

Aston Villa FC Limited

Directors' report and financial statements
for the year ended 31 May 2012

Registered number 2502822

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Aston Villa FC Limited

Directors' report and financial statements for the year ended 31 May 2012

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Aston Villa FC Limited

Directors and advisors for the year ended 31 May 2012

Directors

Mr R Russell
Mr P Faulkner

Company Secretary

Mr R Russell

Registered office

Villa Park
Trinity Road
Birmingham
B6 6HE

Independent auditors

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Cornwall Court
19 Cornwall Street
Birmingham
B3 2DT

Aston Villa FC Limited

Directors' report for the year ended 31 May 2012

The directors present their annual report on the affairs of the company, together with the audited financial statements of the company for the year ended 31 May 2012

Principal activities

The company is engaged in the activities of football and football management and there has been no significant change therein during the year

Business review

The season culminated in a final league place of 16th compared to the previous season where a 9th place finish was achieved

Turnover for the year amounted to £63,848,321 (2011 £95,555,700), and is, in the main, determined by reference to a trading agreement with another group company. Administrative expenses amounted to £71,135,126 (2011 £88,483,123)

Amounts totalling £18,594,517 (2011 £41,098,818) were invested in the acquisition of the registrations of new players during the two transfer windows. These costs, which include not only the transfer fee payable but also the associated costs of acquiring the registration, are capitalised and amortised over the term of the respective player's contract. Amortisation charged to the profit and loss account in the current year was £25,700,674 compared to £32,389,562 in the previous year. The carrying value of players' registrations at 31 May 2012 was £46,588,732 (2011 £67,126,672)

The profit on disposal of players' registration, calculated by deducting the carrying value of the player and any sale costs from the sales proceeds, was £26,905,531 for the current year (2011 £18,832,354). The profit from conditions to be fulfilled at a later date is taken when the condition is met.

The loss for the financial year amounting to £5,917,573 (2011 £6,410,297) has been deducted from reserves. Net liabilities at the year-end were £20,248,352 (2011 £14,330,779). The directors believe that preparing the accounts on the going concern basis is appropriate due to the continued financial support of the ultimate parent company, Reform Acquisitions LLC. The directors have received confirmation that Reform Acquisitions LLC intend to support the company for at least one year after these financial statements are signed.

The directors do not recommend the payment of a final dividend which results in no dividend being paid for the year (2011 £nil)

Principal risks and uncertainties

The acquisition of players and their related payroll costs are deemed the core activity risk and, whilst assisting the manager in improving the playing squad, the directors are mindful of the pitfalls that are inherent in this area of the business. Risks are also reported on by the FA Premier League at meetings including representatives of other League clubs, and Aston Villa Football Club management regularly hold meetings.

Aston Villa FC Limited

Directors' report for the year ended 31 May 2012 (continued)

Key performance indicators (KPIs)

As a wholly owned subsidiary of the Reform Acquisitions Limited (RAL) group, the directors do not consider that there are any informative KPIs for the company. A description of KPIs for the RAL group is included in the RAL directors' report.

Financial risk management

The company's financial transactions are dealt with through an intercompany account with Aston Villa Football Club Limited. As a consequence, the company's financial risks have been transferred to the immediate parent company, Aston Villa Limited. The financial risk management objectives and policies of the group are fully described in the 2012 annual report of the holding company, Reform Acquisitions Limited.

Directors

The directors of the company who held office during the year and up to the date of signing the financial statements were:

Mr R Russell
Mr P Faulkner

Directors' indemnities

The company has in place an appropriate level of directors' and officers' third party insurance cover in respect of legal action against its directors and officers.

Supplier payment policy

The company seeks the best possible terms from suppliers appropriate to its business and, in placing orders, gives consideration to quality, price and terms of payment which will be agreed with suppliers at that date. The payment to all suppliers is made by another group company and the group will continue to honour its contractual and other legal obligations and to pay creditors on the dates agreed in contracts and purchase orders. At 31 May 2012 the number of day's purchases by the company outstanding was nil (2011: nil).

Charitable and political donations

All fund raising events are dealt with by the Aston Villa Charitable Trust which is registered with the Charity Commission. There were no political contributions (2011: £nil).

Aston Villa FC Limited

Directors' report for the year ended 31 May 2012 (continued)

Employment policies

The company's employment policies are designed to retain and motivate employees at all levels. Employees are, within the bounds of commercial confidentiality, kept informed of matters that affect the current performance and future prospects of the company and are of interest to them as employees.

The company promotes and operates an equal opportunities policy to ensure that no member of staff or job applicant receives less favourable treatment on the grounds of gender, race, ethnic origin, age or disability. Every possible step is taken to ensure that individuals are treated equally and fairly and that decisions on recruitment, selection, training, promotion and career management are based solely on objective and job-related criteria.

When recruiting and retaining disabled employees, the company will be guided by the principles and duties set out in the Disability Discrimination Act and its associated Codes of Practice. The services of existing employees who are or who become disabled are retained wherever practicable and the company is committed to applying the provisions of the Disability Discriminations Act 1995.

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,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

Aston Villa FC Limited

Directors' report for the year ended 31 May 2012 (continued)

Disclosure of information to the auditors

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 report was approved by the Board of Directors on 19 February 2013, and signed on their behalf by



Mr R Russell
Company Secretary

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 2012 which comprise the profit and loss account, the balance sheet 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 Statement of Directors' Responsibilities set out on page 4 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 directors' report and financial statements 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 31 May 2012 and of its loss for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

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

Independent auditors' report to the members of Aston Villa FC Limited (continued)

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



Matthew Mullins (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Birmingham
19 February 2013

Aston Villa FC Limited

Registered number 2502822

Profit and loss account for the year ended 31 May 2012

	Note	2012 £	2011 £
Turnover	2	63,848,321	95,555,700
Administrative expenses		(71,135,126)	(88,483,123)
Operating (loss)/profit before amortisation and player trading		(7,286,805)	7,072,577
Amortisation of players' registrations		(25,700,674)	(32,389,562)
Operating loss		(32,987,479)	(25,316,985)
Profit on disposal of players' registrations		26,905,531	18,832,354
Loss on ordinary activities before interest and taxation		(6,081,948)	(6,484,631)
Interest receivable and similar income	5	164,375	74,334
Interest payable and similar charges	6	-	-
Loss on ordinary activities before taxation	3	(5,917,573)	(6,410,297)
Tax on loss on ordinary activities	7	-	-
Loss for the financial year	15	(5,917,573)	(6,410,297)

All the above figures relate to continuing operations

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

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

Aston Villa FC Limited

Registered number 2502822

Balance sheet as at 31 May 2012

	Note	2012 £	2011 £
Fixed assets			
Intangible assets	8	46,588,732	67,126,672
Tangible assets	9	261	1,290
Investments	10	1	1
		46,588,994	67,127,963
Current assets			
Debtors	11	13,516,600	16,632,245
Creditors' amounts falling due within one year	12	(77,587,728)	(89,445,010)
Net current liabilities		(64,071,128)	(72,812,765)
Total assets less current liabilities		(17,482,134)	(5,684,802)
Creditors: amounts falling due after more than one year	13	(2,766,218)	(8,645,977)
Net liabilities		(20,248,352)	(14,330,779)
Capital and reserves			
Called up share capital	14	2,000,000	2,000,000
Profit and loss account	15	(22,248,352)	(16,330,779)
Total shareholders' deficit	16	(20,248,352)	(14,330,779)

The financial statements on pages 8 to 20 were approved by the Board of Directors on 19 February 2013

Signed on behalf of the Board of Directors



Mr R Russell
Director

Aston Villa FC Limited

Notes to the financial statements for the year ended 31 May 2012

1 Accounting policies

Basis of accounting

These financial statements have been prepared on the going concern basis, on the basis of a letter of support received from Reform Acquisitions LLC, the ultimate parent company, under the historical cost convention, and in accordance with the Companies Act 2006 and applicable United Kingdom accounting standards. The principal accounting policies adopted, which have been applied consistently in dealing with items which are considered material, except as indicated are set out below.

Although the company has net liabilities and a total shareholders' deficit, the directors do not consider there to be a going concern risk as any commitments can be met using the resources of the group as a whole.

Intangible fixed assets – players' registrations

The costs associated with the acquisition of players' registrations is capitalised as an intangible fixed asset at the date of acquisition and are amortised over the period of the respective player's contract, including extensions thereto.

Liability in respect of contingent appearance fees is recognised where the directors consider the likelihood of a player meeting future appearance criteria, laid down in the transfer agreement of that player, to be probable.

Internally generated intangible fixed assets are held at nil value. Any external costs incurred in extensions to a player's original contract are capitalised and amortised over the period of the player's extended contract.

The profit or loss arising out of the disposal of players' registrations represent the difference between the consideration receivable, net of any transaction costs and signing on fees in respect of future periods, and the unamortised cost of the intangible asset.

Tangible fixed assets

Tangible fixed assets are stated at historic purchase cost less accumulated depreciation and any provision for impairment. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use. Depreciation is calculated on a straight-line basis to write down the assets to their estimated residual value over the anticipated useful lives, which are re-assessed on a periodic basis, at the following annual rates:

Plant and equipment 10-33%

Aston Villa FC Limited

Notes to the financial statements for the year ended 31 May 2012 (continued)

1 Accounting policies (continued)

Impairment of tangible and intangible fixed assets

At each balance sheet date, the company reviews the carrying amounts of its tangible and intangible fixed assets as included in cash generating units to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. The recoverable amount is the higher of fair value less costs to sell and the value in use. Any impairment loss is recognised immediately as an expense.

Taxation

The taxation expense represents the sum of tax currently payable or recoverable and deferred taxation, and takes into account adjustments for prior periods.

Deferred taxation is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit and is accounted for using the balance sheet liability method.

Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible timing differences can be utilised.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised. Deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the group intends to settle its current tax assets and liabilities on a net basis.

Deferred tax is measured on an undiscounted basis.

Turnover

Turnover represents all income arising from the ordinary activities of the company excluding transfer fees and is stated net of discounts and value added tax. All turnover has been generated from activities in the United Kingdom.

Aston Villa FC Limited

Notes to the financial statements for the year ended 31 May 2012 (continued)

1 Accounting policies (continued)

Players' signing on fees and loyalty payments

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

Loyalty payments, which are payable only if the player is still in employment with the group, are accrued, as part of operating expenses, over the period to which they relate.

Pensions

Payments to various defined contribution retirement schemes are charged as an expense as they fall due.

Payments made to the Football League Limited Pension and Life Assurance Scheme (FLLPLAS) are dealt with as payments to defined contribution schemes where the group's obligations under the schemes are equivalent to those arising in a defined contribution retirement benefit scheme.

Foreign currencies

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction. Monetary assets and liabilities held at the balance sheet date are revalued using the rate at that date.

Finance costs

Finance costs of financial liabilities are recognised in the profit and loss account over the term of such instruments at constant rates on the carrying amounts.

Cash flow statement

Aston Villa FC Limited is exempt from preparing a cash flow statement under Financial Reporting Standard 1 (revised 1996) 'Cash flow statements' on the basis that its parent company, Reform Acquisitions Limited, 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 for the year ended 31 May 2012 (continued)

3 Loss on ordinary activities before taxation

The loss on ordinary activities before taxation has been arrived at after charging/(crediting)

	2012	2011
	£	£
Depreciation of owned tangible fixed assets	1,029	6,509
Amortisation of players' registrations	25,700,674	32,389,562
Staff costs excluding exceptional item (note 4)	59,750,307	72,372,301
Exceptional item	5,480,430	11,440,968
Profit on disposal of players' registrations	(26,905,531)	(18,832,354)
Auditors' remuneration for audit services	6,000	6,000

The exceptional item relates to termination and onerous contract costs

4 Staff costs

	2012	2011
	Number	Number
Average monthly number of employees by activity		
Directors, players, football management and coaches	156	151

	2012	2011
	£	£
Remuneration		
Wages and salaries	52,425,132	64,076,993
Social security costs	7,266,295	8,253,401
Other pension costs (note 18)	58,880	41,907
	59,750,307	72,372,301

The directors were employed and remunerated by Aston Villa Football Club Limited in the year ended 31 May 2011 and the year ended 31 May 2012. They did not receive any remuneration specifically for their services as directors of the company.

In addition to the above are exceptional staff costs of £5.5m (2011: £11.4m)

Aston Villa FC Limited

Notes to the financial statements for the year ended 31 May 2012 (continued)

5 Interest receivable and similar income

	2012 £	2011 £
Interest receivable	164,375	74,334

6 Interest payable and similar charges

	2012 £	2011 £
Amortisation of discount on long term liabilities	-	-

7 Tax on loss on ordinary activities

	2012 £	2011 £
Current tax:		
UK corporation tax Current year	-	-
Prior year	-	-
	-	-

Corporation tax is calculated at 25.66% (2011: 27.66%) of the estimated assessable profit for the year

Aston Villa FC Limited

Notes to the financial statements for the year ended 31 May 2012 (continued)

7 Tax on loss on ordinary activities (continued)

The tax assessed for the year is higher (2011 higher) than the standard rate of corporation tax in the UK of 25.66% (2011 27.66%). The differences are explained below

	2012 £	2011 £
Loss on ordinary activities before tax	(5,917,573)	(6,410,297)
Tax at the UK corporation tax rate of 25.66% (2011 27.66%)	(1,518,449)	(1,773,088)
Depreciation in excess of capital allowances	264	1,800
Unrelieved tax losses carried forward	1,518,185	1,256,569
Expenses not deductible for tax purposes	-	514,719
Tax charge for the year	-	-

In addition to the changes in rates of Corporation tax disclosed above, a number of further changes to the UK Corporation tax system were announced in the March 2012 UK Budget Statement. Legislation to reduce the main rate of corporation tax from 24% to 23% from 1 April 2013 was included in the Finance Act 2012. A further reduction to the main rate is proposed to reduce the rate to 22% from 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 proposed reduction of the main rate of corporation tax to 22% from 1 April 2014 is expected to be enacted separately.

Aston Villa FC Limited

Notes to the financial statements for the year ended 31 May 2012 (continued)

8 Intangible fixed assets

	Players' registrations
	£
Cost	
At 1 June 2011	139,445,484
Additions	18,594,517
Reversal of capitalised costs contingent upon future events	(3,013,551)
Disposals	(49,929,374)
At 31 May 2012	105,097,076
Accumulated amortisation	
At 1 June 2011	72,318,812
Charge for the year	25,700,674
Disposals	(39,511,142)
At 31 May 2012	58,508,344
Net book value	
At 31 May 2012	46,588,732
At 31 May 2011	67,126,672

Aston Villa FC Limited

Notes to the financial statements for the year ended 31 May 2012 (continued)

9 Tangible fixed assets

	Plant and equipment £
Cost	
At 1 June 2011	82,788
At 31 May 2012	82,788
Accumulated depreciation	
At 1 June 2011	81,498
Charge for the year	1,029
At 31 May 2012	82,527
Net book value	
At 31 May 2012	261
At 31 May 2011	1,290

10 Fixed asset investments

The company holds one £1 (2011 £1) share in the FA Premier League Limited which represents 5% of the total holding

Aston Villa FC Limited

Notes to the financial statements for the year ended 31 May 2012 (continued)

11 Debtors

	2012 £	2011 £
Trade debtors	9,040,549	12,040,614
Amounts owed by group undertakings	4,469,013	4,469,013
Other debtors	7,038	122,618
	13,516,600	16,632,245

Trade debtors due in over one year of £3,000,000 (2011 £1,000,000) have been included in the above. Amounts owed by group undertakings are unsecured, bear no interest and are repayable on demand.

12 Creditors: amounts falling due within one year

	2012 £	2011 £
Trade creditors	13,843,952	16,044,070
Amounts owed to group undertakings	50,198,694	52,795,548
Taxation and social security costs	4,263,272	5,662,864
Accruals and deferred income	9,281,810	14,942,528
	77,587,728	89,445,010

Amounts owed to group undertakings are unsecured, bear no interest and are repayable on demand.

13 Creditors: amounts falling due after more than one year

	2012 £	2011 £
Trade creditors		
Falling due in more than one year but less than two years	2,766,218	8,645,977

Provisions for liabilities

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 £5,249,372 (2011 £4,148,250). The asset would be recovered if sufficient taxable trading profits arise in the future.

Aston Villa FC Limited

Notes to the financial statements for the year ended 31 May 2012 (continued)

14 Called up share capital

	2012 £	2011 £
Authorised – 2,000,000 (2011 2,000,000) ordinary shares of £1 each	2,000,000	2,000,000
Allotted and fully paid – 2,000,000 (2011 2,000,000) ordinary shares of £1 each	2,000,000	2,000,000

15 Profit and loss account

	£
At 1 June 2011	(16,330,779)
Loss for the financial year	(5,917,573)
At 31 May 2012	(22,248,352)

16 Reconciliation of movement in shareholders' deficit

	2012 £	2011 £
Loss for the financial year	(5,917,573)	(6,410,297)
Opening shareholders' deficit	(14,330,779)	(7,920,482)
Closing shareholders' deficit	(20,248,352)	(14,330,779)

17 Contingent liabilities

The terms of certain contracts with other football clubs in respect of the acquisition of players' registrations include the payment of additional amounts upon the fulfilment of specific conditions in the future. The maximum un-provided liability which may arise in respect of these players at 31 May 2012 is £3,202,727 (2011 £4,658,597)