Reform Acquisitions Limited

Annual report and financial statements

for the year ended 31 May 2010

Registered number 5891280

Reform Acquisitions Limited

Annual report and financial statements for the year ended 31 May 2010

Reform Acquisitions Limited

Directors and advisors
for the year ended 31 May 2010

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

Directors' report
for the year ended 31 May 2010

The dırectors present theır annual report on the affaırs of the Group, together wıth the audıted consolıdated fınancıal statements of the Group for the year ended 31 May 2010

Principal activity

The prıncıpal actıvıty of the Group ıs the operatıon of a professıonal football club and there has been no sıgnıfıcant change thereın durıng the year The prıncıpal actıvıty of the Company ıs that of a holdıng company

Business review and future developments

Turnover for the year amounted to £90 9m, representıng an ıncrease of 7 9% over that achıeved ın the prıor year

Operatıng expenses amounted to £141 7m (2009 £128 1m) Thıs ıncrease ıncludes addıtıonal costs of ımproved salary packages requıred to attract top professıonals to the football club

After the charge for amortısatıon of players' regıstratıons, the Group reported an operatıng loss of £50 7m (2009 £43 7m) The profit on dısposal of players' regıstratıons ın the year amounted to £18 3m (2009 £2 9m)

The Group reported a loss on ordınary actıvıtıes before taxatıon of £37 6m (2009 £46 2 m)

The football season resulted ın a fınal league place of 6th whıch was the same as ın the prevıous season Average league attendances fell from 39,812 ın 2008/09 to 38,580 ın the season under revıew The Club was ınvolved ın 14 cup competıtıon matches (2009 17 matches) 6 of whıch were staged at Vılla Park The number of Aston Vılla's televısed league matches decreased from 18 lıve broadcasts last season to 16 ın 2009/10 Sıgnıficant progress was made ın domestıc cup competıtıons durıng the year, resultıng ın a F A Cup semı fınal appearance and an appearance agaınst Manchester Unıted ın the Carlıng Cup fınal at Wembley Although there was no cup success thıs was the club's fırst cup fınal appearance ın 10 years

As well as fıeldıng fırst and reserve team squads, Aston Vılla Football Club operates an academy ın complıance wıth Premıer League requırements The task of the academy ıs to educate, traın and coach young players for eventual progress ınto the fırst team squad wıthout ıncurrıng transfer fees

The acquısıtıon of players and theır related payroll costs are deemed the core actıvıty rısk and, whılst assıstıng the manager ın ımprovıng the playıng squad, the dırectors are mındful of the pıtfalls that are ınherent ın thıs area of the busıness Rısks are also reported on by the FA Premıer League at meetıngs of representatıves of other League clubs and Aston Vılla Football Club management regularly attends meetıngs

The club ıs also actıve ın the local communıty through a number of programmes, some football orıented and others geared towards the educatıon and well-beıng of local school chıldren and the under-prıvıleged

The dırectors consıder that followıng sıgnıficant ınvestments ın new players and the club's ınfrastructure, the Group has excıtıng growth prospects, both ın ıts exıstıng and new markets

Key performance indicators

The dırectors consıder that the ımportant key performance ındıcators are the fınıshıng posıtıon ın the league, progress ın cup competıtıons, attendance and turnover

Directors' report for the year ended 31 May 2010 (continued)

Key events

Since the year-end the club announced a new 3 year partnership agreement with FxPro, a leading global retail Fx broker In addition Acorns Childrens Hospice was announced as the official charity partner of the club

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 risk

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

Financial results and dividend

The results for the financial year are set out in the consolidated profit and loss on page 9 Group losses after tax amount to £37 6m (2009 £46 2m) 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 (2009 £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 M Keenan (Resigned 18 January 2010)
Mr R Russell (Appointed 22 March 2010)
Mr P Faulkner (Appointed 22 March 2010)

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

Directors' report
for the year ended 31 May 2010 (continued)

Policy on payment to suppliers

The Group seeks the best possible terms from suppliers appropriate to its business and, in placing orders, gives consideration to quality, price and terms of payment which will be agreed with suppliers at that date The Group will continue to honour its contractual and other legal obligations and to pay creditors on the dates agreed in contracts and purchase orders At 31 May 2010 the number of days purchases by the Group outstanding was 28 (2009 32) The Company's creditor days are nil (2009 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 (2009, £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 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 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

Directors' report
for the year ended 31 May 2010 (continued)

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

This report was approved by the Board of Directors on 14 December 2010, 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 2010 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 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

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 2010 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

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

4 January 2011

Reform Acquisitions Limited

Registered number 5891280

Consolidated profit and loss account for the year ended 31 May 2010

				2010			2009
		Operations excluding player trading	**Player transactions**	**Total**	Operations excluding player trading	Player transactions	Total
	Note	**£'000**	**£'000**	**£'000**	£'000	£'000	£'000
Turnover	2	**90,866**	**-**	**90,866**	84,207	-	84,207
Operating expenses		**(111,157)**	**(30,556)**	**(141,713)**	(105,137)	(22,943)	(128,080)
Other operating income		**113**	**-**	**113**	135	-	135
Operating loss		**(20,178)**	**(30,556)**	**(50,734)**	(20,795)	(22,943)	(43,738)
Loss on sale of tangible fixed assets		**(227)**	**-**	**(227)**	(32)	-	(32)
Profit on disposal of players' registrations	4	**-**	**18,285**	**18,285**	-	2,897	2,897
Loss on ordinary activities before interest and taxation		**(20,405)**	**(12,271)**	**(32,676)**	(20,827)	(20,046)	(40,873)
Interest receivable and similar income	6			**164**			301
Interest payable and similar charges	7			**(5,079)**			(5,653)
Loss on ordinary activities before taxation	3			**(37,591)**			(46,225)
Tax on loss on ordinary activities	8			**19**			71
Loss for the financial year	21			**(37,572)**			(46,154)

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 2010

	Note	2010 £'000	2009 £'000
Fixed assets			
Intangible assets	10	**68,498**	57,285
Tangible assets	11	**112,102**	118,585
		180,600	175,870
Current assets			
Stocks	13	**560**	763
Debtors	14	**11,332**	11,669
Cash at bank and in hand		**625**	8,531
		12,517	20,963
Creditors: amounts falling due within one year	15	**(60,312)**	(53,646)
Net current liabilities		**(47,795)**	(32,683)
Total assets less current liabilities		**132,805**	143,187
Creditors: amounts falling due after more than one year	16	**(106,943)**	(99,712)
Grants and donations	17	**(3,471)**	(3,611)
		(110,414)	(103,323)
Provisions for liabilities	19	**(700)**	(719)
Net assets		**21,691**	39,145
Capital and reserves			
Called up share capital	20	**115,618**	95,500
Profit and loss account	21	**(93,927)**	(56,355)
Total shareholders' funds	22	**21,691**	39,145

These financial statements on pages 9 to 31 were approved by the Board of Directors on 14 December 2010

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 2010

	Note	2010 £'000	2009 £'000
Fixed assets			
Investments	12	**204,219**	179,219
Current assets			
Cash at bank and in hand		**551**	551
		551	551
Creditors amounts falling due within one year	15	**(12,627)**	(13,353)
Net current liabilities		**(12,076)**	(12,802)
Total assets less current liabilities		**192,143**	166,417
Creditors. amounts falling due after more than one year	16	**(99,551)**	(89,020)
Net assets		**92,592**	77,397
Capital and reserves			
Called up share capital	20	**115,618**	95,500
Profit and loss account	21	**(23,026)**	(18,103)
Total shareholders' funds	22	**92,592**	77,397

These financial statements on pages 9 to 31 were approved by the Board of Directors on 14 December 2010

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 2010

	Note	**2010**	2009
		£'000	£'000
Net cash(outflow)/inflow from operating activities	23	**(17,533)**	2,973
Returns on investments and servicing of finance	24	**(830)**	(463)
Capital expenditure and financial investments	24	**(25,884)**	(50,411)
Cash outflow before use of liquid resources and financing		**(44,247)**	(47,901)
Financing	24	**25,000**	70,000
(Decrease)/increase in cash in the year		**(19,247)**	22,099

Reconciliation of net cash flow to movement in net debt for the year ended 31 May 2010

	Note	**2010**	2009
		£'000	£'000
(Decrease)/increase in cash in the year		**(19,247)**	22,099
Non-cash movements		**7,368**	-
Funds from loan notes		**(12,500)**	(35,000)
Movement in net debt in the year		**(24,379)**	(12,901)
Net debt at 1 June		**(85,162)**	(72,261)
Net debt at 31 May	25	**(109,541)**	(85,162)

Notes to the financial statements for the year ended 31 May 2010

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 £4 9m (2009 £12 2m) 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

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 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

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 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

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

	2010	2009
	£'000	£'000
Matchday	**24,363**	22,622
Media	**52,092**	49,497
Commercial	**14,411**	12,088
	90,866	84,207

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 2010 (continued)

3 Loss on ordinary activities before taxation

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

	2010 £'000	2009 £'000
Depreciation of owned tangible fixed assets	**6,004**	5,129
Amortisation of players' registrations	**30,556**	22,943
Deferred grant income	**(140)**	(165)
Staff costs (note 5)	**79,974**	70,577
Auditors' remuneration for audit services	**78**	78
Auditors' remuneration for other assurance and tax services	**-**	-

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 £18,284,719 (2009 £2,897,000)

5 Staff costs

	2010 Number	2009 Number
Average monthly number of employees by activity		
Players, football management and coaches	**149**	134
Commercial, merchandising and operations	**264**	212
Maintenance and administration	**102**	99
Full-time employees	**515**	445
Part-time employees on matchdays and other events	**1,039**	953
	1,554	1,398

Notes to the financial statements for the year ended 31 May 2010 (continued)

5 Staff costs (continued)

Remuneration	2010 £'000	2009 £'000
Wages and salaries	**70,957**	63,135
Social security costs	**8,785**	7,255
Other pension costs (Note 27)	**232**	187
	79,974	70,577

The company does not have any employees (2009 none)

None of the directors received remuneration in relation to their services to the Company (2009 £nil)

6 Interest receivable and similar income

	2010 £'000	2009 £'000
Interest receivable	**164**	301

7 Interest payable and similar charges

	2010 £'000	2009 £'000
Interest on bank overdrafts and loans	**829**	760
Amortisation of discount on long term liabilities	**114**	369
Interest on loan notes	**4,132**	4,521
Other interest payable	**4**	3
	5,079	5,653

Reform Acquisitions Limited

Notes to the financial statements for the year ended 31 May 2010 (continued)

8 Tax on loss on ordinary activities

		2010 £'000	2009 £'000
Current tax:			
UK corporation tax	Current year	-	-
	Prior year	-	-
		-	-
Deferred tax:			
UK	Current year	**(19)**	(34)
	Prior year	-	(37)
Tax on loss on ordinary activities		**(19)**	(71)

Corporation tax is calculated at 28% (2009 28%) of the estimated assessable profit for the year

The tax assessed for the year is higher (2009 higher) than the standard rate of corporation tax in the UK (28%) (2009 28%) The differences are explained below

	2010 £'000	2009 £'000
Loss on ordinary activities before tax	**(37,591)**	(46,225)
Tax at the UK corporation tax rate of 28% (2009 28%)	**(10,525)**	(12,943)
Expenses not deductible for tax purposes	**827**	1,030
Capital allowances in excess of depreciation	**985**	350
Unrelieved tax losses carried forward	**7,566**	10,279
Other timing differences	**1,147**	1,284
Current tax charge for the year	-	-

Notes to the financial statements for the year ended 31 May 2010 (continued)

9 Dividends

The directors do not recommend the payment of a final dividend which results in no dividend being paid for the year (2009 £nil)

10 Intangible assets

Group	**Players' registrations £'000**
Cost	
At 1 June 2009	99,931
Additions	43,836
Disposals	(6,225)
At 31 May 2010	**137,542**
Accumulated amortisation	
At 1 June 2009	42,646
Charge for the year	30,556
Disposals	(4,158)
At 31 May 2010	**69,044**
Net book value	
At 31 May 2010	**68,498**
At 31 May 2009	57,285

The Company does not have any intangible fixed assets (2009 £nil)

Reform Acquisitions Limited

Notes to the financial statements for the year ended 31 May 2010 (continued)

11 Tangible assets

Group	Freehold land and buildings	Construct-ion in progress	Leasehold land and buildings	Plant and equipment	Motor vehicles	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Cost						
At 1 June 2009	106,071	6,218	201	15,707	482	128,679
Additions	1,244	-	-	5,856	50	7,150
Disposals	(1,150)	(6,218)	-	(1,573)	(274)	(9,215)
At 31 May 2010	**106,165**	**-**	**201**	**19,990**	**258**	**126,614**
Accumulated depreciation						
At 1 June 2009	5,964	-	14	3,992	124	10,094
Charge for the year	2,652	-	2	3,223	127	6,004
Disposals	(1)	-	-	(1,373)	(212)	(1,586)
At 31 May 2010	**8,615**	**-**	**16**	**5,842**	**39**	**14,512**
Net book value						
At 31 May 2010	**97,550**	**-**	**185**	**14,148**	**219**	**112,102**
At 1 June 2009	100,107	6,218	187	11,715	358	118,585

Freehold land and buildings includes freehold land amounting to £7,931,524 (2009 £7,931,524) which has not been depreciated

At 31 May 2010, the Group had contracted capital commitments of £nil (2009 £4,686,157)

12 Fixed asset investments

	£'000
At 1 June 2009	179,219
Additional investment in Aston Villa Limited	25,000
At 31 May 2010	**204,219**

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

Company	Principal activity	Holding	
Aston Villa Limited	Property investment	2,771,731,045 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	2010	2009
	£'000	£'000
Goods held for resale	**560**	763

The Company did not have any stock (2009 £nil)

Notes to the financial statements for the year ended 31 May 2010 (continued)

14 Debtors

Group	2010 £'000	2009 £'000
Trade debtors	**8,856**	8,082
Other debtors	**547**	258
Prepayments and accrued income	**1,929**	3,329
	11,332	11,669

Trade debtors due in over one year of £1,200,000 (2009 £1,000,000) have been included in the above The company had no debtors (2009 £nil)

15 Creditors: amounts falling due within one year

	Group 2010 £'000	Company 2010 £'000	Group 2009 £'000	Company 2009 £'000
Bank loans and overdrafts (Note 18)	**14,457**	**195**	2,694	-
Trade creditors	**23,821**	**-**	18,989	-
Amounts owed to parent undertakings	**827**	**-**	7,653	-
Amounts owed to subsidiary undertakings	**-**	**12,432**	-	13,353
Finance leases and hire purchase (Note 18)	**24**	**-**	8	-
Taxation and social security costs	**8,599**	**-**	9,767	-
Other creditors	**434**	**-**	637	-
Accruals and deferred income	**12,150**	**-**	13,898	-
	60,312	**12,627**	53,646	13,353

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 2010 (continued)

16 Creditors: amounts falling due after more than one year

	Group 2010 £'000	**Company 2010 £'000**	Group 2009 £'000	Company 2009 £'000
Bank loans (Note 18)	**6,053**	**1,267**	6,467	-
Loan notes payable to parent undertaking (Note 18)	**89,632**	**89,632**	84,500	84,500
Trade creditors	**2,606**	-	4,201	-
Finance leases and hire purchase (Note 18)	-	-	24	-
Accrued Interest	**8,652**	**8,652**	4,520	4,520
	106,943	**99,551**	99,712	89,020

17 Grants and donations

	Group 2010 £'000	**Company 2010 £'000**	Group 2009 £'000	Company 2009 £'000
At 1 June	**3,611**	-	3,776	-
Credit to loss from operations in the year	**(140)**	-	(165)	-
At 31 May	**3,471**	-	3,611	-

18 Loans and other borrowings

	Group 2010 £'000	**Company 2010 £'000**	Group 2009 £'000	Company 2009 £'000
Bank loans and overdrafts	**20,510**	**1,462**	9,161	-
Finance leases and hire purchase	**24**	**-**	32	-
Loan notes	**89,632**	**89,632**	84,500	84,500
	110,166	**91,094**	93,693	84,500
Maturity of financial liabilities				
Due in one year or less, or on demand	**14,481**	**195**	2,702	-
Due in more than one year but less than two years	**3,421**	**195**	2,718	-
Due in more than two years but less than five years	**2,145**	**585**	3,091	-
Due in more than 5 years	**90,119**	**90,119**	85,182	84,500
	110,166	**91,094**	93,693	84,500

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

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 £11,457,032 (2009 £14,692,470)

Loan notes

On 28 August 2009 the company issued £5,000,000 discounted unsecured redeemable loan notes Notes are repayable in full on 28th August 2019 On 14 October 2009 the company issued £7,500,000 discounted unsecured redeemable loan notes Notes are repayable in full on 14 October 2019

During the year, freehold property with a cost of £7,368,133 was transferred to a parent undertaking and was settled with the cancellation of loan notes payable to the parent undertaking No profit or loss was generated on disposal

19 Provisions for liabilities

Deferred tax

The followıng are the major deferred tax lıabılıtıes recognısed by the Group and movements thereon durıng the current year and prıor year

	Capıtal allowances £'000	Short-term tımıng dıfferences £'000	Losses £'000	Total £'000
At 1 June 2009	719	-	-	719
Adjustment ın respect of prıor years	-	-	-	-
Credıt to profıt and loss account for the year	(19)	-	-	(19)
At 31 May 2010	**700**	**-**	**-**	**700**

There ıs an unprovıded deferred tax asset of £35 8 mıllıon (2009 £26 6 mıllıon) ın respect of tax losses carrıed forward No deferred tax asset wıll be recognısed untıl these losses can be utılısed

20 Called up share capital

	Number	**2010 £'000**	Number	2009 £'000
Authorısed – ordınary shares of £1 each	**200,000,000**	**200,000**	200,000,000	200,000
Allotted and fully paıd – ordınary shares of £1 each	**115,617,792**	**115,618**	95,500,001	95,500

On 28 August 2009 the nomınal capıtal of the company was ıncreased by £5,000,000 by the creatıon of 5,000,000 ordınary shares of £1 each rankıng parı passu ın all respects wıth exıstıng ordınary shares On 14 October 2009 the nomınal capıtal of the company was ıncreased by £7,500,000 by the creatıon of 7,500,000 ordınary shares of £1 each rankıng parı passu ın all respects wıth exıstıng ordınary shares On 31 May 2010 the nomınal capıtal of the company was ıncreased by £7,617,791 by the creatıon of 7,617,791 ordınary shares of £1 each rankıng parı passu ın all respects wıth exıstıng ordınary shares Thıs was settled through the cancellatıon of balances owed to the parent company

Notes to the financial statements for the year ended 31 May 2010 (continued)

21 Profit and Loss account

	Group 2010 £'000	Company 2010 £'000	Group 2009 £'000	Company 2009 £'000
At 1 June	**(56,355)**	**(18,103)**	(10,201)	(5,930)
Loss for the financial year	**(37,572)**	**(4,923)**	(46,154)	(12,173)
At 31 May	**(93,927)**	**(23,026)**	(56,355)	(18,103)

22 Reconciliation of movements in shareholders' funds

	Group 2010 £'000	Company 2010 £'000	Group 2009 £'000	Company 2009 £'000
Loss for the financial year	**(37,572)**	**(4,923)**	(46,154)	(12,173)
Net proceeds of issue of ordinary shares	**20,118**	**20,118**	35,000	35,000
Opening shareholders' funds	**39,145**	**77,397**	50,299	54,570
Closing shareholders' funds	**21,691**	**92,592**	39,145	77,397

23 Net cash flow from operating activities

	2010 £'000	2009 £'000
Loss from operations	**(50,734)**	(43,738)
Amortisation of players' registrations	**30,556**	22,943
Depreciation of tangible fixed assets	**6,004**	5,129
Amortisation of grant income	**(140)**	(165)
Decrease/(increase) in stocks	**203**	(250)
Increase in debtors	**(786)**	(62)
(Decrease)/increase in creditors	**(2,636)**	19,116
Net cash (outflow)/inflow from operating activities	**(17,533)**	2,973

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

	2010 £'000	2009 £'000
Returns on investments and servicing of finance		
Interest received	**3**	300
Interest paid	**(833)**	(763)
Net cash outflow from returns on investments and servicing of finance	**(830)**	(463)
Capital expenditure and financial investment		
Purchase of tangible fixed assets	**(7,057)**	(11,637)
Purchase of intangible fixed assets	**(40,512)**	(47,059)
Proceeds from disposal of tangible fixed assets	**50**	98
Proceeds from disposal of intangible fixed assets	**21,635**	8,187
Net cash outflow from capital expenditure and financial investment	**(25,884)**	(50,411)
Financing		
Funds from loan notes	**12,500**	35,000
Issue of ordinary shares	**12,500**	35,000
Net cash inflow from financing	**25,000**	70,000

Notes to the financial statements for the year ended 31 May 2010 (continued)

25 Analysis of net debt

	At 1 June 2009 £'000	Cash flow £'000	Non-cash movements £'000	**At 31 May 2010 £'000**
Cash at bank and in hand	8,531	(7,906)	-	**625**
Debt due within 1 year	(2,702)	(11,755)	-	**(14,457)**
Net cash	5,829	(19,661)	-	**(13,832)**
Debt due after 1 year –bank loan	(6,459)	406	-	**(6,053)**
Debt due after 1 year –loan notes	(84,500)	(12,500)	7,368	**(89,632)**
Finance leases	(32)	8	-	**(24)**
Net debt	(85,162)	(31,747)	7,368	**(109,541)**

Non-cash movements represent the cancellation of loan notes payable to the parent undertaking in exchange for freehold property

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 2010 is £2,866,727 (2009 £2,014,000)

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

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 At the year end, the amount outstanding in relation to the defined contribution schemes was £241,060 (£2009 £nil)

Contributions are also paid into individuals' private pension schemes The total contributions across all schemes during the year amounted to £232,246 (2009 £187,347)

28 Events after the balance sheet date

A number of changes to the UK Corporation tax system were announced in the June 2010 Budget Statement The Finance Act (No 2) 2010 is expected to include legislation to reduce the main rate of corporation tax from 28% to 27% from 1 April 2011 Further reductions to the main rate are proposed to reduce the rate by 1% per annum to 24% by 1 April 2014 The changes had not been substantively enacted at the balance sheet date and, therefore, are not included in these financial statements

On 24 November 2010, 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 November 2020

On 9 August 2010 Martin O'Neill resigned as manager of Aston Villa Football Club with immediate effect His successor, Gerard Houllier, was appointed on 8 September 2010

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 £112,500 (2009 £135,000) This transaction was on an arms length basis At the year end, a balance of £395,282 (2009 £52,573) remained due from Mr R Lerner

During the year, management charges totalling £826,901 (2009 £7,652,748) were incurred from Reform Acquisitions LLC, the ultimate holding company At the year end, £826,901 (2009 £7,652,748) remained outstanding

During the year, freehold property with a cost of £7,368,133 was transferred to a parent undertaking and was settled with the cancellation of loan notes payable to the parent undertaking No profit or loss was generated on disposal

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