

**Swansea City Association Football Club Limited**

**Directors' report and financial  
statements**

**Registered number 00123414**

**31 May 2013**

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## Directors' report

The directors present their directors' report and audited financial statements for the year ended 31 May 2013

### Principal activities

The principal activity of the company in the year under review was that of a professional association football club

### Business review

The team continued to make good progress in its second season in the Premier League finishing in 9<sup>th</sup> place which is two places higher than in its inaugural season. It also exceeded expectations by winning the Capital One Cup which provided entry into the 2013/14 UEFA Europa League competition.

Turnover increased by £1.9 million to £67.1 million (2012: £65.2 million) and although operating expenditure, including wage costs, increased by 42% the board is pleased to announce that the net profit before interest and taxation amounted to £20.6 million made up of £8.4 million from normal operations and £12.2 million from player dealings. The latter predominantly arose from the sale of Joe Allen to Liverpool and Scott Sinclair to Manchester City. This level of profit generated the resources needed to invest in playing staff and training facilities, the net book value of these increasing respectively by £8.9 million and £5.6 million during the year.

### Future developments

The directors will continue to take advantage of membership of the Premier League by investing not only in the quality of the playing squad but also in the club's infrastructure. This policy is evidenced by:

1. Completion of the training facility in Landore at a cost in excess of £6 million which was available for use in time for training for the 2013/14 season and essential to acquire academy status for the youth development programme.
2. Significant work continuing at Fairwood, Upper Killay, Swansea to provide a first class training complex befitting a Premier League club.
3. Submission of a planning application earlier this year for a phased development to increase the capacity of the Liberty Stadium.

### Principal risks and uncertainties

The company is exposed to a range of risks and uncertainties which predominantly relate to the performance of the football team. The threat of relegation out of the Premier League is considered to be a major risk because of the adverse effect it would undoubtedly have on turnover, liquidity, the ability to retain and recruit talented staff and capital investment projects.

Serious injury to key players is a significant risk to team performance and the market value of playing staff. Operationally, the directors must continue to ensure the company remains profitable at a level sufficient to fund vital player acquisitions and projects and conduct its affairs on a best practice basis to maintain good working relationships with the authorities and financial institutions.

## **Directors' report** *(continued)*

### **Financial risk management**

The company's principal financial instruments comprise bank balances, temporary bank overdrafts, loans, trade debtors and creditors and finance lease agreements. The main purpose of these instruments is to finance the company's operations. Due to the nature of the financial instruments used by the company there is no exposure to price risk. The company's approach to managing other risks applicable to the financial instruments concerned is shown below.

In respect of bank balances, the liquidity risk is managed by maintaining a balance between the continuity of funding and flexibility through the use of temporary overdrafts at floating rates of interest.

In respect of loans, these are comprised of loans from various sources. The interest rate on these loans is variable, but the monthly repayments are fixed. The Company prepares regular forecasts of cash flow and liquidity, and any requirement for additional funding is managed as part of the overall liquidity requirement to ensure there are sufficient funds to meet the payments.

The company is a lessee in respect of finance lease assets. The liquidity risk in respect of these is managed in the same way as loans.

Trade debtors are managed in respect of credit and cash flow risk by policies concerning the credit offered to customers and the regular monitoring of amounts outstanding for both time and credit risk.

Appropriate terms are negotiated with suppliers. Trade creditors liquidity risk is managed by ensuring sufficient funds are available to meet amounts due.

Currency risk is managed by careful monitoring of the exchange rates and the maintenance of bank accounts in foreign currencies.

### **Dividend**

Dividends totalling £2,402,499 (2012 £nil) were approved by the board of directors and paid to the holding company, Swansea City Football 2002 Limited, during the year.

### **Directors**

The directors who held office during the year were as follows:

H D Cooze  
L A J Dineen  
H M Jenkins  
G G Joseph  
B L Katzen  
D G Keefe  
M W Morgan  
S R Penny  
J Van Zweden

### **Political and charitable contributions**

The Company made no political or charitable donations during the year.

## Directors' report *(continued)*

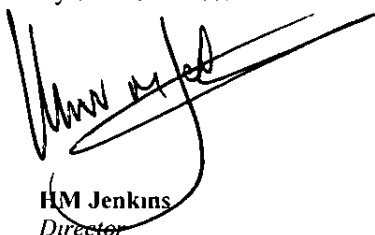
### Disclosure of information to auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware, and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information

### Auditor

On 26 November 2012, Gerald Thomas & Co resigned as auditor and KPMG LLP were appointed in their place. Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office

By order of the board



HM Jenkins  
Director

Liberty Stadium  
Landore  
Swansea  
SA1 2FA

25/10/ 2013

## **Statement of directors' responsibilities in respect of the Directors' Report and the financial statements**

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice)

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to

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



**KPMG LLP**

3 Assembly Square  
Britannia Quay  
Cardiff  
CF10 4AX  
United Kingdom

**Independent auditor's report to the members of Swansea City Association Football Club Limited**

We have audited the financial statements of Swansea City Association Football Club Limited for the year ended 31 May 2013 set out on pages 7 to 20. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's 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 auditor**

As explained more fully in the Directors' Responsibilities Statement set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

**Scope of the audit of the financial statements**

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate).

**Opinion on financial statements**

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 May 2013 and of its profit for the year then ended,
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

**Opinion on other matter prescribed by the Companies Act 2006**


In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

## **Independent auditor's report to the members of Swansea City Association Football Club Limited** *(continued)*

### **Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit



**Martin Newsholme (Senior Statutory Auditor)**  
**for and on behalf of KPMG LLP, Statutory Auditor**  
Chartered Accountants  
3 Assembly Square  
Britannia Quay  
Cardiff  
CF10 4AX  
United Kingdom

30 October 2013



**Profit and Loss Account**  
*for the year ended 31 May 2013*

	<i>Note</i>	<b>Operations excluding player amortisation &amp; trading £</b>	<b>Player amortisation &amp; trading £</b>	<b>Year ended 31 May 2013 £</b>	<b>Year ended 31 May 2012 £</b>
<b>Turnover</b>	2	67,113,301	-	67,113,301	65,165,603
Operating expenses		(58,731,089)	(8,987,620)	(67,718,709)	(47,668,261)
Other operating income		22,350	-	22,350	43,750
<b>Operating profit/(loss)</b>	3	<b>8,404,562</b>	<b>(8,987,620)</b>	<b>(583,058)</b>	<b>17,541,092</b>
Profit on disposal of player registrations		-	21,219,857	21,219,857	123,184
<b>Profit before interest and taxation</b>		<b>8,404,562</b>	<b>12,232,237</b>	<b>20,636,799</b>	<b>17,664,276</b>
Interest receivable and similar income	6			247,971	34,521
Interest payable and similar charges	7			(53,071)	(279,652)
<b>Profit on ordinary activities before taxation</b>	2-7			<b>20,831,699</b>	<b>17,419,145</b>
Taxation on profit on ordinary activities	8			(5,554,269)	(2,787,076)
<b>Profit for the financial year</b>	19			<b>15,277,430</b>	<b>14,632,069</b>

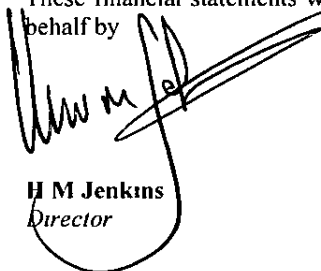
All activities relate to continuing operations

The company has no recognised gains and losses for the period other than the profit stated above

**Balance Sheet**  
*at 31 May 2013*

	<i>Note</i>	<b>2013</b> <b>£</b>	<b>2012</b> <b>£</b>
<b>Fixed assets</b>			
Intangible assets	9	19,092,941	10,159,338
Tangible assets	10	7,887,278	2,263,522
Investments	11	50,001	50,001
		<u>27,030,220</u>	<u>12,472,861</u>
<b>Current assets</b>			
Stocks	12	217,026	347,549
Debtors	13	17,533,463	12,841,396
Cash at bank and in hand		8,770,330	10,791,867
		<u>26,520,819</u>	<u>23,980,812</u>
<b>Creditors</b> amounts falling due within one year	14	(27,247,165)	(28,826,398)
<b>Net current liabilities</b>		<u>(726,346)</u>	<u>(4,845,586)</u>
<b>Total assets less current liabilities</b>		<u>26,303,874</u>	<u>7,627,275</u>
<b>Creditors</b> amounts falling due after more than one year	15	(1,418,732)	(1,090,609)
<b>Provisions for liabilities</b>	17	(5,473,545)	-
<b>Net assets</b>		<u>19,411,597</u>	<u>6,536,666</u>
<b>Capital and reserves</b>			
Called up share capital	18	4,699,989	4,699,989
Profit and loss account	19	14,711,608	1,836,677
<b>Shareholders' funds</b>	20	<u>19,411,597</u>	<u>6,536,666</u>

These financial statements were approved by the board of directors on 25/10/2013 and were signed on its behalf by

  
**H M Jenkins**  
Director

  
**D G Keefe**  
Director

Company registered number 123414

## Notes

*(forming part of the financial statements)*

### 1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements

#### *Basis of preparation*

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost convention, and within the requirements of the Companies Act 2006

The company is itself a subsidiary company and is exempt from the requirement to prepare consolidated financial statements by virtue of s400 of the Companies Act 2006. These financial statements therefore present information about the company as an individual undertaking and not about its group.

Under FRS 1 the company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the company in its own published consolidated financial statements.

#### *Going concern*

The company has net current liabilities at the balance sheet date. The directors believe the going concern basis to be appropriate on the basis that since the football team gained promotion to the Premier League for the 2011/12 season, the company's profitability and cash generation has improved significantly and is currently generating sufficient profits to fund working capital requirements. In addition, the company's bankers provide loans to assist cash flow at specific times throughout the financial year.

Therefore, after making enquiries, the directors believe that the company has, and will generate, sufficient funds in order to continue trading for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

#### *Turnover*

Turnover represents income derived from ordinary activities and is stated after trade discounts, other sales taxes and net of VAT. Principal sources of income include broadcasting, match day media and commercial activities. Revenue is recognised when the underlying event or service sold takes place. Season ticket and home gate receipts are recognised gross of commission that are deducted at source by the stadium's landlords, with the related commission expense being recognised as match day costs. Advanced season ticket sales and advertising/sponsorship income is included within deferred income and released to turnover in the relevant season.

In the instance of merchandise sales, revenue is recognised on the despatch of goods to customers.

#### *Patents and licenses*

Patents and licenses owned by the company are amortised on a straight line basis over a ten year period. The amortisation period selected is based on the registration period of the patents and licenses.

#### *Players' registration costs*

The costs associated with the acquisition of players' registrations are capitalised as intangible fixed assets. Costs of players' registrations are comprised of transfer fees, transfer levies and agents' fees. These costs are fully amortised in equal instalments over the period of the players' individual contracts. Where a player's contract is extended beyond its initial period, amortisation is calculated over the period of the extended contract from the date on which it is signed. Players' registrations are written down for impairment when the carrying amount is assessed as exceeding the amount recoverable through use or sale.

The profit or loss on disposal of a player's registration is calculated as the difference between the transfer fee recovered/receivable less the net book value at the date of sale and less any direct costs of the transfer. Receipts of transfer fees based on the future performance of the transferred player or the buying club are recognised when the future criteria are met. Similarly, payments of transfer fees based on future performance criteria are recognised when the criteria are assessed as being probable that they will be met.

## Notes (continued)

### 1 Accounting policies (continued)

#### *Signing-on fees*

Players' contracts of employment may include a signing on fee payable in equal instalments over the period of contract. Such fees are charged to the profit and loss account as they fall due under the terms of the contract. Where a player's registration is transferred any signing-on fees payable in respect of future periods are effectively cancelled.

#### *Tangible fixed assets*

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life or, if held under a finance lease, over the lease term, whichever is the shorter:

Short leasehold	-	10% on cost and 2% on cost
Stadium fittings	-	4% on cost
Plant and machinery	-	20% on cost
Fixtures and fittings	-	20% on cost
Motor vehicles	-	33.3% on cost

No depreciation has been provided on assets that have not been brought into use by the balance sheet date, or on freehold property.

#### *Stocks*

Stocks are stated at the lower of cost and net realisable value. Cost includes purchase price less discounts where applicable. Net realisable value is based on estimated selling price. Provision is made for obsolete and slow moving items where appropriate.

#### *Taxation*

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

A net deferred tax asset is regarded as recoverable and therefore recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on a non-discounted basis.

#### *Deferred income*

Deferred income comprises amounts received on sales of season tickets, sponsorship, broadcasting and other commercial contracts prior to the year end in respect of future football seasons. These amounts will be released to the profit and loss account on a straight line basis over the period to which the income relates.

#### *Hire purchase, finance leases and operating leasing commitments*

Assets obtained under hire purchase contracts or finance leases are capitalised in the balance sheet. Those held under hire purchase contracts are depreciated over their estimated useful lives. Those held under finance leases are depreciated over their estimated useful lives or the lease term, whichever is the shorter.

The interest element of these obligations is charged to the profit and loss account over the relevant period. The capital element of the future payments is treated as a liability.

Operating lease rentals are charged to the profit and loss account on a straight line basis over the period of the lease.

## Notes (continued)

### 1 Accounting policies (continued)

#### *Pension costs and other post-retirement benefits*

Regular pension costs relate to contributions made by the company to private pension schemes, the costs of which are recognised in the profit and loss account in the period to which they relate

A provision has also been made to cover the club's share of the liabilities of the Football League Limited Pension and Life Assurance Scheme. This is a defined benefit scheme which has been closed to new contributions since 31 August 1995

#### *Fixed asset investments*

Fixed asset investments are stated at cost less any provision for impairment

### 2 Turnover

The turnover and profit before taxation are attributable to the one principal activity of the company

An analysis of turnover by class of business is given below

	2013 £	2012 £
Match income	9,920,325	5,789,782
Media	51,345,921	49,141,780
Commercial income	5,275,341	4,208,160
Other	571,714	6,025,881
	<u>67,113,301</u>	<u>65,165,603</u>

### 3 Operating profit/(loss)

The operating profit/(loss) is stated after charging/(crediting)

	2013 £	2012 £
Depreciation – owned assets	212,028	93,831
Depreciation - assets on hire purchase contracts	24,123	39,935
Loss on disposal of fixed assets	477,935	-
Patents and licences amortisation	1,548	1,416
Player registration costs amortisation	8,811,930	4,660,029
Foreign exchange differences	(827)	(64,368)
Compensation income - non player employees	-	(5,000,000)
Player registration impairment	175,690	504,995
Auditor's remuneration	13,000	12,000
Auditor's remuneration – other assurance services	4,000	2,000
Auditor's remuneration – taxation assurance services	9,000	1,250
	<u>9,000</u>	<u>1,250</u>

## Notes (continued)

### 4 Remuneration of directors

	2013 £	2012 £
Directors' emoluments	423,652	373,251
Company contributions to money purchase pension scheme	-	-
	<u>423,652</u>	<u>373,251</u>

The aggregate emoluments of the highest paid director were £250,000 (2012 £200,000)

### 5 Staff numbers and costs

The aggregate payroll costs are as follows

	2013 £	2012 £
Wages and salaries	42,920,033	30,484,149
Social security costs	5,613,951	4,035,816
Other pension costs	172,318	46,602
	<u>48,076,302</u>	<u>34,566,567</u>

The average number of persons employed by the Company (including directors) during the period, analysed by category, was as follows

	2013 Number	2012 Number
Football	173	157
Administration	10	10
Commercial	18	19
Media	7	6
	<u>208</u>	<u>192</u>

### 6 Interest receivable and similar income

	2013 £	2012 £
Bank interest	179,304	19,521
Other	68,667	15,000
	<u>247,971</u>	<u>34,521</u>

### 7 Interest payable and similar charges

	2013 £	2012 £
Bank loans	43,096	71,726
On all other loans	-	174,935
Other interest	-	27,184
Hire purchase	9,975	5,807
	<u>53,071</u>	<u>279,652</u>

## Notes (continued)

### 8 Taxation

The tax charge on the profit on ordinary activities for the period was as follows

	2013 £	2012 £
<b>Current tax</b>		
UK corporation tax	-	9,250
Adjustment in respect of prior years	(9,250)	-
	<hr/>	<hr/>
Total current tax	(9,250)	9,250
<b>Deferred tax</b>		
Origination and reversal of timing differences	4,980,131	2,777,826
Adjustment in respect of prior years	583,388	-
	<hr/>	<hr/>
Total deferred tax (note 17)	5,563,519	2,777,826
	<hr/>	<hr/>
Tax on profit on ordinary activities	5,554,269	2,787,076
	<hr/>	<hr/>

#### Factors affecting the tax charge

The tax assessed for the period is lower (2012 lower) than the hybrid rate of corporation tax in the UK. The difference is explained below

	2013 £	2012 £
<b>Current tax reconciliation</b>		
Profit on ordinary activities before tax	20,831,699	17,419,145
	<hr/>	<hr/>
Profit on ordinary activities multiplied by the hybrid rate of corporation tax in the UK of 23.89% (2012 20%)	4,976,693	3,483,829
<b>Effects of</b>		
Expenses not deductible for tax purposes	83,614	7,899
Capital allowances less than/(in excess of) depreciation	16,894	(8,447)
Utilisation of tax losses	(180,537)	(3,406,131)
Rollover of gains on player sales	(4,896,664)	(67,900)
Adjustment in respect of prior years	(9,250)	-
	<hr/>	<hr/>
Total current tax (credit)/charge (see above)	(9,250)	9,250
	<hr/>	<hr/>

#### Factors that may affect future tax charges

The current UK tax rate that has been used for the year is a hybrid rate of 23.89%. This is on the basis that the tax rate changed from 24% to 23% as of 1 April 2013. The UK government subsequently announced that the rate would reduce to 21% on 1 April 2014 and 20% on 1 April 2015. This will reduce the Company's future current tax charge accordingly. However, as the rate changes have not been substantially enacted before the balance sheet date, deferred tax on all timing differences has been calculated at 23%.

## Notes (continued)

### 9 Intangible fixed assets

	Patents and licences	Player registration costs	Totals
	£	£	£
<b>Cost</b>			
At 1 June 2012	15,433	15,799,337	15,814,770
Additions	-	21,702,481	21,702,481
Disposals	-	(5,702,951)	(5,702,951)
At 31 May 2013	15,433	31,798,867	31,814,300
<b>Amortisation</b>			
At 1 June 2012	4,397	5,651,035	5,655,432
Amortisation for period	1,548	8,811,930	8,813,478
Eliminated on disposal	-	(1,923,241)	(1,923,241)
Impairment	-	175,690	175,690
At 31 May 2013	5,945	12,715,414	12,721,359
<b>Net book value</b>			
At 31 May 2013	9,488	19,083,453	19,092,941
At 31 May 2012	11,036	10,148,302	10,159,338

### 10 Tangible fixed assets

	Freehold property	Short leasehold	Stadium fittings	Assets under construction	Plant & machinery	Fixtures & fittings	Motor vehicles	Total
	£	£	£	£	£	£	£	£
<b>Cost</b>								
At 1 June 2012	1,349,999	282,495	176,328	152,267	437,970	153,678	123,627	2,676,364
Additions	240,000	-	-	6,260,223	745,098	83,178	41,000	7,369,499
Disposals	(1,349,999)	(282,495)	-	-	(18,726)	(90,087)	(84,520)	(1,825,827)
At 31 May 2013	240,000	-	176,328	6,412,490	1,164,342	146,769	80,107	8,220,036
<b>Depreciation</b>								
At 1 June 2012	-	112,115	-	-	94,219	112,326	94,182	412,842
Depreciation for period	-	28,183	7,053	-	162,337	24,856	13,722	236,151
Eliminated on disposal	-	(140,298)	-	-	(18,726)	(85,365)	(71,846)	(316,235)
At 31 May 2013	-	-	7,053	-	237,830	51,817	36,058	332,758
<b>Net book value</b>								
At 31 May 2013	240,000	-	169,275	6,412,490	926,512	94,952	44,049	7,887,278
At 31 May 2012	1,349,999	170,380	176,328	152,267	343,751	41,352	29,445	2,263,522

The net book value of tangible fixed assets includes £146,083 (2012 £160,023) in respect of assets held under hire purchase contracts. Depreciation of £24,123 (2012 £39,935) has been charged on these assets during the year.



## Notes (continued)

### 11 Fixed asset investments

	Unlisted investments £
<i>Cost</i>	
At 1 June 2012 and 31 May 2013	50,001
<i>Net book value</i>	
At 31 May 2013	50,001
At 31 May 2012	50,001

The company's investments at the balance sheet date in the share capital of companies include the following

#### Associated Companies

##### Swansea Stadium Management Company Limited

Nature of business Stadium management

	% holding	31 May 2013 £	31 May 2012 £
Class of shares			
Ordinary £1 shares	33.33		
Aggregate capital and reserves		23,734	(246,426)
Profit for the year		270,160	159,891

##### Swansea Stadium Premier Club Limited

Nature of business Management of the Premier Club

	% holding	31 July 2013 £	31 July 2012 £
Class of shares			
Ordinary £1 shares	50.00		
Aggregate capital and reserves		2	2
Profit for the year		-	-

### 12 Stocks

	2013 £	2012 £
Stocks – goods for resale	217,026	347,549

## Notes (continued)

### 13 Debtors

	2013 £	2012 £
<i>Amounts falling due within one year</i>		
Trade debtors	11,786,673	6,288,784
Other debtors	4,370,780	5,055,293
Directors' current accounts	-	50,830
Deferred tax asset (note 17)	-	89,974
Prepayments	1,251,010	1,231,515
	<u>17,408,463</u>	<u>12,716,396</u>
<i>Amounts falling due after more than one year</i>		
Amounts owed by participating interests	125,000	125,000
	<u>17,533,463</u>	<u>12,841,396</u>

### 14 Creditors: amounts falling due within one year

	2013 £	2012 £
Bank loans	4,000,000	5,500,000
Hire purchase contracts	51,654	49,632
Trade creditors	6,221,588	4,736,149
Amounts owed to group undertakings	210,527	-
Corporation tax	-	9,250
Social security and other taxes	1,915,137	3,361,465
VAT	1,274,458	3,166,252
Other creditors	8,866,148	7,342,121
Deferred income	4,707,653	4,661,529
	<u>27,247,165</u>	<u>28,826,398</u>

### 15 Creditors: amounts falling due after more than one year

	2013 £	2012 £
Hire purchase contracts (note 16)	55,593	69,407
Amounts owed to group undertakings	966,971	979,471
Other creditors	396,168	41,731
	<u>1,418,732</u>	<u>1,090,609</u>

## Notes (continued)

### 16 Obligations under hire purchase contracts and finance leases

The maturity of obligations under finance leases and hire purchase contracts is as follows

	2013 £	2012 £
<b>Gross obligations repayable</b>		
Within one year	61,206	58,147
Between one and five years	62,350	81,445
	<u>123,556</u>	<u>139,592</u>
<b>Finance charges repayable</b>		
Within one year	9,551	8,515
Between one and five years	6,758	12,038
	<u>16,309</u>	<u>20,553</u>
<b>Net obligations repayable</b>		
Within one year	51,654	49,632
Between one and five years	55,593	69,407
	<u>107,247</u>	<u>119,039</u>

### 17 Provision for liabilities

	Deferred taxation £
Deferred tax asset at 1 June 2012	89,974
Charge to profit and loss for the year	(5,563,519)
<b>Deferred tax liability at 31 May 2013</b>	<u><u>(5,473,545)</u></u>

The elements of deferred taxation are as follows

	2013 £	2012 £
Accelerated capital allowances	(24,412)	(4,716)
Tax losses carried forward	1,074,947	94,690
Other timing differences	(6,524,080)	-
<b>Total deferred tax (liability)/asset</b>	<u><u>(5,473,545)</u></u>	<u><u>89,974</u></u>

### 18 Called up share capital

Number	Class	Nominal value	2013 £	2012 £
<b>Allotted, issued and fully paid</b>				
9,399,978	Ordinary	50p	<u><u>4,699,989</u></u>	<u><u>4,699,989</u></u>

## Notes (continued)

### 19 Reserves

	Profit and loss account £
At 1 June 2012	1,836,677
Profit for the period	15,277,430
Dividends paid	(2,402,499)
	<hr/>
At 31 May 2013	14,711,608
	<hr/>

### 20 Reconciliation of movements in shareholders' funds

	2013 £	2012 £
Profit for the financial period	15,277,430	14,632,069
Dividends paid	(2,402,499)	-
	<hr/>	<hr/>
Net addition to shareholders' funds	12,874,931	14,632,069
Opening shareholders' funds/(deficit)	6,536,666	(8,095,403)
	<hr/>	<hr/>
Closing shareholders' funds	19,411,597	6,536,666
	<hr/>	<hr/>

### 21 Pension commitments

Certain members of the playing squad are members of The Professional Footballers Pension Scheme. This scheme is compulsory for all members of the Professional Footballers Association, unless the member decides to opt-out of the scheme. The company does not make any contributions into the scheme and does not share in any of the scheme's assets or liabilities. Accordingly no provision for the scheme is made in these financial statements.

In addition, certain former staff of the company were members of the Football League Limited Pension and Life Assurance Scheme ('FLLPLAS') comprising both defined benefit (suspended from 31 August 1995) and defined contribution sections.

Following a review of the Minimum Funding Requirement ('MFR') of the FLLPLAS, accrual of benefits of the final salary section of the scheme was suspended as at 31 August 1995. In light of the exceptional circumstances affecting the scheme, the trustees of the scheme commissioned an independent actuary's report on the MFR position and a substantial deficit was identified. Under the terms of participating in the FLLPLAS, the company is required to contribute to the deficit of the scheme. The amount owed by the company at the balance sheet date was £41,731 (2012: £47,698). During the period, contributions of £5,967 (2012: £3,276) have been paid to the scheme.

### 22 Commitments

Annual commitments under non-cancellable operating leases are as follows:

	Land and buildings		Other operating leases	
	2013 £	2012 £	2013 £	2012 £
<i>Expiring</i>				
Within one year	40,000	127,800	35,850	47,661
Between one and five years	143,333	-	42,931	179
In more than five years	-	-	22,134	-
	<hr/>	<hr/>	<hr/>	<hr/>
	183,333	127,800	100,915	47,840
	<hr/>	<hr/>	<hr/>	<hr/>

## Notes (continued)

### 23 Contingent liabilities

Under the terms of the Swansea Stadium Management Company Limited shareholders' agreement, the company has entered into an obligation to assist that company in meeting its liabilities as they fall due. The shareholders' agreement also requires the company to indemnify Swansea Stadium Management Company Limited against all of its losses, debts, obligations and liabilities, which it is unable to, for any reason, pay, perform or satisfy in the ordinary course of business. The company shares these obligations with Ospreys Rugby Limited, the obligations of both companies being joint and several.

Under the terms of the shareholders' agreement, both the company and Swansea Stadium Management Company Limited must agree on the terms of repayment, if any, of any such funding provided by the company.

### 24 Other financial commitments

Under the terms of certain contracts for the sale and purchase of players' registrations, future monies may become due, depending upon the future success of the buying and selling clubs and the future successes of the individual players. Due to the nature of the underlying criteria, any additional amounts that may become due cannot be readily quantified.

### 25 Transactions with directors

During the period, the company entered into transactions with companies in which directors hold an interest.

The company purchased goods and services amounting to £150,861 (2012 £133,960) from, and made sales of £nil (2012 £nil) to Printforless Limited, a company controlled by H D Cooze, director. At the balance sheet date, the company owed Printforless Limited £4,331 (2012 £10,571).

The company also purchased legal services amounting to £71,813 (2012 £35,436) from, and made sales of £21,150 (2012 £9,350) to John Collins & Partners LLP, a Limited Liability Partnership in which S R Penny, director, is a designated member. At the balance sheet date, the company owed John Collins & Partners LLP £9,600 (2012 £4,189).

During the period, the company purchased goods and services amounting to £8,294 (2012 £5,288) from, and made sales of £nil (2012 £6,570) to Morgans Hotels Limited, a company controlled by M W Morgan, director. At the balance sheet date, the company owed Morgans Hotels Limited £nil (2012 £2,520 debtor).

During the period, the company purchased goods and services amounting to £nil (2012 £nil) from, and made sales of £1,209 (2012 £nil) to The Original Travel House Limited, a company controlled by M W Morgan. At the balance sheet date the company owed The Original Travel House Limited £nil (2012 £nil).

During the period, the company purchased goods and services amounting to £3,182,876 (2012 £25,058) from, and made sales of £2,395 (2012 £1,770) to Jaxx Bay Limited, a company controlled by M W Morgan. At the balance sheet date the company owed Jaxx Bay Limited £nil (2012 £30,070).

The company also purchased goods and services amounting to £91,278 (2012 £61,425) from Bulk Vending Systems Limited, a company jointly controlled by L A J Dineen, director. The company also sold services amounting to £12,776 (2012 £4,941) to Bulk Vending Systems Limited. At the balance sheet date the company owed Bulk Vending Systems Limited £279 (2012 £6,270).

A loan to J Van Zweden of £50,000 at 31 May 2012 was repaid in full during the year.



## Notes (continued)

### 26 Related party transactions

During the year, Swansea Stadium Management Company Limited collected match revenue on behalf of the company amounting to £6,116,324 (2012 £6,083,372). It also recharged expenses to the company amounting to £420,324 (2012 £575,787). At the balance sheet date, the company owed £49,678 (2012 £15,382) to Swansea Stadium Management Company Limited and the company was owed £nil (2012 £nil).

At the balance sheet date, £125,000 (2012 £125,000) was owed to the company from Swansea Stadium Management Company Limited, which is due after more than 1 year. The loan is not interest bearing.

The company also receives club membership income through Swansea Stadium Premier Club Limited. Amounts paid to the company from Swansea Stadium Premier Club Limited during the year amounted to £742,658 (2012 £742,950). It also made purchases from the company amounting to £nil (2012 £3,245). At the balance sheet date, Swansea Stadium Premier Club Limited owed the company £5,085 (2012 £1,832).

During the year, the amounts owed to the company by M T G Nurse, a former shareholder of the ultimate holding company, Swansea City Football 2002 Limited, which amounted to £450,000, were repaid in full.

### 27 Ultimate parent company

The Company is a wholly owned subsidiary undertaking of Swansea City Football 2002 Limited, which is the ultimate parent company (incorporated in England and Wales).

The largest group in which the results of the Company are consolidated is that headed by Swansea City Football 2002 Limited. No other group financial statements include the results of the Company. The consolidated financial statements of the group are available from the Registrar at Companies House, Crown Way, Cardiff, CF4 3UZ.