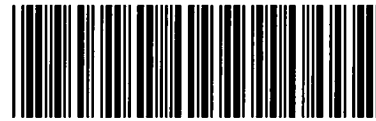


Company Registration No. 01630402 (England and Wales) (England and Wales)

**NOTTINGHAM FOREST FOOTBALL CLUB LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MAY 2017**

WEDNESDAY



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28/02/2018

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# NOTTINGHAM FOREST FOOTBALL CLUB LIMITED

## COMPANY INFORMATION

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<b>Directors</b>	Mrs S Gordon (Chief Financial Officer) Mr J A B Metgod Mr I Vrentzos (Chief Executive Officer) Mr N Randall Q.C. (Chairman) Mr J T Owen	(Appointed 18 May 2017) (Appointed 23 August 2017) (Appointed 23 August 2017) (Appointed 23 August 2017) (Appointed 14 December 2017)
<b>Company number</b>	01630402 (England and Wales)	
<b>Registered office</b>	The City Ground Pavilion Road West Bridgford Nottingham UK NG2 5FJ	
<b>Auditor</b>	Baldwins Audit Services Limited Churchill House 59 Lichfield Street Walsall West Midlands WS4 2BX	

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# NOTTINGHAM FOREST FOOTBALL CLUB LIMITED

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# NOTTINGHAM FOREST FOOTBALL CLUB LIMITED

## STRATEGIC REPORT

**FOR THE YEAR ENDED 31 MAY 2017**

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The directors present the strategic report and financial statements for the year ended 31 May 2017.

### Fair review of the business

The Club secured its place in the Championship for a further year on the final day of the 2016/17 season, finishing in 21st position at the end of a challenging campaign.

After the football season concluded the Club was purchased on the 18th May 2017 by NF Football Investments Limited which is a company owned by Mr E Marinakis (80%) and Mr S Kominakis (20%). The takeover has led to increased optimism for the future of the Club. The takeover occurred at the very end of the reporting period relevant to this review.

Turnover for 2016/17 was £20.8m (2016: £18.4m), a growth of 13%. A large proportion of this increase was a result of increased grants and royalties from the EFL along with increases in sponsorship, following a new shirt sponsor deal and catering income resulting from bringing the catering operation back in house having previously been outsourced.

Administrative expenses saw a small reduction to £37m (2016: £37.4m), a decrease of 1%.

The operating loss for the year amounted to £23m (2016: £23.8m). As part of the acquisition of the Club by Mr Marinakis and Mr Kominakis, an historic loan of £40.4m was written off which led to the Club reporting a profit before tax of £32.1m (2016: £2.2m loss).

### Principal risks and uncertainties

The key potential risks for the Club's board to manage are as follows:

- first team performance and the direct impact on league status, position and revenue generation
- recruitment and retention of players and key staff
- supporter attendance levels at first team matches
- negotiation of key commercial contracts
- compliance with the rules and regulations of the applicable football governing bodies
- Health & Safety considerations, including terrorism threats arising from operating a sporting venue
- Cash management in line with available working capital

First team performance can have a significant impact on other key areas of risk, so investment in the playing squad and academy continues to be a priority within the financial and regulatory constraints within which the Club operates. The board have systems in place to monitor the risks and uncertainties and take corrective action when required.

### Key performance indicators

The Club uses a variety of both financial and non-financial measures to monitor and manage the business effectively and identify areas for improvement. The principle key performance indicators (KPIs) used by the board in assessing the overall performance of the Club are as follows:

Key Performance Indicator (KPI)	2017	2016	2015
League Position	21st	16th	14th
Turnover (£m)	20.8	18.4	18.2
Operating Profit / (Loss) (£m)	(23.0)	(23.8)	(27.7)
Average match attendance (number)	20,333	19,676	23,492
Season ticket sold (number)	13,473	14,079	15,482

# NOTTINGHAM FOREST FOOTBALL CLUB LIMITED

## STRATEGIC REPORT (CONTINUED)

**FOR THE YEAR ENDED 31 MAY 2017**

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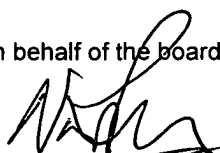
### Going concern

The Company is dependent on funding from its parent company NF Football Investments Limited and its ultimate beneficial owners, Mr E Marinakis and Mr S Kominakis. In determining the appropriate basis of preparation of this Report and Financial Statements, the Directors are required to consider whether the Company can continue its operational existence for the foreseeable future; that is for at least 12 months from the date of signing of this report.

The Company meets its day to day working capital requirements via funding from the parent company and the ultimate beneficial owners. The parent company and its ultimate beneficial owners have indicated that they have no intention to recall the loan amounts for at least 12 months from the date of signing this report.

In assessing the appropriateness of the going concern assumption, the Directors have reviewed detailed cash flow forecasts, considering all reasonably foreseeable potential scenarios and material uncertainties in relation to income and costs. Based on these cash flow forecasts the Club can meet its liabilities as they fall due and the Directors have therefore concluded that it is appropriate for the financial statements to be prepared on the going concern basis.

On behalf of the board



.....  
Mr N Randall Q.C. (Chairman)

Director

27/02/18.....

# NOTTINGHAM FOREST FOOTBALL CLUB LIMITED

## DIRECTORS' REPORT

**FOR THE YEAR ENDED 31 MAY 2017**

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The directors present their annual report and financial statements for the year ended 31 May 2017.

### Principal activities

The principal activity of the company continued to be that of a professional football club.

### Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

Mr F M A Al Hasawi	(Resigned 18 May 2017)
Mrs S Gordon (Chief Financial Officer)	(Appointed 18 May 2017)
Mr J A B Metgod	(Appointed 23 August 2017)
Mr I Vrentzos (Chief Executive Officer)	(Appointed 23 August 2017)
Mr N Randall Q.C. (Chairman)	(Appointed 23 August 2017)
Mr J T Owen	(Appointed 14 December 2017)

### Results and dividends

The results for the year are set out on page 7.

The directors do not recommend payment of a final dividend.

### Auditor

Baldwins Audit Services Limited were appointed auditor to the company and in accordance with section 485 of the Companies Act 2006, a resolution proposing that they be re-appointed will be put at a General Meeting.

### Statement of directors' responsibilities

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

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

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

# NOTTINGHAM FOREST FOOTBALL CLUB LIMITED

## DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2017

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### Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

On behalf of the board



.....  
Mr N Randall Q.C. (Chairman)

Director

27/02/18.....

# NOTTINGHAM FOREST FOOTBALL CLUB LIMITED

## INDEPENDENT AUDITOR'S REPORT

### TO THE MEMBER OF NOTTINGHAM FOREST FOOTBALL CLUB LIMITED

---

#### Opinion

We have audited the financial statements of Nottingham Forest Football Club Limited (the 'company') for the year ended 31 May 2017 set out on pages 7 to 26. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 May 2017 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.

#### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

#### Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

#### Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of our audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.



# NOTTINGHAM FOREST FOOTBALL CLUB LIMITED

## INDEPENDENT AUDITOR'S REPORT (CONTINUED)

### TO THE MEMBER OF NOTTINGHAM FOREST FOOTBALL CLUB LIMITED

---

#### Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report and the Directors' Report.

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.

#### Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement set out on pages 3 - 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

#### Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

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.



**Mr S N Southall FCCA (Senior Statutory Auditor)**  
for and on behalf of Baldwins Audit Services Limited

27.2.2018.....

**Statutory Auditor**

Churchill House  
59 Lichfield Street  
Walsall  
West Midlands  
WS4 2BX

# NOTTINGHAM FOREST FOOTBALL CLUB LIMITED

## PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 MAY 2017

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		2017	2016
	Notes	£000	£000
<b>Turnover</b>	<b>3</b>	20,807	18,424
Cost of sales		(6,746)	(4,742)
		<hr/>	<hr/>
<b>Gross profit</b>		14,061	13,682
Administrative expenses		(37,032)	(37,447)
		<hr/>	<hr/>
<b>Operating loss</b>	<b>4</b>	(22,971)	(23,765)
Interest receivable and similar income	<b>8</b>	-	1
Interest payable and similar expenses	<b>9</b>	(25)	(412)
Profit on disposal of player registrations		14,706	4,284
Loans written off		40,390	17,686
		<hr/>	<hr/>
<b>Profit/(loss) before taxation</b>		32,100	(2,206)
Taxation	<b>11</b>	-	-
		<hr/>	<hr/>
<b>Profit/(loss) for the financial year</b>		<u>32,100</u>	<u>(2,206)</u>

The profit and loss account has been prepared on the basis that all operations are continuing operations.

# NOTTINGHAM FOREST FOOTBALL CLUB LIMITED

## STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MAY 2017

---

	<b>2017</b>	<b>2016</b>
	<b>£000</b>	<b>£000</b>
<b>Profit/(loss) for the year</b>	32,100	(2,206)
<b>Other comprehensive income</b>	-	-
<b>Total comprehensive income for the year</b>	<u>32,100</u>	<u>(2,206)</u>

# NOTTINGHAM FOREST FOOTBALL CLUB LIMITED

## BALANCE SHEET

AS AT 31 MAY 2017

		2017		2016	
	Notes	£000	£000	£000	£000
<b>Fixed assets</b>					
Intangible assets	12		7,370		5,128
Tangible assets	13		4,202		4,421
			<u>11,572</u>		<u>9,549</u>
<b>Current assets</b>					
Stocks	15	861		808	
Debtors	16	4,308		1,548	
Cash at bank and in hand		366		60	
		<u>5,535</u>		<u>2,416</u>	
<b>Creditors: amounts falling due within one year</b>	17	(40,866)		(82,824)	
<b>Net current liabilities</b>			(35,331)		(80,408)
<b>Total assets less current liabilities</b>			(23,759)		(70,859)
<b>Creditors: amounts falling due after more than one year</b>	18		(15,000)		-
<b>Net liabilities</b>			<u>(38,759)</u>		<u>(70,859)</u>
<b>Capital and reserves</b>					
Called up share capital	21		17,744		17,744
Share premium account			70,345		70,345
Capital redemption reserve			13,965		13,965
Profit and loss reserves			(140,813)		(172,913)
<b>Total equity</b>			<u>(38,759)</u>		<u>(70,859)</u>

The financial statements were approved by the board of directors and authorised for issue on 27/02/18... and are signed on its behalf by:



Mrs S Gordon (Chief Financial Officer)  
Director

Company Registration No. 01630402 (England and Wales)

# NOTTINGHAM FOREST FOOTBALL CLUB LIMITED

## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MAY 2017

	Notes	Share capital £000	Share premium account £000	Capital redemption reserve £000	Profit and loss reserves £000	Total £000
<b>Balance at 1 June 2015</b>		9,494	70,345	13,965	(170,707)	(76,903)
<b>Year ended 31 May 2016:</b>						
Loss and total comprehensive income for the year		-	-	-	(2,206)	(2,206)
Issue of share capital	22	8,250	-	-	-	8,250
<b>Balance at 31 May 2016</b>		17,744	70,345	13,965	(172,913)	(70,859)
<b>Year ended 31 May 2017:</b>						
Profit and total comprehensive income for the year		-	-	-	32,100	32,100
<b>Balance at 31 May 2017</b>		17,744	70,345	13,965	(140,813)	(38,759)

# NOTTINGHAM FOREST FOOTBALL CLUB LIMITED

## STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MAY 2017

	Notes	2017 £000	£000	2016 £000	£000
<b>Cash flows from operating activities</b>					
Cash absorbed by operations	27		(21,907)		(19,075)
Interest paid			-		(335)
			<u>          </u>		<u>          </u>
<b>Net cash outflow from operating activities</b>			(21,907)		(19,410)
<b>Investing activities</b>					
Purchase of players registrations		(2,446)		(238)	
Proceeds on disposal of players registrations		13,642		5,598	
Purchase of tangible fixed assets		(712)		(465)	
Proceeds on disposal of tangible fixed assets		2		-	
Interest received		-		1	
		<u>          </u>		<u>          </u>	
<b>Net cash generated from investing activities</b>			10,486		4,896
<b>Financing activities</b>					
Proceeds from issue of shares		-		8,250	
Proceeds from NF Football Investments Limited		21,873		-	
Proceeds from NFFC Group Holdings Limited		6,861		82	
Proceeds from former director		-		4,713	
Proceeds from related party		1,000		1,604	
Repayment of borrowings to former director		(17,911)		-	
Payment of finance leases obligations		(96)		(143)	
		<u>          </u>		<u>          </u>	
<b>Net cash generated from financing activities</b>			11,727		14,506
			<u>          </u>		<u>          </u>
<b>Net increase/(decrease) in cash and cash equivalents</b>			306		(8)
Cash and cash equivalents at beginning of year			60		68
			<u>          </u>		<u>          </u>
<b>Cash and cash equivalents at end of year</b>			<u>          </u> <u>          </u>		<u>          </u> <u>          </u>

# NOTTINGHAM FOREST FOOTBALL CLUB LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MAY 2017

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### 1 Accounting policies

#### Company information

Nottingham Forest Football Club Limited is a private company limited by shares incorporated in England and Wales. The registered office is The City Ground, Pavilion Road, West Bridgford, Nottingham, UK, NG2 5FJ.

#### 1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £000.

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of certain financial instruments at fair value. The principal accounting policies adopted are set out below.

The company has taken advantage of the exemption under section 400 of the Companies Act 2006 not to prepare consolidated accounts. The financial statements present information about the company as an individual entity and not about its group.

Nottingham Forest Football Club Limited is a wholly owned subsidiary of NF Football Investments Limited following the sale of shares in Nottingham Forest Football Club Limited from NFFC Group Holdings Limited on the 18 May 2017. The first Group financial statements of NF Football Investments Limited will be for the period ended 30 May 2018, which will be available at Companies House.

#### 1.2 Going concern

The Company is dependent on funding from its parent company NF Football Investments Limited and its ultimate beneficial owners, Mr E Marinakis and Mr S Kominakis. In determining the appropriate basis of preparation of this Report and Financial Statements, the Directors are required to consider whether the Company can continue its operational existence for the foreseeable future; that is for at least 12 months from the date of signing of this report.

The Company meets its day to day working capital requirements via funding from the parent company and the ultimate beneficial owners. The parent company and its ultimate beneficial owners have indicated that they have no intention to recall the loan amounts for at least 12 months from the date of signing this report.

In assessing the appropriateness of the going concern assumption, the Directors have reviewed detailed cash flow forecasts, considering all reasonably foreseeable potential scenarios and material uncertainties in relation to income and costs. Based on these cash flow forecasts the Club can meet its liabilities as they fall due and the Directors have therefore concluded that it is appropriate for the financial statements to be prepared on the going concern basis.

#### 1.3 Turnover

Turnover represents all income arising from the activities of the company excluding player transfer fees and Value Added Tax.

# NOTTINGHAM FOREST FOOTBALL CLUB LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2017

### 1 Accounting policies

(Continued)

#### 1.4 Intangible fixed assets other than goodwill

The cost of acquiring players' registrations is included in the balance sheet as intangible assets at cost less amortisation, which is charged as follows:

Players' registrations	Over the life of the players' contract
------------------------	--

Provision is made where, in the opinion of the directors, an impairment of the carrying value of the players' registrations has occurred.

#### 1.5 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Land and buildings Freehold	2-5%
Land and buildings Leasehold	5%
Plant and machinery	10-25%
Fixtures, fittings & equipment	15-20%

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

#### 1.6 Impairment of fixed assets

At each reporting date the company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

#### 1.7 Stocks

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

At each balance sheet date, stocks are assessed for impairment. Any impairment loss is recognised immediately in profit or loss.

#### 1.8 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.



# NOTTINGHAM FOREST FOOTBALL CLUB LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2017

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### 1 Accounting policies

(Continued)

#### 1.9 Financial instruments

The Company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable, loans from banks and other third parties, and loans to related parties.

Basic financial instruments (other than those wholly repayable or receivable within one year) are measured at amortised cost, using the effective interest method. The effective interest rate is the rate which exactly discounts the estimated future payments or receipts over the life of the instrument to its carrying amount at initial recognition, re-estimated periodically to reflect changes in the market rate of interest. Basic financial instruments that are payable or receivable within one year, typically trade payables or receivables, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration, expected to be paid or received.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Profit and loss account.

#### 1.10 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

#### 1.11 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

#### 1.12 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the balance sheet as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to the profit and loss account so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Rentals payable under operating leases, including any lease incentives received, are charged to income on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed.

#### 1.13 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation are included in the profit and loss account for the period.

# NOTTINGHAM FOREST FOOTBALL CLUB LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2017

### 1 Accounting policies

(Continued)

#### 1.14 Heritage assets

The Club holds a collection of football memorabilia which is not recognised in the Balance Sheet as cost information is not readily available and the directors believe that the benefits of obtaining valuations for these items would not justify the cost. The memorabilia has been built up over many years through existing items from the Club, donations and occasional acquisitions. The Club draws upon the collection for display in the stadium. The directors are of the opinion, that should a valuation for the collection be obtained, that the valuation would not be material in the context of these accounts and is incidental to the main activity of the Club. Consequently further disclosures under FRS102 - Heritage Assets are not deemed necessary.

#### 1.15 Grants

Revenue grants are credited to the profit and loss account when the related expense is incurred. Capital grants are included within deferred income, and are released to the profit and loss account over the estimated useful life of the relevant asset.

### 2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

### 3 Turnover and other revenue

An analysis of the company's turnover is as follows:

	2017	2016
	£000	£000
<b>Turnover</b>		
Sponsorship and advertising	718	577
Catering	810	233
Grants & royalties	7,669	5,560
TV & radio	511	558
Ticket & membership sales	6,184	6,297
Commercial	898	962
Programme & other match day income	344	338
Other non match day income	542	675
Players	877	759
Retail	2,254	2,465
	<u>20,807</u>	<u>18,424</u>
<b>Other significant revenue</b>		
Interest income	-	1
	<u>-</u>	<u>1</u>

# NOTTINGHAM FOREST FOOTBALL CLUB LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MAY 2017

### 4 Operating loss

	2017	2016
	£000	£000
Operating loss for the year is stated after charging/(crediting):		
Exchange losses/(gains)	152	(214)
Depreciation of owned tangible fixed assets	843	804
Depreciation of tangible fixed assets held under finance leases	86	86
Amortisation of intangible assets	1,990	2,995
Operating lease charges	151	158
	<u>          </u>	<u>          </u>

### 5 Auditor's remuneration

	2017	2016
	£000	£000
Fees payable to the company's auditor and associates:		
<b>For audit services</b>		
Audit of the financial statements of the company	14	14
	<u>          </u>	<u>          </u>
<b>For other services</b>		
Audit-related assurance services	4	4
Taxation compliance services	3	3
Other taxation services	6	22
	<u>          </u>	<u>          </u>
	13	29
	<u>          </u>	<u>          </u>

In accordance with Companies Act 2006 (s538), we are required to disclose any auditor liability limitation agreements in effect.

A resolution was passed dated 5 October 2017 which limits the liability of the auditor to £5m for any loss or damage suffered by Nottingham Forest Football Club Limited arising out of or in connection with the provision of the services provided by the auditor including negligence but not willful default.

### 6 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	2017	2016
	Number	Number
Playing staff	65	68
Non-playing staff	132	154
	<u>          </u>	<u>          </u>
	197	222
	<u>          </u>	<u>          </u>

# NOTTINGHAM FOREST FOOTBALL CLUB LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2017

6	Employees	(Continued)	
	Their aggregate remuneration comprised:		
		<b>2017</b>	<b>2016</b>
		<b>£000</b>	<b>£000</b>
	Wages and salaries	25,085	26,939
	Social security costs	3,488	3,676
		<u>28,573</u>	<u>30,615</u>
		<u><u>28,573</u></u>	<u><u>30,615</u></u>
7	Directors' remuneration		
		<b>2017</b>	<b>2016</b>
		<b>£000</b>	<b>£000</b>
	Remuneration for qualifying services	315	311
		<u>315</u>	<u>311</u>
		<u><u>315</u></u>	<u><u>311</u></u>
	Remuneration disclosed above include the following amounts paid to the highest paid director:		
		<b>2017</b>	<b>2016</b>
		<b>£000</b>	<b>£000</b>
	Remuneration for qualifying services	315	311
		<u>315</u>	<u>311</u>
		<u><u>315</u></u>	<u><u>311</u></u>
8	Interest receivable and similar income		
		<b>2017</b>	<b>2016</b>
		<b>£000</b>	<b>£000</b>
	<b>Interest income</b>		
	Interest on bank deposits	-	1
		<u>-</u>	<u>1</u>
		<u><u>-</u></u>	<u><u>1</u></u>
	Investment income includes the following:		
	Interest on financial assets not measured at fair value through profit or loss	-	1
		<u>-</u>	<u>1</u>
		<u><u>-</u></u>	<u><u>1</u></u>
9	Interest payable and similar expenses		
		<b>2017</b>	<b>2016</b>
		<b>£000</b>	<b>£000</b>
	<b>Interest on financial liabilities measured at amortised cost:</b>		
	Other interest on financial liabilities	-	149
	<b>Other finance costs:</b>		
	Interest on the net defined benefit liability	25	77
	Other interest	-	186
		<u>25</u>	<u>263</u>
		<u><u>25</u></u>	<u><u>412</u></u>

# NOTTINGHAM FOREST FOOTBALL CLUB LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2017

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10 Other gains and losses

	2017	2016
	£000	£000
Profit/loss on disposal of player registrations	14,706	4,284
Loans written off	40,390	17,686
	<u>55,096</u>	<u>21,970</u>

# NOTTINGHAM FOREST FOOTBALL CLUB LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2017

### 11 Taxation

The actual charge for the year can be reconciled to the expected charge/(credit) for the year based on the profit or loss and the standard rate of tax as follows:

	<b>2017</b>	<b>2016</b>
	<b>£000</b>	<b>£000</b>
Profit/(loss) before taxation	32,100	(2,206)
Expected tax charge/(credit) based on the standard rate of corporation tax in the UK of 19.00% (2016: 20.00%)	6,099	(441)
Tax effect of expenses that are not deductible in determining taxable profit	(7,311)	(804)
Group relief	-	37
Permanent capital allowances in excess of depreciation	90	27
Losses carried forward	1,122	1,181
Taxation charge for the year	-	-

#### **Factors that may affect future tax charges**

Legislative changes have been announced which will eventually reduce the main rate of corporation tax of to 17% thus reducing the overall tax charge of future years. The change will be effective for periods beginning on or after:

1 April 2020 rate reduces to 17%.

Deferred tax balances must be recognised at the future tax rate applicable when the balance is expected to unwind.

# NOTTINGHAM FOREST FOOTBALL CLUB LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2017

### 12 Intangible fixed assets

	Players' registrations £000
<b>Cost</b>	
At 1 June 2016	14,121
Additions - separately acquired	4,715
Disposals	(6,110)
At 31 May 2017	<u>12,726</u>
<b>Amortisation and impairment</b>	
At 1 June 2016	8,993
Amortisation charged for the year	1,990
Disposals	(5,627)
At 31 May 2017	<u>5,356</u>
<b>Carrying amount</b>	
At 31 May 2017	<u><u>7,370</u></u>
At 31 May 2016	<u><u>5,128</u></u>

### 13 Tangible fixed assets

	Land and buildings Freehold £000	Land and buildings Leasehold £000	Plant and machinery £000	Fixtures, fittings & equipment £000	Total £000
<b>Cost</b>					
At 1 June 2016	3,217	15,379	2,323	4,052	24,971
Additions	5	2	100	605	712
Disposals	-	-	(3)	-	(3)
At 31 May 2017	<u>3,222</u>	<u>15,381</u>	<u>2,420</u>	<u>4,657</u>	<u>25,680</u>
<b>Depreciation and impairment</b>					
At 1 June 2016	844	15,375	1,659	2,672	20,550
Depreciation charged in the year	63	1	194	671	929
Eliminated in respect of disposals	-	-	(1)	-	(1)
At 31 May 2017	<u>907</u>	<u>15,376</u>	<u>1,852</u>	<u>3,343</u>	<u>21,478</u>
<b>Carrying amount</b>					
At 31 May 2017	<u><u>2,315</u></u>	<u><u>5</u></u>	<u><u>568</u></u>	<u><u>1,314</u></u>	<u><u>4,202</u></u>
At 31 May 2016	<u><u>2,373</u></u>	<u><u>4</u></u>	<u><u>664</u></u>	<u><u>1,380</u></u>	<u><u>4,421</u></u>

# NOTTINGHAM FOREST FOOTBALL CLUB LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2017

### 13 Tangible fixed assets (Continued)

The net carrying value of tangible fixed assets includes the following in respect of assets held under finance leases or hire purchase contracts.

	2017 £000	2016 £000
Plant and machinery	129	215
Depreciation charge for the year in respect of leased assets	86	86

### 14 Subsidiaries

Details of the company's subsidiaries at 31 May 2017 are as follows:

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held	
				Direct	Indirect
Nottingham Forest Football Academy Limited	Great Britain	Property investment company	Ordinary	100.00	

The aggregate capital and reserves and the result for the year of the subsidiaries noted above was as follows:

Name of undertaking	Profit/(Loss)	Capital and Reserves
	£000	£000

The investments in subsidiaries are stated at fair value.

### 15 Financial instruments

	2017 £000	2016 £000
<b>Financial assets</b>		
Financial assets that are measured at undiscounted amount receivable	3,556	1,096
<b>Financial liabilities</b>		
Financial liabilities that are measured at undiscounted amount payable	33,844	75,297

Financial assets measured at undiscounted amount of the cash or other consideration expected to be paid or received comprise cash at bank, trade debtors and amounts receivable in respect of player transfers.

Financial liabilities measured at undiscounted amount payable comprise obligations under finance leases, trade creditors, amounts payable in respect of player transfers, amounts due to group undertakings and other creditors.



# NOTTINGHAM FOREST FOOTBALL CLUB LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2017

16 Stocks		2017 £000	2016 £000
Raw materials and consumables		861	808
		<u>861</u>	<u>808</u>
17 Debtors		2017 £000	2016 £000
<b>Amounts falling due within one year:</b>			
Trade debtors		1,643	1,036
Amounts receivable in respect of player transfers		1,547	-
Prepayments and accrued income		1,118	512
		<u>4,308</u>	<u>1,548</u>
18 Creditors: amounts falling due within one year	Notes	2017 £000	2016 £000
Obligations under finance leases	20	-	96
Amounts payable in respect of player transfers		2,598	329
Trade creditors		2,005	2,100
Amounts due to group undertakings		21,873	14,987
Other taxation and social security		3,631	4,142
Other creditors		7,368	57,785
Accruals and deferred income		3,391	3,385
		<u>40,866</u>	<u>82,824</u>
19 Creditors: amounts falling due after more than one year		2017 £000	2016 £000
Other creditors		15,000	-
		<u>15,000</u>	<u>-</u>
20 Finance lease obligations		2017 £000	2016 £000
<b>Future minimum lease payments due under finance leases:</b>			
Within one year		-	96
		<u>-</u>	<u>96</u>

Finance lease payments represent rentals payable by the company for certain items of plant and machinery. Leases include purchase options at the end of the lease period, and no restrictions are placed on the use of the assets. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

# NOTTINGHAM FOREST FOOTBALL CLUB LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2017

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### 21 Retirement benefit schemes

Certain staff of the company are members of either the Football League Limited Pension and Life Assurance Scheme ('FLLPLAS') comprising both defined benefit (suspended from 31 August 1999) and defined contribution sections, or the Football League and FA Premier League Group Pension Plan, a defined contribution scheme.

The company is one of a number of participating employers in the FLLPLAS and it is not possible to identify its share of the assets and liabilities, and therefore to allocate any actuarial surplus or deficit on a consistent and reasonable basis; consequently contributions are expensed in the profit and loss account as they become payable. The assets of the schemes are held separately from those of the company, being invested with insurance companies.

Following a review of the Minimum Funding Requirement ('MFR') of the FLLPLAS, accrual of benefits of the final salary section of the scheme was suspended as at 31 August 1999. In light of the exceptional circumstances affecting the scheme, the trustees of the scheme commissioned an independent actuary's report on the MFR position and a substantial deficit was identified. Under the Pensions Act 1995 participating employers will be required to contribute to the deficiency. The Club was advised that a basis of apportionment of the deficit had been approved by the trustees and their advisors, although in practice there are a number of important issues which remain to be resolved that could impact on the final quantification of this liability. In accordance with FRS102, a liability of £505,094 (2016: £485,753) has been recorded in the financial statements equal to the net present value of the future deficit reduction payments. In addition, a finance cost of £25,483 (2016: £76,923) has been recognised in the profit and loss account.

Contributions paid to individuals' money purchase pension schemes were £104,479 (2016: £104,798).

### 22 Share capital

	2017	2016
	£000	£000
<b>Ordinary share capital</b>		
<b>Issued and fully paid</b>		
1,774,400 Ordinary shares of 1p each	17,744	17,744
	<u>17,744</u>	<u>17,744</u>

### 23 Financial commitments, guarantees and contingent liabilities

The contingent liability from player purchases and First Team management changes amounts to approximately £3,863,478 (2016 - £4,810,000). Signing on fees of £370,139 (2016 - £1,605,071) will become due to certain players if they are still in the service of Nottingham Forest Football Club Limited on specific future dates.

# NOTTINGHAM FOREST FOOTBALL CLUB LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2017

### 24 Operating lease commitments

#### Lessee

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2017 £000	2016 £000
Within one year	125	147
Between two and five years	377	521
In over five years	3,100	3,252
	<u>3,602</u>	<u>3,920</u>

### 25 Related party transactions

#### Remuneration of key management personnel

The remuneration of key management personnel is as follows.

	2017 £000	2016 £000
Aggregate compensation	<u>315</u>	<u>311</u>

#### Transactions with related parties

During the year the company entered into the following transactions with related parties:

	Loans received in the year		Loans repaid/written off in the year	
	2017 £000	2016 £000	2017 £000	2016 £000
Former director	-	10,036	19,653	5,323
NFFC Group Holdings Limited	6,861	82	21,848	-
NF Football Investments Limited	21,873	-	-	-
Other related parties	1,000	1,604	16,800	17,686
	<u>29,734</u>	<u>12,722</u>	<u>57,301</u>	<u>33,099</u>

# NOTTINGHAM FOREST FOOTBALL CLUB LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2017

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### 25 Related party transactions (Continued)

The following amounts were outstanding at the reporting end date:

	2017	2016
	£000	£000
<b>Amounts owed to related parties</b>		
Former director	19,196	38,849
NFFC Group Holdings Limited	-	14,987
NF Football Investments Limited	21,873	-
Other related parties	1,000	16,800
	<u>          </u>	<u>          </u>

### 26 Controlling party

Nottingham Forest Football Club Limited is a wholly owned subsidiary of NF Football Investments Limited, following the sale of shares in Nottingham Forest Football Club Limited from NFFC Group Holdings Limited on the 18 May 2017.

The largest group of companies which publishes consolidated financial statements and of which the company is a member is NF Football Investments Limited. The first Group financial statements of NF Football Investments Limited will be for the period ended 30 May 2018, which will be available at Companies House.

The ultimate controlling party of the Club at 31 May 2017 was Mr E Marinakis.

# NOTTINGHAM FOREST FOOTBALL CLUB LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2017

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### 27 Cash generated from operations

	<b>2017</b>	<b>2016</b>
	<b>£000</b>	<b>£000</b>
Profit/(loss) for the year after tax	32,100	(2,206)
<b>Adjustments for:</b>		
Finance costs	25	412
Investment income	-	(1)
Amortisation and impairment of players registrations	1,990	2,995
Depreciation and impairment of tangible fixed assets	929	890
Loans from former director written off	(1,742)	-
Loans from NFFC Group Holdings Limited written off	(21,848)	
Loan from related party written off	(16,800)	(17,686)
Profit on disposal of players registration	(14,706)	(4,284)
Pension scheme non-cash movement	(25)	(77)
<b>Movements in working capital:</b>		
(Increase) in stocks	(53)	(808)
(Increase) in debtors	(1,213)	(441)
(Decrease)/increase in creditors	(564)	2,131
<b>Cash absorbed by operations</b>	<u>(21,907)</u>	<u>(19,075)</u>