

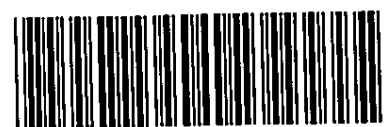
Stoke City Football Club Limited

REPORT AND FINANCIAL STATEMENTS

31 May 2011

Company Registration No 00099885

MONDAY



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19/12/2011

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Stoke City Football Club Limited

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Stoke City Football Club Limited

OFFICERS AND PROFESSIONAL ADVISORS

DIRECTORS

P Coates - Chairman
P Rawlins
K Humphreys
A Scholes
R Smith

CHIEF EXECUTIVE

A Scholes

SECRETARY

K Silk (resigned 14 October 2011)
M Goodman (appointed 31 October 2011)

MANAGER

A 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

It has been my privilege to watch some great Stoke City teams and some truly outstanding players in my time as both a supporter and Chairman of this Football Club, but in my opinion the achievements of those who performed so heroically throughout such a memorable 2010-11 season surpassed all others before them. To reach a first-ever FA Cup Final, not to mention qualify for Europe as a result, far exceeded our expectations. That came on top of the fact that we not only accomplished our main objective once again of securing Premier League football for a fourth season, but only just missed out on finishing in the top half of the table.

There is, of course, every justification for arguing that the 1971-72 season, when we won our one major trophy, the League Cup, was the most successful campaign in the Club's long history. However, you must remember that this was a time of a relatively level playing field, with gate money being shared and virtually no TV income. As such, the old First Division was nowhere near as tough as the Premier League, which is widely recognised as the number one international League where so many teams and players are rated as world class. Therefore, all the euphoria surrounding our two trips to Wembley and subsequent qualification for the Europa League was matched by immense satisfaction felt at preserving our Premier League status in relatively untroubled fashion.

Even though the FA Cup dream didn't produce the desired finish and we were one point short of a top ten spot in the Premier League, that couldn't take any of the gloss off another tremendous 'team effort' by everyone associated with the Club. Nowhere was our wonderful spirit and togetherness more evident than in the moments of bitter disappointment following the Final at Wembley and many including the FA Chairman praised the Club and fans for some gracious behaviour which made me immensely proud of what we have achieved.

Tony Pulis and the football management team, the players and all the staff at the Club deserve enormous credit for their part, but we have also received magnificent backing from our supporters, who never cease to amaze us with their passion and loyalty, and our corporate partners who have all made a huge contribution in helping to move the Club forward.

FINANCIAL PERFORMANCE

The financial results for the year ending 31st May, 2011 saw turnover rise by £7.8 million to £66.8 million (2010: £59.0 million). The primary factor behind this increase in revenue was the increase in Premier League distributions arising from the new broadcasting deal. In addition, further revenue was generated by the Club's successful Cup runs and an increase in revenue from all areas of the business.

Alongside our increase in revenues, there was a substantial increase in player wage costs, which had been planned for, to enable us to consolidate our position in the Premier League. Accordingly, our operating profit before transfer activity and player amortisations increased by £300,000 to £8.5 million (2010: £8.2 million).

Our player trading costs reflected our continued investment in the squad. Player purchases in the year of £21.0 million (2010: £26.5 million) contributed to an amortisation charge of £15.4 million (2010: £15.8 million). This resulted in the Club making a net loss of £5.6 million (2010: £4.5 million loss).

In terms of cash flow, the net cash inflow from operating activities was £6.8 million (2010: £5.9 million). However, this was another year of substantial investment in the playing squad with a net cash outlay on player purchases of £14.2 million (2010: £20.6 million).

In order to finance this, there has been a further loan from our ultimate holding company, bet365 Group Limited (which is owned by the Coates Family) of £15.5 million (2010: £15.4 million), meaning that there has been an increase in cash during the year of £7.3 million (2010: £173,000 decrease).

There has been further substantial investment in the playing squad during the summer and not therefore included in these figures. The huge investment in the playing squad over the last four years has been in my view necessary to enable Tony Pulis to assemble a group of players capable of competing at this level.

Stoke City Football Club Limited

CHAIRMAN'S STATEMENT

This has required the family to make huge cash injections every year. Going forward, it is important now we have built the quality of the squad, that we work hard towards making the club self sufficient. This will not happen overnight, but, should be an important and realistic target for us to achieve.

OTHER HIGHLIGHTS

A crucial aspect of building upon the progress we have made over the past four years has been to create a legacy that will improve our prospects of achieving sustained success. This has involved the implementation of key initiatives across all areas of the Club's operation, as well as further investment in the infrastructure at both the Britannia Stadium and Clayton Wood Training Ground. To that end, we have made considerable strides forward within the last financial year which underline the fact that long-term goals are as important to us as the primary, short-term objective of maintaining our Premier League status at the start of each season.

The growth of our supporter base and the significance of filling the Britannia Stadium to capacity as often as possible remain prominent features of our game plan. It was most satisfying therefore to see the level of support once again from the record-breaking Season Ticket sales all the way through to the thousands who paid two visits to Wembley Stadium for the FA Cup Semi-Final and Final. The number of Season Ticket holders increased to 21,000 at the start of the season, a figure which has subsequently risen again beyond the 22,000 mark for the 2011-12 season. That is a remarkable show of loyalty and commitment, especially in the current economic climate and when you also consider the cost of following us on two trips to Wembley and around Europe.

There was a minimal fall in our average attendances from 2009-10, due largely to a drop in the number of visiting supporters attending matches at the Britannia Stadium primarily because a high proportion of them were live on television. By and large though, we were delighted our attendances bucked the national trend when other clubs were reporting a decline in numbers. Yet again, there were a good many examples when the tremendous atmosphere and backing for the team lifted the players to such an extent that it made a difference to the outcome of matches.

An important part of our drive to increase the supporter base was the introduction of a Membership scheme to recognise and reward the loyalty of fans, and one of the major benefits of such an initiative came to the fore amidst the great clamour for tickets to see us play at Wembley. It certainly made the process of distributing tickets much fairer and, when faced with a considerably smaller allocation for the Final, 28,000 rather than over 34,000 for the Semi-Final, we were delighted to be able to guarantee everyone within our Membership groups the chance to buy a ticket.

The enormous amount of interest generated by our FA Cup success captured the imagination of many, many more people locally and therefore provided a significant boost to our work in encouraging youngsters to support their local team. The substantial increase in the number of young people among our Season Ticket holders has continued on its upward curve. More and more children can now be seen around the city wearing our colours rather than those of other clubs and our flagship scheme City 7s goes from strength to strength. Indeed, most pleasing of all has been the record number of Year Two children registering for the City 7s in the 2011-12 season.

The development of a younger generation has also been the focus of attention in making major changes to the operation of our Academy to give us the best possible chance of unearthing home grown talent and ultimately producing first team players. With a limit to the number of times we can make big-money signings to improve and strengthen the first team squad, the long term aim of becoming self-sufficient will rely on us bringing through young players. So, we want to be ahead of the game with new guidelines coming into force concerning the running of Academies.

Stoke City Football Club Limited

CHAIRMAN'S STATEMENT

The introduction of the Elite Player Performance Plan is a radical overhaul of the structure of youth football which aims to empower clubs to produce more home grown players. The Plan sets out to ensure that the best young talent receives the best coaching in the best Academies with clubs challenged to meet certain criteria in order to be given a ranking within that structure. It is our intention to be centre stage in the quest to attract and nurture the best young talent. We have put in place significant changes to our coaching, scouting and recruitment programme which will give those aspiring youngsters in this area every chance of fulfilling their ambitions in the game while also enabling us to get the most out of the excellent facilities created at the Clayton Wood Training Ground. Those facilities, together with the success we have achieved in establishing ourselves as a Premier League club, mean we are more of an attraction to young talent. So in the future, the aim is that the strength in depth of our squad can be provided by players graduating from our Academy.

Investment in facilities has continued through the summer of 2011 when work was undertaken at the Britannia Stadium and Clayton Wood Training Ground and where in both instances an improvement in the quality of playing surfaces was a prominent feature. As well as a new pitch being laid at the stadium, the latest phase of the Training Ground's development involved the installation of an irrigation system and the renovation of pitches to provide the best possible conditions for training and matches. The players, management and coaching staff have also benefited from an upgrade in the quality of the dressing room area at the stadium, just one part of major renovation work which was largely centred around the administration building.

The creation of facilities befitting our Premier League status was also at the heart of work to enhance the customer experience at the stadium, most notably the Superstore and Ticket Office. We have improved the quality and speed of service in two crucial areas of our operation to provide a better experience, particularly at times of the highest demand for merchandise and tickets which scaled new heights around the time of our trips to Wembley. On top of that, ongoing investment in the transformation of function suites within the Q-railing Stand has raised the bar even higher for matchday hospitality and a wide range of other events held at the stadium on a day-to-day basis.

The FA Cup success and European qualification provided many commercial spin-offs as the profile of the Club was raised to an even higher level. Off the back of Wembley sales which saw shelves in the Club Stores being cleared of anything Stoke City, the thriving retail operation enjoyed record-breaking sales of the new home and away kit. This was a further endorsement of the excellent adidas range of market-leading products which has proved to be extremely popular since the world's number one football brand became our Official Kit Supplier.

The global reach of the Club has also been underlined by the success in attracting new Official Club Partners to the Britannia Stadium who recognise the potential of being associated with our brand on that stage. While there have been a number of local companies with strong international links who have been welcomed on board in the summer of 2011, we have also broken into the Asian market by securing Big Cola as a partner with the promise of more to follow in the future. We have also strengthened our long-standing associations with two local institutions, Staffordshire University and Signal Radio, an important part of those agreements being that both partners have a strong and active presence within the local community. This will provide further impetus to the excellent, far-reaching activities undertaken by our Football in the Community programme.

The Club's commitment as a pillar of the community is often overshadowed by our other achievements, but its significance should never be under-estimated in helping to shape our future. Through the delivery of core projects and a wide range of other activities, the Community Programme engages with more than 120,000 people by using sport, and football in particular, as a vehicle to improve the quality of lives and outcomes for children and other members within the local community of Staffordshire and surrounding areas. It provides sporting opportunities for children and young people to enjoy a more active lifestyle. It also stimulates a more positive outlook for many others in need of encouragement and support, regardless of their age, background, ethnicity, economic status or indeed their physical ability.

Stoke City Football Club Limited

CHAIRMAN'S STATEMENT

Support in the form of Premier League initiatives has enabled us to expand this work to such an extent that we now employ 35 full-time staff together with over 26 part-time/casual members of staff in our Community programme

While record numbers continue to attend our Soccer Schools and Multi Sports Courses during holiday times, there have been many other successful projects introduced which have made a difference to the well-being of those participating in them. A Mend Programme, for instance, gave eight local families the chance to participate in a 10-week course of education and guidance to help them lead a healthier lifestyle. We also launched the North Staffordshire 2012 Aspiring Athlete Fund with a £20,000 donation to boost the Olympic dreams of local athletes aiming for glory at the London Games. The funding helped a group of athletes with training and preparation in their bid to achieve crucial qualification standards for the Olympics and Paralympics.

All this has contributed to what has been a truly memorable year for the Football Club and I would like to place on record my sincere thanks to everyone who has contributed to another remarkable team effort, on and off the field. Without that commitment, hard work and dedication to your jobs, we couldn't have made this excellent progress.

THE NEW SEASON

The incredible journey which has seen this Football Club enjoy four years of rapid progression reached new landmarks in the 2011-12 season as we rose to even greater challenges put before us on the domestic and European fronts. Though nothing will stand in the way of our number one priority - that of preserving our Premier League status - an exciting new venture began with our qualification for the Europa League for the very first time, our first taste of European action for 37 years following two brief encounters with the UEFA Cup in the 1970s.

Who could have possibly imagined, little more than four years ago when we embarked upon another season in the Championship, that we would be looking forward to a prospect of playing the likes of Hajduk Split, Dynamo Kiev and Besiktas on some fantastic European nights. But we have embraced this opportunity to perform on that stage with much the same spirit and enthusiasm that has been such a hallmark of our success. So much so, that it has given rise to more optimism about what the Club might achieve in our fourth season in the top-flight of English football. With success comes higher levels of expectation and we all recognise that one of our biggest challenges as we continue to move the Club forward is managing those expectations.

A crucial factor in the success we have achieved has been staying focused on our main objectives through the ups and downs over the course of a season. This has been even more important in light of a whole new experience which has required us to combine competing in the toughest League in the world with our European adventure. That makes it all the more commendable that we have achieved some fantastic results in the Premier League while also advancing through the qualifying rounds and then an incredibly tough Group E in the Europa League. As European novices, there was enormous satisfaction to be gained from the fact that we were the only British club to make it through the Group Stage of that competition to the Round of 32. Such were the demands that by the halfway point of a season which had begun on 28th July, we had played the equivalent of almost an entire League programme in terms of our matches in all competitions.

Despite some particularly tough fixtures, we enjoyed our best start to a season for more than 30 years, notable for the fact that we kept six clean sheets in our first eight games and lost only twice in our first 14 matches - both of them on tricky away trips which fell after tough European fixtures 72 hours earlier. Once again, we have been privileged to see some thrilling games at the Britannia Stadium and some memorable performances against top teams such as Liverpool, Manchester United, Tottenham Hotspur and Besiktas. All this meant that we had much to look forward to going into the second half of the season with us well on the way to that initial 40-point target in the Premier League as well as the next stage of our European adventure to come with a glamorous tie against Spanish giants Valencia in the Round of 32 in the Europa League.

Stoke City Football Club Limited

CHAIRMAN'S STATEMENT

It is, of course, an unavoidable fact of life that the more you give, the more people want, and I don't think our supporters would argue with the fact that they have been spoilt by what has happened to the Club over an eight month period from the time we reached Wembley. As well as results on the pitch, we have made exciting additions to the squad. These were required to enable us to consolidate and strengthen our position in the Premier League while also dealing with the demands of playing so many matches due to our Europa League commitments.

It's almost becoming a tradition now for this Club to be one of the great hives of activity when transfer deadline day arrives, although it's not feasible, possible or for that matter even desirable, for that to always be the case. Prior to that dramatic finale to this transfer window, we pulled off arguably the 'steals' of the summer by acquiring two England defenders on free transfers as both Jonathan Woodgate and Matthew Upson added considerable experience to our defensive ranks. The fact that we were looking to sign players of that pedigree was just as evident, if not more so, in the deadline day dealings which represented an overall commitment of more than £40 million. We broke the Club transfer record again by signing England striker Peter Crouch, while also securing the services of his Tottenham Hotspur colleague Wilson Palacios and another striker, Cameron Jerome, from Birmingham City. We believe all five players are good value in the current marketplace and will prove to be excellent business.

While all of those signings have contributed to our success since their arrivals, it is also important they become part of the fabric of the Club and in that respect they have featured prominently in supporting activities which have enhanced our work in the community. Woodgate ensured there was a high-profile launch to the The Co-operative Football Roadshow which is backed by our Official Club Partner Britannia and offers Year Two schoolchildren the opportunity to take part in soccer skills sessions run by our Community coaches, while Jerome gave his backing to the introduction of hockey as one of our Premier League 4 Sport initiatives. Hockey has now replaced judo as one of the four Olympic sports in which we are encouraging young people to participate in the countdown to the London Games – the other three which have already been established being table tennis, badminton and volleyball.

On top of that, Upson and Crouch were contestants in the second Marco's Stoke Kitchen which took place in the Tony Waddington Suite as they were put through their paces by celebrity chef Marco Pierre White. This proved to be as entertaining as the first event, but was made even more enjoyable by the fact that it helped to raise money for the Club's new Community Fund which has now become the focus of our charitable activities. This Fund is a grants scheme which will support small, local community-based projects in Staffordshire and South Cheshire and therefore gives us another platform on which to build even stronger links with the community.

The excitement generated in the early stages of the 2011-12 season made games at the Britannia Stadium a particularly attractive proposition for the television cameras and by the halfway point, six of our first nine home games in the Premier League had been broadcast live, while our Europa League Group E games were part of ITV 4 and ESPN's coverage of the competition at that stage. The combination of fixture changes and television scheduling has meant that 3.00pm kick offs on a Saturday afternoon have been a rarity during that period, but while I know that some are not always happy with this move away from tradition, it is a necessary consequence of the success we have achieved and the huge investment made by television companies which helps to make this the most competitive League in the world.

What hasn't changed, despite that disruption, is the tremendous commitment and loyalty of our supporters which has been seen in abundance again at the Britannia Stadium, with sell-out crowds for many of our matches, as well as in some of the far corners of Europe. That backing remains an inspiration to us all, especially Tony Pulis and the players, and has undoubtedly played a major part in getting us where we are today. The sight of 34,000 fans decked in red and white singing Delilah at Wembley during our FA Cup Semi-Final triumph over Bolton is a memory we will cherish for a long, long time. So I would like to finish by saying a big thank you for that tremendous backing.

P Coates
Chairman



19 December 2011

Stoke City Football Club Limited

DIRECTORS' REPORT

The directors submit their report and the financial statements of Stoke City Football Club Limited for the year ended 31 May 2011

PRINCIPAL ACTIVITIES

The principal activity is that of a professional football club

RESULTS AND DIVIDENDS

The loss for the year amounted to £5,558,000 (2010 loss £4,517,000) The directors do not recommend the payment of preference or ordinary share dividends (2010 £nil)

REVIEW OF THE BUSINESS

A review of the Club's results for the year ended 31 May 2011 and its future prospects are contained in the Chairman's Report on page 2

RISKS AND UNCERTAINTIES

The Football Club's main risks and uncertainties centre around the ability to train, acquire and develop players to sufficient standard to retain and improve its position in the Premier League, together with any rise or fall in the valuation of these players and the level of income receivable each year from the Premier League The Club has invested heavily in a new training facility and continually invests in high quality players to mitigate these risks

FINANCIAL INSTRUMENTS

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

The board manages these risks in order to minimise any adverse effects on the company

Price

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

Liquidity

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

Cash flow

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

Credit

Minimal credit is given by the Club, with the majority of sales being on a cash basis Season ticket sales with payment terms have been allowed and are collected by direct debit Any risk of bad debts is mitigated by thorough credit control procedures and close monitoring of the receipts each month Payment terms are given to other clubs based on contracts and these are closely monitored and chased as appropriate by the Club

Stoke City Football Club Limited

DIRECTORS' REPORT

DIRECTORS

The following directors have held office since 1 June 2010

P Coates – Chairman
P Rawlins
K Humphreys
A Scholes
R Smith

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

The directors have confirmed that, as far as they are aware, 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

Baker Tilly UK Audit LLP, Chartered Accountants, were appointed auditors by the company. Pursuant to section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and therefore Baker Tilly UK Audit LLP will continue in office.

By order of the board



P Coates
Director

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

19 December 2011

Stoke City Football Club Limited

DIRECTORS' RESPONSIBILITIES IN THE PREPARATION OF FINANCIAL STATEMENTS

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to

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

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

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

We have audited the financial statements on pages 11 to 30. 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 Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Retrospective responsibilities of directors and auditor

As more fully explained in the Directors' Responsibilities Statement set out on page 9, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit on the financial statements

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

Opinion on the financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 May 2011 and of its 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.

Opinion on other matter prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit.

Baker Tilly UK Audit LLP

Anne Lakin (Senior Statutory Auditor)

For and on behalf of BAKER TILLY UK AUDIT LLP, Statutory Auditor

Chartered Accountants

Festival Way

Stoke-on-Trent

Staffordshire

ST1 5BB

19 December 2011

Stoke City Football Club Limited

PROFIT AND LOSS ACCOUNT

For the year ended 31 May 2011

	Note	Operations excluding player trading £000	2011 Player trading (note 6) £000	Total £000	2010 £000
TURNOVER – CONTINUING OPERATIONS	1	66,809	-	66,809	58,978
Operating expenses		(58,355)	(15,359)	(73,714)	(66,526)
OPERATING LOSS – CONTINUING OPERATIONS	1	8,454	(15,359)	(6,905)	(7,548)
Profit on disposal of players' registrations	6	-	1,260	1,260	2,877
Profit on disposal of fixed assets		-	-	-	73
LOSS BEFORE INTEREST AND TAXATION		8,454	(14,099)	(5,645)	(4,598)
Interest receivable and similar income	2	90	-	90	87
Interest payable and similar charges	3	(3)	-	(3)	(6)
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION	1-6	8,541	(14,099)	(5,558)	(4,517)
Taxation	7	-	-	-	-
LOSS FOR THE FINANCIAL YEAR		8,541	(14,099)	(5,558)	(4,517)

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 2011

	Note	2011 £000	2010 £000
FIXED ASSETS			
Intangible assets	8	25,604	25,482
Tangible assets	9	897	447
		26,501	25,929
CURRENT ASSETS			
Stocks	10	759	952
Debtors	11	19,622	18,406
Cash at bank and in hand		17,141	9,819
		37,522	29,177
CREDITORS Amounts falling due within one year	12	(48,557)	(36,352)
NET CURRENT LIABILITIES		(11,035)	(7,175)
TOTAL ASSETS LESS CURRENT LIABILITIES		15,466	18,754
CREDITORS Amounts falling due after more than one year	13	(6,901)	(4,617)
PROVISIONS FOR LIABILITIES	16	(115)	(129)
NET ASSETS		8,450	14,008
CAPITAL AND RESERVES			
Called up share capital	17	35,842	35,842
Share premium account	18	579	579
Revaluation reserve	18	15	15
Profit and loss reserve	18	(27,986)	(22,428)
SHAREHOLDERS' FUNDS		8,450	14,008
EQUITY SHAREHOLDER FUNDS		8,449	14,007
NON-EQUITY SHAREHOLDER FUNDS		1	1
		8,450	14,008

The financial statements on pages 11 to 30 were approved by the board of directors and authorised for issue on 19 December 2011 and are signed on its behalf by

P Coates
Director



Company Registration No 00099885

Stoke City Football Club Limited

CASH FLOW STATEMENT

for the year ended 31 May 2011

	2011		2010
	£000	£000	£000
RECONCILIATION OF OPERATING LOSS TO NET CASH FLOW FROM OPERATING ACTIVITIES			
Operating loss		(6,905)	(7,548)
Amortisation/impairment of intangible assets	15,359		15,794
Depreciation of tangible assets	273		453
Grants released	(53)		(54)
Decrease/(increase) in stocks	193		(730)
Increase in debtors	(1,150)		(9,393)
(Decrease)/increase in creditors	(887)		7,281
(Decrease)/increase in provisions	(14)		67
		13,721	13,418
CASH FLOW FROM OPERATING ACTIVITIES		6,816	5,870
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			
Interest received	24		27
Interest paid	(3)		(6)
NET CASH INFLOW FOR RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		21	21
CAPITAL EXPENDITURE			
Purchase of intangible fixed assets	(21,032)		(26,472)
Sale of intangible fixed assets	6,811		5,891
Purchase of tangible fixed assets	(723)		(810)
NET CASH OUTFLOW FOR CAPITAL EXPENDITURE		(14,944)	(21,391)
FINANCING			
Repayment of bank loans	(71)		(71)
Repayment of unsecured loan stock	-		(22)
New loans issued from fellow group company	15,500		15,420
NET CASH INFLOW FOR FINANCING		15,429	15,327
INCREASE/(DECREASE) IN CASH IN YEAR		7,322	(173)

Stoke City Football Club Limited

CASH FLOW STATEMENT for the year ended 31 May 2011

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS

	Note	2011 £000	2010 £000
INCREASE/(DECREASE) IN CASH IN THE YEAR		7,322	(173)
Cash outflow from decrease in debt financing		71	93
Cash inflow from fellow subsidiary		(15,500)	(15,420)
Capitalisation of loans as equity		-	24,000
Disposal of investment in subsidiary		-	6,644
MOVEMENT IN NET DEBT IN THE YEAR		(8,107)	15,144
NET DEBT AT 1 JUNE 2010		7,768	(7,376)
NET DEBT AT 31 MAY 2011	14	(339)	7,768

Stoke City Football Club Limited

RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

For the year ended 31 May 2011

	2011 £000	2010 £000
LOSS FOR THE FINANCIAL YEAR	(5,558)	(4,517)
New share capital issued	-	24,000
NET (REDUCTION IN)/ADDITION TO SHAREHOLDERS' FUNDS	(5,558)	19,483
Opening shareholders' funds/(deficit)	14,008	(5,475)
CLOSING SHAREHOLDERS' FUNDS	8,450	14,008

Stoke City Football Club Limited

ACCOUNTING POLICIES

BASIS OF ACCOUNTING

The financial statements have been prepared under the historical cost convention and in accordance with applicable United Kingdom accounting standards

The financial statements have been prepared on a going concern basis bet365 Group Limited and Stoke City Holdings Limited have agreed to continue to support the company's funding requirements to enable the company to meet its obligations as they fall due for 12 months from the date of signing these financial statements. As a result of this undertaking, the directors consider it appropriate to prepare the financial statements on a going concern basis

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

Tangible fixed assets are stated at cost or valuation, net of depreciation and any provision for impairment. Depreciation is provided on all tangible fixed assets at rates calculated to write each asset down to its estimated residual value evenly over its expected useful life, as follows

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

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

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

Stoke City Football Club Limited

ACCOUNTING POLICIES

GRANTS

Grants received from the Football Trust in respect of the original building costs of the Britannia Stadium, the freehold of which is fully owned by a fellow subsidiary company, Stoke City (Property) Limited, 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 losses 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 substantively 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. The differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet

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

EMPLOYEE REMUNERATION

The company has entered into certain agreements with employees linked to the Club retaining its Premier League status and recognises the cost of the services provided and liability generated over the period which the employees' services will be rendered

Stoke City Football Club Limited

ACCOUNTING POLICIES

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. Revenue received from the Premier League is recognised in full in the financial statements in the relevant season. This is in accordance with the Premier League guidelines on income recognition. Performance related awards are not recognised until achieved by the Club, as the income cannot be assumed with certainty.

CASH

Cash for the purpose of the cash flow statement comprises cash in hand and deposits repayable on demand, less overdrafts repayable on demand.

Stoke City Football Club Limited

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 May 2011

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

	2011	2010
	£000	£000
Bank interest	24	27
Other interest	66	60
	<hr/>	<hr/>
	90	87
	<hr/>	<hr/>

3 INTEREST PAYABLE AND SIMILAR CHARGES

	2011	2010
	£000	£000
On bank loans and overdrafts	3	6
	<hr/>	<hr/>

Stoke City Football Club Limited

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 May 2011

4 LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION

	2011 £000	2010 £000
Loss on ordinary activities before taxation is stated after charging/(crediting)		
Depreciation and amounts written off tangible fixed assets		
Charge for the year		
Owned assets	273	453
Amortisation of intangible fixed assets	14,093	13,679
Impairment of player registrations	1,266	2,115
Grants released	(53)	(54)
Operating lease rentals		
Land and buildings	486	301
	<hr/>	<hr/>
Audit services		
Statutory audit	16	16
Other services	7	7
Tax services		
Compliance services	2	2
	<hr/>	<hr/>
	25	25
	<hr/>	<hr/>

Stoke City Football Club Limited

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 May 2011

5 EMPLOYEES

	2011 Number	2010 Number
The average monthly number of persons (including directors) employed by the company during the year was		
Full time playing staff and scholars	54	52
Other	156	187
	<u>210</u>	<u>239</u>

In addition to the above the company employed an average of 303 (2010 272) match-day staff during the year

	2011 £000	2010 £000
Staff costs for the above persons		
Wages and salaries	40,494	38,880
Social security costs	5,411	5,008
Other pension costs	1,188	917
	<u>47,093</u>	<u>44,805</u>

DIRECTORS' REMUNERATION AND HIGHEST PAID DIRECTOR

	2011 £000	2010 £000
Emoluments	562	118
Pension fund contributions	27	1
	<u>589</u>	<u>119</u>

The number of directors to whom relevant benefits are accruing under money purchase pension schemes was 1 (2010 nil)

6 PLAYER TRADING

	2011 £000	2010 £000
Amortisation/impairment of intangible fixed assets	(15,359)	(15,794)
Profit on disposal of players' registrations	1,260	2,877
	<u>(14,099)</u>	<u>(12,917)</u>

Stoke City Football Club Limited

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 May 2011

7 TAXATION

	2011	2010
	£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 on ordinary activities	-	-
Factors affecting tax charge for the year	2011	2010
	£000	£000
The tax assessed for the year is higher (2010 higher) than the standard rate of corporation tax in the UK 28% (2010 28%) The differences are explained below		
Loss on ordinary activities before taxation	(5,558)	(4,517)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK 28% (2010 28%)	(1,556)	(1,265)
<i>Effects of</i>		
Expenses not deductible for tax purposes	31	37
Fixed asset timing differences	(14)	32
Movement in short term timing differences	1,109	18
Group relief	551	1,249
Non taxable income	(121)	(71)
Current tax charge for the year	-	-

Factors that may affect the future tax charge

Deferred tax assets of £2.2m (2010 £2.4m) relating to tax losses and £0.14m (2010 £0.12m) relating to fixed asset timing differences and £1.06m (2010 £0.02m) relating to other timing differences have not been recognised as a result of uncertainty over future levels of profitability

Stoke City Football Club Limited

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 May 2011

8 INTANGIBLE FIXED ASSETS

	Players registrations £000
<i>Cost</i>	
At beginning of year	56,400
Additions	21,032
Disposals	(15,438)
	<hr/>
At end of year	61,994
	<hr/>
<i>Amortisation</i>	
At beginning of year	30,918
Amortisation	14,093
Impairment	1,266
Disposals	(9,887)
	<hr/>
At end of year	36,390
	<hr/>
<i>Net book value</i>	
At 31 May 2011	25,604
	<hr/>
At 31 May 2010	25,482
	<hr/>

Stoke City Football Club Limited

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 May 2011

9 TANGIBLE FIXED ASSETS

	Leasehold land and buildings	Plant, equipment and motor vehicles	Total
	£000	£000	£000
<i>Cost</i>			
At beginning of year	728	706	1,434
Additions	228	495	723
At end of year	956	1,201	2,157
<i>Depreciation</i>			
At beginning of year	482	505	987
Charge for year	73	200	273
At end of year	555	705	1,260
<i>Net book value</i>			
At 31 May 2011	401	496	897
At 31 May 2010	246	201	447

The net book value of leasehold land and buildings comprises

	2011	2010
	£000	£000
Short leasehold	401	246

Depreciation in respect of short leasehold properties in the year is £73,000 (2010 £90,000)

Stoke City Football Club Limited

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 May 2011

10	STOCKS		
		2011	2010
		£000	£000
	Goods for resale	759	952

11	DEBTORS		
		2011	2010
		£000	£000
	Trade debtors	4,872	7,530
	Amounts owed by group undertakings	8,468	6,261
	Other debtors	2,189	2,358
	Prepayments and accrued income	4,093	2,257
		19,622	18,406

Included in trade debtors are amounts due in more than one year of £nil (2010 £1,000,000)

12	CREDITORS Amounts falling due within one year		
		2011	2010
		£000	£000
	Bank loans	76	76
	Trade creditors	6,739	11,623
	Amounts owed to group undertakings	17,376	1,876
	Other taxation and social security costs	5,246	4,702
	Other creditors	33	57
	Accruals and deferred income	19,087	18,018
		48,557	36,352

The bank loan is repayable over 4¼ years and interest is charged on the bank loan at 2% per annum above LIBOR

Stoke City Football Club Limited

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 May 2011

13 CREDITORS Amounts falling due after more than one year

	2011 £000	2010 £000
Bank loans	28	99
Trade creditors	4,250	1,717
Accruals and deferred income	2,622	2,800
Preference shares of £1 each (see note 17)	1	1
	<u>6,901</u>	<u>4,617</u>

Analysis of bank loans

In one year or less or on demand	76	76
In more than one year but not more than two years	28	99
	<u>104</u>	<u>175</u>

14 ANALYSIS OF DEBT

	At 1 June 2010 £000	Cash flow £000	Other non- cash changes £000	At 31 May 2011 £000
Cash in hand and at bank	9 819	7,322	-	17,141
Debt due after one year	(99)	-	71	(28)
Debt due within one year	(76)	71	(71)	(76)
Intercompany loan	(1,876)	(15,500)	-	(17,376)
Total	<u>7,768</u>	<u>(8,107)</u>	<u>-</u>	<u>(339)</u>

Stoke City Football Club Limited

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 May 2011

15 DEFERRED GRANTS

Included within accruals and deferred income are deferred grants relating to capital expenditure, revenue expenditure and financial support as follows

	2011 £000	2010 £000
Balance at beginning of year	2,114	2,168
Released to profit and loss account	(53)	(54)
Balance at end of year	2,061	2,114
<i>Accruals and deferred income</i>		
<i>Deferred grants</i>		
Creditors Amounts falling due within one year	54	54
Creditors Amounts falling due after more than one year	2,007	2,060
	2,061	2,114

16 PROVISIONS FOR LIABILITIES

	Pension obligations £000
Balance at beginning of year	129
Paid in the year	(14)
Balance at end of year	115

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, it is not possible to allocate any actuarial surplus or deficit on a meaningful basis and consequently contributions are expensed to the profit and loss account as they become payable. The assets of the scheme are held separately from those of the company, being invested with insurance companies. Under the provisions of FRS 17 the scheme is treated as a defined benefit multi employer scheme.

The scheme's actuary has advised that the participating employer's share of the underlying assets and liabilities cannot be identified on a reasonable and consistent basis and accordingly, no disclosures are made under the provisions of FRS 17. At 31 August 2008, 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 £115,000 at the year end (2010 £129,000). Contributions to all pension schemes totalling £1,188,000 (2010 £917,000) were paid to the various schemes in the year. At the year end £821,000 (2010 £299,000) relating to unpaid contributions were included in accruals and deferred income.

Stoke City Football Club Limited

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 May 2011

17 SHARE CAPITAL

	2011 £000	2010 £000
<i>Issued and paid</i>		
35,690,321 Ordinary shares of £1 each	35,690	35,690
64,000 Ordinary I shares of £1 each	64	64
88 023 Ordinary Y shares of £1 each	88	88
1 Ordinary W shares of £1 each	-	-
Equity shareholders	35,842	35,842
 Non-Equity 5 25% Cumulative preference shares of £1 each	1	1
Cumulative preference A shares of £1 each	-	-
Cumulative preference B shares of £1 each	-	-
	35,843	35,843

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

18 RESERVES

	Share premium reserve £000	Revaluation reserve £000	Profit and loss reserve £000	Total £000
Balance at beginning of year	579	15	(22,428)	(21,834)
Loss for the financial year	-	-	(5,558)	(5,558)
Balance at end of year	579	15	(27,986)	(27,392)

Stoke City Football Club Limited

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 May 2011

19 COMMITMENTS UNDER OPERATING LEASES

At 31 May the company was committed to making the following payments during the next year under non-cancellable operating leases as follows

	2011	2010
	Land and	Land and
	buildings	buildings
	£000	£000
Expiring in five years or more	279	301

20 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

Deed of priority is held with four parties with an origination date of 31 December 1998

Deed of subordination is held with three parties with an origination date of 31 December 1998

Stoke City Football Club Limited

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 May 2011

21 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>2011</i>		<i>2010</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>
			£000	£000	£000	£000
Hillside (New Media) Limited	Fellow subsidiary	Marketing support	100	21	42	26
Stoke City (Property) Limited	Fellow subsidiary	Rent and facilities recharge	3,070	8,446	279	6,235
		Funding	2,205		3,551	
		Asset disposals	-		2,378	
Stoke City Holdings Limited	Holding company	Loans	(15,500)	(17,376)	(15,420)	(1,876)
		Investment disposal	-		6,644	
		Share capital	-		24,000	

The above transactions were entered into at arm's length and with normal terms and conditions applying except for Stoke City Holdings Limited who do not charge interest on the loans advanced

22 ULTIMATE PARENT COMPANY AND CONTROLLING INTEREST

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

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

Registrar of Companies
Crown Way
CARDIFF
CF14 3UZ