

NORWICH CITY FOOTBALL CLUB PLC

ANNUAL REPORT For the year ended 31 May 2004

DIRECTORS AND OFFICIALS

PRESIDENT:

G C Watling (rest in peace)

BOARD OF DIRECTORS:

R J Munby (Chairman)

B J Skipper (Vice Chairman)

M M Foulger

Ms D A Smith

E M S Wynn Jones

CHIEF EXECUTIVE:

N A Doncaster

COMPANY SECRETARY:

S D O'Hara (Director of Finance & Operations)

OTHER SENIOR EXECUTIVES:

N Worthington (Football Manager)

K Platt (Club Secretary)

A P Cullen (Director of Sales & Marketing)

COMPANY NO:

154044

REGISTERED OFFICE:

Carrow Road

Norwich

NR1 1JE

AUDITORS:

Grant Thornton UK LLP

Holland Court

The Close

Norwich

NR1 4DY



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INDEX

	Page		Page
Report of the Chairman	2	Consolidated profit and loss account	12
Report of the Chief Executive	3	Note of historical cost profits and losses	13
Report of the Director of Finance & Operations	4 - 5	Consolidated balance sheet	14
Community report	6 - 8	Company balance sheet	15
Report of the Directors	9 - 10	Consolidated cash flow statement	16
Report of the Independent Auditors	11	Notes to the annual report	17 - 36

NORWICH CITY FOOTBALL CLUB PLC

REPORT OF THE CHAIRMAN

Congratulations! – to both team and fans for their individual and collective achievement in seeing your football club through to promotion and the Championship of the Football League.

In their own reports, the Chief Executive and the Director of Finance & Operations have summarised our financial performance. You, as shareholders, will be aware that the Club has sustained consecutive years of financial losses, with the exception of the "Cardiff year", in the pursuit of finding the right football formula to achieve promotion.

And, as a shareholder, I also congratulate all who responded, and shared the risk, late last year to the call for further investment to acquire Darren Huckerby, Leon McKenzie, and Mathias Svensson.

The Club has been sustained by holding down costs, and by turning assets into cash, and I include the "asset" of our growing support base which helped to underwrite the securitisation loan arrangements.

This situation was only sustainable on two bases: that we continued to own convertible assets and that we had a clear plan to move the Club forward and into profit.

Both bases had time limits and it was therefore vital that we achieved promotion as soon as possible, to enjoy the financial inflow from membership of the Premier League.

That done, we remain committed to the principle of financial prudence, which your Board will not be persuaded to abandon, coupled with our operating culture that 'fans come first'.

Promotion has given the Club an opportunity to strengthen the playing team whilst not risking the financial chaos that has quickly engulfed so many of the teams that have been relegated from the Premier League.

We are determined that Norwich City will remain secure, in the long term, to continue to serve the needs of its supporters and its wider community throughout Norwich and Norfolk, and now beyond, into Malaysia and the global television audience.

On behalf of your Board, may I thank all those who committed to the achievements of 2003/04 with such diligence and foresight. I include all our staff – full-time and part-time – led by the Executive Team, our family of sponsors, especially Proton Cars and Lotus Cars, and the dozens of fans who stepped forward to make a distinct voluntary contribution.

But the list remains incomplete without returning to the central relationship between our fans and their team, and to congratulate Nigel Worthington and his staff and players for delivering the dream we have cherished for the past nine seasons.

Of course, it would be inappropriate to conclude this report without mentioning the very sad news of the recent death of our Club President, Geoffrey Watling. Geoffrey was a truly great man whose contribution to Norwich City Football Club cannot be underestimated. Indeed, were it not for Geoffrey, this Club may very well not be in existence now. He is a sad loss to the Club and the world of football is poorer without him.

Whatever happens, enjoy this season. Your Board looks forward to seeing as many of you as possible at our Annual General Meeting.

Roger Munby

Chairman

26 November 2004

NORWICH CITY FOOTBALL CLUB PLC

REPORT OF THE CHIEF EXECUTIVE

The period covered by this set of accounts is perhaps one of the most significant and dynamic for many years – both on and off the pitch.

On the playing side, the team's achievement in winning the Football League Championship must surely rate as one of the crowning glories in Norwich City Football Club's long and proud history. Pitched against other much wealthier clubs with a great deal more money to spend, Nigel Worthington shrewdly used the limited resources available to him to create an entertaining, attacking side, worthy winners of the famous silver trophy.

'Prudence with ambition' is the maxim that has governed the running of the Club over the past few years. And the ambition part of the equation is nowhere better illustrated than in the calculated gamble taken by your Board pre-Christmas in acquiring three players on short-term loans and, subsequently, the permanent signing of players Darren Huckerby, Leon McKenzie and Mathias Svensson.

But this ambition comes at a cost. It may seem surprising that the Club should be announcing substantial losses and record levels of debt in a year that saw Carrow Road being sold out for virtually every match and the first team winning the Football League Championship. But it should be remembered that the losses include both the negative impact of the Club having only three stands in use for most of the season and the very substantial costs of bringing in additional players. Equally, this set of accounts is the first to fully reflect the £15m securitisation loan, which was used to finance the construction of the Jarrold Stand, repay some existing short-term debt and cover part of the Club's cash shortfall caused by the collapse of ITV Digital.

Off the pitch, the Club has moved forward in a number of areas. A large part of the Club's commercial achievements in the past few years has been the partnerships that we have been able to enter into with various businesses. In May 2003, we were delighted to conclude a three-year shirt sponsorship with Proton Cars and Lotus Cars, the first year of which is reflected in these accounts.

And although the financial benefit is not shown in these accounts, in April 2004 the Club and Jarrold agreed a four-year sponsorship of the Jarrold Stand. Going forward, the Club will also benefit from the creation of 15 new executive boxes, each pre-sold on a three-year contract, and the opening of 'The Business' conference and banqueting facility on the top floor of the Jarrold Stand.

Having achieved promotion to the FA Premier League against the odds, your Board remains totally focused on those factors that have made such a contribution to the successes of the past three seasons.

We are extremely proud to be recognised for the progress that has been made through a succession of triumphs in the Eastern Daily Press Business Awards. The Club has proved that it is possible to be recognised for excellence in business development and enterprise whilst championing customer service and community involvement.

If 'togetherness' characterised the first team's football successes last season, it also underpinned so much of what happened off the pitch.

In my report in last year's accounts, I thanked you, the shareholders, for the marvellous way in which you rallied round the Club in its hour of need, bringing £2.4m of fresh cash into the Club through the 2002 Public Offer of Shares. Whilst the sum raised through the 2003 share issue was smaller, at £1.7m, the impact was just as significant. Without that influx of cash at such a crucial time last season, and the calculated risk that it enabled your Board to take, who knows whether Norwich City would be a Premier League team this year? Without your help when it was most needed, your Board would simply not have been able to sanction so much expenditure on players that have helped propel us into the Premiership.

With football continually being rocked by scandal at all levels, it is my sincere hope that Norwich City can continue to buck the trend and to remain true to those values that have served us so well over the last eight years.

If we can retain a balance between prudence and ambition and at the same time stay truly focused on the community that sustains us; if we can continue to be seen as a family-friendly club at the cutting edge of community involvement and responsibility; then together I believe that we have every chance of bringing Norwich City the long-term success that its marvellous supporters deserve.

On The Ball City!

Neil Doncaster
Chief Executive
26 November 2004

NORWICH CITY FOOTBALL CLUB PLC

REPORT OF THE DIRECTOR OF FINANCE & OPERATIONS

Key Financial Events

- (a) The construction of the Jarrold Stand at a cost in excess of £8m, funded by the final drawdown of £7.5m from the securitisation financing.
- (b) A share offer to support the investment in players Darren Huckerby, Mathias Svensson and Leon McKenzie.
- (c) The sale of three acres of land to Taylor Woodrow PLC for £6.2m.
- (d) New banking arrangements with the Bank of Scotland.
- (e) The Group completed the financing of the earlier purchase of six acres of land from Laurence Scott and Electromotors with a separate facility with the Bank of Scotland.
- (f) A number of costs triggered by promotion to the Premier League resulting in an increase of £2.8m in operating expenses.

Turnover

Sell-out crowds for virtually the entire season together with excellent team performances have supported a £1m increase in turnover. Income from gate receipts, casual and season tickets has increased by £0.4m primarily as a result of the success of the eight game season ticket in the new Jarrold Stand.

Merchandising and Retail turnover continues to go from strength to strength, achieving sales in excess of £2m for the first time, representing an increase of £0.6m on the previous year.

All other commercial income including Sponsorship income, Catering, Programmes, Brand Development and Lotteries has increased by £0.2m, reflecting the success of the Club in securing new sponsorships including the shirt sponsorship deal with Proton Cars and Lotus Cars and despite operating from a stadium with reduced capacity for three quarters of the season.

Football League and TV revenue has decreased by £0.2m due to lack of progress beyond the third round of the FA Cup.

Wages and Salaries

Total wage and salary costs were £12.2m compared to £10m in 2002/03, representing an increase of 22%. However, bonuses paid as a result of promotion together with player loan costs account for much of the increase. The player wage ratio (percentage of turnover) has increased to 52% from 43% in 2002/03. However, excluding the promotion bonuses, the player wage ratio actually decreased to 42%.

Profit on disposal of fixed assets

During the year the Group completed the sale of land to Taylor Woodrow PLC for £6.2m. After expenditure and write-off of the cost of the land carried in the books, the Group made a book profit of £4m. The consideration for the land is received over three years, which accounts for £4.2m of the increase in other debtors. The deferred consideration is supported by a bank guarantee.

Interest Payable

Interest payable has increased by £1.1m, representing the cost of servicing the securitisation loan used to fund the construction of the new Jarrold Stand and the restructuring of the Group's finances.

Tax

The tax credit of £1.5m is an accounting adjustment for deferred taxation. Based on the profit forecasts for our first year in the Premiership it is expected that the Group will be able to benefit by using its accumulated tax losses to reduce any expected corporation tax liabilities. This deferred tax asset is included within debtors.

Fixed Assets

During the year the Group invested a further £6.6m in stadium and infrastructure which includes £5.2m expenditure on the Jarrold Stand, £0.4m on the cost of the fit-out of the 3rd floor of the Jarrold Stand and £0.25m on refurbishment of the pitch at Carrow Road. In addition, the Group purchased approximately one acre of land from Norwich City Council for £0.9m to facilitate the development of the other land owned by the Group. The balance of the Group fixed asset additions represents the accounting treatment of costs associated with the sale of land to Taylor Woodrow PLC.

NORWICH CITY FOOTBALL CLUB PLC

REPORT OF THE DIRECTOR OF FINANCE & OPERATIONS (continued)

Debt

Overall, the Group debt has increased to £18.1m from £8m.

As reported last year, the Group secured funding of £15m to restructure its finances and provide funding to replace the ageing South Stand. Included in the accounts for 2002/03 was the first instalment of the securitisation loan of £7.5m. During the year ended 31 May 2004 the second instalment of £7.5m was drawn down and the Group financed the purchase of six acres of land from Laurence Scott and Electromotors with a separate facility of £2.5m from the Bank of Scotland. Although the Board and the Club's Executive Management recognise that the debt is high, they consider that the structured nature of the finance protects the long-term viability of the Club.

Equity

During the year the Club offered 'B' Preference Shares for subscription to 49 individuals resulting in a cash injection of £1m. In addition, Ordinary Shares were offered to members generating a further £0.7m. All of the cash generated supported the investment in players for the second half of the season.

However achieving promotion entitled holders of 'B' Preference Shares to redeem their shares. Of the total £1.7m of 'B' Preference Shares in issue, the Club has received written notice to redeem £0.5m. This will be repaid in January 2005.

Financial Outlook

Promotion to the Premier League will have a significant positive effect on the Group's finances. While the Board is committed to continuing its prudent policy to player wages and expenditure, it has significantly increased the funds available to the Football Manager. In addition to this, the Group has contractually committed to building a new corner infill stand between the Norwich and Peterborough and Jarrold stands at a cost of £3.2m, a further £0.5m on the refurbishment of the pitch and is legally obliged to repay £0.5m of 'B' Preference Shares.

As a result of the commitments above, together with the contractual commitments to players, agents and other clubs as a result of promotion, the Club is forecasting a small cash surplus primarily created by the non-redemption of £1.2m of B Preference Shares for the year ending 31 May 2005. This has been made available to the Football Manager to use either in the January transfer window or during the close season. Further expenditure either on improvements to the Club's infrastructure or player acquisitions will need to be supported by additional sources of income.

Shaun O'Hara

Director of Finance and Operations

26 November 2004

NORWICH CITY FOOTBALL CLUB PLC

COMMUNITY REPORT

Norwich City Football Club is pleased to submit its annual community report as part of this year's set of Accounts. The Club continues to recognise local passion and pride in the Club and is pleased to reciprocate through commitment to organising and developing a series of initiatives that recognise its privileged position. The Club believes that it has a special responsibility to the community and that in turn provides an opportunity to harness football's mass appeal and popularity as a powerful force for good. A summary of the different community activities that took place between June 2003 and May 2004 is detailed in this report.

Football in the Community

Football in the Community is now officially registered as a charity (Charity Reg.No:1088239). The operation is managed by the company board, which includes representatives from the Norfolk County Football Association and the Professional Footballers Association as well as Norwich City Football Club. Outlined below are details of the children that FITC managed to engage with over this period and in what areas they were seen.

In School Visits	17,050
After Schools Clubs	20,544
Soccer schools	5,366
Matchday clubs	1,147
Soccer centres	7,296
GK Programmes	717
Girls advanced Programme	1,032
Ability counts	912
Penalty days	2,512
Boys PDC	2,976
Multi Sports	607
Total Children engaged	60,159

FITC have continued with their European tours for both the boys and girls advanced squads with representative squads visiting Holland and Italy over this period.

Multi sports is now an established and growing part of the FITC programme with the opening of a second venue at Costessey

The scheme website is now attracting record visitors and is currently receiving 3,000 hits per month.

Study Support Centre

The Study Support Centre is an after school learning programme in which young people from local schools participate on a voluntary basis. The Centre aims to improve motivation and self-confidence and assist in the raising of achievement in literacy, numeracy and ICT skills.

The Centre is located in the Norwich and Peterborough Stand and opens five days a week in term time for its after school sessions. Pupils attend one evening a week for 10 weeks. The students complete work designed to assist in raising the achievement of individuals and which links in with football and Norwich City FC.

The Centre also runs IT classes for the Over 50's working with Easton College. In the school holidays fun, short educational courses are run. There is also an opportunity for the Academy scholars to use the facilities as well as sessions for excluded pupils.

Norwich City Players are involved in handing out prizes, certificates and talking to the students. In addition a link has been established with Colney for younger players to visit the centre prior to a game.

24 schools sent 360 pupils to the Study Centre between June 2003 and May 2004. A further 650 children participated in programmes run during the school holiday and term time.

The Centre also attracted 500 adults to courses during the same period.

Other users include Norfolk Adult Education Service who operate a basic skills literacy course, Norfolk Visiting Teacher Service with students not attending school; Include with pupils who are permanently expelled from school and Easton College who run accredited CLAIT (Computer Literacy and Information Technology) sessions.

NORWICH CITY FOOTBALL CLUB PLC

COMMUNITY REPORT (continued)

The Centre is working with three schools using our online resource that takes motivational literacy and numeracy activities based on football with the minimum requirement being an Internet connection, thus allowing more students the opportunity to become involved in the Centre. These students are rewarded with tickets, tours of the ground and access to a player at a celebration event. Over 150 students have benefited from this resource with plans to open it up to schools across the county.

International links have been established with education communities in Norway, France and Russia and this is an area we hope to develop further in the forthcoming year.

'When Saturday Comes' is a family literacy session that encourages collaborative working and teamwork. All students are rewarded with tickets to a game.

Finally, Norfolk LEA was chosen as one of only three authorities to pilot a scheme whereby 'Playing for Success' Centres are set up on school sites with the aim of replicating the impact of the Centre at Carrow Road. This initiative is linked into the Specialist Sports Colleges namely Framingham Earl, Thorpe St. Andrew and King Edward VII High Schools. To date over 400 students have participated in the scheme.

Associate Group Scheme

The Club's Associate Group scheme involved 138 local schools and youth groups. It is the only one of its kind in the country and enables young people to play a 6-a-side game on the pitch, have access to cut price tickets as well as opportunities to be ballboys or ballgirls, attend reserve matches and other promotional activities.

2,500 people took advantage of reduced price tickets for matches played in the 2003/04 season. 476 different children were ballboys or ballgirls at first team and reserve matches. 920 children played in six-a-side matches on the Carrow Road pitch prior to first team matches.

Educational visits and Ground Tours

In total 1,556 children visited Carrow Road for an educational visit. A further 50 organisations including Beavers, Youth Groups, the mentally handicapped, Women Institute's and Young Farmers enjoyed a Ground Tour of the stadium.

Canaries for the Community

Canaries for the Community scheme continued with Hospital visits to the Norfolk and Norwich University Hospital and James Paget Hospital in Gorleston taken place weekly. 12 Wards at the N&N University Hospital are regularly visited each week with visits to other wards on request of patients.

Two volunteers, Duncan McInnes and Simon Clarke, conduct the visits. Both are fully equipped with laptops and Norwich City publications to talk to patients of all ages on all things Norwich City.

At the Norfolk and Norwich University Hospital restaurant 12 wards are regularly visited each week. With other wards visited on request of patients. 637 patients and relatives were visited during the year.

16 separate sessions detailing the Club and the scheme were made on large screen plasma TV.

A presentation of a NCFC team poster and a signed matchball by players was presented to staff on Buxton Children's Ward. The poster has now been framed and is on the ward reception wall.

Another aspect of the scheme involves community project work and in the summer of 2003, Norwich City supporters and staff together with Norwich Union employees painted a stand at Diss Town Football Club and prepared a recreation area at the Aylsham Road Centre in Norwich.

The Club is extremely grateful for the outstanding commitment of Duncan McInnes and Simon Clarke who give their time freely to the scheme and to Norwich Union for their sponsorship, which provides all the necessary resources, and travelling expenses.

Charity Donations

The Club receives a large volume of requests from charities and good causes. Its policy is to support locally based requests. 900 charities / voluntary groups were positively supported in the financial year with donations of one kind or another.

NORWICH CITY FOOTBALL CLUB PLC

COMMUNITY REPORT (continued)

Supporter Forums

The Club held Supporter Forums at Acle, Beccles, Hellesdon, Hingham and Fakenham. Directors, the Football Management team, senior managers and players attended the Forums. In addition the Board attended a forum for Northern Canaries in Sheffield in January. Over 2,500 supporters attended the forums putting questions on a variety of topics to key Club personnel. The Club also held two consultative meetings with disabled season ticket holders in January and March 2004 to continue the process of appraising them of arrangements for relocation during rebuilding works and to consult over the design, pricing and seating arrangements for new disabled seating areas.

Supporter Consultative Group

The Supporters Consultative Group (SCG) met on seven occasions between June 2003 and May 2004. Chaired by Roger Munby the Group is currently comprised of 16 individuals. A revised SCG constitution was published during the year.

The Group is designed to enable supporters from different interest groups to discuss matters with the Board and senior management covering a diverse range of issues including pricing, catering, football matters, site development, away travel and ticketing. Minutes of the meetings are published on the Club's website.

Members of the SCG continue to give up their time to voluntarily join a number of different working groups. A number of new groups have been created for this year. The Club once again would like to thank all the SCG members for all their hard work and total commitment to this important regular communication body to consult, debate and discuss matters with supporters on matters that affect them most.

Other Events

The Club entered a float in Norwich's Lord Mayor's Procession in July 2003. It also was represented at the Norfolk Show in June 2003.

Special Community Projects

The financial year saw Club employees continue to participate in a number of different community schemes. The Chief Executive of the football club provided consultancy to pupils from the Norwich School and Norwich High School for Girls in the Young Enterprise Scheme. The Director of Sales and Marketing continued to be a member the Partnership Board of Norfolk Connexions. Players Robert Green and Iwan Roberts continued their work as patrons of the Matthew Project.

EDP Business Awards

The Club was the proud recipient in October of the Community Impact Award in the 2003 EDP Business Awards.

Andrew Cullen

Director of Sales and Marketing
26 November 2004

NORWICH CITY FOOTBALL CLUB PLC

REPORT OF THE DIRECTORS

The directors present their report and the consolidated financial statements for the year ended 31 May 2004.

Principal activity

The group's principal activity is that of a professional football club.

Business review

A review of the activities and a commentary on the financial performance can be found within the Reports of the Chairman, the Chief Executive, the Director of Finance & Operations and the Community Report.

Results and dividends

The loss for the year after taxation amounted to £1,765,301 (2003: £4,578,336).

A dividend on the 'A' preference shares of £508 (2003: £508) and on the 'B' preference shares of £212,917 (2003: £26,334) has been reserved for the year ended 31 May 2004.

Directors

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

	Ordinary shares of £1 each		'B' preference shares of £1 each	
	31 May 2004	1 June 2003	31 May 2004	1 June 2003
R J Munby	240	240	-	-
M M Foulger	18,200	18,200	1,450	1,450
B J Skipper	5,200	5,200	150	50
Ms D A Smith	100	100	-	-
E M S Wynn Jones	100	100	-	-
Ms D A Smith and E M S Wynn Jones (Joint)	281,350	273,350	3,000	-

None of the directors had any interest in the 'A' preference shares.

Freehold land and buildings

During the year the group has incurred expenditure of £3,115,207 on improvements to the stadium, the training facilities at Colney and the purchase of additional land at Kerrison Road. The group has also accounted for £5,847,660 on contracted expenditure for the construction of the new Jarrold Stand and improvements to the football pitch as additions to assets in the course of construction.

In the opinion of the directors, the market value of the land and buildings at 31 May 2004 would exceed the book value included in the financial statements, but they are unable to quantify this excess in the absence of a full professional valuation, the costs of which are not considered justifiable in view of the group's intention to retain ownership of the football stadium and training facilities at Colney for use in its existing business for the foreseeable future.

Payments to suppliers

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

The ratio expressed in days between amounts invoiced to the group by its suppliers in the year and the amounts owed to its trade creditors at the end of the year was 35 (2003: 46) days.

NORWICH CITY FOOTBALL CLUB PLC

REPORT OF THE DIRECTORS (continued)

Directors' responsibilities for the financial statements

United Kingdom company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and the group and of the profit or loss of the group for that period. In preparing those financial statements, the directors are required to:

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

The directors are responsible for maintaining proper accounting records, for safeguarding the assets of the group and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditors

On 1 July 2004, the Grant Thornton partnership transferred its business to a limited liability partnership, Grant Thornton UK LLP. Under section 26(5) of the Companies Act 1989, the directors consented to extend the audit appointment to Grant Thornton UK LLP from 1 July 2004.

Grant Thornton UK LLP offer themselves for reappointment as auditors in accordance with section 385 of the Companies Act 1985.

ON BEHALF OF THE BOARD



R J Munby
Chairman

26 November 2004

NORWICH CITY FOOTBALL CLUB PLC

REPORT OF THE INDEPENDENT AUDITORS to the Members of Norwich City Football Club PLC

We have audited the financial statements of Norwich City Football Club PLC for the year ended 31 May 2004 which comprise the consolidated profit and loss account, the note of historical cost profits and losses, the balance sheets, the consolidated cash flow statement, the reconciliation of cash flow to movement in net debt and notes 1 to 33. These financial statements have been prepared under the accounting policies set out therein.

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

Respective responsibilities of the directors and auditors

The directors' responsibilities for preparing the directors' report and the financial statements in accordance with applicable law and United Kingdom accounting standards are set out in the statement of directors' responsibilities. Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom auditing standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read other information contained in the annual report, and consider whether it is consistent with the audited financial statements. This other information comprises the Report of the Chairman, the Report of the Chief Executive, the Report of the Director of Finance & Operations, the Community Report and the Report of the Directors. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

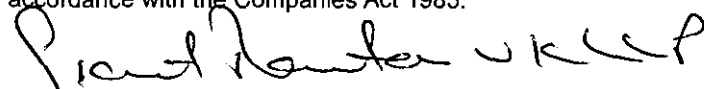
Basis of opinion

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

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

Opinion

In our opinion the financial statements give a true and fair view of the state of the group and the company's affairs as at 31 May 2004 and of the loss of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



GRANT THORNTON UK LLP
REGISTERED AUDITORS
CHARTERED ACCOUNTANTS
NORWICH
26 November 2004

NORWICH CITY FOOTBALL CLUB PLC

CONSOLIDATED PROFIT AND LOSS ACCOUNT For the year ended 31 May 2004

	Note	Operations excluding player trading £	Player trading £	2004 Total £	2003 Total £
Turnover	1, 2	13,928,494	-	13,928,494	12,964,839
Operating expenses	3	(18,657,738)	(1,073,252)	(19,730,990)	(16,923,844)
Operating loss		(4,729,244)	(1,073,252)	(5,802,496)	(3,959,005)
Profit on disposal of tangible fixed assets		4,027,565	-	4,027,565	-
Gain/(loss) on disposal of players' registrations	10	-	56,783	56,783	(211,666)
Loss before interest and taxation		(701,679)	(1,016,469)	(1,718,148)	(4,170,671)
Interest receivable	6			92,698	3,955
Interest payable	7			(1,639,851)	(514,575)
Loss on ordinary activity before taxation				(3,265,301)	(4,681,291)
Tax on loss on ordinary activity	8			1,500,000	102,955
Loss on ordinary activity after taxation				(1,765,301)	(4,578,336)
Equity minority interest				(13,049)	(6,242)
Loss for the financial year				(1,778,350)	(4,584,578)
Dividends on non equity shares	9			(237,510)	(26,842)
Loss for the year - transferred from reserves	22			(2,015,860)	(4,611,420)

All amounts relate to continuing operations.

All recognised gains and losses are included in the profit and loss accounts above.

A statement of movements in reserves is given in note 22.

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

NORWICH CITY FOOTBALL CLUB PLC

NOTE OF HISTORICAL COST PROFITS AND LOSSES For the year ended 31 May 2004

	2004 £	2003 £
Reported loss on ordinary activity before taxation	(3,265,301)	(4,681,291)
Difference between historical cost profit on disposal of tangible fixed assets and actual profit on sale of tangible fixed assets for the year calculated on the revalued amount	664,661	-
Historical cost loss on ordinary activity before taxation	(2,600,640)	(4,681,291)
Historical cost loss for the year retained after taxation, equity minority interest and dividends	(1,351,199)	(4,611,420)

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

NORWICH CITY FOOTBALL CLUB PLC

CONSOLIDATED BALANCE SHEET At 31 May 2004

	Note	2004	2003
		£	£
Fixed assets			
Intangible fixed assets	11	1,673,913	821,732
Tangible fixed assets	12	29,633,379	23,441,464
		<u>31,307,292</u>	<u>24,263,196</u>
Current assets			
Stocks	14	276,519	167,738
Debtors: amounts due within one year	15	5,698,956	3,278,503
Debtors: amounts due after more than one year	15	3,900,000	-
Cash at bank and in hand		1,555,443	2,701,235
		<u>11,430,918</u>	<u>6,147,476</u>
Creditors: amounts falling due within one year	16	<u>(13,743,724)</u>	<u>(10,900,148)</u>
Net current liabilities		<u>(2,312,806)</u>	<u>(4,752,672)</u>
Total assets less current liabilities		<u>28,994,486</u>	<u>19,510,524</u>
Creditors: amounts falling due after more than one year	17	(20,396,752)	(10,706,682)
Accruals and deferred income	18	(2,001,155)	(2,080,427)
Net assets		<u>6,596,579</u>	<u>6,723,415</u>
Capital and reserves			
Called up share capital	20	517,388	479,714
Share premium account	21	8,871,285	7,233,909
Revaluation reserve	21	71,242	735,903
Capital redemption reserve	21	29,381	29,381
Profit and loss account	22	(2,901,128)	(1,763,354)
Shareholders' funds			
Equity		490,579	462,681
Non equity		6,097,589	6,252,872
		<u>6,588,168</u>	<u>6,715,553</u>
Equity minority interest	23	8,411	7,862
		<u>6,596,579</u>	<u>6,723,415</u>

The financial statements were approved by the board of directors on 26 November 2004.

R J Munby Chairman

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

NORWICH CITY FOOTBALL CLUB PLC

COMPANY BALANCE SHEET At 31 May 2004

	Note	2004		2003	
		£	£	£	£
Fixed assets					
Intangible fixed assets	11	1,673,913		821,732	
Tangible fixed assets	12	27,170,450		21,305,904	
Fixed asset investments	13	940,552		940,552	
		<u>29,784,915</u>		<u>23,068,188</u>	
Current assets					
Stocks	14	276,519	167,738		
Debtors: amounts due within one year	15	7,089,562	4,772,305		
Debtors: amounts due after more than one year	15	1,500,000	-		
Cash at bank and in hand		1,504,674	2,556,294		
		<u>10,370,755</u>	<u>7,496,337</u>		
Creditors: amounts falling due within one year	16	<u>(12,784,622)</u>	<u>(8,989,976)</u>		
Net current liabilities		<u>(2,413,867)</u>		<u>(1,493,639)</u>	
Total assets less current liabilities		<u>27,371,048</u>		<u>21,574,549</u>	
Creditors: amounts falling due after more than one year	17	<u>(17,224,299)</u>		<u>(10,082,498)</u>	
Accruals and deferred income	18	<u>(2,001,155)</u>		<u>(2,080,427)</u>	
Net assets		<u>8,145,594</u>		<u>9,411,624</u>	
Capital and reserves					
Called up share capital	20	517,388	479,714		
Share premium account	21	8,871,285	7,233,909		
Revaluation reserve	21	71,242	71,242		
Capital redemption reserve	21	29,381	29,381		
Profit and loss account	22	(1,343,702)	1,597,378		
Shareholders' funds					
Equity		490,579	462,681		
Non equity		7,655,015	8,948,943		
		<u>8,145,594</u>	<u>9,411,624</u>		

The financial statements were approved by the board of directors on 26 November 2004.

R J Munby Chairman

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

NORWICH CITY FOOTBALL CLUB PLC

CONSOLIDATED CASH FLOW STATEMENT For the year ended 31 May 2004

	Note	2004 £	2003 £
Net cash inflow/(outflow) from operating activity	24	255,385	(1,048,733)
Returns on investments and servicing of finance	25	(1,507,003)	(635,228)
Taxation		-	(95,062)
Capital expenditure and financial investment	25	(10,556,725)	(3,647,418)
		<u>(11,808,343)</u>	<u>(5,426,441)</u>
Financing			
Issue of shares and share premium	25	1,675,050	3,807,877
Increase in debt	25	8,532,574	3,905,770
		<u>10,207,624</u>	<u>7,713,647</u>
(Decrease)/increase in cash in the year		<u><u>(1,600,719)</u></u>	<u><u>2,287,206</u></u>

RECONCILIATION OF CASH FLOW TO MOVEMENT IN NET DEBT For the year ended 31 May 2004

	Note	2004 £	2003 £
(Decrease)/increase in cash in the year	26	(1,600,719)	2,287,206
Cash flow from increase in debt	26	(8,532,574)	(3,905,770)
Change in net debt resulting from cash flows		<u>(10,133,293)</u>	<u>(1,618,564)</u>
Net debt at 1 June 2003		(7,963,593)	(6,345,029)
Net debt at 31 May 2004	26	<u><u>(18,096,886)</u></u>	<u><u>(7,963,593)</u></u>

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

NORWICH CITY FOOTBALL CLUB PLC

NOTES TO THE ANNUAL REPORT For the year ended 31 May 2004

1 ACCOUNTING POLICIES

1.1 Basis of preparation of financial statements

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost convention as modified by the revaluation of certain freehold property. In addition, the financial statements have also been prepared in accordance with the discussion document 'Financial Reporting Guidance for Football Clubs' issued by The Football League, The FA Premier League and the FA.

1.2 Consolidated financial statements

The financial statements incorporate the financial statements of Norwich City Football Club PLC, and its subsidiary undertakings. The financial statements of all group undertakings are made up to 31 May 2004. A separate profit and loss account has not been included for Norwich City Football Club PLC by virtue of Section 230(4) of the Companies Act 1985. The loss for the year before dividends relating to this company of £2,916,995 (2003: £1,712,212) is included in the consolidated profit and loss account.

1.3 Turnover

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

1.4 Tangible fixed assets and depreciation

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

Assets in the course of construction	- not depreciated until brought in to use
Freehold land	- not depreciated
Freehold buildings	- straight line over 50 years or remaining useful life if less
Plant and machinery	- straight line over 5 to 6 years
Motor vehicles	- straight line over 5 years

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

1.5 Leases

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

1.6 Stocks

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks.

NORWICH CITY FOOTBALL CLUB PLC

NOTES TO THE ANNUAL REPORT For the year ended 31 May 2004

1.7 Taxation

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

1.8 Pensions

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

1.9 Deferred grant income

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

1.10 Transfer income and intangible assets

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

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

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

1.11 Finance costs

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

2 TURNOVER

Turnover in respect of the business operations comprised:

	2004 £	2003 £
Gate receipts and ticket sales	4,904,291	4,470,490
Football Association and league income	1,100,639	1,259,939
Catering	2,733,285	2,742,853
Commercial	4,505,842	3,721,545
Grant income	330,000	330,000
Other income	354,437	440,012
	<u>13,928,494</u>	<u>12,964,839</u>

NORWICH CITY FOOTBALL CLUB PLC

NOTES TO THE ANNUAL REPORT For the year ended 31 May 2004

3 OPERATING EXPENSES

Total operating expenses comprised:

	2004 £	2003 £
Staff costs (note 4)	12,182,293	9,999,808
Depreciation of tangible fixed assets (note 12)		
- owned by the company	704,020	744,237
- held under finance leases and hire purchase contracts	40,635	40,635
Loss/(profit) on disposal of tangible fixed assets	4,184	(10,000)
Auditors' remuneration	19,000	17,000
Other services provided by the auditors	18,630	13,865
Operating lease rentals - hire of plant and machinery	22,418	37,758
Other operating expenses	5,666,558	4,772,353
Operating expenses before player trading	18,657,738	15,615,656
Amortisation of intangible fixed assets (note 11)	1,073,252	1,308,188
Total operating expenses	19,730,990	16,923,844

Other services provided by the auditors were for tax compliance and advisory services.

4 STAFF COSTS

Staff costs, including director's remuneration, were as follows:

	2004 £	2003 £
Wages and salaries	8,633,338	8,801,254
Bonuses payable on promotion to Premier League	1,655,257	-
Other employment costs (including loan players)	709,796	193,465
	10,998,391	8,994,719
Social security costs	1,086,033	779,340
Pension costs (note 29)	97,869	86,784
Football League Final Salary Scheme pension liability (note 29)	-	138,965
	12,182,293	9,999,808

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

	2004	2003
Football (including academy and football support staff)	73	72
Other	112	98
	185	170

NORWICH CITY FOOTBALL CLUB PLC

NOTES TO THE ANNUAL REPORT For the year ended 31 May 2004

5 DIRECTOR'S REMUNERATION

	2004 £	2003 £
Aggregate emoluments (including benefits)	<u>25,000</u>	<u>25,000</u>

Director's remuneration relates to payments made to SMRC Childwise Limited to compensate them for time spent by Mr R J Munby on football club matters during the year.

No amounts (2003: £Nil) are being paid to directors' pension schemes.

6 INTEREST RECEIVABLE

	2004 £	2003 £
Bank interest receivable	<u>92,698</u>	<u>3,955</u>

7 INTEREST PAYABLE

	2004 £	2003 £
Bank loans and overdrafts	319,754	267,083
Loan notes	1,168,000	-
Other loans	<u>116,877</u>	<u>213,591</u>
	<u>1,604,631</u>	<u>480,674</u>
Pension liability (note 29)	27,083	21,393
Finance leases and hire purchase contracts	5,887	12,508
Early settlement of debt	<u>2,250</u>	<u>-</u>
	<u>1,639,851</u>	<u>514,575</u>

8 TAX ON LOSS ON ORDINARY ACTIVITY

(a) Analysis of credit for the year:

	2004 £	2003 £
Based on the loss for the year		
Current year corporation tax	-	61,299
Over provision in respect of previous periods	-	41,656
	<u>-</u>	<u>102,955</u>
Current tax credit for the year (note 8(b))	-	-
Current year deferred tax	<u>1,500,000</u>	<u>-</u>
	<u>1,500,000</u>	<u>102,955</u>

The deferred tax asset has been recognised as the group is forecasting taxable profits of approximately £5m in the year ended 31 May 2005.

NORWICH CITY FOOTBALL CLUB PLC

NOTES TO THE ANNUAL REPORT For the year ended 31 May 2004

8 TAX ON LOSS ON ORDINARY ACTIVITY (CONTINUED)

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

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

	2004 £	2003 £
Loss on ordinary activity before tax	(3,265,301)	(4,681,291)
Loss on ordinary activity multiplied by standard rate of corporation tax in the UK of 30% - expected credit	979,590	1,404,387
Effects of:		
Expenses not deductible for tax purposes	(17,145)	(13,895)
Income not taxable	23,782	21,800
Depreciation in excess of capital allowances and other timing differences	(59,062)	(53,097)
Profit on disposal of fixed assets - gain rolled over	1,208,270	-
Other timing differences	22,547	(3,814)
Losses carried forward to future accounting periods	(2,157,982)	(1,294,082)
Adjustments to tax charge in respect of previous periods	-	41,656
Current taxation credit for year (note 8(a))	-	102,955

The group has aggregate tax losses of approximately £11,506,000 (2003: £4,313,000) available to offset against future trading profits. The deferred tax asset of £6,506,000 for these losses has not been recognised due to the uncertainty of future profits.

9 DIVIDENDS ON NON EQUITY SHARES

	2004 £	2003 £
'A' preference - undeclared dividend	508	508
'B' preference - undeclared dividend	41,577	26,334
'B' preference - undeclared dividend (bonus)	171,340	-
	213,425	26,842
'B' preference - paid in year	24,085	-
	237,510	26,842

Dividends of £24,085 on the 'B' preference shares were paid in the year.

NORWICH CITY FOOTBALL CLUB PLC

NOTES TO THE ANNUAL REPORT For the year ended 31 May 2004

10 GAIN/(LOSS) ON DISPOSAL OF PLAYERS' REGISTRATIONS

	2004 £	2003 £
Gain on disposal of players' registrations	95,000	-
Loss on termination of players' registrations	(38,217)	(211,666)
	<u>56,783</u>	<u>(211,666)</u>

11 INTANGIBLE FIXED ASSETS

	Cost of players registrations £
Group and company	
Cost	
At 1 June 2003	5,175,750
Additions	1,963,650
Disposals	(1,932,750)
At 31 May 2004	<u>5,206,650</u>
Amortisation	
At 1 June 2003	4,354,018
Charge for the year (including an impairment charge of £183,445)	1,073,252
Disposals	(1,894,533)
At 31 May 2004	<u>3,532,737</u>
Net book value at 31 May 2004	<u>1,673,913</u>
Net book value at 31 May 2003	<u>821,732</u>

NORWICH CITY FOOTBALL CLUB PLC

NOTES TO THE ANNUAL REPORT For the year ended 31 May 2004

12 TANGIBLE FIXED ASSETS

	Assets in course of construction £	Freehold land and buildings £	Plant and machinery £	Motor vehicles £	Total £
Group					
Cost or valuation					
At 1 June 2003	2,767,995	20,932,728	6,045,211	93,063	29,838,997
Additions	5,847,660	3,115,207	137,172	21,150	9,121,189
Disposals	-	(2,172,435)	-	(27,355)	(2,199,790)
At 31 May 2004	8,615,655	21,875,500	6,182,383	86,858	36,760,396
Depreciation					
At 1 June 2003	-	1,613,108	4,734,930	49,495	6,397,533
Charge for the year	-	459,502	268,046	17,107	744,655
Disposals	-	-	-	(15,171)	(15,171)
At 31 May 2004	-	2,072,610	5,002,976	51,431	7,127,017
Net book value at 31 May 2004	8,615,655	19,802,890	1,179,407	35,427	29,633,379
Net book value at 31 May 2003	2,767,995	19,319,620	1,310,281	43,568	23,441,464

The assets in course of construction relate to the Jarrold Stand and the reconstruction of the football pitch. The football pitch was completed in time for the first home game of the 2004/05 season and the Stand is scheduled for completion during the year ended 31 May 2005. An estimate of the anticipated costs to completion is given in note 28.

The net book value of freehold land and buildings comprise:

	2004 £	2003 £
Assets at adopted valuation (per FRS 15)		
Land (not depreciated)	2,532,760	3,201,369
Assets at cost		
Land (not depreciated)	3,984,282	2,990,200
Buildings	13,285,848	13,128,051
	19,802,890	19,319,620

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

	2004 £	2003 £
Cost and net book value	2,461,518	2,465,466

Included in plant and machinery are assets held under finance leases and hire purchase contracts. The net book value of these assets at 31 May 2004 was £27,089 (2003: £67,724) and depreciation during the year on these assets was £40,635 (2003: £40,635).

NORWICH CITY FOOTBALL CLUB PLC

NOTES TO THE ANNUAL REPORT For the year ended 31 May 2004

12 TANGIBLE FIXED ASSETS (CONTINUED)

	Asset in course of construction £	Freehold land and buildings £	Plant and machinery £	Motor vehicles £	Total £
Company					
Cost or valuation					
At 1 June 2003	2,767,995	18,754,892	6,045,211	93,063	27,661,161
Additions	5,847,660	617,299	134,872	21,150	6,620,981
Disposals	-	-	-	(27,355)	(27,355)
At 31 May 2004	8,615,655	19,372,191	6,180,083	86,858	34,254,787
Depreciation					
At 1 June 2003	-	1,570,832	4,734,930	49,495	6,355,257
Charge for the year	-	459,251	267,893	17,107	744,251
Disposals	-	-	-	(15,171)	(15,171)
At 31 May 2004	-	2,030,083	5,002,823	51,431	7,084,337
Net book value at 31 May 2004	8,615,655	17,342,108	1,177,260	35,427	27,170,450
Net book value at 31 May 2003	2,767,995	17,184,060	1,310,281	43,568	21,305,904

The net book value of freehold land and buildings comprise:

	2004 £	2003 £
Assets at adopted valuation (per FRS 15)		
Land (not depreciated)	1,967,338	1,967,338
Assets at cost		
Land (not depreciated)	2,185,000	2,185,000
Buildings	13,189,770	13,031,722
	17,342,108	17,184,060

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

	2004 £	2003 £
Cost and net book value	1,896,096	1,896,096

Included in plant and machinery are assets held under finance leases and hire purchase contracts. The net book value of these assets at 31 May 2004 was £27,089 (2003: £67,724) and depreciation during the year on these assets was £40,635 (2003: £40,635).

NORWICH CITY FOOTBALL CLUB PLC

NOTES TO THE ANNUAL REPORT For the year ended 31 May 2004

13 FIXED ASSET INVESTMENTS

	Investments in subsidiary undertakings £
Company	
Cost and net book value	
At 1 June 2003 and 31 May 2004	<u>940,552</u>

The subsidiary undertakings, which are included within the consolidated financial statements at 31 May 2004, are as follows:

Company	% owned	Activity
NCFC (Holdings) Limited	100%	Property holding company
Kerrison Holdings Limited	100%	Provision of car park facilities and property development
EventGuard Limited	75%	Provision of event stewarding and security services

14 STOCKS

	Group and company	
	2004	2003
	£	£
Goods for resale	<u>276,519</u>	<u>167,738</u>

15 DEBTORS

	Group		Company	
	2004	2003	2004	2003
	£	£	£	£
Amounts due within one year				
Trade debtors	3,061,297	2,122,901	3,031,230	2,115,697
Amounts due from subsidiary undertakings	-	-	3,239,478	1,503,928
Other debtors	2,041,056	172,340	222,251	169,418
Prepayments and accrued income	596,603	983,262	596,603	983,262
	<u>5,698,956</u>	<u>3,278,503</u>	<u>7,089,562</u>	<u>4,772,305</u>
Amounts due after more than one year				
Deferred tax asset (note 19)	1,500,000	-	1,500,000	-
Other debtors	2,400,000	-	-	-
	<u>3,900,000</u>	<u>-</u>	<u>1,500,000</u>	<u>-</u>
Total Debtors	<u>9,598,956</u>	<u>3,278,503</u>	<u>8,589,562</u>	<u>4,772,305</u>

Included within prepayments and accrued income are prepaid expenses of £Nil (2003: £270,951) relating to the arrangement costs on the issue of loan notes. These costs were offset against the proceeds on drawdown of the second and final tranche of the loan in June 2003 (note 17).

NORWICH CITY FOOTBALL CLUB PLC

NOTES TO THE ANNUAL REPORT For the year ended 31 May 2004

16 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	2004	2003	2004	2003
	£	£	£	£
Bank overdraft	454,927	-	454,927	-
Loan notes	288,863	-	288,863	-
Other loans	500,000	500,000	500,000	500,000
Receipts in advance	5,914,010	3,605,352	5,914,010	3,605,352
Trade creditors	2,259,038	3,689,474	2,247,230	3,689,278
Social security and other taxes	1,263,766	359,825	1,258,442	348,366
Proposed dividends	6,889	639	639	639
Other creditors	224,993	1,923,037	17,993	28,858
Net obligations under finance lease and hire purchase contracts	12,760	48,360	12,760	48,359
Accruals	2,818,478	773,461	2,089,758	769,124
	<u>13,743,724</u>	<u>10,900,148</u>	<u>12,784,622</u>	<u>8,989,976</u>

Security for the bank loans and other loans is disclosed in note 17. Net obligations under finance lease and hire purchase contracts are secured on the relevant assets.

17 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Group		Company	
	2004	2003	2004	2003
	£	£	£	£
Bank loans	2,533,125	624,184	-	-
Loan notes	14,112,179	7,229,049	14,112,179	7,229,049
Other loans	1,750,475	2,250,475	1,750,475	2,250,475
Receipts in advance	1,125,603	287,714	1,125,603	287,714
Other creditors	626,220	-	-	-
Net obligations under finance lease and hire purchase contracts (note 16)	-	12,760	-	12,760
Accruals	249,150	302,500	236,042	302,500
	<u>20,396,752</u>	<u>10,706,682</u>	<u>17,224,299</u>	<u>10,082,498</u>

NORWICH CITY FOOTBALL CLUB PLC

NOTES TO THE ANNUAL REPORT For the year ended 31 May 2004

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

	Group		Company	
	2004	2003	2004	2003
	£	£	£	£
In one to two years				
Bank loan	-	624,184	-	-
Loan notes	658,015	145,143	658,015	145,143
Other loans	-	500,000	-	500,000
Receipts in advance	489,263	163,788	489,263	163,788
Other creditors	310,000	-	-	-
Net obligations under finance lease and hire purchase contracts	-	12,760	-	12,760
Accruals	73,558	66,939	66,939	66,939
	<u>1,530,836</u>	<u>1,512,814</u>	<u>1,214,217</u>	<u>888,630</u>
In two to five years				
Bank loan	2,533,125	-	-	-
Loan notes	2,266,934	1,065,197	2,266,934	1,065,197
Other loans	1,500,000	1,500,000	1,500,000	1,500,000
Receipts in advance	636,340	123,926	636,340	123,926
Other creditors	316,220	-	-	-
Accruals	64,272	109,550	57,783	109,550
	<u>7,316,891</u>	<u>2,798,673</u>	<u>4,461,057</u>	<u>2,798,673</u>
In more than five years				
Loan notes	11,187,230	6,018,709	11,187,230	6,018,709
Other loans	250,475	250,475	250,475	250,475
Accruals	111,320	126,011	111,320	126,011
	<u>11,549,025</u>	<u>6,395,195</u>	<u>11,549,025</u>	<u>6,395,195</u>

The loan notes are repayable in biannual instalments over a 15 year period to May 2018 at fixed rates of interest of 7.67% and 7.24%. The initial interest-only payments under the agreement fell due in November 2003 and May 2004 and amounted to £515,040 and £559,125 respectively. The first capital repayment is due in May 2005. The loan notes were released in two instalments of £7,500,000, the first instalment was received on 23 April 2003 and the second instalment was received on 16 June 2003. The loan notes will be repaid in a securitisation agreement serviced by future stadium generated gross revenues including season ticket and matchday income, Premier League and Football League centrally distributed funds, sponsorship revenue and catering income. Issue costs amounting to £598,758 have been offset against the loan proceeds.

The bank loan of £2,533,125 (shown net of issue costs of £16,875) is due for repayment in December 2008. Interest is payable at 2% above base rate. The loan is secured by a first legal charge and debenture on land purchased by Kerrison Holdings Limited.

Included in other loans is £1,500,000 (2003: £1,500,000) which is secured by a first legal charge on the Colney training ground. Interest is paid on this loan at 2% above base rate.

Other loans of £250,475 (2003: £750,475) are unsecured and interest free (2003: unsecured with interest payable between 0% and base plus 4%).

NORWICH CITY FOOTBALL CLUB PLC

NOTES TO THE ANNUAL REPORT For the year ended 31 May 2004

18 ACCRUALS AND DEFERRED INCOME

	Group and company	
	2004	2003
	£	£
Deferred Grant Income		
At 1 June 2003	2,080,427	2,159,701
Credited to profit and loss account	(79,272)	(79,274)
At 31 May 2004	<u>2,001,155</u>	<u>2,080,427</u>

Grants were received for various ground facilities including expenditure on the Barclay stand, the Norwich and Peterborough stand and floodlighting.

19 PROVISIONS FOR LIABILITIES AND CHARGES

	Group and company	
	2004	2003
	£	£
Deferred tax asset at 31 May 2004		
Provided (tax losses)	1,500,000	-
Unprovided (below)	<u>1,765,373</u>	<u>1,186,001</u>
The unprovided tax asset/(liability) comprises the following:		
Accelerated capital allowances	(263,514)	(198,714)
Other timing differences	68,087	90,633
Tax losses	<u>1,951,800</u>	<u>1,294,082</u>
	<u>1,756,373</u>	<u>1,186,001</u>

NORWICH CITY FOOTBALL CLUB PLC

NOTES TO THE ANNUAL REPORT For the year ended 31 May 2004

20 CALLED UP SHARE CAPITAL

	2004 £	2003 £
Authorised		
535,235 ordinary shares of £1 each	535,235	535,235
9,675 5.25% 'A' cumulative preference shares of £1 each	9,675	9,675
310,000 4.5% 'B' cumulative preference shares of £1 each	310,000	310,000
	<u>854,910</u>	<u>854,910</u>
Allotted, called up and fully paid		
490,579 (2003: 462,681) Ordinary shares of £1 each	490,579	462,681
9,675 5.25% 'A' cumulative preference shares of £1 each	9,675	9,675
17,134 (2003: 7,358) 4.5% 'B' cumulative preference shares of £1 each	17,134	7,358
	<u>517,388</u>	<u>479,714</u>

During the year 27,898 £1 Ordinary shares were issued at a cost of £25 each and 9,776 £1 'B' cumulative preference shares were issued at a cost of £100 each. A total of £1,637,376 has been credited to share premium account (note 21). The shares were issued to provide further working capital for the football club.

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

The holders of the 'B' preference shares also received a one-off bonus dividend, at 10% of the issue price when the Club achieved promotion to the Premier League. In addition, the holders of the 'B' preference shares have an option to redeem their shares in any year the Club achieves or retains promotion to the Premier League.

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

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

NORWICH CITY FOOTBALL CLUB PLC

NOTES TO THE ANNUAL REPORT For the year ended 31 May 2004

21 RESERVES

	Group		Company	
	2004	2003	2004	2003
	£	£	£	£
Share premium account				
At 1 June 2003	7,233,909	3,571,996	7,233,909	3,571,996
Premium on shares issued during the year	1,637,376	3,841,986	1,637,376	3,841,986
Associated share issue costs written off	-	(180,073)	-	(180,073)
At 31 May 2004	<u>8,871,285</u>	<u>7,233,909</u>	<u>8,871,285</u>	<u>7,233,909</u>
Revaluation reserve				
At 1 June 2003	735,903	735,903	71,242	71,242
Transfer to profit and loss account (note 22)	(664,661)	-	-	-
At 31 May 2004	<u>71,242</u>	<u>735,903</u>	<u>71,242</u>	<u>71,242</u>
Capital redemption reserve				
At 1 June 2003 and 31 May 2004	<u>29,381</u>	<u>29,381</u>	<u>29,381</u>	<u>29,381</u>

22 PROFIT AND LOSS ACCOUNT

	Group		Company	
	2004	2003	2004	2003
	£	£	£	£
(Deficit)/retained profit at 1 June 2003	(1,763,354)	2,821,224	1,597,378	3,309,590
Loss for the financial year	(2,015,860)	(4,611,420)	(3,154,505)	(1,739,054)
Transfer from revaluation reserve (note 21)	664,661	-	-	-
Add back accrued preference dividend	213,425	26,842	213,425	26,842
(Deficit)/retained profit at 31 May 2004	<u>(2,901,128)</u>	<u>(1,763,354)</u>	<u>(1,343,702)</u>	<u>1,597,378</u>

Following the sale of land to Taylor Woodrow PLC, company profits of £2,880,338 which were unrealised at 1 June 2003 have been realised during the year ended 31 May 2004.

NORWICH CITY FOOTBALL CLUB PLC

NOTES TO THE ANNUAL REPORT For the year ended 31 May 2004

23 RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	Group	
	2004	2003
	£	£
Loss for the financial year	(1,778,350)	(4,584,578)
Dividends	(237,510)	(26,842)
	(2,015,860)	(4,611,420)
Shares issued during the year	37,674	145,964
Premium on shares issued during the year	1,637,376	3,841,986
Associated share issue costs written off	-	(180,073)
Accrued preference dividends	213,425	26,842
	(127,385)	(776,701)
Net movement in shareholders' funds	6,715,553	7,492,254
Opening shareholders' funds		
	6,588,168	6,715,553
Closing shareholders' funds		

Shareholders' funds above accrue to non equity investors because on winding up, the distribution to all shareholders is restricted by the Articles of Association of the company to the amounts paid up on those shares.

24 RECONCILIATION OF OPERATING LOSS TO NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITY

	2004	2003
	£	£
Operating loss	(5,802,496)	(3,959,005)
Amortisation of intangible fixed assets	1,073,252	1,308,188
Depreciation of tangible fixed assets	744,655	784,872
Loss/(profit) on disposal of fixed assets	4,184	(10,000)
(Increase)/decrease in stocks	(108,781)	25,183
Increase in debtors	(595,453)	(766,296)
Increase in creditors	5,019,296	1,647,599
Deferred grant income	(79,272)	(79,274)
	255,385	(1,048,733)
Net cash inflow/(outflow) from operating activity		

NORWICH CITY FOOTBALL CLUB PLC

NOTES TO THE ANNUAL REPORT For the year ended 31 May 2004

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

	2004		2003	
	£	£	£	£
Returns on investments and servicing of finance				
Interest received		92,698		3,955
Interest paid		(1,563,479)		(619,786)
Interest element of finance lease rentals and hire purchase contracts		(5,887)		(12,508)
Preference dividends paid		(24,085)		(6,889)
Dividends paid to equity minority interests		(6,250)		-
		<u> </u>		<u> </u>
Net cash outflow for returns on investments and servicing of finance		(1,507,003)		(635,228)
		<u> </u>		<u> </u>
Capital expenditure				
Purchase of intangible fixed assets		(1,453,150)		(928,875)
Purchase of tangible fixed assets		(11,181,575)		(2,729,026)
Proceeds from sale of intangible fixed assets		70,000		-
Proceeds from sale of tangible fixed assets		2,008,000		10,483
		<u> </u>		<u> </u>
Net cash outflow for capital expenditure		(10,556,725)		(3,647,418)
		<u> </u>		<u> </u>
Financing				
Issue of ordinary shares		37,674		145,964
Share premium on issue of shares		1,637,376		3,841,986
Share issue costs		-		(180,073)
		<u> </u>		<u> </u>
		1,675,050		3,807,877
New loans	13,180,934		8,403,233	
Repayments of loans	(4,600,000)		(4,454,201)	
Capital element of finance lease rentals	(48,360)		(43,262)	
	<u> </u>		<u> </u>	
Net increase in debt		8,532,574		3,905,770
		<u> </u>		<u> </u>
Net cash inflow from financing		10,207,624		7,713,647
		<u> </u>		<u> </u>

NORWICH CITY FOOTBALL CLUB PLC

NOTES TO THE ANNUAL REPORT For the year ended 31 May 2004

26 ANALYSIS OF NET DEBT

	At 1 June 2003 £	Cash flow £	New loans £	Transfer £	At 31 May 2004 £
Cash at bank and in hand	2,701,235	(1,145,792)	-	-	1,555,443
Bank overdraft	-	(454,927)	-	-	(454,927)
	<u>2,701,235</u>	<u>(1,600,719)</u>	<u>-</u>	<u>-</u>	<u>1,100,516</u>
Debt					
Finance leases and hire purchase contracts	(61,120)	48,360	-	-	(12,760)
Debt due within one year	(500,000)	2,050,000	(1,550,000)	(788,863)	(788,863)
Debt due after one year	(10,103,708)	2,550,000	(11,630,934)	788,863	(18,395,779)
	<u>(10,664,828)</u>	<u>4,648,360</u>	<u>(13,180,934)</u>	<u>-</u>	<u>(19,197,402)</u>
Net debt	<u>(7,963,593)</u>	<u>3,047,641</u>	<u>(13,180,934)</u>	<u>-</u>	<u>(18,096,886)</u>

27 CONTINGENT BALANCES

Contingent asset

The group has successfully applied for a grant of £250,000 (2003: £Nil) to assist with the construction of the new Jarrold Stand. The grant is receivable on confirmation of final building control approval which will be issued when the stand is completed.

Contingent liabilities

Additional payments amounting to a maximum of £250,000 (2003: £268,333) will become payable if certain conditions in transfer and player contracts at 31 May 2004 are fulfilled. Additional loyalty bonuses and player appearance fees up to a maximum of £255,870 (2003: £238,400) will become payable to players subject to the terms and conditions of their contracts being fulfilled.

28 CAPITAL COMMITMENTS

At 31 May 2004 the group and company had capital commitments as follows:

	Group and company	
	2004 £	2003 £
Contracted for but not provided in these financial statements		
Jarrold Stand construction	500,000	5,500,000
Corner infill stand	3,250,000	-
Pitch reconstruction	500,000	-
	<u>500,000</u>	<u>-</u>

NORWICH CITY FOOTBALL CLUB PLC

NOTES TO THE ANNUAL REPORT For the year ended 31 May 2004

29 PENSION SCHEMES

Money purchase pension scheme

During the year the group participated in a money purchase scheme, The Football League Limited Pension and Life Assurance Scheme, for the benefit of certain employees. The assets of the scheme are administered by trustees in a fund independent from those of the group.

Contributions to this scheme during the year amounted to £36,086 (2003: £36,990). At 31 May 2004 there were outstanding contributions of £6,250 (2003: £6,720).

Employees' personal pension schemes

During the year the group made contributions to certain employees' personal pension schemes.

Contributions to this scheme during the year amounted to £61,783 (2003: £49,794). At 31 May 2004 there were no outstanding or prepaid contributions (2003: £Nil).

Football League Final Salary Scheme

The Football League Final Salary scheme is administered nationally and is now closed to new members. The latest actuarial valuation indicates the scheme has a large deficit and, in accordance with the scheme rules, Norwich City Football Club PLC, along with the other football clubs, are required to make payments to the pension scheme to reduce the deficit. Interest is charged by the pension scheme on the outstanding amount at approximately 7.6% per annum. The charge to the profit and loss account for the year ended 31 May 2004 was £Nil (2003: £138,965) and interest of £27,083 (2003: £21,393) was payable during the year. The outstanding liability will be paid to the pension scheme on a monthly basis over a period of approximately nine years to April 2013. The total amount payable to the pension scheme at 31 May 2004, including accumulated interest, was £305,149 (2003: £371,606).

30 OTHER COMMITMENTS

	Group and company	
	2004	2003
	£	£
Annual payments under operating leases		
Plant and machinery		
Expiry date:		
Within one year	1,859	4,442
Between two and five years	12,981	23,093
	<hr/>	<hr/>
	14,840	27,535
	<hr/>	<hr/>

NORWICH CITY FOOTBALL CLUB PLC

NOTES TO THE ANNUAL REPORT For the year ended 31 May 2004

31 RELATED PARTIES

Loans due to related parties

At 31 May 2004, the following balances were outstanding on loans advanced to the group and company in this and previous periods:

	Group and company	
	2004	2003
	£	£
Ms D A Smith and E M S Wynn Jones (Joint)	250,475	250,475
M M Foulger	-	500,000
New Crane Limited	500,000	500,000

Ms D A Smith, E M S Wynn Jones and M M Foulger are directors of the company. Ms D A Smith and E M S Wynn Jones are both directors of New Crane Limited and each own 31% of the issued share capital of that company.

The loan advanced by Ms D A Smith and E M S Wynn Jones is not due for repayment for a period of at least five years. Ms D A Smith and E M S Wynn Jones have waived their entitlement to interest on their loan and these funds have been made available to the company for a number of projects.

The loan advanced by New Crane Limited is repayable in December 2004. Interest is payable at base rate plus 4%.

All loans are unsecured.

Interest charged on loans

The interest charged on each loan during the year was as follows:

	Group and company
	£
Ms D A Smith and E M S Wynn Jones (Joint)	-
M M Foulger	-
New Crane Limited	39,219

Transactions with related parties

Transactions with related parties during the year excluding value added tax were as follows:

	Sales	Purchases
	£	£
New Crane Limited	18,773	15,989
Ms D A Smith and E M S Wynn Jones (Joint)	7,092	-
M M Foulger	4,659	-
Banham Poultry Limited (M M Foulger)	24,948	2,200
B J S Services Limited (B J Skipper)	3,328	-
SMRC Childwise Limited (R J Munby)	1,601	21,089

NORWICH CITY FOOTBALL CLUB PLC

NOTES TO THE ANNUAL REPORT For the year ended 31 May 2004

31 RELATED PARTIES (CONTINUED)

Transactions with related parties (continued)

At 31 May 2004 the following balances were outstanding:

	Sales ledger £	Purchase ledger £
Ms D A Smith and E M S Wynn Jones (Joint)	172	-
M M Foulger	5,114	-
B J S Services Limited (B J Skipper)	1,195	-
SMRC Childwise Limited (R J Munby)	833	-
	<hr/>	<hr/>

All balances outstanding are inclusive of value added tax.

32 ULTIMATE CONTROL OF THE COMPANY

At 31 May 2004 Ms D A Smith and her husband and co-director, E M S Wynn Jones owned 57.4% of the issued capital of the company. In accordance with Financial Reporting Standard 8 'Related Party Disclosures', the Board have concluded that ultimate control of the company vests in these related parties.

33 POST BALANCE SHEET EVENTS

Transfer of players' registrations

In the period from 1 May 2004 to 31 August 2004 the Club purchased the registrations of a number of individuals at a cost of £2,491,200. In some instances, further sums are payable up to a maximum of £1,550,000, subject to the player achieving a certain number of appearances as specified in the transfer document.

On 10 September 2004 the Club transferred the registration of player Malky Mackay to West Ham United Football Club for a fee of £150,000. Furthermore a sum of £122,500 is due subject to the player making a certain number of appearances and contingent upon certain other events as specified in the transfer document.

Redemption of 'B' Preference Shares

Following promotion to the Premier League, holders of the 'B' Preference Shares had the option to redeem their shares (note 20). 38 holders of 'B' Preference Shares exercised their option to redeem their shares and accordingly 4,822 'B' Preference Shares will be redeemed at a total cost of £482,200.