Reform Acquisitions Limited

Annual Report and Financial Statements

for the year ended 31 May 2015

Registered number 05891280

Reformm Acquisitions Limited

Annual Report
for the year ended 31 May 2015

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Reform Acquisitions Limited

Directors and advisors
for the year ended 31 May 2015

Directors

Mr R Lerner
Mr R Russell
Mr T Fox (appointed 5 November 2014)

Company Secretary

Mr R Russell

Registered office

Villa Park
Birmingham
West Midlands
B6 6HE

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

Tax advisors

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

Bankers

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

Reform Acquisitions Limited

Registered number 05891280

Strategic report for the year ended 31 May 2015

The directors present their strategic report and the audited financial statements for the year ended 31 May 2015

Principal activities

The Group operates a professional football club The principal activity of the Company is that of a holding Company

Results and Review of business

The Club finished 17th in the Premier League in 2014/15, its worst performance since the creation of the league in 1992, but did reach the final of The F A Cup under the guidance of Tim Sherwood, who replaced Paul Lambert as manager on 13 February 2015 Financially, the Group's loss for the year was £27 3 million (2014 £3 9 million) Off the field, Paul Faulkner resigned as Chief Executive Officer on 7 July 2014 and Tom Fox was appointed on 5 November 2014 with a mandate to develop the Club's commercial activities and build resilience into its football organisation Investment in these two areas started during the year ended 31 May 2015 with the appointment of the new manager, a Chief Commercial Officer and the restructuring of the senior management team

From a regulatory perspective the Club's aggregated player services costs and image contract payments for the year ended 30 June 2015 are expected to comply with the Premier League's short term cost control rules and forecast adjusted earnings before tax for the three years ending 31 May 2017 are expected to comply with its profitability and sustainability rules

The Group remains for sale but at the time of writing no active discussions were taking place

The directors have not declared or paid an interim dividend during the year (2014 £nil) They do not recommend a final dividend (2014 £nil)

Key Performance Indicators ('KPIs')

The directors consider that the key performance indicators of a professional football club are finishing position in the league, progress in cup competitions, attendance and turnover

The key financial performance indicators that the Directors monitor are turnover, players' payroll, net transfer spending, EBITDA and daily cash flow

Principal risks and uncertainties

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

This report was approved by the board on 17 September 2015 and signed on its behalf

Mr R. Russell
Director

Reform Acquisitions Limited

Registered number 05891280

Directors' report for the year ended 31 May 2015

The directors present their report for the year ended 31 May 2015

Future developments

The Club is pursuing a "business as usual" approach to the 2015/16 season whilst owner Randy Lerner looks to strengthen the Club structurally, to ensure its continued progression in the medium and long term

Dividends

The directors do not recommend payment of a final dividend (2014 £nil)

Charitable contributions

All fund raising events are dealt with by the Aston Villa Charitable Trust which is registered with the Charity Commission There were no political contributions (2014 £nil)

Post balance sheet events

Since the balance sheet date various players have been bought and sold, details of which can be seen in Note 27

Financial risk management

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

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

The Group seeks to ensure sufficient liquidity is available to meet foreseeable needs through detailed daily cash forecasts The Group's overdraft facility is repayable on demand, however the directors consider that there is no evidence to suggest that the facility will not continue to be made available for the foreseeable future

Going concern

The Directors have formed a judgement at the time of approving the financial statements that the Company has adequate resources available to continue operating and to discharge all financial obligations as they fall due for the foreseeable future from the date of approval of the financial statements

Based both on the continuing financial support committed to by the owner and the availability of the Group's overdraft facility, as incorporated in the directors' cash flow forecasts, the directors consider it appropriate to prepare the financial statements on a going concern basis The directors have received confirmation that the ultimate holding Company, Reform Acquisitions LLC, intends to support the Group and Company for at least one year from the date these financial statements are signed, whilst they remain under the control of Mr R Lerner

Directors

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

Mr R Lerner
Mr R Russell
Mr T Fox (appointed 5 November 2014)
Mr P Faulkner (resigned 7 July 2014)

Registered number 05891280

Directors' report for the year ended 31 May 2015 (continued)

Employees

The Company continues its policy of keeping its employees informed on a regular basis of matters concerning them as employees and on financial and economic factors affecting the performance of the Company

Disabled persons

The Company recognises its responsibility to employ disabled persons in suitable employment and gives full and fair consideration to applications for employment made by such persons, having regard to their particular aptitudes and abilities

Any employee who becomes disabled is encouraged to remain in the Company's employment, in the same job if this is practicable If a change of job is necessary, such an employee is considered for any suitable alternative work which is available and any necessary training is arranged

Disabled employees are treated equally with all employees in respect of their eligibility for training, career development and promotion

Directors' responsibilities statement

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

Company law requires the directors to prepare financial statements for each financial period Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) 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 Company and of the profit or loss of the Company 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, and
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in 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 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 hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

Directors' and officers' insurance

The Company maintains cover under a qualifying third party indemnity for all directors and officers against liabilities which may be incurred by them whilst acting as directors or officers

Provision of information to auditors

So far as each of the directors is aware at the time the report is approved

- there is no relevant audit information of which the Company's auditors are unaware, and
- each director has taken all steps that he ought to have taken to make himself aware of any relevant audit information and to establish that the auditors are aware of that information

Reform Acquisitions Limited

Registered number 05891280

Directors' report for the year ended 31 May 2015 (continued)

Independent Auditors

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and a resolution concerning their re-appointment will be proposed at the Annual General Meeting This report was approved by the board on 17 September 2015 and signed on its behalf

Mr R Russell
Director

Registered number 05891280

Independent auditors' report to the members of Reform Acquisitions Limited

Report on the financial statements

Our opinion

In our opinion, Reform Acquisitions Limited's Group financial statements and Company financial statements (the "financial statements")

- give a true and fair view of the state of the Group's and of the Company's affairs as at 31 May 2015 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

What we have audited

The financial statements comprise

- the consolidated balance sheet as at 31 May 2015,
- the Company balance sheet as at 31 May 2015,
- the consolidated profit and loss account for the year then ended,
- the consolidated cash flow statement for the year then ended,
- the note to the consolidated cash flow statement, and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice)

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates In making such estimates, they have made assumptions and considered future events

Opinion on other matter prescribed by the Companies Act 2006

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

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion

- we have not received all the information and explanations we require for our audit, or
- adequate accounting records have not been kept by the Company, or returns adequate for our audit have not been received from branches not visited by us, or
- the Company financial statements are not in agreement with the accounting records and returns

We have no exceptions to report arising from this responsibility

Independent auditors' report to the members of Reform Acquisitions Limited (continued)

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made We have no exceptions to report arising from this responsibility

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Directors' responsibilities statement set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) ("ISAs (UK & 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

What an audit of financial statements involves

We conducted our audit in accordance with ISAs (UK & Ireland) 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 the 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

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report

Owen Mackney (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Birmingham

18 September 2015

Reform Acquisitions Limited

Registered number 05891280

Consolidated profit and loss account for the year ended 31 May 2015

	Note	2015 Operations excluding player trading	2015 Player transactions	2015 Total	2014 Operations excluding player trading	2014 Player transactions	2014 Total
		£'000	£'000	£'000	£'000	£'000	£'000
Turnover	2	**113,235**	**2,457**	**115,692**	111,249	5,671	116,920
Operating expenses before exceptional items		**(119,704)**	**(19,683)**	**(139,387)**	(103,354)	(18,340)	(121,694)
Operating (loss)/profit before exceptional items		**(6,469)**	**(17,226)**	**(23,695)**	7,895	(12,669)	(4,774)
Operating expenses – exceptional items	3	**(3,308)**	**-**	**(3,308)**	-	-	-
Total Operating expenses		**(123,012)**	**(19,683)**	**(142,695)**	(103,354)	(18,340)	(121,694)
Operating (loss)/profit		**(9,777)**	**(17,226)**	**(27,003)**	7,895	(12,669)	(4,774)
(Loss)/profit on sale of tangible fixed assets		**(3)**	**-**	**(3)**	6	-	6
Profit on disposal of players' registrations	4	**-**	**375**	**375**	-	1,738	1,738
(Loss)/profit on ordinary activities before interest and taxation		**(9,780)**	**(16,851)**	**(26,631)**	7,901	(10,931)	(3,030)
Interest receivable and similar income	6			**-**			22
Interest payable and similar charges	7			**(1,218)**			(961)
Loss on ordinary activities before taxation	3			**(27,849)**			(3,969)
Tax on loss on ordinary activities	8			**534**			115
Loss for the financial year	20			**(27,315)**			(3,854)

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 presented

Player transactions includes fees received for players out on loan, as well as amortisation, impairment and profit on disposal of players' registrations

Reform Acquisitions Limited

Registered number 05891280

Consolidated balance sheet as at 31 May 2015

	Note	2015 £'000	2014 £'000
Fixed assets			
Intangible assets	10	**30,790**	37,818
Tangible assets	11	**90,436**	92,958
		121,226	130,776
Current assets			
Stocks	13	**594**	588
Debtors	14	**10,130**	12,560
Cash at bank and in hand		**115**	1,960
		10,839	15,108
Creditors: amounts falling due within one year	15	**(49,326)**	(121,060)
Net current liabilities		**(38,487)**	(105,952)
Total assets less current liabilities		**82,739**	24,824
Creditors: amounts falling due after more than one year	16	**(16,000)**	(22,174)
Provisions for liabilities	18	**-**	(534)
Net assets		**66,739**	2,116
Capital and reserves			
Called up share capital	19	**315,188**	223,250
Profit and loss account	20	**(248,449)**	(221,134)
Total shareholders' funds	21	**66,739**	2,116

The financial statements on pages 8 to 31 were approved by the board of directors on 17 September 2015

Signed on behalf of the board of directors

Mr R Russell
Director

Reform Acquisitions Limited

Registered number 05891280

Company balance sheet
as at 31 May 2015

	Note	2015 £'000	2014 £'000
Fixed assets			
Investments	12	**175,051**	218,449
Current assets			
Debtors	14	-	22,350
		-	22,350
Creditors: amounts falling due within one year	15	**(20,414)**	(79,826)
Net current liabilities		**(20,414)**	(57,476)
Total assets less current liabilities		**154,637**	160,973
Creditors amounts falling due after more than one year	16	**(10,397)**	(17,000)
Net assets		**144,240**	143,973
Capital and reserves			
Called up share capital	19	**315,188**	223,250
Profit and loss account	20	**(170,948)**	(79,277)
Total shareholders' funds	21	**144,240**	143,973

The financial statements on pages 8 to 31 were approved by the Board of Directors on 17 September 2015

Signed on behalf of the Board of Directors

Mr R Russell
Director

Reform Acquisitions Limited

Registered number 05891280

Consolidated cash flow statement for the year ended 31 May 2015

	Note	**2015** £'000	2014 £'000
Net cash (outflow)/inflow from operating activities	22	**(1,808)**	13,278
Returns on investments and servicing of finance	23	**(743)**	(939)
Cash outflow from capital expenditure and financial investments	23	**(18,004)**	(15,000)
Cash outflow before financing		**(20,555)**	(2,661)
Financing	23	**16,215**	(720)
Decrease in cash in the year	24	**(4,340)**	(3,381)

Reform Acquisitions Limited

Registered number 05891280

Note to the consolidated cash flow statement

Reconciliation of net cash flow to movement in net debt for the year ended 31 May 2015

	Note	**2015**	2014
		£'000	£'000
Decrease in cash in the year		**(4,340)**	(3,381)
Non cash movements		**84,938**	90,132
Movement in borrowings		**(9,215)**	720
Movement in net debt in the year	24	**71,383**	87,471
Net debt at 1 June		**(102,027)**	(189,498)
Net debt at 31 May	24	**(30,644)**	(102,027)

Reform Acquisitions Limited

Notes to the financial statements for the year ended 31 May 2015

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

Going Concern

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 by the owner and the availability of the overdraft, as incorporated in the directors' cash flow forecasts, the directors consider it appropriate to prepare the financial statements on a going concern basis

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

Basis of preparation and consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) made up to 31 May each year Control is achieved where the Company has the power to govern the financial and operating policies of an investee entity so as to obtain benefits from its activities All intercompany transactions and balances are eliminated on consolidation Uniform accounting policies have been applied across the Group The loss for the financial year dealt with in the financial statements of the parent Company was £91 7m, which includes an exceptional impairment charge of £90 5m (2014 £0 8m loss) As permitted by section 408 of the Companies Act 2006, no separate profit and loss account is presented in respect of the parent Company

During the year it was identified that cash injected in previous years, into the Reform Acquisitions sub group, by a parent undertaking, was incorrectly recognised within the Reform Acquisitions Limited statutory entity (amounting to £69 0m at 31 May 2014) The original transactions included this cash being passed down to a subsidiary undertaking It now transpires that this funding should have been recorded directly within the subsidiary undertaking

The intercompany receivable (which was established as a result of passing down this funding) has been partially impaired in the periods ending 31 May 2011 and 31 May 2013 with a total amount of £37 9m charged to the profit and loss account during these periods

During the current financial period the aforementioned transactions have been reversed and a new impairment recognised against Investments of £37 9m (see note 12)

There is no impact on the reported Company net assets of Reform Acquisitions Limited at any balance sheet date or on the reported result for any year There is no impact on the previously reported consolidated results of the Reform Acquisitions Limited group

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 Turnover in regards to player transactions relates to fees receivable for the loans of players' registrations

Gate receipts turnover is recognised over the period of the English football season, covering the period from August to May each year, as home matches are played

Fixed elements of broadcasting contracts are taken in proportion to the number of league matches played, home and away Broadcasting facility fees are accounted for when earned The merit award, included within broadcasting turnover, is taken when the final league position is known at the end of the financial year

1 Accounting policies (continued)

Turnover (continued)

Sponsorship turnover, including royalties are recognised over the duration of their respective contracts

Merchandising, travel and catering turnover, included within Commercial turnover, are recognised on an earned basis Executive box rentals are recognised over the duration of their contracts

UEFA solidarity and prize money are distributions received from UEFA, European football's governing body These amounts are recognised on an earned basis

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 Following a review of carrying values, the Company has recognised an impairment to the carrying value of its investment in Aston Villa Limited of £90 5m

Tangible fixed assets

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

Freehold land	Nil
Short leasehold property	10%
Freehold buildings	2-8%
Plant and equipment	10-33%

Intangible fixed assets – players' registrations

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

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

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

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

Reform Acquisitions Limited

Notes to the financial statements for the year ended 31 May 2015 (continued)

1 Accounting policies (continued)

Impairment of tangible and intangible fixed assets

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

Players' signing-on fees and loyalty payments

Signing-on fees payable to players and loyalty payments, which are payable only if the player is still in employment with the Group, 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

Stocks

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

Foreign currencies

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction Monetary assets and liabilities held at the balance sheet date are revalued using the rate at that date

Bank borrowings

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

Leases

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

Taxation

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

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

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

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

Notes to the financial statements for the year ended 31 May 2015 (continued)

1 Accounting policies (continued)

Taxation (continued)

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

Subsidiary company audit exemption

For the year ending 31 May 2015, Aston Villa Ladies Limited (Registered number 08414046) was entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies

2 Turnover

The Group's turnover is analysed into its five main components as follows

	2015	2014
	£'000	£'000
Gate receipts	**13,848**	12,816
Broadcasting	**71,447**	72,714
Sponsorship	**10,948**	9,370
Commercial	**19,449**	22,020
UEFA solidarity and prize money	**-**	-
	115,692	116,920

The constituents of each component are as follows

Gate receipts – Revenues generated from the sale of match tickets
Broadcasting – Distributions from the FA Premier League broadcasting agreements, including the merit award, cup competition broadcasting rights and local radio broadcasting
Sponsorship – Major sponsorship contracts and club partnership agreements
Commercial – Merchandising, royalties, conference and banqueting, fees received for the loan of players' registrations and all other revenue sources
UEFA solidarity and prize money – Distributions received from UEFA, European football's governing body

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

Notes to the financial statements for the year ended 31 May 2015 (continued)

3 Loss on ordinary activities before taxation

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

	2015	2014
	£'000	£'000
Depreciation of owned tangible fixed assets	**5,413**	5,721
Profit on disposal of tangible fixed assets	**2**	(6)
Amortisation of players' registrations	**19,683**	18,340
Deferred grant income	**(141)**	(140)
Staff costs excluding exceptional item (note 5)	**83,777**	69,339
Exceptional item – net termination and onerous contract costs	**3,308**	-
Auditors' remuneration for audit services		
- audit of the parent Company's individual and consolidated financial statements	**10**	10
- audit of the Company's subsidiaries	**48**	48
- audit-related assurance services	**45**	52
- non-audit services	**15**	14

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

4 Profit on disposal of player's registrations

The profit on disposal of players' registration in the year amounted to £375,000 (2014 profit of £1,738,000)

5 Staff costs

Group	**2015**	2014
	Number	Number
Average monthly number of employees by activity		
Players, football management and coaches	**185**	173
Commercial, merchandising and operations	**261**	232
Maintenance and administration	**89**	91
Full-time employees	**535**	496
Part-time employees on matchdays and other events	**1,084**	1,053
	1,619	1,549

Reform Acquisitions Limited

Notes to the financial statements for the year ended 31 May 2015 (continued)

5 Staff costs (continued)

Remuneration	2015 £'000	2014 £'000
Wages and salaries	**74,321**	60,406
Social security costs	**8,940**	8,523
Other pension costs (note 26)	**516**	410
	83,777	69,339

The Company does not have any employees (2014 none) In addition to the above are exceptional staff costs of £3 3m (2014 £nil)

	2015 £	2014 £
Directors' remuneration		
Aggregate emoluments	**1,549,938**	438,291
Company contribution to money purchase schemes	**36,049**	17,230
	1,585,987	455,521

Company contribution to money purchase schemes relate to two directors (2014 one)

	2015 £	2014 £
Remuneration of the highest paid director		
Aggregate emoluments	**1,255,769**	265,792

All of the directors are remunerated in relation to their services to the Group by a subsidiary Company and none of the directors received remuneration in relation to their services to the Company (2014 none)

Notes to the financial statements for the year ended 31 May 2015 (continued)

6 Interest receivable and similar income

	2015 £'000	2014 £'000
Interest receivable	-	22

7 Interest payable and similar charges

	2015 £'000	2014 £'000
Interest on bank overdrafts and loans	**742**	735
Other interest payable	**476**	226
	1,218	961

8 Tax on loss on ordinary activities

		2015 £'000	2014 £'000
Current tax:			
UK corporation tax	Current year	-	-
			-
Deferred tax:			
UK	Current year	**(58)**	(106)
	Prior year	**(476)**	(9)
Tax on loss on ordinary activities		**(534)**	(115)

Corporation tax is calculated at 20 83% (2014 22 67%) of the estimated assessable loss for the year

The tax assessed for the year is higher (2014 higher) than the standard rate of corporation tax in the UK (20 83%) (2014 22 67%) The differences are explained below

	2015 £'000	2014 £'000
Loss on ordinary activities before tax	**(27,849)**	(3,969)
Tax at the UK corporation tax rate of 20 83% (2014 22 67%)	**(5,801)**	(899)
Expenses not deductible for tax purposes	**743**	835
Capital allowances in excess of depreciation	**466**	477
Tax losses carried forward / (utilised)	**4,711**	(325)
Other timing differences	**(119)**	(88)
Current tax charge for the year	-	-

The March 2012 Budget included a reduction in the main rate of corporation tax for UK companies from 26% to 24% from 1 April 2012 Legislation to further reduce the main rate of corporation tax to 23% from 1 April 2013 was included in the Finance Act 2012 and substantively enacted in July 2012

The Finance Act 2013 was substantively enacted on 2 July 2013 and includes legislation to reduce the main rate of corporation tax from 23% to 21% from 1 April 2014 and from 21% to 20% from 1 April 2015

UK deferred tax has therefore been provided at 20% (2014 20%)

9 Dividends

The directors do not recommend the payment of a final dividend which results in no dividend being paid for the year (2014 £nil)

10 Intangible assets

Group	**Players' registrations £'000**
Cost	
At 1 June 2014	92,593
Additions	16,923
Reversal of capitalised costs contingent upon future events no longer considered payable	(3,496)
Disposals	(3,385)
At 31 May 2015	**102,635**
Accumulated amortisation	
At 1 June 2014	54,775
Charge for the year	19,683
Disposals	(2,613)
At 31 May 2015	**71,845**
Net book value	
At 31 May 2015	**30,790**
At 31 May 2014	37,818

The Company does not have any intangible fixed assets (2014 £nil)

Reform Acquisitions Limited

Notes to the financial statements
for the year ended 31 May 2015 (continued)

11 Tangible assets

Group	Freehold land and buildings £'000	Leasehold land and buildings £'000	Plant and equipment £'000	Total £'000
Cost				
At 1 June 2014	106,763	201	24,087	131,051
Additions	-	-	2,909	2,909
Disposals	-	-	(42)	(42)
At 31 May 2015	**106,763**	**201**	**26,954**	**133,918**
Accumulated depreciation				
At 1 June 2014	18,970	24	19,099	38,093
Charge for the year	2,506	2	2,905	5,413
Disposals	-	-	(24)	(24)
At 31 May 2015	**21,476**	**26**	**21,980**	**43,482**
Net book value				
At 31 May 2015	**85,287**	**175**	**4,974**	**90,436**
At 1 June 2014	87,793	177	4,988	92,958

Freehold land and buildings includes freehold land amounting to £7,931,526 (2014 £7,931,524) which has not been depreciated

12 Fixed asset investments

	£'000
At 1 June 2014	218,449
Additional investments during the year	84,938
Impairment charge for the year	(128,336)
At 31 May 2015	**175,051**

Following a review of carrying values in the year, the investment has been written down to its estimated net realisable value

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

Company	Principal activity	Holding	
Aston Villa Limited	Property investment	5,170,494,660 ordinary 5p shares	100%
Aston Villa Football Club Limited*	Commercial and retail operations	84,938,182 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%
Aston Villa Ladies Limited*	Ladies football club	1 ordinary £1 share	100%
Villa In The Community*	Community activities	Limited by guarantee	-
Aston Villa Social Enterprise CIC*	Community activities	7 ordinary shares of £10 each	100%

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

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

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

13 Stocks

Group	**2015**	2014
	£'000	£'000
Goods held for resale	**594**	588

The Company did not have any stock (2014 £nil)

14 Debtors

	Group	**Company**	Group	Company
	2015	**2015**	2014	2014
	£'000	**£'000**	£'000	£'000
Trade debtors	**9,823**	-	10,393	-
Amounts owed by Group undertakings	-	-	-	22,350
Other debtors	**79**	-	613	-
Prepayments and accrued income	**228**	-	1,554	-
	10,130	-	12,560	22,350

15 Creditors: amounts falling due within one year

	Group	**Company**	Group	Company
	2015	**2015**	2014	2014
	£'000	**£'000**	£'000	£'000
Bank loans and overdrafts (note 17)	**20,362**	-	17,987	-
Trade creditors	**9,768**	-	12,132	-
Amounts owed to parent undertakings	-	-	72,458	72,458
Amounts owed to subsidiary undertakings	-	**20,414**	-	7,368
Taxation and social security	**5,022**	-	6,806	-
Other creditors	**639**	-	443	-
Accruals and deferred income	**13,535**	-	11,234	-
	49,326	**20,414**	121,060	79,826

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 2015 (continued)

16 Creditors: amounts falling due after more than one year

	Group 2015 £'000	Company 2015 £'000	Group 2014 £'000	Company 2014 £'000
Bank loans and overdrafts (note 17)	-	-	-	-
Loan notes payable to parent undertaking (note 17)	10,397	10,397	17,000	17,000
Trade creditors	2,833	-	2,263	-
Grants and donations	2,770	-	2,911	-
	16,000	10,397	22,174	17,000

Grants and donations

	Group 2015 £'000	Company 2015 £'000	Group 2014 £'000	Company 2014 £'000
At 1 June	2,911	-	3,051	-
Credit to loss from operations in the year	(141)	-	(140)	-
At 31 May	2,770	-	2,911	-

17 Loans and other borrowings

	Group 2015 £'000	**Company 2015 £'000**	Group 2014 £'000	Company 2014 £'000
Bank loans and overdrafts	**20,362**	**-**	17,987	-
Loan notes	**10,397**	**10,397**	17,000	17,000
	30,759	**10,397**	34,987	17,000
Maturity of financial liabilities				
Due in one year or less, or on demand	**20,362**	**-**	17,987	-
Due in more than 5 years	**10,397**	**10,397**	17,000	17,000
	30,759	**10,397**	34,987	17,000

Bank loans and overdrafts

The bank loan and overdraft, which are secured on the Group's land and property assets, bear interest on margins above Bank of England Base Rate

The bank overdraft is renewable annually and repayable on demand At the balance sheet date, the Group had undrawn overdraft borrowing facilities of £2,115,000 (2014 £4,708,000)

18 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	Short-term timing differences	Losses	Total
	£'000	£'000	£'000	£'000
At 1 June 2014	534	-	-	534
Credit to profit and loss account for the year	(534)	-	-	(534)
At 31 May 2015	-	-	-	-

There is an unprovided deferred tax asset of £52 3m (2014 £47 4m) in respect of tax losses carried forward in the Group, and an unprovided deferred tax asset of £3 7m (2014 £3 7m) in the Company No deferred tax asset will be recognised until the directors assess that these losses can be utilised with reasonable certainty

In addition to the changes in rates of corporation tax disclosed in note 8, further changes to the UK corporation tax rates were substantively enacted as part of the Finance Bill 2013 on 2 July 2013 These include reductions to the main rate to reduce the rate to 21% from 1 April 2014 and to 20% from 1 April 2015

19 Called up share capital

	2015		2014	
	Number	**£'000**	Number	£'000
Allotted and fully paid – ordinary shares of £1 each	**315,187,691**	**315,188**	223,249,509	223,250

During the year the Company issued £7,000,000 ordinary £1 shares in consideration for cash An additional £84,938,182 ordinary £1 shares were issued following a conversion of debt to equity

Notes to the financial statements for the year ended 31 May 2015 (continued)

20 Profit and loss account

	Group 2015 £'000	Company 2015 £'000	Group 2014 £'000	Company 2014 £'000
At 1 June	**(221,134)**	**(79,277)**	(217,280)	(78,476)
Loss for the financial year	**(27,315)**	**(91,671)**	(3,854)	(801)
At 31 May	**(248,449)**	**(170,948)**	(221,134)	(79,277)

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

	Group 2015 £'000	Company 2015 £'000	Group 2014 £'000	Company 2014 £'000
Loss for the financial year	**(27,315)**	**(91,671)**	(3,854)	(801)
Net proceeds of issue of ordinary shares	**91,938**	**91,938**	90,132	90,132
Opening shareholders' funds/(deficit)	**2,116**	**143,973**	(84,162)	54,642
Closing shareholders' funds	**66,739**	**144,240**	2,116	143,973

22 Net cash flow from operating activities

	2015 £'000	2014 £'000
Operating loss	**(27,003)**	(4,774)
Amortisation of players' registrations	**19,683**	18,340
Depreciation of tangible fixed assets	**5,413**	5,721
Amortisation of grant income	**(141)**	(140)
(Increase)/decrease in stocks	**(6)**	8
Decrease/(increase) in debtors	**2,555**	(4,803)
Decrease in creditors	**(2,309)**	(1,074)
Net cash (outflow)/inflow from operating activities	**(1,808)**	13,278

23 Analysis of cash flows netted in cash flow statement

	2015 £'000	2014 £'000
Returns on investments and servicing of finance		
Interest received	-	22
Interest paid	**(743)**	(961)
Net cash outflow from returns on investments and servicing of finance	**(743)**	(939)
Capital expenditure and financial investment		
Purchase of tangible fixed assets	**(2,909)**	(1,309)
Purchase of intangible fixed assets	**(16,133)**	(20,369)
Proceeds from disposal of tangible fixed assets	**16**	15
Proceeds from disposal of intangible fixed assets	**1,022**	6,663
Net cash outflow from capital expenditure and financial investment	**(18,004)**	(15,000)
Financing		
Issue of share capital	**7,000**	-
Increase/(decrease) in other borrowings	**9,215**	(720)
Net cash inflow/(outflow) from financing	**16,215**	(720)

24 Analysis of net debt

	At 1 June 2014	Cash flow	Non-cash movements	**At 31 May 2015**
	£'000	£'000	£'000	**£'000**
Cash at bank and in hand	1,960	(1,845)	-	**115**
Debt due within 1 year - overdraft	(17,867)	(2,495)	-	**(20,362)**
Net cash	(15,907)	(4,340)	-	**(20,247)**
Debt due within 1 year - parent undertaking borrowings	(69,000)	(15,938)	84,938	**-**
Debt due within 1 year – bank loan	(120)	120	-	**-**
Debt due after 1 year – loan notes	(17,000)	6,603	-	**(10,397)**
Net debt	(102,027)	(13,555)	84,938	**(30,644)**

The non-cash movement of £84 938m relates to the issue of ordinary share capital following the conversion of parent undertaking borrowings to equity (note 19)

25 Contingent liabilities and commitments

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 2015 is £4 1m (2014 £4 2m)

The terms of certain contracts with employees of the football club include the payment of additional amounts upon the change of ownership of the football club Some of these payments vary according to the amount for which the club is sold and when a sale occurs A reasonable estimate of the aggregate amount payable under the terms of these contracts should the club be sold is £3 3 million (2014 £3 0 million)

26 Retirement benefit schemes

Certain members of the Group's staff are members of either the Football League Limited Players' Retirement Income Scheme, a defined contribution scheme, or the Football League Limited Pension and Life Assurance Scheme (FLLPLAS), a defined benefit scheme As the Group is one of a number of participating employers in FLLPLAS, it is not possible to accrue any actuarial surplus or deficit on a meaningful basis and consequently contributions are expensed in the consolidated profit and loss account as they become payable The assets of the scheme are held separately from those of the Group, being invested with insurance companies Under the provisions of Financial Reporting Standard 17 'Retirement Benefits' the scheme would be treated as a defined benefit multi-employer scheme The scheme's actuary has advised that the participating employer's share of the underlying assets and liabilities cannot be identified on a reasonable and consistent basis and accordingly no disclosures are made under the provisions of Financial Reporting Standard 17 'Retirement Benefits' This deficit has been appropriately accounted for over the remaining service lives of the employees concerned in accordance with Financial Reporting Standard 17 'Retirement Benefits' Where employees have left the Group, the amount was charged to the consolidated profit and loss account in the year in which the deficit was paid

At the year end, the amount outstanding in relation to the defined contribution schemes was £328,288 (2014 £211,902)

Contributions are also paid into individuals' private pension schemes The total contributions across all schemes during the year amounted to £516,294 (2014 £409,516)

27 Events after the balance sheet date

Since the balance sheet date various players have been bought and sold The net income of these transfers, taking into account the applicable levies and sell on clauses, is £40 5 million (2014 £0 2 million) The net cost of these transfers, taking into account the applicable levies, is £57 1 million (2014 £0 1 million) These transfers will be accounted for in the year ending 31 May 2016

28 Related party transactions

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

The Group has incurred a number of costs during the year, which are incurred on behalf of Mr R Lerner, a director of the Company These costs are repayable by the director and included in his loan account balance to the Group At the year-end a balance of £56,023 (2014 £513,250) remained due from Mr R Lerner This balance was settled in full after the year end date

29 Ultimate parent undertaking and controlling party

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

Reform Acquisitions Limited are the only undertaking for which Group financial statements are consolidated