

Stoke City Football Club Limited

REPORT AND FINANCIAL STATEMENTS

31 May 2009



Company Registration No 00099885

Stoke City Football Club Limited

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Stoke City Football Club Limited

OFFICERS AND PROFESSIONAL ADVISORS

DIRECTORS

P Coates - Chairman

P Rawlins

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

It has been another memorable year for this Football Club, one in which the outstanding achievement of finishing twelfth in our first season in the Premier League certainly exceeded many people's expectations and gave us a platform on which to build for the future. Everyone who has played a part in this success story can look back on it with an enormous sense of pride and satisfaction. It couldn't have been accomplished without the hard work and dedication of many people, especially Tony Pulis and his management staff, the players and all the staff, while the supporters deserved their recognition as the loudest in the country for their magnificent backing.

FINANCIAL PERFORMANCE

The financial performance of the Club reflected the reality of promotion to the Premier League. If a Club, as we did, has aspirations of staying in the League, the huge increase in revenues is matched by the substantial increase in the cost base, primarily relating to player wages and trading. As such, we saw turnover rise to £54,000,000 (2008 £11,000,000). This resulted in an operating profit of £15,000,000 (2008 Loss of £5,603,000) before transfer activity and amortisations. However, this reduced to a relatively small net profit of £503,000 (2008 Loss of £4,300,000) after significant player trading.

It is important to emphasise that we could not have achieved our recent success without huge investment.

In addition to the original cost of buying the Football Club, there has been a major investment in the playing side of the Football Club both to obtain promotion to the Premier League and then to retain the Club's Premier League status.

On the acquisition of the Club an initial £8,300,000 was loaned to the Football Club by Stoke City Holdings Limited and then capitalised on 13 July 2006.

The Club at the year end, 31 May 2009, owed its immediate parent company, Stoke City Holdings Limited, £17,100,000. Following the Summer 2009 and January 2010 transfer windows, the Football Club's debt to Stoke City Holdings Limited has risen considerably. It is important to point out that at all times these loans have been on an interest free basis.

The Club have invested heavily to put together a team capable of being competitive in the Premier League, but this has come at a heavy cost both in respect of the high initial player cost of investment and the consequential ongoing player wage bill.

The above investment by the Coates' family has given the Club a strong foothold. To consolidate this position, the Coates' family are now proposing to further capitalise indebtedness of £24,000,000 to put the Club in a strong financial position, leaving the Club unencumbered by debt. This is a superb position for the Football Club given the perilous current state of many Premier League and Championship Club finances.

Together with the investment in the playing side of the Club, there has been very significant investment in the physical infrastructure of the Club. The ground is now fully owned following the acquisition by Stoke City Holdings Limited Group of the 51% shareholding in Stoke City (Property) Limited. There has also been significant spend on updating the Britannia Stadium with over £800,000 being spent on refurbishing the ground this year. It was imperative that the Club was able to offer a training ground comparable to the Club's Premier League status. The new Training Ground is now taking shape at a cost of around £7,000,000.

One point I would like to make is that this investment would not have been possible without the success of bet365, which has been the source of this huge investment. I appreciate I am the public face of the Football Club in respect of the family, however, I would want to place on record that the real driver behind this success has been my daughter Denise, ably assisted by my son John. bet365.com was Denise's idea and she has been the driving force behind its growth through great talent and immense hard work. Making Stoke City Football Club a success, for however long it lasts, has been a great dream of mine and I am hugely appreciative of the enormous contribution that Denise, with John by her side, has made.

Going forward however it must be our aim to make Stoke City Football Club self-financing so that it is not overly reliant on new funds being continually introduced by a benefactor. Given the proposed debt capitalisation and given the strength and quality of both the Club's playing and physical infrastructure, we are making progress towards this important goal.

Stoke City Football Club Limited

CHAIRMAN'S STATEMENT

I am also pleased to announce the forthcoming appointment of Richard Smith and Tony Scholes as Directors, they will provide further strength to the Board as we progress as a Club

OTHER HIGHLIGHTS

The success that we have achieved so far in the Premier League has presented us with a golden opportunity to create a legacy for the long-term future of the Club. An important aspect of that progress is the development of our supporter base and the attraction of a new generation of fans, which is why it was very pleasing that a high proportion of our Barclays Premier League games at the Britannia Stadium were sold out in the 2008-09 campaign. This trend has continued in the early stages of the 2009-10 campaign.

Our supporters played an important part in creating a fantastic atmosphere for home matches which certainly helped the team to achieve results that were a decisive factor behind our final position in the Premier League table. The average attendance for the 2008-09 season was 26,954, the second highest average for 45 years – behind only the 27,011 of Tony Waddington's 1974-75 campaign – and also the eighth highest average in the Club's history. At the start of the 2009-10 season, we had sold more than 20,000 Season Tickets for the first time ever, which is another notable landmark in that progress.

The summer saw planning permission granted by Newcastle-under-Lyme Borough Council to commence work on the £7,000,000 development of the new training complex at Clayton Wood, one which will mean we can offer the best training, coaching and fitness facilities for the benefit of the first team squad and our Academy. This work started shortly after planning consent had been received and is due for completion ahead of the 2010-11 season. The Club has also sought to maximise the commercial opportunities that come with Premier League status and that has helped us to raise the profile of the Britannia Stadium as a venue for a wide range of events. It was a momentous occasion for everyone when we staged The Greatest Ever Luncheon for Muhammad Ali and that was followed by us hosting the start of the Tour of Britain professional cycle race. The success of these, and indeed many other commercial activities could not be achieved without the tremendous support of our sponsors and business partners. It has been a tremendous team effort by everyone, on and off the field, and I would like to thank all our staff for their contribution to our progress.

THE NEW SEASON

While last season's highly-creditable finish raised people's expectations, our aim going into the 2009-10 season remained exactly the same – to retain Premier League status. To this end, we have once again committed more than £25,000,000 to the purchase of new players during the two transfer windows and in doing so we have given the manager greater strength in depth and more options in all departments for the challenge that lies ahead. In particular, our acquisitions before the summer transfer deadline – Robert Huth, Dean Whitehead, Tuncay, Danny Collins and Diego Arismendi – have introduced more players with quality and international pedigree to the squad and the same could be said of Asmir Begovic's acquisition in the January window. A measure of our commitment was the fact that only a handful of big clubs in the Premier League invested more money in new players during the summer window.

The Club's ability to attract and retain more players of that calibre, while also developing home-grown talent within our Academy, will certainly be helped by the creation of the excellent facilities at the Clayton Wood Training Ground. This was the main focus of work undertaken in the summer, although we also continued the upgrading of the Britannia Stadium by installing a new perimeter track and carrying out improvements to the West Stand Premier Concourse. The creation of the new Training Facility at Clayton Wood will help us to develop our Academy and we have made changes to the management structure so that we can maximise its potential.

Another significant signing was the record shirt sponsorship agreement which we secured with Britannia to continue our excellent partnership with them. The four-year extension to this deal means Britannia have now been shirt sponsors for 16 years, and by the start of next season this would be the longest existing agreement of its kind in the Premier League. As our Principal Club Partner, this deal further strengthens Britannia's commitment to the Club, one also incorporating a long-running stadium sponsorship agreement until 2016. One of the many considerable benefits of being in the Premier League is their programme of initiatives which work within the local community and this has provided our own activities with even greater impetus. We continue, through the Stoke City Community Programme, to carry out a great deal of work in education, social inclusion, health and well-being with a range of partners in the area. It was most encouraging that our Summer Soccer Schools courses were extended to new venues and attracted almost 10,000 participants over a seven week period.

Stoke City Football Club Limited

CHAIRMAN'S STATEMENT

We have also developed partnerships with local charities and the proceeds of our fund-raising activities in 2008-09 were presented to five of those organisations at the recent Manchester United match. The charities chosen as beneficiaries for the 2009-10 season are Caudwell Children, the Donna Louise Trust and Partners Assuring A Safer Staffordshire and the fund-raising got off to an excellent start when the Charity Ball in November raised over £40,000.

The encouraging results achieved in the first half of the 2009-10 season certainly put us on course to achieving our main objective of retaining Premier League status, while the New Year brought more success and, for those of us who remember our cup exploits under Tony Waddington in the early 1970s, a memorable occasion when we beat Arsenal in the FA Cup.

However, we know testing times lie ahead as we look to consolidate our position in the Premier League and secure sufficient points to guarantee our safety. Therefore, the tremendous backing of our supporters will be as important in the final outcome this season as it was in the 2008-09 campaign, so I would like to take this opportunity to thank you for that phenomenal support.



P Coates
Chairman

11 February 2010

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 2009

PRINCIPAL ACTIVITIES

The principal activity is that of a professional football club

RESULTS AND DIVIDENDS

The profit for the year amounted to £503,000 (2008 loss (£4,320,000)) The directors do not recommend payment of preference or ordinary share dividends (2008 £nil)

REVIEW OF THE BUSINESS

A review of the Club's results for the year ended 31 May 2009 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 is investing 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 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

Stoke City Football Club Limited

DIRECTORS' REPORT

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.

DIRECTORS

The following directors have held office since 1 June 2008

P Coates – Chairman

P Rawlins

K Humphreys

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

11 February 2010

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

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

As more fully explained in the Directors' Responsibilities Statement set out on page 7, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit

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

Opinion on 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 2009 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the 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

25 February 2010

Stoke City Football Club Limited

PROFIT AND LOSS ACCOUNT

For the year ended 31 May 2009

	Note	Operations excluding player trading £000	2009 Player trading (note 6) £000	Total £000	2008 £000
TURNOVER – CONTINUING OPERATIONS	1	53,506	-	53,506	11,202
Operating expenses		(38,709)	(14,661)	(53,370)	(21,516)
OPERATING PROFIT/(LOSS) – CONTINUING OPERATIONS	1	14,797	(14,661)	136	(10,314)
Profit on disposal of players' registrations	6	-	319	319	3,812
Income from shares in group undertakings		-	-	-	653
Release of impairment in carrying value of fixed asset investment		-	-	-	1,573
PROFIT/(LOSS) BEFORE INTEREST AND TAXATION		14,797	(14,342)	455	(4,276)
Interest receivable and similar income	2	63	-	63	5
Interest payable and similar charges	3	(15)	-	(15)	(49)
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION	1-6	14,845	(14,342)	503	(4,320)
Taxation	7	-	-	-	-
PROFIT/(LOSS) FOR THE FINANCIAL YEAR		14,845	(14,342)	503	(4,320)

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 2009

	Note	2009 £000	2008 £000
FIXED ASSETS			
Intangible assets	8	17,818	5,232
Tangible assets	9	2,068	1,252
Investments	10	6,644	6,644
		26,530	13,128
CURRENT ASSETS			
Stocks	11	222	130
Debtors	12	6,901	5,453
Cash at bank and in hand		9,992	2,212
		17,115	7,795
CREDITORS Amounts falling due within one year	13	(43,430)	(23,233)
NET CURRENT LIABILITIES		(26,315)	(15,438)
TOTAL ASSETS LESS CURRENT LIABILITIES		215	(2,310)
CREDITORS Amounts falling due after more than one year	14	(5,628)	(3,597)
PROVISIONS FOR LIABILITIES	17	(62)	(71)
NET LIABILITIES		(5,475)	(5,978)
CAPITAL AND RESERVES			
Called up share capital	18	11,842	11,842
Share premium account	19	579	579
Revaluation reserve	19	15	15
Profit and loss reserve	19	(17,911)	(18,414)
SHAREHOLDERS' DEFICIT		(5,475)	(5,978)
EQUITY SHAREHOLDER DEFICIT		(5,475)	(5,978)
NON-EQUITY SHAREHOLDER FUNDS		-	-
		(5,475)	(5,978)

The financial statements on pages 9 to 27 were approved by the board of directors and authorised for issue on 11 February 2010 and are signed on its behalf by

P Coates
 Director



Stoke City Football Club Limited

CASH FLOW STATEMENT

for the year ended 31 May 2009

	2009	2008
	£000	£000
RECONCILIATION OF OPERATING PROFIT/(LOSS) TO NET CASH FLOW FROM OPERATING ACTIVITIES		
Operating profit/(loss)	136	(10,314)
Amortisation/impairment of intangible assets	14,661	2,485
Depreciation of tangible assets	385	247
Grants released	-	(48)
Dividends receivable	-	653
Increase in stocks	(92)	(27)
Increase in debtors	(1,448)	(4,532)
Increase in creditors	12,174	12,013
Decrease in provisions	(9)	-
	<u>25,671</u>	<u>10,791</u>
CASH FLOW FROM OPERATING ACTIVITIES	25,807	477
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		
Interest received	63	5
Interest paid	(15)	(49)
NET CASH INFLOW/(OUTFLOW) FOR RETURNS ON INVESTMENTS AND SERVICING OF FINANCE	48	(44)
CAPITAL EXPENDITURE		
Purchase of intangible fixed assets	(27,775)	(6,952)
Sale of intangible fixed assets	847	4,461
Purchase of tangible fixed assets	(1,201)	(707)
NET CASH OUTFLOW FOR CAPITAL EXPENDITURE	(28,129)	(3,198)
FINANCING		
Repayment of bank loans	(66)	(57)
Repayment of unsecured loan stock	(1,980)	(262)
New loans issued from fellow group company	12,100	4,583
Repayment of other loans	-	(89)
NET CASH INFLOW FOR FINANCING	10,054	4,175
INCREASE IN CASH IN YEAR	7,780	1,410
Cash at bank and in hand at start of year	2,212	802
Cash at bank and in hand at end of year	<u>9,992</u>	<u>2,212</u>

Stoke City Football Club Limited

RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' DEFICIT

For the year ended 31 May 2009

	2009 £000	2008 £000
PROFIT/(LOSS) FOR THE FINANCIAL YEAR	503	(4,320)
Reclassification of preference shares	-	(1)
NET ADDITION TO/(REDUCTION IN) TO SHAREHOLDERS' FUNDS	503	(4,321)
Opening shareholders' deficit	(5,978)	(1,657)
CLOSING SHAREHOLDERS' DEFICIT	(5,475)	(5,978)

Stoke City Football Club Limited

ACCOUNTING POLICIES

BASIS OF ACCOUNTING

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

The company is exempt by virtue of section 408 of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information about the company as an individual undertaking and not about its group.

The financial statements have been prepared on a going concern basis, notwithstanding the net liabilities of £5,475,000 at 31 May 2009. 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.

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. 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

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 group, 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. Revenue received from the FA Premier League is recognised in the financial statements on the basis of the number of matches played up to the period end. This is in accordance with the FA Premier League guidelines on income recognition. Performance related awards have not been recognised until achieved by the Club, as the income cannot be assumed with certainty.

Stoke City Football Club Limited

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 May 2009

1 SEGMENTAL REPORT

Turnover and operating profits/(losses) arise from the company's principal activities and are derived solely from the United Kingdom

2 INTEREST RECEIVABLE AND SIMILAR INCOME

	2009 £000	2008 £000
Bank interest	63	5

3 INTEREST PAYABLE AND SIMILAR CHARGES

	2009 £000	2008 £000
On bank loans and overdrafts	15	29
Other interest	-	20
	15	49

Stoke City Football Club Limited

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 May 2009

4	PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION	2009 £000	2008 £000
	Profit/(loss) on ordinary activities before taxation is stated after charging/(crediting)		
	Depreciation and amounts written off tangible fixed assets		
	Charge for the period		
	Owned assets	385	247
	Amortisation of intangible fixed assets	10,378	2,485
	Impairment of player registrations	4,283	-
	Grants released	(52)	(54)
	Operating lease rentals		
	Land and buildings	301	301
	Other	34	51
		<hr/>	<hr/>
	Audit services		
	Statutory audit	15	12
	Tax services		
	Compliance services	3	1
		<hr/>	<hr/>
		18	13
		<hr/>	<hr/>

Stoke City Football Club Limited
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 May 2009

5 EMPLOYEES

	2009	2008
	Number	Number
The average monthly number of persons (including directors) employed by the company during the year was		
Full time playing staff and scholars	48	44
Other	136	97
	184	141

In addition to the above the company employed an average of 303 (2008 262) match-day staff during the year

	2009	2008
	£000	£000
Staff costs for the above persons		
Wages and salaries	25,643	10,873
Social security costs	3,741	934
Other pension costs	365	52
	29,749	11,859

DIRECTORS REMUNERATION

	2009	2008
	£000	£000
Emoluments	-	-
Pension fund contributions	-	-
	-	-

6 PLAYER TRADING

	2009	2008
	£000	£000
Amortisation/impairment of intangible fixed assets	(14,661)	(2,485)
Profit on disposal of players' registrations	319	3,812
	(14,342)	1,327

Stoke City Football Club Limited

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 May 2009

7 TAXATION

	2009	2008
	£000	£000
Current tax		
UK corporation tax on profits/(losses) for the year	-	-
Total current tax	-	-
Deferred tax		
Origination and reversal of timing differences	-	-
Total deferred tax	-	-
Tax on profit/(loss) on ordinary activities	-	-
Factors affecting tax charge for the year	2009	2008
	£000	£000
The tax assessed for the year is lower (2008 higher) than the standard rate of corporation tax in the UK 28% (2008 30%) The differences are explained below		
Profit/(loss) on ordinary activities before taxation	503	(4,320)
Profit/(loss) profit on ordinary activities multiplied by standard rate of corporation tax in the UK 28% (2008 30%)	141	(1,296)
<i>Effects of</i>		
Expenses not deductible for tax purposes	43	43
Fixed asset timing differences	(33)	(48)
Movement in short term timing differences	(3)	(2)
Group relief	37	2,063
Non taxable dividends from subsidiary	-	(196)
Non taxable income	(66)	(52)
Impairment of fixed asset investment	-	(472)
Intra group interest not charged	(119)	(40)
Current tax charge for the year	-	-

Factors that may affect the future tax charge

Deferred tax assets of £2.4m (2008 £2.4m) relating to tax losses and £0.1m (2008 £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 2009

8 INTANGIBLE FIXED ASSETS

	Players registrations £000
<i>Cost</i>	
At beginning of year	8,171
Additions	27,775
Disposals	(889)
	<hr/>
At end of year	35,057
	<hr/>
<i>Amortisation</i>	
At beginning of year	2,939
Amortisation	10,378
Impairments	4,283
Disposals	(361)
	<hr/>
At end of year	17,239
	<hr/>
<i>Net book value</i>	
At 31 May 2009	17,818
	<hr/>
At 31 May 2008	5,232
	<hr/>

Stoke City Football Club Limited
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 May 2009

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	1,350	1,296	2,671
Additions	-	281	920	1,201
At end of year	25	1,631	2,216	3,872
<i>Depreciation</i>				
At beginning of year	8	481	930	1,419
Charge for year	1	134	250	385
At end of year	9	615	1,180	1,804
<i>Net book value</i>				
At 31 May 2009	16	1,016	1,036	2,068
At 31 May 2008	17	869	366	1,252

The net book value of leasehold land and buildings comprises

	2009 £000	2008 £000
Long leasehold	364	135
Short leasehold	652	734
	1,016	869

Depreciation in respect of long leasehold properties in the year is £52,000 (2008 £26,000) and £82,000 (2008 £95,000) in respect of short leasehold properties

Stoke City Football Club Limited

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 May 2009

10 INVESTMENTS IN FELLOW SUBSIDIARY

	£000
<i>Cost</i>	
At beginning and end of year	9,000
<i>Impairment provision</i>	
At beginning and end of year	2,356
<i>Net book value</i>	
At 31 May 2009	6,644
At 31 May 2008	6,644

The investment reflects a 49% holding of the issued ordinary share capital of Stoke City (Property) 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 results and net assets, as extracted from that company's audited financial statements for the year ended 31 March 2009 and 31 March 2008 were as follows:

	2009 £000	2008 £000
Turnover	151	238
Profit before taxation	128	190
Taxation	(35)	(28)
Profit after taxation	93	162
Fixed assets	7,427	7,273
Current assets	192	195
Liabilities due within one year	(471)	(349)
Liabilities due after more than one year	(423)	(487)
Share of net assets	6,725	6,632

The principal activity of Stoke City (Property) Limited is the management of the Britannia Stadium.

Stoke City Football Club Limited
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 May 2009

11	STOCKS	2009 £000	2008 £000
	Goods for resale	222	130
12	DEBTORS	2009 £000	2008 £000
	Trade debtors	2,729	4,661
	Amounts owed by group undertakings	718	-
	Other debtors	485	84
	Prepayments and accrued income	2,969	708
		6,901	5,453
13	CREDITORS Amounts falling due within one year	2009 £000	2008 £000
	Bank loans and overdrafts	76	83
	Unsecured loan stock	22	2,002
	Trade creditors	10,424	4,793
	Amounts owed to group undertakings	17,100	4,583
	Other taxation and social security costs	3,723	830
	Other creditors	37	13
	Accruals and deferred income	12,048	10,929
		43,430	23,233
14	CREDITORS Amounts falling due after more than one year	2009 £000	2008 £000
	Bank loans	170	229
	Trade creditors	2,389	-
	Accruals and deferred income	3,068	3,367
	Preference shares of £1 each (see note 18)	1	1
		5,628	3,597

Stoke City Football Club Limited
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 May 2009

15 ANALYSIS OF DEBT

	2009	2008
	£000	£000
<i>Analysis of external borrowings</i>		
Bank loans and overdrafts	246	312
Unsecured loan stock	22	2,002
	268	2,314
<i>Analysis of debt maturity</i>		
In one year or less or on demand	98	2,085
In more than one year but not more than two years	170	229
	268	2,314

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

	2009	2008
	£000	£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	2,220	2,274
Released to profit and loss account	(52)	(54)
Balance at end of year	2,168	2,220
<i>Accruals and deferred income</i>		
<i>Deferred grants</i>		
Creditors Amounts falling due within one year	52	54
Creditors Amounts falling due after more than one year	2,116	2,166
	2,168	2,220

Stoke City Football Club Limited

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 May 2009

17 PROVISIONS FOR LIABILITIES

	Pension obligations £000
Balance at beginning of year	71
Decrease in provision	(9)
Balance at end of year	62

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 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 £62,000 at the year end (2008 £71,000).

Contributions to all pension schemes totalling £365,000 (2008 £52,000) were paid to the various schemes in the year. At the year end £27,000 (2008 £nil) relating to prepaid contributions were included in prepayments and accrued income.

Stoke City Football Club Limited

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 May 2009

18 SHARE CAPITAL

	2009 £000	2008 £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

19 RESERVES

	Share premium account £000	Revaluation reserve £000	Profit and loss reserve £000	Total £000
Balance at beginning of year	579	15	(18,414)	(17,820)
Profit for year	-	-	503	503
	<u>579</u>	<u>15</u>	<u>(17,911)</u>	<u>(17,317)</u>

Stoke City Football Club Limited
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 May 2009

20 CAPITAL COMMITMENTS

	2009	2008
	£000	£000
Capital expenditure contracted for but not provided in the financial statements	256	37

21 COMMITMENTS UNDER OPERATING LEASES

	2009		2008
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	-	34	-
Expiring between two and five years	-	-	-
Expiring in five years or more	301	-	301
	301	34	301
	301	34	51

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

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

A letter of comfort has been given to the company's bank by bet365 Group Limited in favour of the club, dated 28 January 2009

Stoke City Football Club Limited

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 May 2009

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>	2009		2008	
			<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	70	-	-	-
Stoke City (Property) Limited	Fellow subsidiary	Rent and stadium events	279	718	279	417
Stoke City Holdings Limited	Holding company	Loans	(12,100)	(17,100)	(4,583)	(5,000)

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

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 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