

**NORWICH CITY FOOTBALL
CLUB PLC**
ANNUAL REPORT
FOR THE YEAR ENDED
31 MAY 2010

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Company Number 154044

NORWICH CITY FOOTBALL CLUB PLC

ANNUAL REPORT

For the year ended 31 May 2010

Board of Directors	A J Bowkett (Chairman) M M Foulger (Deputy Chairman) D McNally (Chief Executive) S J Fry S J Phillips Ms D A Smith E M S Wynn Jones
Company Secretary	S Gordon (Director of Finance and Operations)
Other Senior Executives	P Lambert (Football Manager) K Platt (Club Secretary)
Company Number	154044
Registered Office	Carrow Road Norwich NR1 1JE
Auditor	Grant Thornton UK LLP Statutory Auditor Chartered Accountants Kingfisher House 1 Gilders Way St James Place Norwich NR3 1UB

NORWICH CITY FOOTBALL CLUB PLC

ANNUAL REPORT

For the year ended 31 May 2010

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NORWICH CITY FOOTBALL CLUB PLC

REPORT OF THE DIRECTORS

The directors present their report and the consolidated financial statements for the year ended 31 May 2010

Principal activities

The company's principal activity is that of a professional football club. The principal activities of the subsidiary undertakings are shown in note 14

Results and dividends

The loss for the year after taxation amounted to £5,757,000 (2009 £4,979,000)

A dividend on the 'A' preference shares of £508 (2009 £508) and on the 'B' preference shares of £58,000 (2009 £58,000) has been accrued for the year ended 31 May 2010 (note 10)

Key performance indicators

The Club uses a variety of performance measures in order to monitor and manage the business effectively. These are both financial and non-financial measures and include the following key performance indicators (KPI's)

	2010	2009
Average league attendance (number)	24,756	24,541
Season tickets sold (number)	19,781	20,200
Player wage costs as a percentage of turnover (%)	40	41
Cash balance at the year end (£'000)	1,827	826
Group operating loss excluding exceptional costs and player trading (£'000)	(1,169)	(3,563)

Directors

The directors of the company who served during the year and, in respect of directors in office at the year end, their beneficial interests in the company's issued share capital were

	Ordinary shares of £1 each		'B' preference shares of £1 each	
	31 May 2010	1 June 2009 or date of appointment	31 May 2010	1 June 2009 or date of appointment
A J Bowkett (appointed 2 July 2009)	1,117	1,000	-	-
M M Foulger	18,200	18,200	4,400	4,400
D McNally (appointed 2 July 2009)	100	100	-	-
S J Phillips (appointed 2 July 2009)	100	100	-	-
Ms D A Smith	100	100	-	-
E M S Wynn Jones	100	100	-	-
Ms D A Smith and E M S Wynn Jones (jointly)	327,309	327,309	3,025	3,025
N A Doncaster (resigned 3 July 2009)	N/A	100	N/A	1

S J Fry was appointed a director on 17 September 2010

None of the directors had a beneficial interest in the 'A' preference shares of £1 each

Directors and officers liability insurance

During the year the group maintained liability insurance for its directors and officers, as permitted by Section 233 of the Companies Act 2006

Share capital

During the year 111 (2009 84) £1 ordinary shares were issued at a cost of £30 each (note 22)

NORWICH CITY FOOTBALL CLUB PLC

REPORT OF THE DIRECTORS

Future outlook

At the end of a year competing in the third tier of English football for the first time in fifty years, the Club achieved its primary aim of making an immediate return to the Championship. The Club's future strategy is to address the level of debt on the balance sheet, reduce the annual losses and continue in its ultimate objective of promotion to the Premier League.

Financial risk management objectives and policies

In common with other businesses, the group aims to minimise financial risk. The principal business risks are a reduction in attendances in the event that team performances are below expectation and that the Club has insufficient cashflow to meet its obligations for the 2010/2011 season. The directors are aware of the issues and have implemented a strategy to mitigate the risks. The group annually prepares 18 month rolling budgets and monitors the actual performance against these budgets. In addition the group prepares rolling cashflow forecasts to make sure that cash is managed effectively. As part of the strategy, the Club has implemented a number of initiatives to ensure the group has sufficient cash resources to meet its day to day requirements (see going concern section below).

The financial assets that expose the group to financial risk include cash and trade debtors. Cash is held in bank accounts with the Bank of Scotland. A large proportion of the trade debtor balance is due from other football clubs and the risk of non-payment is considered minimal due to football clubs' status as football creditors under the Football League Articles of Association. All other trade debtors are monitored closely to minimise the risk of bad debts. The directors are of the opinion that the risks associated with the group's financial liabilities are minimal.

A significant proportion of the group's interest commitments are to its bondholders. The interest rate on the bonds was fixed in 2003 for the duration of the bonds thus mitigating any risk associated with Bank of England base rate increases. Interest rate risk associated with all other borrowings is reviewed on a regular basis and, where appropriate, rates are fixed to mitigate the exposure to rate fluctuations.

Going concern

As at the year end the group was in breach of certain covenants with its principal lenders, AXA Investment Managers Limited and Bank of Scotland, and accordingly the amounts due to them at the year end are shown within creditors amounts falling due within one year.

In addition, other loans which may become repayable if the Club is promoted to the Premier League are now also shown as being repayable within one year, whereas in the previous year these were shown as falling due after more than one year as a repayment date within twelve months was not possible as the Club was in League One.

Subsequent to the year end, as detailed in note 34 to the financial statements, the group has realised £2.1 million from the sale of land, of which £1.95 million has been used to repay borrowings.

On 29 November 2010, a long term financial restructure agreement was signed with AXA Investment Managers Limited and Bank of Scotland. AXA Investment Managers Limited have agreed to a rescheduling of all outstanding capital and interest over a period to May 2022. Bank of Scotland have agreed various facilities to 31 August 2011 and 31 October 2013 and have also provided an indicative but non binding letter confirming their intention to provide support to the group to 30 November 2011 and beyond, as detailed in note 34 to the financial statements.

In assessing the appropriateness of the going concern assumption the directors have prepared a detailed cash flow forecast covering a period to 30 November 2011 and have considered any uncertainties in relation to income and costs along with the requirement to make deferred interest and loan repayments as they fall due in that period.

The forecast has been prepared on the basis of continued Championship status and demonstrates that the group can continue to operate within its existing finance facilities throughout the period.

The directors have therefore concluded that it is appropriate for the financial statements to be prepared on the going concern basis.

Post balance sheet events

Details of post balance sheet events are given in note 34 to the financial statements.

Charitable donations

The Club issued more than 200 pairs of tickets to local charities and also donated £2,000 to Football In The Community using monies distributed to the Club from the FA Community Shield.

NORWICH CITY FOOTBALL CLUB PLC

REPORT OF THE DIRECTORS

Asset values

Accounting Standards require the Club to value its assets using specific criteria. At the year end there were 16 players for which the cost of their player registration has been capitalised and was still being amortised over the period or the respective players' contract. The combined net book value of these 16 players is valued at £1.3 million as at 31 May 2010. The Carrow Road stadium and other land and buildings are currently stated at £32.9 million, being valued on a historical cost basis less accumulated depreciation (land is not depreciated).

In the opinion of the directors, the market value of the land and buildings at 31 May 2010 would exceed the book value included in the financial statements, but they are unable to quantify this excess in the absence of a full professional valuation.

Payments to suppliers

The group's policy in relation to all its suppliers is to settle the terms of payment when agreeing the transaction and to abide by those terms, provided that it is satisfied that the supplier has provided the goods or service in accordance with the agreed terms and conditions. The group does not follow any code or standard of payment practice. The ratio expressed in days between amounts invoiced to the group by its suppliers in the year and the amounts owed to its trade creditors at the end of the year was 64 (2009: 22) days.

Statement of directors' responsibilities

The directors are responsible for preparing the Report of the directors 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 financial statements in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). The financial statements are required by law to give a true and fair view of the state of affairs of the group and the company and of the profit or loss of the group 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 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 group will continue in business.

The directors are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the group 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 group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.


In so far as each of the directors is aware

- there is no relevant audit information of which the group's auditor is unaware, and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Auditor

Grant Thornton UK LLP offer themselves for reappointment as auditor in accordance with s485(4) of the Companies Act 2006.

BY ORDER OF THE BOARD


S Gordon
Company Secretary
30 November 2010

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NORWICH CITY
FOOTBALL CLUB PLC**

We have audited the financial statements of Norwich City Football Club PLC for the year ended 31 May 2010 which comprise the consolidated profit and loss account, the consolidated statement of total recognised gains and losses, the balance sheets, the consolidated cash flow statement, the reconciliation of net cash flow to movement in net debt 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).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the statement of directors' responsibilities 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 (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/UKNP.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the group's and the parent company's affairs as at 31 May 2010 and of the group's 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.

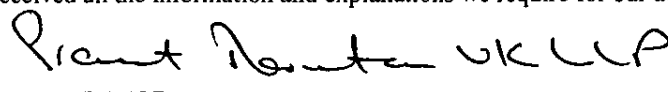
Opinion on other matter prescribed by the Companies Act 2006

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

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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us, or
- the parent company 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.


NIGEL SAVORY
SENIOR STATUTORY AUDITOR
FOR AND ON BEHALF OF GRANT THORNTON UK LLP
STATUTORY AUDITOR, CHARTERED ACCOUNTANTS
NORWICH

30 November 2010.

NORWICH CITY FOOTBALL CLUB PLC

CONSOLIDATED PROFIT AND LOSS ACCOUNT

For the year ended 31 May 2010

	Note	Operations excluding exceptional costs and player trading £'000	Exceptional costs £'000	Player trading £'000	Continuing operations	
					2010 Total £'000	2009 Total £'000
Turnover group and share of joint venture	1, 2	17,019	-	-	17,019	18,201
Less share of joint venture turnover		(289)	-	-	(289)	(272)
Group turnover		16,730	-	-	16,730	17,929
Operating expenses	3	(18,374)	(2,640)	(1,112)	(22,126)	(23,517)
Other operating income	4	231	-	-	231	360
Group operating loss		(1,413)	(2,640)	(1,112)	(5,165)	(5,228)
Gain on disposal of players' registrations	5	-	-	754	754	909
Share of operating profit in joint venture		234	-	-	234	254
Share of operating profit in associate		10	-	-	10	-
Group operating loss including share of associate and joint venture		(1,169)	(2,640)	(358)	(4,167)	(4,065)
Profit on sale of subsidiary undertaking					-	122
Interest receivable and similar income	8				13	46
- Group					-	25
- Share of joint venture					13	71
Interest payable and similar charges	9				(1,523)	(1,478)
- Group					(80)	(214)
- Share of joint venture					(1,603)	(1,692)
Loss on ordinary activities before taxation					(5,757)	(5,564)
Tax on loss on ordinary activities	11				-	585
Loss on ordinary activities after taxation					(5,757)	(4,979)
Equity minority interest					-	(7)
Loss for the financial year	24				(5,757)	(4,986)

CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

For the year ended 31 May 2010

	Note	2010 £'000	2009 £'000
Loss for the financial year		(5,757)	(4,986)
Unrealised deficit on revaluation of investment property in joint venture	14	(150)	(1 023)
Total recognised gains and losses relating to the year		(5,907)	(6,009)

The accompanying accounting policies and notes form an integral part of these financial statements

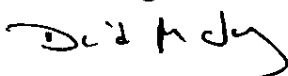
NORWICH CITY FOOTBALL CLUB PLC

CONSOLIDATED BALANCE SHEET AT 31 MAY 2010

Company number 154044

	Note	2010 £'000	2009 £'000
Fixed assets			
Intangible fixed assets	12	1,298	1,165
Tangible fixed assets	13	33,875	35,496
Investment - associated undertaking	14	38	28
Investment - joint venture	14		
- share of gross assets		3,801	3,967
- share of gross liabilities		(3,157)	(3,327)
		<u>644</u>	<u>640</u>
		35,855	37,329
Current assets			
Stocks	15	434	395
Debtors	16	6,615	6,474
Cash at bank and in hand		1,827	826
		<u>8,876</u>	<u>7,695</u>
Creditors: amounts falling due within one year	17	(35,555)	(13,593)
Net current liabilities		<u>(26,679)</u>	<u>(5,898)</u>
Total assets less current liabilities		9,176	31,431
Creditors: amounts falling due after more than one year	18	(3,325)	(19,578)
Accruals and deferred income	19	(2,260)	(2,358)
Provisions for liabilities	21	(283)	(283)
Net assets		<u>3,308</u>	<u>9,212</u>
Capital and reserves			
Called up equity share capital	22	536	536
Share premium account	23	8,735	8,732
Revaluation reserves	23	486	636
Capital redemption reserve	23	34	34
Profit and loss account	24	(6,483)	(726)
Shareholders' funds	25	<u>3,308</u>	<u>9,212</u>

The financial statements were approved by the board of directors, signed and authorised for issue on 30 November 2010 and signed on its behalf by



D McNally Director

The accompanying accounting policies and notes form an integral part of these financial statements

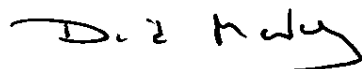
NORWICH CITY FOOTBALL CLUB PLC

COMPANY BALANCE SHEET AT 31 MAY 2010

Company number 154044

	Note	2010 £'000	2009 £'000
Fixed assets			
Intangible fixed assets	12	1,298	1,165
Tangible fixed assets	13	31,685	33,306
Fixed asset investments	14	341	341
		<u>33,324</u>	<u>34,812</u>
Current assets			
Stocks	15	434	395
Debtors	16	7,267	7,068
Cash at bank and in hand		1,827	825
		<u>9,528</u>	<u>8,288</u>
Creditors amounts falling due within one year	17	<u>(32,735)</u>	<u>(13,207)</u>
Net current liabilities		<u>(23,207)</u>	<u>(4,919)</u>
Total assets less current liabilities		<u>10,117</u>	<u>29,893</u>
Creditors: amounts falling due after more than one year	18	(3,325)	(17,090)
Accruals and deferred income	19	(2,260)	(2,358)
Net assets		<u>4,532</u>	<u>10,445</u>
Capital and reserves			
Called up equity share capital	22	536	536
Share premium account	23	8,735	8,732
Revaluation reserve	23	71	71
Capital redemption reserve	23	34	34
Profit and loss account	24	(4,844)	1,072
Shareholders' funds		<u>4,532</u>	<u>10,445</u>

The financial statements were approved by the board of directors, signed and authorised for issue on 30 November 2010 and signed on its behalf by



D McNally Director

The accompanying accounting policies and notes form an integral part of these financial statements

NORWICH CITY FOOTBALL CLUB PLC

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 May 2010

	Note	2010 £'000	2009 £'000
Net cash inflow/(outflow) from operating activities	26	1,995	(3,147)
Returns on investments and servicing of finance	27	(493)	(1,447)
Capital expenditure and financial investment	27	511	334
Acquisitions and disposals	27	-	91
Net cash inflow/(outflow) before financing		2,013	(4,169)
Financing			
Issue of shares	27	3	203
Increase in debt	27	315	2,320
		318	2,523
Increase/(decrease) in cash in the year		2,331	(1,646)

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

For the year ended 31 May 2010

	Note	2010 £'000	2009 £'000
Increase/(decrease) in cash in the year	28	2,331	(1,646)
Cash flow from increase in debt	28	(315)	(2,320)
Cash flow from increase in preference shares		-	(200)
Change in net debt resulting from cash flows		2,016	(4,166)
Net debt at 1 June 2009		(22,946)	(18,780)
Net debt at 31 May 2010	28	(20,930)	(22,946)

The accompanying accounting policies and notes form an integral part of these financial statements

NORWICH CITY FOOTBALL CLUB PLC

NOTES TO THE ANNUAL REPORT

For the year ended 31 May 2010

1 ACCOUNTING POLICIES

1.1 Basis of preparation of financial statements

The financial statements have been prepared in accordance with applicable United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and under the historical cost convention, as modified by the valuation of certain freehold land and buildings and the investment property in the joint venture company. In addition, the financial statements have also been prepared in accordance with the document 'Financial Reporting Guidance for Football Clubs' issued by The Football League, The FA Premier League and the FA.

1.2 Going concern

As at the year end the group was in breach of certain covenants with its principal lenders, AXA Investment Managers Limited and Bank of Scotland, and accordingly the amounts due to them at the year end are shown within creditors' amounts falling due within one year.

In addition, other loans which may become repayable if the Club is promoted to the Premier League are now also shown as being repayable within one year, whereas in the previous year these were shown as falling due after more than one year as a repayment date within twelve months was not possible as the Club was in League One.

Subsequent to the year end, as detailed in note 34 to the financial statements, the group has realised £2.1 million from the sale of land, of which £1.95 million has been used to repay borrowings.

On 29 November 2010, a long term financial restructure agreement was signed with AXA Investment Managers Limited and Bank of Scotland. AXA Investment Managers Limited have agreed to a rescheduling of all outstanding capital and interest over a period to May 2022. Bank of Scotland have agreed various facilities to 31 August 2011 and 31 October 2013 and have also provided an indicative but non binding letter confirming their intention to provide support to the group to 30 November 2011 and beyond, as detailed in note 34 to the financial statements.

In assessing the appropriateness of the going concern assumption the directors have prepared a detailed cash flow forecast covering a period to 30 November 2011 and have considered any uncertainties in relation to income and costs along with the requirement to make deferred interest and loan repayments as they fall due in that period.

The forecast has been prepared on the basis of continued Championship status and demonstrates that the group can continue to operate within its existing finance facilities throughout the period.

The directors have therefore concluded that it is appropriate for the financial statements to be prepared on the going concern basis.

1.3 Consolidated financial statements

The financial statements incorporate the financial statements of Norwich City Football Club PLC and its subsidiary undertakings. With the exception of Kerrison Hotel Limited, which has a year end of 31 March 2010, the financial statements of all group undertakings are made up to 31 May 2010. A separate profit and loss account has not been included for Norwich City Football Club PLC by virtue of Section 408 of the Companies Act 2006. The loss for the year relating to this company of £5,916,000 (2009: £4,949,000) is included in the consolidated profit and loss account.

Associates and joint ventures are accounted for in accordance with Financial Reporting Standard 9 'Associates and Joint Ventures'.

1.4 Turnover

Turnover comprises net gate and ticket receipts, sports contracts, television and sponsorship revenue, catering, shop, programme, lottery and rental income, excluding value added tax. Turnover is the total amount excluding value added tax, receivable by the group in the ordinary course of business. Net gate and ticket receipts are recognised when the match is played, sports contracts, television and sponsorship revenue is recognised over the contract or sponsorship period, rental income is recognised over the rental period, all other income is recognised as it becomes receivable in line with the service provided.

NORWICH CITY FOOTBALL CLUB PLC

NOTES TO THE ANNUAL REPORT

For the year ended 31 May 2010

ACCOUNTING POLICIES (CONTINUED)

1.5 Financial instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the entity after deducting all of its financial liabilities.

Where the contractual obligations of financial instruments (including share capital) are equivalent to a similar debt instrument, those financial instruments are classed as financial liabilities. Financial liabilities are presented as such in the balance sheet. Finance costs and gains or losses relating to financial liabilities are included in the profit and loss account. Finance costs are calculated so as to produce a constant rate of return on the outstanding liability.

Where the contractual terms of share capital do not have any terms meeting the definition of a financial liability then this is classed as an equity instrument. Dividends and distributions relating to equity instruments are debited direct to equity.

1.6 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost or valuation less depreciation. Depreciation is provided at rates calculated to write off the cost or valuation of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Freehold land	- not depreciated
Freehold buildings	- straight line over 40 to 50 years or remaining useful life if less
Plant and machinery	- straight line over 5 to 6 years
Motor vehicles	- straight line over 5 years

In adopting Financial Reporting Standard 15 'Tangible Fixed Assets', the directors have chosen to adopt the transitional rule by retaining the book amount rather than adopting the latest valuation or reverting to historical cost.

1.7 Leases

Rentals applicable on operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged to profit and loss account on a straight line basis over the term of the lease. The cost of assets acquired on finance leases and on hire purchase contracts are capitalised and written off over the estimated useful life of the asset. Lease finance charges represent a constant proportion of the capital balance outstanding and are allocated to accounting periods during the term of the lease.

1.8 Stocks

Stocks are valued at the lower of cost (on a first in, first out basis) and net realisable value after making due allowance for obsolete and slow-moving stocks.

1.9 Taxation

The charge for taxation is based on the result for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. In accordance with Financial Reporting Standard 19 'Deferred Taxation', provision is made for deferred taxation liabilities in respect of all timing differences that have originated but not reversed by the balance sheet date. Deferred tax assets are recognised to the extent that it is more likely than not that they will be recovered. Deferred tax balances are not discounted.

1.10 Deferred grant income

Grants relating to freehold buildings are being released to the profit and loss account on a straight line basis over 50 years or over the remaining useful life of the building if less.

NORWICH CITY FOOTBALL CLUB PLC

NOTES TO THE ANNUAL REPORT

For the year ended 31 May 2010

ACCOUNTING POLICIES (CONTINUED)

1.11 Pensions

The group participates in a defined contribution pension scheme for certain employees and contributes to certain employees' personal pension schemes. The pension charge represents the amount payable by the group to the fund in respect of the year.

In addition, the group is making contributions in respect of its share of the deficit of the defined benefit section of The Football League Pension and Life Assurance Scheme ("the Scheme"). Contributions are charged to the profit and loss account when they are claimed by the Scheme. Under Financial Reporting Standard 17 'Retirement Benefits' ("FRS 17"), the Scheme would be treated as a defined benefit multi-employer scheme. The Scheme's actuary has advised that the participating employers' share of the underlying assets and liabilities cannot be identified on a reasonable basis and accordingly no disclosures are made under the provisions of FRS 17.

The assets of all schemes are held in funds independent from the group.

1.12 Transfer income and intangible assets

Transfer income is credited to the profit and loss account, after deducting the net book value of the relevant player's registration.

In accordance with Financial Reporting Standard 10 'Goodwill and Intangible Assets' and Financial Reporting Guidance for Football Clubs, transfer fees, transfer levies payable and agents fees are capitalised as intangible assets. Amortisation is provided at rates calculated to write off the cost of the transfer over the duration of the player's contract.

Payments, which are contingent on the appearances and/or performance of a player, are not recognised until the events crystallising such payments are more likely than not to take place.

1.13 Finance costs

The finance costs of debt are allocated to periods over the term of the debt at a constant rate on the carrying amount. The carrying amount of debt is increased by the finance cost in respect of the reporting period and reduced by payments made in respect of the debt in that period. Immediately after issue, debt is stated at the amount of net proceeds, which will be net of issue costs.

2 TURNOVER

Turnover in respect of the business operations comprised

	2010 £'000	2009 £'000
Gate receipts and ticket sales	6,989	7,763
Football Association and league income	1,595	1,939
Catering	3,757	3,460
Commercial	3,652	3,504
EventGuard	-	471
Other income	737	792
	<hr/>	<hr/>
Group turnover	16,730	17,929
Share of turnover in joint venture	289	272
	<hr/>	<hr/>
Group and share of joint venture	17,019	18,201
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All turnover arose within the United Kingdom

NORWICH CITY FOOTBALL CLUB PLC

NOTES TO THE ANNUAL REPORT

For the year ended 31 May 2010

3 OPERATING EXPENSES

Total operating expenses comprised

	2010 £'000	2009 £'000 (reclassified)
Staff costs (note 6) - normal costs	10,857	13,686
Depreciation of tangible fixed assets (note 13) - owned by the group	1,607	1,681
- finance leases and hire purchase	42	42
Loss on disposal of tangible fixed assets	4	-
Auditor's remuneration - audit of the company's financial statements	17	20
- other services - audit of the company's subsidiaries	3	5
- tax services	12	5
Operating lease rentals - hire of plant and machinery	19	18
Other operating expenses	5,813	6,259
	<hr/>	<hr/>
	18,374	21,716
Amortisation of intangible fixed assets (note 12)	1,112	1,411
	<hr/>	<hr/>
Operating expenses before exceptional costs	19,486	23,127
Exceptional costs		
Staff costs - wages and salaries (note 6)	1,321	30
Football league fines, compensation payments and associated legal costs on appointment of first team management from Colchester United Football Club	626	-
Legal and professional fees in connection with strategic activities	520	-
Directors and senior executives compensation for loss of office	173	360
	<hr/>	<hr/>
Total operating expenses	22,126	23,517

Whilst not separately disclosed as exceptional costs in the previous year, costs relating to wages and salaries and directors and senior executives compensation for loss of office have been reclassified to facilitate comparison with the current year

4 OTHER OPERATING INCOME

	2010 £'000	2009 £'000
Donations and gifts (2009 Gift from M M Foulger (director) (note 32))	206	360
Release of exclusivity deposit	25	-
	<hr/>	<hr/>
	231	360

5 GAIN ON DISPOSAL OF PLAYERS' REGISTRATIONS

	2010 £'000	2009 £'000
Gain on disposal of players' registrations	760	764
Loss on termination of players' registrations	(264)	(55)
Appearance related receipts for former players	258	200
	<hr/>	<hr/>
	754	909

NORWICH CITY FOOTBALL CLUB PLC

NOTES TO THE ANNUAL REPORT

For the year ended 31 May 2010

6 STAFF COSTS

Staff costs, including directors' remuneration, were as follows

	2010 £'000	2009 £'000
Wages and salaries - normal costs	9,038	10,915
Wages and salaries - exceptional costs (note 3)		
- Promotion bonuses	856	-
- Players' compromise agreements	465	30
Other employment costs (including loan players)	516	1,578
	<u>10,875</u>	<u>12,523</u>
Social security costs	1,019	1,104
Pension costs (note 30)	284	89
	<u>12,178</u>	<u>13,716</u>

The average monthly number of regular employees, including directors, during the year was as follows

	Number of employees 2010	2009
Directors	6	5
Football (including academy and football support staff)	63	63
Other	112	131
	<u>181</u>	<u>199</u>

7 DIRECTORS' REMUNERATION

	2010 £'000	2009 £'000
Aggregate emoluments (including benefits) (total and highest paid director)	214	185
Compensation for loss of office	-	95
Contributions to money purchase pension scheme (one (2009 one) director)	17	18
Amounts paid to third parties in respect of director's services	-	26

Amounts paid to third parties represented amounts paid to SMRC Limited to compensate them for time spent by R J Munby on Club matters during the previous year

8 INTEREST RECEIVABLE AND SIMILAR INCOME

	2010 £'000	2009 £'000
Bank interest receivable		
Group	13	46
Joint venture	-	25
	<u>13</u>	<u>71</u>

NORWICH CITY FOOTBALL CLUB PLC

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For the year ended 31 May 2010

9 INTEREST PAYABLE AND SIMILAR CHARGES

	2010 £'000	2009 £'000
Group		
Bank loans and overdrafts	260	241
Loan notes	965	971
Other similar charges	202	180
	<u>1,427</u>	<u>1,392</u>
Pension liability (note 30)	34	17
Finance leases and hire purchase contracts	3	10
Finance charges on shares classified as liabilities (note 10)	59	59
	<u>1,523</u>	<u>1,478</u>
Joint venture		
Bank loans and overdraft	80	214
	<u>1,603</u>	<u>1,692</u>

10 DIVIDENDS ON SHARES CLASSIFIED AS FINANCIAL LIABILITIES

	2010 £'000	2009 £'000
Dividend payable		
'A' preference shares	1	1
'B' preference shares	58	58
	<u>59</u>	<u>59</u>

11 TAX ON LOSS ON ORDINARY ACTIVITIES

(a) Analysis of tax credit for the year:

	2010 £'000	2009 £'000
Based on the group loss for the year		
<i>Current tax</i>		
UK Corporation tax on loss of the year (note 11(b))	-	-
<i>Deferred tax</i>		
Current year	-	568
Adjustments in respect of previous years	-	17
	<u>-</u>	<u>585</u>
Total deferred tax (note 20)	-	585
	<u>-</u>	<u>585</u>
Tax on loss on ordinary activities	-	585

NORWICH CITY FOOTBALL CLUB PLC

NOTES TO THE ANNUAL REPORT

For the year ended 31 May 2010

TAX ON LOSS ON ORDINARY ACTIVITIES (CONTINUED)

(b) Factors affecting the tax credit for the year:

The tax assessed for the year is higher than the standard rate of corporation tax in the UK (28%) The differences are explained below

	2010 £'000	2009 £'000
Loss on ordinary activities before tax	(5,757)	(5,564)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 28% - expected credit	1,612	1,558
Effects of		
Expenses not deductible for tax purposes	(140)	(51)
Charge in respect of shares classified as financial liabilities	(17)	(17)
Income not taxable	80	119
Depreciation on assets not qualifying for capital allowances	(315)	(331)
Capital allowances (lower than)/in excess of depreciation	(148)	69
Other timing differences	(40)	1
Losses carried forward	(1,032)	(1,348)
Current tax credit for year (note 11(a))	-	-

(c) Factors that may affect future tax charges:

No provision has been made for deferred tax on gains recognised on the revalued land or capital gains which have been rolled over into other group assets as it is the intention to retain ownership of the revalued land and core capital assets for use in the existing business for the foreseeable future

12 INTANGIBLE FIXED ASSETS

	Cost of players registrations £'000
Group and company	
Cost	
At 1 June 2009	3,698
Additions	1,635
Disposals	(2,414)
At 31 May 2010	2,919
Amortisation	
At 1 June 2009	2,533
Charge for the year	1,112
Disposals	(2,024)
At 31 May 2010	1,621
Net book value at 31 May 2010	1,298
Net book value at 31 May 2009	1,165

NORWICH CITY FOOTBALL CLUB PLC

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For the year ended 31 May 2010

13 TANGIBLE FIXED ASSETS

	Freehold land and buildings £'000	Plant and machinery £'000	Motor vehicles £'000	Total £'000
Group				
Cost or valuation				
At 1 June 2009	43,026	7,133	21	50,180
Additions	10	27	-	37
Disposals	-	-	(10)	(10)
Transfer	(105)	105	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 May 2010	42,931	7,265	11	50,207
	<hr/>	<hr/>	<hr/>	<hr/>
Depreciation				
At 1 June 2009	8,523	6,160	1	14,684
Charge for the year	1,465	181	3	1,649
Disposals	-	-	(1)	(1)
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 May 2010	9,988	6,341	3	16,332
	<hr/>	<hr/>	<hr/>	<hr/>
Net book value at 31 May 2010	32,943	924	8	33,875
	<hr/>	<hr/>	<hr/>	<hr/>
Net book value at 31 May 2009	34,503	973	20	35,496
	<hr/>	<hr/>	<hr/>	<hr/>

The net book value of freehold land and buildings comprise

	2010 £'000	2009 £'000
Assets at adopted valuation (per FRS 15)		
Land (not depreciated)	2,483	2,483
Assets at cost		
Land (not depreciated)	3,725	3,725
Buildings and infrastructure	26,735	28,295
	<hr/>	<hr/>
	32,943	34,503
	<hr/>	<hr/>

If the amount of the revalued land had been determined according to historical cost accounting rules, the book value of the land would have been as follows

	2010 £'000	2009 £'000
Cost and net book value	2,412	2,412
	<hr/>	<hr/>

Included in plant and machinery are assets held under finance leases and hire purchase contracts. The net book value of these assets at 31 May 2010 was £16,000 (2009 £132,000) and depreciation during the year on these assets was £42,000 (2009 £42,000).

NORWICH CITY FOOTBALL CLUB PLC

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For the year ended 31 May 2010

TANGIBLE FIXED ASSETS (CONTINUED)

	Freehold land and buildings £'000	Plant and machinery £'000	Motor vehicles £'000	Total £'000
Company				
Cost or valuation				
At 1 June 2009	40,794	7,133	21	47,948
Additions	10	27	-	37
Disposals	-	-	(10)	(10)
Transfer	(105)	105	-	-
At 31 May 2010	40,699	7,265	11	47,975
Depreciation				
At 1 June 2009	8,481	6,160	1	14,642
Charge for the year	1,465	181	3	1,649
Disposals	-	-	(1)	(1)
At 31 May 2010	9,946	6,341	3	16,290
Net book value at 31 May 2010	30,753	924	8	31,685
Net book value at 31 May 2009	32,313	973	20	33,306

The net book value of freehold land and buildings comprise

	2010 £'000	2009 £'000
Assets at adopted valuation (per FRS 15)		
Land (not depreciated)	1,917	1,917
Assets at cost		
Land (not depreciated)	2,185	2,185
Buildings and infrastructure	26,651	28,211
	30,753	32,313

If the amount of the revalued land had been determined according to historical cost accounting rules, the book value of the land would have been as follows

	2010 £'000	2009 £'000
Cost and net book value	1,846	1,846

Included in plant and machinery are assets held under finance leases and hire purchase contracts. The net book value of these assets at 31 May 2010 was £16,000 (2009 £132,000) and depreciation during the year on these assets was £42,000 (2009 £42,000).

NORWICH CITY FOOTBALL CLUB PLC

NOTES TO THE ANNUAL REPORT

For the year ended 31 May 2010

14 FIXED ASSET INVESTMENTS

	Group Interest in joint venture £'000	Group Interest in associated undertaking £'000	Company Investment in associated undertaking £'000	Company Investment in subsidiary undertakings £'000
Cost				
At 1 June 2009	640	28	28	940
Share of profit for the year	154	10	-	-
Share of unrealised deficit on revaluation of investment property	(150)	-	-	-
At 31 May 2010	644	38	28	940
Amounts written off				
At 1 June 2009 and 31 May 2010	-	-	-	627
Net book value at 31 May 2010	644	38	28	313
Net book value at 31 May 2009	640	28	28	313

Subsidiary undertakings

The subsidiary undertakings, which were incorporated in England and Wales and are included within the consolidated financial statements at 31 May 2010, are as follows

Company	% owned	Principal Activity
N C F C (Holdings) Limited	100%	Property holding company
Kerrison Holdings Limited	100%	Provision of car park facilities and property development
Kerrison Developments Limited	100%	Interest in joint venture

Associated undertaking

Norwich City Football Club PLC owns 24.9% of the shares in EventGuard Limited

Joint venture

The interest in the joint venture, Kerrison Hotel Limited, comprises £2 (2009 £2) of share capital and £644,000 (2009 £640,000) share of post acquisition profits and unrealised gains of the company. The financial statements of Kerrison Hotel Limited are made up to 31 March 2010.

The investment represents 100% of the issued 'A' ordinary share capital of the joint venture. Norwich City Football Club PLC does not have any interest in the 'B' ordinary share capital of the joint venture.

In accordance with the joint venture agreement, the income and profits are apportioned between the 'A' and 'B' ordinary shareholders in the ratio of 30% and 70% respectively.

The principal activity of the joint venture company is to manage a hotel at Carrow Road, Norwich.

NORWICH CITY FOOTBALL CLUB PLC

NOTES TO THE ANNUAL REPORT

For the year ended 31 May 2010

FIXED ASSET INVESTMENTS (CONTINUED)

Results of associate and joint venture

The group's share of the associate's and joint venture's results, assets and liabilities comprise

	Associated undertaking		Joint venture	
	2010 £'000	2009 £'000	2010 £'000	2009 £'000
Turnover	370	-	289	272
Profit before and after tax	10	-	154	65
	<hr/>	<hr/>	<hr/>	<hr/>
Unrealised deficit on revaluation of investment property	-	-	(150)	(1,023)
	<hr/>	<hr/>	<hr/>	<hr/>
Fixed assets	9	8	3,600	3,750
Current assets	51	53	201	217
	<hr/>	<hr/>	<hr/>	<hr/>
	60	61	3,801	3,967
Liabilities due within one year	(22)	(31)	(3,157)	(3,327)
	<hr/>	<hr/>	<hr/>	<hr/>
	38	30	644	640
Liabilities due after more than one year	-	(2)	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Net assets	38	28	644	640
	<hr/>	<hr/>	<hr/>	<hr/>

15 STOCKS

	Group and company	
	2010 £'000	2009 £'000
Goods for resale	434	395
	<hr/>	<hr/>

NORWICH CITY FOOTBALL CLUB PLC

NOTES TO THE ANNUAL REPORT

For the year ended 31 May 2010

16 DEBTORS

	Group		Company	
	2010 £'000	2009 £'000	2010 £'000	2009 £'000
Due within one year				
Trade debtors	5,096	4,488	4,996	4,388
Amounts due from subsidiary undertakings	-	-	253	255
Other debtors	255	613	152	507
Prepayments and accrued income	1,264	1,295	386	423
	<u>6,615</u>	<u>6,396</u>	<u>5,787</u>	<u>5,573</u>
Due after more than one year				
Trade debtors	-	78	-	78
Amounts due from subsidiary undertaking	-	-	1,480	1,417
	<u>6,615</u>	<u>6,474</u>	<u>7,267</u>	<u>7,068</u>

17 CREDITORS AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	2010 £'000	2009 £'000	2010 £'000	2009 £'000
Bank overdraft	167	1,497	167	1,497
Bank loans	3,548	215	1,010	115
Loan notes	11,170	907	11,170	907
Other loans	6,304	2,959	6,304	2,959
Trade creditors	1,712	408	1,712	408
Receipts in advance	6,948	5,242	6,948	5,242
Other taxes and social security	1,425	785	1,425	785
Dividends payable on shares classified as financial liabilities	64	62	64	62
Other creditors	91	416	91	416
Net obligations under finance lease and hire purchase contracts	6	45	6	45
Accruals and deferred income	4,120	1,057	3,838	771
	<u>35,555</u>	<u>13,593</u>	<u>32,735</u>	<u>13,207</u>

The bank overdraft is secured by a fixed charge over the Colney training ground

Security for the bank loans, loan notes and other loans are disclosed in note 18 Net obligations under finance lease and hire purchase contracts are secured on the relevant assets (note 13)

As at the year end the group was in breach of certain covenants with its principal lenders, AXA Investment Managers Limited and Bank of Scotland, and accordingly the amounts due to them at the year end are shown within creditors amounts falling due within one year

In addition, other loans which may become repayable if the Club is promoted to the Premier League are now also shown as being repayable within one year, whereas in the previous year these were shown as falling due after more than one year as a repayment date within twelve months was not possible as the Club was in League One

NORWICH CITY FOOTBALL CLUB PLC

NOTES TO THE ANNUAL REPORT

For the year ended 31 May 2010

18 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Group		Company	
	2010	2009	2010	2009
	£'000	£'000	£'000	£'000
Bank loans	-	3,498	-	1,010
Loan notes	-	10,224	-	10,224
Other loans	-	2,856	-	2,856
Trade creditors	113	-	113	-
Receipts in advance	1,317	1,259	1,317	1,259
5 25% 'A' preference shares of £1 each	10	10	10	10
4 5% 'B' preference shares of £1 each	1,552	1,552	1,552	1,552
Net obligations under finance lease and hire purchase contracts (note 17)	-	9	-	9
Accruals and deferred income	333	170	333	170
	<u>3,325</u>	<u>19,578</u>	<u>3,325</u>	<u>17,090</u>

Included within the above are amounts falling due as follows

	Group		Company	
	2010	2009	2010	2009
	£'000	£'000	£'000	£'000
In one to two years				
Bank loans	-	2,612	-	124
Loan notes	-	976	-	976
Other loans	-	2,856	-	2,856
Trade creditors	113	-	113	-
Receipts in advance	421	357	421	357
4 5% 'B' preference shares of £1 each	1,552	-	1,552	-
Net obligations under finance lease and hire purchase contracts	-	5	-	5
Accruals and deferred income	26	23	26	23
	<u>2,112</u>	<u>6,829</u>	<u>2,112</u>	<u>4,341</u>

	Group		Company	
	2010	2009	2010	2009
	£'000	£'000	£'000	£'000
In two to five years				
Bank loans	-	431	-	431
Loan notes	-	3,394	-	3,394
Receipts in advance	726	612	726	612
4 5% 'B' preference shares of £1 each	-	1,552	-	1,552
Net obligations under finance lease and hire purchase contracts	-	4	-	4
Accruals and deferred income	102	83	102	83
	<u>828</u>	<u>6,076</u>	<u>828</u>	<u>6,076</u>

NORWICH CITY FOOTBALL CLUB PLC

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For the year ended 31 May 2010

CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR (CONTINUED)

	Group		Company	
	2010	2009	2010	2009
	£'000	£'000	£'000	£'000
In more than five years				
Bank loans	-	455	-	455
Loan notes	-	5,854	-	5,854
Receipts in advance	170	290	170	290
5.25% 'A' preference shares of £1 each	10	10	10	10
Accruals and deferred income	205	64	205	64
	<u>385</u>	<u>6,673</u>	<u>385</u>	<u>6,673</u>

The loan notes were released in two instalments of £7,500,000 and interest is charged at a fixed rate of 7.67% and 7.24% on the two instalments. The first capital repayments were made in May 2005. The loan notes are being repaid in a securitisation agreement serviced by future stadium generated gross revenues including season ticket and matchday income, Football League centrally distributed funds, sponsorship revenue and catering income. Issue costs amounting to £598,758 have been offset against the loan proceeds and are being amortised to give a constant rate on the outstanding balance of the liability.

A bank loan of £1,300,000, of which £1,010,000 (2009 £1,125,000) is outstanding at the year end, is repayable by monthly instalments over a period of 10 years. Interest is payable in arrears at 2% above the Bank of Scotland base rate and is secured by a legal mortgage and charge on land purchased by Norwich City Football Club PLC.

A further bank loan of £2,538,000 (2009 £2,588,000) (shown net of finance costs of £17,000 (2009 £42,000)) is repayable in seven quarterly instalments of £25,000 followed by a final lump sum of £2,455,000. Interest is payable in arrears at 4.25% above LIBOR. The loan is secured by a first legal charge and debenture on land purchased by Kerrison Holdings Limited.

On 29 November 2010, a long term financial restructure agreement was signed with AXA Investment Managers Limited and Bank of Scotland. AXA Investment Managers Limited have agreed to a rescheduling of all outstanding capital and interest over a period to May 2022. Bank of Scotland have agreed various facilities to 31 August 2011 and 31 October 2013 and have also provided an indicative but non binding letter confirming their intention to provide support to the group to 30 November 2011 and beyond, as detailed in note 34 to the financial statements.

Other loans of £6,304,000 (2009 £5,815,000) are unsecured and interest free.

Ms D A Smith and E M S Wynn Jones have provided a joint personal guarantee to Bank of Scotland for £300,000 (2009 £Nil) on account of borrowings made available by Bank of Scotland to the Club (note 32).

19 ACCRUALS AND DEFERRED INCOME

	Group and company	
	2010	2009
	£'000	£'000
Deferred grant income		
At 1 June 2009	2,358	2,456
Credited to profit and loss account	(98)	(98)
	<u>2,260</u>	<u>2,358</u>
At 31 May 2010		

NORWICH CITY FOOTBALL CLUB PLC

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For the year ended 31 May 2010

20 DEFERRED TAXATION

	Group		Company	
	2010 £'000	2009 £'000	2010 £'000	2009 £'000
Deferred tax liability				
At 1 June 2009	-	585	-	584
Credit to profit and loss account (note 11(a))	-	(585)	-	(584)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
At 31 May 2010	-	-	-	-

The unprovided deferred tax asset at 31 May 2010 shown below has not been recognised due to the uncertainty surrounding its recovery

	Group		Company	
	2010 £'000	2009 £'000	2010 £'000	2009 £'000
Accelerated capital allowances	(1,016)	(1,382)	(1,016)	(1,382)
Other timing differences	72	39	72	39
Losses carried forward	2,906	2,081	2,867	2,079
	<u>1,962</u>	<u>738</u>	<u>1,923</u>	<u>736</u>
Unprovided asset at 31 May 2010	1,962	738	1,923	736

21 PROVISION FOR LIABILITIES

The provision relates to further expenditure required by a group undertaking for utility services and other amenities in connection with the sale of land to Taylor Wimpey PLC in 2004

The provision represents the directors' best current estimate of the cost of carrying out this work over the next two years

	Group	
	2010 £'000	2009 £'000
At 1 June 2009	283	288
Provision utilised	-	(5)
	<u>283</u>	<u>283</u>
At 31 May 2010	283	283

NORWICH CITY FOOTBALL CLUB PLC

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22 CALLED UP SHARE CAPITAL

	2010 £'000	2009 £'000
Authorised		
568,568 ordinary shares of £1 each	568	568
9,675 5 25% 'A' preference shares of £1 each	10	10
310,000 4 5% 'B' preference shares of £1 each	310	310
	<u>888</u>	<u>888</u>
Allotted, called up and fully paid		
Equity interest		
535,637 (2009 535,526) ordinary shares of £1 each	536	536
Interest in shares classified as financial liabilities		
9,675 5 25% 'A' preference shares of £1 each	10	10
15,521 4 5% 'B' preference shares of £1 each	15	15
	<u>25</u>	<u>25</u>
Total interest in shares classified as financial liabilities		

During the year 111 (2009 84) £1 ordinary shares were issued at a cost of £30 each and Nil (2009 2,000) 'B' £1 preference shares were issued at a cost of £100 each. A total of £3,000 (2009 £2,000) has been credited to the share premium account in respect of the £1 ordinary shares (note 23)

The holders of the 'A' preference shares have the right to preference dividends at a rate of 5 25% per annum on the nominal value in priority to holders of any other shares. The holders of 'B' preference shares have the right to a cumulative preferential cash dividend at 4 5% of issue price, subject to the payment of the 'A' preference dividend, but in priority to dividends on ordinary shares.

The 'A' preference shares are not redeemable, therefore the par value of the shares has been shown as a liability due in more than five years.

The holders of the 'B' preference shares have an option to redeem their shares in any year the Club achieves or retains promotion to the Premier League. The 'B' shares are redeemable at £100 per share and, as the earliest redemption date is January 2012, the shares have been classified as a liability due between one and two years.

In the event of a winding up order on the company, the holders of preference shares have the right only to repayment of capital paid up thereon and arrears of preference dividends to the date of payment but shall not have any further right to participate in profits or surplus assets.

The 'A' and 'B' preference shareholders do not have the right to vote at General Meetings of the company, except on resolutions proposing the winding up of the company or where the preference dividend is in arrears for more than 12 months.

23 RESERVES

	Group 2010 £'000	Company 2010 £'000
Share premium account		
At 1 June 2009	8,732	8,732
Premium on shares issued during the year (note 22)	3	3
	<u>8,735</u>	<u>8,735</u>
At 31 May 2010		

NORWICH CITY FOOTBALL CLUB PLC

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For the year ended 31 May 2010

RESERVES (CONTINUED)

	Group 2010 £'000	Company 2010 £'000
Investment property revaluation reserve		
At 1 June 2009	565	-
Group share of deficit on revaluation of investment property in joint venture	(150)	-
At 31 May 2010	415	-
Revaluation reserve		
At 1 June 2009 and 31 May 2010	71	71
Capital redemption reserve		
At 1 June 2009 and 31 May 2010	34	34

24 PROFIT AND LOSS ACCOUNT

	Group 2010 £'000	Company 2010 £'000
Balance at 1 June 2009	(726)	1,072
Loss for the financial year	(5,757)	(5,916)
Balance at 31 May 2010	(6,483)	(4,844)

25 RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	2010 £'000	2009 £'000
Loss for the financial year	(5,757)	(4,986)
Ordinary shares issued during the year	-	1
Premium on ordinary shares issued during the year	3	2
Share of deficit on revaluation of investment property in joint venture	(150)	(1,023)
Net decrease in shareholders' funds	(5,904)	(6,006)
Shareholders' funds at 1 June 2009	9,212	15,218
Shareholders' funds at 31 May 2010	3,308	9,212

NORWICH CITY FOOTBALL CLUB PLC

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26 RECONCILIATION OF GROUP OPERATING LOSS TO NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES

	2010 £'000	2009 £'000
Group operating loss	(5,165)	(5,228)
Amortisation of intangible fixed assets	1,112	1,411
Depreciation of tangible fixed assets	1,649	1,723
Loss on disposal of tangible fixed assets	4	-
Increase in stocks	(39)	(129)
(Increase)/decrease in debtors	(654)	97
Increase/(decrease) in creditors	5,186	(923)
Deferred grant income	(98)	(98)
Net cash inflow/(outflow) from operating activities	1,995	(3,147)

27 ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT

	2010 £'000	2009 £'000
Returns on investments and servicing of finance		
Interest received	13	46
Interest paid	(454)	(1,429)
Interest element of finance lease rentals and hire purchase contracts	(3)	(10)
Preference dividends paid	(49)	(54)
Net cash outflow for returns on investments and servicing of finance	(493)	(1,447)
Capital expenditure		
Purchase of intangible fixed assets	(1,092)	(1,713)
Purchase of tangible fixed assets	(59)	(249)
Proceeds from sale of intangible fixed assets	1,657	2,293
Proceeds from sale of tangible fixed assets	5	3
Net cash inflow for capital expenditure	511	334
Acquisitions and disposals		
Purchase of shares in subsidiary undertaking	-	(113)
Proceeds from sale of shares in subsidiary undertaking	-	338
Cash adjustment on sale of subsidiary undertaking	-	(134)
Net cash inflow for acquisitions and disposals	-	91

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ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT (CONTINUED)

	2010		2009	
	£'000	£'000	£'000	£'000
Financing				
Issue of ordinary shares and share premium		3		3
Issue of 'B' preference shares classified as liabilities		-		200
		<u>3</u>		<u>203</u>
New loans	770		6,159	
Repayments of loans	(407)		(3,778)	
Capital element of finance lease rentals	(48)		(61)	
	<u></u>		<u></u>	
Net increase in debt		315		2,320
		<u></u>		<u></u>
Net cash inflow from financing		318		2,523
		<u></u>		<u></u>

28 ANALYSIS OF NET DEBT

	At 1 June 2009 £'000	Cash flow £'000	Transfer £'000	At 31 May 2010 £'000
Cash balances				
Cash at bank and in hand	826	1,001	-	1,827
Bank overdraft	(1,497)	1,330	-	(167)
	<u>(671)</u>	<u>2,331</u>	<u>-</u>	<u>1,660</u>
Debt				
Finance leases and hire purchase contracts	(54)	48	-	(6)
Debt due within one year	(4,081)	(363)	(16,578)	(21,022)
Debt due after one year	(16,578)	-	16,578	-
	<u>(20,713)</u>	<u>(315)</u>	<u>-</u>	<u>(21,028)</u>
Preference shares				
'A' preference shares	(10)	-	-	(10)
'B' preference shares	(1,552)	-	-	(1,552)
	<u>(1,562)</u>	<u>-</u>	<u>-</u>	<u>(1,562)</u>
Net debt	<u>(22,946)</u>	<u>2,016</u>	<u>-</u>	<u>(20,930)</u>

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29 CONTINGENT LIABILITIES

Additional payments amounting to a maximum of £565,000 (2009 £345,000) will become payable if certain conditions in transfer and player contracts at 31 May 2010 are fulfilled. Additional signing on fees up to a maximum of £303,000 (2009 £138,000) will become payable to players subject to the terms and conditions of their contracts being fulfilled.

30 PENSION SCHEMES

Money purchase pension scheme

During the year the group participated in a money purchase scheme, The Football League Limited Pension and Life Assurance Scheme, for the benefit of certain employees. The assets of the scheme are administered by trustees in a fund independent from those of the group. Contributions to this scheme during the year amounted to £21,000 (2009 £26,000). At 31 May 2010 there were outstanding contributions of £3,000 (2009 £3,000).

Employees' personal pension schemes

During the year the group made contributions to certain employees' personal pension schemes. Contributions to these schemes during the year amounted to £47,000 (2009 £63,000). At 31 May 2010 there were outstanding contributions of £1,000 (2009 £1,000).

Football League Final Salary Scheme

The Football League Final Salary scheme is administered nationally and is now closed to new members. The latest actuarial valuation, which was undertaken in 2009, indicated that the scheme still had a large deficit and, in accordance with the scheme rules, Norwich City Football Club PLC, along with the other football clubs, are required to make payments to the pension scheme to reduce the deficit. The charge to the profit and loss account during the year was £216,000 (2009 £Nil) as a result of the latest actuarial valuation. Interest is charged by the pension scheme on the outstanding amount at approximately 7.6% per annum and interest of £34,000 (2009 £17,000) was payable during the year. The outstanding liability will be paid to the pension scheme on a monthly basis over a period of approximately nine (2009 seven) years to September 2019 (2009 April 2016). The total amount payable to the pension scheme at 31 May 2010, including accumulated interest, was £355,000 (2009 £191,000) and is included in accruals and deferred income.

31 OPERATING LEASE COMMITMENTS

	Group		Company	
	2010	2009	2010	2009
	£'000	£'000	£'000	£'000
Plant and machinery				
Expiry date				
Within one year	1	2	1	2
Between two and five years	11	16	11	16
	<u>12</u>	<u>18</u>	<u>12</u>	<u>18</u>
Land and buildings				
Expiry date				
Within one year	-	-	-	75
	<u>12</u>	<u>18</u>	<u>12</u>	<u>93</u>

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32 RELATED PARTY TRANSACTIONS

Loans due to directors and their companies

At 31 May 2010, the following balances were outstanding on loans advanced to the group and company

	Group and company	
	2010	2009
	£'000	£'000
Ms D A Smith and E M S Wynn Jones	2,109	2,142
M M Foulger	1,440	670

The loan advanced by Ms D A Smith and E M S Wynn Jones is interest free and repayable on demand, subject to the Club not having any indebtedness or liability to Bank of Scotland. In addition, for the period from 19 December 2009 to 31 August 2010, Ms D A Smith and E M S Wynn Jones provided a personal guarantee for £300,000 to Bank of Scotland in respect of the Club's overdraft facility (notes 18 and 34)

The loan advanced by M M Foulger is interest free and £Nil (2009 £570,000) is repayable on demand. The balance of £1,440,000 (2009 £100,000) is repayable on the earlier of 31 August 2012, promotion to the Premier League or Ms D A Smith and E M S Wynn Jones ceasing between them to be the registered holders of at least 30% of the ordinary share capital of the company, subject to the Club not having any indebtedness or liability to Bank of Scotland

Transactions with directors and their companies

	Group and company Sales		Group and company Purchases	
	2010	2009	2010	2009
	£'000	£'000	£'000	£'000
Ms D A Smith and E M S Wynn Jones (joint)	16	13	-	-
Banham Poultry Limited (M M Foulger)	77	31	-	-
SMRC Limited (R J Munby)	-	3	2	-

At 31 May 2010 the following balances (inclusive of value added tax) were outstanding

	Group and company Sales ledger		Group and company Purchase ledger	
	2010	2009	2010	2009
	£'000	£'000	£'000	£'000
Ms D A Smith and E M S Wynn Jones (joint)	3	-	-	-
M M Foulger	-	-	1	-
Banham Poultry Limited (M M Foulger)	-	3	-	-

Other transactions with directors

In September 2008, Norwich City Football Club PLC purchased 170 ordinary shares in EventGuard Limited from N A Doncaster for £76,500. The money was paid to N A Doncaster in two tranches of £38,250 in September 2008 and May 2009.

In May 2009, M M Foulger made a gift of £360,000 to the Club in respect of his £1 for £1 offer to match the season ticket rebates which were not reclaimed by season ticket holders.

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RELATED PARTY TRANSACTIONS (CONTINUED)

Transactions with the joint venture company

At 31 May 2010 the group owed £2 (2009 £2) to Kerrison Hotel Limited, being the called up share capital not paid on the 'A' ordinary shares of Kerrison Hotel Limited and £69,000 (2009 £69,000) in respect of trading transactions

33 ULTIMATE CONTROL OF THE COMPANY

At 31 May 2010 Ms D A Smith and her husband and co-director, E M S Wynn Jones owned 61.1% (2009 61.2%) of the issued capital of the company. In accordance with Financial Reporting Standard 8 'Related Party Disclosures', the Board have concluded that ultimate control of the company vests in these related parties.

34 POST BALANCE SHEET EVENTS

Finance facilities

In August 2010, AXA Investment Managers Limited and Bank of Scotland agreed to defer repayment of capital and interest on their loans from August 2010 to January 2011. At the same time the overdraft facility with Bank of Scotland was reduced from £1.8 million to £1.5 million and the joint personal guarantee provided to Bank of Scotland by Ms D A Smith and E M S Wynn Jones was removed.

On 27 October 2010, a £1.95 million loan repayment was made to Bank of Scotland following the sale of a parcel of land to Broadland Housing Association (see below).

On 29 November 2010, a long term financial restructure agreement was signed with AXA Investment Managers Limited and Bank of Scotland.

AXA Investment Managers Limited have agreed to a rescheduling of all outstanding capital and interest over a period to May 2022.

Bank of Scotland Limited have agreed to the following:

- provision of an overdraft facility to the Club of £1.5 million to 31 August 2011,
- a rescheduling of all outstanding capital and interest on the Club's term loans over a period to 31 October 2013,
- a rescheduling of capital and interest on Kerrison Holdings Limited's term loan of £0.6 million over a period to 31 August 2011 or the earlier sale of non-core tangible fixed assets in the company,
- an indicative but non-binding letter confirming that they expect the Club's overdraft facility will be available until 30 November 2011 and that their present intentions are to support the Club beyond 30 November 2011,
- an indicative but non-binding letter confirming that, if the term loan in Kerrison Holdings Limited is still in existence at 31 August 2011, they expect the term loan to be available until 30 November 2011 and that their present intentions are to support Kerrison Holdings Limited beyond 30 November 2011.

Sale of land

On 27 October 2010, the group sold a parcel of land at Carrow Road, Norwich to Broadland Housing Association for £2.1 million.

On 27 October 2010, the Club also exchanged contracts with Broadland Housing Association for the sale of a further parcel of land at Carrow Road. Completion of this transaction is not expected until later in 2011 as it is subject to achieving planning permission.

Transfer of players' registrations

Since the year end the Club has acquired the registrations of players Elliott Ward, Steven Smith, David Fox, Andrew Surman, John Ruddy and Simeon Jackson.

The Club also sold the registrations of Michael Spillane to Brentford, Rhys Wiggins to Bournemouth and David Stephens to Hibernian.

The net cost of these transactions was £1.4 million.