

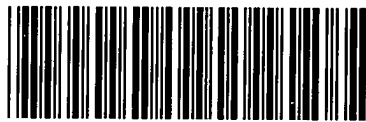
Swansea City Football 2002 Limited

**Directors' report and financial
statements**

Registered number 04305508

31 May 2014

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Company information

Directors

H M Jenkins
B L Katzen

Secretary

A Cowie

Registered office

Liberty Stadium
Landore
Swansea
SA1 2FA

Registered number

04305508 (England and Wales)

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 Group 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 £15.4 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 manner that is as cost effective 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 the controls in place, which include 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 Group'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 Group's operations. Due to the nature of the financial instruments used by the Group there is no exposure to price risk. The Group'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 on the one hand, and on the other hand 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 Group 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.

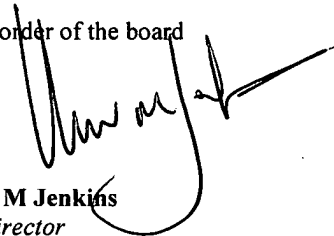
The Group is a lessee in respect of finance lease assets. The liquidity risk in respect of these is managed in the same way as loans.

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 report with the financial statements of the company and the group for the year ended 31 May 2014.

Dividends

Dividends totalling £1,000,000 (2013: £1,999,998) were approved by the board of directors during the year.

Directors

The directors shown below have held office during the whole of the period from 1 June 2013 to the date of this report:

H M Jenkins
B L Katzen

Political and charitable contributions

During the year the Group 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 group's auditor is unaware; and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the group'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 group and parent company 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 group and parent company and of their profit or loss for that period. In preparing each of the group and parent company 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 group and the parent company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent company's transactions and disclose with reasonable accuracy at any time the financial position of the parent 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 group 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 Football 2002 Limited

We have audited the financial statements of Swansea City Football 2002 Limited for the year ended 31 May 2014 set out on pages 8 to 29. 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 5, 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 group's and of the parent company's affairs as at 31 May 2014 and of the group's 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

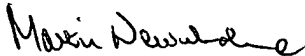
In our opinion the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Independent auditor's report to the members of Swansea City Football 2002 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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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

Consolidated 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		(76,222,138)	(21,193,401)	(97,415,539)	(67,731,992)
Other operating income		6,816	-	6,816	22,350
Group operating profit/(loss)	3	21,976,675	(20,693,401)	1,283,274	(596,341)
Share of associate's operating profit		1,218	-	1,218	128,351
Profit on disposal of player registrations		-	5,261	5,261	21,219,857
Profit before interest and taxation		21,977,893	(20,688,140)	1,289,753	20,751,867
Interest receivable and similar income	6			52,090	247,971
Interest payable and similar charges	7			(15,970)	(53,212)
Profit on ordinary activities before taxation				1,325,873	20,946,626
Taxation on profit on ordinary activities	8			408,405	(5,554,269)
Profit on ordinary activities after taxation				1,734,278	15,392,357
Minority interest – equity	20			-	14,290
Profit for the financial year				1,734,278	15,406,647

All activities derive from continuing operations.

There have been no recognised gains and losses for the current or the prior financial year other than as stated in the profit and loss account and accordingly no separate statement of total recognised gains and losses is presented.

The notes form part of these financial statements.

Consolidated Balance Sheet
at 31 May 2014

	<i>Note</i>	2014	2013
		£	£
Fixed assets			
Intangible assets	10	31,258,100	19,092,941
Tangible assets	11	14,182,612	7,887,278
Investments	12	8,964	7,746
		<u>45,449,676</u>	<u>26,987,965</u>
Current assets			
Stocks	13	1,070,719	217,026
Debtors	14	12,838,014	17,533,463
Cash at bank and in hand		1,937,887	8,770,330
		<u>15,846,620</u>	<u>26,520,819</u>
Creditors: amounts falling due within one year	15	<u>(34,364,039)</u>	<u>(27,283,555)</u>
Net current liabilities		<u>(18,517,419)</u>	<u>(762,736)</u>
Total assets less current liabilities		<u>26,932,257</u>	<u>26,225,229</u>
Creditors: amounts falling due after more than one year	16	(855,473)	(451,761)
Provisions for liabilities	19	(5,042,583)	(5,473,545)
Minority interests	20	(3,431)	(3,431)
Net assets		<u>21,030,770</u>	<u>20,296,492</u>
Capital and reserves			
Called up share capital	21	950,000	950,000
Profit and loss account	23	20,030,770	19,296,492
Capital redemption reserve	23	50,000	50,000
Shareholders' funds	24	<u>21,030,770</u>	<u>20,296,492</u>

These financial statements were approved by the board of directors (2nd January 2015 and were signed on its behalf by:


H M Jenkins
Director

Company registered number: 04305508

The notes form part of these financial statements.

Company Balance Sheet
at 31 May 2014

	<i>Note</i>	2014	2013
		£	£
Fixed assets			
Investments	12	1,500,767	1,480,984
Current assets			
Debtors	14	-	198,025
Cash at bank and in hand		272,455	-
Creditors: amounts falling due within one year	15	(733,159)	(678,949)
Net current liabilities		(460,704)	(480,924)
Total assets less current liabilities – being net assets		1,040,063	1,000,060
Capital and reserves			
Called up share capital	21	950,000	950,000
Profit and loss account	23	40,063	60
Capital redemption reserve	23	50,000	50,000
Shareholders' funds	24	1,040,063	1,000,060

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

Company registered number: 04305508

The notes form part of these financial statements.

Consolidated Cash Flow Statement
for the year ended 31 May 2014

	<i>Note</i>	2014 £	2013 £
Net cash inflow from operating activities	29	19,235,829	10,544,438
Returns on investments and servicing of finance	30	36,120	194,759
Taxation		(23,000)	-
Capital expenditure and financial investment	30	(20,787,341)	(9,911,694)
Dividends paid on shares classified in shareholders' funds		(1,000,000)	(1,999,998)
		<u>(2,538,392)</u>	<u>(1,172,495)</u>
Financing	30	(4,085,302)	(1,057,991)
		<u>(6,623,694)</u>	<u>(2,230,486)</u>
Decrease in cash in the year		<u><u>(6,623,694)</u></u>	<u><u>(2,230,486)</u></u>
Reconciliation of net cash flow to movement in net debt			
Decrease in cash in the year		(6,623,694)	(2,230,486)
Cash used to repay debt and lease financing		4,085,303	1,558,821
Change in net debt resulting from cash flows		(2,538,391)	(671,665)
New finance leases		(152,090)	(47,029)
		<u>(2,690,481)</u>	<u>(718,694)</u>
Movement in net debt in the year		(2,690,481)	(718,694)
Net funds at the start of the year		4,454,134	5,172,828
		<u>4,454,134</u>	<u>5,172,828</u>
Net funds at the end of the year	31	1,763,653	4,454,134
		<u><u>1,763,653</u></u>	<u><u>4,454,134</u></u>

The notes form part of these financial statements.

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, except as noted below.

Accounting convention

The financial statements have been prepared under the historical cost convention and within the requirements of the Companies Act 2006.

Going concern

The group 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 group's profitability and cash generation has improved significantly and is currently generating sufficient profits to fund working capital requirements. In addition, the group'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 group 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.

Basis of consolidation

The consolidated financial statements incorporate those of the company and its subsidiary undertakings.

Joint ventures and associates

Transactions resulting from joint ventures and associates have been treated in accordance with FRS 9 "Associates and Joint Ventures". The group's share of the profit or loss of the joint ventures and associates is included in the consolidated profit and loss account, its share of the joint ventures' and associates' net assets are included in the consolidated balance sheet within investments, and its share of the net liabilities is included in provisions in the consolidated balance sheet.

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 licences

Patents and licences owned by the group 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 licences.

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.

Notes (continued)

1 Accounting policies (continued)

Players' registration costs (continued)

The profit or loss on disposal of a player's registration is calculated as the difference between the transfer fee received/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.

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 yet 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.

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.

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.

Notes (continued)

1 Accounting policies (continued)

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.

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

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 over the period of the player's contract. Where a player's registration is transferred any signing on fees payable in respect of future periods are charged against the profit and loss accounts in the period that the registration is transferred.

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 group.

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
	<hr/>	<hr/>
	98,691,997	67,113,301
	<hr/>	<hr/>

Notes (continued)

3 Operating profit/(loss)

The operating profit (2013: 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
Foreign exchange differences	(70,318)	(827)
Player registration impairment provision	4,741,136	175,690
Auditors' remuneration:		
Audit of these financial statements and of subsidiaries pursuant to legislation	17,950	17,500
Other services pursuant to legislation and regulations	6,850	7,000
Other services relating to taxation	10,800	4,000
Other taxation advisory services	-	5,000
	<u>538,599</u>	<u>212,028</u>

4 Staff numbers and costs

	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>48,706,302</u>

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

	2014 No	2013 No
Football	167	173
Administration	14	10
Commercial	55	18
Media	10	7
	<u>246</u>	<u>208</u>

5 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 was £550,000 (2013: £250,000). Included in aggregate emoluments is a bonus of £275,000 relating to retention of Premier League status.

Notes (continued)

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>

7 Interest payable and similar charges

	2014 £	2013 £
Bank loans	-	43,096
Other interest	-	141
Hire purchase	15,970	9,975
	<u>15,970</u>	<u>53,212</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 19)	<u>(430,962)</u>	<u>5,563,519</u>
Tax on profit on ordinary activities	<u>(408,405)</u>	<u>5,554,269</u>

Notes (continued)

8 Taxation (continued)

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 £
Profit on ordinary activities before tax	1,325,873	20,946,626
Profit on ordinary activities multiplied by the hybrid rate of corporation tax in the UK of 22.67% (2013: 23.89%)	300,575	5,004,149
<i>Effects of:</i>		
Expenses not deductible for tax purposes	21,437	86,821
Capital allowances less than/(in excess of) 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)
Share of associates'/joint ventures' results	153,933	(30,663)
Current tax (credit)/charge	22,557	(9,250)

Factors that may affect future current and total 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 2014. 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 Profit of parent company

As permitted by Section 408 of the Companies Act 2006, the profit and loss account of the parent company is not presented as part of these financial statements. The parent company's profit for the financial year was £1,040,003 (2013: £2,400,304).

Notes (continued)

10 Intangible fixed assets

Group	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)

11 Tangible fixed assets

Group	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)	-	-	-	-
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
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)
At 31 May 2014	156,410	64,525	38,583	-	536,535	82,545	55,473	934,071
Net book value								
At 31 May 2014	6,106,965	1,761,160	904,201	3,280,592	1,944,741	160,319	24,634	14,182,612
At 31 May 2013	240,000	-	169,275	6,412,490	926,512	94,952	44,049	7,887,278

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.

12 Fixed asset investments

Group	Interests in associated undertakings (including joint ventures) £
Cost and net book value	
At beginning of year	7,746
Group's share of the profit or loss for the year	1,218
At end of year	8,964

The net book value of interests in associated undertakings, comprises interest in joint ventures of £1 (2013: £1) and in associates of £8,963 (2013: £7,745).

Notes (continued)

12 Fixed asset investments (continued)

Company	Shares in group undertakings £	Loans to group undertakings £	Total £
Cost:			
At beginning of year	501,512	979,472	1,480,984
Additions	11,858	7,925	19,783
	<hr/>	<hr/>	<hr/>
At end of year	513,370	987,397	1,500,767
	<hr/>	<hr/>	<hr/>
Provisions			
At beginning and end of year	-	-	-
	<hr/>	<hr/>	<hr/>
Net book value			
At 31 May 2014	513,370	987,397	1,500,767
	<hr/>	<hr/>	<hr/>
At 31 May 2013	501,512	979,472	1,480,984
	<hr/>	<hr/>	<hr/>

Details of the company's subsidiary undertakings and other investments are listed below. In the opinion of the directors, the investments are not worth less than the value shown in the financial statements.

Subsidiaries:

Swansea City Football Club Limited

Nature of business: Dormant company

	%		
Class of shares:	holding		
Ordinary £1 shares	99.40		
		31 May 2014	31 May 2013
		£	£
Aggregate capital and reserves		470,000	470,000
Profit for the year		-	-
		<hr/>	<hr/>

Swansea City Association Football Club Limited

Nature of business: Professional Association Football Club

	%		
Class of shares:	holding		
Ordinary £1 shares	100		
		31 May 2014	31 May 2013
		£	£
Aggregate capital and reserves		20,104,668	19,411,597
Profit for the year		1,733,071	15,277,430
		<hr/>	<hr/>

Notes (continued)

12 Fixed asset investments (continued)

Associated companies and joint ventures

Swansea Stadium Management Company Limited

Nature of business: Stadium Management

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

Swansea Stadium Premier Club Limited

Nature of business: Management of the Stadium Premier Club

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

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

13 Stocks

	Group	
	2014	2013
	£	£
Stocks	1,070,719	217,026
	<u> </u>	<u> </u>

14 Debtors

	Group		Company	
	2014	2013	2014	2013
	£	£	£	£
<i>Amounts falling due within one year:</i>				
Trade debtors	393,525	194,149	-	-
Amounts owed by group undertakings	-	-	-	198,025
Other debtors	10,612,274	15,963,304	-	-
Prepayments	1,707,215	1,251,010	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	12,713,014	17,408,463	-	198,025
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
<i>Amounts falling due after more than one year:</i>				
Amounts owed by undertakings in which the company has a participating interest	125,000	125,000	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	12,838,014	17,533,463	-	198,025
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

Notes (continued)

15 Creditors: amounts falling due within one year

	Group		Company	
	2014	2013	2014	2013
	£	£	£	£
Bank loans and overdrafts	200	4,208,949		208,949
Hire purchase contracts (see note 17)	112,831	51,654	-	-
Trade creditors	2,216,286	2,710,048	-	-
Amounts owed to group undertakings	-	-	470,000	470,000
Social security and other taxes	2,529,831	1,915,137	-	-
VAT	1,983,734	1,274,458	-	-
Other creditors	22,405,441	12,415,656	263,159	-
Accruals and deferred income	5,115,716	4,707,653	-	-
	<u>34,364,039</u>	<u>27,283,555</u>	<u>733,159</u>	<u>678,949</u>

16 Creditors: amounts falling due after more than one year

	Group	
	2014	2013
	£	£
Hire purchase contracts (see note 17)	61,204	55,593
Other creditors	794,269	396,168
	<u>855,473</u>	<u>451,761</u>

17 Obligations under hire purchase contracts and leases

	Group	
	2014	2013
	£	£
Gross obligations repayable		
Within one year	119,838	61,205
Between one and five years	61,973	62,351
	<u>181,811</u>	<u>123,556</u>
Finance charges repayable		
Within one year	7,007	9,551
Between one and five years	769	6,758
	<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>174,034</u>	<u>107,247</u>

Notes (continued)

18 Secured debts

The following secured debts are included within creditors:

	Group		Company	
	2014	2013	2014	2013
	£	£	£	£
Bank loans	-	4,000,000	-	-
Hire purchase contracts	174,034	107,247	-	-
	<u>174,034</u>	<u>4,107,247</u>	<u>-</u>	<u>-</u>

The bank loan was secured by way of an assignment of funds of the Premier League income.

Hire purchase contract liabilities are secured on the underlying fixed assets.

19 Provisions for liabilities

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

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)
Total deferred tax liability	<u>(5,042,583)</u>	<u>(5,473,545)</u>

Notes (continued)

20 Minority interests

	2014 £	Group 2013 £
At beginning of year	(3,431)	(55,688)
Share of loss/(profit) for the period	-	14,290
Transfer of subsidiary undertakings	-	37,967
At end of year	(3,431)	(3,431)

Equity minority interests represent the share of the net assets attributable to the interests of equity shareholders in subsidiaries which are not wholly owned by the group.

21 Called up share capital

Allotted, issued and fully paid

Number	Class	Nominal value	2014 £	2013 £
950,000 (2013: 950,000)	Ordinary	£1	950,000	950,000

22 Dividends

	2014 £	2013 £
Dividend in respect of the current year	1,000,000	1,999,998

Dividends totalling £1,000,000 (2013: £1,999,998) were approved by the board during the year. There is no further final dividend proposed in respect of the current year.

Notes (continued)

23 Reserves

	Capital redemption reserve £	Profit & loss account £
Group		
At 1 June 2013	50,000	19,296,492
Profit for the year	-	1,734,278
Dividend paid	-	(1,000,000)
	<hr/>	<hr/>
At 31 May 2014	50,000	20,030,770
	<hr/>	<hr/>
Company		
At 1 June 2013	50,000	60
Profit for the year	-	1,040,003
Dividend paid	-	(1,000,000)
	<hr/>	<hr/>
At 31 May 2014	50,000	40,063
	<hr/>	<hr/>

24 Reconciliation of movements in shareholders' funds

	2014 £	2013 £
Group		
Profit for the financial year	1,734,278	15,406,647
Dividend paid	(1,000,000)	(1,999,998)
	<hr/>	<hr/>
Net addition to shareholders' funds	734,278	13,406,649
Opening shareholders' funds	20,296,492	7,289,843
Consideration paid for purchase of own shares	-	(400,000)
	<hr/>	<hr/>
Closing shareholders' funds	21,030,770	20,296,492
	<hr/>	<hr/>

Notes (continued)

24 Reconciliation of movements in shareholders' funds (continued)

	2014 £	2013 £
<i>Company</i>		
Profit for the financial year	1,040,003	2,400,304
Dividend paid	(1,000,000)	(1,999,998)
	<hr/>	<hr/>
Net addition to shareholders' funds	40,003	400,306
Opening shareholders' funds	1,000,060	999,754
Consideration paid for purchase of own shares	-	(400,000)
	<hr/>	<hr/>
Closing shareholders' funds	1,040,063	1,000,060
	<hr/>	<hr/>

25 Commitments

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

	Land and buildings 2014 £	2013 £	Other operating leases 2014 £	2013 £
<i>Expiring:</i>				
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
	<hr/>	<hr/>	<hr/>	<hr/>
	40,000	40,000	10,654	35,850
	<hr/>	<hr/>	<hr/>	<hr/>

26 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 on 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.

27 Pension schemes

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 group 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 group 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 group is required to contribute to the deficit of the scheme based on the most recent actuarial valuation carried out as at 31 August 2011. The amount owed by the group at the balance sheet date was £23,427 (2013: £41,731). During the year, £18,304 (2013: £5,967) has been paid to the scheme.

Notes (continued)

28 Contingent liabilities

Under the terms of the Swansea Stadium Management Company Limited shareholders' agreement, the group company Swansea City Association Football Club Limited has entered into an obligation to assist that company in meeting its liabilities as they fall due. The shareholders' agreement also requires the group 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 group 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 group company and Swansea Stadium Management Company Limited must agree on the terms of repayment, if any, of any such funding provided by the group.

29 Reconciliation of operating (loss)/profit to net cash inflow from operating activities

	2014 £	2013 £
Operating profit/(loss)	1,283,274	(596,341)
Depreciation and amortisation	17,060,732	9,049,629
Loss on disposal of fixed assets	53,424	477,935
Impairment provisions	4,741,136	175,690
(Increase)/decrease in stocks	(853,693)	130,523
(Increase)/decrease in debtors	(6,964,085)	6,458,320
Increase/(decrease) in creditors	3,915,041	(5,151,318)
Net cash inflow from operating activities	19,235,829	10,544,438

30 Analysis of cash flows

	2014 £	2013 £
Returns on investments and servicing of finance		
Interest received	52,090	247,971
Interest paid	-	(43,237)
Interest element of hire purchase payments	(15,970)	(9,975)
Net cash inflow from investments and servicing of finance	36,120	194,759
Capital expenditure and financial investment		
Purchase of intangible fixed assets	(26,070,188)	(16,468,028)
Purchase of tangible fixed assets	(6,395,330)	(7,322,470)
Sale of intangible fixed assets	11,610,082	13,468,337
Sale of tangible fixed assets	68,095	821,697
Purchase of own shares and investments	-	(411,230)
Net cash outflow for capital expenditure and financial investment	(20,787,341)	(9,911,694)

Notes (continued)

30 Analysis of cash flows (continued)

	2014 £	2013 £
Financing		
New loans in year	-	7,000,000
Loan repayments in year	(4,000,000)	(8,500,000)
Capital element of hire purchase payments	(85,302)	(58,821)
Amounts repaid by directors	-	50,830
Loans repaid to shareholders	-	450,000
Net cash outflow from financing	(4,085,302)	(1,057,991)

31 Analysis of net debt

	At 1 June 2013 £	Cash flow £	Non cash changes £	At 31 May 2014 £
Net cash				
Cash at bank and in hand	8,770,330	(6,832,443)	-	1,937,887
Overdrafts	(208,949)	208,749	-	(200)
	<u>8,561,381</u>	<u>(6,623,694)</u>	<u>-</u>	<u>1,937,687</u>
Debt				
Hire purchase	(107,247)	85,303	(152,090)	(174,034)
Debts falling due within one year	(4,000,000)	4,000,000	-	-
	<u>(4,107,247)</u>	<u>4,085,303</u>	<u>(152,090)</u>	<u>(174,034)</u>
Total	<u>4,454,134</u>	<u>(2,538,391)</u>	<u>(152,090)</u>	<u>1,763,653</u>

32 Related party disclosures

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

At the balance sheet date, £125,000 (2013: £125,000) was owed to the group from Swansea Stadium Management Company Limited, which is due after more than 1 year. The loan is not interest bearing.

The group also receives club membership income through Swansea Stadium Premier Club Limited. Amounts paid to the group from Swansea Stadium Premier Club Limited during the year amounted to £744,639 (2013: £742,658). It also made purchases from the group amounting to £nil (2013: £Nil). At the balance sheet date, Swansea Stadium Premier Club Limited owed the group £4,121 (2013: £5,085).

Notes (continued)

33 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: £21,150) 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: £3,182,876) 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: £91,278) 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).

34 Ultimate parent company

The company is privately owned with no one individual having control over the company.