

**ASTON VILLA FC LIMITED**

**Report and Financial Statements**

**31 May 2005**



# **ASTON VILLA FC LIMITED**

## **REPORT AND FINANCIAL STATEMENTS 2005**

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# **ASTON VILLA FC LIMITED**

## **REPORT AND FINANCIAL STATEMENTS 2005**

### **OFFICERS AND PROFESSIONAL ADVISERS**

#### **DIRECTORS**

H D Ellis (Chairman)  
S M Stride  
D M Owen (non-executive)  
A J Hales (non-executive)  
P D Ellis (non-executive)

#### **SECRETARY**

Mrs M Stringer

#### **REGISTERED OFFICE**

Villa Park  
Trinity Road  
Birmingham  
B6 6HE

#### **AUDITORS**

Deloitte & Touche LLP  
Chartered Accountants  
Birmingham

# **ASTON VILLA FC LIMITED**

## **DIRECTORS' REPORT**

The directors present their annual report and the audited financial statements for the year ended 31 May 2005.

### **PRINCIPAL ACTIVITIES**

The company is engaged in the activities of football and football management.

### **REVIEW OF THE BUSINESS**

The turnover for the year is determined by reference to a trading agreement with another group company. The result is consistent with the directors' expectations and this is expected to continue in the future.

### **POST BALANCE SHEET EVENT**

Since the balance sheet date various players have been bought and sold. The net cost of these transfers taking into account the applicable levies, is £10.0 million. These transfers will be accounted for in the year ending 31 May 2006.

### **DIVIDENDS AND TRANSFERS TO RESERVES**

The directors do not recommend the payment of a dividend. The loss for the year of £574,904 (2004 – £530,271) has been transferred from reserves.

### **DIRECTORS AND DIRECTORS' INTERESTS**

The directors who served during the year were as follows:

H D Ellis (Chairman)  
S M Stride  
D M Owen  
A.J Hales  
P D Ellis  
B D Langham (resigned 30 June 2005)

None of the directors had any interest in the share capital of the company during the year. Directors' interests in the parent undertaking, Aston Villa PLC, are disclosed in the financial statements of that company.

In accordance with the Articles of Association Mr D M Owen retires as a director of the company and, being eligible, offers himself for re-election

### **AUDITORS**

A resolution to re-appoint Deloitte & Touche LLP as the Company's auditor will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors  
and signed on behalf of the Board on 8 March 2006



Mrs M Sringer

Secretary

**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

United Kingdom company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company as at the end of the financial year and of the profit or loss of the company for that period. In preparing those 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 accounting standards have been followed
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. 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.

## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ASTON VILLA FC LIMITED**

We have audited the financial statements of Aston Villa FC Limited for the year ended 31 May 2005 which comprise the profit and loss account, the balance sheet and the related notes 1 to 21. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. 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 auditors' 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 auditors**

As described in the statement of directors' responsibilities, the company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and auditing standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the directors' report for the above year and consider the implications for our report if we become aware of any apparent misstatements.

### **Basis of audit opinion**

We conducted our audit in accordance with United Kingdom auditing standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion, we also evaluated the overall adequacy of the presentation of information in the financial statements.

### **Opinion**

In our opinion, the financial statements give a true and fair view of the state of the company's affairs as at 31 May 2005 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*Deloitte & Touche LLP*

**Deloitte & Touche LLP**  
Chartered Accountants and Registered Auditors  
Birmingham

*15 March 2006*

# ASTON VILLA FC LIMITED

## PROFIT AND LOSS ACCOUNT

Year ended 31 May 2005

	Note	Operations excluding player amortisation and trading £	Player amortisation and trading £	Total 2005 £	Total 2004 £
<b>TURNOVER</b>	2	33,230,500	-	33,230,500	46,824,801
Operating expenses	4	(26,483,743)	(6,546,596)	(33,030,339)	(41,721,700)
<b>OPERATING PROFIT</b>		6,746,757	(6,546,596)	200,161	5,103,101
Loss on disposal of players		-	(775,065)	(775,065)	(5,610,583)
<b>LOSS ON ORDINARY ACTIVITIES BEFORE INTEREST AND TAXATION</b>		<u>6,746,757</u>	<u>(7,321,661)</u>	(574,904)	(507,482)
Interest receivable and similar charges – other				-	9,935
<b>LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION</b>				(574,904)	(497,547)
Tax charge on loss on ordinary activities	5			-	(32,724)
<b>LOSS FOR THE YEAR</b>	14			<u>(574,904)</u>	<u>(530,271)</u>

All activities derive from continuing operations.

There are no recognised gains and losses other than the loss for the current and the preceding financial year. Accordingly, no statement of recognised gains and losses is given.

# ASTON VILLA FC LIMITED

## BALANCE SHEET 31 May 2005

	Note	£	2005 £	£	2004 £
<b>FIXED ASSETS</b>					
Intangible assets	6		14,832,935		14,481,895
Tangible assets	7		55,737		16,252
Investments	8		1		1
			<u>14,888,673</u>		<u>14,498,148</u>
<b>CURRENT ASSETS</b>					
Debtors	9	5,546,570		4,870,606	
<b>CREDITORS: amounts falling due within one year</b>	10	<u>(14,310,910)</u>		<u>(13,227,755)</u>	
<b>NET CURRENT LIABILITIES</b>			<u>(8,764,340)</u>		<u>(8,357,149)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			6,124,333		6,140,999
<b>CREDITORS: amounts falling due after more than one year</b>	11		(1,455,738)		(897,500)
Provision for liabilities and charges	12		-		-
			<u>4,668,595</u>		<u>5,243,499</u>
<b>CAPITAL AND RESERVES</b>					
Called up share capital	13		2,000,000		2,000,000
Profit and loss account	14		2,668,595		3,243,499
<b>EQUITY SHAREHOLDERS' FUNDS</b>	15		<u>4,668,595</u>		<u>5,243,499</u>

These financial statements were approved by the Board of Directors on 8 March 2006

Signed on behalf of the Board of Directors



H.D. ELLIS

Director



**NOTES TO THE FINANCIAL STATEMENTS**

**Year ended 31 May 2005**

**1. ACCOUNTING POLICIES**

The financial statements are prepared in accordance with applicable United Kingdom accounting standards. The particular accounting policies adopted are detailed below.

**Basis of accounting**

The financial statements set out in this report have been prepared under the historical cost convention and in accordance with applicable United Kingdom accounting standards.

**Turnover**

Turnover represents all income arising from the ordinary activities of the company excluding transfer fees and excludes value added tax.

**Intangible fixed assets**

The cost of players' registrations is capitalised and amortised over the period of the respective players' contracts in accordance with Financial Reporting Standard 10 (accounting for goodwill and intangible assets).

**Depreciation**

Depreciation is calculated on a straight line basis to write down the cost of fixed assets to their estimated residual value over their anticipated useful lives at the following annual rates:

Ground and office equipment	10% - 33%
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**Signing-on fees**

Signing-on fees payable to players are charged, as part of operating expenses, to the profit and loss account over the period of the player's contract. Where a player's registration is transferred any signing-on fees payable in respect of future periods is charged against profit or loss on disposal.

**Deferred taxation**

Deferred taxation is provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements. Deferred tax assets and liabilities are not discounted.

**Pension contributions**

The pension cost charged in the year represents contributions payable by the group to various pension schemes.

**Cash flow**

Aston Villa FC Limited are exempt from preparing a cash flow statement under Financial Reporting Standard 1 on the basis that its immediate parent company, Aston Villa plc, prepares a consolidated cash flow statement.

**2. TURNOVER**

All turnover has been generated from activities in the United Kingdom.

# ASTON VILLA FC LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 May 2005

### 3. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

	2005 £	2004 £
<b>Directors' emoluments</b>	Nil	Nil
The directors are employed and remunerated by Aston Villa PLC. They do not receive any remuneration specifically for their services as directors of the Company.		
	No	No
<b>Average number of persons employed</b>		
Directors, players, manager and coaches	96	100
	2004 £	2003 £
<b>Staff costs during the year</b>		
Wages and salaries	23,286,353	25,101,917
Social security costs	2,419,526	3,057,160
Pension costs	367,048	476,243
	26,072,927	28,635,320

### 4. OPERATING EXPENSES

	2005 £	2004 £
<b>Comprise:</b>		
Staff costs (note 3)	26,072,927	28,635,320
Auditors remuneration: audit services	6,000	5,000
non audit services	6,000	5,000
Depreciation	10,954	3,389
Amortisation	6,546,596	12,211,297
Depreciation and other amounts written off tangible and intangible fixed assets	6,557,550	12,214,686
Other operating charges	387,862	861,694
	33,030,339	41,721,700

**NOTES TO THE FINANCIAL STATEMENTS**  
**Year ended 31 May 2005**

**5. TAX CHARGE ON LOSS ON ORDINARY ACTIVITIES**

**i) Analysis of tax charge on ordinary activities**

	<b>2005</b>	<b>2004</b>
	<b>£</b>	<b>£</b>
<b>Current tax:</b>		
United Kingdom corporation tax at 30% (2004 – 30%) based on the profit for the year:		-
Adjustment in respect of prior years	-	32,724
	<u>-</u>	<u>32,724</u>
Total current taxation (note ii)	-	32,724
<b>Deferred tax:</b>		
Timing differences, origination and reversal	37,349	-
Adjustments in respect of prior periods	(37,349)	-
	<u>-</u>	<u>32,724</u>
	<u><u>-</u></u>	<u><u>32,724</u></u>

**ii) Factors affecting the current tax charge for the period:**

The tax assessed for the period is different from that resulting from applying the standard rate of corporation tax in the UK of 30% for both years. The differences are explained below:

	<b>2005</b>	<b>2004</b>
	<b>£</b>	<b>£</b>
Loss on ordinary activities before tax	(574,904)	(497,547)
Tax at 30% thereon	(172,471)	(149,264)
Factors affecting change:		
- Expenses not deductible for tax purposes	3,000	5,849
- Capital allowances in excess of depreciation	3,286	(916)
- Other deferred tax movements	-	702
- Tax losses not recognised	166,185	142,129
- Group relief not paid for	-	1,500
- Adjustments in respect of prior years	-	32,724
	<u>-</u>	<u>32,724</u>
Current tax charge for the period	<u><u>-</u></u>	<u><u>32,724</u></u>

# ASTON VILLA FC LIMITED

## NOTES TO THE FINANCIAL STATEMENTS Year ended 31 May 2005

### 6. INTANGIBLE FIXED ASSETS

	£
<b>Cost</b>	
At 1 June 2004	41,646,806
Additions in year	10,069,719
Disposals in year	<u>(14,803,049)</u>
At 31 May 2005	<u>36,913,476</u>
<b>Amortisation</b>	
At 1 June 2004	27,164,911
Charge for the year	6,546,596
Eliminated on disposal	<u>(11,630,966)</u>
At 31 May 2005	<u>22,080,541</u>
<b>Net book value</b>	
At 31 May 2005	<u>14,832,935</u>
At 31 May 2004	<u>14,481,895</u>

### 7. TANGIBLE FIXED ASSETS

	Ground and office equipment £
<b>Cost</b>	
At 1 June 2004	101,862
Additions in year	<u>50,439</u>
At 31 May 2005	<u>152,301</u>
<b>Accumulated depreciation</b>	
At 1 June 2004	85,610
Charge for the year	<u>10,954</u>
At 31 May 2005	<u>96,564</u>
<b>Net book value</b>	
At 31 May 2005	<u>55,737</u>
At 31 May 2004	<u>16,252</u>

### 8. INVESTMENTS

The company holds one £1 (2004 – £1) share in the FA Premier League Limited which represents 5% of the total holding.

# ASTON VILLA FC LIMITED

## NOTES TO THE FINANCIAL STATEMENTS Year ended 31 May 2005

### 9. DEBTORS

	2005 £	2004 £
Trade debtors	1,077,557	401,593
Amounts due from parent company	4,469,013	4,469,013
	<u>5,546,570</u>	<u>4,870,606</u>

### 10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2005 £	2004 £
Trade creditors	6,287,067	5,166,044
Amounts due to fellow subsidiaries	4,811,680	5,126,473
Other taxation and social security	3,212,163	2,935,238
	<u>14,310,910</u>	<u>13,227,755</u>

### 11. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2005 £	2004 £
Trade creditors		
Falling due in more than one year but less than two years	1,171,899	884,000
Falling due in more than two years but less than five years	205,919	13,500
Falling due in more than five years	77,920	-
	<u>1,455,738</u>	<u>897,500</u>

# ASTON VILLA FC LIMITED

## NOTES TO THE FINANCIAL STATEMENTS Year ended 31 May 2005

### 12. PROVISIONS FOR LIABILITIES AND CHARGES

	2005 £	2004 £
<b>Deferred taxation</b>		
Balance at 1 June	-	-
Transferred to the profit and loss account – current year	(37,349)	-
– prior year	37,349	-
	<u>-</u>	<u>-</u>
Balance at 31 May	-	-
The total liability comprises as follows:		
	2005 £	2004 £
Accelerated capital allowances	-	-
Amortisation of intangible assets	-	-
	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>

A deferred tax asset has not been recognised in respect of timing differences relating to capital allowances and tax trading losses as there is insufficient evidence that the asset will be recovered. The amount of the asset not recognised is £884,048 (2004: £677,228). The asset would be recovered if sufficient taxable trading profits arose in the future.

### 13. CALLED UP SHARE CAPITAL

	2005 £	2004 £
<b>Authorised</b>		
2,000,000 Ordinary shares of £1 each	<u>2,000,000</u>	<u>2,000,000</u>
<b>Called up, allotted and fully paid</b>		
2,000,000 Ordinary shares of £1 each	<u>2,000,000</u>	<u>2,000,000</u>

### 14. PROFIT AND LOSS ACCOUNT

	£
Balance at 1 June 2004	3,243,499
Loss for the year	<u>(574,904)</u>
Balance at 31 May 2005	<u>2,668,595</u>

# ASTON VILLA FC LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 May 2005

### 15. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2005 £	2004 £
Opening shareholders' funds	5,243,499	5,773,770
Loss for the financial year	(574,904)	(530,271)
Closing shareholders' funds	<u>4,668,595</u>	<u>5,243,499</u>

### 16. CAPITAL COMMITMENTS

There were no capital commitments contracted for but not provided at 31 May 2005 (2004 - £Nil).

### 17. CONTINGENT LIABILITIES

The terms of certain contracts with other football clubs in respect of players' transfers include the payment of additional amounts upon fulfilment of specific conditions in the future. The maximum amount that could be payable is £2,224,000 (2004: £3,737,000).

### 18. PENSIONS

Contributions are paid into individuals' private pension schemes. Total contributions charged during the year amounted to £367,048 (2004 - £476,243).

### 19. ULTIMATE PARENT COMPANY

The directors consider Aston Villa plc, registered in England and Wales, to be the company's controlling party and the only parent undertaking for which group accounts are drawn up. Copies of those group financial statements have been delivered to, and are available from, The Registrar of Companies, Companies House, Crown Way, Cardiff, CF14 3UZ.

### 20. RELATED PARTY TRANSACTIONS

In accordance with Financial Reporting Standard 8, the company has not disclosed transactions with investee companies in the group as the company's results are consolidated into the financial statements of Aston Villa plc which are publicly available.

### 21. POST BALANCE SHEET EVENT

Since the balance sheet date various players have been bought and sold. The net cost of these transfers, taking into account the applicable levies, is £10.0 million. These transfers will be accounted for in the year ending 31 May 2006.