

**Swansea City Football 2002 Limited**

**Directors' report and financial  
statements**

Registered number 04305508

31 May 2013

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## Contents

Company information	1
Directors' report	2
Statement of directors' responsibilities in respect of the Directors' Report and the financial statements	5
Independent auditor's report to the members of Swansea City Football 2002 Limited	6
Consolidated Profit and Loss Account	8
Consolidated Balance Sheet	9
Company Balance Sheet	10
Consolidated Cash Flow Statement	11
Notes	12

## **Company information**

### **Directors**

H M Jenkins  
B L Katzen

### **Secretary**

A Cowie

### **Registered office**

Liberty Stadium  
Landore  
Swansea  
SA1 2FA

### **Registered number**

04305508 (England and Wales)

## Directors' report

The directors present their report with the financial statements of the company and the group for the year ended 31 May 2013

### Principal activity

The principal activity of the group in the year under review was that of professional association football

### Review of business

The review of business for the group is primarily a review of the main trading company of the group, Swansea City Association Football Club Limited, as the remaining group companies are dormant

The team continued to make good progress in its second season in the Premier League finishing in 9<sup>th</sup> place which is two places higher than in its inaugural season. It also exceeded expectations by winning the Capital One Cup which provided entry into the 2013/14 UEFA Europa League competition

Turnover increased by £1.9 million to £67.1 million (2012 £65.2 million) and although operating expenditure, including wage costs, increased by 42% the board is pleased to announce that the net profit before interest and taxation amounted to £20.7 million made up of £8.5 million from normal operations and £12.2 million from player dealings. The latter predominantly arose from the sale of Joe Allen to Liverpool and Scott Sinclair to Manchester City. This level of profit generated the resources needed to invest in playing staff and training facilities, the net book value of these increasing respectively by £8.9 million and £5.6 million during the year.

### Future developments

The directors will continue to take advantage of membership of the Premier League by investing not only in the quality of the playing squad but also in the club's infrastructure. This policy is evidenced by

1. Completion of the training facility in Landore at a cost in excess of £6 million which was available for use in time for training for the 2013/14 season. This was essential in order to acquire academy status for the youth development programme
2. Significant work continuing at Fairwood, Upper Killay, Swansea to provide a first class training complex befitting a Premier League club
3. Submission of a planning application earlier this year for a phased development to increase the capacity of the Liberty Stadium

### Principal risks and uncertainties

The group is exposed to a range of risks and uncertainties which predominantly relate to the performance of the football team. The threat of relegation from the Premier League is considered to be a major risk because of the adverse effect it would undoubtedly have on turnover, liquidity, the ability to retain and recruit talented staff and capital investment projects.

Serious injury to key players is a significant risk to team performance and the market value of playing staff. Operationally the directors must continue to ensure the group remains profitable at a level sufficient to fund vital player acquisitions and projects and conduct its affairs on a best practice basis to maintain good working relationships with the authorities and financial institutions.

## **Directors' report** *(continued)*

### **Financial risk management**

The group's principal financial instruments comprise bank balances, temporary bank overdrafts, loans, trade debtors and creditors and finance lease agreements. The main purpose of these instruments is to finance the group's operations. Due to the nature of the financial instruments used by the group there is no exposure to price risk. The group's approach to managing other risks applicable to the financial instruments concerned is shown below.

In respect of bank balances, the liquidity risk is managed by maintaining a balance between the continuity of funding and flexibility through the use of temporary overdrafts at floating rates of interest.

In respect of loans, these are comprised of loans from various sources. The interest rate on these loans is variable, but the monthly repayments are fixed. The group prepares regular forecasts of cash flow and liquidity, and any requirement for additional funding is managed as part of the overall liquidity requirement to ensure there are sufficient funds to meet the payments.

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

Trade debtors are managed in respect of credit and cash flow risk by policies concerning the credit offered to customers and the regular monitoring of amounts outstanding for both time and credit risk.

Appropriate terms are negotiated with suppliers. Trade creditors liquidity risk is managed by ensuring sufficient funds are available to meet amounts due.

Currency risk is managed by careful monitoring of the exchange rates and the maintenance of bank accounts in foreign currencies.

### **Dividends**

Dividends totalling £1,999,998 (2012 £nil) were approved by the board of directors and paid to shareholders during the year.

### **Purchase of own shares**

During the year the company purchased 50,000 of its own shares from an existing shareholder. The shares had a nominal value of £1 each and the aggregate amount of the consideration paid by the company was £400,000. The shares were fully paid and cancelled immediately on acquisition, therefore resulting in a reduction of share capital reflecting the nominal value of the shares purchased, with a corresponding amount recognised as a capital redemption reserve.

### **Directors**

The directors shown below have held office during the whole of the period from 1 June 2012 to the date of this report.

H M Jenkins  
B L Katzen

### **Political and charitable contributions**

The group made no political or charitable donations during the year.

## **Directors' report** *(continued)*

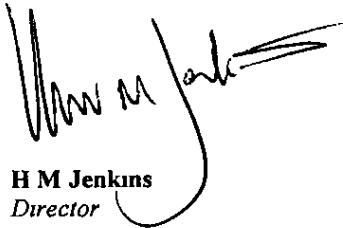
### **Disclosure of information to auditor**

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the group's auditor is unaware, and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the group's auditor is aware of that information

### **Auditor**

On 10 December 2012, Gerald Thomas & Co resigned as auditor and KPMG LLP were appointed in their place Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office

By order of the board



**H M Jenkins**  
*Director*

Liberty Stadium  
Landore  
Swansea  
SA1 2FA

25 FEBRUARY 2014

## **Statement of directors' responsibilities in respect of the Directors' Report and the financial statements**

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 they have elected to prepare the group and parent company financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice)

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and parent company and of their profit or loss for that period. In preparing each of the group and parent company financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and the parent company will continue in business

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent company's transactions and disclose with reasonable accuracy at any time the financial position of the parent company and enable them to ensure that the financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities



**KPMG LLP**

3 Assembly Square  
Britannia Quay  
Cardiff  
CF10 4AX  
United Kingdom

**Independent auditor's report to the members of Swansea City Football 2002 Limited**

We have audited the financial statements of Swansea City Football 2002 Limited for the year ended 31 May 2013 set out on pages 8 to 28. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

**Respective responsibilities of directors and auditor**

As explained more fully in the Directors' Responsibilities Statement set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

**Scope of the audit of the financial statements**

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate).

**Opinion on financial statements**

In our opinion the financial statements

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 May 2013 and of the group's profit for the year then ended,
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

**Opinion on other matter prescribed by the Companies Act 2006**

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

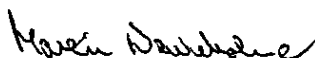


## **Independent auditor's report to the members of Swansea City Football 2002 Limited** *(continued)*

### **Matters on which we are required to report by exception**

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

- adequate accounting records have not been kept, 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



**Martin Newsholme (Senior Statutory Auditor)**  
**for and on behalf of KPMG LLP, Statutory Auditor**  
Chartered Accountants  
3 Assembly Square  
Britannia Quay  
Cardiff  
CF10 4AX  
United Kingdom

17 February 2014

**Consolidated Profit and Loss Account**  
*for the year ended 31 May 2013*

	<i>Note</i>	<b>Operations excluding player amortisation &amp; trading £</b>	<b>Player amortisation &amp; trading £</b>	<b>Year ended 31 May 2013 £</b>	<b>Year ended 31 May 2012 £</b>
<b>Turnover</b>	2	67,113,301	-	67,113,301	65,165,603
Operating expenses		(58,744,372)	(8,987,620)	(67,731,992)	(47,665,461)
Other operating income		22,350	-	22,350	43,750
<b>Group operating profit/(loss)</b>	3	<b>8,391,279</b>	<b>(8,987,620)</b>	<b>(596,341)</b>	<b>17,543,892</b>
Share of operating profit in joint ventures		-	-	-	52
Share of associate's operating profit		128,351	-	128,351	14,833
Profit on disposal of player registrations		-	21,219,857	21,219,857	123,184
<b>Profit before interest and taxation</b>		<b>8,519,630</b>	<b>12,232,237</b>	<b>20,751,867</b>	<b>17,681,961</b>
Interest receivable and similar income	6			247,971	34,521
Interest payable and similar charges	7			(53,212)	(279,652)
<b>Profit on ordinary activities before taxation</b>				<b>20,946,626</b>	<b>17,436,830</b>
Taxation on profit on ordinary activities	8			(5,554,269)	(2,787,076)
<b>Profit on ordinary activities after taxation</b>				<b>15,392,357</b>	<b>14,649,754</b>
Minority interest – equity	20			14,290	(124,499)
<b>Profit for the financial year</b>				<b>15,406,647</b>	<b>14,525,255</b>

All activities derive from continuing operations

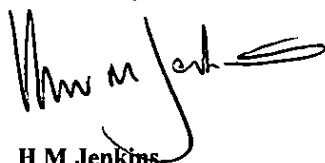
There have been no recognised gains and losses for the current or the prior financial year other than as stated in the profit and loss account and accordingly no separate statement of total recognised gains and losses is presented

The notes from part of these financial statements

**Consolidated Balance Sheet**  
*at 31 May 2013*

	<i>Note</i>	£	2013 £	£	2012 £
<b>Fixed assets</b>					
Intangible assets	10		19,092,941		10,159,338
Tangible assets	11		7,887,278		2,263,522
Investments	12		7,746		-
			<hr/>		<hr/>
			26,987,965		12,422,860
<b>Current assets</b>					
Stocks	13	217,026		347,549	
Debtors	14	17,533,463		12,841,396	
Cash at bank and in hand		8,770,330		10,791,867	
			<hr/>	<hr/>	
		26,520,819		23,980,812	
<b>Creditors: amounts falling due within one year</b>	15	(27,283,555)		(28,826,398)	
			<hr/>	<hr/>	
<b>Net current liabilities</b>			(762,736)		(4,845,586)
			<hr/>		<hr/>
<b>Total assets less current liabilities</b>			26,225,229		7,577,274
<b>Creditors: amounts falling due after more than one year</b>	16		(451,761)		(111,138)
<b>Provisions for liabilities</b>	19		(5,473,545)		(120,605)
<b>Minority interests</b>	20		(3,431)		(55,688)
			<hr/>		<hr/>
<b>Net assets</b>			20,296,492		7,289,843
			<hr/>		<hr/>
<b>Capital and reserves</b>					
Called up share capital	21		950,000		1,000,000
Profit and loss account	23		19,296,492		6,289,843
Capital redemption reserve	23		50,000		-
			<hr/>		<hr/>
<b>Shareholders' funds</b>	24		20,296,492		7,289,843
			<hr/>		<hr/>

These financial statements were approved by the board of directors on 25<sup>th</sup> FEBRUARY 2014 and were signed on its behalf by



**H M Jenkins**  
Director

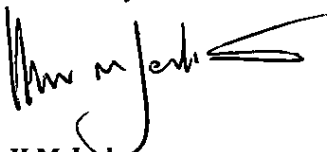
Company registered number 04305508

The notes form part of these financial statements

**Company Balance Sheet**  
*at 31 May 2013*

	<i>Note</i>	<b>2013</b>	<b>2012</b>
		£	£
<b>Fixed assets</b>			
Investments	12	1,480,984	999,754
<b>Current assets</b>			
Debtors	14	198,025	-
<b>Creditors</b> amounts falling due within one year	15	(678,949)	-
<b>Net current liabilities</b>		(480,924)	-
<b>Total assets less current liabilities – being net assets</b>		<b>1,000,060</b>	<b>999,754</b>
<b>Capital and reserves</b>			
Called up share capital	21	950,000	1,000,000
Profit and loss account	23	60	(246)
Capital redemption reserve	23	50,000	-
<b>Shareholders' funds</b>	24	<b>1,000,060</b>	<b>999,754</b>

These financial statements were approved by the board of directors on ~~25<sup>th</sup> FEBRUARY~~ 2014 and were signed on its behalf by



**H M Jenkins**  
Director

Company registered number 04305508

The notes form part of these financial statements

**Consolidated Cash Flow Statement**  
*for the year ended 31 May 2013*

	<i>Note</i>	<b>2013</b> £	<b>2012</b> £
<b>Net cash inflow from operating activities</b>	<b>29</b>	<b>10,544,438</b>	<b>21,018,877</b>
<b>Returns on investments and servicing of finance</b>	<b>30</b>	<b>194,759</b>	<b>(245,131)</b>
<b>Taxation</b>		<b>-</b>	<b>-</b>
<b>Capital expenditure and financial investment</b>	<b>30</b>	<b>(9,911,694)</b>	<b>(14,383,278)</b>
<b>Dividends paid on shares classified in shareholders' funds</b>		<b>(1,999,998)</b>	<b>-</b>
		<b>(1,172,495)</b>	<b>6,390,468</b>
<b>Financing</b>	<b>30</b>	<b>(1,057,991)</b>	<b>3,651,417</b>
<b>(Decrease)/increase in cash in the year</b>		<b>(2,230,486)</b>	<b>10,041,885</b>

**Reconciliation of net cash flow to movement in net debt**

(Decrease)/increase in cash in the period	(2,230,486)	10,041,885
Cash inflow/(outflow) from decrease/increase in debt and lease financing	1,511,792	(4,115,112)
Change in net debt resulting from cash flows	(718,694)	5,926,773
Movement in net debt in the year	(718,694)	5,926,773
Net funds/(debt) at the start of the year	5,172,828	(753,945)
Net funds at the end of the year	31	4,454,134
		5,172,828

The notes form part of these financial statements

## **Notes**

*(forming part of the financial statements)*

### **1 Accounting policies**

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements, except as noted below

#### ***Accounting convention***

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

#### ***Basis of preparing the financial statements - going concern***

The financial statements have been prepared on a going concern basis, notwithstanding net current liabilities of £762,736 which assumes that the group will continue in operational existence for the foreseeable future. The group's ongoing inclusion in the Premier League has resulted in significant improvements in both profitability and cash flow.

The group relies on the support of its bankers to provide bridging loans to even out cash flow over the year. These loans are secured upon future, guaranteed Premier League funding and the directors have not received any indication from the group's bankers that such facilities will not continue to be available in the future.

Therefore, after making enquiries, the directors believe that the group has, and will generate, sufficient funds in order to continue trading for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

#### ***Basis of consolidation***

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

#### ***Joint ventures and associates***

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

#### ***Turnover and revenue recognition***

Turnover is the amount derived from ordinary activities and stated after trade discounts, other sales taxes and net of VAT. Season ticket and home gate receipts are recognised gross of commission that is deducted at source by the stadium's landlords, with the related commission expense being recognised as operating costs.

Revenue is recognised when the underlying event or service sold takes place. In the instance of merchandise sales, revenue is recognised on the despatch of goods to customers. Advanced season ticket sales and advertising/sponsorship income is included within deferred income and released to turnover in the relevant season.

#### ***Patents and licences***

Patents and licences owned by the group are amortised on a straight line basis over a ten year period. The amortisation period selected is based on the registration period of the patents and licences.

#### ***Players' registration costs***

The costs associated with the acquisition of players' registrations are capitalised as intangible fixed assets. Costs of players' registrations are comprised of transfer fees, transfer levies and agents' fees. These costs are fully amortised in equal instalments over the period of the players' individual contracts. Where a player's contract is extended beyond its initial period, amortisation is calculated over the period of the extended contract from the date on which it is signed. Players' registrations are written down for impairment when the carrying amount is assessed as exceeding the amount recoverable through use or sale.

## Notes (continued)

### 1 Accounting policies (continued)

#### *Players' registration costs (continued)*

The profit or loss on disposal of a player's registration is calculated as the difference between the transfer fee received/receivable less the net book value at the date of sale and less any direct costs of the transfer. Receipts of transfer fees based on the future performance of the transferred player or the buying club are recognised when the future criteria are met. Similarly, payments of transfer fees based on future performance criteria are recognised when the criteria are assessed as being probable that they will be met.

#### *Tangible fixed assets*

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life or, if held under a finance lease, over the lease term, whichever is the shorter.

Short leasehold	-	10% on cost and 2% on cost
Plant and machinery	-	20% on cost
Fixtures and fittings	-	20% on cost
Motor vehicles	-	33 3% on cost

No depreciation has been provided on assets that have not been brought into use by the balance sheet date, or on freehold property.

#### *Stocks*

Stocks are stated at the lower of cost and net realisable value. Cost includes purchase price less discounts where applicable. Net realisable value is based on estimated selling price. Provision is made for obsolete and slow moving items where appropriate.

#### *Taxation*

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not yet reversed at the balance sheet date. Timing differences are differences between the group's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

A net deferred tax asset is regarded as recoverable and therefore recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on a non-discounted basis.

#### *Foreign currencies*

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

#### *Hire purchase and leasing commitments*

Assets obtained under hire purchase contracts or finance leases are capitalised in the balance sheet. Those held under hire purchase contracts are depreciated over their estimated useful lives. Those held under finance leases are depreciated over their estimated useful lives or the lease term, whichever is the shorter.

The interest element of these obligations is charged to the profit and loss account over the relevant period. The capital element of the future payments is treated as a liability.

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

## Notes (continued)

### 1 Accounting policies (continued)

#### Signing-on fees

Signing-on fees representing a normal part of the employment costs associated with players are charged to the profit and loss account over the period of the player's contract. Where a player's registration is transferred any signing on fees payable in respect of future periods are charged against the profit and loss accounts in the period that the registration is transferred.

#### Fixed asset investments

Fixed asset investments are stated at cost less any provision for impairment.

### 2 Turnover

The turnover and profit before taxation are attributable to the one principal activity of the group.

An analysis of turnover by class of business is given below.

	2013 £	2012 £
Match income	9,920,325	5,789,782
Media	51,345,921	49,141,780
Commercial income	5,275,341	4,208,160
Other	571,714	6,025,881
	<u>67,113,301</u>	<u>65,165,603</u>

### 3 Operating profit/(loss)

The operating loss (2012 profit) is stated after charging/(crediting)

	2013 £	2012 £
Depreciation – owned assets	212,028	93,831
Depreciation – assets on hire purchase contracts	24,123	39,935
Loss on disposal of fixed assets	477,935	-
Patents and licences amortisation	1,548	1,416
Player registration costs amortisation	8,811,930	4,660,029
Foreign exchange differences	(827)	(64,368)
Compensation income – non player employees	-	(5,000,000)
Player registration impairment provision	175,690	504,995
Auditors' remuneration		
Audit of these financial statements and of subsidiaries pursuant to legislation	17,500	12,000
Other services pursuant to legislation and regulations	7,000	4,000
Other services relating to taxation	4,000	1,250
Other taxation advisory services	5,000	2,000
	<u></u>	<u></u>



## Notes (continued)

### 4 Staff numbers and costs

	2013 £	2012 £
Wages and salaries	42,920,033	30,484,149
Social security costs	5,613,951	4,035,816
Other pension costs	172,318	46,602
	<u>48,706,302</u>	<u>34,566,567</u>

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

	2013 No	2012 No
Football	173	157
Administration	10	10
Commercial	18	19
Media	7	6
	<u>208</u>	<u>192</u>

### 5 Remuneration of directors

	2013 £	2012 £
Directors' emoluments	423,652	373,251
Company contributions to money purchase pension scheme	-	-
	<u></u>	<u></u>

The aggregate emoluments of the highest paid director was £250,000 (2012 £200,000)

### 6 Interest receivable and similar income

	2013 £	2012 £
Bank interest	179,304	19,521
Other	68,667	15,000
	<u>247,971</u>	<u>34,521</u>

## Notes (continued)

### 7 Interest payable and similar charges

	2013 £	2012 £
Bank loans	43,096	71,726
On all other loans	-	174,935
Other interest	141	27,184
Hire purchase	9,975	5,807
	<u>53,212</u>	<u>279,652</u>

### 8 Taxation

#### Analysis of the tax charge/(credit)

The tax charge/(credit) on the profit on ordinary activities for the period was as follows

	2013 £	2012 £
<b>Current tax</b>		
UK corporation tax	-	9,250
Adjustment in respect of prior years	(9,250)	-
	<u>(9,250)</u>	<u>9,250</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	4,980,131	2,777,826
Adjustment in respect of prior years	583,388	-
	<u>5,563,519</u>	<u>2,777,826</u>
Total deferred tax (note 19)	<u>5,563,519</u>	<u>2,777,826</u>
Tax on profit on ordinary activities	<u>5,554,269</u>	<u>2,787,076</u>

#### Factors affecting the tax charge

The tax assessed for the period is lower (2012 lower) than the hybrid rate of corporation tax in the UK. The difference is explained below

	2013 £	2012 £
Profit on ordinary activities before tax	<u>20,946,626</u>	<u>17,436,830</u>
Profit on ordinary activities multiplied by the hybrid rate of corporation tax in the UK of 23.89% (2012 20%)	<u>5,004,149</u>	<u>3,487,366</u>
<b>Effects of:</b>		
Expenses not deductible for tax purposes	86,821	7,339
Capital allowances less than/(in excess of) depreciation	16,894	(8,447)
Utilisation of tax losses	(180,537)	(3,406,131)
Rollover of gains on player sales	(4,896,664)	(67,900)
Adjustment in respect of prior years	(9,250)	-
Share of associates'/joint ventures' results	(30,663)	(2,977)
	<u>(9,250)</u>	<u>9,250</u>
Current tax (credit)/charge	<u>(9,250)</u>	<u>9,250</u>

## Notes (continued)

### 8 Taxation (continued)

#### *Factors that may affect future current and total tax charges*

The current UK tax rate that has been used for the year is a hybrid rate of 23.89%. This is on the basis that the tax rate changed from 24% to 23% as of 1 April 2013. The UK government subsequently announced that the rate would reduce to 21% on 1 April 2014 and 20% on 1 April 2015. This will reduce the Company's future current tax charge accordingly. However, as the rate changes have not been substantially enacted before the balance sheet date, deferred tax on all timing differences has been calculated at 23%.

### 9 Profit of parent company

As permitted by Section 408 of the Companies Act 2006, the profit and loss account of the parent company is not presented as part of these financial statements. The parent company's profit for the financial year was £2,400,304 (2012: £1,002,552).

### 10 Intangible fixed assets

Group	Patents and licences £	Player registration costs £	Totals £
<b>Cost</b>			
At 1 June 2012	15,433	15,799,337	15,814,770
Additions	-	21,702,481	21,702,481
Disposals	-	(5,702,951)	(5,702,951)
	<hr/>	<hr/>	<hr/>
At 31 May 2013	15,433	31,798,867	31,814,300
	<hr/>	<hr/>	<hr/>
<b>Amortisation</b>			
At 1 June 2012	4,397	5,651,035	5,655,432
Amortisation for period	1,548	8,811,930	8,813,478
Eliminated on disposal	-	(1,923,241)	(1,923,241)
Impairment	-	175,690	175,690
	<hr/>	<hr/>	<hr/>
At 31 May 2013	5,945	12,715,414	12,721,359
	<hr/>	<hr/>	<hr/>
<b>Net book value</b>			
At 31 May 2013	9,488	19,083,453	19,092,941
	<hr/>	<hr/>	<hr/>
At 31 May 2012	11,036	10,148,302	10,159,338
	<hr/>	<hr/>	<hr/>

## Notes (continued)

### 11 Tangible fixed assets

Group	Freehold property £	Short leasehold £	Stadium fittings £	Assets under construction £	Plant & machinery £	Fixtures & fittings £	Motor vehicles £	Total £
<b>Cost</b>								
At 1 June 2012	1,349,999	282,495	176,328	152,267	437,970	153,678	123,627	2,676,364
Additions	240,000	-	-	6,260,223	745,098	83,178	41,000	7,369,499
Disposals	(1,349,999)	(282,495)	-	-	(18,726)	(90,087)	(84,520)	(1,825,827)
At 31 May 2013	240,000	-	176,328	6,412,490	1,164,342	146,769	80,107	8,220,036
<b>Depreciation</b>								
At 1 June 2012	-	112,115	-	-	94,219	112,326	94,182	412,842
Depreciation for period	-	28,183	7,053	-	162,337	24,856	13,722	236,151
Eliminated on disposal	-	(140,298)	-	-	(18,726)	(85,365)	(71,846)	(316,235)
At 31 May 2013	-	-	7,053	-	237,830	51,817	36,058	332,758
<b>Net book value</b>								
At 31 May 2013	240,000	-	169,275	6,412,490	926,512	94,952	44,049	7,887,278
At 31 May 2012	1,349,999	170,380	176,328	152,267	343,751	41,352	29,445	2,263,522

The net book value of tangible fixed assets includes £146,083 (2012 £160,023) in respect of assets held under hire purchase contracts. Depreciation of £24,123 (2012 £39,935) has been charged on these assets during the year.

### 12 Fixed asset investments

Group	Interests in associated undertakings (including joint ventures) £
<b>Cost and net book value</b>	
At beginning of year	-
Group's share of the profit or loss for the year	7,746
At end of year	7,746

The net book value of interests in associated undertakings, comprises interest in joint ventures of £1 (2012 £1) and in associates of £7,745 (2012 negative - £120,606).

## Notes (continued)

### 12 Fixed asset investments (continued)

Company	Shares in group undertakings £	Loans to group undertakings £	Total £
<b>Cost</b>			
At beginning of year	20,282	979,472	999,754
Additions	481,230	-	481,230
	<hr/>	<hr/>	<hr/>
<b>At end of year</b>	<b>501,512</b>	<b>979,472</b>	<b>1,480,984</b>
	<hr/>	<hr/>	<hr/>
<b>Provisions</b>			
At beginning and end of year	-	-	-
	<hr/>	<hr/>	<hr/>
<b>Net book value</b>			
At 31 May 2013	501,512	979,472	1,480,984
	<hr/>	<hr/>	<hr/>
At 31 May 2012	20,282	979,472	999,754
	<hr/>	<hr/>	<hr/>

On 11 September 2012 the shares owned in Swansea City Association Football Club Limited by Swansea City Football Club Limited were transferred to the company. Therefore, as at 31 May 2013 the company owned 100% of Swansea City Association Football Club Limited.

The cumulative loans advanced to group undertakings amount to £979,472 (2012 £979,472) of which £nil (2012 £nil) has been provided against.

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

#### Subsidiaries

##### Swansea City Football Club Limited

Nature of business: Dormant company

	% holding	31 May 2013 £	31 May 2012 £
Class of shares	99.27		
Ordinary £1 shares			
Aggregate capital and reserves		470,000	470,000
Profit for the year		-	470,000
		<hr/>	<hr/>

##### Swansea City Association Football Club Limited

Nature of business: Professional Association Football Club

	% holding	31 May 2013 £	31 May 2012 £
Class of shares	100		
Ordinary £1 shares			
Aggregate capital and reserves		19,411,597	6,536,666
Profit for the year		15,277,430	14,632,069
		<hr/>	<hr/>

## Notes (continued)

### 12 Fixed asset investments (continued)

#### Associated companies and joint ventures

##### Swansea Stadium Management Company Limited

Nature of business Stadium Management

Class of shares	% holding	31 May 2013	31 May 2012
Ordinary £1 shares	33.33	£	£
Aggregate capital and reserves		23,734	(246,426)
Profit for the year		270,160	159,891

##### Swansea Stadium Premier Club Limited

Nature of business Management of the Stadium Premier Club

Class of shares	% holding	31 July 2013	31 July 2012
Ordinary £1 shares	50.00	£	£
Aggregate capital and reserves		2	2
Profit for the year		-	-

### 13 Stocks

	Group	2012
	2013	£
	£	£
Stocks	217,026	347,549

### 14 Debtors

	Group		Company	
	2013	2012	2013	2012
	£	£	£	£
<i>Amounts falling due within one year</i>				
Trade debtors	11,786,673	6,288,784	-	-
Amounts owed by group undertakings	-	-	198,025	-
Other debtors	4,370,780	5,055,293	-	-
Directors' current accounts	-	50,830	-	-
Deferred tax asset (see note 19)	-	89,974	-	-
Prepayments	1,251,010	1,231,515	-	-
	<u>17,408,463</u>	<u>12,716,396</u>	<u>198,025</u>	<u>-</u>
<i>Amounts falling due after more than one year</i>				
Amounts owed by undertakings in which the company has a participating interest	125,000	125,000	-	-
	<u>17,533,463</u>	<u>12,841,396</u>	<u>198,025</u>	<u>-</u>

## Notes (continued)

### 15 Creditors: amounts falling due within one year

	Group		Company	
	2013	2012	2013	2012
	£	£	£	£
Bank loans and overdrafts	4,208,949	5,500,000	208,949	-
Hire purchase contracts (see note 17)	51,654	49,632	-	-
Trade creditors	6,221,588	4,736,149	-	-
Amounts owed to group undertakings	-	-	470,000	-
Corporation tax	-	9,250	-	-
Social security and other taxes	1,915,137	3,361,465	-	-
VAT	1,274,458	3,166,252	-	-
Other creditors	8,904,116	7,342,121	-	-
Accruals and deferred income	4,707,653	4,661,529	-	-
	<u>27,283,555</u>	<u>28,826,398</u>	<u>678,949</u>	<u>-</u>

### 16 Creditors: amounts falling due after more than one year

	Group	
	2013	2012
	£	£
Hire purchase contracts (see note 17)	55,593	69,407
Other creditors	396,168	41,731
	<u>451,761</u>	<u>111,138</u>

### 17 Obligations under hire purchase contracts and leases

	Group	
	2013	2012
	£	£
<b>Gross obligations repayable</b>		
Within one year	61,205	58,147
Between one and five years	62,351	81,445
	<u>123,556</u>	<u>139,592</u>
<b>Finance charges repayable</b>		
Within one year	9,551	8,515
Between one and five years	6,758	12,038
	<u>16,309</u>	<u>20,553</u>
<b>Net obligations repayable</b>		
Within one year	51,654	49,632
Between one and five years	55,593	69,407
	<u>107,247</u>	<u>119,039</u>

## Notes (continued)

### 18 Secured debts

The following secured debts are included within creditors

	Group		Company	
	2013	2012	2013	2012
	£	£	£	£
Bank loans	4,000,000	5,500,000	-	-
Hire purchase contracts	107,247	119,039	-	-
	<u>4,107,247</u>	<u>5,619,039</u>	<u>-</u>	<u>-</u>

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

Hire purchase contract liabilities are secured on the underlying fixed assets

### 19 Provision for liabilities

	Deferred taxation £
Deferred tax asset at 1 June 2012	89,974
Charge to profit and loss for the year	(5,563,519)
	<u>(5,473,545)</u>
<b>Deferred tax liability at 31 May 2013</b>	<b>(5,473,545)</b>

The elements of deferred taxation are as follows

	2013 £	2012 £
Accelerated capital allowances	(24,412)	(4,716)
Tax losses carried forward	1,074,947	94,690
Other timing differences	(6,524,080)	-
	<u>(5,473,545)</u>	<u>89,974</u>
<b>Total deferred tax (liability)/asset</b>	<b>(5,473,545)</b>	<b>89,974</b>

	Group	
	2013 £	2012 £
<b>Other provisions</b>		
Share of joint venture's net liabilities/assets	-	(1)
Share of associate's net liabilities/assets	-	120,606
	<u>-</u>	<u>120,605</u>
	<u>-</u>	<u>120,605</u>
<b>Aggregate amounts</b>	<b>-</b>	<b>120,605</b>

The group's share of the joint ventures and associates' net assets are included in the consolidated balance sheet within investments



## Notes (continued)

### 20 Minority interests

	2013 £	Group 2012 £
At beginning of year	(55,688)	68,811
Share of loss/(profit) for the period	14,290	(124,499)
Transfer of subsidiary undertakings	37,967	-
	<hr/>	<hr/>
At end of year	(3,431)	(55,688)
	<hr/>	<hr/>

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

### 21 Called up share capital

#### *Allotted, issued and fully paid*

Number	Class	Nominal value	2013 £	2012 £
950,000 (2012 1,000,000)	Ordinary	£1	950,000	1,000,000
			<hr/>	<hr/>

During the year the company purchased 50,000 of its own shares from an existing shareholder. The shares had a nominal value of £1 each and the aggregate amount of the consideration paid by the company was £400,000. The shares were fully paid and cancelled immediately on acquisition, therefore resulting in a reduction of share capital reflecting the nominal value of the shares purchased, with a corresponding amount recognised as a capital redemption reserve.

### 22 Dividends

	2013 £	2012 £
Dividend paid in respect of the current year	1,999,998	-
	<hr/>	<hr/>

Dividends totalling £1,999,998 (2012 £nil) were approved by the board and paid during the year. There is no further final dividend proposed in respect of the current year.

## Notes (continued)

### 23 Reserves

	Capital redemption reserve £	Profit & loss account £
<i>Group</i>		
At 1 June 2012	-	6,289,843
Profit for the year	-	15,406,647
Dividend paid	-	(1,999,998)
	<hr/>	<hr/>
Purchase of own shares	50,000	19,696,492 (400,000)
	<hr/>	<hr/>
<b>At 31 May 2013</b>	<b>50,000</b>	<b>19,296,492</b>
	<hr/>	<hr/>
<i>Company</i>		
At 1 June 2012	-	(246)
Profit for the year	-	2,400,304
Dividend paid	-	(1,999,998)
	<hr/>	<hr/>
Purchase of own shares	50,000	400,060 (400,000)
	<hr/>	<hr/>
<b>At 31 May 2013</b>	<b>50,000</b>	<b>60</b>
	<hr/>	<hr/>

### 24 Reconciliation of movements in shareholders' funds

	2013 £	2012 £
<i>Group</i>		
Profit for the financial year	15,406,647	14,525,255
Dividend paid	(1,999,998)	-
	<hr/>	<hr/>
<b>Net addition to shareholders' funds</b>	<b>13,406,649</b>	<b>14,525,255</b>
Opening shareholders' funds/(deficit)	7,289,843	(7,235,412)
Consideration paid for purchase of own shares	(400,000)	-
	<hr/>	<hr/>
<b>Closing shareholders' funds</b>	<b>20,296,492</b>	<b>7,289,843</b>
	<hr/>	<hr/>

## Notes (continued)

### 24 Reconciliation of movements in shareholders' funds (continued)

	2013 £	2012 £
<i>Company</i>		
Profit for the financial year	2,400,304	1,002,552
Dividend paid	(1,999,998)	-
<b>Net addition to shareholders' funds</b>	<b>400,306</b>	<b>1,002,552</b>
Opening shareholders' funds/(deficit)	999,754	(2,798)
Consideration paid for purchase of own shares	(400,000)	-
<b>Closing shareholders' funds</b>	<b>1,000,060</b>	<b>999,754</b>

### 25 Commitments

Annual commitments under non-cancellable operating leases are as follows

	Land and buildings 2013 £	2012 £	Other operating leases 2013 £	2012 £
<i>Expiring.</i>				
Within one year	40,000	127,800	35,850	47,661
Between one and five years	143,333	-	42,931	179
In more than five years	-	-	22,134	-
	<b>183,333</b>	<b>127,800</b>	<b>100,915</b>	<b>47,840</b>

### 26 Other financial commitments

Under the terms of certain contracts for the sale and purchase of players' registrations, future monies may become due, depending upon the future success of the buying and selling clubs and the future successes of the individual players. Due to the nature of the underlying criteria, any additional amounts that may become payable cannot be readily quantified.

### 27 Pension schemes

Certain members of the playing squad are members of The Professional Footballers Pension Scheme. This scheme is compulsory for all members of the Professional Footballers Association, unless the member decides to opt-out of the scheme. The group does not make any contributions into the scheme and does not share in any of the scheme's assets or liabilities. Accordingly no provision for the scheme is made in these financial statements.

In addition, certain former staff of the group were members of the Football League Limited Pension and Life Assurance Scheme ('FLLPLAS') comprising both defined benefit (suspended from 31 August 1995) and defined contribution sections.

Following a review of the Minimum Funding Requirement ('MFR') of the FLLPLAS, accrual of benefits of the final salary section of the scheme was suspended as at 31 August 1995. In light of the exceptional circumstances affecting the scheme, the trustees of the scheme commissioned an independent actuary's report on the MFR position and a substantial deficit was identified. Under the terms of participating in the FLLPLAS, the group is required to contribute to the deficit of the scheme based on the most recent actuarial valuation carried out as at 31 August 2011. The amount owed by the group at the balance sheet date was £41,731 (2012 £47,698). During the year, £5,967 (2012 £3,276) has been paid to the scheme.

## Notes (continued)

### 28 Contingent liabilities

Under the terms of the Swansea Stadium Management Company Limited shareholders' agreement, the group company Swansea City Association Football Club Limited has entered into an obligation to assist that company in meeting its liabilities as they fall due. The shareholders' agreement also requires the group company to indemnify Swansea Stadium Management Company Limited against all of its losses, debts, obligations and liabilities, which it is unable to, for any reason, pay, perform or satisfy in the ordinary course of business. The group company shares these obligations with Ospreys Rugby Limited, the obligations of both companies being joint and several.

Under the terms of the shareholders' agreement, both the group company and Swansea Stadium Management Company Limited must agree on the terms of repayment, if any, of any such funding provided by the group.

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

	2013 £	2012 £
Operating (loss)/profit	(596,341)	17,543,892
Depreciation and amortisation	9,049,629	4,795,216
Loss on disposal of fixed assets	477,935	-
Impairment provisions	175,690	544,491
Decrease/(increase) in stocks	130,523	(260,603)
Decrease/(increase) in debtors	6,458,320	(10,221,516)
(Decrease)/increase in creditors	(5,151,318)	8,617,397
<b>Net cash inflow from operating activities</b>	<b>10,544,438</b>	<b>21,018,877</b>

### 30 Analysis of cash flows

	2013 £	2012 £
<b>Returns on investments and servicing of finance</b>		
Interest received	247,971	34,521
Interest paid	(43,237)	(273,845)
Interest element of hire purchase payments	(9,975)	(5,807)
<b>Net cash inflow/(outflow) from investments and servicing of finance</b>	<b>194,759</b>	<b>(245,131)</b>
<b>Capital expenditure and financial investment</b>		
Purchase of intangible fixed assets	(16,468,028)	(12,643,465)
Purchase of tangible fixed assets	(7,322,470)	(2,119,813)
Sale of intangible fixed assets	13,468,337	380,000
Sale of tangible fixed assets	821,697	-
Purchase of own shares and investments	(411,230)	-
<b>Net cash outflow for capital expenditure and financial investment</b>	<b>(9,911,694)</b>	<b>(14,383,278)</b>

## Notes (continued)

### 30 Analysis of cash flows (continued)

	2013 £	2012 £
<b>Financing</b>		
New loans in year	7,000,000	5,500,000
Loan repayments in year	(8,500,000)	(1,478,887)
Capital element of hire purchase payments	(58,821)	93,999
Amount introduced by directors	-	51,305
Amount repaid/(withdrawn) by directors	50,830	(100,000)
Repaid by participating interests	-	35,000
Loans repaid/(advanced) to shareholders	450,000	(450,000)
<b>Net cash (outflow)/inflow from financing</b>	<b>(1,057,991)</b>	<b>3,651,417</b>

### 31 Analysis of net debt

	At 1 June 2012 £	Cash flow £	At 31 May 2013 £
<b>Net cash</b>			
Cash at bank and in hand	10,791,867	(2,021,537)	8,770,330
Overdrafts	-	(208,949)	(208,949)
	<u>10,791,867</u>	<u>(2,230,486)</u>	<u>8,561,381</u>
<b>Debt</b>			
Hire purchase	(119,039)	11,792	(107,247)
Debts falling due within one year	(5,500,000)	1,500,000	(4,000,000)
	<u>(5,619,039)</u>	<u>1,511,792</u>	<u>(4,107,247)</u>
<b>Total</b>	<b>5,172,828</b>	<b>(718,694)</b>	<b>4,454,134</b>

### 32 Related party disclosures

During the year, Swansea Stadium Management Company Limited collected match revenue on behalf of the group amounting to £6,116,324 (2012 £6,083,372). It also recharged expenses to the group amounting to £420,324 (2012 £575,787). At the balance sheet date, the group owed £49,678 (2012 £15,382) to Swansea Stadium Management Company Limited.

At the balance sheet date, £125,000 (2012 £125,000) was owed to the group from Swansea Stadium Management Company Limited, which is due after more than 1 year. The loan is not interest bearing.

The group also receives club membership income through Swansea Stadium Premier Club Limited. Amounts paid to the group from Swansea Stadium Premier Club Limited during the year amounted to £742,658 (2012 £742,950). It also made purchases from the group amounting to £nil (2012 £3,245). At the balance sheet date, Swansea Stadium Premier Club Limited owed the group £5,085 (2012 £1,832).

During the year, the amounts owed to the group by MTG Nurse, a former shareholder of Swansea City Football 2002 Limited, which amounted to £450,000, were repaid in full.

## Notes (continued)

### 33 Transactions with directors

During the year, the company entered into transactions with companies in which directors of Swansea City Association Football Club Limited hold an interest

The company purchased goods and services amounting to £150,861 (2012 £133,960) from, and made sales of £nil (2012 £nil) to Printforless Limited, a company controlled by H D Cooze, director At the balance sheet date, the company owed Printforless Limited £4,331 (2012 £10,571)

The company also purchased legal services amounting to £71,813 (2012 £35,436) from, and made sales of £21,150 (2012 £9,350) to John Collins & Partners LLP, a Limited Liability Partnership in which S R Penny, director, is a designated member At the balance sheet date, the company owed John Collins & Partners LLP £9,600 (2012 £4,189)

During the period, the company purchased goods and services amounting to £8,294 (2012 £5,288) from, and made sales of £nil (2012 £6,570) to Morgans Hotels Limited, a company controlled by M W Morgan, director At the balance sheet date, the company owed Morgans Hotels Limited £nil (2012 £2,520 debtor)

During the period, the company purchased goods and services amounting to £nil (2012 £nil) from, and made sales of £1,209 (2012 £nil) to The Original Travel House Limited, a company controlled by M W Morgan At the balance sheet date the company owed The Original Travel House Limited £nil (2012 £nil)

During the period, the company purchased goods and services amounting to £3,182,876 (2012 £25,058) from, and made sales of £2,395 (2012 £1,770) to Jaxx Bay Limited, a company controlled by M W Morgan At the balance sheet date the company owed Jaxx Bay Limited £nil (2012 £30,070)

The company also purchased goods and services amounting to £91,278 (2012 £61,425) from Bulk Vending Systems Limited, a company jointly controlled by L A J Dineen, director The company also sold services amounting to £12,776 (2012 £4,941) to Bulk Vending Systems Limited At the balance sheet date the company owed Bulk Vending Systems Limited £279 (2012 £6,270)

In addition to the above, a loan made to a related director of Swansea City Association Football Club Limited, J Van Zweden, of £50,000 at 31 May 2012 was repaid in full during the year

### 34 Ultimate parent company

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