

Middlesbrough Football & Athletic
Company (1986) Limited
Annual report
for the 6 months ended 31 December 2005

Registered Number 1947851



Middlesbrough Football & Athletic Company (1986) Limited

Annual report for the 6 months ended 31 December 2005

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Middlesbrough Football & Athletic Company (1986) Limited

Director and advisors

Director

S Gibson

Secretary and registered office

A W Bage FCA

Riverside Stadium

Middlesbrough

TS3 6RS

Solicitors

Sandersons

The Endeavour Partnership

Bankers

Barclays Bank plc

Independent auditors

PricewaterhouseCoopers LLP

Middlesbrough Football & Athletic Company (1986) Limited

Director's report for the 6 months ended 31 December 2005

The director presents his report and the audited financial statements of the company for the six months ended 31 December 2005.

Business review and principal activity

The principal activity of the company is the operation of a professional football club and related business operations. There have been no significant changes therein during the period.

The results for the company show a pre-tax loss of £7,421,000 for the period and sales of £23,182,000. The shareholder has a net equity deficit of £33,662,000.

Future outlook

The competitive environment of the FA Premier League continues to increase year by year. The finalisation of negotiations for the next set of broadcasting agreements indicates an opportunity to increase revenue from season 2007/08. The company is confident that it will still be in a position to share in the new arrangements.

Principal risks and uncertainties

The key business risks affecting the company are considered to relate to increasing competition from the other nineteen teams in the FA Premier League, key player retention, availability of new players and upward movement of players' costs.

Key performance indicators ("KPIs")

Given the straightforward nature of the business, the company's director is of the opinion that analysis using KPIs is not necessary for an understanding of the development, performance or position of the business.

Dividends

The director does not recommend a payment of a dividend (30 June 2005: £Nil).

Director

The director of the company at 31 December 2005, who has been a director for the whole of the period ending on that date, is listed below:

S Gibson (Chairman)

Director's interests in shares of the company and other group companies

The director of the company at the period end did not have any interest in the shares of the company.

The interests of the director in the shares of the ultimate parent company were:

	1 July 2005 and 31 December 2005
The Gibson O'Neill Company Limited - ordinary shares £1	
S Gibson	18,750

Other than as shown above no director had any interest in the shares of other group companies at any time during the 6 months ended 31 December 2005.

Middlesbrough Football & Athletic Company (1986) Limited

Charitable donations

Donations made by the company during the period for charitable purposes amounted to £4,154 (30 June 2005: £105,645), including £nil (30 June 2005: £104,260) to the Middlesbrough Football Academy (Eston) Limited.

Statement of director's responsibilities

The director is required by UK company law to prepare financial statements for each financial period that give a true and fair view of the state of affairs of the company as at the end of the financial period and of the profit or loss of the company for that period.

The director confirms that suitable accounting policies have been used and applied consistently and reasonable and prudent judgements and estimates have been made in the preparation of the financial statements for the period ended 31 December 2005. The director also confirms that applicable accounting standards have been followed and the financial statements have been prepared on the going concern basis.

The director is responsible for keeping proper accounting records, for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent auditors

The director, as at the date of this report, has confirmed that insofar as he is aware there is no relevant audit information (that is, information needed by the company's auditors in connection with preparing their report) of which the company's auditors are unaware, and he has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

PricewaterhouseCoopers LLP, have indicated their willingness to continue in office, and a resolution concerning their reappointment will be proposed at the Annual General Meeting.

By order of the Board



A W Bage FCA
Company secretary

30 October 2006

Middlesbrough Football & Athletic Company (1986) Limited

Independent auditors' report to the members of Middlesbrough Football & Athletic Company (1986) Limited

We have audited the financial statements of Middlesbrough Football & Athletic Company (1986) Limited for the period ended 31 December 2005 which comprise the profit and loss account, the statement of total recognised gains and losses, the note of historical cost profits and losses, the balance sheet, the statement of accounting policies and the related notes.

Respective responsibilities of directors and auditors

As described in the statement of directors' responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or in to whose hands it may come save where expressly agreed by our prior consent in writing.

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. We also 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 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 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.

Middlesbrough Football & Athletic Company (1986) Limited

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 2005 and of its loss for the period 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.



PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
Newcastle upon Tyne
30 October 2006

Middlesbrough Football & Athletic Company (1986) Limited

Profit and loss account for the 6 months ended 31 December 2005

	Note	6 months ended 31 December 2005 £'000	11 months ended 30 June 2005 £'000
Turnover	1	23,182	51,988
Cost of sales		(20,829)	(31,251)
Gross profit		2,353	20,737
Administrative expenses before player amortisation		(2,206)	(3,565)
Player amortisation	2	(5,962)	(7,566)
Administrative expenses		(8,168)	(11,131)
Other operating income	5	59	127
Operating (loss)/profit		(5,756)	9,733
Profit on sale of players' registrations		296	453
Profit on disposal of tangible fixed assets		171	88
(Loss)/profit on ordinary activities before interest and tax		(5,289)	10,274
Interest payable and similar charges	6	(2,132)	(4,499)
(Loss)/profit on ordinary activities before taxation	7	(7,421)	5,775
Taxation on (loss)/profit on ordinary activities	8	(613)	(1,285)
(Loss)/profit for the financial period	19	(8,034)	4,490

All of the company's operations are continuing.

Middlesbrough Football & Athletic Company (1986) Limited

Statement of total recognised gains and losses for the 6 months ended 31 December 2005

	6 months ended 31 December 2005 £'000	11 months ended 30 June 2005 £'000
(Loss)/profit for the period	(8,034)	4,490
Unrealised surplus on revaluation of leasehold properties	-	21,350
Total recognised (losses)/gains for the period	(8,034)	25,840

Note of historical cost profits and losses for the 6 months ended 31 December 2005

	6 months ended 31 December 2005 £'000	11 months ended 30 June 2005 £'000
Reported (loss)/profit on ordinary activities before taxation	(7,421)	5,775
Difference between historical cost depreciation charge and actual depreciation charge for the period calculated on revalued amounts	267	-
Historical cost (loss)/profit on ordinary activities before taxation	(7,154)	5,775
Historical cost (loss)/profit for the period retained after taxation	(7,767)	4,490


Middlesbrough Football & Athletic Company (1986) Limited

Balance sheet as at 31 December 2005

	Note	31 December 2005 £'000	31 December 2005 £'000	30 June 2005 £'000	30 June 2005 £'000
Fixed assets					
Intangible assets	9		22,265		11,396
Tangible assets	10		43,648		44,007
			65,913		55,403
Current assets					
Stocks	12	740		631	
Debtors	13	7,619		3,654	
Cash at bank and in hand		107		1,265	
		8,466		5,550	
Creditors: amounts falling due within one year	14	(98,177)		(77,125)	
Net current liabilities			(89,711)		(71,575)
Total assets less current liabilities			(23,798)		(16,172)
Creditors : amounts falling due after more than one year					
	15		7,031		6,620
Accruals and deferred income	16		1,695		1,754
Provisions for liabilities and charges	17		1,138		1,082
			9,864		9,456
Capital and reserves					
Called up share capital	18		1,056		1,056
Capital contribution	19		26,000		26,000
Revaluation reserve	19		21,083		21,350
Profit and loss account	19		(81,801)		(74,034)
Equity shareholders' deficit	20		(33,662)		(25,628)
			(23,798)		(16,172)

The financial statements on pages 6 to 25 were approved by the board of directors on 30 October 2006 and were signed on its behalf by:

S Gibson
Director



Middlesbrough Football & Athletic Company (1986) Limited

Statement of accounting policies

The financial statements have been prepared on the going concern basis under the historical cost convention and in accordance with the Companies Act 1985 and applicable Accounting Standards in the United Kingdom. A summary of the more important accounting policies, which have been applied consistently, is set out below.

Basis of accounting

The going concern basis of the company currently depends upon sufficient funds being made available under through its immediate parent undertaking, under the terms of the composite overdraft facility entered into by The Gibson O'Neill Company Limited group. The current facility is to be replacement by a term loan and overdraft facility which the director believes will be sufficient to meet the company's cash requirements. In the event that further funds are required The Gibson O'Neill Company Limited has undertaken to provide financial support to the company to the extent necessary for the foreseeable future.

Cash flow statement

Under Financial Reporting Standard 1 (revised 1996) the company is exempt from the requirements to prepare a cash flow statement on the grounds that the ultimate parent undertaking includes the company in its own published consolidated financial statements.

Consolidated financial statements

The company has not prepared consolidated financial statements as it is a wholly owned subsidiary of Middlesbrough Football & Athletic Company Holdings Limited, a company registered in England and Wales. As the results of the company are consolidated into the results of Middlesbrough Football & Athletic Company Holdings Limited it is exempt under the terms of the Companies Act 1985 from the requirement to prepare consolidated financial statements. These financial statements therefore consist of the results of the company as an individual entity and not as a group.

Fixed asset investments

Fixed asset investments are stated at cost less provisions made for impairment in value.

Tangible fixed assets

Tangible fixed assets are stated at cost, which is their purchase cost, together with any incidental costs of acquisition or at valuation.

Depreciation is calculated so as to write off the cost or valuation of tangible fixed assets less their estimated residual values on a straight line basis, over the expected useful economic lives of the assets concerned. The principal annual rates used for this purpose are:

	%
Freehold buildings	2 - 7.5
Leasehold land and buildings	2 - 10
Motor vehicles	25
Fixtures, fittings, plant and machinery	2 - 20

Freehold land is not depreciated.

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Finance and operating leases

Costs in respect of operating leases are charged on a straight line basis over the lease term. Leasing agreements which transfer to the company substantially all the benefits and risks of ownership of an asset are treated as if the asset had been purchased outright. The assets are included in fixed assets and the capital element of the leasing commitment is shown as obligations under finance leases. The lease rentals are treated as consisting of capital and interest elements. The capital element is applied to reduce the outstanding obligations and the interest element is charged against profit so as to give a constant periodic rate of charge on the remaining balance outstanding at each accounting period. Assets held under finance leases are depreciated over the shorter of the lease terms and the useful lives of equivalent owned assets.

Stocks

Stocks are stated at the lower of cost and net realisable value. Net realisable value is the price at which stocks can be sold in the normal course of business after allowing for the costs of realisation. Provision is made where necessary for obsolete, slow moving and defective stocks.

Grants

Grants that relate to specific projects are treated as deferred income which is then credited to the profit and loss account over the related project's useful life. Other grants are credited to the profit and loss account when received.

Foreign currencies

Transactions in foreign currencies are translated at the rate ruling at the date of the transaction except where the rate of exchange is fixed by a relevant matching forward exchange contract. Assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. All exchange differences are taken to the profit and loss account in the year in which they arise.

Turnover

Turnover represents income receivable from the company's principal activities, and is exclusive of VAT and transfer fees. Matchday receipts are recognised over the period of the football season as games are played. The fixed element of broadcasting revenue is recognised over the duration of the football season whilst facility fees for live coverage or highlights are taken when earned. Merit awards are accounted for only when known at the end of the football season. Sponsorship and similar commercial income is recognised over the duration of the respective contracts.

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 that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet, except for certain exemptions which under Financial Reporting Standard 19 should not be recognised.

A net deferred tax asset is regarded as recoverable and therefore recognised only when, 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 taxation is measured on a non-discounted basis at the tax rates that are expected to apply in the period in which timing differences reverse, based on taxation rates and law enacted at the balance sheet date.

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Transfer fees

The costs associated with the acquisition of players' registrations are capitalised as intangible fixed assets. These costs are fully amortised over the period of the respective players' initial contract. Where a playing contract is extended, the unamortised balance at the date of the amendment, together with any new costs associated with the extension is amortised over the remaining revised contract life. Provision is made for any impairment and player registrations are written down for impairment when the carrying value exceeds the amount recoverable through use or sale of the relevant income generating unit. Provision is also made for the onerous element of players' contracts where a player's registration is impaired.

Where a part of the consideration payable on acquiring a player's registration is contingent upon a future event, the amount of the consideration is recognised once the event occurs and is amortised from the date of the event. The total amount which is currently considered possible is disclosed in note 23.

Profit or losses on the sale of players' registrations represent the transfer fee receivable, net of any transaction costs, less the amortised cost of the players' registrations.

Signing on fees

Signing on fees payable to players are recognised in the balance sheet as prepayments and amortised over the period of the players' contracts. The net balance of signing on fees relating to players sold during the year is included within cost of players' registrations in administrative expenses.

Pension costs

The Group is making contributions in respect of its share of the deficit of the defined benefit section of the Football League Pension and Life Assurance Scheme (the "Scheme"). A provision has been established for the Group's share of the deficit which exists in this section of the scheme.

Under the provisions of FRS17 "Retirement Benefits" the Scheme would be treated as a defined benefit multi-employer scheme. The Scheme's actuary has advised that the participating employers' share of the underlying assets and liabilities cannot be identified on a reasonable and consistent basis and, accordingly, no disclosures are made under the provisions of FRS17.

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Notes to the financial statements for the 6 months ended 31 December 2005

1 Turnover

Turnover is generated entirely from the company's principal activity and originates entirely in the United Kingdom.

2 Player amortisation

Administrative expenses include the following amounts:

	6 months ended 31 December 2005 £'000	11 months ended 30 June 2005 £'000
Amortisation of transfer fees	5,843	6,909
Amortisation of signing on fees	119	303
Impairment of player values	-	354
	5,962	7,566

3 Director's emoluments

	6 months ended 31 December 2005 £'000	11 months ended 30 June 2005 £'000
Aggregate emoluments	-	-

Middlesbrough Football & Athletic Company (1986) Limited

4 Employee information

The average monthly number of persons (including executive directors) employed by the company during the period was:

	6 months ended 31 December 2005 Number	11 months ended 30 June 2005 Number
Playing staff	52	51
Other staff	121	128
	173	179

	6 months ended 31 December 2005 £'000	11 months ended 30 June 2005 £'000
Staff costs (for the above persons):		
Wages and salaries	14,640	24,849
Social security costs	1,602	2,713
Other pension costs	67	118
Amounts paid to Employee Benefit Trusts	830	984
	17,139	28,664

5 Other operating income

	6 months ended 31 December 2005 £'000	11 months ended 30 June 2005 £'000
Release of deferred grant income	59	127

Middlesbrough Football & Athletic Company (1986) Limited

6 Interest payable and similar charges

	6 months ended 31 December 2005 £'000	11 months ended 30 June 2005 £'000
On loans due to group undertakings	2,009	3,984
On other loans	14	320
On finance leases	20	91
Other interest	89	104
	2,132	4,499

7 (Loss)/profit on ordinary activities before taxation

	6 months ended 31 December 2005 £'000	11 months ended 30 June 2005 £'000
(Loss)/profit on ordinary activities before taxation is stated after charging/(crediting):		
<i>Depreciation charge for the year:</i>		
- tangible owned fixed assets	821	962
- tangible fixed assets held under finance leases	34	131
Amortisation of intangible fixed assets	5,843	6,909
Impairment of intangible fixed assets	-	354
<i>Auditors' remuneration for:</i>		
- audit services	21	21
- other services to the company	15	27
Profit on disposal of tangible fixed assets	(171)	(88)
Amortisation of deferred grant	(59)	(127)

Middlesbrough Football & Athletic Company (1986) Limited

8 Taxation

(a) Analysis of charge in the period

	6 months ended 31 December 2005 £'000	11 months ended 30 June 2005 £'000
Current tax		
UK corporation tax	(285)	-
UK corporation tax - adjustments in respect of prior periods	285	-
Group relief	(946)	-
Group relief - adjustments in respect of prior periods	1,503	203
Total current tax	557	203
Deferred tax		
Origination and reversal of timing differences	(176)	1,285
Adjustments in respect of prior periods	232	(203)
Total deferred tax	56	1,082
	613	1,285

Middlesbrough Football & Athletic Company (1986) Limited

(b) Factors affecting tax charge for the period

The tax assessed for the period is different to the standard rate of corporation tax in the UK. The differences are explained below:

	6 months ended 31 December 2005 £'000	11 months ended 30 June 2005 £'000
(Loss)/profit on ordinary activities before tax	(7,421)	5,775
(Loss)/profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (11 months ended 30 June 2005: 30%)	(2,226)	1,733
<i>Effects of:</i>		
Expenses not deductible for tax purposes	819	584
Accelerated capital allowances	(80)	(100)
Utilised tax losses	-	(1,595)
Other short term timing differences	256	(622)
Adjustments to tax charges in respect of previous periods	1,788	203
Current tax charge for the period	557	203

(c) Factors that may affect future tax charges

No provision has been made for deferred tax on unrealised revaluation gains. Such tax would become payable only if the gains were realised by sale of the revalued assets. The amount unprovided in this respect is £3,300,000 (30 June 2005: £3,300,000).

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9 Intangible assets

	Transfer fees paid for players' contracts £'000
Cost	
At 1 July 2005	47,834
Additions	16,712
Disposals	(2,867)
At 31 December 2005	61,679
Amortisation	
At 1 July 2005	36,438
Charge for the period	5,843
Disposals	(2,867)
At 31 December 2005	39,414
Net book amount	
At 31 December 2005	22,265
At 30 June 2005	11,396

Middlesbrough Football & Athletic Company (1986) Limited

10 Tangible fixed assets

	Freehold land and buildings £'000	Leasehold land and buildings £'000	Motor vehicles £'000	Fixtures, fittings, plant and machinery £'000	Total £'000
Cost or valuation					
At 1 July 2005	519	42,500	131	3,052	46,202
Additions	-	369	-	250	619
Disposals	(123)	-	-	-	(123)
At 31 December 2005	396	42,869	131	3,302	46,698
Amortisation					
At 1 July 2005	-	-	109	2,086	2,195
Charge for the period	-	724	5	126	855
At 31 December 2005	-	724	114	2,212	3,050
Net book amount					
At 31 December 2005	396	42,145	17	1,090	43,648
At 30 June 2005	519	42,500	22	966	44,007

Cumulative finance costs capitalised included in the total cost above amounts to £483,000 (30 June 2005: £483,000).

The net book value of tangible fixed assets includes an amount of £576,984 (30 June 2005: £1,281,975) in respect of assets held under finance leases.

Leasehold properties were valued at 30 June 2005 by Sanderson Weatherall, Chartered Surveyors, in accordance with the Appraisal and Valuation Manual of the Royal Institution of Chartered Surveyors in the United Kingdom. The Riverside Stadium and the training headquarters were valued on a depreciated replacement cost basis and other properties were valued on an open market value basis.

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If leasehold land and buildings had not been revalued, they would have been included at the following amounts:

	31 December 2005 £'000	30 June 2005 £'000
Cost	29,203	28,834
Aggregate depreciation	(8,141)	(7,684)
Net book amount	21,062	21,150

11 Investments

Interests in subsidiary undertakings

Name	Country of incorporation	Description of shares held	Proportion of nominal value of shares held
MFC Promotions Limited	Isle of Man	Ordinary £1 shares	100%

The cost of the investment is £50.

The company is dormant.

12 Stocks

	31 December 2005 £'000	30 June 2005 £'000
Finished goods and goods for resale	740	631

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13 Debtors

	31 December 2005 £'000	30 June 2005 £'000
Trade debtors	1,904	1,181
Amounts owed by group undertakings	78	60
Transfer fees receivable	491	665
Other debtors	3,988	827
Prepayments and accrued income	1,158	921
	7,619	3,654

14 Creditors - Amounts falling due within one year

	31 December 2005 £'000	30 June 2005 £'000
Bank loans and overdrafts (see note 15)	15,090	12,626
Other loans (see note 15)	34	609
Amounts due to immediate parent undertaking	57,918	46,505
Amounts due to group undertakings	832	275
Obligations under finance leases (see note 15)	304	106
Trade creditors	2,954	974
Transfer fees payable	6,423	4,115
Other taxation and social security payable	1,765	3,719
Other creditors	804	569
Deferred income	9,582	4,577
Accruals	2,471	3,050
	98,177	77,125

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15 Creditors – Amounts falling due after more than one year

	31 December 2005 £'000	30 June 2005 £'000
Bank loans and overdrafts	85	4,909
Other loans	644	739
Obligations under finance leases	6	343
Transfer fees payable	6,167	405
Other creditors	129	224
	7,031	6,620

(a) Bank loans and overdrafts include amounts of £14,747,000 which are secured by fixed and floating charges over the assets of the company.

(b) Other loans include amounts of £317,000 which are secured by fixed charges over the assets of the company.

Bank loans and overdrafts and other loans

	31 December 2005 £'000	30 June 2005 £'000
Repayable as follows:		
In one year or less	15,124	13,235
Between one and two years	122	4,954
Between two and five years	113	135
In more than five years	494	559
	15,853	18,883

Middlesbrough Football & Athletic Company (1986) Limited

Creditors repayable in more than five years

Analysis of bank loans, overdrafts and other loans

	31 December 2005 £'000	30 June 2005 £'000
Secured building society loans repayable by monthly instalments	284	327
Unsecured brewery loans repayable by barrelage discount	210	232
	494	559

The interest rates applicable to the above loans are between 1% - 2.5% above LIBOR.

Finance leases

The net finance lease obligations to which the company is committed are:

	31 December 2005 £'000	30 June 2005 £'000
In one year or less	304	106
Between one and two years	6	343
	310	449

16 Accruals and deferred income

	£'000
Grants	
At 1 July 2005	1,754
Amortised in year	(59)
At 31 December 2005	1,695

The grants relate to Football Trust grants provided for the development of disabled and community facilities within the stadium.

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17 Provisions for liabilities and charges

The amounts provided for deferred taxation are as follows:

	31 December 2005 £'000	30 June 2005 £'000
Accelerated capital allowances	1,663	1,289
Short term timing differences	(525)	(207)
	1,138	1,082
At 1 July 2005		1,082
Charged to the profit and loss account		56
At 31 December 2005		1,138

The amounts not recognised for deferred taxation are:

	31 December 2005 £'000	30 June 2005 £'000
Capital gains/revaluations	3,300	3,300

18 Called-up share capital

	31 December 2005 £'000	30 June 2005 £'000
Authorised		
2,000,000 ordinary shares of £1 each	2,000	2,000
Allotted, called-up and fully paid		
1,056,000 ordinary shares of £1 each	1,056	1,056

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19 Reserves

	Capital contribution £'000	Revaluation reserve £'000	Profit and loss account £'000
At 1 July 2005	26,000	21,350	(74,034)
Loss for the financial period	-	-	(8,034)
Transfer	-	(267)	267
At 31 December 2005	26,000	21,083	(81,801)

Contribution received represents a capital contribution by the parent company, Middlesbrough Football & Athletic Company Holdings Limited.

20 Reconciliation of movement in equity shareholders' deficit

	31 December 2005 £'000	30 June 2005 £'000
Opening equity shareholders' deficit	(25,628)	(51,468)
(Loss)/profit for the financial period	(8,034)	4,490
Revaluation in the period	-	21,350
Closing equity shareholders' deficit	(33,662)	(25,628)

21 Related party transactions

The company has taken advantage of the exemption permitted under FRS 8, Related Party Transactions, not to disclose transactions with other group companies.

22 Capital commitments

	31 December 2005 £'000	30 June 2005 £'000
Capital expenditure that has been contracted for but that has not been provided for in the financial statements.	472	206

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23 Contingent liabilities and assets

Under the terms of certain contracts for the purchase of players' registrations, future payments may be due to third parties, dependent upon the success of the team or individual players. At the balance sheet date the maximum contingent liability was £2,150,000.

Under the terms of certain contracts for the sale of players' registrations, future receipts may be receivable from third parties, dependent upon the success of the team or individual players. At the balance sheet date the maximum contingent asset was £1,886,000.

Any additional fees which may become payable or receivable under these agreements will be accounted for in the year that it becomes probable that the event will occur.

24 Immediate and ultimate parent undertaking

The immediate parent undertaking is Middlesbrough Football and Athletic Company Holdings Limited.

The ultimate parent undertaking is The Gibson O'Neill Company Limited, a company registered in England and Wales. Copies of The Gibson O'Neill Company Limited's consolidated financial statements may be obtained from the Company Secretary, Brignell Road, Riverside Park Industrial Estate, Middlesbrough, Cleveland, TS2 1PS.

25 Ultimate controlling party

The director regards Mr S Gibson, Chairman of the company as the ultimate controlling party by virtue of his 75% holding in the shares of The Gibson O'Neill Company Limited, the ultimate parent company.