

Swansea City Association Football Club Limited

**Directors' report and financial
statements**

Registered number 00123414

31 May 2014

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Strategic Report

The Strategic Report prepared in accordance with The Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013:

Principal activities

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

Business review

Our 3rd season in the Premier League also witnessed our participation in the 2013/14 UEFA Europa league competition. We played well to get into the knockout stage experiencing a notable away win over Valencia in the Mestalla stadium along the way but eventually bowed out at Napoli.

Whilst our Europa journey had some effect on Premier League performances, we recovered well to end the season in 12th place.

Turnover increased by £31.6 million from £67.1 million up to £98.7 million largely due to our share of the extra TV broadcasting money negotiated by the Premier League for the 3 seasons 2013/14, 2014/15 and 2015/16.

Total expenses increased on an almost comparable basis by £29.7 million because of an increase in playing squad costs of £21.2 million, plus an increase in other operational expenses of £8.5 million.

With no income received from the sale of players the net profit after taxation amounted to £1.7 million compared with £15.3 million for the previous year.

Future developments

The directors are keen to add to the facilities at Landore to obtain youth academy 1 status thus enabling our youth teams to compete at a higher level. In the main this will involve the construction of an indoor arena and student classrooms.

With regard to the training complex at Fairwood, work continued to the point where the facilities were used full time from February this year. There are, however, some additional features which need to be added. For example an extension to the pavilion to house a first team changing room, a gymnasium and extra office space.

Planning has been granted subject to completion of our obligations under the town and country planning act for an expansion to the Liberty Stadium. Work on this and the Landore and Fairwood projects will only start when our projected cash flows allow us to continue.

Principal risks and uncertainties

The major risk continues to be relegation from the Premier League because of the adverse effect the financial impact would have on liquidity, operational activity and our ability to carry out future development plans. To counter this risk we will continue year on year to improve our playing squad but in a sensible and cost effective manner as possible.

There are a number of other risks and uncertainties associated with the business of a professional football club but the Board believes that controls in place, including rigorous management of cash flow and operating budgets, are adequate to minimise these.

The Club uses a number of key performance indicators in order to manage the Club effectively. These key performance indicators consist of both financial and non-financial measures. Principal key performance indicators are as follows:

Financial: Cash flow; Revenue; Player trading and operating profit.

Non-financial: Performance of our playing squads.

Strategic 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.

By order of the board


H M Jenkins
Director

Liberty Stadium
Landore
Swansea
SA1 2FA

12TH

January 2015

Directors' report

The directors present their directors' report and audited financial statements for the year ended 31 May 2014.

Dividend

Dividends totalling £1,040,000 (2013: £2,402,499) 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 MBE
B L Katzen
D G Keefe
M W Morgan
S R Penny
J Van Zweden

Political and charitable contributions

During the year the Company made charitable donations to the Swansea City AFC Community Trust amounting to £86,000 (2013: £10,179).

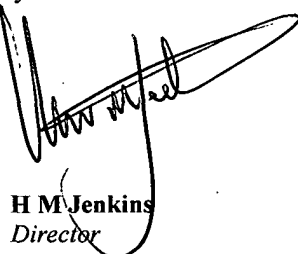
Disclosure of information to auditor

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

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



H M Jenkins
Director

Liberty Stadium
Landore
Swansea
SA1 2FA

12th January 2015

Statement of directors' responsibilities in respect of the Strategic report, the Directors' Report and the financial statements

The directors are responsible for preparing the Strategic Report, 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 2014 set out on pages 7 to 21. 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.

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 2014 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 Strategic Report and 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

14 January 2015

Profit and Loss Account
for the year ended 31 May 2014

	<i>Note</i>	Operations excluding player amortisation & trading £	Player amortisation & trading £	Year ended 31 May 2014 £	Year ended 31 May 2013 £
Turnover	2	98,191,997	500,000	98,691,997	67,113,301
Operating expenses		(76,222,127)	(21,193,401)	(97,415,528)	(67,718,709)
Other operating income		6,816	-	6,816	22,350
Operating profit/(loss)	3	21,976,686	(20,693,401)	1,283,285	(583,058)
Profit on disposal of player registrations		-	5,261	5,261	21,219,857
Profit before interest and taxation		21,976,686	(20,688,140)	1,288,546	20,636,799
Interest receivable and similar income	6			52,090	247,971
Interest payable and similar charges	7			(15,970)	(53,071)
Profit on ordinary activities before taxation	2-7			1,324,666	20,831,699
Tax on profit on ordinary activities	8			408,405	(5,554,269)
Profit for the financial year	19			1,733,071	15,277,430

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 2014

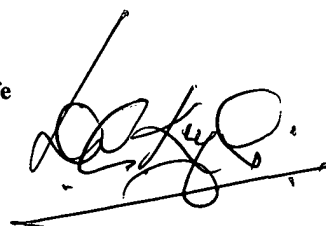
	<i>Note</i>	2014 £	2013 £
Fixed assets			
Intangible assets	9	31,258,100	19,092,941
Tangible assets	10	14,182,612	7,887,278
Investments	11	50,001	50,001
		<hr/>	<hr/>
		45,490,713	27,030,220
Current assets			
Stocks	12	1,070,719	217,026
Debtors	13	12,838,014	17,533,463
Cash at bank and in hand		1,665,432	8,770,330
		<hr/>	<hr/>
		15,574,165	26,520,819
Creditors: amounts falling due within one year	14	(34,074,758)	(27,247,165)
		<hr/>	<hr/>
Net current liabilities		(18,500,593)	(726,346)
		<hr/>	<hr/>
Total assets less current liabilities		26,990,120	26,303,874
Creditors: amounts falling due after more than one year	15	(1,842,869)	(1,418,732)
Provisions for liabilities	17	(5,042,583)	(5,473,545)
		<hr/>	<hr/>
Net assets		20,104,668	19,411,597
		<hr/>	<hr/>
Capital and reserves			
Called up share capital	18	4,699,989	4,699,989
Profit and loss account	19	15,404,679	14,711,608
		<hr/>	<hr/>
Shareholder's funds	20	20,104,668	19,411,597
		<hr/>	<hr/>

These financial statements were approved by the board of directors on 12th January 2015 and were signed on its behalf by:

H M Jenkins
Director



D G Keefe
Director



Company registered number: 00123414

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.

As the Company is a wholly owned subsidiary of Swansea City Football 2002 Limited, the Company has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances with wholly owned subsidiaries which form part of the group.

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 in 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 an overdraft facility 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 within operating expenses. 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 (including solidarity contributions), 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 players' 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.

Freehold property	-	2% on cost and 4% on cost
Short leasehold	-	2% on cost and 4% 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 land.

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)

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

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.

Dividends on shares presented within shareholders' funds

Dividends are only recognised as a liability at that date to the extent that they are declared prior to the year end. Unpaid dividends that do not meet these criteria are disclosed in the notes to the financial statements.

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:

	2014 £	2013 £
Match income	9,186,252	9,920,325
Media	80,714,203	51,345,921
Commercial income	7,896,917	5,275,341
Other	894,625	571,714
	<u>98,691,997</u>	<u>67,113,301</u>

3 Operating profit/(loss)

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

	2014 £	2013 £
Depreciation – owned assets	538,599	212,028
Depreciation - assets on hire purchase contracts	68,212	24,123
Loss on disposal of fixed assets	53,424	477,935
Patents and licences amortisation	1,656	1,548
Player registration costs amortisation	16,452,265	8,811,930
Player registration impairment	4,741,136	175,690
Foreign exchange differences	(70,318)	(827)
Auditor's remuneration:		
Audit of the financial statements	13,325	13,000
Auditor's remuneration – other assurance services	6,850	4,000
Auditor's remuneration – taxation assurance services	10,800	9,000
	<u>10,800</u>	<u>9,000</u>

Notes (continued)

4 Remuneration of directors

	2014 £	2013 £
Directors' emoluments	833,565	423,652
Company contributions to money purchase pension scheme	-	-
	<u>833,565</u>	<u>423,652</u>

The aggregate emoluments of the highest paid director were £550,000 (2013: £250,000). Included in aggregate emoluments is a bonus of £275,000 relating to retention of Premier League status.

5 Staff numbers and costs

The aggregate payroll costs are as follows:

	2014 £	2013 £
Wages and salaries	56,172,722	42,920,033
Social security costs	7,036,959	5,613,951
Other pension costs	22,199	172,318
	<u>63,231,880</u>	<u>48,076,302</u>

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

	2014 Number	2013 Number
Football	167	173
Administration	14	10
Commercial	55	18
Media	10	7
	<u>246</u>	<u>208</u>

6 Interest receivable and similar income

	2014 £	2013 £
Bank interest	51,924	179,304
Other	166	68,667
	<u>52,090</u>	<u>247,971</u>

Notes (continued)

7 Interest payable and similar charges

	2014 £	2013 £
Bank loans	-	43,096
Hire purchase	15,970	9,975
	<u>15,970</u>	<u>53,071</u>

8 Taxation

Analysis of the tax (credit) / charge

The tax (credit) / charge on the profit on ordinary activities for the period was as follows:

	2014 £	2013 £
Current tax		
UK corporation tax	-	-
Adjustment in respect of prior years	22,557	(9,250)
Total current tax	<u>22,557</u>	<u>(9,250)</u>
Deferred tax		
Origination and reversal of timing differences	(420,210)	4,980,131
Adjustment in respect of prior years	(10,752)	583,388
Total deferred tax (note 17)	<u>(430,962)</u>	<u>5,563,519</u>
Tax on profit on ordinary activities	<u>(408,405)</u>	<u>5,554,269</u>

Factors affecting the tax charge

The tax assessed for the period is lower (2013: lower) than the hybrid rate of corporation tax in the UK. The difference is explained below:

	2014 £	2013 £
Current tax reconciliation		
Profit on ordinary activities before tax	<u>1,324,666</u>	<u>20,831,699</u>
Profit on ordinary activities multiplied by the hybrid rate of corporation tax in the UK of 22.67% (2013: 23.89%)	<u>300,302</u>	<u>4,976,693</u>
Effects of:		
Expenses not deductible for tax purposes	19,923	83,614
Capital allowances (in excess of)/ less than depreciation	(27,466)	16,894
Utilisation of tax losses	(448,479)	(180,537)
Rollover of gains on player sales	-	(4,896,664)
Adjustment in respect of prior years	22,557	(9,250)
Other timing differences	155,720	-
Total current tax charge / (credit) (see above)	<u>22,557</u>	<u>(9,250)</u>

Notes (continued)

8 Taxation (continued)

Factors that may affect future tax charges

The current UK tax rate that has been used for the year is a hybrid rate of 22.67%. 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%.

9 Intangible fixed assets

	Patents and licences	Player registration costs	Totals
	£	£	£
Cost			
At 1 June 2013	15,433	31,798,867	31,814,300
Additions	6,927	33,366,228	33,373,155
Disposals	-	(4,337,059)	(4,337,059)
	<hr/>	<hr/>	<hr/>
At 31 May 2014	22,360	60,828,036	60,850,396
	<hr/>	<hr/>	<hr/>
Amortisation			
At 1 June 2013	5,945	12,715,414	12,721,359
Amortisation for period	1,656	16,452,265	16,453,921
Eliminated on disposal	-	(4,324,120)	(4,324,120)
Impairment	-	4,741,136	4,741,136
	<hr/>	<hr/>	<hr/>
At 31 May 2014	7,601	29,584,695	29,592,296
	<hr/>	<hr/>	<hr/>
Net book value			
At 31 May 2014	14,759	31,243,341	31,258,100
	<hr/>	<hr/>	<hr/>
At 31 May 2013	9,488	19,083,453	19,092,941
	<hr/>	<hr/>	<hr/>

Notes (continued)

10 Tangible fixed assets

	Freehold property £	Short leasehold £	Stadium fittings £	Assets under construction £	Plant & machinery £	Fixtures & fittings £	Motor vehicles £	Total £
Cost								
At 1 June 2013	240,000	-	176,328	6,412,490	1,164,342	146,769	80,107	8,220,036
Additions	756,924	-	766,456	4,009,331	1,316,934	105,924	-	6,955,569
Disposals	-	-	-	(49,093)	-	(9,829)	-	(58,922)
Transfers	5,266,451	1,825,685	-	(7,092,136)	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 May 2014	6,263,375	1,825,685	942,784	3,280,592	2,481,276	242,864	80,107	15,116,683
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Depreciation								
At 1 June 2013	-	-	7,053	-	237,830	51,817	36,058	332,758
Depreciation for period	156,410	64,525	31,530	-	298,705	36,226	19,415	606,811
Eliminated on disposal	-	-	-	-	-	(5,498)	-	(5,498)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 May 2014	156,410	64,525	38,583	-	536,535	82,545	55,473	934,071
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Net book value								
At 31 May 2014	<u>6,106,965</u>	<u>1,761,160</u>	<u>904,201</u>	<u>3,280,592</u>	<u>1,944,741</u>	<u>160,319</u>	<u>24,634</u>	<u>14,182,612</u>
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 May 2013	<u>240,000</u>	<u>-</u>	<u>169,275</u>	<u>6,412,490</u>	<u>926,512</u>	<u>94,952</u>	<u>44,049</u>	<u>7,887,278</u>
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

The net book value of tangible fixed assets includes £229,961 (2013: £146,083) in respect of assets held under hire purchase contracts. Depreciation of £68,212 (2013: £24,123) has been charged on these assets during the year.

11 Fixed asset investments

	Unlisted investments £
Cost	
At 1 June 2013 and 31 May 2014	<u>50,001</u>
	<hr/>
Net book value	
At 31 May 2014	<u>50,001</u>
	<hr/>
At 31 May 2013	<u>50,001</u>
	<hr/>

Notes (continued)

11 Fixed asset investments (continued)

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

Associated companies and joint ventures

Swansea Stadium Management Company Limited

Nature of business: Stadium management

	% holding	31 May 2014 £	31 May 2013 £
Class of shares:			
Ordinary £1 shares	33.33		
Aggregate capital and reserves		26,891	23,734
Profit for the year		3,655	270,160

Swansea Stadium Premier Club Limited

Nature of business: Management of the Premier Club

	% holding	31 July 2014 £	31 July 2013 £
Class of shares:			
Ordinary £1 shares	50.00		
Aggregate capital and reserves		2	2
Profit for the year		-	-

The figures above are in respect of the draft financial statements for the years ended 31 May 2014 and 31 July 2014 respectively.

12 Stocks

	2014 £	2013 £
Stocks – goods for resale	1,070,719	217,026

13 Debtors

	2014 £	2013 £
<i>Amounts falling due within one year:</i>		
Trade debtors	393,525	194,149
Other debtors	10,612,274	15,963,304
Prepayments	1,707,215	1,251,010
	12,713,014	17,408,463
<i>Amounts falling due after more than one year:</i>		
Amounts owed by participating interests	125,000	125,000
	12,838,014	17,533,463

Notes (continued)

14 Creditors: amounts falling due within one year

	2014 £	2013 £
Bank loans and overdrafts	200	4,000,000
Hire purchase contracts (note 16)	112,831	51,654
Trade creditors	2,216,286	2,710,048
Amounts owed to group undertakings	-	210,527
Social security and other taxes	2,529,831	1,915,137
VAT	1,983,734	1,274,458
Other creditors	22,116,160	12,377,688
Deferred income	5,115,716	4,707,653
	<u>34,074,758</u>	<u>27,247,165</u>

15 Creditors: amounts falling due after more than one year

	2014 £	2013 £
Hire purchase contracts (note 16)	61,204	55,593
Amounts owed to group undertakings	987,397	966,971
Other creditors	794,268	396,168
	<u>1,842,869</u>	<u>1,418,732</u>

16 Obligations under hire purchase contracts and finance leases

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

	2014 £	2013 £
Gross obligations repayable:		
Within one year	119,838	61,206
Between one and five years	61,973	62,350
	<u>181,811</u>	<u>123,556</u>
Finance charges repayable:		
Within one year	7,007	9,552
Between one and five years	769	6,757
	<u>7,776</u>	<u>16,309</u>
Net obligations repayable:		
Within one year	112,831	51,654
Between one and five years	61,204	55,593
	<u>174,035</u>	<u>107,247</u>

Notes (continued)

17 Provisions for liabilities

	Deferred taxation £
Deferred tax liability at 1 June 2013	(5,473,545)
Credit to profit and loss for the year	430,962
	<hr/>
Deferred tax liability at 31 May 2014	(5,042,583)
	<hr/> <hr/>

The elements of deferred taxation are as follows:

	2014 £	2013 £
Accelerated capital allowances	(23,030)	(24,412)
Tax losses carried forward	103,441	1,074,947
Other timing differences	(5,122,994)	(6,524,080)
	<hr/>	<hr/>
Total deferred tax liability	(5,042,583)	(5,473,545)
	<hr/> <hr/>	<hr/> <hr/>

18 Called up share capital

Number	Class	Nominal value	2014 £	2013 £
<i>Allotted, issued and fully paid:</i>				
9,399,978	Ordinary	50p	4,699,989	4,699,989
			<hr/>	<hr/>

19 Reserves

	Profit and loss account £
At 1 June 2013	14,711,608
Profit for the period	1,733,071
Dividends paid	(1,040,000)
	<hr/>
At 31 May 2014	15,404,679
	<hr/> <hr/>

Notes (continued)

20 Reconciliation of movements in shareholder's funds

	2014 £	2013 £
Profit for the financial period	1,733,071	15,277,430
Dividends paid	(1,040,000)	(2,402,499)
Net addition to shareholder's funds	693,071	12,874,931
Opening shareholder's funds	19,411,597	6,536,666
Closing shareholder's funds	20,104,668	19,411,597

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 £23,427 (2013: £41,731). During the period, contributions of £18,304 (2013: £5,967) have been paid to the scheme.

22 Commitments

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

	Land and buildings		Other operating leases	
	2014 £	2013 £	2014 £	2013 £
Expiring:				
Within one year	-	-	2,842	-
Between one and five years	40,000	40,000	-	28,038
In more than five years	-	-	7,812	7,812
	40,000	40,000	10,654	35,850

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 purchase of players' registrations, future payments may be due, dependent on the future success of the team and / or the future team selection of individual players. As at 31 May 2014 the maximum that could be payable is £3,128,119. Signing of fees of £2,159,625 will become due to certain players if they are still in the service of the Company on specific future dates.

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 £131,837 (2013: £150,861) from, and made sales of £nil (2013: £nil) to Printforless Limited, a company controlled by H D Cooze, director. At the balance sheet date, the company owed Printforless Limited £3,000 (2013: £4,331).

The company also purchased legal services amounting to £21,408 (2013: £71,813) from, and made sales of £20,648 (2013: £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 £nil (2013: £9,600).

During the period, the company purchased goods and services amounting to £15,444 (2013: £8,294) from, and made sales of £nil (2013: £nil) to Morgans Hotels Limited, a company controlled by M W Morgan, director. At the balance sheet date, the company owed Morgans Hotels Limited £210 (2013: £nil).

During the period, the company purchased goods and services amounting to £nil (2013: £nil) from, and made sales of £nil (2013: £1,209) 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 (2013: £nil).

During the period, the company purchased goods and services amounting to £1,712,839 (2013: £25,058) from, and made sales of £9,361 (2013: £2,395) to Jaxx Bay Limited, a company controlled by M W Morgan. At the balance sheet date the company owed Jaxx Bay Limited £98,971 (2013: £nil).

The company also purchased goods and services amounting to £84,199 (2013: £61,425) from Bulk Vending Systems Limited, a company jointly controlled by L A J Dineen, director. The company also sold services amounting to £12,019 (2013: £12,776) to Bulk Vending Systems Limited. At the balance sheet date the company owed Bulk Vending Systems Limited £41 (2013: £279).

Notes (continued)

26 Related party transactions

During the year, Swansea Stadium Management Company Limited collected match revenue on behalf of the company amounting to £6,270,095 (2013: £6,116,324). It also recharged expenses to the company amounting to £486,937 (2013: £420,324). At the balance sheet date, the company owed £101,350 (2013: £49,678) to Swansea Stadium Management Company Limited and the company was owed £5,587 (2013: £nil).

At the balance sheet date, £125,000 (2013: £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 £744,639 (2013: £742,658). It also made purchases from the company amounting to £nil (2013: £nil). At the balance sheet date, Swansea Stadium Premier Club Limited owed the company £4,121 (2013: £5,085).

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.