

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 2018**



# 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 Owen	(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 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 2018

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The directors present the strategic report and financial statements for the year ended 31 May 2018.

#### Fair review of the business

2017/18 was the first full season for the club under new ownership, following completion of the purchase on the 18th May 2017 by NF Football Investments Limited. NF Football Investments Limited is a company owned by Mr E Marinakis (80%) and Mr S Kominakis (20%).

The year was one of company restructuring, both within and outside of the football department. Key staff were added off the pitch and the playing squad was rebuilt. Relationships were strengthened with the fans and local community and a much closer working partnership forged with the clubs Community Trust.

Turnover for 2017/18 was £22.7m (2017: £20.8m), a growth of 9%. The majority of this increase related to increased broadcasting revenue received via EFL and increased ticketing income, due to higher season ticket sales and high profile draws in both the Carabao Cup and FA Cup competitions. Overall attendances at home league fixtures increased by 21%. Catering and Retail sales also experienced significant growth at 19% and 8% respectively.

Cost of sales reduced to £5.9m (2017: £6.7m).

Administrative expenses were consistent year on year at £37m (2017: £37m).

The operating loss for the year was £20.3m (2017: £23m loss) reducing to a loss before tax of £5.6m (2017: £32.1m profit) after interest, profit on disposal of players and an historic loan write off.

#### 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)	2018	2017	2016
League Position	17th	21st	16th
Turnover (£000)	22,661	20,807	18,424
Average match attendance (number)	24,680	20,333	19,676
Season ticket sold (number)	17,606	13,473	14,079

# NOTTINGHAM FOREST FOOTBALL CLUB LIMITED

## STRATEGIC REPORT (CONTINUED)

**FOR THE YEAR ENDED 31 MAY 2018**

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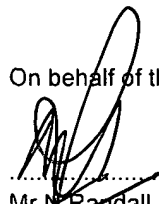
### **Going concern**

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**

..26.2.2019.....

# NOTTINGHAM FOREST FOOTBALL CLUB LIMITED

## DIRECTORS' REPORT

*FOR THE YEAR ENDED 31 MAY 2018*

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The directors present their annual report and financial statements for the year ended 31 May 2018.

### **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:

Mrs S Gordon (Chief Financial Officer)	
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 Owen	(Appointed 14 December 2017)

### **Results and dividends**

The results for the year are set out on page 9.

The directors do not recommend payment of a final dividend.

### **Auditor**

Baldwins Audit Services 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.

# NOTTINGHAM FOREST FOOTBALL CLUB LIMITED

## DIRECTORS' REPORT (CONTINUED)

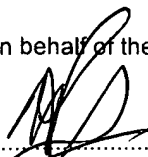
*FOR THE YEAR ENDED 31 MAY 2018*

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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**

.....26.2.2018.....

# **NOTTINGHAM FOREST FOOTBALL CLUB LIMITED**

## **DIRECTORS' RESPONSIBILITIES STATEMENT**

***FOR THE YEAR ENDED 31 MAY 2018***

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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;
- 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

## INDEPENDENT AUDITOR'S REPORT

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

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#### Opinion

We have audited the financial statements of Nottingham Forest Football Club Limited (the 'company') for the year ended 31 May 2018 which comprise the profit and loss account, the statement of comprehensive income, the balance sheet, the statement of changes in equity, the statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. 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 2018 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### 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 directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. 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

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#### **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, 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.

# NOTTINGHAM FOREST FOOTBALL CLUB LIMITED

## INDEPENDENT AUDITOR'S REPORT (CONTINUED)

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

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#### Use of our 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 Stephen Anthony Harcourt FCCA (Senior Statutory Auditor)**  
for and on behalf of Baldwins Audit Services

...26/12/2019...

**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 2018

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	Notes	2018 £000	2017 £000
Turnover	3	22,661	20,807
Cost of sales		(5,940)	(6,746)
<b>Gross profit</b>		<u>16,721</u>	<u>14,061</u>
Administrative expenses		(37,045)	(37,032)
<b>Operating loss</b>	4	(20,324)	(22,971)
Interest payable and similar expenses	8	(325)	(25)
Profit on disposal of player registrations		10,053	14,706
Loans written off		5,000	40,390
<b>(Loss)/profit before taxation</b>		<u>(5,596)</u>	<u>32,100</u>
Taxation	10	-	-
<b>(Loss)/profit for the financial year</b>		<u><u>(5,596)</u></u>	<u><u>32,100</u></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 2018*

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	<b>2018</b>	<b>2017</b>
	<b>£000</b>	<b>£000</b>
(Loss)/profit for the year	(5,596)	32,100
Other comprehensive income	-	-
<b>Total comprehensive income for the year</b>	<u>(5,596)</u>	<u>32,100</u>

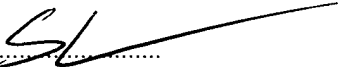
# NOTTINGHAM FOREST FOOTBALL CLUB LIMITED

## BALANCE SHEET

AS AT 31 MAY 2018

	Notes	2018		2017	
		£000	£000	£000	£000
<b>Fixed assets</b>					
Intangible assets	11		7,678		7,370
Tangible assets	12		4,580		4,202
			<u>12,258</u>		<u>11,572</u>
<b>Current assets</b>					
Stocks	15	264		861	
Debtors	16	12,649		4,308	
Cash at bank and in hand		781		366	
			<u>13,694</u>	<u>5,535</u>	
<b>Creditors: amounts falling due within one year</b>	17	<u>(49,752)</u>		<u>(40,866)</u>	
<b>Net current liabilities</b>			<u>(36,058)</u>		<u>(35,331)</u>
<b>Total assets less current liabilities</b>			<u>(23,800)</u>		<u>(23,759)</u>
<b>Creditors: amounts falling due after more than one year</b>	19		<u>(15,655)</u>		<u>(15,000)</u>
<b>Net liabilities</b>			<u>(39,455)</u>		<u>(38,759)</u>
<b>Capital and reserves</b>					
Called up share capital	21		22,644		17,744
Share premium account			70,345		70,345
Capital redemption reserve			13,965		13,965
Profit and loss reserves			<u>(146,409)</u>		<u>(140,813)</u>
<b>Total equity</b>			<u>(39,455)</u>		<u>(38,759)</u>

The financial statements were approved by the board of directors and authorised for issue on ~~26.2.2019~~..... 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 2018

	Notes	Share capital £000	Share premium account £000	Capital redemption reserve £000	Profit and loss reserves £000	Total £000
<b>Balance at 1 June 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)
<b>Year ended 31 May 2018:</b>						
Loss and total comprehensive income for the year		-	-	-	(5,596)	(5,596)
Issue of share capital	21	4,900	-	-	-	4,900
<b>Balance at 31 May 2018</b>		22,644	70,345	13,965	(146,409)	(39,455)

# NOTTINGHAM FOREST FOOTBALL CLUB LIMITED

## STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MAY 2018

	Notes	2018		2017	
		£000	£000	£000	£000
<b>Cash flows from operating activities</b>					
Cash absorbed by operations	27		(10,413)		(21,907)
<b>Investing activities</b>					
Purchase of players registrations		(4,832)		(2,446)	
Proceeds on disposal of players registrations		4,486		13,642	
Purchase of tangible fixed assets		(1,373)		(712)	
Proceeds on disposal of tangible fixed assets		-		2	
<b>Net cash (used in)/generated from investing activities</b>			(1,719)		10,486
<b>Financing activities</b>					
Proceeds from NF Football Investments Limited		4,900		21,873	
Payments to NF Football Investments Limited		(72)		-	
Proceeds from NFFC Group Holdings Limited		-		6,861	
Proceeds from related party		-		1,000	
Payments to related party		(146)		-	
Repayment of borrowings to former director		-		(17,911)	
Proceeds of new loans		7,865		-	
Payment of finance leases obligations		-		(96)	
<b>Net cash generated from financing activities</b>			12,547		11,727
<b>Net increase in cash and cash equivalents</b>			415		306
Cash and cash equivalents at beginning of year			366		60
<b>Cash and cash equivalents at end of year</b>			781		366



# NOTTINGHAM FOREST FOOTBALL CLUB LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MAY 2018

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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.

This company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements:

- Section 4 'Statement of Financial Position' – Reconciliation of the opening and closing number of shares;
- Section 7 'Statement of Cash Flows' – Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues' – Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- Section 26 'Share based Payment' – Share-based payment expense charged to profit or loss, reconciliation of opening and closing number and weighted average exercise price of share options, how the fair value of options granted was measured, measurement and carrying amount of liabilities for cash-settled share-based payments, explanation of modifications to arrangements;
- Section 33 'Related Party Disclosures' – Compensation for key management personnel.

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 and the results of Nottingham Forest Football Club Limited are included in the consolidated financial statements of NF Football Investments which are available from Companies House.

# NOTTINGHAM FOREST FOOTBALL CLUB LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

**FOR THE YEAR ENDED 31 MAY 2018**

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### **1 Accounting policies**

**(Continued)**

#### **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 2018

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### 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
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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 at bank and in hand 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 2018

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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

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.

#### 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.

# NOTTINGHAM FOREST FOOTBALL CLUB LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2018

### 1 Accounting policies

(Continued)

#### 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.

#### 1.16 Signing on fees

Signing-on fees payable to players are charged, as part of operating expenses, to the profit and loss account over the period of the player's contract on a straight-line basis. Where a player's registration is transferred, any signing on fees payable in respect of future periods are charged against profit and loss of players disposal.

### 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:

	2018 £000	2017 £000
<b>Turnover analysed by class of business</b>		
Sponsorship and advertising	637	718
Catering	962	810
Grants & royalties	8,362	7,669
TV & radio	597	511
Ticket & membership sales	6,937	6,184
Commercial	1,008	898
Programme & other match day income	503	344
Other non match day income	163	542
Players	1,055	877
Retail	2,437	2,254
	<u>22,661</u>	<u>20,807</u>

# NOTTINGHAM FOREST FOOTBALL CLUB LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2018

### 4 Operating loss

	<b>2018</b>	<b>2017</b>
	<b>£000</b>	<b>£000</b>
Operating loss for the year is stated after charging/(crediting):		
Exchange losses	59	152
Depreciation of owned tangible fixed assets	996	929
Amortisation of intangible assets	3,208	1,990
Operating lease charges	151	158
	<u>          </u>	<u>          </u>

### 5 Auditor's remuneration

	<b>2018</b>	<b>2017</b>
	<b>£000</b>	<b>£000</b>
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
Taxation compliance services	3	3
Other taxation services	-	6
	<u>          </u>	<u>          </u>
	<u>          </u>	<u>          </u>
	3	13
	<u>          </u>	<u>          </u>

### 6 Employees

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

	<b>2018</b>	<b>2017</b>
	<b>Number</b>	<b>Number</b>
Playing staff	65	65
Non-playing staff	122	132
	<u>          </u>	<u>          </u>
	187	197
	<u>          </u>	<u>          </u>

Their aggregate remuneration comprised:

	<b>2018</b>	<b>2017</b>
	<b>£000</b>	<b>£000</b>
Wages and salaries	25,181	25,742
Social security costs	2,568	3,488
	<u>          </u>	<u>          </u>
	27,749	29,230
	<u>          </u>	<u>          </u>

# NOTTINGHAM FOREST FOOTBALL CLUB LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2018

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<b>7</b>	<b>Directors' remuneration</b>	<b>2018</b>	<b>2017</b>
		<b>£000</b>	<b>£000</b>
	Remuneration for qualifying services	777	315
		<u>777</u>	<u>315</u>
	Remuneration disclosed above include the following amounts paid to the highest paid director:		
		<b>2018</b>	<b>2017</b>
		<b>£000</b>	<b>£000</b>
	Remuneration for qualifying services	237	315
		<u>237</u>	<u>315</u>
<b>8</b>	<b>Interest payable and similar expenses</b>	<b>2018</b>	<b>2017</b>
		<b>£000</b>	<b>£000</b>
	<b>Interest on financial liabilities measured at amortised cost:</b>		
	Other interest on financial liabilities	290	-
	<b>Other finance costs:</b>		
	Interest on the net defined benefit liability	35	25
		<u>35</u>	<u>25</u>
		<u>325</u>	<u>25</u>
<b>9</b>	<b>Other gains and losses</b>	<b>2018</b>	<b>2017</b>
		<b>£000</b>	<b>£000</b>
	Profit/loss on disposal of player registrations	10,053	14,706
	Loans written off	5,000	40,390
		<u>15,053</u>	<u>55,096</u>

# NOTTINGHAM FOREST FOOTBALL CLUB LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2018

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### 10 Taxation

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

	<b>2018</b>	<b>2017</b>
	<b>£000</b>	<b>£000</b>
(Loss)/profit before taxation	(5,596)	32,100
Expected tax (credit)/charge based on the standard rate of corporation tax in the UK of 19.00% (2017: 19.00%)	(1,063)	6,099
Tax effect of expenses that are not deductible in determining taxable profit	3	(7,311)
Permanent capital allowances in excess of depreciation	41	90
Losses carried forward	842	1,122
Short term timing differences	177	-
Taxation charge for the year	-	-
<b>Deferred Tax - Unprovided</b>	<b>2018</b>	<b>2017</b>
	<b>£000</b>	<b>£000</b>
Capital allowances in excess of depreciation	(119)	(77)
Other short term timing differences	(123)	(73)
Losses	(27,260)	(26,424)
	(27,502)	(26,574)

#### 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 2018

### 11 Intangible fixed assets

	Players' registrations £000
<b>Cost</b>	
At 1 June 2017	12,726
Additions - separately acquired	6,665
Disposals	(6,286)
At 31 May 2018	<u>13,105</u>
<b>Amortisation and impairment</b>	
At 1 June 2017	5,355
Amortisation charged for the year	3,208
Disposals	(3,136)
At 31 May 2018	<u>5,427</u>
<b>Carrying amount</b>	
At 31 May 2018	<u>7,678</u>
At 31 May 2017	<u>7,370</u>

### 12 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 2017	3,222	15,381	2,420	4,658	25,681
Additions	360	277	401	335	1,373
At 31 May 2018	<u>3,582</u>	<u>15,658</u>	<u>2,821</u>	<u>4,993</u>	<u>27,054</u>
<b>Depreciation and impairment</b>					
At 1 June 2017	907	15,376	1,852	3,343	21,478
Depreciation charged in the year	69	12	242	673	996
At 31 May 2018	<u>976</u>	<u>15,388</u>	<u>2,094</u>	<u>4,016</u>	<u>22,474</u>
<b>Carrying amount</b>					
At 31 May 2018	<u>2,606</u>	<u>270</u>	<u>727</u>	<u>977</u>	<u>4,580</u>
At 31 May 2017	<u>2,315</u>	<u>5</u>	<u>568</u>	<u>1,314</u>	<u>4,202</u>

# NOTTINGHAM FOREST FOOTBALL CLUB LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2018

### 13 Subsidiaries

Details of the company's subsidiaries at 31 May 2018 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
Nottingham Forest Football Academy Limited	-	-

The investments in subsidiaries are stated at fair value.

### 14 Financial instruments

	2018 £000	2017 £000
<b>Carrying amount of financial assets</b>		
Debt instruments measured at amortised cost	10,964	3,190
<b>Carrying amount of financial liabilities</b>		
Measured at amortised cost	62,270	52,235

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.

### 15 Stocks

	2018 £000	2017 £000
Finished goods and goods for resale	264	861

# NOTTINGHAM FOREST FOOTBALL CLUB LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2018

<b>16 Debtors</b>		<b>2018</b>	<b>2017</b>
		<b>£000</b>	<b>£000</b>
<b>Amounts falling due within one year:</b>			
Trade debtors		701	1,643
Amounts receivable in respect of player transfers		5,263	1,547
Prepayments and accrued income		1,685	1,118
		<u>7,649</u>	<u>4,308</u>
		<b>2018</b>	<b>2017</b>
<b>Amounts falling due after more than one year:</b>		<b>£000</b>	<b>£000</b>
Amounts receivable in respect of player transfers		<u>5,000</u>	<u>-</u>
<b>Total debtors</b>		<u>12,649</u>	<u>4,308</u>
<b>17 Creditors: amounts falling due within one year</b>		<b>2018</b>	<b>2017</b>
	<b>Notes</b>	<b>£000</b>	<b>£000</b>
Other borrowings	<b>18</b>	4,731	1,000
Amounts payable in respect of player transfers		2,764	2,598
Trade creditors		3,098	2,005
Amounts due to group undertakings		21,801	21,873
Other taxation and social security		3,137	3,631
Other creditors		8,572	6,368
Accruals and deferred income		5,649	3,391
		<u>49,752</u>	<u>40,866</u>
<b>18 Loans and overdrafts</b>		<b>2018</b>	<b>2017</b>
		<b>£000</b>	<b>£000</b>
Loans from related parties		854	1,000
Other loans		<u>7,865</u>	<u>-</u>
		<u>8,719</u>	<u>1,000</u>
Payable within one year		4,731	1,000
Payable after one year		<u>3,988</u>	<u>-</u>

Other borrowings are secured by the issue of promissory notes with a value of £8,500,000.

# NOTTINGHAM FOREST FOOTBALL CLUB LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2018

### 19 Creditors: amounts falling due after more than one year

	Notes	2018 £000	2017 £000
Other borrowings	18	3,988	-
Amounts payable in respect of player transfers		1,667	-
Other creditors		10,000	15,000
		<u>15,655</u>	<u>15,000</u>

### 20 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 £650,508 (2017: £505,194) 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 £35,092 (2017: £25,483) has been recognised in the profit and loss account.

Contributions paid to individuals' money purchase pension schemes were £114,046 (2017: £104,799).

### 21 Share capital

	2018 £000	2017 £000
<b>Ordinary share capital</b>		
<b>Issued and fully paid</b>		
2,264,400 Ordinary shares of 1p each	22,644	17,744
	<u>22,644</u>	<u>17,744</u>

490,000,000 shares of £0.01 were allotted on the 31 May 2018 in consideration of a waiver of debt of £4,900,000 from the company's parent undertaking.

# NOTTINGHAM FOREST FOOTBALL CLUB LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2018

### 21 Share capital (Continued)

#### Reconciliation of movements during the year:

	Ordinary £'000 Number
At 1 June 2017	1,774,400
Non-cash consideration	490,000
At 31 May 2018	<u>2,264,400</u>

### 22 Financial commitments, guarantees and contingent liabilities

The contingent liability from player purchases and First Team management changes amounts to approximately £3,948,478 (2017 - £3,863,478).

### 23 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:

	2018 £000	2017 £000
Within one year	128	125
Between two and five years	349	377
In over five years	3,020	3,100
	<u>3,497</u>	<u>3,602</u>

### 24 Capital commitments

Amounts contracted for but not provided in the financial statements:

	2018 £000	2017 £000
Acquisition of tangible fixed assets	97	-
Acquisition of intangible assets	2,011	-
	<u>2,108</u>	<u>-</u>

# NOTTINGHAM FOREST FOOTBALL CLUB LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2018

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### 25 Related party transactions

#### Remuneration of key management personnel

The remuneration of key management personnel is as follows.

	2018 £000	2017 £000
Aggregate compensation	777	315

#### 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	
	2018 £000	2017 £000	2018 £000	2017 £000
NFFC Group Holdings Limited	-	-	-	21,848
NF Football Investments Limited	4,900	21,873	72	-
Other related parties	-	1,000	146	16,800

The following amounts were outstanding at the reporting end date:

	2018 £000	2017 £000
<b>Amounts owed to related parties</b>		
NF Football Investments Limited	21,801	21,873
Other related parties	854	1,000

490,000,000 shares of £0.01 were allotted on the 31 May 2018 in consideration of a waiver of debt of £4,900,000 from its parent undertaking, NF Football Investments Limited.

### 26 Controlling party

Nottingham Forest Football Club Limited is a wholly owned subsidiary of NF Football Investments Limited.

The largest group of companies which publishes consolidated financial statements and of which the company is a member is NF Football Investments Limited. These consolidated financial statements are available from Companies House.

The ultimate controlling party of the Club at 31 May 2018 was Mr E Marinakis.

# NOTTINGHAM FOREST FOOTBALL CLUB LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2018

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27 Cash generated from operations	2018	2017
	£000	£000
(Loss)/profit for the year after tax	(5,596)	32,100
<b>Adjustments for:</b>		
Finance costs	325	25
Amortisation and impairment of players registrations	3,208	1,990
Depreciation and impairment of tangible fixed assets	996	929
Loans written off	(5,000)	(1,742)
Loans from NFFC Group Holdings Limited written off	-	(21,848)
Loan from related party written off	-	(16,800)
Profit on disposal of players registration	(10,053)	(14,706)
Pension scheme non-cash movement	(35)	(25)
Borrowings non-cash movement	(290)	-
<b>Movements in working capital:</b>		
Decrease/(increase) in stocks	597	(53)
Decrease/(increase) in debtors	375	(1,213)
Increase/(decrease) in creditors	5,060	(564)
<b>Cash absorbed by operations</b>	<u>(10,413)</u>	<u>(21,907)</u>

## 28 Auditor's liability limitation agreement

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

A resolution was passed dated 30 July 2018 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.