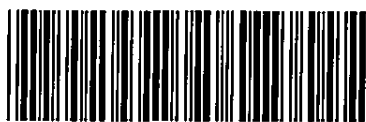


Middlesbrough Football & Athletic
Company (1986) Limited
Annual report
for the year ended 31 December 2007

Registered Number 1947851

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Middlesbrough Football & Athletic Company (1986) Limited

Annual report for the year ended 31 December 2007

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Middlesbrough Football & Athletic Company (1986) Limited

Director and advisers for the year ended 31 December 2007

Director
S Gibson

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

Solicitors
The Endeavour Partnership LLP
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 2007

The director presents his report and the audited financial statements of the company for the year ended 31 December 2007

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 year.

The results for the company show a pre-tax loss of £8,348,000 (2006: £13,345,000) for the year and sales of £47,838,000 (2006: £47,984,000). There is a net deficit of shareholders' funds of £49,268,000 (2006: £43,735,000).

The going concern basis of the company depends on a term loans and overdraft facility which was agreed on 7 March 2007, and funds from The Gibson O'Neill Company Limited, the ultimate parent undertaking, which 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 (year ended 31 December 2006 £Nil)

Director

The director of the company at 31 December 2007, who has been a director for the whole of the year ending and up to the date of signing the financial statements, is listed below

S Gibson (Chairman)

Charitable donations

Charitable donations made in the year amounted to £500 (2006 £11,668) The company provides match tickets, hospitality and autographed memorabilia for numerous charitable organisations, schools and youth teams in the local community The company also provided administrative resources to Middlesbrough Football Academy (Eston) Limited of £85,914 (2006 £Nil) This is a registered charity which trades as Middlesbrough Football Club in the Community There were no political donations

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

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

21 April 2008

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 2007 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. These financial statements have been prepared under the accounting policies set out therein.

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 director's 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.

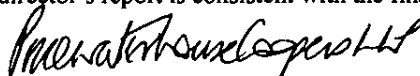
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity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

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2007 and of its loss for the year then ended,
- 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



21 April 2008

Middlesbrough Football & Athletic Company (1986) Limited

Profit and loss account for the year ended 31 December 2007

	Note	2007 £'000	2006 £'000
Turnover	1	47,838	47,984
Cost of sales		(45,276)	(46,154)
Gross profit		2,562	1,830
Administrative expenses before player amortisation		(4,502)	(4,237)
Player amortisation	2	(11,268)	(10,553)
Administrative expenses		(15,770)	(14,790)
Other operating income	5	114	114
Operating loss		(13,094)	(12,846)
Profit on sale of registrations		7,842	4,217
Profit on disposal of tangible fixed assets		4,151	289
Loss on ordinary activities before interest and tax		(1,101)	(8,340)
Interest payable and similar charges	6	(7,247)	(5,005)
Loss on ordinary activities before taxation	7	(8,348)	(13,345)
Taxation on loss on ordinary activities	8	2,815	3,272
Loss for the financial year	20	(5,533)	(10,073)

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 2007

	2007	2006
	£'000	£'000
Reported loss on ordinary activities before taxation	(8,348)	(13,345)
Difference between historical cost depreciation charge and actual depreciation charge for the year calculated on revalued amounts	526	534
Realisation of property revaluation gains of prior years	565	-
Historical cost loss on ordinary activities before taxation	(7,257)	(12,811)
Historical cost loss for the year retained after taxation	(4,442)	(9,539)

Middlesbrough Football & Athletic Company (1986) Limited

Balance sheet as at 31 December 2007

	Note	2007 £'000	2007 £'000	2006 £'000	2006 £'000
Fixed assets					
Intangible assets	9		29,103		23,640
Tangible assets	10		39,625		42,025
Investments	11		-		-
			68,728		65,665
Current assets					
Stocks	12	549		578	
Debtors (including £3,875,000 (2006 £Nil) due after more than one year)	13	16,023		10,282	
Cash at bank and in hand		238		310	
		16,810		11,170	
Creditors: amounts falling due within one year	14	(57,075)		(110,839)	
Net current liabilities			(40,265)		(99,669)
Total assets less current liabilities			28,463		(34,004)
Creditors: amounts falling due after more than one year					
	15		74,693		6,684
Accruals and deferred income	17		1,467		1,581
Provisions for liabilities	18		1,571		1,466
			77,731		9,731
Capital and reserves					
Called-up share capital	19		1,056		1,056
Capital contribution	20		26,000		26,000
Revaluation reserve	20		19,458		20,549
Profit and loss account	20		(95,782)		(91,340)
Total shareholders' deficit	21		(49,268)		(43,735)
			28,463		(34,004)

The financial statements on pages 6 to 24 were approved by the director on 21 April 2008

S Gibson
Director

SEP
C. DS

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 term loans and overdraft facility which was agreed on 7 March 2007, and funds from The Gibson O'Neill Company Limited, the ultimate parent undertaking, which 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 additional live coverage 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 date, 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 25.

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 company 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").

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. Contributions are made as advised by the scheme actuary.

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.

Financial instruments

The company uses derivative financial instruments to hedge its exposure to fluctuations in interest and foreign exchange rates. The instruments used to hedge future exposures are interest rate swaps and forward currency contracts.

Receipts and payments on interest rate instruments are recognised as adjustments to the interest expense in the year. Gains and losses on foreign currency hedges are recognised on maturity of the underlying transactions.

Middlesbrough Football & Athletic Company (1986) Limited

Notes to the financial statements for the year ended 31 December 2007

1 Turnover

Turnover is generated entirely from the company's principal activity in the United Kingdom and is analysed as follows

	2007	2006
	£'000	£'000
Gate receipts	7,983	8,495
Cup competitions	3,117	9,337
Sponsorship & commercial	7,469	7,482
Broadcasting	26,871	19,879
Merchandising	2,398	2,791
Total turnover	47,838	47,984

2 Player amortisation

Administrative expenses include the following amounts

	2007	2006
	£'000	£'000
Amortisation of transfer fees	10,926	10,248
Amortisation of signing on fees	342	305
	11,268	10,553

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 (2006 £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 year was

By activity	2007 Number	2006 Number
Playing staff	55	54
Other staff	128	128
	183	182

	2007 £'000	2006 £'000
Staff costs (for the above persons)		
Wages and salaries	28,786	27,843
Social security costs	3,579	3,445
Other pension costs	156	152
Amounts paid to employee benefit trusts	2,240	3,385
	34,761	34,825

5 Other operating income

	2007 £'000	2006 £'000
Release of deferred grant income	114	114

Middlesbrough Football & Athletic Company (1986) Limited

6 Interest payable and similar charges

	2007	2006
	£'000	£'000
On bank loans and overdrafts	6,318	3,939
On loans due to group undertakings	874	1,019
On finance leases	55	47
	7,247	5,005

7 Loss on ordinary activities before taxation

	2007	2006
	£'000	£'000
Loss on ordinary activities before taxation is stated after charging/(crediting)		
Depreciation charge for the year		
- tangible owned fixed assets	1,620	1,661
- tangible fixed assets held under finance leases	139	38
Amortisation of intangible fixed assets	10,926	10,248
Auditors' remuneration for		
- audit services	40	31
- other services to the company – other services relating to taxation	31	30
Amortisation of deferred grant	(114)	(114)

Middlesbrough Football & Athletic Company (1986) Limited

8 Taxation on loss on ordinary activities

(a) Analysis of credit in the year

	2007 £'000	2006 £'000
Current tax		
UK corporation tax	-	-
Group relief	(2,880)	(3,100)
Group relief - adjustments in respect of prior years	(40)	(500)
Total current tax	(2,920)	(3,600)
Deferred tax		
Origination and reversal of timing differences	192	328
Changes in tax laws and rates	(112)	-
Adjustments in respect of prior years	25	-
Total deferred tax	105	328
Taxation on loss on ordinary activities	(2,815)	(3,272)

(b) Factors affecting tax credit for the year

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

	2007 £'000	2006 £'000
Loss on ordinary activities before tax	(8,348)	(13,345)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (2006: 30%)	(2,504)	(4,004)
<i>Effects of</i>		
(Income not chargeable)/expenses not deductible for tax purposes	(184)	1,250
Accelerated capital allowances	(192)	(346)
Adjustments to tax charges in respect of prior years	(40)	(500)
Current tax credit for the year	(2,920)	(3,600)

(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 £3,080,000 (2006: £3,300,000).

Middlesbrough Football & Athletic Company (1986) Limited

9 Intangible assets

	Transfer fees paid for players' contracts £'000
Cost	
At 1 January 2007	69,014
Additions	23,759
Disposals	(45,113)
At 31 December 2007	47,660
Accumulated amortisation	
At 1 January 2007	45,374
Charge for the year	10,926
Disposals	(37,743)
At 31 December 2007	18,557
Net book amount	
At 31 December 2007	29,103
At 31 December 2006	23,640

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 2007	91	43,069	83	3,423	46,666
Additions	-	321	-	499	820
Disposals	-	(1,502)	(9)	(595)	(2,106)
At 31 December 2007	91	41,888	74	3,327	45,380
Accumulated depreciation					
At 1 January 2007	-	2,157	61	2,423	4,641
Charge for the year	-	1,477	8	274	1,759
Disposals	-	(41)	(9)	(595)	(645)
At 31 December 2007	-	3,593	60	2,102	5,755
Net book amount					
At 31 December 2007	91	38,295	14	1,225	39,625
At 31 December 2006	91	40,912	22	1,000	42,025

Cumulative finance costs capitalised included in the total cost above amounts to £483,000 (2006 £483,000)

Included in the net book value of motor vehicles, fixtures, fittings, plant and machinery is an amount of £1,358,650 (2006 £453,397) 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

Analysis of long leasehold land and buildings at cost or valuation

	2007	2006
	£'000	£'000
At cost	888	569
At 2005 valuation	41,000	42,500
	41,888	43,069

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

	2007	2006
	£'000	£'000
Cost	28,801	29,403
Accumulated depreciation	(9,964)	(9,040)
Net book amount	18,837	20,363

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

	2007	2006
	£'000	£'000
Goods for resale	549	578

Middlesbrough Football & Athletic Company (1986) Limited

13 Debtors

	2007	2006
	£'000	£'000
Trade debtors	996	1,830
Amounts owed by group undertakings	10	2,849
Compensation and loan fees receivable	1,657	1,805
Other debtors	12,697	2,884
Prepayments and accrued income	663	914
	16,023	10,282

Other debtors includes £3,875,000 (2006 £Nil) falling due after more than one year

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

14 Creditors: amounts falling due within one year

	2007	2006
	£'000	£'000
Bank loans and overdrafts (see note 15)	26,013	14,995
Other loans (see note 15)	30	30
Trade creditors	2,284	2,112
Amounts owed to immediate parent undertaking	-	68,864
Amounts owed to group undertakings	374	-
Obligations under finance leases (see note 15)	256	148
Compensation and loan fees payable	9,617	9,178
Taxation and social security payable	1,943	2,284
Other creditors	508	556
Deferred income	11,186	9,141
Accruals	4,864	3,531
	57,075	110,839

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

Bank loans and overdrafts includes £251,000 (2006 £Nil) in respect of issue costs which are being amortised over the life of the loan

Middlesbrough Football & Athletic Company (1986) Limited

15 Creditors: amounts falling due after more than one year

	2007	2006
	£'000	£'000
Bank loans and overdrafts	66,374	-
Other loans	506	552
Obligations under finance leases	527	299
Compensation and loan fees payable	7,263	5,756
Other creditors	23	77
	74,693	6,684

Bank loans and overdrafts and other loans - maturity

	2007	2006
	£'000	£'000
Repayable as follows		
In one year or less	26,043	15,025
Between one and two years	8,905	30
Between two and five years	50,394	440
In more than five years	7,581	82
	92,923	15,577

- (a) Bank loans and overdrafts include amounts of £92,387,000 (2006 £14,995,000) which are secured by fixed and floating charges over the assets of the company. In 2006 the amounts due to immediate parent undertaking of £68,864,000 were also secured by fixed and floating charges over the assets of the company.
- (b) Other loans include amounts of £82,000 (2006 £317,000) which are secured by fixed charges over the assets of the company.
- (c) The interest rates applicable to the above loans and overdrafts are 1.5% and 2% above LIBOR and 1.25% and 1.7% above base rate.

Creditors repayable in more than five years

	2007	2006
	£'000	£'000
Analysis of bank loans and other loans		
Secured building society loans	82	82
Bank loans	7,499	-
	7,581	82

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Amounts repayable after five years include

- (a) a bank loan repayable in instalments by 15 February 2014 at a floating rate of 1.5% above LIBOR per annum. This is secured by fixed and floating charges over the assets of the company
- (b) an interest only building society loan repayable by 11 September 2021 at a floating rate of 1.7% above base rate per annum. This is secured by a fixed charge over the freehold property

Finance leases

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

	2007	2006
	£'000	£'000
In one year or less	256	148
Between one and five years	527	299
	783	447

16 Financial instruments

Fair value	2007	2006
	£'000	£'000
Interest rate swaps	(764)	-
Forward currency transactions	103	-
	(661)	-

Interest rate swaps are derivative financial instruments held to hedge the interest rate risk of £35 million of the loan debt.

Forward currency transactions are derivative financial instruments held to hedge the currency exposure on future transfer fee payments.

17 Accruals and deferred income

	£'000
Grants	
At 1 January 2007	1,581
Amortised in year	(114)
At 31 December 2007	1,467

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

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18 Provisions for liabilities

The amounts provided for deferred taxation are as follows

	2007 £'000	2006 £'000
Accelerated capital allowances	1,770	1,725
Short term timing differences	(199)	(259)
	1,571	1,466
At 1 January 2007	1,466	
Charged to the profit and loss account	105	
At 31 December 2007	1,571	

The liabilities not recognised for deferred taxation are

	2007 £'000	2006 £'000
Capital gains/revaluations	3,080	3,300

19 Called-up share capital

	2007 £'000	2006 £'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

20 Reserves

	Capital contribution £'000	Revaluation reserve £'000	Profit and loss account £'000
At 31 December 2006	26,000	20,549	(91,340)
Loss for the financial year	-	-	(5,533)
Transfer	-	(1,091)	1,091
At 31 December 2007	26,000	19,458	(95,782)

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21 Reconciliation of movement in shareholders' deficit

	2007	2006
	£'000	£'000
Opening shareholders' deficit	(43,735)	(33,662)
Loss for the financial year	(5,533)	(10,073)
Closing shareholders' deficit	(49,268)	(43,735)

22 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 £184,170 (2006 £137,000), for which the total amount still prepaid at 31 December 2007 is £107,432 (2006 £81,825)

23 Capital commitments

	2007	2006
	£'000	£'000
Capital expenditure that has been contracted for but that has not been provided for in the financial statements	37	349

24 Pension and similar commitments

The company 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") based on the advice of the Scheme's actuary

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 £156,000 (2006 £152,000). The balance accrued at 31 December 2007 is £59,800 (2006 £35,000)

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25 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 £3,375,000 (2006 £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

26 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 2007. 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

27 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 undertaking