MFC.CO.UK Limited

Report and Financial Statements

Year ended 31 December 2007

Registered No. 3904202

Registered No. 3904202

Directors
S Gibson
K Lamb
O Slipper
A Croker

Secretary
D W Surtees

Auditors
Grant Thornton UK LLP
Grant Thornton House
Melton Street
London
NW1 2EP

Bankers
The Royal Bank of Scotland
Argyll House
246 Regent Street
London
W1B 3PB

Lawyers
Wiggin
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W1T 2BU

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Sussex House
Plane Tree Crescent
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Middlesex
TW13 7HE

Directors' report

The Directors present the annual report and audited financial statements for the year ended 31 December 2007.

Principal activities and review of the business

The purpose of the company is to exploit a perpetual and exclusive licence of the internet and certain media rights of Middlesbrough Football & Athletic Company (1986) Limited including the operation and hosting of the club website.

In the year to 31 December 2007 the Company recorded a loss after taxation of £50,292 (2006: £48,559 loss). The Directors do not recommend the payment of a dividend (2006: £nil).

The Directors consider level of financial exploitation of the internet and the media rights licensed by the Company during the year to be acceptable and in line with expectation.

Given the nature of the business and the financial support of the controlling parties the Directors do not believe that there were any material credit, liquidity or cashflow risks.

Directors and their interests

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

S Gibson
K Lamb
M Loosemore (resigned 13 June 2008)
R Schmitz (resigned 1 August 2007)
O Slipper (appointed 13 June 2008)
A Croker (appointed 13 June 2008)

No director had any interest in the share capital of the company.

Statement of directors' responsibilities in respect of the financial statements

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 financial statements in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). 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.

In so far as the directors are aware:

- 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.

The directors are responsible for the maintenance and integrity of the website and accordingly the auditors accept no responsibility for the information published.

Information published on the website is accessible in many countries and legislation in the UK concerning the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Auditor

A resolution to re-appoint Grant Thornton UK LLP as auditor for the ensuing year will be proposed at the next Annual General Meeting in accordance with section 385 of the Companies Act 1985.

By order of the Board

D Surtees

16 January 2009

Report of the independent auditor

to the members of MFC.CO.UK Limited

We have audited the financial statements of MFC.co.uk Limited for the year ended 31 December 2007 which comprise the principal accounting policies, profit and loss account, balance sheet and notes 1 to 14. These financial statements have been prepared under 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 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 auditors

The directors' responsibilities for preparing the Directors' Report and the financial statements in accordance with United Kingdom law and 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 if, in our opinion, the Directors' Report is not consistent with the financial statements, if 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 whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

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 judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

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

Report of the independent auditor

to the members of MFC.CO.UK Limited (continued)

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 December 2007 and of its loss for the year then ended; and
- have been properly prepared in accordance with the Companies Act 1985

Grant Thornton UK LLP

Grant Thornton UK LLP
Registered Auditors
Chartered Accountants
London
19 January 2009

Profit and loss account

for the year ended 31 December 2007

	Notes	*Year ended 31 December 2007* £	*Year ended 31 December 2006* £
Turnover	2	169,791	169,981
Administrative expenses		(220,357)	(219,776)
Operating (loss)/profit		(50,566)	(49,795)
Net interest receivable	3	274	1,236
(Loss)/profit on ordinary activities before taxation	4	(50,292)	(48,559)
Tax on (loss)/profit on ordinary activities	6	-	-
(Loss)/profit on ordinary activities after taxation		(50,292)	(48,559)

The results set out above relate wholly to continuing activities.

The notes on pages 9 to 15 form part of these financial statements

Statement of total recognised gains and losses

for the year ended 31 December 2007

There were no recognised gains or losses during the year other than those set out in the profit and loss account above.

Balance sheet

at 31 December 2007

	Notes	*31 December 2007* *£*	*31 December 2006* *£*
Fixed assets			
Tangible assets	7	1,518	2,636
Current assets			
Debtors	8	44,431	38,660
Cash at bank		4,988	15,229
Creditors: amounts falling due within one year	9	(153,270)	(108,566)
Net current (liabilities)/assets		(103,851)	(54,677)
Total assets less current liabilities		(102,333)	(52,041)
Capital and reserves			
Called up share capital	10	558,100	558,100
Profit and loss account	11	(660,433)	(610,141)
Shareholders' funds	12	(102,333)	(52,041)

The notes on pages 9 to 15 form part of these financial statements.

Approved by the Board on 16 January 2009

and signed on its behalf by:

Andrew Croker
Director

Notes to the financial statements

for the year ended 31 December 2007

1. Accounting policies

Basis of preparation

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards.

The financial statements have been prepared in accordance with the going concern concept because one of the company's controlling parties has given the necessary assurances such that sufficient resources will be made available for the foreseeable future so that the company can meet its liabilities as and when they fall due.

Statement of cash flows

Under Financial Reporting Standard No. 1 Statement of Cash Flows (Revised), the company is exempt from the requirements to prepare a statement of cash flows as it is a small company under the Companies Act 1985.

Fixed assets and depreciation

Depreciation has been provided in order to write off the cost of depreciable fixed assets over their estimated useful lives. The rate used is:

Office furniture and equipment on a straight line basis over three years.

The carrying values of tangible fixed assets are reviewed for impairment, if events or changes in circumstance indicate that those carrying values may not be reasonable.

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax, with the following exceptions:

- provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, and gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold; and
- deferred tax assets are recognised only to the extent that the directors consider that it is 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 an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

2. Turnover

Turnover represents amounts derived from the provision of services falling within the company's continuing ordinary activities, after the deduction of value added tax, all of which are conducted in the United Kingdom.

Notes to the financial statements

for the year ended 31 December 2007

3. Net interest receivable

	Year ended 31 December 2007	*Year ended 31 December 2006*
	£	**£**
Bank interest receivable	274	1,236

4. Loss on ordinary activities before taxation

Loss on ordinary activities before taxation is stated after charging the following:

	Year ended 31 December 2007	*Year ended 31 December 2006*
	£	**£**
Depreciation	2,002	2,059
Auditors' remuneration – audit services	2,500	4,800

5. Employee costs

The average number of employees during the year, all of whom are directors, was 4 (2006: 4).

3 persons (2006: 3) are employed by Perform Media Services Ltd (formerly Premium TV Limited) and their costs of £84,238 (2006: £81,128) recharged to the Company.

None of the directors received any emoluments during the year (2006: nil).

Notes to the financial statements

for the year ended 31 December 2007

6. Tax on loss on ordinary activities

	Year ended 31 December 2007 **£**	*Year ended 31 December 2006* **£**
Current tax		
UK corporation tax on profits of the period	-	-
Adjustment in respect of previous periods	-	-
Total current tax	-	-
Deferred tax		
Origination and reversal of timing differences	-	-
Other timing differences	-	-
Total deferred tax	-	-
Tax on profit on ordinary activities	-	-
Loss on ordinary activities before tax	(50,292)	(48,559)
Loss on ordinary activities multiplied by standard rate of tax (30%)	(15,088)	(14,568)
Effects of:		
Difference between capital allowances and depreciation	(242)	264
Tax losses arising/ (utilised) in year	10,514	-
Expenses not deductible for tax purposes (including amortisation of goodwill)	-	-
Group relief	-	-
Other timing differences	-	-
Adjustment to tax charge in respect of previous periods	-	-
Profits credited at lower rate of tax	4,816	-
Unrelieved losses carried forwards	-	14,304
Current tax charge for the period	-	-

In 2007 part of the potential deferred tax asset was not recognised in respect of timing differences related to trading losses carried forward as there was insufficient evidence that the asset would be recovered. The amount of the asset not recognised was £67,418 (2006: £55,292).

Notes to the financial statements

for the year ended 31 December 2007

7. Fixed assets

	Office equipment	*Internet and media rights*	*Total*
	£	£	£
Cost			
At 1 January 2007	12,689	1	12,690
Additions	884		884
At 31 December 2007	13,573	1	13,574
Depreciation			
At 1 January 2007	10,053	1	10,054
Charged during the year	2,002		2,002
At 31 December 2007	12,055	1	12,056
Net book value			
At 31 December 2007	1,518	-	1,518
At 31 December 2006	2,636	-	2,636

8. Debtors

	2007	*2006*
	£	£
Trade debtors	12,052	14,337
Amounts due from controlling parties	31,881	22,632
Other taxes and social security costs	498	1,691
	44,431	38,660

9. Creditors: amounts falling due within one year

	2007	*2006*
	£	£
Trade creditors	671	1,410
Amounts due to controlling parties	109,594	82,603
Other creditors and accruals	43,005	24,553
Other taxes and social security costs	-	-
	153,270	108,566

Notes to the financial statements

for the year ended 31 December 2007

10. Share capital

	2007 Number	2006 Number	2007 £	2006 £
Authorised				
Ordinary shares of £1 each	100	100	100	100
8% cumulative preference shares of £1 each	2,000,000	2,000,000	2,000,000	2,000,000
5% cumulative preference shares of £1 each	1,442,000	1,442,000	1,442,000	1,442,000
Deferred shares of £1 each	558,000	558,000	558,000	558,000
			4,000,100	4,000,100

Preference shares carry a fixed cumulative preferential dividend at the rates specified above payable quarterly. Interest accrues on the amount of any preference dividend unpaid.

	2007 Number	2006 Number	2007 £	2006 £
Allotted, called up and fully paid				
Ordinary shares of £1 each	100	100	100	100
Deferred shares of £1 each	558,000	558,000	558,000	558,000
			558,100	558,100

11. Profit and loss account

	Year ended 31 December 2007 £	Year ended 31 December 2006 £
At start of year	(610,141)	(561,582)
Retained loss for the year	(50,292)	(48,559)
At end of year	(660,433)	(610,141)

Notes to the financial statements

for the year ended 31 December 2007

12. Reconciliation of shareholders' funds and movements on reserves

	Equity interests	*Non-equity interests*	*Total shareholders' funds*
	£	*£*	*£*
At 1 January 2006	558,100	(561,582)	(3,482)
Profit for the year		(48,559)	(48,559)
At 31 December 2006	558,100	(610,141)	(52,041)
(Loss) for the year		(50,292)	(50,292)
At 31 December 2007	558,100	(660,433)	(102,333)

13. Related party transactions

(a) The Company receives from Perform Media Services Ltd services in connection with the construction, hosting and operation of the website of Middlesbrough Football & Athletic Company (1986) Limited. Perform Media Services Ltd is a 50% shareholder in the company. Amounts charged during the year in respect of these services totalled £108,000 (2006: £108,000).

(b) In addition to the amounts identified in (a) above, the Company has, during the year, received goods, services and cash from Perform Media Services Ltd to a value of £85,362 (2006: £84,943).

(c) At the balance sheet date, £109,594 (2006: £82,603) (including VAT) was due to Perform Media Services Ltd, for the current and earlier periods, in respect of the transactions described in (a) and (b) above, and is shown in note 9 above within amounts due to controlling parties.

(d) On occasion the Company utilises facilities provided by Middlesbrough Football & Athletic Company (1986) Limited, for which it is recharged. The amount recharged in the year amounted to £nil (2006: £5,600). The amount of £nil (2006: £nil) is included in amounts due to controlling parties in note 9.

(e) The Company is entitled to receive a commission on the gross sales value of club branded products and tickets where the order is placed via the club website. During the year the amount of income receivable from the Middlesbrough Football & Athletic Company (1986) Limited in respect of such sales was £15,820 (2006: £17,737). At the balance sheet date £31,881 (2006: £8,563) (including VAT) is included in amounts due from controlling parties in note 8.

(f) In addition, Perform Media Services Ltd collected amounts due to the Company from third parties, at the year end the aggregate amount receivable by the company in respect of these transactions of £nil (2006: £14,069) is included in amounts due from controlling parties in note 8.

Notes to the financial statements

for the year ended 31 December 2007

14. Controlling parties

The Company is jointly controlled by two companies, Perform Media Services Ltd and Middlesbrough Football & Athletic Company (1986) Limited. The smallest group in which the company's results will be included is Middlesbrough Football & Athletic Company (1986) Limited. Copies of its group financial statements can be obtained from its registered office at The Riverside Stadium, Middlesbrough, Cleveland TS3 6RS.

The largest group in which the Company's results will be included is Perform Group Ltd, a company incorporated in the UK. Copies of its group financial statements can be obtained from its registered office at Sussex House, Plane Tree Crescent, Feltham, Middlesex, TW13 7HE.