Reform Acquisitions Limited

Annual report and financial statements

for the year ended 31 May 2008

Registered number: 5891280

Reform Acquisitions Limited

Annual report and financial statements for the year ended 31 May 2008

Reform Acquisitions Limited

Directors and advisors
for the year ended 31 May 2008

Directors

Mr R Lerner
Mr M Martin
Mr M Keenan

Secretary

Mr M Keenan

Registered office

Villa Park
Birmingham
B6 6HE

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

Reform Acquisitions Limited

Directors' report
for the year ended 31 May 2008

The directors present their annual report on the affairs of the group, together with the financial statements for the year ended 31 May 2008.

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

Turnover for the year amounted to £75.6m, representing an increase of 103.4% over that achieved in the prior period. The main constituents of this increase were Premier League broadcasting fees of £14.3m, a £5.9m increase in the merit award for finishing 6th, and a £0.7m increase for league gate receipts.

Operating expenses before amortisation amounted to £70.8m (10 months ended 31 May 2007: £37.3m). This increase includes additional costs of improved salary packages required to attract top professionals to the football club. In addition, the new owners of the club have incurred cost in reviewing and seeking to improve the future operational activities of the company.

After the charge for amortisation of players' registrations, the Group reported an operating loss of £13.1 million (10 months ended 31 May 2007: Loss £6.3 million). Disposals of tangible fixed assets resulted in a loss of £0.7 million (10 months ended 31 May 2007: profit £7.2 million). The profit on disposal of players' registrations in the period amounted to £11.8 million (10 months ended 31 May 2007: loss £1.0 million).

The Group reported a loss on ordinary activities before taxation of £7.6m (10 months ended 31 May 2007: £2.8 million).

The second full season under the new football manager resulted in improved team performance culminating in a final league place of 6th compared to 11th in the previous season. Average League attendances rose from 36,238 in 2006/07 to 40,375 in the season under review. The Club was involved in 3 cup competition matches (10 Months ended 31 May 2007: 4 matches) 2 of which were staged at Villa Park. The number of Aston Villa's televised league matches increased from 13 live broadcasts last season to 17 in 2007/08.

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 manager continued the development of the team after the year-end through the 2008 summer transfer window by acquiring the registrations of 7 new players and in releasing several players to other clubs. The acquisition of players and their related payroll costs are deemed the core activity risk and, whilst assisting the manager in improving the playing squad, the directors are mindful of the pitfalls that are inherent in this area of the business. Risks are also reported on by the FA Premier League at meetings of representatives of other League clubs and Aston Villa Football Club management regularly attends meetings.

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

Business review and future developments (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

During the year the club announced a partnership with Acorns Children's Hospice, whereby the hospice are promoted on the club shirts for the forthcoming football season.

From 30 September 2007, the Football Association have introduced new rules regarding dealing with and the payment of Agents.

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 at 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 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 £7,282,000 (10 month period ended 31 May 2007: £2,919,000). This 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 (10 months ended 31 May 2007: £nil).

Reform Acquisitions Limited

Directors' report for the year ended 31 May 2008 (continued)

Directors

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

Mr R Lerner
Mr M Martin
Mr M Keenan

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.

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 2008 the number of days' purchases by the Group outstanding was 40 (10 months ended 31 May 2007: 58). The Company's creditor days are nil (10 months ended 31 May 2007: 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, job-related criteria.

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

Reform Acquisitions Limited

Directors' report
for the year ended 31 May 2008 (continued)

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.

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 confirm they have complied with the above requirements in preparing the financial statements.

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

So far as the directors are aware, there is no relevant audit information (that is, information needed by the company's auditors in connection with preparing their report) of which the company's auditors are unaware and the directors have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

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

This report was approved by the Board on 14 November 2008.

Mr R Lerner
Director

Independent auditors' report to the members of Reform Acquisitions Limited

We have audited the Consolidated and Parent Company financial statements (the "financial statements") of Reform Acquisitions Limited for the year ended 31 May 2008 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 misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and 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 2008 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
17 November 2008

Reform Acquisitions Limited

Consolidated profit and loss account for the year ended 31 May 2008

	Note	2008 £'000	10 months ended 31 May 2007 £'000
Turnover	2	**75,639**	37,196
Operating expenses before amortisation		**(70,818)**	(37,272)
Operating profit/(loss) before amortisation		**4,821**	(76)
Amortisation of players' registrations		**(17,848)**	(6,236)
Total operating expenses		**(88,666)**	(43,508)
Operating loss		**(13,027)**	(6,312)
(Loss)/profit on sale of tangible fixed assets	4	**(683)**	7,196
Profit/(loss) on disposal of players' registrations	4	**11,818**	(959)
Loss on ordinary activities before interest and taxation		**(1,892)**	(75)
Interest receivable and similar income	7	**110**	37
Interest payable and similar charges	6	**(5,787)**	(2,712)
Loss on ordinary activities before taxation	3	**(7,569)**	(2,750)
Tax credit/(charge) on loss on ordinary activities	8	**287**	(169)
Loss for the financial year/period	21	**(7,282)**	(2,919)

The results derive wholly from continuing operations of the Group.

There is no material difference between the loss disclosed in the profit and loss account and the loss 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.

Reform Acquisitions Limited

Consolidated balance sheet
as at 31 May 2008

	Note	2008 £'000	2007 £'000
Fixed assets			
Tangible assets	10	**112,207**	103,867
Intangible assets	11	**38,736**	27,065
		150,943	130,932
Current assets			
Stocks	13	**513**	230
Debtors	14	**15,662**	5,428
Cash at bank and in hand		**789**	574
		16,964	6,232
Creditors: amounts falling due within one year	15	**(45,398)**	(50,131)
Net current liabilities		**(28,434)**	(43,899)
Total assets less current liabilities		**122,509**	87,033
Creditors: amounts falling due after more than one year	16	**(67,644)**	(46,951)
Grants and donations	17	**(3,776)**	(3,924)
		(71,420)	(50,875)
Provisions for liabilities	19	**(790)**	(1,077)
Net assets		**50,299**	35,081
Capital and reserves			
Called up share capital	20	**60,500**	38,000
Profit and loss reserve	21	**(10,201)**	(2,919)
Total shareholders' funds	22	**50,299**	35,081

These financial statements on pages 8 to 32 were approved by the Board of Directors on 14 November 2008.

Signed on behalf of the Board of Directors

Randolph Lerner
Director

Reform Acquisitions Limited

Company balance sheet
as at 31 May 2008

	Note	2008 £'000	2007 £'000
Fixed assets			
Investments	12	**109,219**	74,219
Current assets			
Debtors	14	**-**	251
Cash at bank and in hand		**551**	530
		551	781
Creditors: amounts falling due within one year	15	**(5,700)**	(1,786)
Net current liabilities		**(5,149)**	(1,005)
Total assets less current liabilities		**104,070**	73,214
Creditors: amounts falling due after more than one year	16	**(49,500)**	(37,000)
Net assets		**54,570**	36,214
Capital and reserves			
Called up share capital	20	**60,500**	38,000
Profit and loss account	21	**(5,930)**	(1,786)
Total shareholders' funds	22	**54,570**	36,214

These financial statements on pages 8 to 32 were approved by the Board of Directors on 14 November 2008.

Signed on behalf of the Board of Directors

Randolph Lerner
Director

Reform Acquisitions Limited

Consolidated cash flow statement
for the year ended 31 May 2008

	Note	**2008**	10 months ended 31 May 2007
		£'000	£'000
Net cash inflow/(outflow) from operating activities	23	**4,548**	(3,599)
Returns on investments and servicing of finance	24	**(5,670)**	(2,675)
Capital expenditure and financial investments	24	**(30,421)**	(11,681)
Acquisition and disposals	24	**-**	(66,219)
Cash outflow before use of liquid resources and financing		**(31,543)**	(84,174)
Financing	24	**16,526**	37,000
Issue of ordinary shares		**22,500**	38,000
Increase/(decrease) in cash in the year/period		**7,483**	(9,174)

Reform Acquisitions Limited

Reconciliation of net cash flow to movement in net debt for the year ended 31 May 2008

	Note	**2008** £'000	2007 £'000
Increase/(reduction) in cash in the year/period	25	**7,483**	(9,174)
Net debt acquired from the Aston Villa PLC Group		**-**	(17,044)
Funds from loan notes	18	**(16,526)**	(37,000)
Movement in net debt in the year/period		**(9,043)**	(63,218)
Net debt at 1 June 2007/1 August 2006		**(63,218)**	-
Net debt at 31 May	25	**(72,261)**	(63,218)

Notes to the financial statements for the year ended 31 May 2008

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 both on the continuing financial support committed to by the owner and the availability of the overdraft, as incorporated in the directors' cash flow forecasts, 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 incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) made up to 31 May each year. Control is achieved where the Company has the power to govern the financial and operating policies of an investee entity so as to obtain benefits from its activities. Certain balances have been represented to enable consistent disclosure with the current year.

The loss for the financial year dealt with in the financial statements of the parent company was £4,144,072 (10 months ended 31 May 2007: £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.

Investments

The company's investments in subsidiaries are stated at cost less any impairment provision for diminution in value.

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 are capitalised as an intangible asset 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.

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. Monetary assets and liabilities held at the Balance Sheet date are revalued using the rate at that date.

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.

Notes to the financial statements for the year ended 31 May 2008 (continued)

1 Accounting policies (continued)

Taxation (continued)

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.

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

The group's turnover is analysed into its three main components as follows:

	2008	10 months ended 31 May 2007
	£'000	£'000
Matchday	**18,510**	12,529
Media	**46,053**	18,294
Commercial	**11,076**	6,373
	75,639	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.

Notes to the financial statements for the year ended 31 May 2008 (continued)

3 Loss on ordinary activities before taxation

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

	2008	10 months ended 31 May 2007
	£'000	£'000
Foreign exchange gains	**-**	(28)
Cost of sales	**3,377**	2,019
Depreciation of tangible fixed assets	**4,018**	2,015
Amortisation of players' registrations	**17,848**	6,236
Deferred grant income	**(148)**	(80)
Staff costs (note 5)	**50,447**	22,450
Auditors' remuneration for audit services	**78**	60
Auditors' remuneration for assurance and tax services	**24**	-

4 Exceptional items reported after operating loss

The loss on sale of fixed assets of £683,000 (10 months ended 31 May 2007: profit £7,196,000) related to the disposal of assets relating to the previous training ground.

The profit on disposal of players' registration in the year amounted to £11,818,000 (10 months ended 31 May 2007: Loss £959,000).

5 Staff costs

	2008	10 months ended 31 May 2007
	Number	Number
Average monthly number of employees		
Players, football management and coaches	**86**	88
Commercial, merchandising and operations	**157**	132
Maintenance and administration	**76**	76
Community projects staff	**17**	8
Full-time employees	**336**	304
Part-time employees on matchdays and other events	**941**	945
	1,277	1,249

	2008	10 months ended 31 May 2007
Remuneration	**£'000**	£'000
Wages and salaries	**45,174**	19,431
Social security costs	**5,203**	2,672
Pension costs	**70**	347
	50,447	22,450

The company does not have any employees.

None of the directors received remuneration in relation to their services to the Company and Group (10 months ended 31 May 2007: £nil).

Notes to the financial statements for the year ended 31 May 2008 (continued)

6 Interest payable and similar charges

	2008	10 months ended 31 May 2007
	£'000	£'000
Interest on bank overdrafts and loans	**1,367**	658
Amortisation of discount on long term liabilities	**272**	145
Interest on loan notes	**4,144**	1,786
Other interest payable	**4**	123
	5,787	2,712

7 Interest receivable and similar income

	2008	10 months ended 31 May 2007
	£'000	£'000
Other interest receivable	**110**	37

8 Tax (credit)/charge on loss on ordinary activities

		2008 £'000	10 months ended 31 May 2007 £'000
Current tax:			
UK corporation tax:	Current year	-	-
	Prior period	-	-
		-	-
Deferred tax:			
UK:	Current year	**(287)**	132
	Prior period	-	37
		(287)	169

Corporation tax is calculated at 29.67% (10 months ended 31 May 2007: 30%) of the estimated assessable profit for the year.

The tax assessed for the year is higher (10 months ended 31 May 2007: higher) than the standard rate of corporation tax in the UK (29.67%) (2007: 30%). The differences are explained below:

	2008 £'000	10 months ended 31 May 2007 £'000
Loss on ordinary activities before tax	**(7,569)**	(2,750)
Tax at the UK corporation tax rate of 29.67% (2007: 30%)	**(2,246)**	(825)
Expenses not deductible for tax purposes	**1,117**	444
Capital allowances in excess of depreciation	**171**	-
Utilisation of bought forward taxation losses	**(232)**	-
Other timing differences	**1,190**	-
Movement in unprovided deferred tax	-	381
Current tax charge for the year/period	-	-

9 Dividends

The directors do not recommend the payment of a final dividend which results in no dividend being paid for the year (10 months ended 31 May 2007: £nil).

10 Tangible fixed assets

	Freehold land and buildings	Construction in progress	Leasehold land and buildings	Plant and equipment	Motor vehicles	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Group						
Cost						
At 1 June 2007	98,121	3,879	253	3,081	225	105,559
Additions	5,342	2,722	-	4,792	211	13,067
Reclassification	3,769	(3,769)	-	-	-	-
Disposals	(1,030)	-	(52)	(26)	(144)	(1,252)
At 31 May 2008	**106,202**	**2,832**	**201**	**7,847**	**292**	**117,374**
Depreciation						
At 1 June 2007	1,481	-	10	173	28	1,692
Charge for the year	2,516	-	2	1,395	105	4,018
Disposals	(446)	-	-	(8)	(89)	(543)
At 31 May 2008	**3,551**	**-**	**12**	**1,560**	**44**	**5,167**
Net book value						
At 31 May 2008	**102,651**	**2,832**	**189**	**6,287**	**248**	**112,207**
At 1 June 2007	96,640	3,879	243	2,908	197	103,867

Freehold land and buildings includes freehold land amounting to £7,931,524 (2007: £7,958,605) which has not been depreciated.

At the 31 May 2008, the group had contracted capital commitments of £8,089,000 (2007: £1,574,000).

The company does not have any tangible fixed assets.

Notes to the financial statements for the year ended 31 May 2008 (continued)

11 Intangible fixed assets

	Players' Registrations £'000
Group	
Cost	
At 1 June 2007	50,060
Additions	31,459
Disposals	(8,649)
At 31 May 2008	**72,870**
Amortisation	
At 1 June 2007	22,995
Charge for the year	17,848
Disposals	(6,709)
At 31 May 2008	**34,134**
Net book value	
At 31 May 2008	**38,736**
At 31 May 2007	27,065

The company does not have any intangible fixed assets.

Notes to the financial statements for the year ended 31 May 2008 (continued)

12 Fixed asset investments

	£'000
At 1 June 2007	74,219
Additional Investment in Aston Villa Limited	35,000
At 31 May 2008	**109,219**

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 2008 £'000	**Company 2008 £'000**	Group 2007 £'000	Company 2007 £'000
Goods held for resale	**513**	**-**	230	-

Notes to the financial statements for the year ended 31 May 2008 (continued)

14 Debtors

	Group 2008 £'000	Company 2008 £'000	Group 2007 £'000	Company 2007 £'000
Trade debtors	**13,949**	-	4,270	21
Amounts due from subsidiary undertakings	-	-	-	230
Other debtors	**307**	-	179	-
Prepayments and accrued income	**1,406**	-	979	-
	15,662	-	5,428	251

Trade debtors due in over one year of £4,500,000 (2007: nil) have been included in the above.

15 Creditors: amounts falling due within one year

	Group 2008 £'000	Company 2008 £'000	Group 2007 £'000	Company 2007 £'000
Bank loans and overdrafts (Note 18)	**11,670**	-	18,938	-
Trade creditors	**22,477**	-	20,010	-
Amounts due to group undertakings	-	**5,700**	-	-
Finance leases and hire purchase (Note 18)	**7**	-	11	-
Taxation and social security costs	**6,904**	-	4,610	-
Other creditors	**274**	-	1,934	-
Accruals and deferred income	**4,066**	-	4,628	1,786
	45,398	**5,700**	50,131	1,786

Amounts due to subsidiary undertakings are unsecured, bear no interest and are repayable on demand.

Notes to the financial statements for the year ended 31 May 2008 (continued)

16 Creditors: amounts falling due after more than one year

	Group 2008 £'000	Company 2008 £'000	Group 2007 £'000	Company 2007 £'000
Bank loans (Note 18)	11,855	-	7,822	-
Loan notes payable to parent undertaking (Note 18)	49,500	49,500	37,000	37,000
Trade creditors	6,266	-	1,941	-
Finance leases and hire purchase (Note 18)	18	-	21	-
Deferred income	5	-	167	-
	67,644	49,500	46,951	37,000

17 Grants and donations

	Group 2008 £'000	Company 2008 £'000	Group 2007 £'000	Company 2007 £'000
At 1 August 2006/1 June 2007	3,924	-	-	-
On acquisition	-	-	4,004	-
Credit to loss from operations in the year/period	(148)	-	(80)	-
At 31 May	3,776	-	3,924	-

18 Loans and other borrowings

	Group 2008 £'000	Company 2008 £'000	Group 2007 £'000	Company 2007 £'000
Bank loans and overdrafts	**23,525**	**-**	26,760	-
Finance leases and hire purchase	**25**	**-**	32	-
Loan notes	**49,500**	**49,500**	37,000	37,000
	73,050	**49,500**	63,792	37,000
Maturity of financial liabilities:				
Due in one year or less, or on demand	**11,677**	**-**	18,949	-
Due in more than one year but less than two years	**5,408**	**-**	2,521	-
Due in more than two years but less than five years	**5,587**	**-**	2,500	-
Due in more than 5 years	**50,378**	**49,500**	39,822	37,000
	73,050	**49,500**	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 BoE Base Rate. £2,500,000 of the bank term loan is repayable by 3 payments each year over the period to July 2012. The mortgage is secured on a specific asset, and bears interest on margins above LIBOR. £195,000 of the bank term loan is repayable by quarterly payments each year over the period to October 2017.

The bank overdraft is renewable annually and repayable on demand. At the balance sheet date, the group had undrawn overdraft borrowing facilities of £10,830,424 (2007: £6,152,000).

Loan notes

On 4 July 2007, the company created a maximum nominal amount of £12,500,000 LIBOR plus 2 per cent unsecured redeemable loan notes 2016, to be issued in integral multiples of £1.

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

Notes to the financial statements for the year ended 31 May 2008 (continued)

19 Provisions for liabilities

Deferred tax

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

	Capital allowances	Short-term timing differences	Losses	Total
	£'000	£'000	£'000	£'000
At 1 June 2007	1,074	3	-	1,077
Credit to profit and loss account for the period	(284)	(3)	-	(287)
At 31 May 2008	**790**	**-**	**-**	**790**

There is an unprovided deferred tax asset of £14.5 million (2007: £14.6 million) in respect of tax losses carried forward. No deferred tax asset will be recognised until these losses can be utilised.

20 Called up share capital

		2008		2007
	Number	**£'000**	Number	£'000
Authorised – Ordinary shares of £1 each	**79,000,001**	**79,000**	79,000,001	79,000
Allotted and fully paid – Ordinary shares of £1 each	**60,500,001**	**60,500**	38,000,001	38,000

On 4 July 2007, the nominal capital of the company was increased by £12,500,000 from the registered capital of £1 by the creation of 12,500,000 ordinary shares of £1 each ranking pari passu in all respects with existing ordinary share.

On 17 December 2007, the nominal capital of the company was increased by £10,000,000 from the registered capital of £1 by the creation of 10,000,000 ordinary shares of £1 each ranking pari passu in all respects with existing ordinary share.

21 Reserves

	Group 2008 £'000	Company 2008 £'000	Group 2007 £'000	Company 2007 £'000
At 1 August 2006/1 June 2007	**(2,919)**	**(1,786)**	-	-
Loss for the year/period	**(7,282)**	**(4,144)**	(2,919)	(1,786)
At 31 May	**(10,201)**	**(5,930)**	(2,919)	(1,786)

22 Reconciliation of movement in total shareholders' funds

	Group 2008 £'000	Company 2008 £'000	Group 2007 £'000	Company 2007 £'000
Loss for the year/period	**(7,282)**	**(4,144)**	(2,919)	(1,786)
Net proceeds of issue of ordinary shares	**22,500**	**22,500**	38,000	38,000
Opening shareholders' funds	**35,081**	**36,214**	-	-
Closing shareholders' funds	**50,299**	**54,570**	35,081	36,214

Reform Acquisitions Limited

Notes to the financial statements for the year ended 31 May 2008 (continued)

23 Reconciliation of operating loss

	2008 £'000	10 months ended 31 May 2007 £'000
Loss from operations	**(13,027)**	(6,312)
Adjustments for:		
Amortisation of players' registrations	**17,848**	6,236
Depreciation of tangible fixed assets	**4,018**	2,015
Amortisation of grant income	**(148)**	(80)
(Increase)/decrease in stocks	**(283)**	312
(Increase)/decrease in debtors	**(885)**	912
(decrease) in creditors	**(2,975)**	(6,669)
Net cash inflow/(outflow) from operating activities	**4,548**	(3,599)

24 Analysis of cash flows for heading netted in cash flow statement

	2008 £'000	10 months ended 31 May 2007 £'000
Returns on investments and servicing of finance		
Interest received	**110**	37
Interest paid	**(5,787)**	(2,712)
Finance leases	**7**	-
Net cash outflow from returns on investments and servicing of finance	**(5,670)**	(2,675)
Capital expenditure and financial investment		
Purchase of tangible fixed assets	**(13,067)**	(9,967)
Purchase of intangible fixed assets	**(21,814)**	(13,316)
Proceeds from disposal of tangible fixed assets	**51**	7,304
Proceeds from disposal of intangible fixed assets	**4,409**	4,298
Net cash outflow from capital expenditure and financial investment	**(30,421)**	(11,681)
Acquisitions and disposals		
Acquisition of the Aston Villa PLC group	**-**	(66,219)
Net cash outflow from acquisitions and disposals	**-**	(66,219)
Financing		
Funds from loan notes	**12,500**	37,000
Capital element of finance lease payments	**(7)**	-
Increase in bank loans	**4,033**	-
Net cash inflow from financing	**16,526**	37,000

25 Analysis of net debt

	At 1 June 2007 £'000	Cash flow £'000	Non-cash movements £'000	**At 31 May 2008 £'000**
Cash at bank and in hand	574	215	-	**789**
Debt due within 1 year -overdraft	(18,938)	7,268	-	**(11,670)**
Net cash	(18,364)	7,483	-	**(10,881)**
Debt due after 1 year –bank loan	(7,822)	(4,033)	-	**(11,855)**
Debt due after 1 year –loan notes	(37,000)	(12,500)	-	**(49,500)**
Finance leases	(32)	7	-	**(25)**
Net debt	(63,218)	(9,043)	-	**(72,261)**

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 2008 is £2,464,000 (2007: £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 £70,000 (10 months ended 31 May 2007: £347,000).

28 Events after the balance sheet date

Since 31 May 2008, 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 £30.4 million (2007: £21.9 million).

On 22 August 2008, the nominal capital of the company was increased by £15,000,000 from the registered capital of £1 by the creation of 15,000,000 ordinary shares of £1 each ranking pari passu in all respects with existing ordinary share. On the same date, the company created £15,000,000 unsecured redeemable discounted loan notes, issued to the parent company undertaking. Loan notes are repayable in June 2018.

On 17 October 2008, the authorised share capital of the company was increased by £120,999,999 to £200,000,000. In addition, the nominal capital of the company was increased by £11,000,000 from the registered capital of £1 by the creation of 11,000,000 ordinary shares of £1 each ranking pari passu in all respects with existing ordinary share. On the same date, the company created £11,000,000 unsecured redeemable discounted loan notes, issued to the parent company undertaking. Loan notes are repayable in October 2018.

29 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.

During the year, Mr R Lerner purchased items and services from the group totalling £107,291, all of which were on commercial terms. The balance owed at the balance sheet date was £6,041. This has been fully paid by Mr Lerner since the balance sheet date.

30 Ultimate parent undertaking and controlling party

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.