

1947851

Middlesbrough Football & Athletic
Company (1986) Limited
Annual report and financial statements
for the period ended 30 June 2011

WEDNESDAY



A14NVB8I

A15

14/03/2012

#133

COMPANIES HOUSE

Middlesbrough Football & Athletic Company (1986) Limited
Annual report and financial statements
for the period ended 30 June 2011
Contents

Directors and advisers for the 18 month period ended 30 June 2011	1
Directors' report for the 18 month period ended 30 June 2011	2
Independent auditors' report to the members of Middlesbrough Football & Athletic Company (1986) Limited	6
Profit and loss account for the 18 month period ended 30 June 2011	8
Note of historical cost profits and losses for the 18 month period ended 30 June 2011	9
Balance sheet as at 30 June 2011	10
Statement of accounting policies	11
Notes to the financial statements for the period ended 30 June 2011	14

Middlesbrough Football & Athletic Company (1986) Limited

Directors and advisers for the 18 month period ended 30 June 2011

Directors

S Gibson

K Lamb

Company Secretary and registered office

A W Bage FCA

Riverside Stadium

Middlesbrough

TS3 6RS

Solicitors

The Endeavour Partnership LLP

Westminster

St Mark's Court

Teesdale Business Park

TS17 6QP

Sandersons

17 - 19 Parliament Street

Hull

HU1 2BH

Bankers

Barclays Bank Plc

Barclays House

71 Grey Street

Newcastle upon Tyne

NE99 1JP

Lloyds TSB Bank Plc

1st Floor

31 - 32 Park Row

Leeds

LS1 5JT

Independent auditors

PricewaterhouseCoopers LLP

Chartered Accountants and statutory auditors

89 Sandyford Road

Newcastle upon Tyne

NE1 8HW

Middlesbrough Football & Athletic Company (1986) Limited

Directors' report for the 18 month period ended 30 June 2011

The directors present their report and the audited financial statements of the Company for the period ended 30 June 2011. The Company's registered number is 1947851.

Principal activities

The principal activity of the Company is the operation of a professional football club.

Business review

During the period the company changed its year end to 30 June. The eighteen month period to 30 June 2011 covers the second half of the football season of 2009/10 and the whole of the season 2010/11. The previous twelve month period to December 2009 covered the second half of season 2008/09 and the first half of season 2009/10.

It was a big disappointment to suffer relegation from the Premier League in season 2008/09. However this has been followed with further disappointment when after two years of playing in the Football League Championship division the club finished mid-table in each season and failed to benefit from the on-field investment enabled by Premier League Parachute payments.

Relegation to the Championship saw a big reduction in the central distribution of TV income compared to the Premier League, although this is not clearly identified owing to the eighteen month accounting period.

Gate receipts have also declined with an average attendance in season 2010/11 of 16,400 compared to the relegation season 2008/09 of 28,400. We enjoyed a successful FA Cup campaign in season 2008/09 when we reached the 6th round whereas in the two seasons in the Championship we were knocked out in the 3rd round each season. Both of these changes have resulted in a considerable reduction in income season on season.

After the first two months of the 2010/11 season the Club changed the first team manager. Since this time on field results have improved and the Club is confident that this change has improved the chances for obtaining promotion to the Premier League in the medium term.

Overhead control and cost reduction featured heavily in the two seasons following relegation. Player wages have reduced season on season following transfer sales of players on expensive Premier League contracts. Administrative costs have also been reduced as operating procedures have been critically examined, but the benefit of these reductions has not been fully reflected in the accounts due to the need to cover the costs of notice periods in management and staff employment contracts. The full benefits will be seen in future years.

In the period to June 2011 player trading achieved profits from the sales of Adam Johnson, Brad Jones and David Wheeler. This followed the sales of Stewart Downing, Robert Huth and Tuncay Sanlı in the previous year.

After taxation the results for the period show a loss of £13,818,000 (2009 profit of £63,000).

Going Concern

The going concern basis of the company depends on funds from The Gibson O'Neill Company Limited, the ultimate parent undertaking, who have agreed to provide financial support to the Company for a period of at least the next 12 months.

Middlesbrough Football & Athletic Company (1986) Limited

Post Balance Sheet Events

Subsequent to the balance sheet date the company has disposed of Didier Digard and Leroy Lita for proceeds totalling £3,083,333. An impairment charge of £212,801 has been recognised to write down the carrying value of Didier Digard's registration as a result of his disposal.

Future Outlook

The Club will continue to keep control of operating costs which will be tailored to the value of income generated with the aim that as much income as possible is available for the manager to invest in the football team. The Club will continue to strive for promotion to the Premier League whether through automatic promotion or a place in the play-offs.

Principal risks and uncertainties

The management of the business and the execution of the Company's strategy are subject to a number of risks which principally occur around football, employees and finance related matters.

Football

The Company continually faces the risk of the team underperforming against crowd expectations which can have a significant impact on revenue streams and cash generation. The Company makes prudent financial planning assumptions with regards to match attendances and cup success.

Employees

The Company's performance depends largely on the team manager and his staff and players. The resignation or transfer of key individuals and the ability to recruit people with the right experience, skills and potential is a major key to performance. To manage these requirements the Company is constantly analysing its market place and has performance reviews together with performance related remuneration in place to retain key individuals.

Finance

The Company operates in a challenging business environment and market sector where revenue streams can fluctuate significantly depending upon team performance on the pitch and costs can be unrelated to income being generated. The Company continuously reviews the level of fixed costs incurred with a view to restricting unnecessary expense and matching costs to revenue streams.

Key Performance Indicators

Given the nature of the business the Company is of the opinion that analysis using KPIs is not necessary for an understanding of the development, performance or position of the business.

Financial Risk Management

The Company's operations expose it to a variety of financial risks that include the effects of changes in liquidity risk, foreign exchange risk and credit risk.

Liquidity risk

The Company manages its liquidity risk on a daily basis through cash monitoring and cash flow forecasting to ensure that it operates within the parameters of its financial plan incorporating support from The Gibson O'Neill Company Limited, the ultimate controlling party.

Foreign exchange risk

The Company is exposed to foreign exchange risk as a result of acquisition and disposal of player registrations. The risk is managed through a range of various hedging instruments.

Middlesbrough Football & Athletic Company (1986) Limited

Credit risk

The Company's credit risk is primarily attributable to its trade debtors. The amounts presented in the balance sheet are shown net of provisions for impairment where it is considered the Company will not be able to collect all amounts due. The Company considers it has no significant concentration of credit risk as its exposure is spread over a large number of customers.

Dividends

The directors do not recommend a payment of a dividend (2009 £Nil)

Directors

The directors of the Company during the period and up to the date of signing the financial statements, are listed below

S Gibson (Chairman)
K Lamb

Charitable donations

Charitable donations made in the period amounted to £2,900 (2009 £1,500). The Company provides match tickets, hospitality and autographed memorabilia for numerous charitable organisations, schools and youth teams in the local community. The Company also provided administrative resources to Middlesbrough Football Academy (Eston) Limited of £719,900 (2009 £nil). This is a registered charity which trades as Middlesbrough Football Club in the Community.

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 prepared 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, and
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements.

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.

Middlesbrough Football & Athletic Company (1986) Limited

Disclosure of information to auditors

Each of the persons who are a director at the date of approval of this report confirms that

- so far as the directors are aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the directors 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

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006

By order of the board



A W Bage FCA
Company Secretary

23 February 2012

Middlesbrough Football & Athletic Company (1986) Limited

Independent auditors' report to the members of Middlesbrough Football & Athletic Company (1986) Limited

We have audited the financial statements of Middlesbrough Football & Athletic Company (1986) Limited for the period ended 30 June 2011 which comprise the profit and loss account, the note of historical cost profits and losses, the balance sheet, the statement 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 and express an opinion on 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 Chapter 3 of Part 16 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. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

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 30 June 2011 and of its loss for the period 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 period for which the financial statements are prepared is consistent with the financial statements.

Middlesbrough Football & Athletic Company (1986) 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



Mark Webster (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Newcastle upon Tyne

23 February 2012

Middlesbrough Football & Athletic Company (1986) Limited

Profit and loss account for the period ended 30 June 2011

		18 month period to 30 June 2011 £'000	Year ended 31 December 2009 £'000
	Note		
Turnover	1	40,842	41,790
Cost of sales		(48,519)	(39,792)
Gross (loss)/profit		(7,677)	1,998
Administrative expenses before player amortisation		(9,254)	(4,863)
Player amortisation	2	(13,251)	(9,808)
Administrative expenses		(22,505)	(14,671)
Other operating income	5	171	114
Operating loss		(30,011)	(12,559)
Profit on sale of assets		84	-
Profit on sale of registrations		15,227	17,422
(Loss)/profit on ordinary activities before interest and taxation		(14,700)	4,863
Interest payable and similar charges	6	(4,047)	(5,196)
Loss on ordinary activities before taxation	7	(18,747)	(333)
Taxation on loss on ordinary activities	8	4,929	396
(Loss)/profit for the financial period	19	(13,818)	63

All of the Company's operations are continuing

There are no recognised gains or losses other than those included in the (losses)/profits above, therefore no separate statement of total recognised gains and losses has been presented

Middlesbrough Football & Athletic Company (1986) Limited

Note of historical cost profits and losses for the 18 month period ended 30 June 2011

	18 month period to 30 June 2011 £'000	Year ended 31 December 2009 £'000
Reported loss on ordinary activities before taxation	(18,747)	(333)
Difference between historical cost depreciation charge and actual depreciation charge for the period calculated on revalued amounts	778	519
Historical cost (loss)/profit on ordinary activities before taxation	(17,969)	186
Historical cost (loss)/profit for the year retained after taxation	(13,040)	582

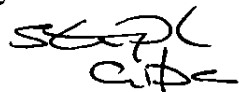
Middlesbrough Football & Athletic Company (1986) Limited

Balance sheet as at 30 June 2011

	Note	2011 £'000	2011 £'000	2009 £'000	2009 £'000
Fixed assets					
Intangible assets	9		10,712		11,300
Tangible assets	10		34,498		36,986
			45,210		48,286
Current assets					
Stocks	11	888		807	
Debtors (including £nil (2009 £nil) due after more than one year)	12	7,873		17,773	
Cash at bank and in hand		41		136	
		8,802		18,716	
Creditors: amounts falling due within one year	13	(64,171)		(56,911)	
Net current liabilities			(55,369)		(38,195)
Total assets less current liabilities			(10,159)		10,091
Creditors: amounts falling due after more than one year					
	14		59,141		63,779
Deferred income	16		1,068		1,239
Provisions for liabilities	17		2,304		3,927
			62,513		68,945
Capital and reserves					
Called-up share capital	18		1,056		1,056
Capital contribution	19		26,000		26,000
Revaluation reserve	19		17,642		18,420
Profit and loss account	19		(117,370)		(104,330)
Total shareholders' deficit	20		(72,672)		(58,854)
			(10,159)		10,091

The financial statements on pages 8 to 28 were approved by the board on 23 February 2012 and were signed on its behalf by

S Gibson
Director



Middlesbrough Football & Athletic Company (1986) Limited Registered Number 1947851

Middlesbrough Football & Athletic Company (1986) Limited

Statement of accounting policies

Basis of accounting

The financial statements have been prepared on the going concern basis under the historical cost convention, as modified by the revaluation of certain tangible fixed assets, and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom

The going concern basis of the Company depends on continued support from The Gibson O'Neill Company Limited, the ultimate parent undertaking, which has undertaken to provide financial support to the Company to the extent necessary for a period of at least the next 12 months

A summary of the more important accounting policies, which have been applied consistently, is set out below

Cash flow statement

Under FRS 1 "Cash flow statements" (revised 1996) the Company is exempt from the requirements to prepare a cash flow statement on the grounds that the ultimate parent undertaking includes the Company in its own published consolidated financial statements

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost, which is their purchase cost, together with any incidental costs of acquisition, or at valuation, less accumulated depreciation

Depreciation is calculated so as to write off the cost or valuation of tangible fixed assets less their estimated residual values on a straight line basis, over the expected useful economic lives of the assets concerned. The principal annual rates used for this purpose are

	%
Freehold land and buildings	2 - 7.5
Long leasehold land and buildings	2 - 10
Motor vehicles	25
Fixtures, fittings, plant and machinery	2 - 20

Freehold land is not depreciated

Finance leases

Leasing agreements which transfer to the Company substantially all the benefits and risks of ownership of an asset are treated as if the asset had been purchased outright. The assets are included in fixed assets and the capital element of the leasing commitment is shown as obligations under finance leases. The lease rentals are treated as consisting of capital and interest elements. The capital element is applied to reduce the outstanding obligations and the interest element is charged to the profit and loss account so as to give a constant periodic rate of charge on the remaining balance outstanding at each accounting period. Assets held under finance leases are depreciated over the shorter of the lease terms and the useful lives of equivalent owned assets.

Middlesbrough Football & Athletic Company (1986) Limited

Statement of accounting policies (continued)

Stocks

Stocks are stated at the lower of cost and net realisable value. Cost is determined on a first-in first-out basis. Net realisable value is the price at which stocks can be sold in the normal course of business after allowing for the costs of realisation. Provision is made where necessary for obsolete, slow moving and defective stocks.

Grants

Grants that relate to specific projects are treated as deferred income which is then credited to the profit and loss account over the related project's useful life. Other grants are credited to the profit and loss account when received.

Foreign currencies

Transactions in foreign currencies are translated at the rate ruling at the date of the transaction except where the rate of exchange is fixed by a relevant matching forward exchange contract. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. All exchange differences are taken to the profit and loss account in the year in which they arise.

Turnover

Turnover represents income receivable from the Company's principal activities, and is exclusive of value added tax and transfer fees in relation to registrations and contracts of employment. Matchday receipts are recognised over the period of the football season as games are played. The fixed element of broadcasting revenue is recognised over the duration of the football season whilst facility fees for additional live coverage are taken when earned. Merit awards are accounted for only when known at the end of the football season. Sponsorship and similar commercial income is recognised over the duration of the respective contracts.

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, except for certain exemptions which under FRS 19 "Deferred taxation" should not be recognised.

A net deferred tax asset is regarded 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 from which the future reversal of the underlying timing differences can be deducted.

Deferred taxation is measured on a non-discounted basis at the tax rates that are expected to apply in the period in which timing differences reverse, based on taxation rates and law enacted or substantially enacted at the balance sheet date.

Middlesbrough Football & Athletic Company (1986) Limited

Statement of accounting policies (continued)

Compensation and loan fees

The costs associated with the acquisition of players' registrations are capitalised as intangible fixed assets. These costs are fully amortised over the period of the respective players' initial contract. Where a playing contract is extended, the unamortised balance at the date of the amendment, together with any new costs associated with the extension is amortised over the remaining revised contract life. Provision is made for any impairment and player registrations are written down for impairment when the carrying value exceeds the amount recoverable through use or sale of the relevant income generating unit. Provision is also made for the onerous element of players' contracts where a player's registration is impaired.

Where a part of the consideration payable on acquiring a player's registration is contingent upon a future event, the amount of the consideration is recognised once the event occurs and is amortised from the date of the event. The total amount which is currently considered possible is disclosed in note 23.

Profit or losses on the sale of registrations represent the compensation or loan fees receivable, net of any transaction costs, less the amortised cost of the registrations.

Pension costs

The Company 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").

Under the provisions of FRS 17 "Retirement Benefits" 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 and consistent basis and, accordingly, no disclosures are made under the provisions of FRS 17. Contributions are made as advised by the scheme actuary.

The Company also provides access to stakeholder pension plans for employees. The employer's contributions are charged to the profit and loss account in the year in which the liability to pay arises.

Financial instruments

The Company uses derivative financial instruments to hedge its exposure to fluctuations in interest and foreign exchange rates. The instruments used to hedge future exposures are interest rate swaps and forward currency contracts.

Receipts and payments on interest rate instruments are recognised as adjustments to the interest expense in the year. Gains and losses on foreign currency hedges are recognised on maturity of the underlying transactions.

Middlesbrough Football & Athletic Company (1986) Limited

Notes to the financial statements for the 18 month period ended 30 June 2011

1 Turnover

Turnover is generated entirely from the Company's principal activity in the United Kingdom and is analysed as follows

	18 month period to 30 June 2011 £'000	Year ended 31 December 2009 £'000
Gate receipts	6,799	6,996
Cup competitions	207	1,861
Sponsorship & commercial	5,819	5,308
Broadcasting	26,078	25,332
Merchandising	1,939	2,293
Total turnover	40,842	41,790

2 Player amortisation

Administrative expenses include the following amounts

	18 month period to 30 June 2011 £'000	Year ended 31 December 2009 £'000
Amortisation of transfer fees	12,288	9,535
Impairment in player values (note 9)	213	273
Amortisation of loan fee	750	-
Total amortisation	13,251	9,808

Middlesbrough Football & Athletic Company (1986) Limited

3 Directors' emoluments

	18 month period to 30 June 2011 £'000	Year ended 31 December 2009 £'000
Aggregate emoluments	381	20

The number of directors who are accruing benefits under the defined contribution scheme is 1 (2009 1)

Included above are the following amounts paid to the highest paid director

	18 month period ended 30 June 2011 £
Highest paid director	
Aggregate emoluments	349
Contributions to money purchase pension schemes	32
	381

4 Employee information

The average monthly number of persons (including executive directors) employed by the Company during the period was

By activity	18 month period to 30 June 2011 £'000	Year ended 31 December 2009 £'000
Playing staff	58	54
Other staff	98	112
	156	166

	18 month period to 30 June 2011 £'000	Year ended 31 December 2009 £'000
Staff costs (for the above persons)		
Wages and salaries	36,324	27,704
Social security costs	4,475	3,391
Other pension costs (see note 22)	139	108
	40,938	31,203

Middlesbrough Football & Athletic Company (1986) Limited

5 Other operating income

	18 month period to 30 June 2011 £'000	Year ended 31 December 2009 £'000
Release of deferred grant income	171	114

6 Interest payable and similar charges

	18 month period to 30 June 2011 £'000	Year ended 31 December 2009 £'000
On bank loans and overdrafts	3,991	5,134
On finance leases	56	62
	4,047	5,196

7 Loss on ordinary activities before taxation

	18 month period to 30 June 2011 £'000	Year ended 31 December 2009 £'000
Loss on ordinary activities before taxation is stated after charging/(crediting)		
Depreciation charge for the period		
- tangible owned fixed assets	2,393	1,634
- tangible fixed assets held under finance leases	185	142
Amortisation of intangible fixed assets	13,251	9,808
Auditors' remuneration for		
- audit services	48	37
- other services to the Company – other services relating to taxation	53	130
Amortisation of deferred grant	(171)	(114)

Middlesbrough Football & Athletic Company (1986) Limited

8 Taxation on loss on ordinary activities

(a) Analysis of credit in the period

	18 month period to 30 June 2011 £'000	Year ended 31 December 2009 £'000
Current tax		
Group relief	(3,306)	(229)
Group relief - adjustments in respect of prior years	-	(54)
Total current tax	(3,306)	(283)
Deferred tax		
Origination and reversal of timing differences	(1,342)	431
Adjustments in respect of prior years	(281)	(544)
Total deferred tax	(1,623)	(113)
Taxation on loss on ordinary activities	(4,929)	(396)

(b) Factors affecting tax credit for the period

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

	18 month period to 30 June 2011 £'000	Year ended 31 December 2009 £'000
Loss on ordinary activities before taxation	(18,747)	(333)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 28% (2009 28%)	(5,165)	(93)
<i>Effects of</i>		
Net (income not taxable) / expenses not deductible for tax	(3,868)	295
Accelerated capital allowances	(137)	(182)
Capital transactions	11	-
Other timing differences	1,565	(249)
Group relief surrendered not paid	4,288	-
Adjustments to tax charges in respect of prior years	-	(54)
Current tax credit for the period	(3,306)	(283)

Middlesbrough Football & Athletic Company (1986) Limited

8 Taxation on loss on ordinary activities (continued)

(c) Factors that may affect future tax charges

No provision has been made for deferred tax on unrealised revaluation gains. Such tax would become payable only if the gains were realised by sale of the revalued assets. The amount unprovided in this respect is £2,860,000 (2009: £3,080,000).

9 Intangible assets

	Transfer fees paid for players' contracts £'000
Cost	
At 1 January 2010	33,760
Additions	13,708
Disposals	(14,623)
At 30 June 2011	32,845
Accumulated amortisation	
At 1 January 2010	22,460
Charge for the period	12,501
Disposals	(12,828)
At 30 June 2011	22,133
Net book amount	
At 30 June 2011	10,712
At 31 December 2009	11,300

Included in amortisation charge for the period is an impairment charge of £212,801 relating to the write down of the registration of Didier Digard. The player was released on a free transfer post period end and an impairment charge was booked to fully impair his carrying value as at 30 June 2011.

Middlesbrough Football & Athletic Company (1986) Limited

10 Tangible assets

	Freehold land and buildings £'000	Long leasehold land and buildings £'000	Motor vehicles £'000	Fixtures, fittings, plant and machinery £'000	Total £'000
Cost or valuation					
At 1 January 2010	91	42,435	43	3,699	46,268
Additions	-	75	-	121	196
Disposals	(91)	-	(18)	(43)	(152)
At 30 June 2011	-	42,510	25	3,777	46,312
Accumulated depreciation					
At 1 January 2010	-	6,566	43	2,673	9,282
Charge for the period	-	2,203	-	375	2,578
Disposals	-	-	(18)	(28)	(46)
At 30 June 2011	-	8,769	25	3,020	11,814
Net book amount					
At 30 June 2011	-	33,741	-	757	34,498
At 31 December 2009	91	35,869	-	1,026	36,986

Cumulative finance costs capitalised included in the total cost above amounts to £483,000 (2009 £483,000)

Included in the net book amount of fixtures, fittings, plant and machinery is an amount of £882,000 (2009 £1,067,000) in respect of assets held under finance leases

Leasehold properties were valued at 30 June 2010 by Sanderson Weatherall Limited, Chartered Surveyors, in accordance with the Appraisal and Valuation Manual of the Royal Institution of Chartered Surveyors in the United Kingdom. The Riverside Stadium and the training headquarters were valued on a depreciated replacement cost basis and other properties were valued on an open market value basis

Middlesbrough Football & Athletic Company (1986) Limited

10 Tangible assets (continued)

Analysis of long leasehold land and buildings at cost or valuation

	30 June 2011	31 December 2009
	£'000	£'000
At cost	1,510	1,435
At valuation	41,000	41,000
	42,510	42,435

If long leasehold land and buildings had not been revalued, they would have been included at the following amounts

	30 June 2011	31 December 2009
	£'000	£'000
Cost	29,352	29,347
Aggregate depreciation	(12,449)	(11,898)
Net book amount	16,903	17,449

11 Stocks

	30 June 2011	31 December 2009
	£'000	£'000
Goods for resale	888	807

12 Debtors

	30 June 2011	31 December 2009
	£'000	£'000
Trade debtors	769	664
Amounts owed by group undertakings	100	9
Compensation and loan fees receivable	667	464
Other debtors	4,978	15,754
Prepayments and accrued income	1,359	882
	7,873	17,773

Amounts owed by group undertakings are repayable on demand, unsecured and interest free

Middlesbrough Football & Athletic Company (1986) Limited

13 Creditors: amounts falling due within one year

	30 June 2011	31 December 2009
	£'000	£'000
Bank loans and overdrafts (see note 14)	20,585	16,627
Other loans (see note 14)	-	30
Trade creditors	2,322	2,192
Amounts owed to group undertakings	20,468	4,809
Obligations under finance leases (see note 14)	50	135
Compensation and loan fees payable	8,826	6,560
Taxation and social security payable	2,564	1,542
Other creditors	2,660	12,511
Deferred income	3,269	7,167
Accruals	3,427	5,338
	64,171	56,911

Amounts owed to group undertakings are repayable on demand, unsecured and are interest free

Bank loans and overdrafts includes £143,000 (2009 £230,000) in respect of issue costs which are being amortised over the life of the loan

14 Creditors: amounts falling due after more than one year

	30 June 2011	31 December 2009
	£'000	£'000
Bank loans and overdrafts	7,077	12,615
Other loans	-	429
Amounts owed to group undertakings	50,000	50,000
Obligations under finance leases	-	120
Compensation and loan fees payable	813	368
Other creditors	1,251	247
	59,141	63,779

Middlesbrough Football & Athletic Company (1986) Limited

14 Creditors: amounts falling due after more than one year (continued)

Bank loans and overdrafts and other loans – maturity analysis

	30 June 2011 £'000	31 December 2009 £'000
Repayable as follows		
In one year or less	20,728	16,887
Between one and two years	3,692	3,722
Between two and five years	3,385	9,240
In more than five years	-	82
Total borrowings	27,805	29,931
Unamortised issue costs	(144)	(230)
Total borrowings net of issue costs	27,661	29,701

- (a) Bank loans and overdrafts include amounts of £27,805,000 (2009 £29,472,000) which are secured by fixed and floating charges over the assets of the Company. Subsequent to the period end The Gibson O'Neill Group has re-financed and as a result the Company's external debt has been paid off and replaced with intercompany debt.
- (b) Other loans include amounts of £nil (2009 £82,000) which are secured by fixed charges over the assets of the Company.
- (c) The interest rates applicable to the above loans and overdrafts are 1.5% and 2% above LIBOR and 1.25% and 1.7% above base rate.

Creditors repayable in more than five years

	30 June 2011 £'000	31 December 2009 £'000
Analysis of bank loans and other loans		
Secured building society loans	-	82

Middlesbrough Football & Athletic Company (1986) Limited

14 Creditors: amounts falling due after more than one year (continued)

Finance leases

The minimum net finance lease obligations to which the Company is committed are

	30 June 2011 £'000	31 December 2009 £'000
In one year or less	50	135
Between one and five years	-	120
	50	255

15 Financial instruments

Fair value	30 June 2011 £'000	31 December 2009 £'000
Interest rate swaps	(742)	(743)

Interest rate swaps are derivative financial instruments held to hedge the interest rate risk of £7.8 million (2009: £10 million) of the loan debt.

16 Deferred income

	£'000
Grants	
At 1 January 2010	1,239
Amortised in period	171
At 30 June 2011	1,068

The grants relate to Football Trust grants provided for the development of disabled and community facilities within the stadium.

Middlesbrough Football & Athletic Company (1986) Limited

17 Provisions for liabilities

The amounts provided for deferred taxation are as follows

	30 June 2011 £'000	31 December 2009 £'000
Accelerated capital allowances	1,322	1,286
Short term timing differences	982	2,641
	2,304	3,927
At 1 January 2010		3,927
Credited to the profit and loss account (note 8)		(1,623)
At 30 June 2011		2,304

The liabilities not recognised for deferred taxation are

	30 June 2011 £'000	31 December 2009 £'000
Capital gains/revaluations	2,860	3,080

In addition to the changes in rates of Corporation tax disclosed within the note on taxation a number of further changes to the UK Corporation tax system were announced in the March 2011 UK Budget Statement. Legislation to reduce the main rate of corporation tax from 26% to 25% from 1 April 2012 was substantively enacted on 5 July 2011. Further reductions to the main rate are proposed to reduce the rate by 1% per annum to 23% by 1 April 2014. These further changes had not been substantively enacted at the balance sheet date and, therefore, are not included in these financial statements.

The effect of the changes enacted on 5 July 2011 is to reduce the deferred tax liability provided at the balance sheet date by £88,611. This £88,611 decrease in the deferred tax liability would increase profit by £88,611. This decrease in the deferred tax liability is due to the reduction in the corporation tax rate from 26% to 25% with effect from 1 April 2012.

The proposed reductions of the main rate of corporation tax by 1% per year to 23% by 1 April 2014 are expected to be enacted separately each year. The overall effect of the further changes from 25% to 23%, if these applied to the deferred tax balance at the balance sheet date, would be to reduce the deferred tax liability by £177,222 (being £88,611 recognised in 2013 and £88,611 recognised in 2014).

Middlesbrough Football & Athletic Company (1986) Limited

18 Called-up share capital

	30 June 2011	31 December 2009
	£'000	£'000
Authorised		
2,000,000 ordinary shares of £1 each	2,000	2,000
Allotted and fully paid		
1,056,000 ordinary shares of £1 each	1,056	1,056

19 Reserves

	Capital contribution	Revaluation reserve	Profit and loss account
	£'000	£'000	£'000
At 1 January 2010	26,000	18,420	(104,330)
Loss for the financial period	-	-	(13,818)
Transfer	-	(778)	778
At 30 June 2011	26,000	17,642	(117,370)

20 Reconciliation of movement in shareholders' deficit

	30 June 2011	31 December 2009
	£'000	£'000
Opening shareholders' deficit	(58,854)	(58,917)
(Loss)/profit for the financial period	(13,818)	63
Closing shareholders' deficit	(72,672)	(58,854)

21 Related party transactions

The Company has taken advantage of the exemption permitted under FRS 8, Related Party Transactions, not to disclose transactions with other group companies

Middlesbrough Football & Athletic Company (1986) Limited

22 Pension and similar commitments

The Company is a participating employer in the Football League Limited Pension and Life Assurance Scheme ("the Scheme") Accrual of benefits under a final salary basis was suspended with effect from 31 August 1999 following an actuarial review which revealed a substantial deficit

As one of a number of participating employers the Company is unable to identify its share of the assets and liabilities of the Scheme and therefore accounts for its contributions as if they were paid to a defined contribution scheme The Company is advised only of its share of the deficit in the Scheme and the contributions required to make good the deficit

The current deficit, based on the latest actuarial valuation at 31 August 2009, is being paid off over a period of 10 years from September 2009 The creditor as at 30 June 2011 amounts to £28,644 (2009 £28,644) due within one year and £104,161 (2009 £147,127) due after more than one year

The Company also provides access to stakeholder pension plans for employees The employer's contributions are charged to the profit and loss account in the year in which the liability to pay arises

The total pension cost for the Company was £139,000 (2009 £108,000) The balance accrued at 30 June 2011 £25,284 (2009 £102,141)

23 Contingent liabilities and assets

Under the terms of certain contracts for the purchase of players' registrations, future payments may be due to third parties, dependent upon the success of the team or individual players At the balance sheet date the maximum contingent liability was £1,030,619 (2009 £1,800,000)

Any additional fees which may become payable or receivable under these agreements will be accounted for in the year that the event occurs

24 Post balance sheet events

Subsequent to the year end the Company has disposed of players' registrations for proceeds totalling £3,083,333 million An impairment charge of £212,801 has been recognised to write down the carrying value of players' registrations as a result of these disposals

During February 2012, as a result of the re-financing exercise performed by The Gibson O'Neill Group, all external debt was re-paid and replaced with intercompany loans

Middlesbrough Football & Athletic Company (1986) Limited

25 Immediate and ultimate parent undertaking

The immediate parent undertaking is Middlesbrough Football & Athletic Company Holdings Limited

The ultimate parent undertaking is The Gibson O'Neill Company Limited, a Company registered in England and Wales

The Gibson O'Neill Company Limited is the parent undertaking of the smallest and largest group of undertakings to consolidate these financial statements at 30 June 2011. The consolidated financial statements of The Gibson O'Neill Company Limited are available from the Company secretary at Brignell Road, Riverside Park Industrial Estate, Middlesbrough, TS2 1PS

26 Ultimate controlling party

Mr S Gibson, Chairman of the Company, is the ultimate controlling party by virtue of his 75% holding in the shares of The Gibson O'Neill Company Limited, the ultimate parent undertaking