

# Stoke City Football Club Limited

## REPORT AND FINANCIAL STATEMENTS

31 May 2008

Company Registration No. 00099885

WEDNESDAY



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# Stoke City Football Club Limited

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# Stoke City Football Club Limited

## OFFICERS AND PROFESSIONAL ADVISORS

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### DIRECTORS

P Coates - Chairman

P Rawlins

K Humphreys

### CHIEF EXECUTIVE

A Scholes

### SECRETARY

K Silk

### MANAGER

T Pulis

### REGISTERED OFFICE

Britannia Stadium

Stanley Matthews Way

Stoke-on-Trent

Staffordshire

ST4 4EG

### AUDITORS

Baker Tilly UK Audit LLP

Chartered Accountants

Festival Way

Stoke-on-Trent

Staffordshire

ST1 5BB

### BANKERS

Co-operative Bank Plc

1 Balloon Street

Manchester

M60 4EP

# Stoke City Football Club Limited

## CHAIRMAN'S STATEMENT

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I have supported the club for a long time and seen many highs and lows, but, May 4<sup>th</sup> 2008 was my happiest moment supporting Stoke City. It was achieved through a great deal of hard work and great thanks must go to Tony Pulis and his management team, the players, all the staff and last, but certainly not least, the supporters who were absolutely fantastic.

### FINANCIAL PERFORMANCE

The financial performance of the club was perhaps a different matter, but was necessary to help us achieve our aim. Turnover rose to £11,202,000 (2007 : £7,930,000). However, operating expenses of £19,031,000 (2007 : £10,794,000) meant that the club made a loss before transfer activity of £5,603,000 (2007 : £2,864,000). After player trading and interest, along with an increase to the carrying value of the stadium as a result of the group now owning the whole stadium, the club made a loss on ordinary activities before taxation of £4,320,000 (2007 : £3,085,000).

The primary reason for the substantial increase in operating expenses was a major increase in the club's wage bill to help give Tony a competitive team in order to give us a chance of promotion.

*"The financial year ending 31<sup>st</sup> May 2008 saw us achieve our major objective – promotion to the Premier League."*

### OTHER HIGHLIGHTS

Along with achieving promotion there were a number of other highlights which were important to the future of our club.

We completed, through a group company, the purchase of the remaining 51% of the Britannia Stadium. This gives the club security and enables us to carry out investment projects at the ground and generate higher levels of turnover.

We completed, again through a group company, a conditional (upon receipt of planning permission to build a new facility) agreement to purchase the club's training ground. We have put together a design team to develop a new facility at the training ground. In addition to the purchase of the site, we intend to invest approximately £5 million on developing the facility and the site. This important investment will help us to attract and retain better players.

Our supporters played a huge part in helping to achieve promotion. At 16,842, the average crowd in 2007/08 was the highest since the 1979/80 season. Our season tickets for the 2008/09 season went on sale in March 2008, before promotion to the Premier League was assured. I was delighted with the vote of confidence and great support that was shown. By the time of our first home game on 23 August 2008, we had sold 19,300 season tickets, a far greater number than we have ever sold in the past.

In these days of global TV audiences the Stoke City brand, and those of our sponsors and partners, are being exposed to greater numbers than ever before. Our FA Cup third round tie at home to Newcastle United, broadcast live on BBC1, was watched by in excess of 8 million people.

As you can see it was a year to remember for all Stoke City fans.

### THE NEW SEASON

As soon as we gained promotion, we started planning for the substantial change that being a Premiership Club means. Our new objective, above all others, is to retain our Premier League status. To this end, we had a busy summer in which we purchased ten new players at a combined cost of over £22 million, including the club's record capture of Dave Kitson from Reading.

# Stoke City Football Club Limited

## CHAIRMAN'S STATEMENT

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During the summer we spent approximately £1 million on works at the stadium in preparation for the Premier League. To maximise our home crowd we have divided the South Stand to allow home and away supporters. Whilst this has reduced the effective capacity of the stadium by 500 seats, it has increased the home capacity by 1,500 seats, thereby maximising the number of home supporters at the Britannia Stadium.

We are determined to ensure that we maximise our position in the Premier League to grow our support base for the future. In addition to the attraction of Premier League football, we continue to work hard in the community to attract new supporters to the club. Our average attendance for the first six games of the season was a tremendous 27,230 and our supporters have now officially been recognised as the loudest in the Premier League.

As the club grows we also want to maintain our roots in the local community. To this end the club has agreed to work and develop partnerships with the following charities for the 2008/09 season :

- Donna Louise Trust
- Caudwell Children
- Douglas Macmillan Hospice
- Stanley Matthews Foundation
- Breath of Life

Our support for these charities got off to a wonderful start at the recent charity ball which raised £30,000.

Finally, we have started the season well which, again, is a great credit to Tony Pulis and the players. It will be a hard season and there will be times when we will have difficult periods. The support the team have received during games has been phenomenal, even when games have been going against us. I know how important this has been in gaining us points and thank all of our supporters for this. If we can continue this throughout the season it really will give us a chance.

*"My thanks for your continued support and to all who made last year such a success."*



**Peter Coates**  
Chairman

20 November 2008

# Stoke City Football Club Limited

## DIRECTORS' REPORT

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The directors submit their report and the financial statements of Stoke City Football Club Limited for the year ended 31 May 2008.

### PRINCIPAL ACTIVITIES

The principal activity is that of a professional football club.

### RESULTS AND DIVIDENDS

The loss for the year amounted to £4,320,000 (2007: £3,085,000). The directors do not recommend payment of preference or ordinary share dividends (2007: £nil).

### REVIEW OF THE BUSINESS

A review of the Club's results for the year ended 31 May 2008 and its future prospects are contained in the Chairman's Report on page 2.

### RISKS AND UNCERTAINTIES

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

### FINANCIAL INSTRUMENTS

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

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

#### *Price*

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

#### *Liquidity*

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

#### *Cash flow*

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

#### *Credit*

Minimal credit is given by the club, with the majority of sales being on a cash basis. Season ticket sales with payment terms have been allowed this year and are collected by bank standing orders. Any risk of bad debts is mitigated by thorough credit control procedures and close monitoring of the standing orders each month.

### DIRECTORS

The following directors have held office since 1 June 2007:

P Coates – Chairman  
P Rawlins  
K Humphreys



# Stoke City Football Club Limited

## DIRECTORS' REPORT

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### STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

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

### AUDITORS

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

By order of the board



**P Coates**  
Director

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

20 November 2008

# Stoke City Football Club Limited

## DIRECTORS' RESPONSIBILITIES IN THE PREPARATION OF FINANCIAL STATEMENTS

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The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

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

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



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

We have audited the financial statements on pages 9 to 27.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of directors and auditors**

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

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

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

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

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

### **Basis of audit opinion**

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

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

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

**Opinion**

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs at 31 May 2008 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.

*Baker Tilly UK Audit LLP*

**BAKER TILLY UK AUDIT LLP**

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

20 November 2008

# Stoke City Football Club Limited

## PROFIT AND LOSS ACCOUNT

For the year ended 31 May 2008

	Note	Operations excluding player trading £000	2008 Player trading (note 6) £000	Total £000	2007 £000
TURNOVER – CONTINUING OPERATIONS	1	11,202	-	11,202	7,930
Operating expenses		(19,031)	(2,485)	(21,516)	(11,972)
OPERATING LOSS – CONTINUING OPERATIONS	1	(7,829)	(2,485)	(10,314)	(4,042)
Profit on disposal of players' registrations	6	-	3,812	3,812	925
Income from shares in group undertakings		653	-	653	-
Release of impairment in carrying value of fixed asset investment		1,573	-	1,573	-
(LOSS)/PROFIT BEFORE INTEREST AND TAXATION		(5,603)	1,327	(4,276)	(3,117)
Interest receivable and similar income	2	5	-	5	59
Interest payable and similar charges	3	(49)	-	(49)	(27)
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	1-6	(5,647)	1,327	(4,320)	(3,085)
Taxation	7	-	-	-	-
(LOSS)/PROFIT FOR THE FINANCIAL YEAR		(5,647)	1,327	(4,320)	(3,085)

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

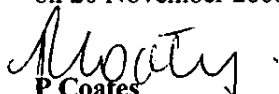
# Stoke City Football Club Limited

## BALANCE SHEET

At 31 May 2008

	Note	2008 £000	2007 £000
<b>FIXED ASSETS</b>			
Intangible assets	8	5,232	1,414
Tangible assets	9	1,252	792
Investments	10	6,644	5,071
		<b>13,128</b>	<b>7,277</b>
<b>CURRENT ASSETS</b>			
Stocks	11	130	103
Debtors (includes £833k due in more than one year (2007: £nil))	12	5,453	921
Cash at bank and in hand		2,212	802
		<b>7,795</b>	<b>1,826</b>
<b>CREDITORS: Amounts falling due within one year</b>	13	<b>(23,233)</b>	<b>(4,934)</b>
<b>NET CURRENT LIABILITIES</b>		<b>(15,438)</b>	<b>(3,108)</b>
<b>TOTAL (LIABILITIES)/ASSETS LESS CURRENT LIABILITIES</b>		<b>(2,310)</b>	<b>4,169</b>
<b>CREDITORS: Amounts falling due after more than one year</b>	14	<b>(3,597)</b>	<b>(5,746)</b>
<b>PROVISIONS FOR LIABILITIES AND CHARGES</b>	17	<b>(71)</b>	<b>(80)</b>
<b>NET LIABILITIES</b>		<b>(5,978)</b>	<b>(1,657)</b>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	18	11,842	11,843
Share premium account	19	579	579
Revaluation reserve	19	15	15
Profit and loss reserve	19	(18,414)	(14,094)
<b>SHAREHOLDERS' DEFICIT</b>		<b>(5,978)</b>	<b>(1,657)</b>
<b>EQUITY SHAREHOLDER DEFICIT</b>		<b>(5,978)</b>	<b>(1,658)</b>
<b>NON-EQUITY SHAREHOLDER FUNDS</b>		<b>-</b>	<b>1</b>
		<b>(5,978)</b>	<b>(1,657)</b>

The financial statements on pages 9 to 27 were approved by the board of directors and authorised for issue on 20 November 2008 and are signed on its behalf by:

  
P Coates  
Director

# Stoke City Football Club Limited

## RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

For the year ended 31 May 2008

	2008 £000	2007 £000
LOSS FOR THE FINANCIAL YEAR	(4,320)	(3,085)
New share capital subscribed	-	8,267
Reclassification of preference shares	(1)	-
	<hr/>	<hr/>
NET (REDUCTION IN)/ ADDITION TO SHAREHOLDERS' FUNDS	(4,321)	5,182
Opening shareholders' deficit	(1,657)	(6,839)
	<hr/>	<hr/>
CLOSING SHAREHOLDERS' DEFICIT	(5,978)	(1,657)
	<hr/>	<hr/>

# Stoke City Football Club Limited

## ACCOUNTING POLICIES

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### BASIS OF ACCOUNTING

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

The financial statements have been prepared on a going concern basis, notwithstanding the net liabilities of £5,978,000 at 31 May 2008. 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 at least the next 12 months from 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.

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

### INTANGIBLE FIXED ASSETS

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

### TANGIBLE FIXED ASSETS

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

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

### INVESTMENTS

The investment in its fellow subsidiary company is stated at cost less provision for impairment. The directors have considered the need for impairment by assessing the value against the share of the net assets of Stoke City (Property) Limited. It is the directors intention to review this valuation annually.

### LEASED ASSETS

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

### SIGNING ON FEES AND LOYALTY BONUSES

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

### STOCKS

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

# Stoke City Football Club Limited

## ACCOUNTING POLICIES

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### DEFERRED INCOME

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

### GRANTS

Grants received from the Football Trust in respect of the building costs of the Britannia Stadium, the freehold of which is part owned by a fellow subsidiary company of the bet365 Group Limited, are treated as deferred income and released to the profit and loss account over the useful economic life of the Stadium.

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

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

### DEFERRED TAXATION

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

The directors consider the recoverability of any deferred tax asset before establishing the asset in the financial statements.

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

### RETIREMENT BENEFITS

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

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

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

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

### TURNOVER

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

# Stoke City Football Club Limited

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 May 2008

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### 1 SEGMENTAL REPORT

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

### 2 INTEREST RECEIVABLE AND SIMILAR INCOME

	<b>2008</b>	<b>2007</b>
	<b>£000</b>	<b>£000</b>
Bank interest	<b>5</b>	<b>59</b>

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### 3 INTEREST PAYABLE AND SIMILAR CHARGES

	<b>2008</b>	<b>2007</b>
	<b>£000</b>	<b>£000</b>
On bank loans and overdrafts	<b>29</b>	<b>27</b>
Other interest	<b>20</b>	<b>-</b>
	<b>49</b>	<b>27</b>

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# Stoke City Football Club Limited

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 May 2008

<b>4</b>	<b>(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>	<b>2008</b>	<b>2007</b>
		<b>£000</b>	<b>£000</b>
	(Loss)/profit on ordinary activities before taxation is stated after charging/(crediting):		
	Depreciation and amounts written off tangible fixed assets:		
	Charge for the period:		
	Owned assets	247	158
	Amortisation of intangible fixed assets	2,485	1,178
	Grants released	(54)	(55)
	Release in respect of potential employee liabilities claim	-	(671)
	Operating lease rentals:		
	Land and buildings	301	333
	Other	51	51
	Loss on sale of fixed asset	-	5
		<hr/>	<hr/>
	Audit services:		
	Statutory audit	12	12
	Further assurance services	-	5
	Tax services:		
	Compliance services	1	1
	Advisory services	-	2
		<hr/>	<hr/>
		13	20
		<hr/>	<hr/>
	Comprising:		
	Audit services	12	12
	Non-audit services	1	8
		<hr/>	<hr/>
		13	20
		<hr/>	<hr/>

# Stoke City Football Club Limited

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 May 2008

### 5 EMPLOYEES

	2008 Number	2007 Number
The average monthly number of persons (including directors) employed by the company during the year was:		
Full time playing staff and scholars	44	46
Other	97	88
	<u>141</u>	<u>134</u>

In addition to the above the company employed an average of 262 (2007: 262) match-day staff during the year.

	2008 £000	2007 £000
Staff costs for the above persons:		
Wages and salaries	10,873	6,230
Social security costs	934	703
Other pension costs	52	54
	<u>11,859</u>	<u>6,987</u>

### DIRECTORS' REMUNERATION

	2008 £000	2007 £000
Emoluments	-	-
Pension fund contributions	-	-
	<u>-</u>	<u>-</u>

### 6 PLAYER TRADING

	2008 £000	2007 £000
Amortisation of intangible fixed assets	(2,485)	(1,178)
Profit on disposal of players' registrations	3,812	925
	<u>1,327</u>	<u>(253)</u>

# Stoke City Football Club Limited

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 May 2008

### 7 TAXATION

	2008	2007
	£000	£000
Current tax:		
UK corporation tax on losses for the year	-	-
Total current tax	-	-
Deferred tax:		
Origination and reversal of timing differences	-	-
Total deferred tax	-	-
Tax on (loss)/profit on ordinary activities	-	-

Factors affecting tax charge for the year:	2008	2007
	£000	£000

The tax assessed for the year is higher (2007: higher) than the standard rate of corporation tax in the UK 30% (2007: 30%). The differences are explained below:

(Loss)/profit on ordinary activities before taxation	(4,320)	(3,085)
(Loss)/profit on ordinary activities multiplied by standard rate of corporation tax in the UK 30% (2007: 30%)	(1,296)	(926)
<i>Effects of:</i>		
Expenses not deductible/(income not taxable) for tax purposes	43	(33)
Fixed asset timing differences	(48)	(64)
Movement in short term timing differences	(2)	(17)
Losses carried forward	-	120
Group relief	2,063	920
Non taxable dividends from subsidiary	(196)	-
Non taxable income	(52)	-
Impairment of fixed asset investment	(472)	-
Intra group interest not charged	(40)	-
Current tax charge for the year	-	-

*Factors that may affect the future tax charge:*

Deferred tax assets of £2.4m (2007: £2.6m) relating to tax losses and £0.2m (2007: £0.2m) relating to fixed asset timing differences have not been recognised as a result of uncertainty over future levels of profitability.

# Stoke City Football Club Limited

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 May 2008

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### 8 INTANGIBLE FIXED ASSETS

	Players registrations £000
<i>Cost</i>	
At beginning of year	3,567
Additions	6,952
Disposals	(2,348)
	<hr/>
At end of year	8,171
	<hr/>
<i>Amortisation</i>	
At beginning of year	2,153
Charged in the year	2,485
Disposals	(1,699)
	<hr/>
At end of year	2,939
	<hr/>
<i>Net book value</i>	
At 31 May 2008	5,232
	<hr/>
At 31 May 2007	1,414
	<hr/>

# Stoke City Football Club Limited

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 May 2008

### 9 TANGIBLE FIXED ASSETS

	Freehold land and buildings	Leasehold land and buildings	Plant, equipment and motor vehicles	Total
	£000	£000	£000	£000
<i>Cost</i>				
At beginning of year	25	904	1,035	1,964
Additions	-	446	261	707
At end of year	25	1,350	1,296	2,671
<i>Depreciation</i>				
At beginning of year	8	360	804	1,172
Charge for year	-	121	126	247
At end of year	8	481	930	1,419
<i>Net book value</i>				
At 31 May 2008	17	869	366	1,252
At 31 May 2007	17	544	231	792

The net book value of leasehold land and buildings comprises:

	2008 £000	2007 £000
Long leasehold	135	13
Short leasehold	734	531
	869	544

Depreciation in respect of long leasehold properties in the year is £26,000 (2007: £6,000) and £95,000 (2007: £67,000) in respect of short leasehold properties.

# Stoke City Football Club Limited

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 May 2008

### 10 INVESTMENTS IN FELLOW SUBSIDIARY

	£000
<i>Cost</i>	
At beginning and end of year	9,000
<i>Impairment provision</i>	
At beginning of year	3,929
Release of provision	(1,573)
At end of year	2,356
<i>Net book value</i>	
<b>At 31 May 2008</b>	<b>6,644</b>
At 31 May 2007	5,071

The investment reflects a 49% holding of the issued ordinary share capital of Stoke City (Property) Limited (formerly Stoke-on-Trent Community Stadium Development Company Limited). Its immediate parent company owns the remainder 51% of the shares and it is therefore an investment in a fellow subsidiary company.

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

The Club's direct share of the Stoke City (Property) Limited's (formerly Stoke-on-Trent Community Stadium Development Company Limited) results and net assets, as extracted from that company's unaudited financial statements for the year ended 31 March 2008 and unaudited financial statements for the year ended 31 March 2007 were as follows:

	2008 £000	2007 £000
Turnover	238	294
Profit before taxation	190	229
Taxation	(28)	(68)
Profit after taxation	162	161
Fixed assets	7,273	7,296
Current assets	206	609
Liabilities due within one year	(349)	(183)
Liabilities due after more than one year	(486)	(598)
Share of net assets	6,644	7,124

The principal activity of Stoke City (Property) Limited (formerly Stoke-on-Trent Community Stadium Development Limited), is the management of the Britannia Stadium.

# Stoke City Football Club Limited

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 May 2008

11	STOCKS		
		<b>2008</b>	<b>2007</b>
		<b>£000</b>	<b>£000</b>
	Goods for resale	<b>130</b>	<b>103</b>
		<hr/>	<hr/>
12	DEBTORS		
		<b>2008</b>	<b>2007</b>
		<b>£000</b>	<b>£000</b>
	<i>Due within one year:</i>		
	Trade debtors	<b>4,661</b>	<b>304</b>
	Other debtors	<b>84</b>	<b>9</b>
	Prepayments and accrued income	<b>708</b>	<b>608</b>
		<hr/>	<hr/>
		<b>5,453</b>	<b>921</b>
		<hr/>	<hr/>
13	CREDITORS: Amounts falling due within one year		
		<b>2008</b>	<b>2007</b>
		<b>£000</b>	<b>£000</b>
	Bank loans and overdrafts	<b>83</b>	<b>57</b>
	Unsecured loan stock	<b>2,002</b>	<b>268</b>
	Other loans	<b>-</b>	<b>88</b>
	Trade creditors	<b>4,793</b>	<b>1,556</b>
	Amounts owed to group undertakings	<b>4,583</b>	<b>-</b>
	Amounts owed to fellow subsidiary	<b>-</b>	<b>14</b>
	Other taxation and social security costs	<b>830</b>	<b>517</b>
	Other creditors	<b>13</b>	<b>-</b>
	Accruals and deferred income	<b>10,929</b>	<b>2,434</b>
		<hr/>	<hr/>
		<b>23,233</b>	<b>4,934</b>
		<hr/>	<hr/>
14	CREDITORS: Amounts falling due after more than one year		
		<b>2008</b>	<b>2007</b>
		<b>£000</b>	<b>£000</b>
	Bank loans	<b>229</b>	<b>312</b>
	Unsecured loan stock	<b>-</b>	<b>1,996</b>
	Other loans	<b>-</b>	<b>89</b>
	Accruals and deferred income	<b>3,367</b>	<b>3,349</b>
	Preference shares of £1 each (see note 18)	<b>1</b>	<b>-</b>
		<hr/>	<hr/>
		<b>3,597</b>	<b>5,746</b>
		<hr/>	<hr/>

# Stoke City Football Club Limited

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 May 2008

### 15 ANALYSIS OF DEBT

	2008 £000	2007 £000
<i>Analysis of external borrowings:</i>		
Bank loans and overdrafts	312	369
Unsecured loan stock	2,002	2,264
Other loans	-	177
	<u>2,314</u>	<u>2,810</u>
<i>Analysis of debt maturity:</i>		
In one year or less or on demand	2,085	413
In more than one year but not more than two years	229	106
In more than two years but not more than five years	-	2,257
In more than five years	-	34
	<u>2,314</u>	<u>2,810</u>

#### *Bank loans and overdrafts*

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

### 16 DEFERRED GRANTS

	2008 £000	2007 £000
Included within accruals and deferred income are deferred grants relating to capital expenditure, revenue expenditure and financial support as follows:		
Balance at beginning of year	2,274	2,329
Released to profit and loss account	(54)	(55)
	<u>2,220</u>	<u>2,274</u>
<i>Accruals and deferred income: Deferred grants</i>		
Creditors: Amounts falling due within one year	54	55
Creditors: Amounts falling due after more than one year	2,166	2,219
	<u>2,220</u>	<u>2,274</u>



# Stoke City Football Club Limited

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 May 2008

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### 17 PROVISIONS FOR LIABILITIES AND CHARGES

	Pension obligations £000
Balance at beginning of year	80
Decrease in provision	(9)
	<hr/>
<b>Balance at end of year</b>	<b>71</b>
	<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. As the Company is one of a number of participating employers in the FLLPLAS, is it not possible to allocate any actuarial surplus or deficit on a meaningful basis and consequently contributions are expensed to the profit and loss account as they become payable. The assets of the scheme are held separately from those of the company, being invested with insurance companies. Under the provisions of FRS 17 the scheme is treated as a defined benefit multi employer scheme.

The scheme's actuary has advised that the participating employer's share of the underlying assets and liabilities cannot be identified on a reasonable and consistent basis and accordingly, no disclosures are made under the provisions of FRS 17. At 31 August 2005, an MFR deficit was identified in the scheme, of which a proportion was allocated to Stoke City Football Club 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 £71,000 at the year end (2007: £80,000).

Contributions totalling £52,000 (2007: £54,000) were paid to the various schemes in the year.

# Stoke City Football Club Limited

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 May 2008

### 18 SHARE CAPITAL

	2008 £000	2007 £000
<i>Authorised</i>		
Non-Equity: 5.25% Cumulative preference shares of £1 each	1	1
Equity: Ordinary shares of £1 each	19,759	19,759
Equity: Ordinary I shares of £1 each	64	64
Equity: Ordinary X shares of £1 each	88	88
Equity: Ordinary Y shares of £1 each	88	88
	<u>20,000</u>	<u>20,000</u>
<i>Allotted, issued and paid</i>		
Equity: Ordinary shares of £1 each	11,602	11,602
Equity: Ordinary I shares of £1 each	64	64
Equity: Ordinary X shares of £1 each	88	88
Equity: Ordinary Y shares of £1 each	88	88
	<u>11,842</u>	<u>11,842</u>
Equity shareholders		
	<u>11,842</u>	<u>11,842</u>
Non-Equity: 5.25% Cumulative preference shares of £1 each	1	1
	<u>11,843</u>	<u>11,843</u>

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

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

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

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

At 31 May 2008 an amount of £2,002,000 (2007: £268,000) was due on the unsecured loan stock which has been included in creditors less than one year due to additional payment events and promotion to the Premier League.

# Stoke City Football Club Limited

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 May 2008

### 19 RESERVES

	Share premium account £000	Revaluation reserve £000	Profit and loss reserve £000	Total £000
Balance at beginning of year	579	15	(14,094)	(13,500)
Loss for year	-	-	(4,320)	(4,320)
<b>Balance at end of year</b>	<b>579</b>	<b>15</b>	<b>(18,414)</b>	<b>(17,820)</b>

### 20 CAPITAL COMMITMENTS

	2008 £000	2007 £000
Capital expenditure contracted for but not provided in the financial statements	37	-

### 21 COMMITMENTS UNDER OPERATING LEASES

	2008		2007	
At 31 May the company was committed to making the following payments during the next year under non-cancellable operating leases as follows:	Land and buildings £000	Other £000	Land and buildings £000	Other £000
Expiring within one year	-	51	-	-
Expiring between two and five years	-	-	30	51
Expiring in five years or more	301	-	303	-
	<b>301</b>	<b>51</b>	<b>333</b>	<b>51</b>

# Stoke City Football Club Limited

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 May 2008

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### 22 CONTINGENT LIABILITIES

#### *Ground safety grants*

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

#### *Collateral security*

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

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

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

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

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

#### *Deferred Income*

Included in deferred income is £20,000 (2007: £27,245) received under an advance discount agreement with the stadium's brewery, this amount is secured by a legal charge over the leasehold interest in Britannia Stadium.

# Stoke City Football Club Limited

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 May 2008

### 23 RELATED PARTY TRANSACTIONS

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

<i>Name of related party</i>	<i>Description of relationship</i>	<i>Description of transactions</i>	<i>2008</i>		<i>2007</i>	
			<i>Aggregate value for financial year</i>	<i>Net amount owed to / (by) the company</i>	<i>Aggregate value for financial year</i>	<i>Net amount owed to / (by) the company</i>
			<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
Stoke City (Property) Limited (formerly Stoke-on-Trent Community Stadium Development Company Limited)	Fellow subsidiary	Rent and stadium events	279	-	(230)	(14)

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

### 24 ULTIMATE PARENT COMPANY AND CONTROLLING INTEREST

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

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

Registrar of Companies  
Crown Way  
CARDIFF  
CF14 3UZ

# Stoke City Football Club Limited

## NOTICE OF MEETING

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NOTICE IS HEREBY GIVEN that an Annual General Meeting of Stoke City Football Club Limited will be held at the Britannia Stadium, Stoke-on-Trent on Wednesday 17 December 2008 at 6.00pm for the following purposes:

### *Ordinary Business*

- 1 To receive and adopt the audited accounts for the year ended 31 May 2008 together with the reports of the directors and auditors.
- 2 To re-appoint Baker Tilly UK Audit LLP as auditors of the company, to hold office until the next general meeting at which accounts are laid, and to authorise the directors to determine their remuneration.

By order of the Board

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

20 November 2008

### *Note:*

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