

SHREWSBURY TOWN FOOTBALL CLUB PLC

**DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2006**



Whittingham Riddell

chartered accountants

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SHREWSBURY TOWN FOOTBALL CLUB PLC

COMPANY INFORMATION

DIRECTORS

R E Wycherley (Chairman)
K J Sayfritz
M R Whitrick
C D Poole

SECRETARY

Mr J W Howarth

COMPANY NUMBER

315587

REGISTERED OFFICE

Gay Meadow
Shrewsbury
Shropshire
SY2 6AB

AUDITORS

Whittingham Riddell LLP
Chartered Accountants & Registered Auditors
Belmont House
Shrewsbury Business Park
Shrewsbury
Shropshire
SY2 6LG

SHREWSBURY TOWN FOOTBALL CLUB PLC

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SHREWSBURY TOWN FOOTBALL CLUB PLC

CHAIRMAN'S REPORT FOR THE YEAR ENDED 31 MAY 2006

2005/06 has been another year of significant development for the club. Nowhere is this more evident than on the pitch where it is a testament to how far we have come that we ended the season disappointed to have so narrowly missed the playoffs.

More heartening still is that this renaissance stems not from the flash-in-the-pan brilliance of a few individual players, but from an across the board improvement in skill, attitude and performance. Our loyal fans see a new level of commitment that they applaud.

No one has set higher standards or worked harder to achieve this progress than our manager Gary Peters. His pursuit of improvement combines the latest technology with good old fashioned 'hard graft' and this has given the board much confidence as we continue to invest in building solid foundations for future success.

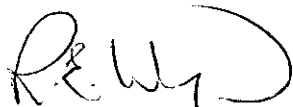
Our training regime is now such that good young players are attracted to join us because of how we can help develop their careers, rather than being lured by big money – the recruitment technique of clubs more reckless with financial security than we shall ever be.

As well as attracting talent to the club, we also continue to develop our own. Despite financial pressures, I am pleased that we have continued to invest heavily in the future through a youth development programme that is the envy of many larger clubs. I am grateful to the many people, paid and unpaid, who devote so much time to its success and I am sure they have noted with pleasure that scarcely a game has gone by this season without at least one Premiership scout in attendance. Inevitably, much attention focussed on Joe Hart, the England-capped, teenage goalkeeper who came through our youth system, wore our number 1 shirt with pride and was signed by Manchester City at the end of the season. Naturally we wish Joe every success with his Premiership and England career. The growing strength of our youth system is also demonstrated by other senior squad successes such as David Edwards and by a number of good prospects coming through the pipeline including Marco Adaggio, Gavin Cadwallader and Steve Leslie.

This carefully controlled investment in the current and future squad comes at a price. These accounts reflect that in a trading loss when exceptional items are excluded. As in past years, this has been contained by combining our tightly targeted investment with an aggressive focus on minimising all other costs. Future success clearly depends on matching these achievements on cost control with significant income growth. As such, I am delighted that building work on our new stadium began in March and we are confident of playing the first game of our 2007/08 season in this state-of-the-art, 10,000 seat facility.

This marks the culmination of many years work and is a crucial step in securing the club's future. When the time comes, many of us will bid Gay Meadow an emotional farewell and pause to remember the good times we have shared here and the great players who have graced the pitch. Nevertheless, its facilities are limited as our staff, fans, advertisers and sponsors are aware. Once again we record our thanks for their continuing support. The new stadium opens up major opportunities for them as well as us. To say this will revolutionise our finances risks understatement. Not only will the facilities greatly increase what we can do on match days, this income will be supplemented by significant revenue from wider use of the new facilities. In turn, this will allow us to continue our investment and, ultimately, to return the club to the higher leagues where it belongs.

This is why we have worked so steadfastly towards this goal for so long. New stadiums are not unique, but moving to one that is fully paid for from the outset and wholly owned by the club is an extraordinarily rare feat in football. Having conquered a multitude of obstacles, we are now on the verge of seeing this come to fruition. The stadium will be a facility that not only the Club, but also Shrewsbury and Shropshire can truly be proud of.



Name R E Wycherley
Chairman

Date 18 December 2006

SHREWSBURY TOWN FOOTBALL CLUB PLC

**SUMMARY OF FINANCIAL RESULTS
FOR THE YEAR ENDED 31 MAY 2006**

	2006 £'000	2005 £'000
Receipts		
Gate receipts	846	750
Football league	298	294
Television and internet portal income	17	5
Sundry receipts	361	346
Contributions from supporters organisations	73	78
	<hr/> 1,595	<hr/> 1,473
Running costs		
Wages	(1,418)	(1,375)
Other costs	(562)	(558)
	<hr/> (1,980)	<hr/> (1,933)
Loss before other income and transfer fees	<hr/> (385)	<hr/> (460)
 Net transfer fees received	 692	 112
Overall profit for the year	<hr/> 307 <hr/>	<hr/> (348) <hr/>

SHREWSBURY TOWN FOOTBALL CLUB PLC

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MAY 2006

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

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the annual 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 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). The financial statements are required by law to 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;
- 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 proper accounting records that 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 1985. 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.

So far as each of the directors is aware at the time the report is approved:

- there is no relevant audit information of which the company's auditors are unaware, and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

PRINCIPAL ACTIVITIES

The company's principal activity continues to be that of a Professional Football Club. The results of the Company are shown on page 6 in the profit and loss account.

BUSINESS REVIEW

A review of the developments of the company during the financial year is given in the Chairman's report.

RESULTS AND DIVIDENDS

The profit for the year, after taxation, amounted to £307,040 (2005 - Loss £348,312).

The directors do not recommend the payment of a dividend.

SHREWSBURY TOWN FOOTBALL CLUB PLC

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MAY 2006

DIRECTORS

The directors who served during the year and their interests in the company's issued share capital were:

	Ordinary shares of £2.50 each	
	31/5/06	1/6/05
R E Wycherley	81,145	81,145
K J Sayfritz	60,000	60,000
M R Whitrick	40,000	40,000
C D Poole	40,000	40,000

The director retiring by rotation is Mr R E Wycherley, who being eligible, offers himself for re-election. Nominations for the Board of Directors signed by the proposer and seconder must be in the hands of the secretary, Gay Meadow, Shrewsbury, no later than 14th February 2007.

LAND AND BUILDINGS

The directors are of the opinion that the market value of the freehold land and buildings at the Gay Meadow is significantly in excess of the figure shown on the balance sheet.

TRANSFER BOOKS

The share transfer books of the company will be closed from 8th February 2007 to 22nd February 2007, both dates inclusive.

COMPANY'S POLICY FOR PAYMENT OF CREDITORS

The Company does not follow a standard payment practice. The terms of payment are agreed individually with suppliers.

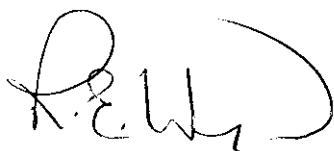
SUPPORTERS ORGANISATIONS

The Board of Directors express appreciation for the help given by Supporters Organisations.

AUDITORS

The auditors, Whittingham Riddell LLP, will be proposed for reappointment in accordance with section 385 of the Companies Act 1985.

This report was approved by the board on 18 December 2006 and signed on its behalf.



R E Wycherley
Director

SHREWSBURY TOWN FOOTBALL CLUB PLC

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF SHREWSBURY TOWN FOOTBALL CLUB PLC

We have audited the financial statements of Shrewsbury Town Football Club PLC for the year ended 31 May 2006 set out on pages 11 to 24. These financial statements have been prepared in accordance with the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our 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 auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

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

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

BASIS OF AUDIT OPINION

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

SHREWSBURY TOWN FOOTBALL CLUB PLC

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF SHREWSBURY TOWN FOOTBALL CLUB PLC

OPINION

In our opinion:

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



WHITTINGHAM RIDDELL LLP

Chartered Accountants

Registered Auditors

Shrewsbury

21 December 2006

SHREWSBURY TOWN FOOTBALL CLUB PLC

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 MAY 2006**

	Note	2006 £	2005 £
TURNOVER	2	2,340,221	1,587,533
Cost of sales		<u>(1,915,111)</u>	<u>(1,830,215)</u>
GROSS PROFIT/(LOSS)		425,110	(242,682)
Administrative expenses		<u>(109,217)</u>	<u>(98,554)</u>
OPERATING PROFIT/(LOSS)	3	315,893	(341,236)
Interest payable	5	<u>(8,853)</u>	<u>(7,076)</u>
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION		307,040	(348,312)
TAX ON PROFIT/(LOSS) ON ORDINARY ACTIVITIES	6	<u>-</u>	<u>-</u>
PROFIT/(LOSS) ON ORDINARY ACTIVITIES AFTER TAXATION	15	<u>307,040</u>	<u>(348,312)</u>

All amounts relate to continuing operations.

There were no recognised gains and losses for 2006 or 2005 other than those included in the profit and loss account.

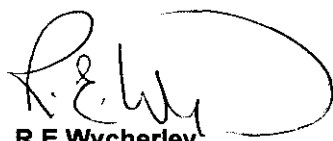
The notes on pages 14 to 24 form part of these financial statements.

SHREWSBURY TOWN FOOTBALL CLUB PLC

**BALANCE SHEET
AS AT 31 MAY 2006**

	Note	2006 £	2005 £
FIXED ASSETS			
Intangible fixed assets	7	2,222	4,444
Tangible fixed assets	8	4,214,424	1,181,048
		<u>4,216,646</u>	<u>1,185,492</u>
CURRENT ASSETS			
Stocks	9	16,934	13,918
Debtors	10	671,975	79,436
Cash at bank		69,898	3,294
		<u>758,807</u>	<u>96,648</u>
CREDITORS: amounts falling due within one year	11	<u>(3,859,938)</u>	<u>(487,065)</u>
NET CURRENT LIABILITIES		<u>(3,101,131)</u>	<u>(390,417)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>1,115,515</u>	<u>795,075</u>
CREDITORS: amounts falling due after more than one year	12	<u>(2,146)</u>	<u>(8,746)</u>
NET ASSETS		<u><u>1,113,369</u></u>	<u><u>786,329</u></u>
CAPITAL AND RESERVES			
Called up share capital	14	1,066,040	1,046,040
Revaluation reserve	15	1,071,878	1,107,813
Profit and loss account	15	(1,024,549)	(1,367,524)
SHAREHOLDERS' FUNDS - All equity	16	<u><u>1,113,369</u></u>	<u><u>786,329</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 18 December 2006.


R E Wycherley
 Director

The notes on pages 14 to 24 form part of these financial statements.

SHREWSBURY TOWN FOOTBALL CLUB PLC

**CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 MAY 2006**

	Note	2006 £	2005 £
Net cash flow from operating activities	17	3,061,148	(270,869)
Returns on investments and servicing of finance	18	(8,853)	(7,076)
Capital expenditure and financial investment	18	(3,085,060)	(25,142)
CASH OUTFLOW BEFORE FINANCING		(32,765)	(303,087)
Financing	18	13,400	142,951
DECREASE IN CASH IN THE YEAR		(19,365)	(160,136)

**RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS/DEBT
FOR THE YEAR ENDED 31 MAY 2006**

	2006 £	2005 £
Decrease in cash in the year	(19,365)	(160,136)
Cash outflow from decrease in debt and lease financing	6,600	7,150
CHANGE IN NET DEBT RESULTING FROM CASH FLOWS	(12,765)	(152,986)
New finance lease	-	(22,000)
MOVEMENT IN NET DEBT IN THE YEAR	(12,765)	(174,986)
Net debt at 1 June 2005	(198,903)	(23,917)
NET DEBT AT 31 MAY 2006	(211,668)	(198,903)

The notes on pages 14 to 24 form part of these financial statements.

SHREWSBURY TOWN FOOTBALL CLUB PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 2006

1. ACCOUNTING POLICIES

1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention as modified by the revaluation of freehold land and buildings and in accordance with applicable accounting standards.

1.2 Turnover

Turnover is stated net of Value Added Tax and represents amounts receivable by the club in the ordinary course of business with the exception of those items included separately in other operating income.

1.3 Transfer fees and signing on fees

In accordance with Financial Reporting Standard 10, Goodwill and Intangible Assets, amounts paid to third parties (including levies) on the acquisition of players' registrations are capitalised as intangible assets and amortised over the period of the players initial contract.

Fees receivable on the transfer of a player's registration are dealt with in the period in which the transfer takes place. Any profit or loss arising on the sale of a registration is dealt with in the trading account.

1.4 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost or valuation less depreciation. Depreciation is provided at rates calculated to write off the cost or valuation of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Freehold property	-	2%	straight line
Plant & Machinery	-	15%	reducing balance
Motor Vehicles	-	25%	reducing balance

1.5 Leasing and hire purchase

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets. Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives. Assets acquired by hire purchase are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the company. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

1.6 Stocks

Stocks are valued at the lower of cost and net realisable value.

SHREWSBURY TOWN FOOTBALL CLUB PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 2006

1. ACCOUNTING POLICIES (continued)

1.7 Deferred taxation

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation.

Deferred tax is not provided on timing differences arising from the revaluation of fixed assets in the financial statements.

A net deferred tax asset is recognised only if 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 assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse.

Deferred tax assets and liabilities are discounted.

1.8 Pensions

The company contributes to a defined benefits pension scheme for selected employees. In August 2002 (the date of the most recent Triennial Actuarial Review) the scheme was £46,936 under funded. The contributions to bring the scheme to the required level will be charged to the profit and loss account as they become payable over the following ten years.

1.9 Football trust grants receivable

Capital grants are credited against the cost of the asset in the year in which expenditure is incurred and agreed by the Football Trust. Revenue grants are credited to the profit and loss account on the same basis.

2. TURNOVER

The whole of the turnover is attributable to the principal activity of the company.

All turnover arose within the United Kingdom.

SHREWSBURY TOWN FOOTBALL CLUB PLC

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2006

3. OPERATING PROFIT/(LOSS)

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

	2006 £	2005 £
Amortisation - intangible fixed assets	2,222	19,156
Depreciation of tangible fixed assets:		
- owned by the company	46,184	45,378
- held under finance leases	5,500	4,853
Audit remuneration	4,785	4,483
	<u>58,691</u>	<u>73,869</u>

During the year, no director received any emoluments (2005 - £NIL).

4. STAFF COSTS

Staff costs were as follows:

	2006 £	2005 £
Wages and salaries	1,279,076	1,223,002
Social security costs	120,494	130,316
Other pension costs	18,485	21,907
	<u>1,418,055</u>	<u>1,375,225</u>

The average monthly number of employees, including the directors, during the year was as follows:

	2006 No.	2005 No.
Players	28	27
Administrative	11	12
Other Staff	4	3
	<u>43</u>	<u>42</u>

5. INTEREST PAYABLE

	2006 £	2005 £
On bank loans and overdrafts	8,128	6,530
On finance leases and hire purchase contracts	725	546
	<u>8,853</u>	<u>7,076</u>

SHREWSBURY TOWN FOOTBALL CLUB PLC

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2006**

6. TAXATION

Factors affecting tax charge for the year

The tax assessed for the year is lower than the standard rate of corporation tax in the UK (19%). The differences are explained below:

	2006 £	2005 £
Profit/(loss) on ordinary activities before tax	<u>307,040</u>	<u>(348,312)</u>
Profit/(loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2005 - 19%)	58,338	(66,179)
Effects of:		
Utilisation of tax losses	(58,338)	66,179
Current tax charge for the year (see note above)	<u>-</u>	<u>-</u>

Factors that may affect future tax charges

The company's trading tax losses carried forward will eliminate any charge to corporation tax for the foreseeable future.

7. INTANGIBLE FIXED ASSETS

	Players contracts £
Cost	
At 1 June 2005	34,000
Disposals	(29,000)
At 31 May 2006	<u>5,000</u>
Amortisation	
At 1 June 2005	29,556
Charge for the year	2,222
On disposals	(29,000)
At 31 May 2006	<u>2,778</u>
Net book value	
At 31 May 2006	<u>2,222</u>
At 31 May 2005	<u>4,444</u>

SHREWSBURY TOWN FOOTBALL CLUB PLC

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2006**

8. TANGIBLE FIXED ASSETS

	Land and buildings £	Plant and machinery £	Motor vehicles £	Total £
Cost or valuation				
At 1 June 2005	1,887,234	198,114	34,395	2,119,743
Additions	3,518,064	10,625	8,089	3,536,778
Football Foundation grant received	(451,718)	-	-	(451,718)
At 31 May 2006	4,953,580	208,739	42,484	5,204,803
Depreciation				
At 1 June 2005	779,551	146,813	12,331	938,695
Charge for the year	36,000	7,647	8,037	51,684
At 31 May 2006	815,551	154,460	20,368	990,379
Net book value				
At 31 May 2006	4,138,029	54,279	22,116	4,214,424
<i>At 31 May 2005</i>	<i>1,107,683</i>	<i>51,301</i>	<i>22,064</i>	<i>1,181,048</i>

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows:

	2006 £	2005 £
Motor vehicles	<u>11,917</u>	<u>17,417</u>

Cost or valuation at 31 May 2006 is as follows:

	Land and buildings
At cost	3,552,038
At valuation:	
1982 on open market value basis	1,401,542
	<u>4,953,580</u>

SHREWSBURY TOWN FOOTBALL CLUB PLC

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2006**

8. TANGIBLE FIXED ASSETS (continued)

If the land and buildings had not been included at valuation they would have been included under the historical cost convention as follows:

	2006 £	2005 £
Cost	3,552,038	485,692
Accumulated depreciation	(270,556)	(260,842)
Net book value	<u>3,281,482</u>	<u>224,850</u>

9. STOCKS

	2006 £	2005 £
Consumables	<u>16,934</u>	<u>13,918</u>

10. DEBTORS

	2006 £	2005 £
Trade debtors	638,799	46,373
Other debtors	14,633	7,189
Prepayments and accrued income	18,543	25,874
	<u>671,975</u>	<u>79,436</u>

SHREWSBURY TOWN FOOTBALL CLUB PLC

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2006**

11. CREDITORS:

Amounts falling due within one year

	2006 £	2005 £
Bank loans and overdrafts	273,316	187,347
Net obligations under finance leases and hire purchase contracts	6,600	6,600
Trade creditors	96,477	115,182
Social security and other taxes	37,263	81,689
Chairman's loan (see note 21)	497,138	-
Other creditors	92,674	48,891
Accruals and deferred income	206,470	47,356
Deferred sale proceeds - Gay Meadow (see note 22)	2,650,000	-
	<u>3,859,938</u>	<u>487,065</u>

The bank overdraft is secured by a fixed charge over the company's freehold property, book and other debt's and a floating charge over all assets and undertakings.

12. CREDITORS:

Amounts falling due after more than one year

	2006 £	2005 £
Net obligations under finance leases and hire purchase contracts	1,650	8,250
Other creditors	496	496
	<u>2,146</u>	<u>8,746</u>

Obligations under finance leases and hire purchase contracts, included above, are payable as follows:

	2006 £	2005 £
Between one and five years	<u>1,650</u>	<u>8,250</u>

SHREWSBURY TOWN FOOTBALL CLUB PLC

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2006**

13. DEFERRED TAXATION

The provision for deferred taxation is made up as follows:

	2006 £	2005 £
Accelerated capital allowances	(3,351)	(2,346)
Tax losses brought forward	427,783	486,121
Surplus on revaluation of freehold properties	(203,657)	(210,484)
	<u>220,775</u>	<u>273,291</u>
Undiscounted provision for deferred tax	220,775	273,291
Amounts not provided for	(220,775)	(273,291)
	<u>-</u>	<u>-</u>
Provision for deferred tax	<u>-</u>	<u>-</u>

14. SHARE CAPITAL

	2006 £	2005 £
Authorised		
800,000 Ordinary shares of £2.50 each	<u>2,000,000</u>	<u>2,000,000</u>
Allotted, called up and fully paid		
426,416 Ordinary shares of £2.50 each	<u>1,066,040</u>	<u>1,046,040</u>

During the year 8,000 ordinary shares of £2.50 each were issued fully paid for cash at par for consideration of £20,000 in order to provide additional working capital.

15. RESERVES

	Revaluation reserve £	Profit and loss account £
At 1 June 2005	1,107,813	(1,367,524)
Profit retained for the year		307,040
Transfer between Revaluation reserve and P/L account	(35,935)	35,935
	<u>1,071,878</u>	<u>(1,024,549)</u>
At 31 May 2006	<u>1,071,878</u>	<u>(1,024,549)</u>

SHREWSBURY TOWN FOOTBALL CLUB PLC

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2006**

16. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	2006 £	2005 £
Opening shareholders' funds	786,329	984,540
Profit/(loss) for the year	307,040	(348,312)
Shares issued during the year	20,000	150,101
	<u>1,113,369</u>	<u>786,329</u>
Closing shareholders' funds		

17. NET CASH FLOW FROM OPERATING ACTIVITIES

	2006 £	2005 £
Operating profit/(loss)	315,893	(341,236)
Amortisation of intangible fixed assets	2,222	19,156
Depreciation of tangible fixed assets	51,684	50,231
Loss on disposal of tangible fixed assets	-	6,232
(Increase)/decrease in stocks	(3,016)	2,543
(Increase)/decrease in debtors	(592,539)	168,673
Increase/(decrease) in creditors	3,286,904	(176,468)
	<u>3,061,148</u>	<u>(270,869)</u>
Net cash inflow/(outflow) from operations		

18. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN CASH FLOW STATEMENT

	2006 £	2005 £
Returns on investments and servicing of finance		
Interest paid	(8,128)	(6,530)
Hire purchase interest	(725)	(546)
	<u>(8,853)</u>	<u>(7,076)</u>
Net cash outflow from returns on investments and servicing of finance		
	<u>2006</u>	<u>2005</u>
	£	£
Capital expenditure and financial investment		
Purchase of intangible fixed assets	-	(5,000)
Purchase of tangible fixed assets	(3,536,778)	(20,142)
Football Foundation grant received	451,718	-
	<u>(3,085,060)</u>	<u>(25,142)</u>
Net cash outflow from capital expenditure		

SHREWSBURY TOWN FOOTBALL CLUB PLC

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2006**

18. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN CASH FLOW STATEMENT (continued)

	2006 £	2005 £
Financing		
Issue of ordinary shares	20,000	150,101
Repayment of finance leases	(6,600)	(7,150)
Net cash inflow from financing	<u>13,400</u>	<u>142,951</u>

19. ANALYSIS OF CHANGES IN NET DEBT

	1 June 2005 £	Cash flow £	Other non-cash changes £	31 May 2006 £
Cash at bank and in hand:	3,294	66,604	-	69,898
Bank overdraft	(187,347)	(85,969)	-	(273,316)
	<u>(184,053)</u>	<u>(19,365)</u>	<u>-</u>	<u>(203,418)</u>
Debt:				
Finance leases	(14,850)	6,600	-	(8,250)
Net debt	<u>(198,903)</u>	<u>(12,765)</u>	<u>-</u>	<u>(211,668)</u>

20. PENSION COMMITMENTS

Eligible staff are members of the Football League Limited Pension and Life Assurance Scheme, which is a defined benefit scheme. The assets of the scheme are held separately from those of the company, being invested with an insurance company.

Total pension costs charged during the year amounted to £18,485 (2005: £21,907).

SHREWSBURY TOWN FOOTBALL CLUB PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 2006

21. RELATED PARTY TRANSACTIONS

During the financial year R E Wycherley, director, advanced cash funds of £1,317,500 in order to facilitate the acquisition of land and build at Oteley Road. In addition he underwrote a further £1,350,000 of build costs to give a total commitment of £2,667,500. At 31 May 2006 the amount outstanding to R E Wycherley was £497,138. No interest has been charged on these sums advanced.

During the year the company purchased goods from The Midshires Group Limited for £800 (2005: £NIL), a company of which R E Wycherley was a director.

During the year the company received sponsorship of £11,000 (2005: £11,750) from Greenhous Commercials Limited, a company of which K J Sayfritz is a director. The club also purchased vehicles and maintenance from the Greenhous Group for £NIL (2005: £20,098).

During the year the company received sponsorship of £NIL (2005: £22,776) from RMW Electrical Services Limited, a company of which M R Whitrick is a director.

During the year the company purchased goods and services of £7,565 (2005: £10,090) from Netley Hall, purchased services of £NIL (2005: £2,275) from Poole & Co, and purchased services of £80,000 (2005: £NIL) from Firm Legal, all of which are businesses in which C D Poole, director, has an interest. At the end of the year the balance due to Netley Hall was £650 (2005: £ 1,216), due to Poole & Co £NIL (2005: £1,058) and due to Firm Legal of £47,000 (2005: £NIL).

22. POST BALANCE SHEET EVENTS

On 23rd June 2006 an unconditional contract was completed for the sale of the Gay Meadow for a further £11m (Sale proceeds received prior to 31st May 2006 £2,650,000, see note 11). Such sale is to be included in the 2007 financial statements.