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Registration number 53100

Swindon Town Football Company Limited

Directors' Report and Financial Statements

for the Year Ended 31 May 2006

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 S A Gray M Starnes (appointed 23 October 2006) M Bowden (appointed 1 December 2006)
Secretary	S A Gray
Registered office	21/22 Park Way Newbury Berkshire RG14 1EE
Solicitors	Clarke Willmott Burlington House Botleigh Grange Business Park Hedge End Southampton Hampshire SO30 2DF
Bankers	National Westminster Bank Plc Newbury 30 Market Place Newbury Berkshire 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 2006

The directors present their report and the audited financial statements for the year ended 31 May 2006

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

The directors who held office during the year were as follows

- W H Carson OBE
- R S Holt (resigned 26 September 2006)
- J S Wills
- S A Gray

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)

Auditors

The auditors, Ross Brooke Limited, will be proposed for re-appointment in accordance with section 385 of the Companies Act 1985.

Swindon Town Football Company Limited
Directors' Report for the Year Ended 31 May 2006

continued

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



S A Gray
Company Secretary

Date 6/9/07

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 2006 set out on pages 6 to 14. These financial statements have been prepared under the accounting policies set out therein and the requirements of the Financial Reporting Standards for Smaller Entities (effective January 2005).

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 (United Kingdom Generally Accepted Accounting Practice). Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

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 whether in our opinion the information given in the Directors' Report is consistent with the financial statements. In addition we report to you if, in our opinion, 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.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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


Opinion

In our opinion

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities, of the state of the company's affairs as at 31 May 2006 and of its loss for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' Report is consistent with the financial statements

Emphasis of matter

In forming our opinion we have considered the disclosures made in note 1 of the financial statements concerning the company's ability to continue as a going concern, which is dependent on the company either being acquired by new investors or the continued support from its controlling and related parties and other creditors, and the CVA being completed or delayed. 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 brought to your attention but our opinion is not qualified in this respect.



Ross Brooke Limited
Chartered Accountants and Registered Auditors

Date 7/9/07

21/22 Park Way
Newbury
Berkshire
RG14 1EE

Swindon Town Football Company Limited
Profit and Loss Account for the Year Ended 31 May 2006

	Note	2006 £	2005 £
Turnover		3,174,018	3,538,631
Cost of sales		(2,934,792)	(3,388,858)
Gross profit		<u>239,226</u>	<u>149,773</u>
Administrative expenses		(1,254,601)	(1,419,834)
Other operating income		50,042	50,042
Operating loss	2	<u>(965,333)</u>	<u>(1,220,019)</u>
Profit on sale of players' registrations	3	609,188	70,000
Other exceptional profit	3	-	128,534
Other interest receivable and similar income		4,719	3,486
Interest payable and similar charges		(381,059)	(319,394)
Loss on ordinary activities before taxation		<u>(732,485)</u>	<u>(1,337,393)</u>
Loss for the financial year		<u><u>(732,485)</u></u>	<u><u>(1,337,393)</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 2006

		2006		2005	
	Note	£	£	£	£
Fixed assets					
Intangible assets	6		16,137		73,381
Tangible assets	7		<u>627,112</u>		<u>684,485</u>
			643,249		757,866
Current assets					
Stocks		36,802		37,091	
Debtors	8	1,009,515		506,258	
Cash at bank and in hand		<u>113,966</u>		<u>29,577</u>	
		1,160,283		572,926	
Creditors. Amounts falling due within one year	9	<u>(9,959,812)</u>		<u>(9,066,561)</u>	
Net current liabilities			<u>(8,799,529)</u>		<u>(8,493,635)</u>
Total assets less current liabilities			(8,156,280)		(7,735,769)
Creditors: Amounts falling due after more than one year	10		(2,467,664)		(2,450,000)
Deferred income					
Deferred income			<u>(1,278,082)</u>		<u>(983,772)</u>
Net liabilities			<u>(11,902,026)</u>		<u>(11,169,541)</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>(16,737,187)</u>		<u>(16,004,702)</u>
Equity shareholders' deficit			<u>(11,902,026)</u>		<u>(11,169,541)</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 January 2005)

Approved by the Board on 6/9/07 and signed on its behalf by

James J. Wills

J S Wills
Director

M. Starnes

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 2006

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 January 2005)

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) A final payment of £900,000 payable by June 2007 has not been made, and as a consequence the CVA did not successfully complete in August 2007

The agreement states that 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

In August the CVA creditors were asked to vote whether the company should be wound up Only one vote was received in favour of winding up the company The next stage involves a creditors meeting to discuss how to proceed with the CVA, in which the company will request more time to complete the CVA This meeting has not yet been arranged

The company is currently in the process of being acquired by new investors Once the sale is completed the new investors will provide sufficient funding to pay the final CVA instalment However, should the completion of sale not take place, the company will seek approval from its CVA creditors to delay the CVA completion for sufficient time to keep the company trading and to secure alternative funding

In the meantime, the company has a facility agreement with its parent company 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

Turnover

Turnover represents the value of goods and services provided during the year, net of value added tax

Swindon Town Football Company Limited
Notes to the Financial Statements for the Year Ended 31 May 2006

continued

Fixed assets

Fixed assets are initially recorded at cost

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.

Stock

Stock is valued at the lower of cost and net realisable value, after due regard for obsolete and slow moving stocks. Net realisable value is based on selling price less anticipated costs to completion and selling costs.

Operating leases

Rentals paid under operating leases are charged to the profit and loss account as incurred.

2 Operating loss

Operating loss is stated after charging

	2006 £	2005 £
Auditors' remuneration - audit services	13,185	12,513
Depreciation of tangible fixed assets	98,209	103,803
Amortisation of players' registrations	36,932	55,681
	<u>148,326</u>	<u>172,000</u>

3 Exceptional items

	2006 £	2005 £
Profit on sale of players' registrations	(609,188)	(70,000)
Other exceptional item	<u>-</u>	(128,534)

The other exceptional item in the previous year is for loans written off during that year.

Swindon Town Football Company Limited
Notes to the Financial Statements for the Year Ended 31 May 2006

continued

4 Directors' emoluments

The directors' emoluments for the year are as follows

	2006	2005
	£	£
Directors' emoluments (including benefits in kind)	<u>43,570</u>	<u>40,149</u>

5 Particulars of employees

The aggregate payroll costs of these persons were as follows

	2006	2005
	£	£
Wages and salaries	<u>2,301,317</u>	<u>2,532,323</u>

Swindon Town Football Company Limited
Notes to the Financial Statements for the Year Ended 31 May 2006

continued

6 Intangible fixed assets

	Players' registrations £
Cost	
As at 1 June 2005	202,500
Disposals	(50,000)
As at 31 May 2006	<u>152,500</u>
Amortisation	
As at 1 June 2005	129,119
Eliminated on disposals	(29,688)
Charge for the year	36,932
As at 31 May 2006	<u>136,363</u>
Net book value	
As at 31 May 2006	<u>16,137</u>
As at 31 May 2005	<u>73,381</u>

7 Tangible fixed assets

	Land and buildings £	Plant and machinery £	Total £
Cost			
As at 1 June 2005	3,365,539	1,011,497	4,377,036
Additions	-	40,836	40,836
As at 31 May 2006	<u>3,365,539</u>	<u>1,052,333</u>	<u>4,417,872</u>
Depreciation			
As at 1 June 2005	2,783,853	908,698	3,692,551
Charge for the year	81,162	17,047	98,209
As at 31 May 2006	<u>2,865,015</u>	<u>925,745</u>	<u>3,790,760</u>
Net book value			
As at 31 May 2006	<u>500,524</u>	<u>126,588</u>	<u>627,112</u>
As at 31 May 2005	<u>581,686</u>	<u>102,799</u>	<u>684,485</u>