Reform Acquisitions Limited

Directors' report and financial statements

for the year ended 31 May 2012

Registered number 5891280

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Reform Acquisitions Limited

Directors' report and financial statements for the year ended 31 May 2012

	Page
Directors and advisors for the year ended 31 May 2012	1
Directors' report for the year ended 31 May 2012	2
Independent auditors' report to the members of Reform Acquisitions Limited	5
Consolidated profit and loss account for the year ended 31 May 2012	7
Consolidated balance sheet as at 31 May 2012	8
Company balance sheet as at 31 May 2012	9
Consolidated cash flow statement for the year ended 31 May 2012	10
Note to the consolidated cash flow statement for the year ended 31 May 2012	11
Notes to the financial statements for the year ended 31 May 2012	12

Reform Acquisitions Limited

Directors and advisors
for the year ended 31 May 2012

Directors

Mr R Lerner
Mr R Russell
Mr P Faulkner

Company Secretary

Mr R Russell

Registered office

Villa Park
Birmingham
West Midlands
B6 6HE

Independent auditors
PricewaterhouseCoopers LLP
Chartered Accountants and Statutory 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 2012

The directors present their annual report on the affairs of the Group, together with the audited consolidated financial statements of the Group for the year ended 31 May 2012

Principal activity

The Group operates a professional football club The principal activity of the Company is that of a holding company The directors consider that the key performance indicators of a professional football club are finishing position in the league, progress in cup competitions, attendance and turnover

Results for the year

The Group's loss was reduced by £36 2m, from £53 9m in 2010/11 to £17 7m in 2011/12

Although turnover fell by £11 6m from £92 0m to £80 4m, operating expenses were reduced by £20 3m, from £158 7m to £138 4m The fall in turnover was due to a lower final Barclays Premier League finish, falling from 9th to 16th, fewer live TV picks, early exit from cup competitions (the Club was involved in 4 cup competition matches in 2011/12 compared to 8 in 2010/11) and lower attendances (average league attendances fell from 37,220 in 2010/11 to 33,873 in 2011/12) We responded to these challenges by managing costs effectively

Profit on player sales increased by £8 1m, from £18 8m to £26 9m

The owner waived interest on loans totaling £107 1m made by him to the Club, creating a one-time benefit in 2011/12 of £20 3m

Key events

On 14 May 2012 Alex McLeish's contract as manager of Aston Villa Football Club was terminated His successor, Paul Lambert was appointed on 2 June 2012

On 17 October 2012 the Premier League awarded the Club's Academy Category 1 status under the recently adopted Elite Player Performance Plan regime

Prospects

Paul Lambert is building a youthful, highly motivated first team squad In addition to developing talent within our Academy we have recruited talented young prospects as well as established international players The directors believe that this strategy is right for the Club and will prove eminently sustainable in the long term

Community

The Club is actively committed to its role at the heart of the local community, utilising relationships with local and regional bodies as well as local business through a robust community programme Many of these programmes engage directly with ethnically and culturally diverse groups in our community, local education authorities, people from under-privileged backgrounds and charity organisations

Risks

The key risk facing any club in the Premier League is that of relegation The board mitigates this risk to the best of its ability by providing the manager with first class training facilities and appropriate payroll & transfer budgets, and through generous support to the Academy

The Group's residual financial risks relate to trade receivables and liquidity

Trade receivables comprise transfer fees receivable and other receivables The risk associated with transfer fees receivable is effectively transferred to the Premier League via the Football League's registration clearing system The Group maintains rigorous credit control procedures to mitigate credit risk associated with other trade receivables

Directors' report
for the year ended 31 May 2012 (continued)

Risks (continued)

The Group seeks to ensure sufficient liquidity is available to meet foreseeable needs through detailed daily forecasts The Group's overdraft facility is 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 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 financial statements on a going concern basis The directors have received confirmation that the ultimate holding company, Reform Acquisitions LLC, intends to support the Group and Company for at least one year after these financial statements are signed

Dividend

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

Directors

The directors of the Company who held office during the year and up to the date of signing the financial statements, unless stated, are given below

Mr R Lerner
Mr R Russell
Mr P Faulkner

Directors' indemnities

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

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 2012 the Group's creditor days outstanding were 18 (2011 21) The Company's creditor days are nil (2011 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 The services of existing employees who are or who become disabled are retained wherever practicable and the company is committed to applying the provisions of the Disability Discriminations Act 1995

Directors' report
for the year ended 31 May 2012 (continued)

Charitable and political donations

All fund raising events are dealt with by the Aston Villa Charitable Trust which is registered with the Charity Commission There were no political contributions (2011 £nil)

Statement of directors' responsibilities

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations

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

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

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

Disclosure of information to the auditors

So far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware and the directors have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information

This report was approved by the Board of Directors on 19 February 2013, and signed on their behalf by

Mr R Russell
Director

Independent auditors' report to the members of Reform Acquisitions Limited

We have audited the group and parent company financial statements (the "financial statements") of Reform Acquisitions Limited for the year ended 31 May 2012 which comprise the consolidated profit and loss account, the consolidated balance sheet, the company balance sheet, the consolidated cash flow statement and the related notes The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice)

Respective responsibilities of directors and auditors

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

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the group's and the parent company's affairs as at 31 May 2012 and of the group's loss and cash flows for the year then ended,

- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and

- have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matter prescribed by the Companies Act 2006

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

Independent auditors' report to the members of Reform Acquisitions 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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us, or

- the parent company 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

Matthew Mullins (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Birmingham
19 February 2013

Reform Acquisitions Limited

Registered number 5891280

Consolidated profit and loss account for the year ended 31 May 2012

				2012			2011
		Operations excluding player trading	**Player transactions**	**Total**	Operations excluding player trading	Player transactions	Total
	Note	**£'000**	**£'000**	**£'000**	£'000	£'000	£'000
Turnover	2	**79,750**	**615**	**80,365**	92,028	-	92,028
Operating expenses		**(112,706)**	**(25,701)**	**(138,407)**	(126,269)	(32,390)	(158,659)
Operating loss		**(32,956)**	**(25,086)**	**(58,042)**	(34,241)	(32,390)	(66,631)
(Loss)/Profit on sale of tangible fixed assets		**(2)**	**-**	**(2)**	6	-	6
Profit on disposal of players' registrations	4	**-**	**26,906**	**26,906**	-	18,832	18,832
(Loss)/Profit on ordinary activities before interest and taxation		**(32,958)**	**1,820**	**(31,138)**	(34,235)	(13,558)	(47,793)
Interest receivable and similar income	6			***20,512**			74
Interest payable and similar charges	7			**(6,924)**			(6,294)
Loss on ordinary activities before taxation	3			**(17,550)**			(54,013)
Tax on loss on ordinary activities	8			**(127)**			110
Loss for the financial year	20			**(17,677)**			(53,903)

* Includes interest waived on loan note liabilities of £20 3m (2011 £nil) – see note 6

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 and previous financial year Accordingly, no statement of total recognised gains and losses is given

Reform Acquisitions Limited

Registered number 5891280

Consolidated balance sheet as at 31 May 2012

	Note	2012 £'000	2011 £'000
Fixed assets			
Intangible assets	10	**46,589**	67,127
Tangible assets	11	**102,529**	107,789
		149,118	174,916
Current assets			
Stocks	13	**496**	639
Debtors	14	**16,340**	20,434
Cash at bank and in hand		**703**	598
		17,539	21,671
Creditors. amounts falling due within one year	15	**(84,401)**	(85,826)
Net current liabilities		**(66,862)**	(64,155)
Total assets less current liabilities		**82,256**	110,761
Creditors amounts falling due after more than one year	16	**(113,928)**	(129,883)
Provisions for liabilities	18	**(717)**	(590)
Net liabilities		**(32,389)**	(19,712)
Capital and reserves			
Called up share capital	19	**133,118**	128,118
Profit and loss account	20	**(165,507)**	(147,830)
Total shareholders' deficit	21	**(32,389)**	(19,712)

The financial statements on pages 7 to 30 were approved by the board of directors on 19 February 2013

Signed on behalf of the board of directors

Mr R Russell
Director

Reform Acquisitions Limited

Registered number 5891280

Company balance sheet as at 31 May 2012

	Note	2012 £'000	2011 £'000
Fixed assets			
Investments	12	**218,449**	208,449
Current assets			
Debtors	14	**436**	-
Cash at bank and in hand		**551**	551
		987	551
Creditors. amounts falling due within one year	15	**(37,558)**	(32,585)
Net current liabilities		**(36,571)**	(32,034)
Total assets less current liabilities		**181,878**	176,415
Creditors. amounts falling due after more than one year	16	**(107,132)**	(116,339)
Net assets		**74,746**	60,076
Capital and reserves			
Called up share capital	19	**133,118**	128,118
Profit and loss account	20	**(58,372)**	(68,042)
Total shareholders' funds	21	**74,746**	60,076

The financial statements on pages 7 to 30 were approved by the Board of Directors on 19 February 2013

Signed on behalf of the Board of Directors

Mr R Russell
Director

Reform Acquisitions Limited

Registered number 5891280

Consolidated cash flow statement for the year ended 31 May 2012

	Note	2012 £'000	2011 £'000
Net cash (outflow)/inflow from operating activities	22	**(27,385)**	4,051
Returns on investments and servicing of finance	23	**(620)**	(665)
Cash inflow/(outflow) from capital expenditure and financial investments	23	**15,222**	(20,090)
Cash outflow before financing		**(12,783)**	(16,704)
Financing	23	**6,775**	20,294
(Decrease)/Increase in cash in the year		**(6,008)**	3,590

Reform Acquisitions Limited

Registered number 5891280

Note to the consolidated cash flow statement

Reconciliation of net cash flow to movement in net debt for the year ended 31 May 2012:

	Note	2012 £'000	2011 £'000
(Decrease)/Increase in cash in the year		**(6,008)**	3,590
Movement in borrowings		**3,225**	4,682
Movement in finance leases		**-**	24
Funds from loan notes		**(5,000)**	(12,500)
Movement in net debt in the year	24	**(7,783)**	(4,204)
Net debt at 1 June		**(113,745)**	(109,541)
Net debt at 31 May	24	**(121,528)**	(113,745)

Notes to the financial statements for the year ended 31 May 2012

1 Accounting policies

Basis of accounting

The financial statements have been prepared under the historical cost convention, and in accordance with the Companies Act 2006 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 financial statements 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 All intercompany transactions and balances are eliminated on consolidation Uniform accounting policies have been applied across the Group Certain balances have been represented to enable consistent disclosure with the current year The profit for the financial year dealt with in the financial statements of the parent company was £9 7m (2011 loss of £45 0m) As permitted by section 408 of the Companies Act 2006, 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 turnover 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 turnover are recognised on an earned basis Turnover 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

Fixed asset investments

The company's investments in subsidiaries are stated at cost less any provision for impairment Impairment reviews are performed by the directors when there has been an indication of potential impairment

1 Accounting policies (continued)

Tangible fixed assets

Tangible fixed assets are stated at historic purchase cost less accumulated depreciation and any provision for impairment Cost includes the original purchase price of the asset and the costs directly attributable with the purchase of the asset Depreciation is calculated on a straight-line basis to write down the assets to their estimated residual value over the anticipated useful lives, which are re-assessed on a periodic basis, 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 fixed assets – players' registrations

The costs associated with the acquisition of players' registrations are capitalised as an intangible fixed asset at the date of acquisition, and are amortised over the period of the respective player's 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 amortised cost of the intangible asset

Impairment of tangible and intangible fixed assets

At each balance sheet date, the Group reviews the carrying amounts of its tangible and intangible fixed assets as included in cash generating units to determine whether there is any indication that those assets have suffered an impairment loss If any such indicator 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 as incurred 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 year ended 31 May 2012 (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

Foreign currencies

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 2012 (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

Deferred tax is measured on an undiscounted 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

	2012	2011
	£'000	£'000
Matchday	**19,878**	21,449
Media	**46,774**	53,880
Commercial	**13,713**	16,699
	80,365	92,028

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 2012 (continued)

3 Loss on ordinary activities before taxation

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

	2012 £'000	2011 £'000
Depreciation of owned tangible fixed assets	**6,144**	6,113
Loss/(Profit) on disposal of tangible fixed assets	**2**	(6)
Amortisation of players' registrations	**25,701**	32,390
Deferred grant income	**(140)**	(140)
Staff costs excluding exceptional item (note 5)	**69,609**	83,395
Exceptional item	**5,930**	12,036
Auditors' remuneration for audit services	**85**	85

The exceptional item relates to termination and onerous contract costs

The audit fee for the company was borne by another Group company in both financial years

4 Exceptional items reported after operating loss

The profit on disposal of players' registration in the year amounted to £26,905,531 (2011 £18,832,354)

5 Staff costs

Group	2012 Number	2011 Number
Average monthly number of employees by activity		
Players, football management and coaches	**156**	151
Commercial, merchandising and operations	**292**	295
Maintenance and administration	**96**	105
Full-time employees	**544**	551
Part-time employees on matchdays and other events	**1,196**	1,165
	1,740	1,716

Notes to the financial statements for the year ended 31 May 2012 (continued)

5 Staff costs (continued)

Remuneration	2012 £'000	2011 £'000
Wages and salaries	**61,236**	74,047
Social security costs	**8,111**	9,127
Other pension costs (note 26)	**262**	221
	69,609	83,395

The Company does not have any employees (2011 none) In addition to the above are exceptional staff costs of £5 5m (2011 £11 4m)

	2012 £	2011 £
Directors' remuneration		
Aggregate emoluments	**424,899**	407,212
Company contribution to money purchase schemes	**16,957**	6,600
	441,856	413,812

Company contribution to money purchase schemes relate to one director (2011 one)

	2012 £	2011 £
Remuneration of the highest paid director		
Aggregate emoluments	**256,097**	242,912
Company contribution to money purchase schemes	**-**	6,600
	256,097	249,512

All of the directors are remunerated in relation to their services to the Group by a subsidiary company and none of the directors received remuneration in relation to their services to the Company (2011 none)

6 Interest receivable and similar income

	2012 £'000	2011 £'000
Interest receivable	**172**	74
Interest waived on loan note liabilities	**20,340**	-
	20,512	74

7 Interest payable and similar charges

	2012 £'000	2011 £'000
Interest on bank overdrafts and loans	**734**	675
Interest on loan notes	**6,133**	5,616
Other interest payable	**57**	3
	6,924	6,294

8 Tax on loss on ordinary activities

		2012 £'000	2011 £'000
Current tax:			
UK corporation tax	Current year	-	-
	Prior year	-	-
		-	-
Deferred tax			
UK	Current year	**(119)**	(110)
	Prior year	**246**	-
Tax on loss on ordinary activities		**127**	(110)

Corporation tax is calculated at 25 66% (2011 27 66%) of the estimated assessable profit for the year

The tax assessed for the year is higher (2011 higher) than the standard rate of corporation tax in the UK (25 66%) (2011 27 66%) The differences are explained below

	2012 £'000	2011 £'000
Loss on ordinary activities before tax	**(17,550)**	(54,013)
Tax at the UK corporation tax rate of 25 66% (2011 27 66%)	**(4,503)**	(14,940)
Expenses not deductible for tax purposes	**(458)**	1,653
Capital allowances in excess of depreciation	**581**	494
Unrelieved tax losses carried forward	**6,611**	11,254
Other timing differences	**(2,231)**	1,539
Current tax charge for the year	-	-

In addition to the changes in rates of Corporation tax disclosed above, a number of further changes to the UK Corporation tax system were announced in the March 2012 UK Budget Statement Legislation to reduce the main rate of corporation tax from 24% to 23% from 1 April 2013 was included in the Finance Act 2012 A further reduction to the main rate is proposed to reduce the rate to 22% from 1 April 2014 These further changes had not been substantively enacted at the balance sheet date and, therefore, are not included in these financial statements The proposed reduction of the main rate of corporation tax to 22% from 1 April 2014 is expected to be enacted separately

9 Dividends

The directors do not recommend the payment of a final dividend which results in no dividend being paid for the year (2011 £nil)

10 Intangible fixed assets

Group	Players' registrations £'000
Cost	
At 1 June 2011	139,446
Additions	18,594
Reversal of capitalised costs contingent upon future events	(3,014)
Disposals	(49,929)
At 31 May 2012	**105,097**
Accumulated amortisation	
At 1 June 2011	72,319
Charge for the year	25,701
Disposals	(39,512)
At 31 May 2012	**58,508**
Net book value	
At 31 May 2012	**46,589**
At 31 May 2011	67,127

The Company does not have any intangible fixed assets (2011 £nil)

11 Tangible fixed assets

Group	Freehold land and buildings £'000	Leasehold land and buildings £'000	Plant and equipment £'000	Total £'000
Cost				
At 1 June 2011	106,763	201	21,293	128,257
Additions	-	-	901	901
Disposals	-	-	(23)	(23)
At 31 May 2012	**106,763**	**201**	**22,171**	**129,135**
Accumulated depreciation				
At 1 June 2011	11,278	18	9,172	20,468
Charge for the year	2,663	2	3,479	6,144
Disposals	-	-	(6)	(6)
At 31 May 2012	**13,941**	**20**	**12,645**	**26,606**
Net book value				
At 31 May 2012	**92,822**	**181**	**9,526**	**102,529**
At 1 June 2011	95,485	183	12,121	107,789

Freehold land and buildings includes freehold land amounting to £7,931,524 (2011 £7,931,524) which has not been depreciated

12 Fixed asset investments

	£'000
At 1 June 2011 at cost	229,219
Additional investment in Aston Villa Limited	10,000
At 31 May 2012 at cost	**239,219**
Impairment of fixed asset investments at 1 June 2011 and 31 May 2012	(20,770)
At 31 May 2012	**218,449**

The investment has been written down to its estimated net realisable value

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

Company	Principal activity	Holding	
Aston Villa Limited	Property investment	3,471,731,045 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 and Wales The results of the subsidiary undertakings have been consolidated in the Group financial statements

All of the above subsidiaries are owned directly by Reform Acquisitions Limited unless marked by an asterisk

The directors believe that the carrying value of the investments is supported by their underlying net assets

13 Stocks

Group	**2012**	2011
	£'000	£'000
Goods held for resale	**496**	639

The Company did not have any stock (2011 £nil)

Reform Acquisitions Limited

Notes to the financial statements for the year ended 31 May 2012 (continued)

14 Debtors

	Group 2012 £'000	Company 2012 £'000	Group 2011 £'000	Company 2011 £'000
Trade debtors	**14,508**	-	16,419	-
Amounts owed by group undertakings	-	**436**	-	-
Other debtors	**544**	-	2,048	-
Prepayments and accrued income	**1,288**	-	1,967	-
	16,340	**436**	20,434	-

Trade debtors due in over one year of £3,000,000 (2011 £1,000,000) have been included in the above

15 Creditors: amounts falling due within one year

	Group 2012 £'000	Company 2012 £'000	Group 2011 £'000	Company 2011 £'000
Bank loans and overdrafts (note 17)	**14,259**	-	10,644	-
Trade creditors	**17,925**	-	20,332	-
Amounts owed to parent undertakings	**30,190**	**30,190**	25,217	25,217
Amounts owed to subsidiary undertakings	-	**7,368**	-	7,368
Taxation and social security costs	**6,573**	-	8,786	-
Other creditors	**329**	-	379	-
Accruals and deferred income	**15,125**	-	20,468	-
	84,401	**37,558**	85,826	32,585

Amounts owed to parent and subsidiary undertakings are unsecured, bear no interest and are repayable on demand

Notes to the financial statements for the year ended 31 May 2012 (continued)

16 Creditors: amounts falling due after more than one year

	Group 2012 £'000	Company 2012 £'000	Group 2011 £'000	Company 2011 £'000
Bank loans (note 17)	**840**	**-**	1,567	-
Loan notes payable to parent undertaking (note 17)	**107,132**	**107,132**	102,132	102,132
Trade creditors	**2,765**	**-**	8,646	-
Grants and donations	**3,191**	**-**	3,331	-
Accrued interest	**-**	**-**	14,207	14,207
	113,928	**107,132**	129,883	116,339

Grants and donations

	Group 2012 £'000	Company 2012 £'000	Group 2011 £'000	Company 2011 £'000
At 1 June	**3,331**	**-**	3,471	-
Credit to loss from operations in the year	**(140)**	**-**	(140)	-
At 31 May	**3,191**	**-**	3,331	-

17 Loans and other borrowings

	Group 2012 £'000	Company 2012 £'000	Group 2011 £'000	Company 2011 £'000
Bank loans and overdrafts	**15,099**	**-**	12,211	-
Loan notes	**107,132**	**107,132**	102,132	102,132
	122,231	**107,132**	114,343	102,132
Maturity of financial liabilities				
Due in one year or less, or on demand	**14,259**	**-**	10,644	-
Due in more than one year but less than two years	**720**	**-**	727	-
Due in more than two years but less than five years	**37,120**	**37,000**	840	-
Due in more than 5 years	**70,132**	**70,132**	102,132	102,132
	122,231	**107,132**	114,343	102,132

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 Bank of England Base Rate £720,000 of the bank term loan is repayable by 12 payments each year over the period to July 2014

The bank overdraft is renewable annually and repayable on demand At the balance sheet date, the Group had undrawn overdraft borrowing facilities of £8,961,101 (2011 £15,074,322)

Loan notes

On 13 December 2011 the company issued £5,000,000 discounted unsecured redeemable loan notes Notes are repayable in full on 13 December 2021

18 Provisions for liabilities

Deferred tax

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

	Capital allowances £'000	Short-term timing differences £'000	Losses £'000	Total £'000
At 1 June 2011	590	-	-	590
Charge to profit and loss account for the year	127	-	-	127
At 31 May 2012	**717**	**-**	**-**	**717**

There is an unprovided deferred tax asset of £45 4m (2011 £45 9m) in respect of tax losses carried forward in the Group, and an unprovided deferred tax asset of £4 5m (2011 £7 7m) in the company No deferred tax asset will be recognised until these losses can be utilised

19 Called up share capital

	2012 Number	**2012** £'000	2011 Number	2011 £'000
Authorised – ordinary shares of £1 each	**200,000,000**	**200,000**	200,000,000	200,000
Allotted and fully paid – ordinary shares of £1 each	**133,117,792**	**133,118**	128,117,792	128,118

On 13 December 2011 the nominal capital of the company was increased by £5,000,000 by the creation of 5,000,000 ordinary shares of £1 each ranking pari passu in all respects with existing ordinary shares

Notes to the financial statements for the year ended 31 May 2012 (continued)

20 Profit and loss account

	Group 2012 £'000	Company 2012 £'000	Group 2011 £'000	Company 2011 £'000
At 1 June	**(147,830)**	**(68,042)**	(93,927)	(23,026)
(Loss)/Profit for the financial year	**(17,677)**	**9,670**	(53,903)	(45,016)
At 31 May	**(165,507)**	**(58,372)**	(147,830)	(68,042)

21 Reconciliation of movements in shareholders' (deficit)/funds

	Group 2012 £'000	Company 2012 £'000	Group 2011 £'000	Company 2011 £'000
(Loss)/Profit for the financial year	**(17,677)**	**9,670**	(53,903)	(45,016)
Net proceeds of issue of ordinary shares	**5,000**	**5,000**	12,500	12,500
Opening shareholders' (deficit)/funds	**(19,712)**	**60,076**	21,691	92,592
Closing shareholders' (deficit)/funds	**(32,389)**	**74,746**	(19,712)	60,076

22 Net cash flow from operating activities

	2012 £'000	2011 £'000
Operating loss	**(58,042)**	(66,631)
Amortisation of players' registrations	**25,701**	32,390
Depreciation of tangible fixed assets	**6,144**	6,113
Amortisation of grant income	**(140)**	(140)
Decrease/(Increase) in stocks	**143**	(79)
Decrease/(Increase) in debtors	**1,649**	(2,245)
(Decrease)/Increase in creditors	**(2,840)**	34,643
Net cash (outflow)/inflow from operating activities	**(27,385)**	4,051

Reform Acquisitions Limited

Notes to the financial statements for the year ended 31 May 2012 (continued)

23 Analysis of cash flows netted in cash flow statement

	2012	2011
	£'000	£'000
Returns on investments and servicing of finance		
Interest received	**172**	74
Interest paid	**(792)**	(739)
Net cash outflow from returns on investments and servicing of finance	**(620)**	(665)
Capital expenditure and financial investment		
Purchase of tangible fixed assets	**(901)**	(1,927)
Purchase of intangible fixed assets	**(23,661)**	(40,353)
Proceeds from disposal of tangible fixed assets	**15**	132
Proceeds from disposal of intangible fixed assets	**39,769**	22,058
Net cash inflow/(outflow) from capital expenditure and financial investment	**15,222**	(20,090)
Financing		
Funds from loan notes	**5,000**	12,500
Issue of ordinary shares	**5,000**	12,500
Decrease in borrowings	**(3,225)**	(4,682)
Capital element of finance lease payments	**-**	(24)
Net cash inflow from financing	**6,775**	20,294

Notes to the financial statements for the year ended 31 May 2012 (continued)

24 Analysis of net debt

	At 1 June 2011	Cash flow	Non-cash movements	**At 31 May 2012**
	£'000	£'000	£'000	**£'000**
Cash at bank and in hand	598	105	-	**703**
Debt due within 1 year - overdraft	(7,426)	(6,113)	-	**(13,539)**
Net cash	(6,828)	(6,008)	-	**(12,836)**
Debt due within 1 year – bank loan	(3,218)	3,218	(720)	**(720)**
Debt due after 1 year – bank loan	(1,567)	7	720	**(840)**
Debt due after 1 year – loan notes	(102,132)	(5,000)	-	**(107,132)**
Net debt	(113,745)	(7,783)	-	**(121,528)**

Non-cash movements relate to transfers between categories

25 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 2012 is £3,202,727 (2011 £4,658,597)

26 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 profit and loss account as they become payable The assets of the scheme are held separately from those of the Group, being invested with insurance companies Under the provisions of Financial Reporting Standard 17 'Retirement Benefits' 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 identified on a reasonable and consistent basis and accordingly no disclosures are made under the provisions of Financial Reporting Standard 17 'Retirement Benefits' This deficit has been appropriately accounted for over the remaining service lives of the employees concerned in accordance with Financial Reporting Standard 17 'Retirement Benefits' Where employees have left the Group, the amount was charged to the consolidated profit and loss account in the year in which the deficit was notified At the year end, the amount outstanding in relation to the defined contribution schemes was £155,188 (£2011 £198,124)

Contributions are also paid into individuals' private pension schemes The total contributions across all schemes during the year amounted to £262,469 (2011 £220,649)

27 Events after the balance sheet date

On 14 May 2012 Alex McLeish's contract as manager of Aston Villa Football Club was terminated with immediate effect His successor, Paul Lambert was appointed on 2 June 2012

Since the balance sheet date various players have been bought and sold The net income of these transfers, taking into account the applicable levies, is £2 5 million (2011 £35 4 million) The net cost of these transfers, taking into account the applicable levies, is £21 7 million (2011 £17 8 million) These transfers will be accounted for in the year ending 31 May 2013

28 Related party transactions

The company has taken advantage of the exemption under paragraph 3(c) from the provisions of FRS8, 'Related Party Disclosures' not to disclose transactions with other entities that are wholly owned subsidiaries of Reform Acquisitions Limited

The Company has incurred a number of costs during the year, which are incurred on behalf of Mr R Lerner, a director of the company These costs are repayable by the director and included in his loan account balance to the company At the year-end a balance of £102,468 (2011 £1,632,093) remained due from Mr R Lerner This balance was settled in full after the year end date

29 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 Mr R Lerner