

Recon Group UK Limited (formerly Recon Sports Limited)

Recon Group UK Limited (formerly Recon
Sports Limited)

Annual Report and Financial Statements
for the period ended 31 May 2017

Registered number: 10176070

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Recon Group UK Limited (formerly Recon Sports Limited)

Annual Report for the period ended 31 May 2017

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Recon Group UK Limited (formerly Recon Sports Limited)

Directors and advisors for the period ended 31 May 2017

Directors

Mr J Xia

Registered office

Villa Park
Trinity Road
Birmingham
England
B6 6HE

Independent auditors

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

Bankers

HSBC Bank PLC
8 Stephenson Place
New Street
Birmingham
B2 4NH

Recon Group UK Limited (formerly Recon Sports Limited)

Registered number: 10176070

Strategic report for the period ended 31 May 2017

The directors present the strategic report and the audited consolidated financial statements for the period ended 31 May 2017.

Principal activities

The Group operates a professional football club and has property investments. The principal activity of the Company is that of a holding Company.

Results and Review of business

The Club finished 13th in the English Football League Championship in 2016/17 and will again compete in the English Football League Championship for the 2017/18 season.

There was a change of ultimate ownership of Aston Villa Football Club on 14th June 2016. From this date the ultimate holding company is Zhejiang Ruikang (Recon) Investment Co. Ltd and the ultimate controlling party is Mr J Xia.

The directors have not declared or paid an interim dividend during the year (2016: £nil). They do not recommend a final dividend (2016: £nil).

The bringing together of the subsidiary entities of the company has been accounted for using merger accounting principles set out in the Companies Act 2006 as applicable to group reconstructions. As such, these consolidated financial statements include the financial information in full of Recon Group UK Limited (formerly Recon Sports Limited) (for the period ending 31 May 2017) and Recon Sports Limited (formerly Reform Acquisitions Limited) (for the 12 months ending 31 May 2017) as required by Schedule 6 to SI 2008/410. As the incorporation of Recon Group UK Limited (formerly Recon Sports Limited) was 12 May 2016 and this represents its first accounting period, the comparative period for this consolidated set of financial statements is considered as the results of Recon Sports Limited (formerly Reform Acquisitions Limited) to 31 May 2016. There is no comparative financial information for the company. On consolidation there was an adjustment to the merger reserve of £302,687,691.

The address of the registered office of Recon Sports Limited is Villa Park, Trinity Road, Birmingham B6 6HE. The ultimate holding company for both entities is Zhejiang Ruikang (Recon) Investment Co Ltd, a Company registered in China and the ultimate controlling party is Mr J Xia. The registered address of Zhejiang Ruikang (Recon) Investment Co Ltd is 368 Liuhe Road, Building 1N A1104, Binjiang District, Hangzhou, Zhejiang, China.

Key Performance Indicators ('KPIs')

The directors consider that the key performance indicators of a professional football club are finishing position in the league, progress in cup competitions, attendance and turnover.

The key financial performance indicators that the Directors monitor are turnover, players' payroll, net transfer spending, EBITDA and daily cash flow.

Recon Group UK Limited (formerly Recon Sports Limited)

Registered number: 10176070

Strategic report for the period ended 31 May 2017 (continued)

Principal risks and uncertainties

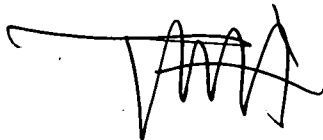
The key risk facing any club is that of poor on field results. The board attempts to mitigate this risk by providing the manager with first class training facilities and appropriate payroll and transfer budgets, and through generous support to the Academy.

The Board is focused on providing necessary investment in the playing squad, operational functions and infrastructure of the Club whilst recognising that it must remain compliant with EFL financial fair play rules. Management review forecast compliance with the financial fair play rules by modelling revenues, costs, cashflows and investment decisions made by the Club. The Board ensures cost control measures are in place across all functions within the Club, and are continually seeking new revenue streams to ensure compliance for both this, and future, seasons.

The EFL financial fair play regulations continue to provide a significant challenge. Breach of financial fair play rules may result in the EFL executive exercising its powers set out in EFL regulation 16.20 and the EFL referring the Club to a disciplinary commission in accordance with section 8 of EFL regulations.

This report was approved by the board on 12.21.2017 and signed on its behalf.

Mr J Xia
Director



Recon Group UK Limited (formerly Recon Sports Limited)

Registered number: 10176070

Directors' report for the period ended 31 May 2017

The directors present their report for the period ended 31 May 2017.

Future developments

The Club's prime goal under the new ownership of Jian Tong Xia is securing a return to the FA Premier League.

Dividends

The directors do not recommend payment of a final dividend (2016: £nil).

Charitable contributions

All fund raising events are dealt with by the Aston Villa Foundation which is registered with the Charity Commission. There were no political contributions (2016: £nil).

Post balance sheet events

Since the balance sheet date various players have been bought and sold, details of which can be seen in Note 23.

Financial risk management

The Group's residual financial risks relate to trade receivables and liquidity.

Trade receivables comprise transfer fees receivable and other receivables. The risk associated with transfer fees receivable is in part transferred to the Premier League via the Football League's registration clearing system. The Group maintains rigorous credit control procedures to mitigate credit risk associated with other trade receivables.

Going concern

The Directors have formed a judgement at the time of approving the financial statements that the Company has adequate resources available to continue operating and to discharge all financial obligations as they fall due for the foreseeable future from the date of approval of the financial statements.

Based both on the continuing financial support committed to by the owner and the availability of the Group's financing facilities, as incorporated in the directors' cash flow forecasts, the directors consider it appropriate to prepare the financial statements on a going concern basis. Following relegation from the Premier League in 2015/16 and failure to gain promotion in 2016/17, the Club will receive a reduced level of broadcasting revenue for the 2017/18 season, although some funding will continue to be received from the Premier League in the form of parachute payments. The directors have included these factors in their cash flow forecasts to ascertain the level of required funding from the ultimate controlling party to support the club's operations. Following the acquisition of the club by Mr J Xia, funding has been received to support the club's operations for the 2016/17 season, which has been invested in the playing squad and underlying operations of the Club. The cash flow forecasts indicate a requirement for additional funding from the ultimate parent company to support the Group's operations for a period of at least one year from the date of signing these financial statements, and the Directors are satisfied that the ultimate controlling party has the ability to provide this funding. The directors have received confirmation that the ultimate holding Company, Zhejiang Ruikang (Recon) Investment Co. Ltd, intends to provide this support to the Group and Company for at least one year from the date these financial statements are signed.

Recon Group UK Limited (formerly Recon Sports Limited)

Registered number: 10176070

Directors' report for the period ended 31 May 2017 (continued)

Directors

The directors of the Company who held office during the year and up to the date of signing the financial statements, unless stated, are given below:

Mr J Xia (Appointed 27 May 2016)

Mr J Banfill (Appointed on 27 May 2016 and resigned 16 June 2016)

Mr A Hitchins (Appointed on 12 May 2016 and resigned 27 May 2016)

Mr C Samuelson (Appointed on 27 May 2016 and resigned on 16 June 2016, re-appointed on 20 July 2016 and resigned on 1 August 2016)

Mr K Wyness (Appointed on 27 May 2016 and resigned on 16 June 2016, re-appointed on 20 July 2016 and resigned on 1 August 2016)

Employees

The Company continues its policy of keeping its employees informed on a regular basis of matters concerning them as employees and on financial and economic factors affecting the performance of the Company.

Disabled persons

The Company recognises its responsibility to employ disabled persons in suitable employment and gives full and fair consideration to applications for employment made by such persons, having regard to their particular aptitudes and abilities.

Any employee who becomes disabled is encouraged to remain in the Company's employment, in the same job if this is practicable. If a change of job is necessary, such an employee is considered for any suitable alternative work which is available and any necessary training is arranged.

Disabled employees are treated equally with all employees in respect of their eligibility for training, career development and promotion.

Directors' responsibilities statement

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

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, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", 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 the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- 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.

Recon Group UK Limited (formerly Recon Sports Limited)

Registered number: 10176070

Directors' report for the period ended 31 May 2017 (continued)

Directors' responsibilities statement (continued)

The directors 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.

In the case of each director in office at the date the Directors' Report is approved:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- they 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.

Directors' and officers' insurance

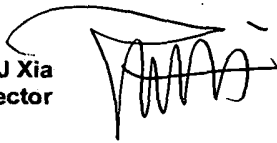
The Company maintains cover under a qualifying third party indemnity for all directors and officers against liabilities which may be incurred by them whilst acting as directors or officers.

Independent Auditors

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and a resolution concerning their re-appointment will be proposed at the Annual General Meeting.

This report was approved by the board on 21.12.2017 and signed on its behalf.

Mr J Xia
Director



Recon Group UK Limited (formerly Recon Sports Limited)

Registered number: 10176070

Independent auditors' report to the members of Recon Group UK Limited

Report on the financial statements

Our opinion

In our opinion, Recon Group UK Limited's group financial statements and company financial statements (the "financial statements"):

- give a true and fair view of the state of the group's and of the company's affairs as at 31 May 2017 and of the group's loss and cash flows 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.

What we have audited

The financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), comprise:

- the consolidated and company balance sheets as at 31 May 2017;
- the consolidated profit and loss account for the year then ended;
- the consolidated cash flow statement for the year then ended;
- the consolidated and company statements of changes in equity for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

In addition, in light of the knowledge and understanding of the group, the company and their environment obtained in the course of the audit, we are required to report if we have identified any material misstatements in the Strategic Report and the Directors' Report. We have nothing to report in this respect.

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- the company financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Recon Group UK Limited (formerly Recon Sports Limited)

Registered number: 10176070

Independent auditors' report to the members of Recon Group UK Limited (continued)

Other matters on which we are required to report by exception

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Directors' Responsibilities Statement set out on pages 5 and 6, 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) ("ISAs (UK & 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.

What an audit of financial statements involves

We conducted our audit in accordance with ISAs (UK & Ireland). 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 group's and 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.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report. With respect to the Strategic Report and Directors' Report, we consider whether those reports include the disclosures required by applicable legal requirements.



Neil Philpott (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Birmingham

5 January 2018

Recon Group UK Limited (formerly Recon Sports Limited)

Registered number: 10176070

Consolidated profit and loss account for the period ended 31 May 2017

		2017			2016		
		Operations excluding player trading	Player transactions	Total	Operations excluding player trading	Player transactions	Total
	Note	£'000	£'000	£'000	£'000	£'000	£'000
Turnover	2	71,904	1,923	73,827	105,840	2,976	108,816
Operating expenses before exceptional items		(91,206)	(23,737)	(114,943)	(129,175)	(16,017)	(145,192)
Operating loss before exceptional items		(19,302)	(21,814)	(41,116)	(23,335)	(13,041)	(36,376)
Profit on disposal of players' registrations	4	-	26,631	26,631	-	34,764	34,764
Operating expenses – exceptional items	3	-	-	-	(44,802)	(34,842)	(79,644)
Total Operating (expenses) / income	3	(91,206)	2,894	(88,312)	(173,977)	(16,095)	(190,072)
Operating (loss) / profit		(19,302)	4,817	(14,485)	(68,137)	(13,119)	(81,256)
Interest receivable and similar income	6			24			1,303
Interest payable and similar expenses	7			(85)			(714)
Loss before taxation				(14,546)			(80,667)
Tax on loss	8			-			-
Loss for the financial year				(14,546)			(80,667)

The results derive wholly from continuing operations of the Group.

There are no recognised gains and losses other than the loss for the current and previous financial year. Accordingly, no statement of other comprehensive income is presented.

Player transactions includes fees received for players out on loan, as well as amortisation, impairment and profit on disposal of players' registrations.

Recon Group UK Limited (formerly Recon Sports Limited)

Registered number: 10176070

Consolidated balance sheet as at 31 May 2017

	Note	2017 £'000	2016 £'000
Fixed assets			
Intangible assets	10	79,400	29,648
Tangible assets	11	43,034	43,393
		122,434	73,041
Current assets			
Stocks	13	-	326
Debtors	14	28,408	30,925
Cash at bank and in hand		1,583	648
		29,991	31,899
Creditors: amounts falling due within one year	15	(113,703)	(95,370)
Net current liabilities		(83,712)	(63,471)
Total assets less current liabilities		38,722	9,570
Creditors: amounts falling due after more than one year	16	(22,696)	(12,998)
Provisions for liabilities	18	-	-
Net assets / (liabilities)		16,026	(3,428)
Capital and reserves			
Called up share capital	19	-	325,688
Capital contribution		57,000	-
Merger reserve		302,688	-
Profit and loss account		(343,662)	(329,116)
Total shareholders' deficit		16,026	(3,428)

The financial statements on pages 9 to 33 were approved by the board of directors on

Signed on behalf of the board of directors

12.21.2017

Mr J Xia
Director



Recon Group UK Limited (formerly Recon Sports Limited)

Registered number: 10176070

Consolidated statement of changes in equity for the period ended 31 May 2017

	Capital Contribution	Merger Reserve	Called up share capital	Profit and loss account	Total shareholders' funds / (deficit) £'000
	£000	£000	£'000	£'000	£'000
Balance at 1 June 2015	-	-	315,188	(248,449)	66,739
Loss for the financial year	-	-	-	(80,667)	(80,667)
Share capital issued in the year	-	-	10,500	-	10,500
Balance at 31 May 2016	-	-	325,688	(329,116)	(3,428)
Loss for the financial year	-	-	-	(14,546)	(14,546)
Capital contribution	57,000	-	-	-	57,000
Merger	-	302,688	(302,688)	-	-
Acquisition of subsidiaries	-	-	(23,000)	-	(23,000)
Balance at 31 May 2017	57,000	302,688	-	(343,662)	16,026

Company statement of changes in equity for the period ended 31 May 2017

	Capital Contribution	Called up share capital	Profit and loss account	Total shareholders' funds
	£'000	£'000	£'000	£'000
Balance at incorporation (12 May 2016)	-	-	-	-
Loss for the financial year	-	-	(64)	(64)
Capital contribution	57,000	-	-	57,000
Share capital issued in the year	-	-	-	-
Balance at 31 May 2017	57,000	-	(64)	56,936

The accounting policies and the notes on pages 14 to 33 form part of these financial statements.

Recon Group UK Limited (formerly Recon Sports Limited)

Registered number: 10176070

Company balance sheet as at 31 May 2017

	Note	2017 £'000
Fixed assets		
Investments	12	57,000
Current assets		
Debtors	14	995
Cash at bank and in hand		918
		1,913
Creditors: amounts falling due within one year	15	(1,977)
Net current liabilities		(64)
Total assets less current liabilities		56,936
Creditors: amounts falling due after more than one year	16	-
Net assets		56,936
Capital and reserves		
Called up share capital	19	-
Capital contribution		57,000
Profit and loss account		(64)
Total shareholders' funds		56,936

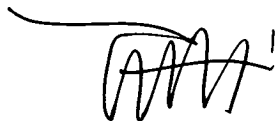
The notes on pages 14 to 33 are an integral part of these financial statements.

The financial statements on pages 9 to 33 were approved by the Board of Directors on 12.21.2017

The loss for the financial year in the financial statements of the parent Company was £63,789.

Signed on behalf of the Board of Directors

Mr J Xia
Director



Recon Group UK Limited (formerly Recon Sports Limited)

Registered number: 10176070

Consolidated cash flow statement for the period ended 31 May 2017

		2017	2016
	Note	£'000	£'000
Net cash used in operating activities	20	(20,562)	(11,042)
Taxation paid		-	-
Net cash used in operating activities		(20,562)	(11,042)
Cash flows from investing activities			
Purchase of tangible fixed assets		(2,597)	(1,504)
Purchase of intangible fixed assets		(57,766)	(32,909)
Proceeds from disposal of tangible fixed assets		7	25
Proceeds from disposal of intangible fixed assets		43,481	21,300
Interest received		24	1
Net cash used in investing activities		(16,851)	(13,087)
Cash flows from financing activities			
Issue of share capital		-	10,500
Interest paid		(85)	(714)
Increase in other borrowings		49,000	23,603
Net cash from financing activities		48,915	33,389
Net increase in cash and cash equivalents		11,502	9,260
Cash and cash equivalents at the beginning of the year		(10,987)	(20,247)
Cash and cash equivalents at the end of the year		515	(10,987)
Cash and cash equivalents consists of:			
Cash at bank and in hand		1,583	648
Bank overdrafts		(1,068)	(11,635)
Cash and cash equivalents		515	(10,987)

Recon Group UK Limited (formerly Recon Sports Limited)

Notes to the financial statements for the period ended 31 May 2017

1 Accounting policies

General information

Recon Group UK Limited (formerly Recon Sports Limited) ('the company') principal activity continues to be that of a holding company. The principal activity of the Group is the operation of a professional football club.

The company is incorporated and domiciled in the UK. The address of its registered office is Villa Park, Trinity Road, Birmingham B6 6HE.

Statement of compliance

The individual and consolidated financial statements of the company and the group have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") and the Companies Act 2006.

Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The company has adopted FRS 102 in these financial statements.

Basis of accounting

The financial statements have been prepared on the going concern basis, under the historical cost convention, and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom.

The preparation of financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are also disclosed in this note.

The company has taken advantage of the exemption in section 408 of the Companies Act 2006 from disclosing its individual profit and loss account.

The principal accounting policies, which have been applied consistently throughout the year, are set out below.

Exemptions for qualifying entities under FRS 102

FRS 102 allows a qualifying entity certain disclosure exemptions. Exemptions under FRS 102 paragraph 1.12 have been applied for the Company: in relation to presentation of a cash flow statement, related party transactions, certain financial instrument disclosures and the non-disclosure of key management personnel compensation.

Recon Group UK Limited (formerly Recon Sports Limited)

Notes to the financial statements for the period ended 31 May 2017 (continued)

1 Accounting policies (continued)

Going Concern

Based both on the continuing financial support committed to by the owner and the availability of the Group's financing facilities, as incorporated in the directors' cash flow forecasts, the directors consider it appropriate to prepare the financial statements on a going concern basis. Following relegation from the Premier League in 2015/16 and failure to gain promotion in 2016/17, the Club will receive a reduced level of broadcasting revenue for the 2017/18 season, although some funding will continue to be received from the Premier League in the form of parachute payments. The directors have included these factors in their cash flow forecasts to ascertain the level of required funding from the ultimate controlling party to support the club's operations. Following the acquisition of the club by Mr J Xia, funding has been received to support the club's operations for the 2016/17 season, which has been invested in the playing squad and underlying operations of the Club. The cash flow forecasts indicate a requirement for additional funding from the ultimate parent company to support the Group's operations for a period of at least one year from the date of signing these financial statements, and the Directors are satisfied that the ultimate controlling party has the ability to provide this funding. The directors have received confirmation that the ultimate holding Company, Zhejiang Ruikang (Recon) Investment Co. Ltd, intends to provide this support to the Group and Company for at least one year from the date these financial statements are signed.

Basis of preparation and consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) made up to 31 May each year. Control is achieved where the Company has the power to govern the financial and operating policies of an investee entity so as to obtain benefits from its activities. All intercompany transactions and balances are eliminated on consolidation. Uniform accounting policies have been applied across the Group. The loss for the financial year dealt with in the financial statements of the parent Company was £64k. As permitted by section 408 of the Companies Act 2006, no separate profit and loss account is presented in respect of the parent Company.

The bringing together of the company's subsidiary undertakings has been accounted for using merger accounting principles set out in the Companies Act 2006 as applicable to group reconstructions. As such, these consolidated financial statements include the financial information in full of Recon Group UK Limited (formerly Recon Sports Limited) (for the period ending 31 May 2017) and Recon Sports Limited (formerly Reform Acquisitions Limited) (for the 12 months ending 31 May 2017) as required by Schedule 6 to SI 2008/410. As the incorporation of Recon Group UK Limited (formerly Recon Sports Limited) was 12 May 2016 and this represents its first accounting period, the comparative period for this consolidated set of financial statements is considered as the results of Recon Sports Limited (formerly Reform Acquisitions Limited) to 31 May 2016. There is no comparative financial information for the company.

On consolidation there was an adjustment to the merger reserve of £302,687,691.

The address of the registered office of Recon Sports Limited is Villa Park, Trinity Road, Birmingham B6 6HE. The ultimate holding company for both entities is Zhejiang Ruikang (Recon) Investment Co Ltd, a Company registered in China and the ultimate controlling party is Mr J Xia. The registered address of Zhejiang Ruikang (Recon) Investment Co Ltd is 368 Liuhe Road, Building 1N A1104, Binjiang District, Hangzhou, Zhejiang, China.

Recon Group UK Limited (formerly Recon Sports Limited)

Notes to the financial statements for the period ended 31 May 2017 (continued)

1 Accounting policies (continued)

Turnover

Turnover represents amounts receivable for goods and services, excluding transfer fees receivable in respect of the disposal of players' registrations, in the normal course of the Group's business. It is stated net of discounts and value added tax. Turnover in regards to player transactions relates to fees receivable for the loans of players' registrations.

Gate receipts turnover is recognised over the period of the English football season, covering the period from August to May each year, as home matches are played.

Fixed elements of broadcasting contracts are taken in proportion to the number of league matches played, home and away. Broadcasting facility fees are accounted for when earned.

Sponsorship turnover, including royalties are recognised over the duration of their respective contracts.

Merchandising, travel and catering turnover, included within Commercial turnover, are recognised on an earned basis. Executive box rentals are recognised over the duration of their contracts.

UEFA solidarity and prize money are distributions received from UEFA, European football's governing body. These amounts are recognised on an earned basis.

Grants and donations

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

Fixed asset investments

The Company's investments in subsidiaries are stated at cost less any provision for impairment. Impairment reviews are performed by the directors when there has been an indication of potential impairment.

Tangible fixed assets

Tangible fixed assets are stated at historical purchase cost less accumulated depreciation and any provision for impairment. Cost includes the original purchase price of the asset and the costs directly attributable with the purchase of the asset. 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:

Freehold land	Nil
Short leasehold property	10%
Freehold buildings	2-8%
Plant and equipment	10-33%

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.

Recon Group UK Limited (formerly Recon Sports Limited)

Notes to the financial statements for the period ended 31 May 2017 (continued)

1 Accounting policies (continued)

Intangible fixed assets – players' registrations (continued)

Internally generated intangible 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 the amortised cost of the intangible asset.

Impairment of tangible and intangible fixed assets

At each balance sheet date, the Group 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 indicator 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.

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.

Stocks

Stocks are stated at the lower of cost and net realisable value. Net realisable value represents the estimated selling price less costs to be incurred in marketing and selling. Provision is made for obsolete or slow-moving items where appropriate.

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.

Bank borrowings

Interest-bearing bank loans and overdrafts are recorded at the net proceeds received. Finance charges are accounted for on an accrual basis to the consolidated profit and loss account.

Leases

Assets acquired under finance leases and other similar contracts, which confer rights and obligations similar to those attached to owned assets, are capitalised as tangible assets and are depreciated over their useful lives. The capital element of future lease obligations are recorded as liabilities with the interest element being charged to the profit and loss account at a constant rate over the period of the lease.

Taxation

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

Current tax is the amount of income tax payable in respect of the taxable profit for the year or prior years. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the period end.

Recon Group UK Limited (formerly Recon Sports Limited)

Notes to the financial statements for the period ended 31 May 2017 (continued)

1 Accounting policies (continued)

Taxation (continued)

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.

Pensions

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

Certain of the Company's employees and ex-employees are members of the Football League Limited Pension and Life Assurance Scheme (FLLPLAS), a defined benefit scheme. As the Company is one of a number of participating employers in FLLPLAS it is not possible to identify the Company's share of the individual assets and liabilities within the scheme. However, the actuarial surplus or deficit is estimated and a provision is made for any unfunded obligation with any payments made being deducted from the outstanding balance. The assets of the scheme are held separately from those of the Group, being invested with insurance companies. Further details are set out in note 22.

Subsidiary company audit exemption

For the year ending 31 May 2017, Aston Villa Ladies Limited (Registered number: 08414046), VicVilla Healthy Food and Nutritional Biotechnology Limited (Registered number: 10259197) and 1874 Development Limited (Registered number: 10484901) were entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies.

Financial instruments

The company has chosen to adopt sections 11 and 12 of FRS102 in respect of financial instruments.

Financial assets

Basic financial assets, including trade and other receivables and cash and bank balances, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Such assets are subsequently carried at amortised cost using the effective interest method.

Recon Group UK Limited (formerly Recon Sports Limited)

Notes to the financial statements for the period ended 31 May 2017 (continued)

1 Accounting policies (continued)

Financial assets (continued)

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment is recognised in the profit or loss account. Financial assets are derecognised when (a) the contractual rights to the cash flows from the assets expire or are settled, or (b) substantially all the risk and rewards of the ownership of the asset are transferred to another party or (c) control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

Financial liabilities

Basic financial liabilities, including trade and other payables and amounts due to fellow group companies are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest.

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless they are included in a hedging arrangement.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

Critical accounting judgements and estimation uncertainty

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

a) Players' registrations

The costs associated with the acquisition of players' registrations are capitalised the fair value of the consideration payable including an estimate of the fair value of any contingent consideration. Subsequent reassessments of the amount of contingent consideration payable are also included in the cost of the player's registration. The estimate of the consideration of the contingent payable requires management to assess the likelihood of specific performance conditions being met which would trigger the payment of the contingent consideration. This assessment is carried out on an individual player basis.

Recon Group UK Limited (formerly Recon Sports Limited)

Notes to the financial statements for the period ended 31 May 2017 (continued)

1 Accounting policies (continued)

b) Impairment review

The Group will perform an impairment review on intangible assets, including player registrations if adverse events indicate that the amortised carrying value of the asset may not be recoverable. Whilst no individual player can be separated from the single cash generating unit, being the operations of the group as a whole, there may be certain circumstances where a player is taken out of the cash generating unit, when it becomes clear that they will not play for the club's first team again. For example a player sustaining a career threatening injury or is permanently removed from the first team squad for another reason. If such circumstances were to arise, the carrying value of the player would be assessed against the Group's best estimate of the player's fair value less any costs to sell.

2 Turnover

The Group's turnover is analysed into its five main components as follows:

	2017	2016
	£'000	£'000
Gate receipts	10,736	12,499
Broadcasting	48,060	65,030
Sponsorship	2,710	11,833
Commercial	12,321	19,344
UEFA solidarity and prize money	-	110
	73,827	108,816

The constituents of each component are as follows:

Gate receipts – Revenues generated from the sale of match tickets.

Broadcasting – Distributions from the FA Premier League broadcasting agreements, including the merit award, cup competition broadcasting rights and local radio broadcasting.

Sponsorship – Major sponsorship contracts and club partnership agreements.

Commercial – Merchandising, royalties, conference and banqueting, fees received for the loan of players' registrations and all other revenue sources.

UEFA solidarity and prize money – Distributions received from UEFA, European football's governing body.

The Group has one main business segment, that of professional football operations, and one main geographical segment, which is the United Kingdom, therefore no further segmental information is provided.

Recon Group UK Limited (formerly Recon Sports Limited)

Notes to the financial statements for the period ended 31 May 2017 (continued)

3 Loss before taxation

The Group's operating loss for the year has been arrived at after charging/(crediting):

	2017 £'000	2016 £'000
Depreciation of owned tangible fixed assets	2,944	3,735
Loss/(profit) on disposal of tangible fixed assets	5	(15)
Amortisation of players' registrations	23,737	16,017
Deferred grant income	(140)	(140)
Stock recognised as an expense	2,981	4,756
Staff costs excluding exceptional items (note 5)	61,473	93,014
Impairment of trade debtors	-	-
Community development expenditure	2,016	2,224
Youth development expenditure	5,875	5,043
Auditors' remuneration for audit services:		
- audit of the parent Company's individual and consolidated financial statements	15	10
- audit of the Company's subsidiaries	60	49
- audit-related assurance services	16	45
- non-audit services	23	29
Exceptional items:		
Impairment of intangible assets (included in 'administrative expenses')	-	34,842
Impairment of tangible assets (included in 'administrative expenses')	-	44,802

The audit fee for the Company was borne by another Group Company in both financial years.

The impairment of tangible and intangible assets has been recognised to write down the assets to their recoverable amount.

4 Profit on disposal of players' registrations

The profit on disposal of players' registration in the year amounted to £26,631,098 (2016: profit of £34,764,237).

Recon Group UK Limited (formerly Recon Sports Limited)

**Notes to the financial statements
for the period ended 31 May 2017 (continued)**

5 Staff costs

Group	2017	2016
	Number	Number
Average monthly number of employees by activity:		
Players, football management and coaches	175	195
Commercial, merchandising and operations	168	259
Maintenance and administration	58	89
Full-time employees	401	543
Part-time employees on match days and other events	663	1,080
	1,064	1,623

	2017	2016
	£'000	£'000
Remuneration		
Wages and salaries	53,490	81,604
Social security costs	7,479	10,861
Other pension costs (note 22)	504	549
	61,473	93,014

The Company does not have any employees (2016: none).

	2017	2016
	£	£
Directors' remuneration		
Aggregate emoluments	349,547	4,578,897
Company contribution to money purchase schemes	8,248	54,000
	357,795	4,632,897

Company contribution to money purchase schemes relate to one director (2016: one).

Recon Group UK Limited (formerly Recon Sports Limited)

**Notes to the financial statements
for the period ended 31 May 2017 (continued)**

5 Staff costs (continued)

2017

2016

£

£

Remuneration of the highest paid director

Aggregate emoluments	357,795	2,960,343
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All of the directors are remunerated in relation to their services to the Group by a subsidiary Company and none of the directors received remuneration in relation to their services to the Company (2016: none).

Key management personnel are considered to be the directors of the Company.

6 Interest receivable and similar income

	2017	2016
	£'000	£'000
Interest receivable	10	1
Gains on derivative financial instruments	14	1,302
	24	1,303

7 Interest payable and similar expenses

	2017	2016
	£'000	£'000
Interest on bank overdrafts and loans	85	714
Other interest payable	-	-
	85	714

Recon Group UK Limited (formerly Recon Sports Limited)

Notes to the financial statements for the period ended 31 May 2017 (continued)

8 Tax on loss

	2017 £	2016 £
Current tax:		
UK corporation tax: UK Corporation tax on profits for the year	-	-
Adjustment in respect of prior periods	-	-
	-	-
Deferred tax:		
UK: Origination and reversal of timing differences	-	-
Impact of change in tax rate	-	-
Tax on profit on ordinary activities	-	-

Corporation tax is calculated at 19.83% (2016: 20%) of the estimated assessable loss for the financial year.

The tax assessed for the year is higher (2016: higher) than the standard rate of corporation tax in the UK of 19.83% (2016: 20%). The differences are explained below:

	2017 £'000	2016 £'000
Loss before taxation	(14,546)	(80,667)
Tax at the UK corporation tax rate of 19.83% (2016: 20%)	(2,884)	(16,133)
Expenses not deductible for tax purposes	108	9,294
Income not taxable	(49)	(28)
Movement in unprovided deferred tax	2,825	6,911
Tax rate changes	-	(44)
Total tax charge for the year	-	-

Recon Group UK Limited (formerly Recon Sports Limited)

Notes to the financial statements for the period ended 31 May 2017 (continued)

8 Tax on loss (continued)

A change to the UK corporation tax rate was announced in the Chancellor's Budget on 16 March 2016. The change announced is to reduce the main rate to 17% from 1 April 2020. Changes to reduce the UK corporation tax rate to 19% from 1 April 2017, and 18% from 1 April 2020 have already been substantially enacted on 26 October 2015.

9 Dividends

The directors do not recommend the payment of a final dividend which results in no dividend being paid for the year (2016: £nil).

10 Intangible assets

Group	Players' registrations £000
Cost	
At 1 June 2016	103,260
Additions	87,874
Disposals	(59,916)
At 31 May 2017	131,218
Accumulated amortisation	
At 1 June 2016	73,612
Charge for the year	23,737
Disposals	(45,531)
At 31 May 2017	51,818
Net book value	
At 31 May 2017	79,400
At 31 May 2016	29,648

The Company does not have any intangible fixed assets (2016: £nil).

Recon Group UK Limited (formerly Recon Sports Limited)

**Notes to the financial statements
for the period ended 31 May 2017 (continued)**

11 Tangible assets

Group	Freehold land and buildings £'000	Leasehold land and buildings £'000	Plant and equipment £'000	Total £'000
Cost				
At 1 June 2016	107,066	201	28,114	135,381
Additions	934	-	1,663	2,597
Disposals	-	-	(30)	(30)
At 31 May 2017	108,000	201	29,747	137,948
Accumulated depreciation				
At 1 June 2016	67,886	28	24,074	91,988
Charge for the year	1,454	2	1,488	2,944
Disposals	-	-	(18)	(18)
At 31 May 2017	69,340	30	25,544	94,914
Net book value				
At 31 May 2017	38,660	171	4,203	43,034
At 31 May 2016	39,180	173	4,040	43,393

Freehold land and buildings includes freehold land amounting to £8,866,026 (2016: £7,931,526) which has not been depreciated.

Recon Group UK Limited (formerly Recon Sports Limited)

Notes to the financial statements for the period ended 31 May 2017 (continued)

12 Investments

Company	Investment in subsidiaries £'000	Loans to subsidiaries £'000	Total £'000
Cost			
At 12 May 2016	-	-	-
Additions	23,000	34,000	57,000
At 31 May 2017	23,000	34,000	57,000
Impairment			
At 12 May 2016 and 31 May 2017	-	-	-
Net book value			
At 31 May 2017	23,000	34,000	57,000
At 12 May 2016	-	-	-

The Company and the Group have investments in the following subsidiary undertakings.

Company	Principal activity	Holding	
1874 Developments Limited	Property investment	1 ordinary £1 share	100%
Recon Properties UK Limited	Property investment	1 ordinary 1 share	100%
Recon Sports Limited	Holding company	325,687,691 ordinary £1 shares	100%
VicVilla Healthy Food and Nutritional Biotechnology Limited	Health foods	1 ordinary £1 share	100%
Recon Football Limited*	Property investment	5,170,494,660 ordinary 5p shares	100%
Aston Villa Football Club Limited*	Commercial and retail operations	84,938,182 ordinary £1 shares	100%
Aston Villa FC Limited*	Professional football club	2,000,000 ordinary £1 shares	100%
Aston Villa Ladies Limited*	Ladies football club	1 ordinary £1 share	100%
Villa In The Community*	Community activities	Limited by guarantee	-
Aston Villa Social Enterprise CIC*	Community activities	7 ordinary shares of £10 each	100%

Recon Group UK Limited (formerly Recon Sports Limited)

Notes to the financial statements for the period ended 31 May 2017 (continued)

12 Investments (continued)

All of the subsidiary undertakings are incorporated in England and Wales and have a registered address of Villa Park, Birmingham B6 6HE. The results of the subsidiary undertakings have been consolidated in the Group financial statements. All of the above subsidiaries are owned directly by Recon Group UK Limited (formerly Recon Sports Limited) unless marked by an asterisk. The directors believe that the carrying value of the investments is supported by their underlying net assets.

13 Stocks

Group	2017 £'000	2016 £'000
Goods held for resale	-	326

The Company did not have any stock (2016: £nil). Stocks are stated after provisions for impairment of £nil (2016: £nil).

14 Debtors

	Group 2017 £'000	Company 2017 £'000	Group 2016 £'000
Trade debtors	23,600	-	28,097
Amounts due from group companies	687	995	-
Other debtors	1,337	-	39
Derivative financial instruments	1,316	-	1,302
Prepayments and accrued income	1,468	-	1,487
	28,408	995	30,925

Trade debtors are stated after provisions for impairment of £nil (2016: £nil)

Trade debtors and other debtors are measured at amortised cost. Derivative financial instruments are measured at fair value through profit or loss.

Recon Group UK Limited (formerly Recon Sports Limited)

**Notes to the financial statements
for the period ended 31 May 2017 (continued)**

15 Creditors: amounts falling due within one year

	Group	Company	Group
	2017	2017	2016
	£'000	£'000	£'000
Bank loans and overdrafts (note 17)	1,068	-	11,635
Trade creditors	47,567	-	25,143
Loan notes payable to parent undertakings (note 17)	49,000	1,500	34,000
Amounts owed to subsidiary undertakings	-	477	-
Taxation and social security	1,708	-	4,732
Other creditors	396	-	251
Accruals and deferred income	13,964	-	19,609
	113,703	1,977	95,370

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

Trade creditors, amounts owed to parent and subsidiary undertakings and other creditors are measured at amortised cost.

Recon Group UK Limited (formerly Recon Sports Limited)

**Notes to the financial statements
for the period ended 31 May 2017 (continued)**

16 Creditors: amounts falling due after more than one year

	Group	Company	Group
	2017	2017	2016
	£'000	£'000	£'000
Bank loans and overdrafts (note 17)	-	-	-
Loan notes payable to parent undertaking (note 17)	-	-	-
Trade creditors	20,206	-	10,368
Grants and donations	2,490	-	2,630
	22,696	-	12,998

Grants and donations

	Group	Company	Group
	2017	2017	2016
	£'000	£'000	£'000
At 1 June/12 May	2,630	-	2,770
Credit to loss from operations in the year	(140)	-	(140)
At 31 May	2,490	-	2,630

Recon Group UK Limited (formerly Recon Sports Limited)

Notes to the financial statements for the period ended 31 May 2017 (continued)

17 Loans and other borrowings

	Group 2017 £'000	Company 2017 £'000	Group 2016 £'000
Bank loans and overdrafts	1,068	-	11,635
Loan notes	49,000	1,500	34,000
	50,068	1,500	45,635
Maturity of financial liabilities:			
Due in one year or less, or on demand	50,068	1,500	45,635
Due in more than 5 years	-	-	-
	50,068	1,500	45,635

Bank loans and overdrafts

The bank loans and overdrafts, which are secured on the Group's land and property assets, bear interest on margins above Bank of England Base Rate.

The bank overdrafts are renewable annually and repayable on demand. At the balance sheet date, the Group had undrawn overdraft borrowing facilities of £4,513,396 (2016: £10,104,433).

18 Provisions for liabilities

Deferred tax

The following are the major deferred tax liabilities recognised by the Group and Company and movements thereon during the current year and prior year.

Group and company	Capital allowances £'000	Short-term timing differences £'000	Losses £'000	Total £'000
At 1 June 2016	-	-	-	-
Credit to profit and loss account for the year	-	-	-	-
At 31 May 2017	-	-	-	-

There is an unprovided deferred tax asset of £60.1m (2016: £53.3m) in respect of tax losses carried forward in the Group, and no unprovided deferred tax asset in the Company. No deferred tax asset will be recognised until the directors assess that these losses can be utilised with reasonable certainty.

Recon Group UK Limited (formerly Recon Sports Limited)

**Notes to the financial statements
for the period ended 31 May 2017 (continued)**

19 Called up share capital

	Number	2017 £'000
Allotted and fully paid – ordinary shares of £1 each	1	-

20 Notes to the cash flow statement

	2017 £'000	2016 £'000
Loss for the financial year	(14,546)	(80,667)
Adjustments for:		
Tax on loss	-	-
Net interest expense/(income)	61	(589)
Operating loss	(14,485)	(81,256)
Loss/(profit) on sale tangible fixed assets	5	(15)
Profit on disposal players registrations	(26,631)	(34,764)
Amortisation of players' registrations	23,737	16,017
Impairment of players' registrations	-	34,842
Depreciation of tangible fixed assets	2,944	3,735
Impairment of tangible fixed assets	-	44,802
Amortisation of grant income	(140)	(140)
Working capital movements:		
Decrease in stocks	326	268
Decrease in debtors	52	797
(Decrease)/increase in creditors	(6,370)	4,672
Cash flow used in operating activities	(20,562)	(11,042)

Recon Group UK Limited (formerly Recon Sports Limited)

Notes to the financial statements for the period ended 31 May 2017 (continued)

21 Contingent liabilities and commitments

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 unprovided liability which may arise in respect of these players at 31 May 2017 is £3.4m (2016: £3.4m).

22 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 Company is one of a number of participating employers in the scheme, it is not possible to allocate any actuarial surplus or deficit on an annual basis. However, under Section 75 of the Pensions Act 1995, the Company, as a participating employer in the scheme, is liable to fund the deficit relating to Company's ex-employees who are members of the scheme. The Scheme Actuary finalised a full valuation as at 31 August 2014 in April 2015 and allocated £395,725 as the Club's share of the deficit as at 1 September 2014. The deficit is funded by annual contributions. The balance outstanding at the year-end date is included in other creditors. The Club has made contributions of £89,916 in the year (2016: £89,916). The assets of the scheme are held separately from those of the Company.

At the year end, the amount outstanding in relation to the defined contribution schemes was £34,564 (2016: £50,966).

Contributions are also paid into individuals' private pension schemes. The total contributions across all schemes during the year amounted to £504,427 (2016: £549,370).

23 Events after the balance sheet date

Since the balance sheet date various players have been bought and sold. The net income of these transfers, taking into account the applicable levies and sell on clauses, is £22.4 million (2016: £21.0 million). The net cost of these transfers, taking into account the applicable levies, is £2.9 million (2016: £60.5 million). These transfers will be accounted for in the year ending 31 May 2018.

24 Related party transactions

The Company has taken advantage of the exemption under FRS 102 p33.2 from the provisions of not to disclose transactions with other entities that are wholly owned subsidiaries of Recon Group UK Limited (formerly Reform Sports Limited).

25 Ultimate parent undertaking and controlling party

In the opinion of the directors, from 14 June 2016 the ultimate holding company is Zhejiang Ruikang (Recon) Investment Co Ltd, a Company registered in China and the ultimate controlling party is Mr J Xia.