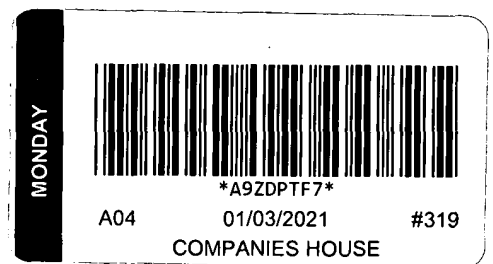


Company Registration No. 01630402 (England and Wales)

**NOTTINGHAM FOREST FOOTBALL CLUB LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MAY 2020**



# NOTTINGHAM FOREST FOOTBALL CLUB LIMITED

## COMPANY INFORMATION

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**Directors** Mr I Vrentzos (Chief Executive Officer)  
Mr N Randall Q.C. (Chairman)  
Mr J Owen

**Company number** 01630402

**Registered office** The City Ground  
Pavilion Road  
West Bridgford  
Nottingham  
UK  
NG2 5FJ

**Auditor** Azets Audit Services  
2 Regan Way  
Chetwynd Business Park  
Chilwell  
Nottingham  
NG9 6RZ

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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 2020**

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The directors present the strategic report and financial statements for the year ended 31 May 2020.

### **Fair review of the business**

Nottingham Forest Football Club Limited remains 100% owned by NF Football Investments Limited, which is in turn owned by Mr E Marinakis (80%) and Mr S Kominakis (20%).

### **Financial Performance**

Turnover for 2019/2020 is showing a small growth when compared to the prior year at £25.7m (2019: £25.3m). It is worth noting that the impact of the Covid-19 pandemic on the club's revenue is not visible due to the club, prior to the suspension of the season, being on track to report a record turnover. Turnover has been affected by loss of matchday revenue for the remaining games played behind closed doors - the loss of ticketing income, catering income and season card refunds resulted in a material drop on our expected revenue for the year. Without the fantastic backing of the club supporters the impact could have been much greater with many season card holders and commercial customers opting to keep their money within the club.

Cost of sales reduced to £8.1m (2019: £8.4m).

Administrative expenses have reduced to £49.4m (2019: £51.4m) A reduction in player amortisation charge being the main driver behind the reduction.

The operating loss for the year was £31.9m (2019: £34.4m loss) reducing to a loss before tax of £15.9m (2019: £25.1m loss) after interest, profit on disposal of players and a historical loan write off.

The owners remain committed to the long-term future of the Club and its funding. The Board sees remaining within the discipline of the EFL's Profitability and Sustainability Rules to be a high priority and has shown that it has the discipline to take tough decisions regarding player sales to ensure compliance, notwithstanding substantial investment in the playing squad. The level of losses sustained by the Club are within those provided for by the Rules and the Club will control losses in future years to ensure continuing compliance with the Rules.

### **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.
- Ongoing Management of Covid-19 and associated elements.

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.

# NOTTINGHAM FOREST FOOTBALL CLUB LIMITED

## STRATEGIC REPORT (CONTINUED)

**FOR THE YEAR ENDED 31 MAY 2020**

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### 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 principal key performance indicators (KPIs) used by the board in assessing the overall performance of the Club are as follows: -

Key Performance Indicator (KPI)	2020	2019	2018
League Position	7th	9th	17th
Turnover (£000)	25,688	25,345	22,661
Average match attendance (number) <sup>1</sup>	21,696	28,144	24,680
Season ticket sold (number) <sup>2</sup>	21,237	22,554	17,606

**1 - Reduction due to 5 home games behind closed doors due to Covid-19 pandemic. 2019/20 average attendance prior to lockdown was 27,723.**

**2 - Note season card sales were capped in 2019/2020 with planned stadium work.**

### Going concern

The Company is dependent on funding from its parent company NF Football Investments Limited and its ultimate beneficial owners. 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.

### First Team

In the third season for the ownership, there was further strong investment into the first team squad and operations. As regards the club's principal area of activity the first team ended up on the brink of the playoffs. The team spent most of the season challenging at the top of table with some excellent results. This was sustained throughout the season until the final game when the club narrowly missed out on the play offs by the smallest of margins. However, the 7th place finish was the highest since 2012/13 and represented a third season of continuous linear progression since the change of ownership at the club.

### U23's and Academy

The club has continued to invest in the Academy structure. The progress in this area of the club remains highly satisfactory with the U23's winning the league. The club is concerned to improve the facilities available to the Academy and has been actively searching for a new site for development. This has not yet proved a success and as an interim measure material investment will be made to update the facilities at the Nigel Doughty Academy site. Investment in to the current training facilities is necessary as the club has made an application to move to Category 1 Academy status with further enhancement to the coaching, education and welfare structure also planned.

# **NOTTINGHAM FOREST FOOTBALL CLUB LIMITED**

## **STRATEGIC REPORT (CONTINUED)**

**FOR THE YEAR ENDED 31 MAY 2020**

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### **Impact of Covid-19**

It is obvious that the Covid pandemic has had a serious impact on the football club. The prohibition on the attendance of supporters at matches has had a profound impact on the revenues of the club and has fettered the club's ability to build on the off the field progress which had been achieved in the previous periods of the current ownership. In addition the Directors and senior management team are in no doubt that the requirement to play matches behind closed doors impacted on sporting results and the club's final league position may well have been improved if the club's supporters had been able to attend matches both at home and away.

Off the field, there has been a substantial financial impact from the pandemic which saw football activity suspended and subsequently played behind closed doors. This has resulted in significant lost revenue from many income streams including Ticketing, Retail, Catering and Hospitality. In addition, ticket credits and refunds placed further pressure on the club's financial performance. This is the same for all clubs in the sector. The financial impact of the pandemic will be much more apparent in the 2020/21 accounts.

### **Commercial**

Commercial income held the line in 2019/20 despite the negative impact of Covid affecting most income streams in Q4. Ticketing, hospitality and retail income streams were on course for steady growth until lockdown measures were introduced in March. The club managed to increase sponsorship revenue most notably from the club's first back of shirt sponsor UK Meds along with additional category level partners.

It is important to note that there will be significant impact on commercial performance related to Covid in the 2020/21 accounts.

### **Stadium Redevelopment**

The club is committed to improving the fan experience at the City Ground. As part of this plan, investment has continued into the planning of a new Peter Taylor Stand which would see capacity of the venue increase to 35,000. Many specialist agencies have been engaged to assist the club in the delivery of this project including architects, construction firms, engineering groups, traffic consultants and environmental experts. As at the end of the financial year, the club has incurred more than £2m in costs directly related to the stadium redevelopment plan. Redeveloping a stadium in an established residential area has added complexity, but the club is optimistic that the application will be successful during the 2021 calendar year.

### **Nottingham Forest Women's Football Club**

In June 2019, the club officially brought the Nottingham Forest Ladies team back into the official club structure. Along with a name change, the club made substantial investment into the programme and appointed a full time Head Coach. In addition, the club was able to attract strong sponsorship investment into the programme most notably from Showcase Cinemas as front of shirt partner. Prior to the outbreak of Covid and the subsequent voiding of the season, sporting performances were strong with the club third in the National League North. Women's football will continue to play an important role in the club going forward with ambitions to continue to develop and improve our programme.

### **Community Activity**

The club continues to invest in and work closely with the Nottingham Forest Community Trust as we continue with our objective of engaging with the communities in and around Nottingham. This has included fundraising for the NHS, delivering the 'Dream Big' schools initiative to more than 30,000 primary school children, the acclaimed 'tricky to talk' mental wellbeing project and many football participation programmes. In total the community trust has delivered more than 37,000 hours' worth of community support programmes. The club's relationship with the Trust has been maintained and strengthened with long term funding provided. This has been maintained during the pandemic notwithstanding the decline in club revenues.

# NOTTINGHAM FOREST FOOTBALL CLUB LIMITED

## STRATEGIC REPORT (CONTINUED)

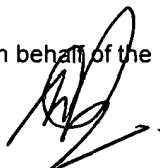
FOR THE YEAR ENDED 31 MAY 2020

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### Supporter Relations

The club is committed to an ongoing dialogue and consultative process with its supporters. With more than 20,000 season card holders in the 2019-20 season, the club understands the importance and value of fans. The closed doors experience brought on by the current Covid pandemic has made this even more pronounced. Across the season, the club hosted regular meetings with the elected representatives of the supporters trust in accordance with the formal agreement between the club and the trust. This is in accordance with best practice within the EFL supporter engagement framework. In addition to this the club has also had frequent dialogue with supporters' clubs and fan groups. Further focus groups and questionnaires were offered to supporters around many topics associated to the stadia redevelopment programme.

On behalf of the board



Mr N Randall Q.C. (Chairman)

Director

26 February 2021

# NOTTINGHAM FOREST FOOTBALL CLUB LIMITED

## DIRECTORS' REPORT

**FOR THE YEAR ENDED 31 MAY 2020**

---

The directors present their annual report and financial statements for the year ended 31 May 2020.

### Principal activities

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

### Results and dividends

The results for the year are set out on page 10.

The directors do not recommend payment of a final dividend.

### 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) (Resigned 2 March 2020)  
Mr I Vrentzos (Chief Executive Officer)  
Mr N Randall Q.C. (Chairman)  
Mr J Owen

### Auditor

The auditor, Azets Audit Services, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

On 7 September 2020 Group Audit Services Limited, trading as Baldwins Audit Services, changed its name to Azets Audit Services Limited. The name they practice under is Azets Audit Services and accordingly they have signed their report in their new name.

### 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 February 2021



# **NOTTINGHAM FOREST FOOTBALL CLUB LIMITED**

## **DIRECTORS' RESPONSIBILITIES STATEMENT**

***FOR THE YEAR ENDED 31 MAY 2020***

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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 2020 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 2020 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 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.

# NOTTINGHAM FOREST FOOTBALL CLUB LIMITED

## INDEPENDENT AUDITOR'S REPORT (CONTINUED)

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

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#### **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.

#### **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: <https://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 member 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 member 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 member 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 Azets Audit Services

26 February 2021

**Chartered Accountants**  
**Statutory Auditor**

2 Regan Way  
Chetwynd Business Park  
Chilwell  
Nottingham  
NG9 6RZ

# NOTTINGHAM FOREST FOOTBALL CLUB LIMITED

## PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 MAY 2020

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	Notes	2020 £000	2019 £000
Turnover	3	25,688	25,344
Cost of sales		(8,146)	(8,408)
<b>Gross profit</b>		<u>17,542</u>	<u>16,936</u>
Administrative expenses		(49,425)	(51,379)
<b>Operating loss</b>	4	<u>(31,883)</u>	<u>(34,443)</u>
Interest payable and similar expenses	7	(317)	(1,230)
Profit on disposal of player registrations		11,253	10,558
Loans written off		5,000	-
<b>Loss before taxation</b>		<u>(15,947)</u>	<u>(25,115)</u>
Taxation	9	-	-
<b>Loss for the financial year</b>		<u><u>(15,947)</u></u>	<u><u>(25,115)</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 2020

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	2020 £000	2019 £000
Loss for the year	(15,947)	(25,115)
Other comprehensive income	-	-
<b>Total comprehensive income for the year</b>	<u>(15,947)</u>	<u>(25,115)</u>

# NOTTINGHAM FOREST FOOTBALL CLUB LIMITED

## BALANCE SHEET

AS AT 31 MAY 2020

	Notes	2020 £000	£000	2019 £000	£000
<b>Fixed assets</b>					
Intangible assets	11		18,614		21,855
Tangible assets	12		6,162		5,024
			<u>24,776</u>		<u>26,879</u>
<b>Current assets</b>					
Stocks	14	150		342	
Debtors	15	3,942		10,735	
Cash at bank and in hand		381		615	
		<u>4,473</u>		<u>11,692</u>	
<b>Creditors: amounts falling due within one year</b>	16	(73,466)		(76,231)	
<b>Net current liabilities</b>			<u>(68,993)</u>		<u>(64,539)</u>
<b>Total assets less current liabilities</b>			<u>(44,217)</u>		<u>(37,660)</u>
<b>Creditors: amounts falling due after more than one year</b>	18		(800)		(12,210)
<b>Net liabilities</b>			<u>(45,017)</u>		<u>(49,870)</u>
<b>Capital and reserves</b>					
Called up share capital	20		58,144		37,344
Share premium account			70,345		70,345
Capital redemption reserve			13,965		13,965
Profit and loss reserves			(187,471)		(171,524)
<b>Total equity</b>			<u>(45,017)</u>		<u>(49,870)</u>

The financial statements were approved by the board of directors and authorised for issue on 26 February 2021 and are signed on its behalf by:



Mr N Randall Q.C. (Chairman)  
Director

Company Registration No. 01630402

# NOTTINGHAM FOREST FOOTBALL CLUB LIMITED

## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MAY 2020

	Notes	Share capital £000	Share premium account £000	Capital redemption reserve £000	Profit and loss reserves £000	Total £000
<b>Balance at 1 June 2018</b>		22,644	70,345	13,965	(146,409)	(39,455)
<b>Year ended 31 May 2019:</b>						
Loss and total comprehensive income for the year		-	-	-	(25,115)	(25,115)
Issue of share capital	20	14,700	-	-	-	14,700
<b>Balance at 31 May 2019</b>		37,344	70,345	13,965	(171,524)	(49,870)
<b>Year ended 31 May 2020:</b>						
Loss and total comprehensive income for the year		-	-	-	(15,947)	(15,947)
Issue of share capital	20	20,800	-	-	-	20,800
<b>Balance at 31 May 2020</b>		58,144	70,345	13,965	(187,471)	(45,017)



# NOTTINGHAM FOREST FOOTBALL CLUB LIMITED

## STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MAY 2020

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		2020		2019	
	Notes	£000	£000	£000	£000
<b>Cash flows from operating activities</b>					
Cash absorbed by operations	26		(13,618)		(26,589)
Interest paid			(317)		-
			<u>          </u>		<u>          </u>
<b>Net cash outflow from operating activities</b>			(13,935)		(26,589)
<b>Investing activities</b>					
Purchase of players registrations		(12,881)		(7,767)	
Proceeds on disposal of players registrations		19,766		12,302	
Purchase of tangible fixed assets		(1,765)		(1,202)	
		<u>          </u>		<u>          </u>	
<b>Net cash generated from investing activities</b>			5,120		3,333
<b>Financing activities</b>					
Proceeds from NF Football Investments Limited		18,825		23,932	
Payments to related party		(173)		(174)	
Payments to former owner		(5,379)		-	
Repayment of loans		(4,692)		(668)	
		<u>          </u>		<u>          </u>	
<b>Net cash generated from financing activities</b>			8,581		23,090
			<u>          </u>		<u>          </u>
<b>Net decrease in cash and cash equivalents</b>			(234)		(166)
			<u>          </u>		<u>          </u>
Cash and cash equivalents at beginning of year			615		781
			<u>          </u>		<u>          </u>
<b>Cash and cash equivalents at end of year</b>			381		615
			<u>          </u>		<u>          </u>

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# NOTTINGHAM FOREST FOOTBALL CLUB LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MAY 2020

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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.

#### 1.2 Going concern

The Company is dependent on funding from its parent company NF Football Investments Limited and its ultimate beneficial owners. 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.

The directors would like to reiterate that they are fully committed to supporting the club during the ongoing Covid-19 crisis. 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 the virus does not create a material uncertainty, and 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 2020

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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
------------------------	--

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%
Assets under construction	Not depreciated

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 2020

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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 Retirement benefits

The company provides pension benefits based on final pensionable pay through a multi-employer scheme. It is not possible to identify the company's share of the underlying assets and liabilities of the scheme and it is therefore accounted for as if it were a defined contribution scheme. The assets of the scheme are held separately from those of the company, being invested with an insurance company. Contributions to the scheme are based on actuarial advice, and charged to the profit and loss account as they become payable. The company continues to make contributions in respect of its share of the deficit of the defined benefit section of the Football League Limited Pension and Life Assurance Scheme. As one of a number of participating employees the company is advised only of its share of the scheme deficit and recognises a liability in respect of this.

The company also provides pension benefits through defined contribution schemes

#### 1.13 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss 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 leases asset are consumed.

# NOTTINGHAM FOREST FOOTBALL CLUB LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2020

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### 1 Accounting policies

(Continued)

#### 1.14 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 in the period are included in profit or loss.

#### 1.15 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.

#### 1.16 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.

#### 1.17 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.

# NOTTINGHAM FOREST FOOTBALL CLUB LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2020

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### 2 Judgements and key sources of estimation uncertainty

(Continued)

#### **Key sources of estimation uncertainty**

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

#### ***Tangible assets, depreciation and residual values***

The directors have reviewed the estimates for useful lives and associated residual values of all tangible asset classes and have concluded that useful lives and residual values are appropriate.

The useful lives of the assets and residual values are assessed regularly and may vary depending on a number of factors. Residual value and useful life assessments consider issues such as future market conditions, the remaining life of the asset and potential disposal values.

#### ***Intangible assets, amortisation and residual values***

The directors have reviewed the estimates for useful lives and associated residual values of all intangible asset classes and have concluded that useful lives and residual values are appropriate.

The useful lives of the assets and residual values are assessed regularly and may vary depending on a number of factors. In re-assessing useful lives, factors such as player health and fitness are taken account. Residual value assessments consider issues such as future market conditions, current league status, the remaining life of the asset and the net present value of such cashflows.

#### ***Impairment of non-current assets***

The company assesses the impairment of tangible and intangible assets subject to amortisation or depreciation whenever events or changes in circumstances indicate that the carrying value may not be recoverable. Factors considered important that could trigger an impairment review include the following:

- Significant underperformance relative to historical or projected future operating results, including relegation from the current league;
- Significant damage or, in the context of players, significant injury;
- Significant changes in the manner of the use of the acquired assets or the strategy for the overall business;
- Significant negative industry or economic trends.

# NOTTINGHAM FOREST FOOTBALL CLUB LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MAY 2020

#### 3 Turnover and other revenue

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

	2020	2019
	£000	£000
<b>Turnover analysed by class of business</b>		
Sponsorship and advertising	2,073	1,762
Catering	1,001	1,263
Grants & royalties	9,089	8,376
TV & radio	1,094	805
Ticket & membership sales	7,060	7,210
Commercial	967	1,155
Programme & other match day income	314	375
Other non match day income	65	161
Players	1,268	1,589
Retail	2,757	2,648
	<u>25,688</u>	<u>25,344</u>

#### 4 Operating loss

	2020	2019
	£000	£000
Operating loss for the year is stated after charging/(crediting):		
Exchange losses	169	41
Depreciation of owned tangible fixed assets	627	758
Profit on disposal of tangible fixed assets	-	(1)
Amortisation of intangible assets	5,961	8,095
Impairment of intangible assets	367	-
Cost of stocks recognised as an expense	2,071	1,960
Operating lease charges	121	145
	<u></u>	<u></u>

#### 5 Auditor's remuneration

	2020	2019
	£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>		
Taxation compliance services	3	3
	<u></u>	<u></u>

# NOTTINGHAM FOREST FOOTBALL CLUB LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2020

### 6 Employees

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

	2020 Number	2019 Number
Playing staff	73	74
Non-playing staff	118	123
Total	<u>191</u>	<u>197</u>

Their aggregate remuneration comprised:

	2020 £000	2019 £000
Wages and salaries	33,139	31,483
Social security costs	4,842	4,583
Pension costs	141	189
	<u>38,122</u>	<u>36,255</u>

### 7 Interest payable and similar expenses

	2020 £000	2019 £000
<b>Interest on financial liabilities measured at amortised cost:</b>		
Other interest on financial liabilities	287	1,197
<b>Other finance costs:</b>		
Net interest on the net defined benefit liability	30	33
	<u>317</u>	<u>1,230</u>

### 8 Other gains and losses

	2020 £000	2019 £000
Profit/loss on disposal of player registrations	11,253	10,558
Loans written off	5,000	-
	<u>16,253</u>	<u>10,558</u>



# NOTTINGHAM FOREST FOOTBALL CLUB LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2020

### 9 Taxation

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

	2020 £000	2019 £000
Loss before taxation	(15,947)	(25,115)
Expected tax credit based on the standard rate of corporation tax in the UK of 19.00% (2019: 19.00%)	(3,030)	(4,772)
Tax effect of expenses that are not deductible in determining taxable profit	41	118
Deferred tax not recognised	2,989	4,654
Taxation charge for the year	-	-
<b>Deferred Tax - Unprovided</b>	<b>2020 £000</b>	<b>2019 £000</b>
Capital allowances in excess of depreciation	(110)	(106)
Other short term timing differences	(106)	(110)
Losses	(38,036)	(31,399)
	(38,252)	(31,615)

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

### 10 Impairments

Impairment tests have been carried out where appropriate and the following impairment losses have been recognised in profit or loss:

	Notes	2020 £000	2019 £000
In respect of:			
Intangible assets	11	367	-
Recognised in:			
Administrative expenses		367	-

The impairment losses in respect of financial assets are recognised in other gains and losses in the profit and loss account.

# NOTTINGHAM FOREST FOOTBALL CLUB LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2020

### 11 Intangible fixed assets

	Players' registrations £000
<b>Cost</b>	
At 1 June 2019	32,828
Additions	5,741
Disposals	(6,017)
At 31 May 2020	<u>32,552</u>
<b>Amortisation and impairment</b>	
At 1 June 2019	10,974
Amortisation charged for the year	5,961
Impairment losses	367
Disposals	(3,364)
At 31 May 2020	<u>13,938</u>
<b>Carrying amount</b>	
At 31 May 2020	<u>18,614</u>
At 31 May 2019	<u>21,855</u>

More information on impairment movements in the year is given in note 10.

# NOTTINGHAM FOREST FOOTBALL CLUB LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2020

### 12 Tangible fixed assets

	Land and buildings Freehold £000	Land and buildings Leasehold £000	Assets under construction £000	Plant and machinery £000	Fixtures, fittings & equipment £000	Total £000
<b>Cost</b>						
At 1 June 2019	3,682	15,844	557	2,888	5,285	28,256
Additions	139	35	1,511	7	73	1,765
Disposals	-	-	-	(13)	-	(13)
At 31 May 2020	3,821	15,879	2,068	2,882	5,358	30,008
<b>Depreciation and impairment</b>						
At 1 June 2019	1,046	15,404	-	2,316	4,466	23,232
Depreciation charged in the year	74	22	-	173	358	627
Eliminated in respect of disposals	-	-	-	(13)	-	(13)
At 31 May 2020	1,120	15,426	-	2,476	4,824	23,846
<b>Carrying amount</b>						
At 31 May 2020	2,701	453	2,068	406	534	6,162
At 31 May 2019	2,636	997	-	572	819	5,024

### 13 Subsidiaries

Details of the company's subsidiaries at 31 May 2020 are as follows:

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held	
				Direct	Indirect
Nottingham Forest Women's Football Club Limited	Great Britain	Women's football club	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 Women's Football Club Limited	-	-

The investments in subsidiaries are stated at fair value.

# NOTTINGHAM FOREST FOOTBALL CLUB LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2020

<b>14</b>	<b>Stocks</b>		<b>2020</b>	<b>2019</b>
			<b>£000</b>	<b>£000</b>
	Finished goods and goods for resale		150	342
			<u>          </u>	<u>          </u>
<b>15</b>	<b>Debtors</b>		<b>2020</b>	<b>2019</b>
	<b>Amounts falling due within one year:</b>		<b>£000</b>	<b>£000</b>
	Trade debtors		224	638
	Amounts receivable in respect of player transfers		3,104	8,026
	Prepayments and accrued income		614	1,134
			<u>          </u>	<u>          </u>
			3,942	9,798
			<u>          </u>	<u>          </u>
	<b>Amounts falling due after more than one year:</b>		<b>2020</b>	<b>2019</b>
			<b>£000</b>	<b>£000</b>
	Amounts receivable in respect of player transfers		-	937
			<u>          </u>	<u>          </u>
	<b>Total debtors</b>		<b>3,942</b>	<b>10,735</b>
			<u>          </u>	<u>          </u>
<b>16</b>	<b>Creditors: amounts falling due within one year</b>		<b>2020</b>	<b>2019</b>
		<b>Notes</b>	<b>£000</b>	<b>£000</b>
	Other borrowings	17	2,623	7,168
	Amounts payable in respect of player transfers		11,829	12,879
	Trade creditors		3,366	4,250
	Amounts due to group undertakings		29,058	31,033
	Other taxation and social security		5,483	2,492
	Other creditors		16,048	11,347
	Accruals and deferred income		5,059	7,062
			<u>          </u>	<u>          </u>
			73,466	76,231
			<u>          </u>	<u>          </u>

# NOTTINGHAM FOREST FOOTBALL CLUB LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2020

### 17 Loans and overdrafts

	2020 £000	2019 £000
Loans from related parties	507	680
Other loans	2,505	7,197
	<u>3,012</u>	<u>7,877</u>
Payable within one year	2,623	7,168
Payable after one year	389	709
	<u>2,623</u>	<u>7,168</u>

Other borrowings are secured by the issue of promissory notes.

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

	Notes	2020 £000	2019 £000
Other borrowings	17	389	709
Amounts payable in respect of player transfers		411	6,501
Other creditors		-	5,000
		<u>800</u>	<u>12,210</u>

# NOTTINGHAM FOREST FOOTBALL CLUB LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2020

### 19 Retirement benefit schemes

	2020	2019
Charge to profit or loss in respect of defined contribution schemes	141	189

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 £533,187 (2019: £613,353) 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 £30,006 (2019: £33,031) has been recognised in the profit and loss account.

### 20 Share capital

	2020	2019	2020	2019
Ordinary share capital Issued and fully paid	Number	Number	£000	£000
Ordinary shares of 1p each	5,814,429,500	3,734,429,500	58,144	37,344

2,080,000,000 shares of £0.01 were allotted on the 31 May 2020 in consideration of a waiver of debt of £20,800,000 from the company's parent undertaking, NF Football Investments Limited.

### 21 Financial commitments, guarantees and contingent liabilities

The contingent liability from player purchases and First Team management changes amounts to approximately £5,690,903 (2019 - £4,685,000).

# NOTTINGHAM FOREST FOOTBALL CLUB LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2020

### 22 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:

	2020 £000	2019 £000
Within one year	120	121
Between two and five years	330	361
In over five years	2,860	2,940
	<u>3,310</u>	<u>3,422</u>

### 23 Events after the reporting date

The ongoing impact of the Covid-19 pandemic has been apparent globally. The directors have assessed the current and future impact of this outbreak on the football club and are of the view that the business is well placed to deal with any financial difficulties that may arise, albeit they are of the view that the likelihood of any such issues occurring is remote and as such continue to prepare the accounts on the going concern basis.

### 24 Related party transactions

#### Remuneration of key management personnel

The remuneration of key management personnel is as follows.

	2020 £000	2019 £000
Aggregate compensation	<u>977</u>	<u>960</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	
	2020 £000	2019 £000	2020 £000	2019 £000
NF Football Investments Limited	18,839	23,932	-	-
Other related parties	-	-	173	174
	<u>18,839</u>	<u>23,932</u>	<u>173</u>	<u>174</u>

# NOTTINGHAM FOREST FOOTBALL CLUB LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2020

### 24 Related party transactions (Continued)

The following amounts were outstanding at the reporting end date:

	2020	2019
	£000	£000
Amounts due to related parties		
NF Football Investments Limited	29,058	31,033
Other related parties	507	680
	<u>          </u>	<u>          </u>

#### Other information

2,080,000,000 shares of £0.01 were allotted on the 31 May 2020 in consideration of a waiver of debt of £20,800,000 from the company's parent undertaking, NF Football Investments Limited.

### 25 Ultimate 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 2020 was Mr E Marinakis.

### 26 Cash generated from operations

	2020	2019
	£000	£000
Loss for the year after tax	(15,947)	(25,115)
<b>Adjustments for:</b>		
Finance costs	317	1,230
Amortisation and impairment of players registrations	6,328	8,095
Depreciation and impairment of tangible fixed assets	627	758
Loans written off	(5,000)	-
Profit on disposal of players registration	(11,253)	(10,558)
Pension scheme non-cash movement	(30)	(33)
<b>Movements in working capital:</b>		
Decrease/(increase) in stocks	192	(78)
Decrease in debtors	933	614
Increase/(decrease) in creditors	10,215	(1,502)
	<u>          </u>	<u>          </u>
<b>Cash absorbed by operations</b>	<u>(13,618)</u>	<u>(26,589)</u>



# NOTTINGHAM FOREST FOOTBALL CLUB LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2020

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27 Analysis of changes in net debt

	1 June 2019 £000	Cash flows £000	31 May 2020 £000
Cash at bank and in hand	615	(234)	381
Borrowings excluding overdrafts	(7,877)	4,865	(3,012)
	<u>(7,262)</u>	<u>4,631</u>	<u>(2,631)</u>