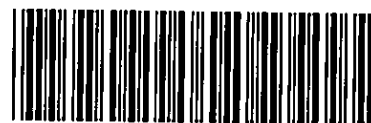


Middlesbrough Football & Athletic
Company (1986) Limited
Annual report and accounts
for the year ended 31 December 2006

Registered Number 1947851

TUESDAY



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Middlesbrough Football & Athletic Company (1986) Limited

Annual report and accounts for the year ended 31 December 2006

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Middlesbrough Football & Athletic Company (1986) Limited

Director and advisers

Director
S Gibson

Secretary and registered office
A W Bage FCA
Riverside Stadium
Middlesbrough
TS3 6RS

Solicitors
The Endeavour Partnership
Westminster
St Mark's Court
Teesdale Business Park
TS17 6QP

Sandersons
17 - 19 Parliament Street
Hull
HU1 2BH

Bankers
Barclays Bank Plc
Barclays House
71 Grey Street
Newcastle upon Tyne
NE99 1JP

Lloyds TSB Bank Plc
1st Floor
31 - 32 Park Row
Leeds
LS1 5JT

Independent auditors
PricewaterhouseCoopers LLP
89 Sandyford Road
Newcastle upon Tyne
NE1 8HW

Middlesbrough Football & Athletic Company (1986) Limited

Director's report for the year ended 31 December 2006

The director presents his report and the audited financial statements of the company for the year ended 31 December 2006

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 £13,345,000 (2005 £7,421,000) for the period and sales of £47,984,000 (2005 £23,182,000). There is a net deficit of equity shareholders funds of £43,735,000 (2005 £33,662,000).

The going concern basis of the company depends on a new term loans and overdraft facility which was agreed on 7 March 2007. In 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.

Future outlook

The competitive environment of the Premier League continues to increase year by year. The new agreement for broadcasting rights has produced an opportunity to increase revenue from season 2007/08. The company is confident that it will continue 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 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.

Financial risk management

The company is subject to a number of financial risks, in particular liquidity, interest rate, and credit risks.

Liquidity risk

The company has entered into a new debt agreement comprising of a combination of short term and long term committed facilities together with a working capital overdraft facility that are designed to ensure that it has sufficient funds for ongoing operations and future investments.

Interest rate risk

The company uses protective swaps, caps or collars to minimise the risk on part of the term debt.

Credit risk

The company's credit risk is primarily attributable to its trade receivables. The amounts presented in the balance sheet are shown net of provisions for impairment where it is considered the company will not be able to collect all amounts due. The company considers it has no significant concentration of credit risk as its exposure is spread over a large number of customers.

Middlesbrough Football & Athletic Company (1986) Limited

Dividends

The director does not recommend a payment of a dividend (6 month period ended 31 December 2005 £Nil)

Director

The director of the company at 31 December 2006, who has been a director for the whole of the year ending on that date, is listed below

S Gibson (Chairman)

Charitable donations

Donations made by the company during the period for charitable purposes amounted to £11,668 (6 month period ended 31 December 2005 £4,154)

Statement of director's responsibilities

The director is responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations

Company law requires the director to prepare financial statements for each financial year. Under that law the director has elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing those financial statements, the director is required to

- select suitable accounting policies and then apply them consistently,
- make judgements 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, in which case there should be supporting assumptions or qualifications as necessary

The director confirms that he has complied with the above requirements in preparing the financial statements

The director is responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable him to ensure that the financial statements comply with the Companies Act 1985. He is 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.

Middlesbrough Football & Athletic Company (1986) Limited

Disclosure of information to auditors

The person who is a director at the date of approval of this report confirms that

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- the director 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

This confirmation is given and should be interpreted in accordance with the provisions of s234ZA of the Companies Act 1985

Independent auditors

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office. An elective resolution has been passed to dispose with the obligation to appoint auditors annually.

By order of the board



A W Bage FCA
Company Secretary

22 October 2007

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 and Athletic Company (1986) Limited for the year ended 31 December 2006 which comprise the profit and loss account, the note of historical cost profits and losses, the balance sheet, the statement of accounting policies and the related notes

Respective responsibilities of director and auditors

The director's responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the statement of director's 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) 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 into 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 director's report is consistent with the financial statements

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

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

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements It also includes an assessment of the significant estimates and judgments made by the director 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 2006 and of its loss for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the director's report is consistent with the financial statements



PricewaterhouseCoopers LLP
Chartered accountants and registered auditors
Newcastle upon Tyne
22 October 2007

Middlesbrough Football & Athletic Company (1986) Limited

Profit and loss account for the year ended 31 December 2006

	Note	Year ended 31 December 2006 £'000	6 month period ended 31 December 2005 £'000
Turnover	1	47,984	23,182
Cost of sales		(46,154)	(20,829)
Gross profit		1,830	2,353
Administrative expenses before player amortisation		(4,237)	(2,206)
Player amortisation	2	(10,553)	(5,962)
Administrative expenses		(14,790)	(8,168)
Other operating income	5	114	59
Operating loss		(12,846)	(5,756)
Profit on sale of registrations		4,217	296
Profit on disposal of tangible fixed assets		289	171
Loss on ordinary activities before interest and tax		(8,340)	(5,289)
Interest payable and similar charges	6	(5,005)	(2,132)
Loss on ordinary activities before taxation	7	(13,345)	(7,421)
Taxation on loss on ordinary activities	8	3,272	(613)
Loss for the financial period	19	(10,073)	(8,034)

All of the company's operations are continuing

There are no recognised gains or losses other than those included in the losses above, therefore no separate statement of total recognised gains and losses has been presented

Middlesbrough Football & Athletic Company (1986) Limited

Note of historical cost profits and losses for the year ended 31 December 2006

	Year ended 31 December 2006 £'000	6 month period ended 31 December 2005 £'000
Reported loss on ordinary activities before taxation	(13,345)	(7,421)
Difference between historical cost depreciation charge and actual depreciation charge for the period calculated on revalued amounts	534	267
Historical cost loss on ordinary activities before taxation	(12,811)	(7,154)
Historical cost loss for the period retained after taxation	(9,539)	(7,767)

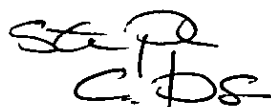
Middlesbrough Football & Athletic Company (1986) Limited

Balance sheet as at 31 December 2006

	Note	2006 £'000	2006 £'000	2005 £'000	2005 £'000
Fixed assets					
Intangible assets	9		23,640		22,265
Tangible assets	10		42,025		43,648
Investments	11		-		-
			65,665		65,913
Current assets					
Stocks	12	578		740	
Debtors	13	10,282		7,619	
Cash at bank and in hand		310		107	
			11,170		8,466
Creditors: amounts falling due within one year	14	(110,839)		(98,177)	
Net current liabilities			(99,669)		(89,711)
Total assets less current liabilities			(34,004)		(23,798)
Creditors : amounts falling due after more than one year					
	15		6,684		7,031
Accruals and deferred income	16		1,581		1,695
Provisions for liabilities and charges	17		1,466		1,138
			9,731		9,864
Capital and reserves					
Called-up equity share capital	18		1,056		1,056
Capital contribution	19		26,000		26,000
Revaluation reserve	19		20,549		21,083
Profit and loss account	19		(91,340)		(81,801)
Equity shareholders' deficit	20		(43,735)		(33,662)
			(34,004)		(23,798)

The financial statements on pages 7 to 25 were approved by the board of directors on 22 October 2007 and were signed on its behalf by

S Gibson
Director



Middlesbrough Football & Athletic Company (1986) Limited

Statement of accounting policies

Basis of accounting

The financial statements have been prepared on the going concern basis under the historical cost convention, as modified by the revaluation of certain tangible fixed assets, and in accordance with the Companies Act 1985 and applicable accounting standards in the United Kingdom

The going concern basis of the company depends on a new term loans and overdraft facility which was agreed on 7 March 2007. In 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

A summary of the more important accounting policies, which have been applied consistently, is set out below

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 section 228 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 and depreciation

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

Gross interest costs relating to major tangible fixed assets under construction are included in the cost of such assets and are depreciated as part of the total cost. Capitalisation of such costs ceases when the asset is commissioned

Middlesbrough Football & Athletic Company (1986) Limited

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. Monetary 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 value added tax and transfer fees in relation to registrations and contracts of employment. 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.

Middlesbrough Football & Athletic Company (1986) Limited

Compensation and loan 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 24.

Profit or losses on the sale of registrations represent the compensation or loan fees receivable, net of any transaction costs, less the amortised cost of the 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.

The company also provides access to stakeholder pension plans for employees. The employer's contributions are charged to the profit and loss account in the year in which the liability to pay arises.

Middlesbrough Football & Athletic Company (1986) Limited

Notes to the financial statements for the year ended 31 December 2006

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

	Year ended 31 December 2006 £'000	6 month period ended 31 December 2005 £'000
Amortisation of transfer fees	10,248	5,843
Amortisation of signing on fees	305	119
	10,553	5,962

3 Director's emoluments

The director did not receive any fees or remuneration for services as a director of the company during the financial year (2005 nil)

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

By activity	Year ended 31 December 2006 Number	6 month period ended 31 December 2005 Number
Playing staff	54	52
Other staff	128	121
	182	173

	Year ended 31 December 2006 £'000	6 month period ended 31 December 2005 £'000
Staff costs (for the above persons)		
Wages and salaries	31,288	14,640
Social security costs	3,445	1,602
Other pension costs	152	67
Amounts paid to Employee Benefit Trusts	3,385	830
	38,270	17,139

5 Other operating income

	Year ended 31 December 2006 £'000	6 month period ended 31 December 2005 £'000
Release of deferred grant income	114	59

Middlesbrough Football & Athletic Company (1986) Limited

6 Interest payable and similar charges

	Year ended 31 December 2006 £'000	6 month period ended 31 December 2005 £'000
On loans due to group undertakings	3,939	2,009
On other loans	1,019	14
On finance leases	47	20
Other interest	-	89
	5,005	2,132

7 Loss on ordinary activities before taxation

	Year ended 31 December 2006 £'000	6 month period ended 31 December 2005 £'000
Loss on ordinary activities before taxation is stated after charging/(crediting)		
Depreciation charge for the year		
- tangible owned fixed assets	1,661	821
- tangible fixed assets held under finance leases	38	34
Amortisation of intangible fixed assets	10,248	5,843
Auditors' remuneration for		
- audit services	31	21
- other services to the company	30	15
Amortisation of deferred grant	(114)	(59)

Middlesbrough Football & Athletic Company (1986) Limited

8 Taxation on loss on ordinary activities

(a) Analysis of charge in the period

	Year ended 31 December 2006 £'000	6 month period ended 31 December 2005 £'000
Current tax		
UK corporation tax	-	(285)
UK corporation tax - adjustments in respect of prior periods	-	285
Group relief	(3,100)	(946)
Group relief - adjustments in respect of prior periods	(500)	1,503
Total current tax	(3,600)	557
Deferred tax		
Origination and reversal of timing differences	328	(176)
Adjustments in respect of prior periods	-	232
Total deferred tax	328	56
Tax on profit on ordinary activities	(3,272)	613

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

	Year ended 31 December 2006 £'000	6 month period ended 31 December 2005 £'000
Loss on ordinary activities before tax	(13,345)	(7,421)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (6 month period ended 31 December 2005 30%)	(4,004)	(2,226)
<i>Effects of</i>		
Expenses not deductible for tax purposes	1,250	819
Accelerated capital allowances	(346)	(80)
Other short term timing differences	-	256
Adjustments in respect of previous periods	(500)	1,788
Current tax (credit)/charge for the period	(3,600)	557

(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 (2005 £3,300,000).

A number of changes to the UK corporation tax system were announced in the March 2007 Budget Statement and are expected to be enacted in the 2007 and 2008 Finance Acts. The changes had not been substantively enacted at the balance sheet date and, therefore, are not included in these financial statements.

The effect of the changes enacted in the Finance Act 2007 are to reduce the deferred tax liability at 31 December by £98,000. The changes announced which would reduce the deferred tax liability are due to the reduction in the corporation tax rate from 30% to 28% with effect from the 1 April 2008 and to the abolition of the balancing adjustments for industrial buildings and allowances.

The other changes to be enacted would have no further effects on the deferred tax provided at 31 December 2006.

Middlesbrough Football & Athletic Company (1986) Limited

9 Intangible assets

	Transfer fees paid for players' contracts £'000
Cost	
At 1 January 2006	61,679
Additions	12,436
Disposals	(5,101)
At 31 December 2006	69,014
Accumulated amortisation	
At 1 January 2006	39,414
Charge for the period	10,248
Disposals	(4,288)
At 31 December 2006	45,374
Net book amount	
At 31 December 2006	23,640
At 31 December 2005	22,265

Middlesbrough Football & Athletic Company (1986) Limited

10 Tangible assets

	Freehold land and buildings £'000	Long leasehold land and buildings £'000	Motor vehicles £'000	Fixtures, fittings, plant and machinery £'000	Total £'000
Cost or valuation					
At 1 January 2006	396	42,869	131	3,302	46,698
Additions	-	1,076	18	191	1,285
Disposals	(305)	(876)	(66)	(70)	(1,317)
At 31 December 2006	91	43,069	83	3,423	46,666
Accumulated depreciation					
At 1 January 2006	-	724	114	2,212	3,050
Charge for the period	-	1,433	13	253	1,699
Disposals	-	-	(66)	(42)	(108)
At 31 December 2006	-	2,157	61	2,423	4,641
Net book amount					
At 31 December 2006	91	40,912	22	1,000	42,025
At 31 December 2005	396	42,145	17	1,090	43,648

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

The net book value of tangible assets includes an amount of £453,397 (2005 £576,984) in respect of assets held under finance leases

Leasehold properties were valued at 30 June 2005 by Sanderson Weatherall Limited, 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.

Middlesbrough Football & Athletic Company (1986) Limited

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

	2006 £'000	2005 £'000
Cost	29,403	29,203
Accumulated depreciation	(9,040)	(8,141)
Net book amount	20,363	21,062

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

	2006 £'000	2005 £'000
Goods for resale	578	740

13 Debtors

	2006 £'000	2005 £'000
Trade debtors	1,830	1,904
Amounts owed by group undertakings	2,849	78
Compensation and loan fees receivable	1,805	491
Other debtors	2,884	3,988
Prepayments and accrued income	914	1,158
	10,282	7,619

Amounts owed by group undertakings are repayable on demand, unsecured and interest free

Middlesbrough Football & Athletic Company (1986) Limited

14 Creditors: amounts falling due within one year

	2006 £'000	2005 £'000
Bank loans and overdrafts (see note 15)	14,995	15,090
Other loans (see note 15)	30	34
Trade creditors	2,112	2,954
Amounts due to immediate parent undertaking	68,864	57,918
Amounts due to group undertakings	-	832
Obligations under finance leases (see note 15)	148	304
Compensation and loan fees payable	9,178	6,423
Taxation and social security payable	2,284	1,765
Other creditors	556	804
Deferred income	9,141	9,582
Accruals	3,531	2,471
	110,839	98,177

Amounts due to immediate parent undertakings are repayable on demand, unsecured and carry interest at a rate of between 1% - 2.5% above LIBOR

15 Creditors: amounts falling due after more than one year

	2006 £'000	2005 £'000
Bank loans and overdrafts	-	85
Other loans	552	644
Obligations under finance leases	299	6
Compensation and loan fees payable	5,756	6,167
Other creditors	77	129
	6,684	7,031

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

Middlesbrough Football & Athletic Company (1986) Limited

Bank loans and overdrafts and other loans

	2006 £'000	2005 £'000
Repayable as follows		
In one year or less	15,025	15,124
Between one and two years	30	122
Between two and five years	90	113
In more than five years	432	494
	15,577	15,853

Creditors repayable in more than five years

Analysis of bank loans and other loans

	2006 £'000	2005 £'000
Secured building society loans repayable by monthly instalments	82	284
Unsecured brewery loans repayable by barrelage discount	350	210
	432	494

Finance leases

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

	2006 £'000	2005 £'000
In one year or less	148	304
Between one and two years	299	6
	447	310

Middlesbrough Football & Athletic Company (1986) Limited

16 Accruals and deferred income

	£'000
Grants	
At 1 January 2006	1,695
Amortised in year	(114)
At 31 December 2006	1,581

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

17 Provisions for liabilities and charges

The amounts provided for deferred taxation are as follows

	2006 £'000	2005 £'000
Accelerated capital allowances	1,725	1,663
Short term timing differences	(259)	(525)
	1,466	1,138
At 1 January 2006		1,138
Charged to the profit and loss account		328
At 31 December 2006		1,466

The liabilities not recognised for deferred taxation are

	2006 £'000	2005 £'000
Capital gains/revaluations	3,300	3,300

18 Called-up share capital

	2006 £'000	2005 £'000
Authorised		
2,000,000 ordinary shares of £1 each	2,000	2,000
Allotted and fully paid		
1,056,000 ordinary shares of £1 each	1,056	1,056

Middlesbrough Football & Athletic Company (1986) Limited

19 Reserves

	Capital contribution £'000	Revaluation reserve £'000	Profit and loss account £'000
At 1 January 2006	26,000	21,083	(81,801)
Loss for the financial period	-	-	(10,073)
Transfer	-	(534)	534
At 31 December 2006	26,000	20,549	(91,340)

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

20 Reconciliation of movement in equity shareholders' deficit

	2006 £'000	2005 £'000
Opening equity shareholders' deficit	(33,662)	(25,628)
Loss for the financial period	(10,073)	(8,034)
Closing equity shareholders' deficit	(43,735)	(33,662)

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

Payments have been made to Teesside Insurance Consultants Limited, an associate of another group company, for services as an insurance broker to the group. Total charges have been incurred of £137,000 (2005 £175,000), for which the total amount still prepaid at 31 December 2006 is £81,825 (2005 £103,400)

22 Capital commitments

	2006 £'000	2005 £'000
Capital expenditure that has been contracted for but that has not been provided for in the financial statements	349	472

Middlesbrough Football & Athletic Company (1986) Limited

23 Pension and similar commitments

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 Therefore the Company's pension contributions have been accounted for as an expense as if they were contributions to a defined contribution scheme and no further FRS 17 disclosures have been made in these financial statements

The company also provides access to stakeholder pension plans for employees The employer's contributions are charged to the profit and loss account in the year in which the liability to pay arises

The total pension cost for the company was £152,000 (2005 £67,000) The balance accrued at 31 December 2006 is £35,000 (2005 £39,000)

24 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 £125,000

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

25 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

The Gibson O'Neill Company Limited is the parent undertaking of the largest group of undertakings to consolidate these financial statements at 31 December 2006 The consolidated financial statements of The Gibson O'Neill Company Limited are available from the company secretary at Brignell Road, Riverside Park Industrial Estate, Middlesbrough, TS2 1PS

Middlesbrough Football and Athletic Company Holdings Limited is the parent company of the smallest group of undertakings to consolidate these financial statements The consolidated financial statements of Middlesbrough Football and Athletic Company Holdings Limited can be obtained from the company secretary at Riverside Stadium, Middlesbrough, TS3 6RS

26 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