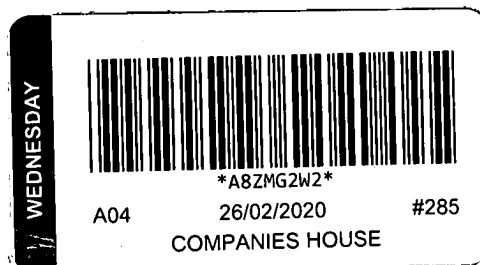


Company Registration No. 01630402 (England and Wales) (England and Wales)

NOTTINGHAM FOREST FOOTBALL CLUB LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2019



NOTTINGHAM FOREST FOOTBALL CLUB LIMITED

COMPANY INFORMATION

Directors Mrs S Gordon (Chief Financial Officer)
Mr I Vrentzos (Chief Executive Officer)
Mr N Randall Q.C. (Chairman)
Mr J Owen

Company number 01630402 (England and Wales)

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

Auditor Baldwins Audit Services
32 Eldon Road
Beeston
Nottingham
NG9 6DZ

NOTTINGHAM FOREST FOOTBALL CLUB LIMITED

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NOTTINGHAM FOREST FOOTBALL CLUB LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 MAY 2019

The directors present the strategic report and financial statements for the year ended 31 May 2019.

Fair review of the business

Nottingham Forest Football Club Limited is 100% owned by NF Football Investments Limited, which is in turn owned by Mr E Marinakis (80%) and Mr S Kominakis (20%). In their second season, the new ownership continued to make improvements both on and off the pitch.

At 9th, the team achieved it's highest place finish in the League since the 2012/13 season. Season ticket sales and average home matchday attendances continued to grow, achieving a modern day record. Other club generated commercial revenues increased by 30% including the Club's biggest ever official kit and training wear partner agreement with Macron and most significant front-of-shirt agreement in the Club's history with BetBright.

The Club's engagement with the local community continued to strengthen through the generous commitment by Mr Marinakis to provide funding to the clubs Community Trust to allow them to focus on delivery rather than fund raising and by entering in to a new two year agreement with local homeless charity partner Framework.

Key events during the year included hosting a match between troops from the British Army Football Association and the German Bundeswehr (Armed Forces) to mark the centenary of the Armistice, hosting the Jamaican Reggae Girlz against Forest Ladies at the City Ground as part of Nottingham Forest's Diversity and Community Inclusion Agenda and a celebratory event at the end of the season to mark the 40th anniversary of the Club's first European Cup triumph.

Turnover for 2018/19 was £25.3m (2018: £22.7m), a growth of 11%. The majority of this increase related to sponsorship income but catering, ticketing, retail, TV revenues and loan player income also achieved significant increases. Average attendances at home league fixtures increased by 14%.

Cost of sales increased to £8.4m (2018: £5.9m), an increase of 42%. This is due to investment in the playing squad.

Administrative expenses have risen considerably to £51.4m (2018: £37m). This is due to increased player wages and amortisation of player registrations following investment in the playing squad.

The operating loss for the year was £34.4m (2018: £20.3m loss) reducing to a loss before tax of £25.1m (2018: £5.6m loss) after interest and profit on disposal of players.

The owners remain committed to the long term future of the Club and its funding. The Board views 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 in order 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 in order to ensure continuing compliance with the Rules.

NOTTINGHAM FOREST FOOTBALL CLUB LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2019

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)	2019	2018	2017
League Position	9th	17th	21st
Turnover (£000)	25,345	22,661	20,807
Average match attendance (number)	28,144	24,680	20,333
Season ticket sold (number)	20,000	17,606	13,473

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

18/12/19.....

NOTTINGHAM FOREST FOOTBALL CLUB LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MAY 2019

The directors present their annual report and financial statements for the year ended 31 May 2019.

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

(Resigned 31 March 2019)

Mr I Vrentzos (Chief Executive Officer)

Mr N Randall Q.C. (Chairman)

Mr J Owen

Results and dividends

The results for the year are set out on page 8.

The directors do not recommend payment of a final dividend.

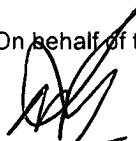
Auditor

In accordance with the company's articles, a resolution proposing that Baldwins Audit Services be reappointed as auditor of the company will be put at a General Meeting.

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

Date: 18/12/19

NOTTINGHAM FOREST FOOTBALL CLUB LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 MAY 2019

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

Opinion

We have audited the financial statements of Nottingham Forest Football Club Limited (the 'company') for the year ended 31 May 2019 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 2019 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

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.

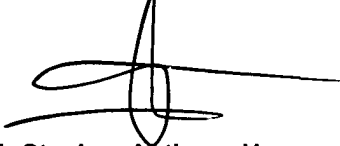
NOTTINGHAM FOREST FOOTBALL CLUB LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBER OF NOTTINGHAM FOREST FOOTBALL CLUB LIMITED

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 Baldwins Audit Services

23.12.2011

Statutory Auditor

32 Eldon Road
Beeston
Nottingham
Nottinghamshire
NG9 6DZ

NOTTINGHAM FOREST FOOTBALL CLUB LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 MAY 2019

	Notes	2019 £000	2018 £000
Turnover	3	25,344	22,661
Cost of sales		(8,408)	(5,940)
Gross profit		<u>16,936</u>	<u>16,721</u>
Administrative expenses		(51,379)	(37,045)
Operating loss	4	<u>(34,443)</u>	<u>(20,324)</u>
Interest payable and similar expenses	8	(1,230)	(325)
Profit on disposal of player registrations		10,558	10,053
Loans written off		-	5,000
Loss before taxation		<u>(25,115)</u>	<u>(5,596)</u>
Taxation	10	-	-
Loss for the financial year		<u>(25,115)</u>	<u>(5,596)</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 2019

	2019	2018
	£000	£000
Loss for the year	(25,115)	(5,596)
Other comprehensive income	-	-
Total comprehensive income for the year	<u>(25,115)</u>	<u>(5,596)</u>

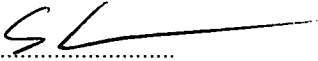
NOTTINGHAM FOREST FOOTBALL CLUB LIMITED

BALANCE SHEET

AS AT 31 MAY 2019

	Notes	2019		2018	
		£000	£000	£000	£000
Fixed assets					
Intangible assets	11		21,855		7,678
Tangible assets	12		5,024		4,580
			<u>26,879</u>		<u>12,258</u>
Current assets					
Stocks	15	342		264	
Debtors	16	10,735		12,649	
Cash at bank and in hand		615		781	
		<u>11,692</u>		<u>13,694</u>	
Creditors: amounts falling due within one year	17	(76,231)		(49,752)	
Net current liabilities			(64,539)		(36,058)
Total assets less current liabilities			(37,660)		(23,800)
Creditors: amounts falling due after more than one year	19		(12,210)		(15,655)
Net liabilities			<u>(49,870)</u>		<u>(39,455)</u>
Capital and reserves					
Called up share capital	21		37,344		22,644
Share premium account			70,345		70,345
Capital redemption reserve			13,965		13,965
Profit and loss reserves			(171,524)		(146,409)
Total equity			<u>(49,870)</u>		<u>(39,455)</u>

The financial statements were approved by the board of directors and authorised for issue on 18/12/19 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 2019

	Notes	Share capital £000	Share premium account £000	Capital redemption reserve £000	Profit and loss reserves £000	Total £000
Balance at 1 June 2017		17,744	70,345	13,965	(140,813)	(38,759)
Year ended 31 May 2018:						
Loss and total comprehensive income for the year		-	-	-	(5,596)	(5,596)
Issue of share capital	21	4,900	-	-	-	4,900
Balance at 31 May 2018		22,644	70,345	13,965	(146,409)	(39,455)
Year ended 31 May 2019:						
Loss and total comprehensive income for the year		-	-	-	(25,115)	(25,115)
Issue of share capital	21	14,700	-	-	-	14,700
Balance at 31 May 2019		37,344	70,345	13,965	(171,524)	(49,870)

NOTTINGHAM FOREST FOOTBALL CLUB LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MAY 2019

	Notes	2019 £000	£000	2018 £000	£000
Cash flows from operating activities					
Cash absorbed by operations	27		(26,589)		(10,413)
Investing activities					
Purchase of players registrations		(7,767)		(4,832)	
Proceeds on disposal of players registrations		12,302		4,486	
Purchase of tangible fixed assets		(1,202)		(1,373)	
Net cash generated from/(used in) investing activities			3,333		(1,719)
Financing activities					
Proceeds from NF Football Investments Limited		23,932		4,900	
Payments to NF Football Investments Limited		-		(72)	
Payments to related party		(174)		(146)	
Proceeds of new loans		-		7,865	
Repayment of loans		(668)		-	
Net cash generated from financing activities			23,090		12,547
Net (decrease)/increase in cash and cash equivalents			(166)		415
Cash and cash equivalents at beginning of year			781		366
Cash and cash equivalents at end of year			<u>615</u>		<u>781</u>

NOTTINGHAM FOREST FOOTBALL CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MAY 2019

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, 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 2019

1 Accounting policies

(Continued)

1.4 Intangible fixed assets other than goodwill

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

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

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

1.5 Tangible fixed assets

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

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

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

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

1.6 Impairment of fixed assets

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

1.7 Stocks

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

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

1.8 Cash and cash equivalents

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

NOTTINGHAM FOREST FOOTBALL CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2019

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 2019

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 are included in the profit and loss account for the period.

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 2019

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; and
- Significant negative industry or economic trends.

NOTTINGHAM FOREST FOOTBALL CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2019

3 Turnover and other revenue

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

	2019	2018
	£000	£000
Turnover analysed by class of business		
Sponsorship and advertising	1,762	637
Catering	1,263	962
Grants & royalties	8,376	8,362
TV & radio	805	597
Ticket & membership sales	7,210	6,937
Commercial	1,155	1,008
Programme & other match day income	375	503
Other non match day income	161	163
Players	1,589	1,055
Retail	2,648	2,437
	<u>25,344</u>	<u>22,661</u>

4 Operating loss

	2019	2018
	£000	£000
Operating loss for the year is stated after charging/(crediting):		
Exchange losses	41	59
Depreciation of owned tangible fixed assets	758	996
Profit on disposal of tangible fixed assets	(1)	-
Amortisation of intangible assets	8,095	3,208
Cost of stocks recognised as an expense	8,408	5,940
Operating lease charges	145	128
	<u>16,457</u>	<u>19,331</u>

5 Auditor's remuneration

	2019	2018
	£000	£000
Fees payable to the company's auditor and associates:		
For audit services		
Audit of the financial statements of the company	14	14
For other services		
Taxation compliance services	3	3

NOTTINGHAM FOREST FOOTBALL CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2019

6 Employees

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

	2019	2018
	Number	Number
Playing staff	74	65
Non-playing staff	123	122
	<u>197</u>	<u>187</u>

Their aggregate remuneration comprised:

	2019	2018
	£000	£000
Wages and salaries	31,483	24,849
Social security costs	4,583	2,568
Pension costs	189	332
	<u>36,255</u>	<u>27,749</u>

7 Directors' remuneration

	2019	2018
	£000	£000
Remuneration for qualifying services	901	751
Company pension contributions to defined contribution schemes	31	26
	<u>932</u>	<u>777</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 5 (2018 - 5).

Remuneration disclosed above include the following amounts paid to the highest paid director:

	2019	2018
	£000	£000
Remuneration for qualifying services	300	232
Company pension contributions to defined contribution schemes	7	5
	<u>307</u>	<u>237</u>

NOTTINGHAM FOREST FOOTBALL CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2019

8 Interest payable and similar expenses

	2019	2018
	£000	£000
Interest on financial liabilities measured at amortised cost:		
Other interest on financial liabilities	1,197	290
Other finance costs:		
Net interest on the net defined benefit liability	33	35
	<u>1,230</u>	<u>325</u>

9 Other gains and losses

	2019	2018
	£000	£000
Profit/loss on disposal of player registrations	10,558	10,053
Loans written off	-	5,000
	<u>10,558</u>	<u>15,053</u>

NOTTINGHAM FOREST FOOTBALL CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2019

10 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:

	2019 £000	2018 £000
Loss before taxation	(25,115)	(5,596)
Expected tax credit based on the standard rate of corporation tax in the UK of 19.00% (2018: 19.00%)	(4,772)	(1,063)
Tax effect of expenses that are not deductible in determining taxable profit	118	3
Permanent capital allowances in excess of depreciation	(13)	41
Losses carried forward	4,177	842
Short term timing differences	490	177
Taxation charge for the year	-	-
Deferred Tax - Unprovided	2019 £000	2018 £000
Capital allowances in excess of depreciation	(106)	(119)
Other short term timing differences	(110)	(123)
Losses	(31,399)	(27,260)
	(31,615)	(27,502)

Factors that may affect future tax charges

Legislative changes have been announced which will eventually reduce the main rate of corporation tax 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 2019

11 Intangible fixed assets

	Players' registrations £000
Cost	
At 1 June 2018	13,104
Additions - separately acquired	22,716
Disposals	(2,991)
At 31 May 2019	<u>32,829</u>
Amortisation and impairment	
At 1 June 2018	5,427
Amortisation charged for the year	8,095
Disposals	(2,548)
At 31 May 2019	<u>10,974</u>
Carrying amount	
At 31 May 2019	<u>21,855</u>
At 31 May 2018	<u>7,678</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
Cost					
At 1 June 2018	3,582	15,658	2,821	4,993	27,054
Additions	100	743	67	292	1,202
At 31 May 2019	<u>3,682</u>	<u>16,401</u>	<u>2,888</u>	<u>5,285</u>	<u>28,256</u>
Depreciation and impairment					
At 1 June 2018	976	15,388	2,094	4,016	22,474
Depreciation charged in the year	70	16	222	450	758
At 31 May 2019	<u>1,046</u>	<u>15,404</u>	<u>2,316</u>	<u>4,466</u>	<u>23,232</u>
Carrying amount					
At 31 May 2019	<u>2,636</u>	<u>997</u>	<u>572</u>	<u>819</u>	<u>5,024</u>
At 31 May 2018	<u>2,606</u>	<u>270</u>	<u>727</u>	<u>977</u>	<u>4,580</u>

NOTTINGHAM FOREST FOOTBALL CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2019

13 Subsidiaries

Details of the company's subsidiaries at 31 May 2019 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.

On 3 June 2019, the subsidiary had a change of name to Nottingham Forest Women's Football Club Limited.

14 Financial instruments

	2019 £000	2018 £000
Carrying amount of financial assets		
Debt instruments measured at amortised cost	9,601	10,964
Carrying amount of financial liabilities		
Measured at amortised cost	85,949	62,270

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

	2019 £000	2018 £000
Finished goods and goods for resale	342	264

NOTTINGHAM FOREST FOOTBALL CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2019

16 Debtors		2019	2018
		£000	£000
Amounts falling due within one year:			
Trade debtors		638	701
Amounts receivable in respect of player transfers		8,026	5,263
Prepayments and accrued income		1,134	1,685
		<u>9,798</u>	<u>7,649</u>
Amounts falling due after more than one year:		2019	2018
		£000	£000
Amounts receivable in respect of player transfers		937	5,000
		<u>937</u>	<u>5,000</u>
Total debtors		<u>10,735</u>	<u>12,649</u>
17 Creditors: amounts falling due within one year		2019	2018
	Notes	£000	£000
Other borrowings	18	7,168	4,731
Amounts payable in respect of player transfers		12,879	2,764
Trade creditors		4,250	3,098
Amounts due to group undertakings		31,033	21,801
Other taxation and social security		2,492	3,137
Other creditors		11,347	8,572
Accruals and deferred income		7,062	5,649
		<u>76,231</u>	<u>49,752</u>
18 Loans and overdrafts		2019	2018
		£000	£000
Loans from related parties		680	854
Other loans		7,197	7,865
		<u>7,877</u>	<u>8,719</u>
Payable within one year		7,168	4,731
Payable after one year		709	3,988
		<u>7,877</u>	<u>8,719</u>

Other borrowings are secured by the issue of promissory notes.

NOTTINGHAM FOREST FOOTBALL CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2019

19 Creditors: amounts falling due after more than one year

	Notes	2019 £000	2018 £000
Other borrowings	18	709	3,988
Amounts payable in respect of player transfers		6,501	1,667
Other creditors		5,000	10,000
		<u>12,210</u>	<u>15,655</u>

20 Retirement benefit schemes

	2019	2018
Charge to profit or loss in respect of defined contribution schemes	189	332
	<u>189</u>	<u>332</u>

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 £613,353 (2018: £650,508) 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 £33,031 (2018: £35,092) has been recognised in the profit and loss account.

21 Share capital

	2019 £000	2018 £000
Ordinary share capital		
Issued and fully paid		
3,734,400 (2018: 2,264,400) Ordinary shares of 1p each	37,344	22,644
	<u>37,344</u>	<u>22,644</u>

NOTTINGHAM FOREST FOOTBALL CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2019

21 Share capital (Continued)

	2019 £000	2018 £000
Reconciliation of movements during the year:		
		Ordinary Number
At 1 June 2018		2,264,400
Non-cash consideration		1,470,000
		<hr/>
At 31 May 2019		3,734,400
		<hr/> <hr/>

1,470,000,000 shares of £0.01 were allotted on the 31 May 2019 in consideration of a waiver of debt of £14,700,000 from the company's parent undertaking.

22 Financial commitments, guarantees and contingent liabilities

The contingent liability from player purchases and First Team management changes amounts to approximately £4,685,000 (2018 - £3,948,478).

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:

	2019 £000	2018 £000
Within one year	121	128
Between two and five years	361	349
In over five years	2,940	3,020
	<hr/>	<hr/>
	3,422	3,497
	<hr/> <hr/>	<hr/> <hr/>

24 Capital commitments

Amounts contracted for but not provided in the financial statements:

	2019 £000	2018 £000
Acquisition of tangible fixed assets	-	97
Acquisition of intangible assets	-	2,011
	<hr/>	<hr/>
	-	2,108
	<hr/> <hr/>	<hr/> <hr/>

NOTTINGHAM FOREST FOOTBALL CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2019

25 Related party transactions

Remuneration of key management personnel

The remuneration of key management personnel is as follows.

	2019 £000	2018 £000
Aggregate compensation	960	777

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	
	2019 £000	2018 £000	2019 £000	2018 £000
NF Football Investments Limited	23,932	4,900	-	72
Other related parties	-	-	174	146

The following amounts were outstanding at the reporting end date:

Amounts due to related parties	2019 £000	2018 £000
NF Football Investments Limited	31,033	21,801
Other related parties	680	854

1,470,000,000 shares of £0.01 were allotted on the 31 May 2019 in consideration of a waiver of debt of £14,700,000 from the company's parent undertaking, NF Football Investments Limited.

26 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 2019 was Mr E Marinakis.

NOTTINGHAM FOREST FOOTBALL CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2019

27 Cash generated from operations	2019	2018
	£000	£000
Loss for the year after tax	(25,115)	(5,596)
Adjustments for:		
Finance costs	1,230	325
Amortisation and impairment of players registrations	8,095	3,208
Depreciation and impairment of tangible fixed assets	758	996
Loans written off	-	(5,000)
Profit on disposal of players registration	(10,558)	(10,053)
Pension scheme non-cash movement	(33)	(35)
Borrowings non-cash movement	-	(290)
Movements in working capital:		
(Increase)/decrease in stocks	(78)	597
Decrease in debtors	614	375
(Decrease)/increase in creditors	(1,502)	5,060
Cash absorbed by operations	<u>(26,589)</u>	<u>(10,413)</u>