

REGISTERED NUMBER: 123414 (England and Wales)

**SWANSEA CITY ASSOCIATION FOOTBALL CLUB
LIMITED**

**REPORT OF THE DIRECTORS AND
FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 31 MAY 2010



EQWY6004

EDX

280211

756

COMPANIES HOUSE

Gerald Thomas & Co
Chartered Accountants and Statutory Auditor
Furze Bank
34 Hanover Street
Swansea
SA1 6BA

SWANSEA CITY ASSOCIATION FOOTBALL CLUB LIMITED

COMPANY INFORMATION FOR THE YEAR ENDED 31 MAY 2010

DIRECTORS:

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

SECRETARY:

A Cowie

REGISTERED OFFICE:

Liberty Stadium
Landore
Swansea
SA1 2FA

REGISTERED NUMBER:

123414 (England and Wales)

**SENIOR STATUTORY
AUDITOR:**

Gwynfor Lewis

AUDITORS:

Gerald Thomas & Co
Chartered Accountants and Statutory Auditor
Furze Bank
34 Hanover Street
Swansea
SA1 6BA

SWANSEA CITY ASSOCIATION FOOTBALL CLUB LIMITED (REGISTERED NUMBER: 123414)

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 MAY 2010

The directors present their report with the financial statements of the company for the year ended 31 May 2010

PRINCIPAL ACTIVITY

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

REVIEW OF BUSINESS

The club completed its second season in the Football League Championship and, although it was forced into a major pre-season management change, just missed out on a play off place by one goal

Turnover increased by £770,512 over the previous year, an increase in commercial income of just £18,040 was more than adequately compensated by an increase of £752,472 in football revenues

Although activity in the transfer market and compensation received for the loss of management staff netted £3,023,840, increases particularly in employment and football costs, resulted in an overall reduction of only £378,184 in administrative expenses, when compared to the previous year

These increases in expenses clearly demonstrate the growing cost of matching market demand, protecting quality of performance and achieving a fair measure of success in the Championship Overall activity within the year resulted in a net profit of £602,953 before tax

As a result of the need to devote more time and effort into the management of the club, the directors have, for the first time since formation of the current board, received some payment for services rendered and reimbursement of expenses properly incurred in the execution of their duties

PRINCIPAL RISKS AND UNCERTAINTIES

The directors consider that the principal risks and uncertainties facing the company are in relation to the performance of the football team Specifically, serious injury to key players, and the subsequent effect on both team performance and market value of the player is considered to be a significant risk

Additionally, the directors consider that the threat of relegation to a lower league to be both a principal risk and uncertainty

Operationally, the directors must ensure that the company generates sufficient cash reserves in order to fund working capital requirements At times when cash flow is under pressure, the directors rely upon the support of various related party companies to provide loans or otherwise invest funds as relevant

DIVIDENDS

No dividends will be distributed for the year ended 31 May 2010

RESEARCH AND DEVELOPMENT

Negotiations to acquire a long term lease of the former RTB Landore sports ground are nearing conclusion Work on developing the complex to acquire Academy status for the club's youth development programme will get underway once funding has been identified and made available

FUTURE DEVELOPMENTS

The Board of Directors' aim continues to be the achievement of promotion to the Premiership League as soon as possible, but not in any way that puts the company's financial stability at risk

SWANSEA CITY ASSOCIATION FOOTBALL CLUB LIMITED (REGISTERED NUMBER: 123414)

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 MAY 2010

DIRECTORS

The directors shown below have held office during the whole of the period from 1 June 2009 to the date of this report

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

Other changes in directors holding office are as follows

D R Morgan - resigned 20 January 2010
J Van Zweden - appointed 27 March 2010

FINANCIAL INSTRUMENTS

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 raise funds for the company's operations and 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 manages liquidity risk by ensuring there are sufficient funds to meet the repayments

The company is a lessee in respect of financed leased 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

Trade creditors liquidity risk is managed by ensuring sufficient funds are available to meet amounts due

POST BALANCE SHEET EVENTS

Subsequent to the financial year end, there have been further significant changes in key senior squad personnel, in that again the club lost its football manager, Paulo Sousa and his assistants to Championship rivals Leicester City

The club have also increased its investment in players by acquiring Scott Sinclair from Chelsea for a record club fee. A new football manager, Brendan Rogers, was also appointed to replace Paulo Sousa

SWANSEA CITY ASSOCIATION FOOTBALL CLUB LIMITED (REGISTERED NUMBER: 123414)

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 MAY 2010

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Report of the Directors 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 the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards 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 these financial statements, the directors are required to

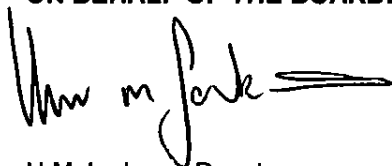
- select suitable accounting policies and then apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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 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.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

ON BEHALF OF THE BOARD:



H M Jenkins - Director

Date 31st JANUARY 2011

REPORT OF THE INDEPENDENT AUDITORS TO THE SHAREHOLDERS 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 2010 on pages seven to twenty one. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom 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 a Report of the Auditors 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 explained more fully in the Statement of Directors' Responsibilities set out on page four, 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 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

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 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.

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 2010 and of its profit 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.

Emphasis of matter - going concern

In forming our opinion on the financial statements, which is not qualified, we have considered the adequacy of the disclosures made in note 1 to the financial statements concerning the company's ability to continue as a going concern. As disclosed in note 1 the company is dependent on the continued support of the company's directors and group's shareholders, via various related party companies. In view of the significance of the fact that the preparation of the financial statements on the going concern basis assumes such continued support, we consider that it should be drawn to your attention.

Opinion on other matter prescribed by the Companies Act 2006

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

REPORT OF THE INDEPENDENT AUDITORS TO THE SHAREHOLDERS OF SWANSEA CITY ASSOCIATION FOOTBALL CLUB LIMITED

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

Gwynfor Lewis (Senior Statutory Auditor)
for and on behalf of Gerald Thomas & Co
Chartered Accountants and Statutory Auditor
Furze Bank
34 Hanover Street
Swansea
SA1 6BA

Date **25 February 2011**

**SWANSEA CITY ASSOCIATION FOOTBALL CLUB
LIMITED (REGISTERED NUMBER: 123414)**

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 MAY 2010**

	Notes	2010 £	2009 £
TURNOVER	2	10,057,670	9,287,158
Administrative expenses		9,469,091	9,847,275
		588,579	(560,117)
Other operating income		21,112	10,000
OPERATING PROFIT/(LOSS)	4	609,691	(550,117)
Interest receivable and similar income		3,925	259
		613,616	(549,858)
Interest payable and similar charges	5	10,663	1,714
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION		602,953	(551,572)
Tax on profit/(loss) on ordinary activities	6	824	-
PROFIT/(LOSS) FOR THE FINANCIAL YEAR AFTER TAXATION		602,129	(551,572)

CONTINUING OPERATIONS

None of the company's activities were acquired or discontinued during the current year or previous year

TOTAL RECOGNISED GAINS AND LOSSES

The company has no recognised gains or losses other than the profit for the current year and the loss for the previous year

The notes form part of these financial statements

**SWANSEA CITY ASSOCIATION FOOTBALL CLUB
LIMITED (REGISTERED NUMBER: 123414)**

**BALANCE SHEET
31 MAY 2010**

	Notes	2010 £	2009 £
FIXED ASSETS			
Intangible assets	7	10,465	9,168
Tangible assets	8	391,454	341,576
Investments	9	50,001	50,001
		<u>451,920</u>	<u>400,745</u>
CURRENT ASSETS			
Stocks	10	142,491	117,079
Debtors	11	3,131,610	1,147,408
Cash at bank and in hand		40,012	57,173
		<u>3,314,113</u>	<u>1,321,660</u>
CREDITORS			
Amounts falling due within one year	12	<u>3,835,474</u>	<u>2,215,552</u>
NET CURRENT LIABILITIES		<u>(521,361)</u>	<u>(893,892)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>(69,441)</u>	<u>(493,147)</u>
CREDITORS			
Amounts falling due after more than one year	13	(1,205,795)	(1,321,652)
ACCRUALS AND DEFERRED INCOME	17	<u>(334,056)</u>	<u>(396,622)</u>
NET LIABILITIES		<u><u>(1,609,292)</u></u>	<u><u>(2,211,421)</u></u>
CAPITAL AND RESERVES			
Called up share capital	18	4,699,989	4,699,989
Profit and loss account	19	<u>(6,309,281)</u>	<u>(6,911,410)</u>
SHAREHOLDERS' FUNDS	26	<u><u>(1,609,292)</u></u>	<u><u>(2,211,421)</u></u>

The financial statements were approved by the Board of Directors on 31st January 2011 and were signed on its behalf by


H M Jenkins - Director


D G Keefe - Director

The notes form part of these financial statements

SWANSEA CITY ASSOCIATION FOOTBALL CLUB LIMITED (REGISTERED NUMBER: 123414)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 2010

1 ACCOUNTING POLICIES

Basis of preparing the financial statements - going concern

The financial statements have been prepared on a going concern basis, which assumes that the company will continue in operational existence for the foreseeable future

The company relies on the support of its directors, through various related party companies, to provide loans to assist at times when cash flow is under pressure. The directors plan to continue to support the company in this way until such time that the company is generating sufficient profits to fund working capital requirements

The company's long term liabilities mainly consist of loans advanced by its parent company. Such loans will not fall due for repayment until the company has sufficient cash reserves to settle the loans

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

Accounting convention

The financial statements have been prepared under the historical cost convention

Cash flow statement

Exemption has been taken from preparing a cash flow statement on the grounds that the company's results are included within the consolidated financial statements of its parent company

Turnover

Turnover is the amount derived from ordinary activities and stated after trade discounts, other sales taxes and net of VAT. Revenue is recognised when the underlying event or service sold takes place

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 length of time which is covered by the patents and licenses

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
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

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

SWANSEA CITY ASSOCIATION FOOTBALL CLUB LIMITED (REGISTERED NUMBER: 123414)

NOTES TO THE FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31 MAY 2010

1 ACCOUNTING POLICIES - continued

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 group'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

Hire purchase and 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

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

Signing-on fees

Signing-on fees representing a normal part of the employment costs associated with players are charged to the profit and loss account during the period in which signing-on fee payments are made. Signing-on fees are due to players if they are still under the employment of the company on future dates, as specified in their contracts

Transfer fees

Net transfer fees are recognised in the profit and loss account in the period in which they are incurred

Fixed asset investments

Fixed asset investments are stated at cost less any provision for diminution in value. This basis of valuation is used as market value cannot easily be obtained

**SWANSEA CITY ASSOCIATION FOOTBALL CLUB
LIMITED (REGISTERED NUMBER: 123414)**

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MAY 2010**

2 TURNOVER

The turnover and profit (2009 - loss) before taxation are attributable to the one principal activity of the company

An analysis of turnover by class of business is given below

	2010 £	2009 £
Football income	8,226,126	7,473,654
Commercial income	1,831,544	1,813,504
	<u>10,057,670</u>	<u>9,287,158</u>

3 STAFF COSTS

	2010 £	2009 £
Wages and salaries	7,443,492	5,617,223
Social security costs	856,619	638,852
Other pension costs	18,237	2,053
	<u>8,318,348</u>	<u>6,258,128</u>

The average monthly number of employees during the year was as follows

	2010	2009
Football	102	86
Administration	7	5
Commercial	8	8
Media	3	3
	<u>120</u>	<u>102</u>

4 OPERATING PROFIT/(LOSS)

The operating profit (2009 - operating loss) is stated after charging/(crediting)

	2010 £	2009 £
Depreciation - owned assets	56,623	49,744
Depreciation - assets on hire purchase contracts	27,322	9,349
Patents and licences amortisation	1,103	655
Auditors' remuneration	7,100	5,000
Net transfer fee expense/(income)	<u>(3,023,840)</u>	<u>487,216</u>
Directors' remuneration	80,052	-
Compensation to director for loss of office	<u>30,000</u>	<u>-</u>

**SWANSEA CITY ASSOCIATION FOOTBALL CLUB
LIMITED (REGISTERED NUMBER: 123414)**

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MAY 2010**

5 INTEREST PAYABLE AND SIMILAR CHARGES

	2010	2009
	£	£
Other interest	6,805	-
Hire purchase	3,858	1,714
	<u>10,663</u>	<u>1,714</u>

6 TAXATION

Analysis of the tax charge

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

	2010	2009
	£	£
Current tax		
UK corporation tax	824	-
Tax on profit/(loss) on ordinary activities	<u>824</u>	<u>-</u>

Factors affecting the tax charge

The tax assessed for the year is lower than the standard rate of corporation tax in the UK. The difference is explained below

	2010	2009
	£	£
Profit/(loss) on ordinary activities before tax	<u>602,953</u>	<u>(551,572)</u>
Profit/(loss) on ordinary activities multiplied by the standard rate of corporation tax in the UK of 21% (2009 - 21%)	126,620	(115,830)
Effects of		
Losses carried forward	-	117,251
Capital allowances in excess of depreciation	-	(1,611)
Disallowable expenditure	-	190
Depreciation in excess of capital allowances	10,044	-
Relief from losses brought forward	<u>(135,840)</u>	<u>-</u>
Current tax charge	<u>824</u>	<u>-</u>

Factors that may affect future tax charges

A deferred tax asset has not been recognised in respect of trading losses and timing differences relating to accelerated capital allowances, as there is insufficient evidence that the asset will be recovered. The total amount of the asset not recognised is approximately £945,963 (2009 £1,077,623). The asset would be recovered if sufficient taxable profits were to arise in future periods.

**SWANSEA CITY ASSOCIATION FOOTBALL CLUB
LIMITED (REGISTERED NUMBER: 123414)**

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MAY 2010**

7 INTANGIBLE FIXED ASSETS

	Patents and licences £
COST	
At 1 June 2009	9,823
Additions	2,400
At 31 May 2010	<u>12,223</u>
AMORTISATION	
At 1 June 2009	655
Amortisation for year	1,103
At 31 May 2010	<u>1,758</u>
NET BOOK VALUE	
At 31 May 2010	<u>10,465</u>
At 31 May 2009	<u>9,168</u>

8 TANGIBLE FIXED ASSETS

	Short leasehold £	Assets under construction £	Plant and machinery £
COST			
At 1 June 2009	277,417	9,865	44,644
Additions	4,365	13,309	3,026
At 31 May 2010	<u>281,782</u>	<u>23,174</u>	<u>47,670</u>
DEPRECIATION			
At 1 June 2009	27,742	-	21,589
Charge for year	27,924	-	6,927
At 31 May 2010	<u>55,666</u>	<u>-</u>	<u>28,516</u>
NET BOOK VALUE			
At 31 May 2010	<u>226,116</u>	<u>23,174</u>	<u>19,154</u>
At 31 May 2009	<u>249,675</u>	<u>9,865</u>	<u>23,055</u>

**SWANSEA CITY ASSOCIATION FOOTBALL CLUB
LIMITED (REGISTERED NUMBER: 123414)**

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MAY 2010**

8 TANGIBLE FIXED ASSETS - continued

	Fixtures and fittings £	Motor vehicles £	Totals £
COST			
At 1 June 2009	109,668	21,857	463,451
Additions	12,513	100,609	133,822
At 31 May 2010	122,181	122,466	597,273
DEPRECIATION			
At 1 June 2009	59,016	13,527	121,874
Charge for year	20,574	28,520	83,945
At 31 May 2010	79,590	42,047	205,819
NET BOOK VALUE			
At 31 May 2010	42,591	80,419	391,454
At 31 May 2009	50,652	8,330	341,577

The net book value of tangible fixed assets includes £73,633 (2009 - £29,064) in respect of assets held under hire purchase contracts

9 FIXED ASSET INVESTMENTS

	Unlisted investments £
COST	
At 1 June 2009 and 31 May 2010	50,001
NET BOOK VALUE	
At 31 May 2010	50,001
At 31 May 2009	50,001

**SWANSEA CITY ASSOCIATION FOOTBALL CLUB
LIMITED (REGISTERED NUMBER: 123414)**

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MAY 2010**

9 FIXED ASSET INVESTMENTS - continued

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	2010 £	2009 £
Class of shares			
Ordinary £1 shares	33 33		
Aggregate capital and reserves		(265,621)	(256,292)
(Loss)/Profit for the year		<u>(9,329)</u>	<u>269,586</u>

Swansea Stadium Premier Club Limited

Nature of business Management of the Stadium Premier Club

	% holding	31/7/09 £	31/7/08 £
Class of shares			
Ordinary £1 shares	50 00		
Aggregate capital and reserves		<u>(103)</u>	<u>(103)</u>

10 STOCKS

	2010 £	2009 £
Stocks	<u>142,491</u>	<u>117,079</u>

11 DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2010 £	2009 £
Trade debtors	2,515,358	301,326
Amounts owed by participating interests	35,000	-
Other debtors	447,757	320,891
Prepayments	133,495	525,191
	<u>3,131,610</u>	<u>1,147,408</u>

**SWANSEA CITY ASSOCIATION FOOTBALL CLUB
LIMITED (REGISTERED NUMBER: 123414)**

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MAY 2010**

12 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2010 £	2009 £
Bank loans and overdrafts (see note 14)	13,014	231,322
Other loans (see note 14)	153,813	167,800
Hire purchase contracts (see note 15)	28,429	11,081
Trade creditors	1,253,836	829,000
Amounts owed to group undertakings	1,000,000	-
Tax	824	-
Social security and other taxes	357,978	409,785
VAT	450,775	204,396
Other creditors	576,805	362,168
	<u>3,835,474</u>	<u>2,215,552</u>

13 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2010 £	2009 £
Other loans (see note 14)	181,387	335,200
Hire purchase contracts (see note 15)	29,471	11,166
Amounts owed to group undertakings	979,471	969,472
Other creditors	15,466	5,814
	<u>1,205,795</u>	<u>1,321,652</u>

14 LOANS

An analysis of the maturity of loans is given below

	2010 £	2009 £
Amounts falling due within one year or on demand		
Bank overdrafts	13,014	231,322
Other loans	153,813	167,800
	<u>166,827</u>	<u>399,122</u>
Amounts falling due between one and two years		
Other loans - 1-2 years	153,813	167,800
	<u>153,813</u>	<u>167,800</u>
Amounts falling due between two and five years		
Other loans - 2-5 years	27,574	167,400
	<u>27,574</u>	<u>167,400</u>

**SWANSEA CITY ASSOCIATION FOOTBALL CLUB
LIMITED (REGISTERED NUMBER: 123414)**

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MAY 2010**

15 OBLIGATIONS UNDER HIRE PURCHASE CONTRACTS AND LEASES

	Hire purchase contracts	
	2010 £	2009 £
Gross obligations repayable		
Within one year	32,455	14,361
Between one and five years	33,222	11,166
	<u>65,677</u>	<u>25,527</u>
Finance charges repayable		
Within one year	4,026	3,280
Between one and five years	3,751	-
	<u>7,777</u>	<u>3,280</u>
Net obligations repayable		
Within one year	28,429	11,081
Between one and five years	29,471	11,166
	<u>57,900</u>	<u>22,247</u>

The following operating lease payments are committed to be paid within one year

	Land and buildings		Other operating leases	
	2010 £	2009 £	2010 £	2009 £
Expiring				
Within one year	10,000	-	12,416	13,423
Between one and five years	-	-	66,668	-
In more than five years	60,000	60,000	-	-
	<u>70,000</u>	<u>60,000</u>	<u>79,084</u>	<u>13,423</u>

**SWANSEA CITY ASSOCIATION FOOTBALL CLUB
LIMITED (REGISTERED NUMBER: 123414)**

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MAY 2010**

16 SECURED DEBTS

The following secured debts are included within creditors

	2010 £	2009 £
Amounts owed to parent company	<u>1,000,000</u>	<u>-</u>

During the year the company received a loan of £1,000,000 from its ultimate parent company, who in turn received a loan from OTH Limited, a company jointly controlled by M W Morgan, director. The loan is repayable within one year and the loan is secured against the assets of the company. Interest on the loan is payable at a rate of 1.5% per annum above the Bank of England Base Rate.

17 ACCRUALS AND DEFERRED INCOME

	2010 £	2009 £
Accruals and deferred income	<u>334,056</u>	<u>396,622</u>

18 CALLED UP SHARE CAPITAL

Allotted, issued and fully paid Number	Class	Nominal value	2010 £	2009 £
9,399,978	Ordinary	50p	<u>4,699,989</u>	<u>4,699,989</u>

19 RESERVES

	Profit and loss account £
At 1 June 2009	(6,911,410)
Profit for the year	<u>602,129</u>
At 31 May 2010	<u>(6,309,281)</u>

SWANSEA CITY ASSOCIATION FOOTBALL CLUB LIMITED (REGISTERED NUMBER: 123414)

NOTES TO THE FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31 MAY 2010

20 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 and the provisional allocation notified to the company based on the most recent actuarial valuation dated 31 August 2008 is £18,742 (2009 £7,866), and accordingly provision for this amount has been made in the financial statements. During the year, contributions of £2,970 (2009 £2,052) have been paid to the scheme.

21 ULTIMATE PARENT COMPANY

The ultimate parent company is Swansea City Football 2002 Limited. Swansea City Association Football Club Limited is a wholly owned subsidiary of Swansea City Football Club Limited. Swansea City Football 2002 Limited holds 99.15% of the issued share capital of Swansea City Football Club Limited.

The consolidated financial statements of this group can be obtained from The Registrar of Companies, Companies House, Crown Way, Cardiff, UK.

22 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 company shares this obligation 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.

23 OTHER FINANCIAL COMMITMENTS

Additional transfer fees will become payable by the company should specific criteria and achievements be met by certain members of the senior and youth playing squads. Due to the nature of the underlying criteria, the additional amounts cannot be quantified.

SWANSEA CITY ASSOCIATION FOOTBALL CLUB LIMITED (REGISTERED NUMBER: 123414)

NOTES TO THE FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31 MAY 2010

24 TRANSACTIONS WITH DIRECTORS

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

The company purchased goods and services amounting to £14,805 (2009 £2,209) from CBS 2010 Limited (formerly Casey's (Building Supplies) Limited), a company controlled by H M Jenkins, director. The company also sold tickets and hospitality to CBS 2010 Limited amounting to £1,035 (2009 £318). At the year end the company was owed a balance of £695 by CBS 2010 Limited (2009 4,386)

The company purchased goods and services amounting to £107,328 (2009 £118,172) from Printforless Limited, a company controlled by H D Cooze, director. At the balance sheet date, the company owed Printforless Limited £28,770 (2009 £31,831)

The company also purchased legal services amounting to £10,692 (2009 £6,979) from, and made sales of £2,724 (2009 £1,196) 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 £8,419 (2009 £nil)

During the year, the company fully repaid a loan of £10,000 which was owing to S R Penny. The loan was non-interest bearing and there were no formal terms of repayment. At the balance sheet date, no amounts were due to S R Penny (2009 £10,000)

During the year, the company purchased goods and services amounting to £24,901 (2009 £nil) from Morgans Hotels Limited, a company controlled by M W Morgan, director. At the balance sheet date, the company owed Morgans Hotels Limited £14,095 (2009 £nil)

The company also purchased goods and services amounting to £21,299 from Bulk Vending Systems Limited, a company jointly controlled by L A J Dineen, director. The company also sold services amounting to £2,600 to Bulk Vending Systems Limited. At the balance sheet date the company owed Bulk Vending Systems Limited £6,233 (2009 £304)

25 RELATED PARTY DISCLOSURES

The company has taken advantage of the available exemption from disclosing related party transactions with group companies on the grounds that consolidated accounts are available

During the year, Swansea Stadium Management Company Limited collected match revenue on behalf of the company amounting to £2,878,816 (2009 £3,282,831). It also recharged expenses to the company amounting to £90,986 (2009 £23,177). At the balance sheet date, the company was owed £62,936 (2009 £131,875) by Swansea Stadium Management Company Limited

During the year, the company loaned £35,000 to Swansea Stadium Management Company Limited. This amount was owed to the company at the balance sheet date. There are no formal repayments terms and 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 £527,974 (2009 £541,514) and £nil was paid to Swansea Stadium Premier Club Limited during the year (2009 £625). At the balance sheet date, Swansea Stadium Premier Club Limited owed the company £44,482 (2009 £403)

**SWANSEA CITY ASSOCIATION FOOTBALL CLUB
LIMITED (REGISTERED NUMBER: 123414)**

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MAY 2010**

26 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2010	2009
	£	£
Profit/(Loss) for the financial year	602,129	(551,572)
Net addition/(reduction) to shareholders' funds	602,129	(551,572)
Opening shareholders' funds	(2,211,421)	(1,659,849)
Closing shareholders' funds	(1,609,292)	(2,211,421)

27 CONTINGENT ASSETS

The club is contractually bound to receive future payments in respect of former players should certain criteria be met. At this stage it is impractical to quantify the likely effect of these provisions or to state with any degree of certainty when or if such amounts will be received. Accordingly no further disclosure is made.