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Registration number 53100

Swindon Town Football Company Limited

Directors' Report and Financial Statements

for the Year Ended 31 May 2005



Ross Brooke Limited
Chartered Accountants and Registered Auditors
21/22 Park Way
Newbury
Berkshire
RG14 1EE

Swindon Town Football Company Limited

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The following pages do not form part of the statutory financial statements

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Swindon Town Football Company Limited
Officers and Advisers

Directors	W H Carson OBE R S Holt (resigned 26 September 2006) R S Holt (appointed 28 November 2006) J S Wills Mrs S A Gray M J Devlin (resigned 31 July 2004) M Starnes (appointed 23 October 2006) M Bowden (appointed 1 December 2006)
Secretary	Mrs S A Gray
Registered office	21/22 Park Way Newbury Berkshire RG14 1EE
Solicitors	Clarke Willmott 1 Georges Square Bath Street Redcliffe Bristol Avon BS1 6BA
Bankers	National Westminster Bank Plc Newbury 30 Market Place Newbury RG14 5GP
Auditors	Ross Brooke Limited Chartered Accountants and Registered Auditors 21/22 Park Way Newbury Berkshire RG14 1EE

Swindon Town Football Company Limited

Directors' Report for the Year Ended 31 May 2005

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

Directors' responsibilities

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice

Directors are required by company law to prepare financial statements which give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit or loss of the company for the period ending on that date. In preparing those financial statements, directors are required to

- select suitable accounting policies and apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- prepare the financial statements on a 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 enable them to ensure the financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

Each director has taken 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. The directors confirm that there is no relevant information that they know of and which they know the auditors are unaware of.

Principal activity

The principal activity of the company is that of a professional football league club.

Directors and their interests

The directors who held office during the year and their beneficial interest in the shares of the company were as follows:

		Ordinary shares of 50 pence each	
		As at 31 May 2005 No.	As at 1 June 2004 No.
W H Carson OBE		100,003	100,003
R S Holt	(resigned 26 September 2006)	-	-
J S Wills		-	-
Mrs S A Gray		-	-
M J Devlin	(resigned 31 July 2004)	-	-

The following directors were appointed after the year end:

- R S Holt (appointed 28 November 2006)
- M Starnes (appointed 23 October 2006)
- M Bowden (appointed 1 December 2006)

Swindon Town Football Company Limited
Directors' Report for the Year Ended 31 May 2005

continued

Auditors

The auditors, Ross Brooke Limited, are deemed to be re-appointed in accordance with section 386 of the Companies Act 1985

Small company provisions

This report has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies

Approved by the Board and signed on its behalf by



Mrs S A Gray
Company Secretary

Date 3/4/07

Independent Auditors' Report to the Members of Swindon Town Football Company Limited

We have audited the financial statements of Swindon Town Football Company Limited for the year ended 31 May 2005 set out on pages 6 to 14. These financial statements have been prepared in accordance with the Financial Reporting Standards for Smaller Entities (effective June 2002) under the historical cost convention and 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 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 on page 2, the company's directors are responsible for the preparation of financial statements in accordance with applicable law and United Kingdom Accounting Standards. Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom 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 to you 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 and consider the implications for our report if we become aware of any apparent misstatements within it. Our responsibilities do not extend to any other information.

Basis of opinion

We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes an 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.

**Independent Auditors' Report to the Members of
Swindon Town Football Company Limited**

continued

Fundamental uncertainty

In forming our opinion we have considered the adequacy of disclosures made in note 1 of the financial statements concerning the company's ability to continue as a going concern. The company continues to incur significant losses and is in a substantial net deficit position. The company's ability to continue as a going concern is dependent on the support of the family of the controlling party, the support of other creditors, and the success of the company voluntary arrangement (CVA) which is due to complete in August 2007 with a final payment of £900,000 payable by 30th June 2007. The company is considered unlikely to meet this deadline, but the CVA supervisor has stated that the company can apply for approval from the CVA creditors to revise and extend the arrangement to deal with this expected shortfall. These conditions indicate the existence of a material uncertainty as to the company's ability to continue as a going concern. In view of the significance of this uncertainty we consider that it should be drawn to your attention but our opinion is not qualified in this respect.

Opinion

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



Ross Brooke Limited
Chartered Accountants and Registered Auditors

21/22 Park Way
Newbury
Berkshire
RG14 1EE

Date 31/4/07

Swindon Town Football Company Limited
Profit and Loss Account for the Year Ended 31 May 2005

	Note	2005 £	2004 £
Turnover	2	3,538,631	3,891,557
Cost of sales		(3,388,858)	(3,631,838)
Gross profit		<u>149,773</u>	<u>259,719</u>
Administrative expenses		(1,419,834)	(1,787,745)
Other operating income		50,042	50,041
Operating loss	3	<u>(1,220,019)</u>	<u>(1,477,985)</u>
Profit on sale of players' registrations	4	70,000	110,000
Other exceptional profit	4	128,534	878,912
Other interest receivable and similar income		3,486	1,551
Interest payable and similar charges		(319,394)	(115,173)
Loss on ordinary activities before taxation		<u>(1,337,393)</u>	<u>(602,695)</u>
Loss for the financial year		<u><u>(1,337,393)</u></u>	<u><u>(602,695)</u></u>

The notes on pages 8 to 14 form an integral part of these financial statements

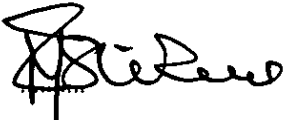
Swindon Town Football Company Limited
Balance Sheet as at 31 May 2005

		2005	2004
	Note	£	£
Fixed assets			
Intangible assets	7	73,381	39,062
Tangible assets	8	<u>684,485</u>	<u>764,677</u>
		757,866	803,739
Current assets			
Stocks		37,091	72,718
Debtors	9	506,258	497,352
Cash at bank and in hand		<u>29,577</u>	<u>156,940</u>
		572,926	727,010
Creditors: Amounts falling due within one year	10	<u>(9,066,561)</u>	<u>(8,103,971)</u>
Net current liabilities		<u>(8,493,635)</u>	<u>(7,376,961)</u>
Total assets less current liabilities		(7,735,769)	(6,573,222)
Creditors: Amounts falling due after more than one year	11	(2,450,000)	(2,400,000)
Deferred income			
Deferred income		<u>(983,772)</u>	<u>(858,926)</u>
Net liabilities		<u>(11,169,541)</u>	<u>(9,832,148)</u>
Capital and reserves			
Called up share capital	13	2,250,000	2,250,000
Share premium reserve	14	2,585,161	2,585,161
Profit and loss reserve	14	<u>(16,004,702)</u>	<u>(14,667,309)</u>
Equity shareholders' deficit		<u>(11,169,541)</u>	<u>(9,832,148)</u>

The financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies and with the Financial Reporting Standard for Smaller Entities (effective June 2002)

Approved by the Board on 3/4/07 and signed on its behalf by


R S Holt
Director


M Starnes
Director

The notes on pages 8 to 14 form an integral part of these financial statements

Swindon Town Football Company Limited
Notes to the Financial Statements for the Year Ended 31 May 2005

1 Accounting policies

Basis of preparation

The financial statements have been prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective June 2002)

Cash flow statement

The accounts do not include a cash flow statement because the company, as a small reporting entity, is exempt from the requirements to prepare such a statement

Going concern

These financial statements have been prepared on a going concern basis

In August 2002 the company entered into a five year Company Voluntary Arrangement (CVA). To date, all amounts due under the CVA have been paid. If the CVA successfully completes in August 2007, approximately £900,000 of the company's liabilities will be written off. However, if the CVA fails at any point in time, the CVA liabilities will be due immediately in full. Therefore, these liabilities are included in full as amounts due within one year in the financial statements

The company is unlikely to have sufficient funds to pay the final CVA instalment of £900,000 by 30th June 2007. However, the directors have taken advice from the CVA supervisor, who has stated that the company can apply for approval from its CVA creditors to revise the arrangement to deal with the expected shortfall in funds

The company is a subsidiary of Swindon Town F C Limited. The company has a Facility Agreement with Swindon Town F C Limited, by which the company has unlimited access to funds for working capital until 30th August 2008. Sir Seton Wills has, within the same agreement, guaranteed to a third party the obligations of Swindon Town F C Limited to the company and has confirmed his intention to use his best endeavours to provide financial support to Swindon Town F C Limited to enable it to meet its obligations to the company under the Facility Agreement

Accordingly the directors have prepared the financial statements on a going concern basis. The financial statements do not reflect any adjustments which would have to be made should this going concern basis prove invalid. The directors do not consider it possible to determine the effect of this with reasonable accuracy, but adjustments would have to be made to reduce the value of assets to their realisable amount, to provide for further liabilities which might arise, and to reclassify fixed assets and long term liabilities as current assets and liabilities

Amortisation

Amortisation is provided on intangible fixed assets so as to write off the cost or valuation, less any estimated residual value, over their expected useful economic life as follows

Depreciation

Depreciation is provided on tangible fixed assets so as to write off the cost or valuation, less any estimated residual value, over their expected useful economic life as follows

Equipment	10 years straight line
Leasehold property improvements	3 to 20 years straight line

Swindon Town Football Company Limited
Notes to the Financial Statements for the Year Ended 31 May 2005

continued

Grants

Grants of a revenue nature are credited to income in the year to which they relate. Grants of a capital nature are credited to a deferred income account and amortised over the life of the asset to which they relate.

Transfer and registration fees

Transfer fees receivable are credited to the profit and loss account in the year in which the transfer is completed. Those fees that are contingent on subsequent appearances or transfers are dealt with in the profit and loss account in the year in which the relevant appearances or transfers take place. Transfer fees payable are capitalised at cost and amortised in the profit and loss account over the period of the players' contracts.

2 Turnover

The company's turnover represents the value, excluding value added tax, of goods and services supplied to customers during the year.

3 Operating loss

Operating loss is stated after charging

	2005 £	2004 £
Auditors' remuneration - audit services	12,513	21,920
Depreciation of tangible fixed assets	103,803	315,080
Amortisation of goodwill	55,681	25,265
	<u>171,997</u>	<u>362,265</u>

4 Exceptional items

	2005 £	2004 £
Profit on sale of players' registrations	(70,000)	(110,000)
Other exceptional profit	(128,534)	(878,912)
	<u>(198,534)</u>	<u>(988,912)</u>

Other exceptional profits consist of loans written off during the year.

5 Directors' emoluments

The directors' emoluments for the year are as follows

	2005 £	2004 £
Directors' emoluments (including benefits in kind)	40,149	43,055
	<u>40,149</u>	<u>43,055</u>

Swindon Town Football Company Limited
Notes to the Financial Statements for the Year Ended 31 May 2005

continued

6 Particulars of employees

The aggregate payroll costs of these persons were as follows

	2005 £	2004 £
Wages and salaries	<u>2,532,323</u>	<u>2,751,164</u>

7 Intangible fixed assets

	Players' registrations £
Cost	
As at 1 June 2004	112,500
Additions	<u>90,000</u>
As at 31 May 2005	<u>202,500</u>
Amortisation	
As at 1 June 2004	73,437
Charge for the year	<u>55,682</u>
As at 31 May 2005	<u>129,119</u>
Net book value	
As at 31 May 2005	<u>73,381</u>
As at 31 May 2004	<u>39,063</u>

Swindon Town Football Company Limited
Notes to the Financial Statements for the Year Ended 31 May 2005

continued

8 Tangible fixed assets

	Land and buildings £	Plant and machinery £	Total £
Cost			
As at 1 June 2004	3,365,539	1,000,557	4,366,096
Additions	-	23,610	23,610
Disposals	-	(12,670)	(12,670)
As at 31 May 2005	<u>3,365,539</u>	<u>1,011,497</u>	<u>4,377,036</u>
Depreciation			
As at 1 June 2004	2,702,689	898,730	3,601,419
Eliminated on disposals	-	(12,670)	(12,670)
Charge for the year	81,164	22,638	103,802
As at 31 May 2005	<u>2,783,853</u>	<u>908,698</u>	<u>3,692,551</u>
Net book value			
As at 31 May 2005	<u>581,686</u>	<u>102,799</u>	<u>684,485</u>
As at 31 May 2004	<u>662,850</u>	<u>101,827</u>	<u>764,677</u>

9 Debtors

	2005 £	2004 £
Trade debtors	53,371	74,874
Other debtors	352,287	258,570
Prepayments and accrued income	100,600	163,908
	<u>506,258</u>	<u>497,352</u>

Swindon Town Football Company Limited
Notes to the Financial Statements for the Year Ended 31 May 2005

continued

10 Creditors: Amounts falling due within one year

	2005 £	2004 £
Bank loans and overdrafts	-	30,115
Other loans	4,006,987	2,852,521
Trade creditors	1,923,277	1,915,202
Amounts owed to group undertakings	835,033	740,714
Social security and other taxes	1,564,334	1,971,818
Other creditors	30,605	40,744
Accruals	706,325	552,857
	<u>9,066,561</u>	<u>8,103,971</u>

Included in creditors due within one year are liabilities of £5,383,334 (2004 £5,383,334) which are part of the Company Voluntary Arrangement (CVA) as described in note 1. Under the terms of the CVA £100,000 of this is payable within one year from the year end. Should the CVA fail, the whole amount becomes due immediately.

11 Creditors: Amounts falling due after more than one year

	2005 £	2004 £
Amount owed to related company	<u>2,450,000</u>	<u>2,400,000</u>

The amount owed to the related company is secured.

12 Deferred income

	2005 £	2004 £
Falling due within one year		
Capital grants receivable	50,042	50,042
Other deferred income	<u>536,958</u>	<u>362,070</u>
	587,000	412,112
Falling due after one year		
Capital grants receivable	<u>396,772</u>	<u>446,814</u>
	<u>983,772</u>	<u>858,926</u>

Swindon Town Football Company Limited
Notes to the Financial Statements for the Year Ended 31 May 2005

continued

13 Share capital

	2005 £	2004 £
Authorised		
Equity		
4,500,000 Ordinary shares of 50 pence each	<u>2,250,000</u>	<u>2,250,000</u>
Allotted, called up and fully paid		
Equity		
4,500,000 Ordinary shares of 50 pence each	<u>2,250,000</u>	<u>2,250,000</u>

14 Reserves

	Share premium reserve £	Profit and loss reserve £	Total £
Balance at 1 June 2004	2,585,161	(14,667,309)	(12,082,148)
Transfer from profit and loss account for the year	-	(1,337,393)	(1,337,393)
Balance at 31 May 2005	<u>2,585,161</u>	<u>(16,004,702)</u>	<u>(13,419,541)</u>

15 Other financial commitments

The lease relating to the County Ground expires on 31 March 2013. The terms are that the rent payable shall be base rent plus an additional rent of 2% of the company's gross turnover for its previous financial year. During the year the company paid base rent of £87,598, and additional rent of £68,000. The base rent increases each year in line with the Retail Price Index.

Swindon Town Football Company Limited
Notes to the Financial Statements for the Year Ended 31 May 2005

continued

16 Related parties

Controlling entity

By virtue of majority shareholdings, the company is controlled by its parent company Swindon Town F C Limited which is controlled by the director J Wills. At the year end that company was owed £835,033 (2004 £740,714)

Related party transactions

The company is related to Shaw Park Developments Limited which is 50% owned by Swindon Town F C Limited. At the year end that company was owed £2,450,000 (2004 £2,400,000)

At the year end the company also owed its directors and their related parties a balance of £3,626,000 (2004 £2,593,534). Interest is payable on these loans at a maximum rate of 10%