

**The Sunderland Association Football Club Limited**  
**Annual report and accounts**  
**for the year ended 31 July 2009**

**Registered number 49116**

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The Sunderland Association Football Club Limited

Annual report and accounts

for the year ended 31 July 2009

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# **The Sunderland Association Football Club Limited**

## **Corporate directory**

**Registered number**  
49116

**Registered office**  
The Sunderland Stadium of Light  
Sunderland  
SR5 1SU

**Bankers**  
Barclays Bank plc  
71 Grey Street  
Newcastle upon Tyne  
NE99 1JP

Anglo Irish Bank UK Corporation plc  
10 Old Jewry  
London  
EC2R 8DN

**Solicitors**  
Pinsent Masons  
1 Park Row  
Leeds  
LS1 5AB

**Independent auditors**  
PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
89 Sandyford Road  
Newcastle upon Tyne  
NE1 8HW

### **Board of directors**

The directors of the Company who served during the year and up to the date of signing the financial statements were

N J Quinn MBE	(Chairman)
S Walton	(Chief executive – appointed 21 February 2009)
L A Callaghan BA Hons, DipM	(Marketing and commercial director)
M A Byrne BA Hons, PgDL	(Legal director and company secretary)
C Woerts	(International business development director – appointed 1 January 2009)
J Hays	(Resigned 3 October 2008)
P I Walker BA, ACA	(Resigned 16 January 2009)

# **The Sunderland Association Football Club Limited**

## **Directors' report for the year ended 31 July 2009**

**Registered number 49116**

The directors present their report and the audited accounts of The Sunderland Association Football Club Limited ("the Company") for the year ended 31 July 2009

### **Principal activities, business review and future developments**

The principal activity of the Company is that of a professional football club

The Company made a loss for the financial year of £24,158,000 (2008 £2,274,000) The directors do not recommend the payment of a dividend (2008 £nil)

The review of the business and the future development of the Company are the same as those of the immediate parent company, and are described in the directors' report in the annual report and accounts of Sunderland Limited

The Company is deemed to be a going concern due to the on-going support of the immediate parent company, Sunderland Limited

The Company has received additional funding in the year from Drumaville Limited in the form of intercompany loans These loans have been assigned to the parent undertaking, Sunderland Limited and were capitalised in return for the issue of one ordinary share on 31 July 2009 (see note 13)

Further loans were received after the balance sheet date, and assigned to Sunderland Limited and capitalised on 13 November 2009 (see note 20)

Subsequent to the loan capitalisation on 13 November 2009, further funding has been received from Drumaville Limited in the form of an intercompany loan The loan has been assigned to the parent undertaking Sunderland Limited and is unsecured, has no set repayment date and is interest free

### **Principal risks and uncertainties**

The principal business risks affecting the Company is the same as those of the immediate parent company, and are described in the directors' report in the annual report and accounts of Sunderland Limited

### **Key performance indicators ("KPIs")**

The KPIs of the Company are the same as those of the immediate parent company, and are described in the directors report in the annual report and accounts of Sunderland Limited

### **Financial risk management**

The financial risk management policies of the Company are the same as those of the immediate parent company, and are described in the directors report in the annual report and accounts of Sunderland Limited

### **Dividends**

The directors do not recommend the payment of a dividend (2008 £nil)

### **Directors**

The directors who served during the year and up to the date of signing the financial statements are shown on page 1

# **The Sunderland Association Football Club Limited**

## **Employees**

The Company is committed to employment policies, which follow best practice, based on equal opportunities for all employees, irrespective of sex, race, colour, disability or marital status and offers appropriate training and career development for disabled staff. If members of staff become disabled the group continues employment wherever possible and arranges retraining.

The Company is also committed to providing employees with information on matters of concern to them on a regular basis, so that the views of employees can be taken into account when making decisions that are likely to affect their interests. In addition, the Company encourages the involvement of employees by listening to their concerns.

Executive management are regularly updated on the performance of the Group via monthly management meetings. This information is then communicated to staff via departmental briefings and internal announcements.

## **Statement of directors' responsibilities**

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

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

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

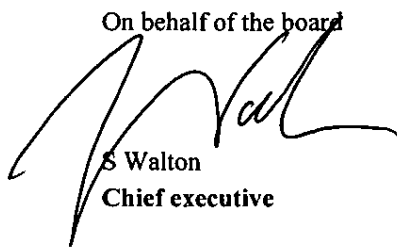
The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## **Disclosure of information to auditors**

Each director, as at the date of this report, has confirmed that insofar as they are aware there is no relevant audit information (that is, information needed by the Company's auditors in connection with preparing their report) of which the Company's auditors are unaware, and they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

# **The Sunderland Association Football Club Limited**

On behalf of the board

A handwritten signature in black ink, appearing to be 'S Walton', written over the printed name.

**S Walton**  
**Chief executive**

4 December 2009

# **The Sunderland Association Football Club Limited**

## **Independent auditors' report to the members of The Sunderland Association Football Club Limited**

We have audited the financial statements of The Sunderland Association Football Club Limited for the year ended 31 July 2009 which comprise the Profit and Loss Account, the Balance Sheet, the Reconciliation of Movements in Shareholders' Deficit, the Statements of Accounting Policies and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

### **Respective responsibilities of directors and auditors**

As explained more fully in the Directors' Responsibilities Statement set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Sections 495 and 496 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements.

### **Opinion on financial statements**

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 July 2009 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.

### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

# **The Sunderland Association Football Club Limited**

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

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



Richard Bunter

For and on behalf of PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors

Newcastle upon Tyne

4 December 2009

# The Sunderland Association Football Club Limited

## Profit and loss account for the year ended 31 July 2009

	Note	2009 £'000	2008 £'000
Turnover	1	64,480	63,477
Net operating expenses	2	(89,642)	(65,847)
Operating loss		(25,162)	(2,370)
Profit on disposal of players' contracts	3	1,184	705
Loss on ordinary activities before interest and taxation		(23,978)	(1,665)
Interest receivable and similar income	4	39	77
Interest payable and similar charges	5	(219)	(686)
Loss on ordinary activities before taxation	2	(24,158)	(2,274)
Tax on loss on ordinary activities	8	-	-
Loss for the financial year	16	(24,158)	(2,274)

All operations are classed as continuing

The Company has no recognised gains or losses other than those included in the results above and therefore no separate statement of total recognised gains and losses has been presented.

There is no material difference between the loss on ordinary activities before taxation and the loss for the financial year stated above and their historical cost equivalents

# The Sunderland Association Football Club Limited

## Balance sheet as at 31 July 2009

	Note	2009 £'000	2009 £'000	2008 £'000	2008 £'000
<b>Fixed assets</b>					
Intangible assets	9	47,787		50,242	
Tangible assets	10	11,932		12,307	
			59,719		62,549
<b>Current assets</b>					
Stocks	11	359		363	
Debtors	12	16,655		9,207	
Cash at bank and in hand		2,098		1,965	
		19,112		11,535	
<b>Creditors: amounts falling due within one year</b>	13	(46,605)		(65,176)	
<b>Net current liabilities</b>			(27,493)		(53,641)
<b>Total assets less current liabilities</b>			32,226		8,908
<b>Creditors: amounts falling due after more than one year</b>	14		(44,518)		(45,496)
<b>Net liabilities</b>			(12,292)		(36,588)
<b>Capital and reserves</b>					
Called up share capital	15		30		30
Share premium account	16		53,154		4,700
Revaluation reserve	16		82		82
Profit and loss account	16		(65,558)		(41,400)
<b>Total shareholders' deficit</b>			(12,292)		(36,588)

The financial statements on pages 7 to 23 were approved by the board of directors on 4 December 2009 and were signed on its behalf by

N J Quinn MBE  
Chairman



## **The Sunderland Association Football Club Limited**

### **Reconciliation of movements in shareholders' deficit for the year ended 31 July 2009**

	<b>2009</b>	<b>2008</b>
	<b>£'000</b>	<b>£'000</b>
Opening shareholders' deficit	<b>(36,588)</b>	<b>(34,314)</b>
Loss for the financial year	<b>(24,158)</b>	<b>(2,274)</b>
Proceeds from share issue (note 16)	<b>48,454</b>	<b>-</b>
Closing shareholders' deficit	<b>(12,292)</b>	<b>(36,588)</b>

# **The Sunderland Association Football Club Limited**

## **Statement of accounting policies**

### **Basis of accounting**

These financial statements are prepared on the going concern basis, under the historical cost convention, as modified by the revaluation of certain fixed assets, and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom. The principal accounting policies, which have been applied consistently throughout the year, are set out below.

### **Going concern**

The immediate parent undertaking, Sunderland Limited, has indicated its willingness to continue to support the operations of the Company for the foreseeable future. It will not seek repayment of the amounts owing to it as shown in note 14 until such time as the Company is able to meet these liabilities and will continue to guarantee the Company's borrowings as shown in note 19. On this basis the accounts have been prepared under the going concern assumption.

### **Tangible fixed assets and depreciation**

Tangible fixed assets are held at historic purchase cost less accumulated depreciation. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use. Depreciation has been calculated to write down the cost or valuation of tangible fixed assets over their expected useful lives at the following rates:

Freehold property	25-50 years in equal annual instalments to an estimated residual value
Fixtures, fittings and equipment	3-10 years in equal annual instalments
Tractors	5-8 years in equal annual instalments
Motor vehicles	4 years in equal annual instalments

Freehold land and assets in the course of construction are not depreciated.

Costs of ongoing capital projects are held as assets under construction in the balance sheet and are transferred to the appropriate fixed asset categories upon completion.

### **Land and buildings**

Prior to 2000, some freehold properties were revalued periodically. On adoption of FRS 15 "Tangible fixed assets" in 2000, the Company has followed the transitional rules to retain the book value of land and buildings. On disposal the profit or loss is calculated by reference to the net book value and any unamortised revaluation surplus is transferred from revaluation reserves to the profit and loss account.

### **Intangible assets**

The costs associated with the acquisition of players' registrations are capitalised as intangible assets. Costs include transfer fees, levy fees, agents fees and other directly attributable costs. These costs are amortised from the month of purchase fully over the contract period.

Where a playing contract is extended, any costs associated with securing the extension are added to the unamortised balance (at the date of amendment) and the revised book value is amortised over the remaining revised contract life.

Where a part of the consideration payable on acquiring a player's registration is contingent on a future event, this amount is recognised once it is probable, rather than possible, that the event will occur.

# **The Sunderland Association Football Club Limited**

Players' registrations are written down for impairment when the carrying amount exceeds the amount recoverable through use or sale

## **Stocks**

Stocks are stated at the lower of cost and net realisable value and consist of finished goods purchased for resale. Where necessary, provision is made for obsolete, defective and slow moving stocks

## **Lease rentals**

Operating lease rentals are charged to the profit and loss account on a straight line basis over the lease term

## **Lessor accounting**

The Company derecognises assets purchased and subsequently leased to employees under finance lease arrangements. A lease debtor is recognised on inception of the lease, being the minimum lease payments receivable. The lease debtor is released over the life of the agreement as rentals are received

## **Turnover**

Turnover comprises gate receipts, television and media, sponsorship and royalties, conference banqueting and catering, retail and merchandising and invoiced sales, exclusive of value added tax. Television and media income is recognised in the period in which the relevant matches are televised and gate receipt income taken to the profit and loss account when the matches are played. Sponsorship income is recognised over the life of the agreements and retail income is recognised upon sale of the goods

## **Signing on fees**

Contractual amounts of fees payable to players are spread evenly over the contract term of amounts owed to players. In accordance with guidance from an FA Premier League working party, unamortised signing on fees are disclosed net of amounts due to players in the balance sheet. The net balance of signing on fees relating to players sold is included within the calculation of the profit or loss on disposal of players' contracts

## **Pensions**

Previously employed staff of the Company are members of either the Football League Limited Players Retirement Income Scheme, a defined contribution scheme, or the Football League Pension and Life Assurance Scheme, a defined benefit scheme. The Company also contributes to individuals private pension schemes

Pension costs relating to defined benefit schemes are charged to the profit and loss account as if they were defined contribution pension costs. This is due to the Company being unable to identify its share of the assets and liabilities of the schemes, which are held separately in administered funds

Pension costs relating to defined contribution schemes are charged to the profit and loss account in the year to which they relate

## **Deferred taxation**

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. A net deferred tax asset is recognised as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits against which to recover carried forward tax losses and from which the future reversal of underlying timing differences can be deducted. Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on an undiscounted basis

# **The Sunderland Association Football Club Limited**

## **Grants receivable**

Grants received as a contribution towards specific expenditure on fixed assets are held in a deferred income account and recognised in the profit and loss account over the expected useful lives of the related assets. Other grants received are held in a deferred income account and recognised in the profit and loss account so as to match them with the expenditure to which they are intended to contribute.

## **Cash flow statements**

The Company has taken advantage of the exemption in FRS 1 "Cash flow statements (revised 1996)" for companies whose parent prepares and files consolidated financial statements incorporating a consolidated cash flow statement and consequently, no cash flow statement is presented in these financial statements.

## **Foreign currency**

Monetary assets and liabilities in foreign currencies are translated to sterling at rates of exchange ruling at the date of the balance sheet or at agreed contracted rates. Transactions in foreign currency are translated to sterling at the rate ruling at the date of the transaction. All differences on exchange are taken to the profit and loss account.

# The Sunderland Association Football Club Limited

## Notes to the financial statements for the year ended 31 July 2009

### 1 Turnover

Turnover, which is all derived from the Company's principal activity, is analysed as follows

	2009	2008
	£'000	£'000
Gate receipts	13,882	13,639
Television and media	34,931	35,631
Sponsorship and royalties	8,174	8,292
Conference, banqueting and catering	4,912	3,417
Retail and merchandising	2,289	2,345
Other	292	153
	<b>64,480</b>	<b>63,477</b>

All sales are within the United Kingdom

### 2 Net operating expenses

	2009	2009	2008	2008
	£'000	£'000	£'000	£'000
Staff costs (note 6)		(49,525)		(36,865)
Depreciation	(996)		(1,096)	
Amortisation and impairment of players' contracts	(21,645)		(12,906)	
Depreciation, amortisation and other amounts written off tangible and intangible assets		(22,641)		(14,002)
Other operating charges		(17,476)		(14,980)
<b>Net operating expenses</b>		<b>(89,642)</b>		<b>(65,847)</b>
Loss on ordinary activities before taxation is stated after charging/(crediting)				
Auditors' remuneration				
Fees payable for the audit of the Company's accounts		14		12
(Profit)/loss on sale of fixed assets		(7)		1
Operating lease – plant and machinery		337		296
Deferred grant income		(3)		(11)

## **The Sunderland Association Football Club Limited**

### **3 Accounting for players' contracts**

	<b>2009</b>	<b>2008</b>
	<b>£'000</b>	<b>£'000</b>
Amortisation of players' contracts	<b>21,645</b>	<b>12,906</b>
Profit on disposal of players' contracts	<b>(1,184)</b>	<b>(705)</b>
	<b>20,461</b>	<b>12,201</b>

### **4 Interest receivable and similar income**

	<b>2009</b>	<b>2008</b>
	<b>£'000</b>	<b>£'000</b>
Bank deposits	<b>39</b>	<b>77</b>

### **5 Interest payable and similar charges**

	<b>2009</b>	<b>2008</b>
	<b>£'000</b>	<b>£'000</b>
Bank loans and other borrowings	<b>219</b>	<b>686</b>

# The Sunderland Association Football Club Limited

## 6 Employees

The average monthly number of persons employed by the Company including directors during the year was as follows

	2009 Number	2008 Number
Administration	222	206
Football	68	61
Match day staff	240	295
	530	562

Staff costs including directors' remuneration during the year amounted to	2009 £'000	2008 £'000
Wages and salaries	44,122	32,802
Social security costs	5,154	3,957
Other pension costs (note 18)	249	106
	49,525	36,865

## 7 Directors' emoluments

Aggregate directors' emoluments during the year, for services to Sunderland Limited and The Sunderland Association Football Club Limited totalled £1,939,373 (2008 £1,617,971), including pension contributions of £55,162 (2008 £40,000) accruing to 5 directors (2008 2). These are the company contributions to money purchase pension schemes that are the directors' personal pension plans, they are not company schemes. The emoluments of the highest paid director amounted to £888,142 (2008 £939,317) including pension contributions of £nil (2008 £nil).

# The Sunderland Association Football Club Limited

## 8 Tax on loss on ordinary activities

The standard UK tax rate has changed from 30% to 28% as of 1 April 2008

### (a) Analysis of tax charge on ordinary activities

	2009 £'000	2008 £'000
Current tax	-	-
Deferred tax	-	-
<b>Tax on loss on ordinary activities</b>	<b>-</b>	<b>-</b>

### (b) Factors affecting tax charge for the year

The tax assessed for the year differs from the standard rate of corporation tax in the UK. The differences are explained below

	2009 £'000	2008 £'000
<b>Loss on ordinary activities before taxation</b>	<b>(24,158)</b>	<b>(2,274)</b>
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 28% (2008: 29.33%)	<b>(6,764)</b>	<b>(667)</b>
Effects of		
Expenses not deductible for tax purposes	216	154
Increase in tax losses not recognised	6,423	-
Accelerated capital allowances and other timing differences	88	183
Other short term timing differences	37	(132)
Group relief surrendered not paid	-	462
<b>Current tax charge for the year</b>	<b>-</b>	<b>-</b>

### (c) Factors that may affect future tax charges

The Company has unprovided trading losses of approximately £52.6 million (2008: £29.7 million) which are available for offset against future trading profits. A deferred tax asset has not been recognised in respect of these losses on the basis that they may only be offset against future taxable profits generated by the Company. There is currently insufficient evidence that any asset would be recoverable.

# The Sunderland Association Football Club Limited

## 9 Intangible assets

Transfer fees paid for players' contracts

	£'000
<b>Cost</b>	
At 1 August 2008	64,231
Additions	32,721
Disposals	(26,246)
<b>At 31 July 2009</b>	<b>70,706</b>
<b>Accumulated amortisation</b>	
At 1 August 2008	13,989
Amortised in the year	21,645
Released on disposal	(12,715)
<b>At 31 July 2009</b>	<b>22,919</b>
<b>Net book amount</b>	
<b>At 31 July 2009</b>	<b>47,787</b>
At 31 July 2008	50,242

# The Sunderland Association Football Club Limited

## 10 Tangible assets

	Freehold land and buildings	Fixtures, fittings, equipment and vehicles	Total
	£'000	£'000	£'000
<b>Cost or valuation</b>			
At 1 August 2008	11,117	12,219	23,336
Additions	-	621	621
Disposals	-	(23)	(23)
<b>At 31 July 2009</b>	<b>11,117</b>	<b>12,817</b>	<b>23,934</b>
<b>Comprising</b>			
Cost	11,035	12,817	23,852
Valuation 1996	82	-	82
	<b>11,117</b>	<b>12,817</b>	<b>23,934</b>
<b>Accumulated depreciation</b>			
At 1 August 2008	1,147	9,882	11,029
Amount provided	199	797	996
Disposals	-	(23)	(23)
<b>At 31 July 2009</b>	<b>1,346</b>	<b>10,656</b>	<b>12,002</b>
<b>Net book amount</b>			
<b>At 31 July 2009</b>	<b>9,771</b>	<b>2,161</b>	<b>11,932</b>
<b>At 31 July 2008</b>	<b>9,970</b>	<b>2,337</b>	<b>12,307</b>

The Company's freehold properties were valued by G L Hearn & Partners, Chartered Surveyors, as at 31 August 1996 on an existing use basis. The valuation was also in accordance with RICS appraisal and valuation method.

On an historical cost basis, freehold land and buildings would have been included at a net book amount of £9,689,000 (2008 £9,888,000).

# The Sunderland Association Football Club Limited

## 11 Stocks

	2009	2008
	£'000	£'000
Goods for resale	359	363

## 12 Debtors

	2009	2008
	£'000	£'000
Trade debtors	8,786	1,684
Amounts due under finance lease	-	3
Other debtors	4,533	5,487
Prepayments and accrued income	3,336	2,033
	16,655	9,207

Trade debtors include transfer fees receivable from other football clubs of £7,128,000 (2008 £247,000) of which £800,000 (2008 £nil) is receivable after more than one year

# The Sunderland Association Football Club Limited

## 13 Creditors: amounts falling due within one year

	2009 £'000	2008 £'000
Bank overdraft	6,325	13,576
Bank loan	-	4
Trade creditors	14,348	17,029
Amounts owed to group undertaking	-	16,750
Other creditors	80	13
Taxation and social security	3,888	1,369
Accruals and deferred income	21,964	16,435
	<b>46,605</b>	<b>65,176</b>

Trade creditors include transfer fees and other associated costs in relation to the acquisition of players' registrations of £13,181,000 (2008 £15,863,000) The bank overdraft is secured by a charge over certain assets of the Company and has been guaranteed by Sunderland Limited See note 19

Amounts owed to group undertaking include unsecured, interest free loans repayable to Drumaville Limited, the immediate parent undertaking of Sunderland Limited At 31 July 2009 the amount repayable had increased to £48.5 million

On 31 July 2009 the Company received a written notice of assignment from Drumaville Limited, assigning all right, title, benefit and interest in and to the loans to the immediate parent undertaking, Sunderland Limited At the same time the Directors of the Company agreed to issue one ordinary share of £1 to Sunderland Limited in consideration and in full satisfaction of the Company's obligation to repay these loans and Sunderland Limited agreed to waive all or any claims to repayment of these loans The issue of one ordinary share has been credited as fully paid up at par with a premium equal to £48,454,503 recognised in the share premium account, see note 16

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

	2009 £'000	2008 £'000
Trade creditors	6,817	9,710
Amounts owed to immediate parent company	33,229	35,176
Accruals and deferred income	4,472	610
	<b>44,518</b>	<b>45,496</b>

Trade creditors include transfer fees and other associated costs in relation to the acquisition of players' registrations of £6,817,000 (2008 £9,710,000) The amount owed to the immediate parent company is unsecured, has no set repayment date and is interest free

# The Sunderland Association Football Club Limited

## 15 Called up share capital

		2009		2008
	Number	£'000	Number	£'000
<b>Authorised</b>				
Ordinary shares of £1 each	30,501	30	30,500	30
<b>Allotted and fully paid</b>				
Ordinary shares of £1 each	30,501	30	30,500	30

The Company issued one ordinary share of £1 to Sunderland Limited in consideration and in full satisfaction of the Company's obligation to repay intercompany loans and Sunderland Limited agreed to waive all or any claims to repayment of these loans. The issue of one ordinary share has been credited as fully paid up at par with a premium equal to £48,454,503 recognised in the share premium account, see note 16

## 16 Reserves

	Share premium account £'000	Revaluation reserve £'000	Profit and loss account £'000
At 1 August 2008	4,700	82	(41,400)
Issue of share capital in the financial year	48,454	-	-
Loss for the financial year	-	-	(24,158)
<b>At 31 July 2009</b>	<b>53,154</b>	<b>82</b>	<b>(65,558)</b>

## 17 Lease commitments

### Operating leases on plant and machinery

Annual commitments on non-cancellable operating leases which expire in

	2009	2008
	£'000	£'000
Under one year	37	32
Between one and two years	83	95
Between two and five years	114	124
After more than five years	26	4
	<b>260</b>	<b>255</b>

# **The Sunderland Association Football Club Limited**

## **18 Pension commitments**

Previously employed staff of the Company are members of either the Football League Limited Players Retirement Income Scheme, a defined contribution scheme, or the Football League Pension and Life Assurance Scheme, a defined benefit scheme. As the Company is one of a number of participating employers in the Football League Limited Pension and Life Assurance Scheme, it is not possible to allocate any actuarial surplus or deficit and 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. The amount paid into the defined benefit scheme during the year amounted to £13,000 (2008 £13,000).

Contributions are also paid into individuals' private pension schemes. Total contributions charged during the year amounted to £249,000 (2008 £106,000).

## **19 Contingent liabilities**

### **(a) Transfer fees payable**

Under the terms of certain contracts for the purchase of players' registrations future payments may be due to third parties, dependent on the success of the team and/or individual players. At the balance sheet date, the maximum contingent liability was £4,192,067 (2008 £9,602,333), some of which is considered to be remote.

Any additional fees which may become payable or receivable under these agreements will be accounted for in the year that it becomes probable that the event will occur.

### **(b) Bank borrowings guarantee**

The Company's borrowings have been guaranteed by Sunderland Limited, the immediate parent company. As at 31 July 2009, this amounted to £6,325,000 (2008 £13,576,000).

## **20 Post balance sheet events**

Since the balance sheet date the following player trading has occurred:

On 5 August 2009 Darren Bent was signed from Tottenham  
On 12 August 2009 Lee Cattermole was signed from Wigan  
On 28 August 2009 Paul McShane was sold to Hull  
On 29 August 2009 Anthony Stokes was sold to Hibernian  
On 30 August 2009 Grant Leadbitter was sold to Ipswich  
On 30 August 2009 Carlos Edwards was sold to Ipswich  
On 31 August 2009 Michael Turner was signed from Hull  
On 31 August 2009 Danny Collins was sold to Stoke

After the balance sheet date, and up to 13 November 2009, the Company received a further £19 million of loans from the group undertaking Drumaville Limited. On 13 November 2009 the Company received a written notice of assignment from Drumaville Limited, assigning all right, title, benefit and interest in and to the loans to the immediate parent undertaking, Sunderland Limited. At the same time the Directors of the Company agreed to issue one ordinary share of £1 to Sunderland Limited in consideration and in full satisfaction of the Company's obligation to repay these loans and Sunderland Limited agreed to waive all or any claims to repayment of these loans. The issue of one ordinary share has been credited as fully paid up at par with a premium equal to £18,999,999 recognised in the share premium account.

# **The Sunderland Association Football Club Limited**

## **21 Related party transactions**

Transactions with other companies within the Group are not disclosed as the Company has taken advantage of the exemption available under FRS 8 “Related party disclosures” as the Company is a wholly owned subsidiary. The consolidated accounts of Sunderland Limited, in which the Company is included, are publicly available at the address noted on page 1 of the report.

## **22 Ultimate and immediate controlling party**

The immediate parent undertaking is Sunderland Limited, a company incorporated in England. Sunderland Limited is the smallest and largest company to consolidate the results of the Company. The directors consider the ultimate controlling party of the Company to be Mr E Short.