</u>	<u>(2,320)</u>	<u>-</u>	<u>(20,713)</u>
Preference shares				
'A' preference shares	(10)	-	-	(10)
'B' preference shares	(1,352)	(200)	-	(1,552)
	<u>(1,362)</u>	<u>(200)</u>	<u>-</u>	<u>(1,562)</u>
Net debt	<u>(18,780)</u>	<u>(4,166)</u>	<u>-</u>	<u>(22,946)</u>

NORWICH CITY FOOTBALL CLUB PLC

NOTES TO THE ANNUAL REPORT For the year ended 31 May 2009

30 CONTINGENT ASSET AND LIABILITIES

Contingent asset

During the year the club, received a further £Nil (2008: £60,000) of grant funding from the Football Foundation and Barclays Bank PLC specifically for their Spaces for Sport initiative.

Contingent liabilities

Additional payments amounting to a maximum of £345,000 (2008: £545,000) will become payable if certain conditions in transfer and player contracts at 31 May 2009 are fulfilled. Additional signing on fees up to a maximum of £138,000 (2008: £101,000) will become payable to players subject to the terms and conditions of their contracts being fulfilled.

31 PENSION SCHEMES

Money purchase pension scheme

During the year the group participated in a money purchase scheme, The Football League Limited Pension and Life Assurance Scheme, for the benefit of certain employees. The assets of the scheme are administered by trustees in a fund independent from those of the group. Contributions to this scheme during the year amounted to £26,000 (2008: £31,000). At 31 May 2009 there were outstanding contributions of £3,000 (2008: £5,000).

Employees' personal pension schemes

During the year the group made contributions to certain employees' personal pension schemes. Contributions to these schemes during the year amounted to £63,000 (2008: £68,000). At 31 May 2009 there were outstanding contributions of £1,000 (2008: £8,000).

Football League Final Salary Scheme

The Football League Final Salary scheme is administered nationally and is now closed to new members. The latest actuarial valuation, which was undertaken in 2006, indicated that the scheme still had a large deficit and, in accordance with the scheme rules, Norwich City Football Club PLC, along with the other football clubs, are required to make payments to the pension scheme to reduce the deficit. Interest is charged by the pension scheme on the outstanding amount at approximately 7.6% per annum and interest of £17,000 (2008: £20,000) was payable during the year. The outstanding liability will be paid to the pension scheme on a monthly basis over a period of approximately seven (2008: eight) years to April 2016. The total amount payable to the pension scheme at 31 May 2009, including accumulated interest, was £191,000 (2008: £210,000) and is included in accruals and deferred income.

32 OPERATING LEASE COMMITMENTS

	Group		Company	
	2009	2008	2009	2008
	£'000	£'000	£'000	£'000
Plant and machinery				
Expiry date:				
Within one year	2	8	2	8
Between two and five years	16	11	16	11
	<u>18</u>	<u>19</u>	<u>18</u>	<u>19</u>
Land and buildings				
Expiry date:				
Within one year	-	-	75	-
Within one to two years	-	-	-	150
	<u>18</u>	<u>19</u>	<u>93</u>	<u>169</u>

NORWICH CITY FOOTBALL CLUB PLC

NOTES TO THE ANNUAL REPORT For the year ended 31 May 2009

33 RELATED PARTY TRANSACTIONS

Loans due to directors and their companies

At 31 May 2009, the following balances were outstanding on loans advanced to the group and company:

	Group and company	
	2009	2008
	£'000	£'000
Ms D A Smith and E M S Wynn Jones	2,142	198
M M Foulger	670	60
A C Turner and Mrs S L Turner (former directors)	2,500	2,000

At 31 May 2009 Ms D A Smith, E M S Wynn Jones and M M Foulger were directors of the company.

The loan advanced by Ms D A Smith and E M S Wynn Jones is interest free and repayable on demand.

The loan advanced by M M Foulger is interest free and £570,000 (2008: £60,000) is repayable on demand. The balance of £100,000 (2008: £Nil) is repayable on the earlier of 31 August 2012, promotion to the Premier League or Ms D A Smith and E M S Wynn Jones ceasing between them to be the registered holders of at least 30% of the ordinary share capital of the company.

The loan advanced by A C Turner and Mrs S L Turner is interest free and due for repayment on the earlier of 18 May 2017, promotion to the Premier League or Ms D A Smith and E M S Wynn Jones ceasing between them to be the registered holders of at least 50% of the ordinary share capital of the company.

Transactions with directors and their companies

	Group and company		Group and company	
	Sales		Purchases	
	2009	2008	2009	2008
	£'000	£'000	£'000	£'000
Ms D A Smith and E M S Wynn Jones (joint)	13	7	-	-
Banham Poultry Limited (M M Foulger)	31	25	-	-
Central Trust PLC	15	7	-	-
SMRC Childwise Limited (R J Munby)	3	2	-	-

At 31 May 2009 the following balances (inclusive of value added tax) were outstanding:

	Group and company		Group and company	
	Sales ledger		Purchase ledger	
	2009	2008	2009	2008
	£'000	£'000	£'000	£'000
Banham Poultry Limited (M M Foulger)	3	19	-	-
Central Trust PLC	-	6	-	-

NORWICH CITY FOOTBALL CLUB PLC

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RELATED PARTY TRANSACTIONS (CONTINUED)

Other transactions with directors

In September 2008, Norwich City Football Club PLC purchased 170 ordinary shares in EventGuard Limited from N A Doncaster for £76,500. The money was paid to N A Doncaster in two tranches of £38,250 in September 2008 and May 2009.

In May 2009, M M Foulger made a gift of £360,000 to the Club in respect of his £1 for £1 offer to match the season ticket rebates which were not reclaimed by season ticket holders.

Transactions with the joint venture company

At 31 May 2009 the group owed £2 (2008: £2) to Kerrison Hotel Limited, being the called up share capital not paid on the 'A' ordinary shares of Kerrison Hotel Limited.

34 ULTIMATE CONTROL OF THE COMPANY

At 31 May 2009 Ms D A Smith and her husband and co-director, E M S Wynn Jones owned 61.2% (2008: 61.2%) of the issued capital of the company. In accordance with Financial Reporting Standard 8 'Related Party Disclosures', the Board have concluded that ultimate control of the company vests in these related parties.

35 POST BALANCE SHEET EVENTS

Loans from directors

The Club has received further loans from directors of £0.8m since the year end.

Ms D A Smith, E M S Wynn Jones and M M Foulger have agreed not to demand payment of monies owing to them whilst the Club is indebted to Bank of Scotland.

Personal guarantee

Ms D A Smith and E M S Wynn Jones have provided a joint personal guarantee to Bank of Scotland for £0.3m on account of borrowings made available by Bank of Scotland to the Club.

Finance facilities

Subsequent to the year end, AXA Investment Managers Limited have agreed to defer repayment of capital and interest on their loans from November 2009 to May 2010. The deferred amounts are due for repayment on 31 May 2010.

In addition, Bank of Scotland have also agreed to defer repayment of capital and interest on their loans from December 2009 to May 2010. The deferred amounts are due for repayment on the earlier of 31 May 2010 or the sale of the group or substantially all of its assets.

Transfer of players' registrations

Since the year end the Club has acquired the registrations of players Jens Berthel Askou, Grant Holt, Stephen Hughes, Goran Maric, Michael Theoklitos, Owain Tudur Jones, Simon Whaley, Rhoys Wiggins, Mathew Gill, Michael Nelson, Paul McVeigh, David Nwaogu and David Stephens.

The Club also sold the registrations of Sammy Clingan to Coventry and Matthew Pattison to Sundowns Football Club, South Africa.

The net receipt from these transactions was £0.3m.

Change of manager

On 14 August 2009 the Club terminated the employment of Bryan Gunn and his assistants at a total cost to the Club of £0.1m. On 18 August 2009 Paul Lambert was appointed as the new Football Manager.