

ASTON VILLA FOOTBALL CLUB LIMITED

Report and Financial Statements

31 May 2003



REPORT AND FINANCIAL STATEMENTS 2003

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REPORT AND FINANCIAL STATEMENTS 2003**OFFICERS AND PROFESSIONAL ADVISERS****DIRECTORS**

H D Ellis (Chairman)
S M Stride

SECRETARY

S M Stride

REGISTERED OFFICE

Villa Park
Trinity Road
Birmingham
B6 6HE

AUDITORS

Deloitte & Touche LLP
Chartered Accountants
Birmingham

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 31 May 2003.

PRINCIPAL ACTIVITIES AND REVIEW OF THE BUSINESS

The principal activity of the company is the running of commercial activities of a professional football club and there has been no significant change therein during the year. The directors remain optimistic as to future prospects.

DIVIDENDS AND TRANSFERS TO RESERVES

The directors do not propose the payment of a dividend to the ordinary shareholder (2002 - £Nil). The loss for the year of £9,214,744 (2002 - profit of £342,196) has been transferred from / to reserves.

CREDITOR PAYMENT POLICY

The Companies Act 1985 requires the company to make a statement of its policy on the payment of creditors.

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 when the details of each transaction are settled. 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.

The creditor days are not given as they are distorted by player trading which fluctuates significantly year on year.

DIRECTORS AND DIRECTORS' INTERESTS

The directors who served during the year were as follows:

H D Ellis (Chairman)

M J Ansell (resigned 19 November 2003)

S M Stride

G Taylor OBE (non-executive director - resigned 14 May 2003)

None of the other directors had any interest in the share capital during the year.

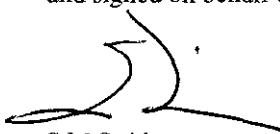
Interests in the parent undertaking, Aston Villa plc, are disclosed in the financial statements of that company.

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

AUDITORS

On 1 August 2003, Deloitte & Touche, the Company's auditors transferred their business to Deloitte & Touche LLP, a limited liability partnership incorporated under the Limited Liability Partnerships Act 2000. The Company's consent has been given to treating the appointment of Deloitte & Touche as extending to Deloitte & Touche LLP with effect from 1 August 2003 under the provisions of section 26(5) of the Companies Act 1989. 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 27 February 2004.



S M Stride
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. 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 FOOTBALL CLUB LIMITED

We have audited the financial statements of Aston Villa Football Club Limited for the year ended 31 May 2003 which comprise the profit and loss account, the balance sheet and the related notes 1 to 20. 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 2003 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

5 March 2004

PROFIT AND LOSS ACCOUNT
Year ended 31 May 2003

	Note	2003 £	2002 £
TURNOVER	2	45,376,563	46,577,523
Operating expenses	4	(54,860,703)	(46,195,348)
OPERATING (LOSS) / PROFIT		(9,484,140)	382,175
Interest receivable and similar income		113,386	240,525
Interest payable and similar charges	5	(34,289)	(102,371)
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		(9,405,043)	520,329
Tax on (loss) / profit on ordinary activities	6	190,299	(178,133)
(LOSS)/PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION FOR THE YEAR	15	(9,214,744)	342,196

All activities derive from continuing operations.

There are no recognised gains and losses other than the loss for the current and profit for the proceeding financial years. Accordingly, no statement of total recognised gains and losses is given.

BALANCE SHEET 31 May 2003

	Note	£	2003 £	£	2002 £
FIXED ASSETS					
Tangible assets	7		2,890,699		3,236,284
CURRENT ASSETS					
Stocks	8	387,200		435,990	
Debtors	9	26,242,422		33,881,948	
Cash at bank and in hand		49,976		93,842	
			<u>26,679,598</u>	<u>34,411,780</u>	
CREDITORS: amounts falling due within one year	10	(27,007,408)		(25,708,992)	
NET CURRENT (LIABILITIES) / ASSETS			<u>(327,810)</u>	<u>8,702,788</u>	
TOTAL ASSETS LESS CURRENT LIABILITIES			2,562,889	11,939,072	
CREDITORS: amounts falling due after more than one year	11		(114,171)	(37,009)	
PROVISION FOR LIABILITIES AND CHARGES	12		-	(103,203)	
ACCRUALS AND DEFERRED INCOME	13		<u>(1,370,409)</u>	<u>(1,505,807)</u>	
			<u>1,078,309</u>	<u>10,293,053</u>	
CAPITAL AND RESERVES					
Called up share capital	14		1	1	
Profit and loss account	15		900,308	10,293,052	
EQUITY SHAREHOLDERS' FUNDS	16		<u>1,078,309</u>	<u>10,293,053</u>	

These financial statements were approved by the Board of Directors on 27 February 2004.
Signed on behalf of the Board of Directors

H D ELLIS

Director

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 May 2003**1. ACCOUNTING POLICIES**

The financial statements are prepared in accordance with applicable 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 accounting standards.

Turnover

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

Pension contributions

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

Deferred grant income

Grants and donations received in respect of safety work and ground improvements are credited to deferred grant income and are released to the profit and loss account over the anticipated useful life of assets to which they relate.

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%
Motor vehicles	25%

Stocks

Stock, which comprises goods held for resale, are valued at the lower of cost and net realisable value.

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.

Cash flow

Aston Villa Football Club 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.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 May 2003

3. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

	2003 £	2002 £
Directors' emoluments	Nil	Nil

The directors are remunerated by Aston Villa plc as it is not considered practicable to allocate any remuneration to the company.

	No	No
Average number of persons employed		
Administrative staff	196	186

	2003 £	2002 £
Staff costs during the year (including directors)		
Wages and salaries	4,833,068	4,660,458
Social security costs	332,664	290,235
Pension costs	182,241	75,053
	<u>5,347,973</u>	<u>5,025,746</u>

4. OPERATING EXPENSES

	2003 £	2002 £
Comprise:		
Staff costs (note 3)	5,347,973	5,025,746
Depreciation	967,624	913,996
Amortisation of grant income	(3,050)	(3,050)
	<u>964,574</u>	<u>910,946</u>
Depreciation and other amounts written off tangible fixed assets		
Other operating charges	48,548,156	40,258,656
Operating expenses	<u>54,860,703</u>	<u>46,195,348</u>

Loss on disposal of fixed assets was £Nil (2002 – £6,388).

Profit on ordinary activities is stated after charging auditors' remuneration for audit services of £25,000 (2002 - £25,000) and non-audit services of £30,000 (2002 - £27,000).

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 May 2003

5. INTEREST PAYABLE AND SIMILAR CHARGES

	2003 £	2002 £
Bank interest	29,308	102,371
Other interest	4,981	-
	<u>34,289</u>	<u>102,371</u>

6. TAX ON PROFIT ON ORDINARY ACTIVITIES

i) Analysis of tax (credit) / charge on ordinary activities

	2003 £	2002 £
Current tax:		
United Kingdom corporation tax at 30% (2002 – 30%) based on the (loss)/profit for the year:	-	170,100
Adjustment in respect of prior years	(87,096)	(32,130)
Total current taxation (note ii)	(87,096)	137,970
Deferred tax:		
Timing differences, origination and reversal	(81,958)	6,393
Adjustments in respect of prior years	(21,245)	33,770
	<u>(190,299)</u>	<u>178,133</u>

ii) Factors affecting the current tax (credit) / 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:

	2003 £	2002 £
(Loss)/profit on ordinary activities before tax	(9,405,043)	530,329
Tax at 30% thereon	(2,821,513)	156,099
Factors affecting charge:		
- Expenses not deductible for tax purposes	9,801	20,394
- Depreciation in excess of capital allowances	300,182	6,617
- Tax losses not recognised	2,505,583	-
- Movement in short term timing differences	5,947	(13,010)
- Prior period adjustments	(87,096)	(32,130)
Current tax charge for period	<u>(87,096)</u>	<u>137,970</u>

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 May 2003

7. TANGIBLE FIXED ASSETS

	Ground and office equipment £	Motor vehicles £	Total £
Cost			
At 1 June 2002	7,321,521	266,195	7,587,716
Additions	622,039	-	622,039
	<hr/>	<hr/>	<hr/>
At 31 May 2003	7,943,560	266,195	8,209,755
	<hr/>	<hr/>	<hr/>
Accumulated depreciation			
At 1 June 2002	4,223,021	128,411	4,351,432
Charge for the year	926,081	41,543	967,624
	<hr/>	<hr/>	<hr/>
At 31 May 2003	5,149,102	169,954	5,319,056
	<hr/>	<hr/>	<hr/>
Net book value			
At 31 May 2003	2,794,458	96,241	2,890,699
	<hr/>	<hr/>	<hr/>
At 31 May 2002	3,098,500	137,784	3,236,284
	<hr/>	<hr/>	<hr/>

8. STOCKS

	2003 £	2002 £
Goods held for resale	387,200	435,990
	<hr/>	<hr/>

9. DEBTORS

	2003 £	2002 £
Trade debtors	3,334,817	3,467,931
Amount due from fellow subsidiaries	22,255,378	29,898,265
Other debtors	57,497	45,472
Prepayments and accrued income	594,730	470,280
	<hr/>	<hr/>
	26,242,422	33,881,948
	<hr/>	<hr/>

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 May 2003

10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2003 £	2002 £
Bank overdraft	4,022,530	2,191,990
Trade creditors	3,754,747	2,390,638
Amount due to Aston Villa plc and its subsidiaries	18,399,481	19,598,250
Corporation tax	2,344	89,440
Other taxation and social security	526,867	1,137,856
Other creditors	241	6,905
Accruals	301,198	293,913
	<u>27,007,408</u>	<u>25,708,992</u>

The bank overdraft is secured on a cross company guarantee.

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

	2003 £	2002 £
Trade creditors	114,171	37,009
	<u>114,171</u>	<u>37,009</u>

12. PROVISIONS FOR LIABILITIES AND CHARGES

	2003 £	2002 £
Deferred taxation		
Balance at 1 June 2002	103,203	63,040
Transferred to the profit and loss account:		
Current year	(81,958)	6,393
Adjustments in respect of prior years	(21,245)	33,770
Balance at 31 May 2003	<u>-</u>	<u>103,203</u>

The total liability is comprised as follows:

	2003 £	2002 £
Deferred taxation		
Accelerated capital allowances	45,724	150,407
Short term timing differences	(45,724)	(47,204)
Balance at 31 May 2003	<u>-</u>	<u>103,203</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 £2.7 million. The asset would be recovered if sufficient taxable trading profits arose in the future.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 May 2003

13. ACCRUALS AND DEFERRED INCOME

	Advance revenue £	Deferred grant income £	Total £
At 1 June 2002	1,501,907	3,900	1,505,807
Advance revenues received	18,227,232	-	18,227,232
Transfer to operating profit	(18,359,580)	(3,050)	(18,362,630)
At 31 May 2003	<u>1,369,559</u>	<u>850</u>	<u>1,370,409</u>

14. CALLED UP SHARE CAPITAL

	2003 £	2002 £
Authorised 100 Ordinary shares of £1 each	<u>100</u>	<u>100</u>
Called up, allotted and fully paid 1 Ordinary share of £1	<u>1</u>	<u>1</u>

15. PROFIT AND LOSS ACCOUNT

	£
Balance at 1 June 2002	10,293,052
Loss for the year	<u>(9,214,744)</u>
Balance at 31 May 2003	<u>1,078,308</u>

16. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2003 £	2002 £
Opening shareholders' funds	10,293,053	9,950,857
(Loss)/profit for the financial year	<u>(9,214,744)</u>	<u>342,196</u>
Closing shareholders' funds	<u>1,078,309</u>	<u>10,293,053</u>

17. CAPITAL COMMITMENTS

There were no capital commitments contracted for but not provided at 31 May 2003 (2002 - £Nil).

NOTES TO THE FINANCIAL STATEMENTS**Year ended 31 May 2003****18. PENSIONS**

Certain staff of Aston Villa Football Club Limited are members of the Football League Limited Pension and Life Assurance Scheme, a defined benefit scheme. As Aston Villa Football Club Limited is one of the participating employers in the FLLPLAS, it is not possible to allocate any actual surplus or deficit on a meaningful basis and consequently contributions are expensed in the profit and loss account as they become payable. The assets of the scheme are held separately from those of the group, being invested within insurance companies.

Contributions are also paid into individuals' private pension schemes. Total contributions charged during the period amounted to £182,241 (2002 - £75,053).

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.