

Reform Acquisitions Limited

Annual report and financial statements
for the year ended 31 May 2009

Registered number 5891280



Reform Acquisitions Limited

Annual report and financial statements for the year ended 31 May 2009

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Reform Acquisitions Limited

Directors and advisors for the year ended 31 May 2009

Directors

Mr R Lerner
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 2009

The directors present their annual report on the affairs of the group, together with the audited financial statements for the year ended 31 May 2009

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 £84.2m, representing an increase of 11.3% over that achieved in the prior year.

Operating expenses before amortisation amounted to £105.1m (2008: £70.8m). This increase includes additional costs of improved salary packages required to attract top professionals to the football club.

After the charge for amortisation of players' registrations, the Group reported an operating loss of £43.7m (2008: £13.0m). The profit on disposal of players' registrations in the year amounted to £2.9m (2008: £11.8m).

The Group reported a loss on ordinary activities before taxation of £46.2m (2008: £7.6m).

The football season resulted in a final league place of 6th which was the same as in the previous season. Average league attendances fell from 40,375 in 2007/08 to 39,812 in the season under review. The Club was involved in 17 cup competition matches (2008: 3 matches), 8 of which were staged at Villa Park. The number of Aston Villa's televised league matches increased from 17 live broadcasts last season to 18 in 2008/09.

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 2009 summer transfer window by acquiring the registrations of seven 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.

Reform Acquisitions Limited

Directors' report for the year ended 31 May 2009 (continued)

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

Key performance indicators

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 continuation of the partnership with Acorns Children's Hospice whereby the hospices are promoted on the club shirts for the forthcoming football season

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. 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

Foreign currency translation

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 financial year are set out in the consolidated profit and loss on page 9. Group losses after tax amount to £46.2m (2008: £7.3m). 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 (2008: £nil)

Reform Acquisitions Limited

Directors' report for the year ended 31 May 2009 (continued)

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 M Martin (resigned 01 01 09)
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

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 2009 the number of days purchases by the Group outstanding was 32 (2008 40). The Company's creditor days are nil (2008 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.

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 (2008, £nil).

Reform Acquisitions Limited

Directors' report for the year ended 31 May 2009 (continued)

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 elected to prepare the group and 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 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 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 confirm they have complied with the above requirements in preparing the financial statements.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and 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 (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.

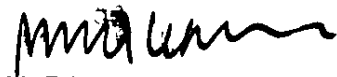
Reform Acquisitions Limited

Directors' report for the year ended 31 May 2009 (continued)

Independent auditors

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 11 November 2009



Mr R Lerner
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 2009 which comprise the Consolidated Profit and Loss Account, the Consolidated and Company Balance Sheets, the Consolidated Cash Flow Statement, the Reconciliation of Net Cash Flow to Movement in Net Debt 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 5 the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit 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 Sections 495 and 496 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.

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 2009 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

A handwritten signature in black ink, appearing to read 'Matthew Mullins', followed by a long horizontal flourish.

Matthew Mullins (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Birmingham
12 November 2009

Reform Acquisitions Limited

Registered number 5891280

Consolidated profit and loss account for the year ended 31 May 2009

		2009	2008
	Note	£'000	£'000
Turnover	2	84,207	75,639
Administrative expenses		(105,137)	(70,818)
Operating (loss)/profit before amortisation		(20,930)	4,821
Amortisation of players' registrations		(22,943)	(17,848)
Total operating expenses		(128,080)	(88,666)
Other operating income		135	-
Operating loss		(43,738)	(13,027)
Loss on sale of tangible fixed assets		(32)	(683)
Profit on disposal of players' registrations	4	2,897	11,818
Loss on ordinary activities before interest and taxation		(40,873)	(1,892)
Interest receivable and similar income	6	301	110
Interest payable and similar charges	7	(5,653)	(5,787)
Loss on ordinary activities before taxation	3	(46,225)	(7,569)
Tax credit on loss on ordinary activities	8	71	287
Loss for the financial year	21	(46,154)	(7,282)

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

Consolidated balance sheet as at 31 May 2009

	Note	2009 £'000	2008 £'000
Fixed assets			
Intangible assets	10	57,285	38,736
Tangible assets	11	118,585	112,207
		175,870	150,943
Current assets			
Stocks	13	763	513
Debtors	14	11,669	15,662
Cash at bank and in hand		8,531	789
		20,963	16,964
Creditors, amounts falling due within one year	15	(53,646)	(45,398)
Net current liabilities		(32,683)	(28,434)
Total assets less current liabilities		143,187	122,509
Creditors: amounts falling due after more than one year	16	(99,712)	(67,644)
Grants and donations	17	(3,611)	(3,776)
		(103,323)	(71,420)
Provisions for liabilities	19	(719)	(790)
Net assets		39,145	50,299
Capital and reserves			
Called up share capital	20	95,500	60,500
Profit and loss reserve	21	(56,355)	(10,201)
Total shareholders' funds	22	39,145	50,299

These financial statements on pages 9 to 31 were approved by the Board of Directors on 11 November 2009

Signed on behalf of the Board of Directors



Mr R Lerner
Director

Reform Acquisitions Limited

Company balance sheet as at 31 May 2009

	Note	2009 £'000	2008 £'000
Fixed assets			
Investments	12	179,219	109,219
Current assets			
Cash at bank and in hand		551	551
		551	551
Creditors: amounts falling due within one year	15	(13,353)	(5,700)
Net current liabilities		(12,802)	(5,149)
Total assets less current liabilities		166,417	104,070
Creditors: amounts falling due after more than one year	16	(89,020)	(49,500)
Net assets		77,397	54,570
Capital and reserves			
Called up share capital	20	95,500	60,500
Profit and loss account	21	(18,103)	(5,930)
Total shareholders' funds	22	77,397	54,570

These financial statements on pages 9 to 31 were approved by the Board of Directors on 11 November 2009

Signed on behalf of the Board of Directors



Mr R Lerner
Director

Reform Acquisitions Limited

Consolidated cash flow statement for the year ended 31 May 2009

		2009	2008
	Note	£'000	£'000
Net cash inflow from operating activities	23	2,973	4,548
Returns on investments and servicing of finance	24	(463)	(5,670)
Capital expenditure and financial investments	24	(50,411)	(30,421)
Cash outflow before use of liquid resources and financing		(47,901)	(31,543)
Financing	24	70,000	39,026
Increase in cash in the year		22,099	7,483

Reconciliation of net cash flow to movement in net debt for the year ended 31 May 2009

		2009	2008
	Note	£'000	£'000
Increase in cash in the year		22,099	7,483
Funds from loan notes		(35,000)	(16,526)
Movement in net debt in the year		(12,901)	(9,043)
Net debt at 1 June		(72,261)	(63,218)
Net debt at 31 May	25	(85,162)	(72,261)

Reform Acquisitions Limited

Notes to the financial statements for the year ended 31 May 2009

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 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 31st 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 loss for the financial year dealt with in the financial statements of the parent company was £12,172,839 (2008 £4,144,072). 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 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 provision for impairment. Impairment reviews are performed by the directors when there has been an indication of potential impairment.

Reform Acquisitions Limited

Notes to the financial statements for the year ended 31 May 2009 (continued)

1 Accounting policies (continued)

Tangible fixed assets

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

Reform Acquisitions Limited

Notes to the financial statements for the year ended 31 May 2009 (continued)

1 Accounting policies (continued)

Stocks

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

Long term contracts

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

Foreign currency

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

Reform Acquisitions Limited

Notes to the financial statements for the year ended 31 May 2009 (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:

	2009 £'000	2008 £'000
Matchday	22,622	18,510
Media	49,497	46,053
Commercial	12,088	11,076
	84,207	75,639

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.

Reform Acquisitions Limited

Notes to the financial statements for the year ended 31 May 2009 (continued)

3 Loss on ordinary activities before taxation

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

	2009	2008
	£'000	£'000
Depreciation of tangible fixed assets	5,129	4,018
Amortisation of players' registrations	22,943	17,848
Deferred grant income	(165)	(148)
Staff costs (note 5)	70,577	50,447
Auditors' remuneration for audit services	78	78
Auditors' remuneration for assurance and tax services	-	24

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 £2,897,000 (2008 £11,818,000)

Reform Acquisitions Limited

Notes to the financial statements for the year ended 31 May 2009 (continued)

5 Staff costs

	2009 Number	2008 Number
Average monthly number of employees		
Players, football management and coaches	134	86
Commercial, merchandising and operations	168	157
Maintenance and administration	99	76
Community projects staff	44	17
Full-time employees	445	336
Part-time employees on matchdays and other events	953	941
	1,398	1,277

	2009 £'000	2008 £'000
Remuneration		
Wages and salaries	63,135	45,174
Social security costs	7,255	5,203
Pension costs (Note 27)	187	70
	70,577	50,447

The company does not have any employees (2008 none)

None of the directors received remuneration in relation to their services to the Company and Group (2008 £nil)

Reform Acquisitions Limited

Notes to the financial statements for the year ended 31 May 2009 (continued)

6 Interest receivable and similar income

	2009	2008
	£'000	£'000
Interest receivable	301	110

7 Interest payable and similar charges

	2009	2008
	£'000	£'000
Interest on bank overdrafts and loans	760	1,367
Amortisation of discount on long term liabilities	369	272
Interest on loan notes	4,521	4,144
Other interest payable	3	4
	5,653	5,787

Reform Acquisitions Limited

Notes to the financial statements for the year ended 31 May 2009 (continued)

8 Tax credit on loss on ordinary activities

		2009 £'000	2008 £'000
Current tax:			
UK corporation tax	Current year	-	-
	Prior year	-	-
		-	-
Deferred tax:			
UK	Current year	(34)	(287)
	Prior year	(37)	-
		(71)	(287)

Corporation tax is calculated at 28% (2008 29.67%) of the estimated assessable profit for the year

The tax assessed for the year is different from the standard rate of corporation tax in the UK (28%) (2008 29.67%). The differences are explained below

	2009 £'000	2008 £'000
Loss on ordinary activities before tax	(46,225)	(7,569)
Tax at the UK corporation tax rate of 28% (2008 29.67%)	(12,943)	(2,246)
Expenses not deductible for tax purposes	1,030	1,117
Capital allowances in excess of depreciation	350	171
Utilisation of bought forward taxation losses	-	(232)
Unrelieved tax losses carried forward	10,279	-
Other timing differences	1,284	1,190
Current tax charge for the year	-	-

Reform Acquisitions Limited

Notes to the financial statements for the year ended 31 May 2009 (continued)

9 Dividends

The directors do not recommend the payment of a final dividend which results in no dividend being paid for the year (2008 £nil)

10 Intangible assets

Group	Players' registrations £'000
Cost	
At 1 June 2008	72,870
Additions	42,727
Disposals	(15,666)
At 31 May 2009	99,931
Accumulated amortisation	
At 1 June 2008	34,134
Charge for the year	22,943
Disposals	(14,431)
At 31 May 2009	42,646
Net book value	
At 31 May 2009	57,285
At 31 May 2008	38,736

The company does not have any intangible fixed assets (2008, £nil)

Reform Acquisitions Limited

Notes to the financial statements for the year ended 31 May 2009 (continued)

11 Tangible assets

Group	Freehold land and buildings £'000	Construct- ion in progress £'000	Leasehold land and buildings £'000	Plant and equipment £'000	Motor vehicles £'000	Total £'000
Cost						
At 1 June 2008	106,202	2,832	201	7,847	292	117,374
Additions	-	3,386	-	7,915	336	11,637
Disposals	(131)	-	-	(55)	(146)	(332)
At 31 May 2009	106,071	6,218	201	15,707	482	128,679
Accumulated depreciation						
At 1 June 2008	3,551	-	12	1,560	44	5,167
Charge for the year	2,502	-	2	2,487	138	5,129
Disposals	(89)	-	-	(55)	(58)	(202)
At 31 May 2009	5,964	-	14	3,992	124	10,094
Net book value						
At 31 May 2009	100,107	6,218	187	11,715	358	118,585
At 1 June 2008	102,651	2,832	189	6,287	248	112,207

Freehold land and buildings includes freehold land amounting to £7,931,524 (2008 £7,931,524) which has not been depreciated

At 31 May 2009, the group had contracted capital commitments of £4,686,157 (2008 £8,089,000)

Reform Acquisitions Limited

Notes to the financial statements for the year ended 31 May 2009 (continued)

12 Investments

	£'000
At 1 June 2008	109,219
Additional investment in Aston Villa Limited	70,000
At 31 May 2009	179,219

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

Company	Principal activity	Holding	
Aston Villa Limited	Property investment	2,271,731,045 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.

13 Stocks

Group	2009 £'000	2008 £'000
Goods held for resale	763	513

The company did not have any stock (2008 £nil)

Reform Acquisitions Limited

Notes to the financial statements for the year ended 31 May 2009 (continued)

14 Debtors

Group	2009 £'000	2008 £'000
Trade debtors	8,082	13,949
Other debtors	258	307
Prepayments and accrued income	3,329	1,406
	11,669	15,662

Trade debtors due in over one year of £1,000,000 (2008 £4,500,000) have been included in the above. The company had no debtors (2008 £nil)

15 Creditors: amounts falling due within one year

	Group 2009 £'000	Company 2009 £'000	Group 2008 £'000	Company 2008 £'000
Bank loans and overdrafts (Note 18)	2,694	-	11,670	-
Trade creditors	18,989	-	22,477	-
Amounts due to parent undertakings	7,653	13,353	-	5,700
Finance leases and hire purchase (Note 18)	8	-	7	-
Taxation and social security costs	9,767	-	6,904	-
Other creditors	637	-	274	-
Accruals and deferred income	13,898	-	4,066	-
	53,646	13,353	45,398	5,700

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

Reform Acquisitions Limited

Notes to the financial statements for the year ended 31 May 2009 (continued)

16 Creditors: amounts falling due after more than one year

	Group 2009 £'000	Company 2009 £'000	Group 2008 £'000	Company 2008 £'000
Bank loans (Note 18)	6,467	-	11,855	-
Loan notes payable to parent undertaking (Note 18)	84,500	84,500	49,500	49,500
Trade creditors	4,201	-	6,266	-
Finance leases and hire purchase (Note 18)	24	-	18	-
Accrued Interest	4,520	4,520	5	-
	99,712	89,020	67,644	49,500

17 Grants and donations

	Group 2009 £'000	Company 2009 £'000	Group 2008 £'000	Company 2008 £'000
At 1 June	3,776	-	3,924	-
Credit to loss from operations in the year	(165)	-	(148)	-
At 31 May	3,611	-	3,776	-

Reform Acquisitions Limited

Notes to the financial statements for the year ended 31 May 2009 (continued)

18 Loans and other borrowings

	Group 2009 £'000	Company 2009 £'000	Group 2008 £'000	Company 2008 £'000
Bank loans and overdrafts	9,161	-	23,525	-
Finance leases and hire purchase	32	-	25	-
Loan notes	84,500	84,500	49,500	49,500
	93,693	84,500	73,050	49,500
Maturity of financial liabilities				
Due in one year or less, or on demand	2,702	-	11,677	-
Due in more than one year but less than two years	2,718	-	5,408	-
Due in more than two years but less than five years	3,091	-	5,587	-
Due in more than 5 years	85,182	84,500	50,378	49,500
	93,693	84,500	73,050	49,500

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. £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 £14,692,470 (2008: £10,830,424).

Loan notes

On 22 August 2008 the company issued £15,000,000 discounted unsecured redeemable loan notes. Notes are repayable in full on 22 August 2018. On 17 October 2008 the company issued £11,000,000 discounted unsecured redeemable loan notes. Notes are repayable in full on 17 October 2018. On 12 March 2009 the company issued £9,000,000 discounted unsecured redeemable loan notes. Notes are repayable in full on 12 March 2019.

Reform Acquisitions Limited

Notes to the financial statements for the year ended 31 May 2009 (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 year

	Capital allowances £'000	Short-term timing differences £'000	Losses £'000	Total £'000
At 1 June 2008	790	-	-	790
Adjustment in respect of prior years	(37)	-	-	(37)
Credit to profit and loss account for the year	(34)	-	-	(34)
At 31 May 2009	719	-	-	719

There is an unprovided deferred tax asset of £26.6 million (2008 £14.5 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

	Number	2009 £'000	Number	2008 £'000
Authorised – ordinary shares of £1 each	200,000,000	200,000	79,000,001	79,000
Allotted and fully paid – ordinary shares of £1 each	95,500,001	95,500	60,500,001	60,500

On 17th August 2008 the authorised share capital of the company was increased by £120,999,999 by the creation of 120,999,999 ordinary shares of £1 each ranking pari passu in all respects with existing ordinary shares.

On 22 August 2008 the nominal capital of the company was increased by £15,000,000 by the creation of 15,000,000 ordinary shares of £1 each ranking pari passu in all respects with existing ordinary shares. On 17 October 2008 the nominal capital of the company was increased by £11,000,000 by the creation of 11,000,000 ordinary shares of £1 each ranking pari passu in all respects with existing ordinary shares. On 12 March 2009 the nominal capital of the company was increased by £9,000,000 by the creation of 9,000,000 ordinary shares of £1 each ranking pari passu in all respects with existing ordinary shares.

Reform Acquisitions Limited

Notes to the financial statements for the year ended 31 May 2009 (continued)

21 Reserves

	Group	Company	Group	Company
	2009	2009	2008	2008
	£'000	£'000	£'000	£'000
At 1 June	(10,201)	(5,930)	(2,919)	(1,786)
Loss for the financial year	(46,154)	(12,173)	(7,282)	(4,144)
At 31 May	(56,355)	(18,103)	(10,201)	(5,930)

22 Reconciliation of movement in shareholders' funds

	Group	Company	Group	Company
	2009	2009	2008	2008
	£'000	£'000	£'000	£'000
Loss for the financial year	(46,154)	(12,173)	(7,282)	(4,144)
Net proceeds of issue of ordinary shares	35,000	35,000	22,500	22,500
Opening shareholders' funds	50,299	54,570	35,081	36,214
Closing shareholders' funds	39,145	77,397	50,299	54,570

23 Net cash flow from operating activities

	2009	2008
	£'000	£'000
Loss from operations	(43,738)	(13,027)
Adjustments for		
Amortisation of players' registrations	22,943	17,848
Depreciation of tangible fixed assets	5,129	4,018
Amortisation of grant income	(165)	(148)
Increase in stocks	(250)	(283)
Decrease/(increase) in debtors	(62)	(885)
Increase/(decrease) in creditors	19,116	(2,975)
Net cash inflow from operating activities	2,973	4,548

Reform Acquisitions Limited

Notes to the financial statements for the year ended 31 May 2009 (continued)

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

	2009 £'000	2008 £'000
Returns on investments and servicing of finance		
Interest received	300	110
Interest paid	(763)	(5,787)
Finance leases	-	7
Net cash outflow from returns on investments and servicing of finance	(463)	(5,670)
Capital expenditure and financial investment		
Purchase of tangible fixed assets	(11,637)	(13,067)
Purchase of intangible fixed assets	(47,059)	(21,814)
Proceeds from disposal of tangible fixed assets	98	51
Proceeds from disposal of intangible fixed assets	8,187	4,409
Net cash outflow from capital expenditure and financial investment	(50,411)	(30,421)
Financing		
Funds from loan notes	35,000	12,500
Issue of ordinary shares	35,000	22,500
Capital element of finance lease payments	-	(7)
Increase in bank loans	-	4,033
Net cash inflow from financing	70,000	39,026

Reform Acquisitions Limited

Notes to the financial statements for the year ended 31 May 2009 (continued)

25 Analysis of net debt

	At 1 June 2008 £'000	Cash flow £'000	Non-cash movements £'000	At 31 May 2009 £'000
Cash at bank and in hand	789	7,742	-	8,531
Debt due within 1 year	(11,670)	8,968	-	(2,702)
Net cash	(10,881)	16,710	-	5,829
Debt due after 1 year –bank loan	(11,855)	5,396	-	(6,459)
Debt due after 1 year –loan notes	(49,500)	(35,000)	-	(84,500)
Finance leases	(25)	(7)	-	(32)
Net debt	(72,261)	(12,901)	-	(85,162)

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 2009 is £2,014,000 (2008 £2,464,000)

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 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 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. This deficit has been appropriately accounted for over the remaining service lives of the employees concerned in accordance with Financial Reporting Standard 17. 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 £187,347 (2008 £70,000)

Reform Acquisitions Limited

Notes to the financial statements for the year ended 31 May 2009 (continued)

28 Events after the balance sheet date

Since 31 May 2009, 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 £29.4 million (2008: £30.4 million).

On 28 August 2009, 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. On the same date, the company created £5,000,000 unsecured redeemable discounted loan notes, issued to the parent company undertaking. Loan notes are repayable in August 2019.

On 14 October 2009, the nominal capital of the company was increased by £7,500,000 by the creation of 7,500,000 ordinary shares of £1 each ranking pari passu in all respects with existing ordinary shares. On the same date, the company created £7,500,000 unsecured redeemable discounted loan notes, issued to the parent company undertaking. Loan notes are repayable in October 2019.

Subsequent to the year end on 2 November 2009, the company has issued an indemnity in favour of HSBC Bank PLC in respect of claims against HSBC Merchant Services under section 75 of the Consumer Credit Act. The company's maximum liability under this agreement is £4.5m. The directors consider it highly unlikely that a claim under this guarantee will be made.

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, a director of the company, rented a property from the Group. Total rent payments received during the year amounted to £135,000 (2008: £101,250). This transaction was on an arms length basis. At the year end, a balance of £52,573 (2008: £6,041) remained due to from Mr R Lerner.

During the year, management charges totalling £7,652,748 (2008: £nil) were incurred from Reform Acquisitions LLC, the ultimate holding company. At the year end, £7,652,748 (2008: £nil) remained outstanding.

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 Mr R Lerner.