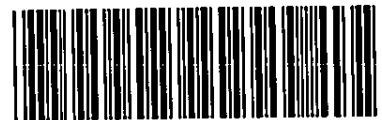


1947851

Middlesbrough Football & Athletic
Company (1986) Limited
Annual report and financial statements
for the year ended 30 June 2012

WEDNESDAY



A24118YQ

A15

13/03/2013

#373

COMPANIES HOUSE

Middlesbrough Football & Athletic Company (1986) Limited
Annual report and financial statements
for the year ended 30 June 2012
Contents

Directors and advisers for the year ended 30 June 2012	1
Directors' report for the year ended 30 June 2012	2
Independent auditors' report to the members of Middlesbrough Football & Athletic Company (1986) Limited	6
Profit and loss account for the year ended 30 June 2012.....	8
Note of historical cost profits and losses for the year ended 30 June 2012	9
Balance sheet as at 30 June 2012	10
Statement of accounting policies for the year ended 30 June 2012	11
Notes to the financial statements for the year ended 30 June 2012	14

Middlesbrough Football & Athletic Company (1986) Limited

Directors and advisers for the year ended 30 June 2012

Directors

S Gibson

K Lamb (non executive)

Company 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

Independent auditors

PricewaterhouseCoopers LLP

Chartered Accountants and statutory auditors

89 Sandyford Road

Newcastle upon Tyne

NE1 8HW

Middlesbrough Football & Athletic Company (1986) Limited

Directors' report for the year ended 30 June 2012

The directors present their report and the audited financial statements of the Company for the year ended 30 June 2012. The Company's registered number is 1947851.

Principal activities

The principal activity of the Company is the operation of a professional football club

Business Review

This is the first annual set of figures for the new accounting reference date of June, the comparative figures being for the eighteen months to June 2011. The June 2012 year covers season 2011-12 whereas the comparative figures cover the second half of season 2009-10 and the full season 2010-11.

Season 2010-11 saw the appointment of the current manager with an end of season finish comfortably settled in mid table. A limited amount of summer transfer dealings meant that the team starting season 2011-12 was more in the new manager's image. The team started the season with good results and maintained a top six position throughout most of the season. However injuries to key players in the later stages of the season highlighted the limitations in the playing squad and the team finished seventh, one position short of the end of season play-off competition for promotion. Overall under the management of Tony Mowbray and Mark Venus good progress was made and the team finished substantially higher than in previous seasons.

The financial benefit of the team's performance was an increase in gate revenues with the average attendance increasing from 16,400 in season 2010-11 to 17,500 in season 2011-12. Cup revenues also benefitted from a local derby in the FA Cup.

Overhead control and cost reductions continued to be achieved in the year to June 2012.

In the year to June 2012 player trading achieved profits of £2,786,000 from player sales.

During February 2012 all external debt was re-paid and replaced with intercompany loans. In addition to this, during the year £50,000,000 of intercompany debt was converted into equity.

After taxation the results for the year show a loss of £10,048,000 (2011 £13,818,000).

Going Concern

The going concern basis of the company depends on funds from The Gibson O'Neill Company Limited, the ultimate parent undertaking, who will continue to provide financial support to the Company for the foreseeable future.

Post Balance Sheet Events

Since the balance sheet date the company has made further player disposals to the value of £3,000,000 and will also continue to receive future payments based on former players' appearances.

Middlesbrough Football & Athletic Company (1986) Limited

Directors' report for the year ended 30 June 2012 (continued)

Future Outlook

The Club will continue to keep control of operating costs and aim to make as much income as possible available for the manager to invest in the football team. The Club will continue to strive for promotion to the Premier League whether through automatic promotion or a place in the play-offs.

Principal risks and uncertainties

The management of the business and the execution of the Company's strategy are subject to a number of risks which principally occur around football, employees and finance related matters.

Football

The Company continually faces the risk of the team underperforming against crowd expectations which can have a significant impact on revenue streams and cash generation. The Company makes prudent financial planning assumptions with regards to match attendances and cup success.

Employees

The Company's performance depends largely on the team manager and his staff and players. The resignation or transfer of key individuals and the ability to recruit people with the right experience, skills and potential is a major key to performance. To manage these requirements the Company is constantly analysing its market place and has performance reviews together with performance related remuneration in place to retain key individuals.

Finance

The Company operates in a challenging business environment and market sector where revenue streams can fluctuate significantly depending upon team performance on the pitch and costs can be unrelated to income being generated. The Company continuously reviews the level of fixed costs incurred with a view to restricting unnecessary expense and matching costs to revenue streams.

Key Performance Indicators

Given the nature of the business the Company 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's operations expose it to a variety of financial risks that include the effects of changes in liquidity risk, foreign exchange risk and credit risk.

Liquidity risk

The Company manages its liquidity risk on a daily basis through cash monitoring and cash flow forecasting to ensure that it operates within the parameters of its financial plan incorporating support from The Gibson O'Neill Company Limited, the ultimate controlling party.

Foreign exchange risk

The Company is exposed to foreign exchange risk as a result of acquisition and disposal of player registrations. The risk is managed through a range of various hedging instruments.

Middlesbrough Football & Athletic Company (1986) Limited

Directors' report for the year ended 30 June 2012 (continued)

Credit risk

The Company's credit risk is primarily attributable to its trade debtors. 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. The largest sums will be due from other football clubs as instalments for player transfer sales and these sums are protected by the Football Creditor rules.

Dividends

The directors do not recommend payment of a dividend (2011: £nil)

Directors

The directors of the Company during the year and up to the date of signing the financial statements, are listed below:

S Gibson (Chairman)
K Lamb (non executive)

Charitable donations

Charitable donations made in the year amounted to £19,200 (2011: £2,900). 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 Club Foundation (formerly Middlesbrough Football Academy (Eston) Limited) of £51,500 (2011: £719,900). This is a registered charity which now trades as Middlesbrough Football Foundation (formerly Middlesbrough Football Club in the Community).

Statement of directors' responsibilities

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that year. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent; and
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Middlesbrough Football & Athletic Company (1986) Limited

Directors' report for the year ended 30 June 2012 (continued)

Disclosure of information to auditors

Each of the persons who are a director at the date of approval of this report confirms that:

- so far as the directors are aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the directors have taken all the steps that they ought to have taken as a director in order to make themselves 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 s418 of the Companies Act 2006.

By order of the board



A W Bage FCA
Company Secretary

29 November 2012

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 year ended 30 June 2012 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. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice)

Respective responsibilities of directors and auditors

As explained more fully in the statement of directors' responsibilities Statement set out on page 4 the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, 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.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the directors' report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the Company's affairs as at 30 June 2012 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matter prescribed by the Companies Act 2006

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

Middlesbrough Football & Athletic Company (1986) Limited

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

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit

Mark Webster

Mark Webster (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Newcastle upon Tyne

29 November 2012

Middlesbrough Football & Athletic Company (1986) Limited

Profit and loss account for the year ended 30 June 2012

		30 June 2012	30 June 2011
	Note	£'000	£'000
Turnover	1	18,132	40,842
Cost of sales		(24,124)	(48,519)
Gross (loss)/profit		(5,992)	(7,677)
Administrative expenses before player amortisation		(3,726)	(9,254)
Player amortisation	2	(5,471)	(13,251)
Administrative expenses		(9,197)	(22,505)
Other operating income	5	114	171
Operating loss		(15,075)	(30,011)
Profit on sale of assets		-	84
Profit on sale of registrations		2,786	15,227
(Loss)/profit on ordinary activities before interest and taxation		(12,289)	(14,700)
Interest payable and similar charges	6	(1,182)	(4,047)
Loss on ordinary activities before taxation	7	(13,471)	(18,747)
Taxation on loss on ordinary activities	8	3,423	4,929
(Loss)/profit for the financial year	19	(10,048)	(13,818)

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 30 June 2012

	30 June 2012 £'000	30 June 2011 £'000
Reported loss on ordinary activities before taxation	(13,471)	(18,747)
Difference between historical cost depreciation charge and actual depreciation charge for the year calculated on revalued amounts	519	778
Historical cost loss on ordinary activities before taxation	(12,952)	(17,969)
Historical cost loss for the year retained after taxation	(9,529)	(13,040)

Middlesbrough Football & Athletic Company (1986) Limited

Balance sheet as at 30 June 2012

	Note	2012 £'000	2012 £'000	2011 £'000	2011 £'000
Fixed assets					
Intangible assets	9		6,184		10,712
Tangible assets	10		32,934		34,498
			39,118		45,210
Current assets					
Stocks	11	710		888	
Debtors	12	12,233		7,873	
Cash at bank and in hand		1,157		41	
		14,100		8,802	
Creditors: amounts falling due within one year	13	(11,135)		(64,171)	
Net current assets/(liabilities)			2,965		(55,369)
Total assets less current liabilities			42,083		(10,159)
Creditors: amounts falling due after more than one year					
	14		70,882		59,141
Deferred income	16		954		1,068
Provisions for liabilities	17		2,967		2,304
			74,803		62,513
Capital and reserves					
Called-up share capital	18		51,056		1,056
Capital contribution	19		26,000		26,000
Revaluation reserve	19		17,123		17,642
Profit and loss account	19		(126,899)		(117,370)
Total shareholders' deficit	20		(32,720)		(72,672)
			42,083		(10,159)

The financial statements on pages 8 to 28 were approved by the board on 29 November 2012 and were signed on its behalf by:

K Lamb
Director



Middlesbrough Football & Athletic Company (1986) Limited

Registered Number 1947851

Middlesbrough Football & Athletic Company (1986) Limited

Statement of accounting policies for the year ended 30 June 2012

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 2006 and applicable accounting standards in the United Kingdom.

The going concern basis of the Company depends on continued support from The Gibson O'Neill Company Limited, the ultimate parent undertaking, which has undertaken to provide financial support to the Company for the foreseeable future

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

Cash flow statement

Under FRS 1 "Cash flow statements" (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.

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, less accumulated depreciation.

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

	%
Long leasehold land and buildings	2 - 10
Motor vehicles	25
Fixtures, fittings, plant and machinery	2 - 20

Land is not depreciated

Finance leases

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 to the profit and loss account so as to give a constant periodic rate of charge on the remaining balance outstanding at each accounting year. Assets held under finance leases are depreciated over the shorter of the lease terms and the useful lives of equivalent owned assets

Middlesbrough Football & Athletic Company (1986) Limited

Statement of accounting policies for the year ended 30 June 2012 (continued)

Stocks

Stocks are stated at the lower of cost and net realisable value. Cost is determined on a first-in first-out basis. 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 year 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 FRS 19 "Deferred taxation" 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 year in which timing differences reverse, based on taxation rates and law enacted or substantially enacted at the balance sheet date

Middlesbrough Football & Athletic Company (1986) Limited

Statement of accounting policies for the year ended 30 June 2012 (continued)

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 length 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 registrations represent the compensation or loan fees receivable, net of any transaction costs, less the amortised cost of the registrations.

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 FRS 17 "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 FRS 17. 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 30 June 2012

1 Turnover

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

	Year to 30 June 2012	18 months to 30 June 2011
	£'000	£'000
Gate receipts	4,847	6,799
Cup competitions	752	207
Sponsorship & commercial	3,707	5,819
Broadcasting	7,426	26,078
Merchandising	1,400	1,939
Total turnover	18,132	40,842

2 Player amortisation

Administrative expenses include the following amounts:

	Year to 30 June 2012	18 months to 30 June 2011
	£'000	£'000
Amortisation of transfer fees	4,795	12,288
Impairment in player values (note 9)	676	213
Amortisation of loan fee	-	750
Total amortisation	5,471	13,251

Middlesbrough Football & Athletic Company (1986) Limited

Notes to the financial statements for the year ended 30 June 2012 (continued)

3 Directors' emoluments

	Year to 30 June 2012	18 months to 30 June 2011
	£'000	£'000
Aggregate emoluments	246	381

The number of directors who are accruing benefits under the defined contribution scheme is 1 (2011: 1)

Included above are the following amounts paid to the highest paid director

	Year to 30 June 2012	18 months to 30 June 2011
	£'000	£'000
Highest paid director		
Aggregate emoluments	225	349
Contributions to money purchase pension schemes	21	32
	246	381

4 Employee information

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

	Year to 30 June 2012	18 months to 30 June 2011
By activity	£'000	£'000
Playing staff	47	58
Other staff	92	98
	139	156

Middlesbrough Football & Athletic Company (1986) Limited

Notes to the financial statements for the year ended 30 June 2012 (continued)

4 Employee information (continued)

	Year to 30 June 2012 £'000	18 months to 30 June 2011 £'000
Staff costs (for the above persons):		
Wages and salaries	19,269	36,324
Social security costs	2,191	4,475
Other pension costs (note 22)	81	139
	21,541	40,938

5 Other operating income

	Year to 30 June 2012 £'000	18 months to 30 June 2011 £'000
Release of deferred grant income	114	171

6 Interest payable and similar charges

	Year to 30 June 2012 £'000	18 months to 30 June 2011 £'000
On bank loans and overdrafts	1,153	3,991
On finance leases	29	56
	1,182	4,047

Middlesbrough Football & Athletic Company (1986) Limited

Notes to the financial statements for the year ended 30 June 2012 (continued)

7 Loss on ordinary activities before taxation

	Year to 30 June 2012	18 months to 30 June 2011
	£'000	£'000
Loss on ordinary activities before taxation is stated after charging/(crediting)		
Depreciation charge for the year:		
- tangible owned fixed assets	1,573	2,393
- tangible fixed assets held under finance leases	105	185
Amortisation of intangible fixed assets	5,029	13,251
Auditors' remuneration for:		
- audit services	34	48
- other services to the Company – other services relating to taxation	26	53
Amortisation of deferred grant	(114)	(171)

8 Taxation on loss on ordinary activities

(a) Analysis of credit in the year

	Year to 30 June 2012	18 months to 30 June 2011
	£'000	£'000
Current tax		
Group relief	(1,867)	(3,306)
Group relief - adjustments in respect of prior years	(2,219)	-
Total current tax	(4,086)	(3,306)
Deferred tax		
Origination and reversal of timing differences	(1,188)	(1,342)
Adjustments in respect of prior years	2,121	(281)
Effect of changes in tax rates	(270)	-
Total deferred tax	663	(1,623)
Taxation on loss on ordinary activities	(3,423)	(4,929)

Middlesbrough Football & Athletic Company (1986) Limited

Notes to the financial statements for the year ended 30 June 2012 (continued)

8 Taxation on loss on ordinary activities (continued)

(b) Factors affecting tax credit for the year

The tax assessed for the year is lower than the standard rate of corporation tax in the UK of 25.5% (2011: 27.67%). The differences are explained below

	Year to 30 June 2012 £'000	18 months to 30 June 2011 £'000
Loss on ordinary activities before taxation	(13,471)	(18,747)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 25.5% (2011: 27.67%)	(3,435)	(5,165)
<i>Effects of:</i>		
Net (income not taxable) / expenses not deductible for tax	381	(3,868)
Accelerated capital allowances	(116)	(137)
Capital transactions	-	11
Other timing differences	1,303	1,565
Group relief surrendered not paid	-	4,288
Adjustments to tax charges in respect of prior years	(2,219)	-
Current tax credit for the year	(4,086)	(3,306)

(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 £2,564,000 (2011: £2,860,000).

Middlesbrough Football & Athletic Company (1986) Limited

Notes to the financial statements for the year ended 30 June 2012 (continued)

9 Intangible assets

	Transfer fees paid for players' contracts £'000
Cost	
At 1 July 2011	32,845
Additions	2,254
Disposals	(13,667)
Adjustment for assets fully amortised	(1,815)
At 30 June 2012	19,617
Accumulated amortisation	
At 1 July 2011	22,133
Charge for the year	4,795
Impairments	676
Disposals	(12,356)
Adjustment for assets fully amortised	(1,815)
At 30 June 2012	13,433
Net book amount	
At 30 June 2012	6,184
At 30 June 2011	10,712

The impairment charge for the year above of £676,000 relates to the early termination of player contracts and hence the net book value has been written down to £nil

Middlesbrough Football & Athletic Company (1986) Limited

Notes to the financial statements for the year ended 30 June 2012 (continued)

10 Tangible assets

	Long leasehold land and buildings £'000	Motor vehicles £'000	Fixtures, fittings, plant and machinery £'000	Total £'000
Cost or valuation				
At 1 July 2011	42,510	25	3,777	46,312
Additions	13	-	102	115
Disposals	-	-	(16)	(16)
At 30 June 2012	42,523	25	3,863	46,411
Accumulated depreciation				
At 1 July 2011	8,769	25	3,020	11,814
Charge for the year	1,459	-	219	1,678
Disposals	-	-	(15)	(15)
At 30 June 2012	10,228	25	3,224	13,477
Net book amount				
At 30 June 2012	32,295	-	639	32,934
At 30 June 2011	33,741	-	757	34,498

Cumulative finance costs capitalised included in the total cost above amounts to £483,000 (2011: £483,000).

Included in the net book amount of fixtures, fittings, plant and machinery is an amount of £777,000 (2011 £882,000) in respect of assets held under finance leases.

Leasehold properties were valued at 30 June 2010 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

Notes to the financial statements for the year ended 30 June 2012 (continued)

10 Tangible assets (continued)

Analysis of long leasehold land and buildings at cost or valuation

	2012	2011
	£'000	£'000
At cost	1,523	1,510
At valuation	41,000	41,000
	42,523	42,510

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

	2012	2011
	£'000	£'000
Cost	29,436	29,422
Aggregate depreciation	(14,264)	(13,324)
Net book amount	15,172	16,903

11 Stocks

	2012	2011
	£'000	£'000
Goods for resale	710	888

12 Debtors

	2012	2011
	£'000	£'000
Trade debtors	652	769
Amounts owed by group undertakings	7,392	100
Compensation and loan fees receivable	1,618	667
Other debtors	2,045	4,978
Prepayments and accrued income	526	1,359
	12,233	7,873

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

Middlesbrough Football & Athletic Company (1986) Limited

Notes to the financial statements for the year ended 30 June 2012 (continued)

13 Creditors: amounts falling due within one year

	2012	2011
	£'000	£'000
Bank loans and overdrafts (note 14)	-	20,585
Other loans (note 14)	-	-
Trade creditors	867	2,322
Amounts owed to group undertakings	-	20,468
Obligations under finance leases (note 14)	-	50
Compensation and loan fees payable	1,924	8,826
Taxation and social security payable	2,095	2,564
Other creditors	1,145	2,660
Deferred income	3,395	3,269
Accruals	1,709	3,427
	11,135	64,171

During the year the third party debt was replaced by unsecured interest free intercompany funding, all of which is repayable after more than one year

Bank loans and overdrafts includes £nil (2011: £143,000) in respect of issue costs which are being amortised over the life of the loan.

14 Creditors: amounts falling due after more than one year

	2012	2011
	£'000	£'000
Bank loans and overdrafts	-	7,077
Other loans	-	-
Amounts owed to group undertakings	69,775	50,000
Obligations under finance leases	-	-
Compensation and loan fees payable	727	813
Other creditors	380	1,251
	70,882	59,141

Middlesbrough Football & Athletic Company (1986) Limited

Notes to the financial statements for the year ended 30 June 2012 (continued)

14 Creditors: amounts falling due after more than one year (continued)

Bank loans and overdrafts and other loans – maturity analysis

	30 June 2012 £'000	30 June 2011 £'000
Repayable as follows:		
In one year or less	-	20,728
Between one and two years	-	3,692
Between two and five years	-	3,385
In more than five years	-	-
Total borrowings	-	27,805
Unamortised issue costs	-	(144)
Total borrowings net of issue costs	-	27,661

- (a) Bank loans and overdrafts include amounts of £nil (2011: £27,805,000) which are secured by fixed and floating charges over the assets of the Company. During 2012 the Company's external debt has been paid off and replaced with intercompany debt.
- (b) Other loans include amounts of £nil (2011: £nil) which are secured by fixed charges over the assets of the Company.
- (c) The interest rates applicable to the above loans and overdrafts were 1.5% and 2% above LIBOR and 1.25% and 1.7% above base rate.

Middlesbrough Football & Athletic Company (1986) Limited

Notes to the financial statements for the year ended 30 June 2012 (continued)

14 Creditors: amounts falling due after more than one year (continued)

Finance leases

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

	2012	2011
	£'000	£'000
In one year or less	-	50
Between one and five years	-	-
	-	50

15 Financial instruments

Fair value	30 June 2012	30 June 2011
	£'000	£'000
Interest rate swaps		(742)

Interest rate swaps were derivative financial instruments held to hedge the interest rate risk of £Nil (2011: £7.8 million) of the loan debt. On completion of the refinancing of the group in February 2012 the swaps were novated over to another group company.

16 Deferred income

	£'000
Grants	
At 1 July 2011	1,068
Amortised in year	(114)
At 30 June 2012	954

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

Middlesbrough Football & Athletic Company (1986) Limited

Notes to the financial statements for the year ended 30 June 2012 (continued)

17 Provisions for liabilities

The amounts provided for deferred taxation are as follows

	2012	2011
	£'000	£'000
Accelerated capital allowances	1,348	1,322
Short term timing differences	1,619	982
	2,967	2,304
At 1 July 2011		2,304
Charged to the profit and loss account (note 8)		663
At 30 June 2012		2,967

The potential liabilities not recognised for deferred taxation are.

	2012	2011
	£'000	£'000
Capital gains/revaluations	2,564	2,860

A number of further changes to the UK corporation tax system were announced in the March 2012 UK Budget Statement. Changes to the corporation tax on 1 April 2012, substantively enacted on 26 March 2012, will reduce the rate to 24%, a 1% reduction from the rate substantively enacted on 5 July 2011. In addition changes to the corporation tax rate on 1 April 2013, substantively enacted on 3 July 2012, will reduce the rate to 23%, a 1% reduction from the rate substantively enacted on 26 March 2012

Further reductions to the main rate are proposed to reduce the rate by 1% to 22% by 1 April 2014. These further changes had not been substantively enacted at the balance sheet date and, therefore, are not included in these financial statements. The overall effect of the further changes from 24% to 22%, if these applied to the deferred tax balance at the balance sheet date would be to reduce the deferred tax liability by £247,258 (being £123,629 for a reduction in the rate to 23% and a further £123,629 for a further reduction in the rate to 22%)

Middlesbrough Football & Athletic Company (1986) Limited

Notes to the financial statements for the year ended 30 June 2012 (continued)

18 Called-up share capital

	2012	2011
	£'000	£'000
Authorised		
51,056,000 (2011: 2,000,000) ordinary shares of £1 each	51,056	2,000
Allotted and fully paid		
51,056,000 (2011: 1,056,000) ordinary shares of £1 each	51,056	1,056

During the year £50,000,000 of intercompany debt was swapped for an equal amount of newly issued ordinary share capital of the Company.

19 Reserves

	Capital contribution	Revaluation reserve	Profit and loss account
	£'000	£'000	£'000
At 1 July 2011	26,000	17,642	(117,370)
Loss for the financial year	-	-	(10,048)
Transfer	-	(519)	519
At 30 June 2012	26,000	17,123	(126,899)

20 Reconciliation of movement in shareholders' deficit

	30 June 2012	30 June 2011
	£'000	£'000
Opening shareholders' deficit	(72,672)	(58,854)
Increase in Share capital	50,000	
Loss for the financial year	(10,048)	(13,818)
Closing shareholders' deficit	(32,720)	(72,672)

Middlesbrough Football & Athletic Company (1986) Limited

Notes to the financial statements for the year ended 30 June 2012 (continued)

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 Pension and similar commitments

The Company is a participating employer in the Football League Limited Pension and Life Assurance Scheme ("the Scheme"). Accrual of benefits under a final salary basis was suspended with effect from 31 August 1999 following an actuarial review which revealed a substantial deficit.

As one of a number of participating employers the Company is unable to identify its share of the assets and liabilities of the Scheme and therefore accounts for its contributions as if they were paid to a defined contribution scheme. The Company is advised only of its share of the deficit in the Scheme and the contributions required to make good the deficit.

The current deficit, based on the latest actuarial valuation at 31 August 2009, is being paid off over a year of 10 years from September 2009. The creditor as at 30 June 2012 amounts to £34,344 (2011: £28,644) due within one year and £380,230 (2011: £104,161) due after more than one year

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 £81,000 (2011: £139,000) The balance accrued at 30 June 2012 £16,312 (2011: £25,284).

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 £1,975,000 (2011: £1,030,619).

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

24 Post balance sheet events

Subsequent to the year end the Company has disposed of players' registrations for proceeds totalling £3,000,000.

Middlesbrough Football & Athletic Company (1986) Limited

Notes to the financial statements for the year ended 30 June 2012 (continued)

25 Immediate and ultimate parent undertaking

The immediate parent undertaking is Middlesbrough Football & 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 smallest and largest group of undertakings to consolidate these financial statements at 30 June 2012. 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.

26 Ultimate controlling party

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