

Aston Villa FC Limited

Directors' report and financial statements
for the year ended 31 May 2013

Registered number 02502822



Aston Villa FC Limited

Directors' report and financial statements for the year ended 31 May 2013

	Page
Directors and advisors for the year ended 31 May 2013	1
Directors' report for the year ended 31 May 2013	2
Independent auditors' report to the members of Aston Villa FC Limited	6
Profit and loss account for the year ended 31 May 2013	8
Balance sheet as at 31 May 2013	9
Notes to the financial statements for the year ended 31 May 2013	10

Aston Villa FC Limited

Directors and advisors for the year ended 31 May 2013

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 2013

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 2013

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 15th compared to the previous season where a 16th place finish was achieved

Turnover for the year amounted to £80,868,586 (2012 £63,848,321), and is, in the main, determined by reference to a trading agreement with another group company. Total administrative expenses amounted to £73,351,462 (2012 £71,135,126), which included £8,339,319 of exceptional items (2012 £5,480,430)

Amounts totalling £24,120,637 (2012 £18,594,517) 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 £22,605,737 compared to £25,700,674 in the previous year. The carrying value of players' registrations at 31 May 2013 was £36,021,167 (2012 £46,588,732)

The loss on disposal of players' registration, calculated by deducting the carrying value of the player and any sale costs from the sales proceeds, was £250,455 for the current year (2012 profit of £26,905,531). 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 £15,199,106 (2012 £5,917,573) has been deducted from reserves. Net liabilities at the year-end were £35,447,458 (2012 £20,248,352). The directors believe that preparing the financial statements 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 intends 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 (2012 £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 review and monitor the Company's risks.

Aston Villa FC Limited

Directors' report for the year ended 31 May 2013 (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 2013 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 2013 the number of day's purchases by the company outstanding was nil (2012: 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 (2012: £nil).

Aston Villa FC Limited

Directors' report for the year ended 31 May 2013 (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 2013 (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 20 December 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 2013 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 2013 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

A handwritten signature in black ink, appearing to read 'Neil Philpott', with a stylized flourish at the end.

Neil Philpott (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Birmingham
20 December 2013

Aston Villa FC Limited

Registered number 02502822

Profit and loss account for the year ended 31 May 2013

	Note	2013 £	2012 £
Turnover	2	80,868,586	63,848,321
Administrative expenses before exceptional items		(65,012,143)	(65,654,696)
Administrative profit/(loss) before exceptional items		15,856,443	(1,806,375)
Administrative expenses – exceptional items	3	(8,339,319)	(5,480,430)
Total administrative expenses		(73,351,462)	(71,135,126)
Operating profit/(loss) before amortisation and player trading		7,517,124	(7,286,805)
Amortisation of players' registrations		(22,605,737)	(25,700,674)
Operating loss		(15,088,613)	(32,987,479)
(Loss)/profit on disposal of players' registrations		(250,455)	26,905,531
Loss on ordinary activities before interest and taxation		(15,339,068)	(6,081,948)
Interest receivable and similar income	5	139,962	164,375
Loss on ordinary activities before taxation	3	(15,199,106)	(5,917,573)
Tax on loss on ordinary activities	6	-	-
Loss for the financial year	14	(15,199,106)	(5,917,573)

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 02502822

Balance sheet as at 31 May 2013

	Note	2013 £	2012 £
Fixed assets			
Intangible assets	7	36,021,167	46,588,732
Tangible assets	8	104	261
Investments	9	1	1
		36,021,272	46,588,994
Current assets			
Debtors	10	9,436,762	13,516,600
Creditors: amounts falling due within one year	11	(79,150,809)	(77,587,728)
Net current liabilities		(69,714,047)	(64,071,128)
Total assets less current liabilities		(33,692,775)	(17,482,134)
Creditors: amounts falling due after more than one year	12	(1,754,683)	(2,766,218)
Net liabilities		(35,447,458)	(20,248,352)
Capital and reserves			
Called up share capital	13	2,000,000	2,000,000
Profit and loss account	14	(37,447,458)	(22,248,352)
Total shareholders' deficit	15	(35,447,458)	(20,248,352)

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

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 are 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 represents 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 reducing balance 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 2013 (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. Turnover includes fees receivable for the loans of players' registrations.

Aston Villa FC Limited

Notes to the financial statements for the year ended 31 May 2013 (continued)

1 Accounting policies (continued)

Players' signing on fees and loyalty payments

Signing on fees payable to players and loyalty payments, which are payable only if the player is still in employment with the Group are recognised in operating expenses 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.

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.

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 2013 (continued)

3 Loss on ordinary activities before taxation

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

	2013	2012
	£	£
Depreciation of owned tangible fixed assets	157	1,029
Amortisation of players' registrations	22,605,737	25,700,674
Staff costs excluding exceptional item (note 4)	61,581,293	59,750,307
Exceptional item – net termination and onerous contract costs	2,211,809	5,480,430
Exceptional item – impairment of players' registrations	6,127,510	-
Loss/(profit) on disposal of players' registrations	250,455	(26,905,531)
Auditors' remuneration for audit services	9,000	6,000

The exceptional item relates to termination and onerous contract costs

4 Staff costs

	2013	2012
	Number	Number
Average monthly number of employees by activity		
Directors, players, football management and coaches	168	156

	2013	2012
	£	£
Remuneration		
Wages and salaries	53,637,579	52,425,132
Social security costs	7,887,453	7,266,295
Other pension costs (note 17)	56,261	58,880
	61,581,293	59,750,307

The directors were employed and remunerated by Aston Villa Football Club Limited in the year ended 31 May 2012 and the year ended 31 May 2013. 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 £2.2m (2012: £5.5m).

Aston Villa FC Limited

Notes to the financial statements for the year ended 31 May 2013 (continued)

5 Interest receivable and similar income

	2013	2012
	£	£
Interest receivable	139,962	164,375

6 Tax on loss on ordinary activities

	2013	2012
	£	£
Current tax:		
UK corporation tax Current year	-	-
Prior year	-	-
	-	-

Corporation tax is calculated at 23.83% (2012: 25.66%) of the estimated assessable profit for the year

The tax assessed for the year is higher (2012: higher) than the standard rate of corporation tax in the UK of 23.83% (2012: 25.66%). The differences are explained below

	2013	2012
	£	£
Loss on ordinary activities before tax	(15,199,106)	(5,917,573)
Tax at the UK corporation tax rate of 23.83% (2012: 25.66%)	(3,621,947)	(1,518,449)
Depreciation in excess of capital allowances	37	264
Unrelieved tax losses carried forward	3,371,218	1,518,185
Other timing differences	250,692	-
Tax charge for the year	-	-

The March 2012 Budget included a reduction in the main rate of corporation tax for UK companies from 26% to 24% from 1 April 2012. Legislation to further reduce the main rate of corporation tax to 23% from 1 April 2013 was included in the Finance Act 2012 and substantively enacted in July 2012. UK deferred tax has therefore been provided at 23% (2012: 24%).

In addition to the changes in rates of corporation tax disclosed above, further changes to the UK corporation tax rates were substantively enacted as part of the Finance Bill 2013 on 2 July 2013. These include reductions to the main rate to reduce the rate to 21% from 1 April 2014 and to 20% from 1 April 2015.

Aston Villa FC Limited

Notes to the financial statements for the year ended 31 May 2013 (continued)

7 Intangible fixed assets

	Players' registrations
	£
Cost	
At 1 June 2012	105,097,076
Additions	24,120,637
Reversal of capitalised costs contingent upon future events	(2,080,000)
Disposals	(46,007,176)
At 31 May 2013	81,130,537
Accumulated amortisation	
At 1 June 2012	58,508,344
Charge for the year	22,605,737
Impairment of players' registrations	6,127,510
Disposals	(42,132,221)
At 31 May 2013	45,109,370
Net book value	
At 31 May 2013	36,021,167
At 31 May 2012	46,588,732

Aston Villa FC Limited

Notes to the financial statements for the year ended 31 May 2013 (continued)

8 Tangible fixed assets

	Plant and equipment £
Cost	
At 1 June 2012	82,788
At 31 May 2013	82,788
Accumulated depreciation	
At 1 June 2012	82,527
Charge for the year	157
At 31 May 2013	82,684
Net book value	
At 31 May 2013	104
At 31 May 2012	261

9 Fixed asset investments

The company holds one £1 (2012 £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 2013 (continued)

10 Debtors

	2013 £	2012 £
Trade debtors	4,967,749	9,040,549
Amounts owed by group undertakings	4,469,013	4,469,013
Other debtors	-	7,038
	9,436,762	13,516,600

Trade debtors due in over one year of £nil (2012 £3,000,000) have been included in the above
Amounts owed by group undertakings are unsecured, bear no interest and are repayable on demand

11 Creditors: amounts falling due within one year

	2013 £	2012 £
Trade creditors	9,323,024	13,843,952
Amounts owed to group undertakings	56,709,854	50,198,694
Taxation and social security costs	2,961,034	4,263,272
Accruals and deferred income	10,156,897	9,281,810
	79,150,809	77,587,728

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

12 Creditors: amounts falling due after more than one year

	2013 £	2012 £
Trade creditors		
Falling due in more than one year but less than two years	1,754,683	2,766,218

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 £8,834,136 (2012 £5,249,372) The asset would be recovered if sufficient taxable trading profits arise in the future

As the changes noted in note 6 to the rates disclosed had not been substantively enacted at the balance sheet date their effects are not included in these financial statements The overall effect of these changes, if they had applied to the unprovided deferred tax balance at the balance sheet date, would not materially affect the unprovided deferred tax asset

Aston Villa FC Limited

Notes to the financial statements for the year ended 31 May 2013 (continued)

13 Called up share capital

	2013 £	2012 £
Authorised and fully paid – 2,000,000 (2012 2,000,000) ordinary shares of £1 each	2,000,000	2,000,000

14 Profit and loss account

	£
At 1 June 2012	(22,248,352)
Loss for the financial year	(15,199,106)
At 31 May 2013	(37,447,458)

15 Reconciliation of movement in shareholders' deficit

	2013 £	2012 £
Loss for the financial year	(15,199,106)	(5,917,573)
Opening shareholders' deficit	(20,248,352)	(14,330,779)
Closing shareholders' deficit	(35,447,458)	(20,248,352)

16 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 2013 is £8,400,812 (2012 £5,177,727)

Aston Villa FC Limited

Notes to the financial statements for the year ended 31 May 2013 (continued)

17 Retirement benefit schemes

Certain members of the Group's staff are members of either the Football League Limited Players Retirement Income Scheme, a defined contribution scheme, or the Football League Limited Pension and Life Assurance Scheme (FLLPLAS), a defined benefit scheme. As the Group is one of a number of participating employers in FLLPLAS, it is not possible to accrue any actuarial surplus or deficit on a meaningful basis and consequently contributions are expensed in the consolidated profit and loss account as they become possible. The assets of the scheme are held separately from those of the Group, being invested with insurance companies. Under the provisions of Financial Reporting Standard 17 'Retirement benefits' the scheme would be treated as a defined benefit multi-employer scheme. The scheme's actuary has advised that the participating employer's 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 Financial Reporting Standard 17 'Retirement benefits'. This deficit has been appropriately accounted for over the remaining service lives of the employees concerned in accordance with Financial Reporting Standard 17 'Retirement benefits'. Where employees have left the Group, the amount was charged to the consolidated profit and loss account in the year in which the deficit was paid.

Contributions are also paid into individuals' private pension schemes. The total contributions across all schemes during the year amounted to £56,261 (2012 £58,880).

18 Events after the balance sheet date

Since the balance sheet date various players have been bought and sold. The net income received on transfers out, taking into account the applicable levies, is £0.6 million (2012 £2.5 million). The net cost of transfers in, taking into account the applicable levies, is £18.9 million (2012 £21.7 million). These transfers will be accounted for in the year ending 31 May 2014.

19 Ultimate parent undertaking and controlling party

At 31 May 2013 the directors consider Reform Acquisitions Limited, registered in England and Wales, to be the company's controlling party and the only parent undertaking for which group financial statements 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.

In the opinion of the directors the ultimate holding company is Reform Acquisitions LLC, a company registered in the United States of America, and the ultimate controlling party is Mr R Lerner.

20 Related party transactions

The company has taken advantage of the exemption under paragraph 3(c) from the provisions of FRS8, 'Related Party Disclosures', on the grounds that it is a wholly owned subsidiary of a group headed by Reform Acquisitions Limited, whose financial statements are publicly available.