REFORM ACQUISITIONS LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

for the 10 months ended 31 May 2007.

Registration Number: 5891280

Company Registered in England and Wales

DIRECTORS AND ADVISORS

Directors
Mr R Lerner
Mr M Martin
Mr M Keenan

Secretary
Mr M Keenan

Registered office
Villa Park
Birmingham B6 6HE

Registered number
5891280

Independent Auditors
PricewaterhouseCoopers LLP
Chartered Accountants and registered auditors
Cornwall Court
19 Cornwall Street
Birmingham B3 2DT

Tax advisors
Ernst & Young LLP
No 1 Colmore Square
Birmingham B4 6HQ

Bankers
HSBC Bank PLC
8 Stephenson Place
New Street
Birmingham B2 4NH

REPORT OF THE DIRECTORS
for the period ended 31 May 2007

The directors present their annual report on the affairs of the group, together with the financial statements and auditors' report for the period ended 31 May 2007

Date of incorporation

The Company was incorporated on 31 July 2006 as Reform Acquisition Limited On 3 August 2006 the company name was changed by special resolution to Reform Acquisitions Limited Details of shares issued are shown in note 20 of the financial statements The Group did not begin trading until 10 November 2006 when the Aston Villa PLC Group was acquired This report and the financial statements have been prepared for the 10 month period from the date of incorporation to 31 May 2007 ('the period')

Principal activity

The principal activity of the Group is the operation of a professional football club and there has been no significant change therein during the year The principal activity of the Company is that of a holding company

Business review and future developments

The Group's business is the operation of the Premier League football club, Aston Villa, which it acquired on 10 November 2006

Turnover, totalling £37 2 million since acquisition, arises from a share of the central media contracts negotiated on all clubs' behalf by the Premier League, together with match-day revenue in respect of match tickets, executive box leases, hospitality and memberships Non-match-day income is generated from conference and banqueting, sponsorship agreements and sales of merchandise

The main constituent to operating expenses, of £37 3 million, is that of player and operational payroll Other expenses include the costs of operating the stadium and training ground, cost of sales for catering and merchandising, and administration costs

After the charge for amortisation of players' registrations, the Group reported an operating loss of £6 3 million for the 10 months ended 31 May 2007 Disposals of tangible fixed assets resulted in a profit of £7 2 million The loss on disposal of players' registrations in the period amounted to £1 0 million

The Group reported a loss on ordinary activities before taxation of £2 8 million

Team performance in 2006/07 under Martin O'Neill improved over that in season 2005/06 with the club finishing 11th place in the Premier League compared to 16th Aston Villa reached the 5th round of the Carling Cup in 2006/07 (2005/06 4th round) and was knocked out of the FA Cup at the first attempt in the 3rd round (2005/06 5th round)

Attendances rose from 34,112 per game in 2005/06 to 36,238 in 2006/07, covering the period both before and after the acquisition of the club

As well as fielding first and reserve team squads, Aston Villa Football Club operates an academy in compliance with Premier League requirements The task of the academy is to educate, train and coach young players for eventual progress into the first team squad without incurring transfer fees

The club is also active in the local community through a number of programmes, some purely football oriented and others geared towards the education and well-being of local school children and the under-privileged

REPORT OF THE DIRECTORS
for the period ended 31 May 2007 (continued)

The directors consider that following significant investments in new players and the club's infrastructure, the Group has exciting growth prospects, both in its existing and new markets

The directors consider that the important key performance indicators are the finishing position in the league, progress in cup competitions, attendance and turnover

Key events
The club terminated its kit sponsorship agreement with Hummel and signed a 5 year agreement with Nike

The club launched a new crest, articulated a set of brand values and introduced a comprehensive set of style guidelines to mark the era of new ownership

In May 2007 the club opened its new, state of the art training facilities at Bodymoor Heath

Financial risk management
The Group's financial instruments comprise bank balances and cash and various net working capital items, such as trade receivables and trade payables that arise directly from its operations The main purpose of these financial instruments is to transact and to raise finance for the Group's operations

The Group's credit risk is primarily attributable to its trade debtors specifically referred to in note 14

The main risks arising from the Group's financial instruments are interest rate risk, liquidity risk and foreign currency translation risk The Board reviews and agrees policies for managing these risks as summarised below

Interest rate risk
The Group has interest bearing loans and borrowings in the form of the bank overdraft, bank loan and loan notes Both are subject to variable rates which are monitored by the board

Liquidity risk
The Group seeks to manage financial risk to ensure sufficient liquidity is available to meet foreseeable needs while investing cash assets safely and profitably

Currency risk
The majority of the Group's business is transacted in sterling The Group seeks to ensure that, in cases where other currencies are applicable, the possibility of the risk is appropriately considered

Financial results and dividend
The results for the year are set out in the consolidated profit and loss on page 8 Group losses after tax amount to £2,919,000 This retained loss has been deducted from reserves

The directors do not recommend the payment of a final dividend which results in no dividend being paid for the year

REPORT OF THE DIRECTORS
for the period ended 31 May 2007 (continued)

Directors
The directors of the Company who held office during the year are given below

Mr R Lerner (appointed 31 July 2006)
Mr M Martin (appointed 31 July 2006)
Mr M Keenan (appointed 31 July 2006)

Directors' indemnities
The Company has in place an appropriate level of directors and officers insurance cover in respect of legal action against its directors and officers

Disclosure of information to the auditors
In the case of each of the persons who are directors of the Company at the date when this report was approved

- So far as each of the directors is aware, there is no relevant audit information (as defined by the Companies Act 1985) of which the company' auditors are unaware, and
- Each of the directors has taken all of the steps that he ought to have taken as a director to make himself aware of any relevant audit information (as defined) and to establish that the company's auditors are aware of that information

Statement of Directors' responsibilities

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

In preparing those financial statements, the directors are required to

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

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985 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

Auditors
PricewaterhouseCoopers LLP were appointed as independent auditors on 14 May 2007

A resolution to re-appoint PricewaterhouseCoopers LLP as independent auditors will be proposed at the Annual General Meeting

REPORT OF THE DIRECTORS
for the period ended 31 May 2007 (continued)

Policy on payment to suppliers
The Group seeks the best possible terms from suppliers appropriate to its business and, in placing orders, gives consideration to quality, price and terms of payment which will be agreed with suppliers at that date The Group will continue to honour its contractual and other legal obligations and to pay creditors on the dates agreed in contracts and purchase orders At 31 May 2007 the number of days' purchases by the Group outstanding was 58 The Company's creditor days are nil

Employment policies
The Group's employment policies are designed to retain and motivate employees at all levels Employees are, within the bounds of commercial confidentiality, kept informed of matters that affect the current performance and future prospects of the Group and are of interest to them as employees

The Group promotes and operates an equal opportunities policy to ensure that no member of staff or job applicant receives less favourable treatment on the grounds of gender, race, ethnic origin, age or disability Every possible step is taken to ensure that individuals are treated equally and fairly and that decisions on recruitment, selection, training, promotion and career management are based solely on objective and job-related criteria

When recruiting and retaining disabled employees, the Group will be guided by the principles and duties set out in the Disability Discrimination Act and its associated Codes of Practice

Charitable and political donations
All fund raising events are dealt with by the Aston Villa Charitable Trust which is registered with the Charities Commission There were no political contributions

This report was approved by the Board on 17 December 2007

Mr M Martin
DIRECTOR.

INDEPENDENT AUDITORS' REPORT
to the members of Reform Acquisitions Limited

We have audited the Company and Group financial statements (the "financial statements") of Reform Acquisitions Limited for the period ended 31 May 2007 which comprise the Consolidated Profit and Loss Account, the Consolidated and Company Balance Sheets, the Consolidated Cash Flow Statement and the related notes These financial statements have been prepared under the accounting policies set out therein

Respective responsibilities of directors and auditors
The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland) This report, including the opinion, has been prepared for and only for the Company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose

We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985 We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed

We read the Directors' Report and consider the implications for our report if we become aware of any apparent mistakes within it

Basis of audit opinion
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Group's and Company's circumstances, consistently applied and adequately disclosed

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

INDEPENDENT AUDITORS' REPORT
to the members of Reform Acquisitions Limited (continued)

Opinion

In our opinion
- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the Group's and the parent Company's affairs as at 31 May 2007 and of the Group's loss and cash flows for the period then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' Report is consistent with the financial statements

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
Birmingham
21 December 2007

CONSOLIDATED PROFIT AND LOSS ACCOUNT
for the 10 months ended 31 May 2007

	Note	10 months to 31 May 2007 £'000
Turnover	2	**37,196**
Operating expenses before amortisation	3	**(37,272)**
Operating loss before amortisation		**(76)**
Amortisation of players' registrations		**(6,236)**
Total operating expenses		**(43,508)**
Operating loss	3	**(6,312)**
Profit on sale of tangible fixed assets	4	**7,196**
Loss on disposal of players' registrations		**(959)**
Loss on ordinary activities before interest and taxation		**(75)**
Interest payable and similar charges	6	**(2,712)**
Interest receivable and similar income	7	**37**
Loss on ordinary activities before taxation		**(2,750)**
Tax on loss on ordinary activities	8	**(169)**
Loss for the financial period transferred to reserves	22	**(2,919)**

The results derive wholly from acquired continuing operations of the Group

The consolidated results of the Group relate to the 10 months from the date of incorporation

There is no material difference between the results disclosed in the profit and loss account and the results on an unmodified historical cost basis

There are no recognised gains and losses other than the loss for the current financial year Accordingly, no statement of total recognised gains and losses is given

CONSOLIDATED BALANCE SHEET
as at 31 May 2007

	Note	2007 £000's
Fixed assets		
Tangible assets	10	103,867
Intangible assets	11	27,065
		130,932
Current assets		
Stock	14	230
Debtors	15	5,428
Cash at bank and in hand		574
		6,232
Creditors – amounts falling due within one year	16	(50,131)
Net current liabilities		(43,899)
Total assets less current liabilities		87,033
Creditors – amounts falling due after more than one year		
Creditors	17	(46,951)
Grants and donations	17	(3,924)
		(50,875)
Provisions for liabilities and charges	19	(1,077)
Net assets		35,081
Capital and reserves		
Called up share capital	20	38,000
Profit and loss account	22	(2,919)
Total shareholders' funds	23	35,081

These financial statements were approved by the Board of Directors on 17 December 2007
Signed on behalf of the Board of Directors

Randolph Lerner

Director

COMPANY BALANCE SHEET
as at 31 May 2007

	Note	2007 £000's
Fixed assets		
Investments	12	**74,219**
Current assets		
Debtors	15	**251**
Cash at bank and in hand		**530**
		781
Creditors – amounts falling due within one year	16	**(1,786)**
Net current liabilities		**(1,005)**
Total assets less current liabilities		**73,214**
Creditors – amounts falling due after more than one year	17	**(37,000)**
Net assets		**36,214**
Capital and reserves		
Called up share capital	20	**38,000**
Profit and loss account	22	**(1,786)**
Total shareholders' funds	23	**36,214**

These financial statements were approved by the Board of Directors on [17/12/07]
Signed on behalf of the Board of Directors

Randolph Lerner
Director

CONSOLIDATED CASH FLOW STATEMENT
for the 10 months ended 31 May 2007

	Note	2007 £'000
Net cash outflow from operating activities	23	(3,599)
Returns on investments and servicing of finance	24	(2,675)
Capital expenditure and financial investments	24	(11,681)
Acquisition and disposals	24	(83,231)
Cash outflow before use of liquid resources and financing		**(101,186)**
Financing	24	37,000
Issue of ordinary shares		38,000
Decrease in cash in the period		**(26,186)**

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

	Note	2007 £'000
Reduction in cash in the period	25	(9,174)
Net debt acquired from the Aston Villa PLC Group		(17,012)
Funds from loan notes	18	(37,000)
Movement in net debt in the period		**(63,186)**
Net debt at 31 July 2006		-
Net debt at 31 May 2007	25	**(63,186)**

NOTES TO THE FINANCIAL STATEMENTS
for the period ended 31 May 2007

1. Accounting policies

Basis of accounting
The financial statements have been prepared under the historical cost convention, and in accordance with the Companies Act 1985 and applicable United Kingdom accounting standards The group's overdraft facility is technically repayable on demand, however the directors consider that there is no evidence to suggest that the facility will not continue to be made available for the foreseeable future Accordingly, based on cash flow forecasts and the availability of the overdraft the Directors consider it appropriate to prepare the accounts on a going concern basis

The principal accounting policies adopted, which have been applied consistently in dealing with items which are considered material, are set out below

Basis of preparation and consolidation

The consolidated financial statements include the Company and all of its subsidiary undertakings, made up to 31 May 2007 The acquisition method of accounting for acquired companies has been used The results of subsidiary companies acquired during the period are included from the effective date control passes to the Company Intra group sales, profits and balances are eliminated fully on consolidation

On acquisition of a subsidiary, all of the subsidiary's assets and liabilities that exist at the date of acquisition are recorded at their fair values reflecting their condition at that date All changes to those assets and liabilities, and the resulting gains and losses that arise after the Group has gained control of the subsidiary are charged to the post acquisition profit and loss account

The loss for the financial year dealt with in the financial statements of the parent company was £1,785,616 As permitted by section 230 of the Companies Act 1985, no separate profit and loss account is presented in respect of the parent company

Turnover
Turnover represents amounts receivable for goods and services, excluding transfer fees receivable in respect of the disposal of players' registrations, in the normal course of the group's business It is stated net of discounts and value added tax

Match ticket income is recognised over the period of the English football season, covering the period from August to May each year, as home matches are played Fixed elements of broadcasting contracts are taken in proportion to the number of league matches played, home and away Broadcasting facility fees are accounted for when earned The merit award is taken when final league position is known at the end of the financial year Merchandising, travel and catering revenues are recognised on an earned basis Income from royalties, executive box rentals and sponsorships are recognised over the duration of their respective contracts

Grants and donations
Grants and donations received in respect of safety work and other stadium improvements are credited to deferred grant income and are released to the Consolidated Profit and Loss Account over the anticipated useful life of the assets to which they relate

NOTES TO THE FINANCIAL STATEMENTS
for the period ended 31 May 2007 (continued)

1 Accounting policies (continued)

Tangible fixed assets
Tangible fixed assets are stated at cost net of accumulated depreciation and any provision for impairment Depreciation is calculated on a straight-line basis to write down the assets to their estimated residual value over the anticipated useful lives at the following annual rates

Freehold land	Nil
Long leasehold property	1%
Short leasehold property	10%
Freehold buildings	2-8%
Plant and equipment	10-33%
Motor vehicles	25%

No depreciation is provided on assets in the course of construction

Intangible assets – players' registrations
The costs associated with the acquisition of players' registrations is capitalised as an intangible asset, at their fair value, at the date of acquisition and are amortised over the period of the respective players' contract, including extensions thereto

Liability in respect of contingent appearance fees is recognised where the directors consider the likelihood of a player meeting future appearance criteria, laid down in the transfer agreement of that player, to be probable

Internally generated intangible assets are held at nil value Any external costs incurred in extensions to a player's original contract are capitalised and amortised over the period of the player's extended contract

The profit or loss arising out of the disposal of players' registrations represent the difference between the consideration receivable, net of any transaction costs and signing-on fees in respect of future periods, and the unamortised cost of the intangible asset

Impairment of tangible and intangible assets
At each balance sheet date, the group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss The recoverable amount is the higher of fair value less costs to sell and the value in use Any impairment loss is recognised immediately as an expense

Players' signing-on fees and loyalty payments
Signing-on fees payable to players are recognised in operating expenses over the period of the player's contract Where a player's registration is transferred, any signing-on fee payable in respect of future periods is charged against profit or loss on disposal

Loyalty payments, which are payable only if the player is still in employment with the group, are accrued, as part of operating expenses, over the period to which they relate

NOTES TO THE FINANCIAL STATEMENTS
for the period ended 31 May 2007 (continued)

1 Accounting policies (continued)

Stocks
Stocks are stated at the lower of cost and net realisable value Net realisable value represents the estimated selling price less costs to be incurred in marketing and selling Provision is made for obsolete or slow-moving items where appropriate

Long term contracts
Turnover and profit is recognised on long term contracts by including in the profit and loss account turnover and related costs as the terms of the contract is fulfilled

Foreign currency
Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction

Finance costs
Finance costs of financial liabilities are recognised in the profit and loss account over the term of such instruments at constant rates on the carrying amounts

Bank borrowings
Interest-bearing bank loans and overdrafts are recorded at the proceeds received Finance charges are accounted for on an accrual basis to the consolidated profit and loss account

Leases
Assets acquired under finance leases and other similar contracts, which confer rights and obligations similar to those attached to owned assets, are capitalised as tangible assets and are depreciated over their useful lives The capital element of future lease obligations are recorded as liabilities with the interest element being charged to the profit and loss account at a constant rate over the period of the lease

Taxation
The taxation expense represents the sum of tax currently payable or recoverable and deferred taxation, and takes into account adjustments for prior periods

Deferred taxation is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit and is accounted for using the balance sheet liability method

Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible timing differences can be utilised

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised Deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the group intends to settle its current tax assets and liabilities on a net basis

NOTES TO THE FINANCIAL STATEMENTS
for the period ended 31 May 2007 (continued)

1. Accounting policies (continued)

Pensions
Payments to various defined contribution retirement schemes are charged as an expense as they fall due

Payments made to the Football League Limited Pension and Life Assurance Scheme (FLLPLAS) are dealt with as payments to defined contribution schemes where the group's obligations under the schemes are equivalent to those arising in a defined contribution retirement benefit scheme

2. Turnover

	2007 £'000
The group's turnover is analysed into its three main components as follows	
Matchday	12,529
Media	18,294
Commercial	6,373
	37,196

Turnover streams are analysed into three main components and the constituents of these components are as follows

Matchday - Match tickets, executive box rentals, programme sales, matchday sponsorship and hospitality

Media – Distributions from the FA Premier League broadcasting agreements, including the merit award, cup competition broadcasting rights and local radio broadcasting

Commercial – Major sponsorship contracts, merchandising, royalties, conference and banqueting and all other revenue sources

The group has one main business segment, that of professional football operations, and one main geographical segment, which is the United Kingdom, accordingly no further segmental information is provided

3. Operating loss

The group operating loss for the year has been arrived at after charging/(crediting)

	2007 £'000
Foreign exchange gains	(28)
Cost of sales	2,019
Depreciation of tangible fixed assets	2,015
Amortisation of players' registrations	6,236
Deferred grant income	(80)
Staff costs (note 5)	22,450
Auditors' remuneration for audit services	60
Auditors' remuneration for assurance and tax services	-

NOTES TO THE FINANCIAL STATEMENTS
for the period ended 31 May 2007 (continued)

4 Exceptional items reported after operating loss

The profit on sale of fixed assets related to the disposal of land and buildings as authorised by the shareholders at the Extraordinary Meeting held on 10 July 2006

The loss on disposal of players' registration in the period amounted to £959,000

5. Staff costs	2007 Number
Average number of employees (following acquisition)	
Players, football management and coaches	88
Commercial, merchandising and operations	132
Maintenance and administration	76
Community projects staff	8
Full-time employees	304
Part-time employees on matchdays and other events	945
	1,249

Remuneration	2007 £'000
Wages and salaries	19,431
Social security costs	2,672
Pension costs	347
	22,450

The company does not have any employees

None of the directors received remuneration in relation to their services to the company

6. Interest payable and similar charges	2007 £'000
Interest on bank overdrafts and loans	658
Amortisation of discount on long term liabilities	145
Interest on loan notes	1,786
Other interest payable	123
	2,712

NOTES TO THE FINANCIAL STATEMENTS
for the period ended 31 May 2007 (continued)

7 Interest receivable and similar income	**2007 £'000**
Other interest receivable	37

8 Tax		**2007 £'000**
Current tax		
UK corporation tax	Current year	-
	Prior year	-
		-
Deferred tax:		
UK	Current year	132
	Prior year	37
		169

Corporation tax is calculated at 30% (2006 30%) of the estimated assessable profit for the year The charge/(credit) for the year can be reconciled to the loss per the income statement as follows

	2007 £'000
Loss on ordinary activities before tax	(2,750)
Tax at the UK corporation tax rate of 30% (2005 30%)	(825)
Expenses not deductible for tax purposes	444
Movement in unprovided deferred tax	381
Current Tax expense for the year	-

9. Dividends

The directors do not recommend the payment of a final dividend which results in no dividend being paid for the year

NOTES TO THE FINANCIAL STATEMENTS
for the period ended 31 May 2007 (continued)

10. Tangible fixed assets	Freehold land and buildings £'000	Construction in progress £'000	Leasehold land and buildings £'000	Plant and equipment £'000	Motor vehicles £'000	Total £'000
Group						
Cost						
At 31 July 2006	-	-	-	-	-	-
Arising on acquisition of subsidiaries	85,284	9,102	253	1,274	110	96,023
Additions	122	7,615	-	2,115	115	9,967
Reclassification	12,838	(12,838)	-	-	-	-
Disposals	(123)	-	-	(308)	-	(431)
At 31 May 2007	**98,121**	**3,879**	**253**	**3,081**	**225**	**105,559**
Depreciation						
At 31 July 2006	-	-	-	-	-	-
Charge for the year	1,496	-	10	481	28	2,015
Disposals	(15)	-	-	(308)	-	(323)
At 31 May 2007	**1,481**	**-**	**10**	**173**	**28**	**1,692**
Net book value						
At 31 May 2007	**96,640**	**3,879**	**243**	**2,908**	**197**	**103,867**
At 31 July 2006	-	-	-	-	-	-

The cost and depreciation of assets acquired have been recognised at their provisional fair value

Freehold land and buildings includes freehold land amounting to £7,958,605 which has not been depreciated

At the 31 May 2007, the group had contracted capital commitments of £1,574,000

The company does not have any tangible assets

NOTES TO THE FINANCIAL STATEMENTS
for the period ended 31 May 2007 (continued)

11. Intangible fixed assets	Players' Registrations £'000
Group	
Cost	
At 31 July 2006	-
Arising on acquisition of subsidiaries	51,171
Additions	15,539
Disposals	(16,650)
At 31 May 2007	**50,060**
Amortisation	
At 31 July 2006	-
Arising on acquisition of subsidiaries	28,161
Charge for the year	6,236
Disposals	(11,402)
At 31 May 2007	**22,995**
Net book value	
At 31 May 2007	**27,065**
At 31 July 2006	-

The company does not have any intangible assets

12 Fixed asset investments

The parent company and the group have investments in the following subsidiary undertakings

Company	Principal activity	Holding	
Aston Villa Limited	Property investment	171,731,045 ordinary 5p shares	100%
Aston Villa Football Club Limited	Commercial and retail operations	1 ordinary £1 shares	100%
Aston Villa FC Limited	Professional football club	2,000,000 ordinary £1 shares	100%
Aston Villa Indoor Cricket Centres Limited	Operator of indoor sports facility	100 ordinary £1 shares	100%
The Villan Radio Limited	Digital radio station	3 ordinary £1 shares	100%

All of the subsidiary undertakings are incorporated in England & Wales The results of the subsidiary undertakings have been consolidated in the group financial statements

13. Stocks	Group 2007 £'000	Company 2007 £'000
Goods held for resale	230	-

NOTES TO THE FINANCIAL STATEMENTS
for the period ended 31 May 2007 (continued)

14 Debtors	Group 2007 £'000	Company 2007 £'000
Trade debtors	4,270	21
Amounts due from subsidiary undertakings	-	230
Other debtors	179	-
Prepayments and accrued income	979	-
	5,428	**251**

Trade debtors include £103,000 falling due after more than one year

15. Creditors – Amounts falling due within one year	2007 £'000	2007 £'000
Bank loans and overdrafts (Note 18)	18,938	-
Trade creditors	20,010	-
Finance leases and hire purchase (Note 18)	11	-
Taxation and social security costs	4,610	-
Other creditors	1,934	-
Accruals and deferred income	4,628	1,786
	50,131	**1,786**

16 Creditors – Amounts falling due after more than one year	2007 £'000	2007 £'000
Bank loans (Note 18)	7,822	-
Loan notes (Note 18)	37,000	37,000
Trade creditors	1,941	-
Finance leases and hire purchase (Note 18)	21	-
Deferred income	167	-
	46,951	**37,000**

17 Grants and donations	2007 £'000	2007 £'000
At 31 July 2006	-	-
On acquisition	4,004	-
Credit to loss from operations in the period	(80)	-
At 31 May 2007	**3,924**	**-**

NOTES TO THE FINANCIAL STATEMENTS
for the period ended 31 May 2007 (continued)

18 Loans and other borrowings	Group 2007 £'000	Company 2007 £'000
Bank loans and overdrafts	26,760	-
Finance leases and hire purchase	32	-
Loan notes	37,000	37,000
	63,792	**37,000**

Maturity of financial liabilities

Due in one year or less, or on demand	18,949	-
Due in more than one year but less than two years	2,521	-
Due in more than two years but less than five years	2,500	-
Due in more than 5 years	39,822	37,000
	63,792	**37,000**

Bank loans and overdrafts

The bank loan and overdraft, which are secured on the Group's land and property assets, bear interest on margins above LIBOR The bank term loan is repayable by 3 payments each year over the period until July 2012

The bank overdraft is renewable annually and repayable on demand At the balance sheet date, the group had undrawn overdraft borrowing facilities of £6,152,000

Loan notes

On 12 August 2006, the company created a maximum nominal amount of £33,000,000 LIBOR plus 2 per cent unsecured redeemable loan notes 2016, to be issued in integral multiples of £1

On 27 September 2006, the company issued £33,000,000 LIBOR plus 2 per cent unsecured redeemable loan notes

On 8 January 2007, the company created a maximum nominal amount of £4,000,000 LIBOR plus 2 per cent unsecured redeemable loan notes 2016, to be issued in integral multiples of £1

On 8 January 2007, the company issued £4,000,000 LIBOR plus 2 per cent unsecured redeemable loan notes

All loan notes are repayable in full at par on 31 December 2016

NOTES TO THE FINANCIAL STATEMENTS
for the period ended 31 May 2007 (continued)

19. Provisions for liabilities and charges
Deferred tax

The following are the major deferred tax liabilities recognised by the Group and movements thereon during the current and prior period

	Capital allowances £'000	Short-term timing differences £'000	Losses £'000	Total £'000
At 31 July 2006	-	-	-	-
Acquisition of subsidiary	985	-	(77)	908
Charge to profit and loss account for the period	89	3	77	169
At 31 May 2007	**1,074**	**3**	**-**	**1,077**

There is an unprovided deferred tax asset of £14 6 million in respect of tax losses carried forward No deferred tax asset will be recognised until these losses can be utilised

On 21 March 2007, the Chancellor of the Exchequer announced a number of corporate tax reforms effective from 1 April 2008 The main change applicable to the company is the corporation tax rate reduction from 30% to 28% The legislative changes were substantively enacted on 26 June 2007

20 Called up share capital	**Number**	**2007 £'000**
Authorised – Ordinary shares of £1 each	79,000,001	79,000
Allotted and fully paid – Ordinary shares of £1 each	38,000,001	38,000

On 31 July 2006, the company issued 1 ordinary share for £1

On 27 September 2006, the nominal capital of the company was increased by £34,000,000 from the registered capital of £1 by the creation of 34,000,000 ordinary shares of £1 each ranking pari passu in all respects with existing ordinary share

On 27 September 2006, 34,000,000 ordinary shares were issued for cash

On 8 January 2007, the nominal capital of the company was increased by £45,000,000 from the registered capital of £38,000,001 by the creation of 45,000,000 ordinary shares of £1 each ranking pari passu in all aspects with existing ordinary shares

On 8 January 2007, 4,000,000 ordinary shares were issued for cash

NOTES TO THE FINANCIAL STATEMENTS
for the period ended 31 May 2007 (continued)

21 Reserves	**Group 2007 £'000**	**Company 2007 £'000**
At 31 July 2006	-	-
Loss for the period	(2,919)	(1,786)
At 31 May 2007	**(2,919)**	**(1,786)**

22 Reconciliation of movements in shareholders' funds	**2007 £'000**	**2007 £'000**
Loss for the period	(2,919)	(1,786)
Net proceeds of issue of ordinary shares	38,000	38,000
Opening shareholders' funds	-	-
Closing shareholders' funds	**35,081**	**36,214**

NOTES TO THE FINANCIAL STATEMENTS
for the period ended 31 May 2007 (continued)

23 Reconciliation of operating profit to operating cash flows	2007 £'000
Loss from operations	(6,312)
Adjustments for.	
Amortisation of players' registrations	6,236
Depreciation of tangible fixed assets	2,015
Amortisation of grant income	(80)
Decrease in stocks	312
Decrease in debtors	1,040
Decrease in creditors	(6,810)
Net cash outflow from operating activities	(3,599)

24 Analysis of cash flows for headings netted in cash flow statement	2007 £'000
Returns on investments and servicing of finance	
Interest received	37
Interest paid	(2,712)
Net cash outflow from returns on investments and servicing of finance	(2,675)
Capital expenditure and financial investment	
Purchase of tangible fixed assets	(9,967)
Purchase of intangible fixed assets	(13,316)
Proceeds from disposal of tangible fixed assets	7,304
Proceeds from disposal of intangible fixed assets	4,298
Net cash outflow from capital expenditure and financial investment	(11,681)
Acquisitions and disposals (see note 29)	
Acquisition of the Aston Villa PLC group	(66,219)
Net debt acquired from the Aston Villa PLC group	(17,012)
Net cash outflow from acquisitions and disposals	(83,231)
Financing	
Funds from loan notes	37,000
Net cash inflow from financing	37,000

NOTES TO THE FINANCIAL STATEMENTS
for the period ended 31 May 2007 (continued)

25 Analysis of net debt	At 31 July 2006 £'000	On acquisition £'000	Cash flow £'000	Loan notes £'000	At 31 May 2007 £'000
Cash at bank and in hand	-	61	513	-	574
Debt due within 1 year -overdraft	-	(17,073)	635	-	(16,438)
Net cash	**-**	**(17,012)**	**1,148**	**-**	**(15,864)**
Debt due within 1 year –bank loan	-	-	(2,500)	-	(2,500)
Debt due after 1 year –bank loan	-	-	(7,822)	-	(7,822)
Debt due after 1 year –loan notes	-	-	-	(37,000)	(37,000)
Net debt	**-**	**(17,012)**	**(9,174)**	**(37,000)**	**(63,186)**

26. Contingent liabilities

The terms of certain contracts with other football clubs in respect of the acquisition of players' registrations include the payment of additional amounts upon the fulfilment of specific conditions in the future The maximum unprovided liability which may arise in respect of these players at 31 May 2007 is £2,090,681

27 Retirement benefit schemes

Certain members of the Group's staff are members of either the Football League Limited Players Retirement Income Scheme, a defined contribution scheme, or the Football League Limited Pension and Life Assurance Scheme (FLLPLAS), a defined benefit scheme As the Group is one of a number of participating employers in FLLPLAS, it is not possible to accrue any actuarial surplus or deficit on a meaningful basis and consequently contributions are expensed in the consolidated income statement as they become possible The assets of the scheme are held separately from those of the Group, being invested with insurance companies Under the provisions of FRS17 the scheme would be treated as a defined benefit multi-employer scheme The scheme's actuary has advised that the participating employer's share of the underlying assets and liabilities cannot be indentified on a reasonable and consistent basis and, accordingly, no disclosures are made under the provisions of FRS17 This deficit has been appropriately accounted for over the remaining service lives of the employees concerned in accordance with FRS17 Where employees have left the Group, the amount was charged to the consolidated income statement in the year in which the deficit was notified

Contributions are also paid into individuals' private pension schemes The total contributions across all schemes during the year amounted to £347,000

28. Comparative figures

There are no comparative figures as the Company was incorporated in the period

NOTES TO THE FINANCIAL STATEMENTS
for the period ended 31 May 2007 (continued)

29 Acquisitions

On 10 November 2006, the Company purchased the entire share capital of Aston Villa Limited for a total consideration of £66,219,000 The purchase has been accounted for under acquisition accounting principles and is therefore included in the consolidated balance sheet at 31 May 2007

	Book value	Revaluation	Provisional fair value
	£'000	£'000	£'000
Tangible fixed assets	41,731	54,292	96,023
Intangible fixed assets	23,010	-	23,010
Stocks	542	-	542
Debtors	6,468	-	6,468
Cash at bank and in hand	61	-	61
Bank overdraft	(17,073)	-	(17,073)
Creditors falling due within one year	(35,455)	-	(35,455)
Creditors falling due after more than one year	(2,446)	-	(2,446)
Provisions for liabilities and charges	(907)	-	(907)
Deferred grants	(4,004)	-	(4,004)
Net assets	**11,927**	**54,292**	**66,219**

Satisfied by

Cash paid on completion	**66,219**

NOTES TO THE FINANCIAL STATEMENTS
for the period ended 31 May 2007 (continued)

Acquisitions (continued)

A fair value review of the Group's assets and liabilities was completed following the acquisition of the business The details of the revaluations made are as follows,

Tangible fixed assets

This amount represents the increase from net book value to current market value of the Group land and buildings at the date of acquisition

The attributed fair values are provisional It is the intention of management to monitor these fair values during the new financial year and, any further adjustments will be included in next year's financial statements

In its last financial year to 31 May 2006, the Aston Villa Limited group reported an operating loss of £7,819,000 and a loss after tax of £8,894,000 Turnover was reported as £48,982,000 For the period since that date to the date of acquisition, the Aston Villa group generated the following results

	Period to 10 November 2006
	£'000
Turnover	**15,539**
Operating loss	**(14,275)**
Loss before taxation	**(15,959)**
Taxation	-
Loss for the period	**(15,959)**

30. Events after the balance sheet date

Since 31 May 2007, a subsidiary company has contracted for the purchase and sale of various players The net cost of these transfers, taking into account the applicable levies but excluding value added tax, is approximately £21 9 million

31 Related party transactions

The company has taken advantage of the exemption granted under Financial Reporting Standard 8 which does not require disclosure of transactions between subsidiary undertakings as more than 90% of the company's voting rights are controlled within the Group

NOTES TO THE FINANCIAL STATEMENTS
for the period ended 31 May 2007 (continued)

32 Ultimate parent company

In the opinion of the directors the ultimate holding company is Reform Acquisitions LLC, a company registered in the United States of America, and the ultimate controlling party is Randolph Lerner