



Swindon Town Football Company Limited

**Report and Accounts
For the Year Ended 31 May 2007**

Registered Number: 00053100

Swindon Town Football Company Limited

CONTENTS

	Page
OFFICERS AND ADVISERS	1
DIRECTORS' REPORT	2
PROFIT AND LOSS ACCOUNT	4
BALANCE SHEET	5
NOTES TO THE FINANCIAL STATEMENTS	7

Swindon Town Football Company Limited

OFFICERS AND ADVISERS

Directors	W H Carson OBE	(resigned 15 January 2008)
	R S Holt	(resigned 26 September 2006)
	R S Holt	(appointed 28 November 2006)
	R S Holt	(resigned 15 January 2008)
	J S Wills	
	S A Gray	(resigned 15 January 2008)
	M Starnes	(appointed 23 October 2006)
	M Starnes	(resigned 14 December 2007)
	M Bowden	(appointed 1 December 2006)
	M Bowden	(resigned 25 October 2007)
	A C Fitton	(appointed 15 January 2008)
	N R Watkins	(appointed 15 January 2008)
	J P Wray	(appointed 15 January 2008)
	R Backhouse	(appointed 15 January 2008)

Secretary S A Gray

Registered Office County Ground
County Road
Swindon
Wiltshire
SN1 2ED

Registered Number 00053100

Solicitors Dickinson Dees LLP
St Ann's Wharf
112 Quayside
Newcastle Upon Tyne
NE99 1SB

Bankers National Westminster Bank plc
30 Market Place
Newbury
Berkshire
RG14 5GP

Swindon Town Football Company Limited

DIRECTORS' REPORT

The Directors present their report together with the unaudited financial statements for the year ended 31 May 2007.

Principal activity

The principal activity of the Company is that of a professional football league club.

Review of the business

The results for the year are set out in the profit and loss account on page 4.

Dividends

The Directors do not recommend the payment of a dividend (2006: Nil). During the year no interim dividends were paid (2006: Nil).

The retained loss of £1,753,349 (2006: £732,485) has been transferred to the profit and loss reserve.

Directors

The Directors during the year, together with their beneficial interests in the share capital of the Company at the beginning and end of year were as follows:-

		Ordinary Shares of 50p each	
		31 May 2007	31 May 2006
W H Carson OBE	(resigned 15 January 2008)	100,003	100,003
R S Holt	(resigned 15 January 2008)	-	-
J S Wills		1,863,580	1,863,580
S A Gray	(resigned 15 January 2008)	-	-
M Starnes	(resigned 14 December 2007)	-	-
M Bowden	(resigned 25 October 2007)	240	-

J S Wills and S A Gray were also directors of the former parent company, Swindon Town FC Limited and their interests in that company are shown in the Directors' Report of the former parent company.

Share capital

A statement reflecting details of the share capital of the Company is set out in note 15 on page 13 of the Financial Statements.

Subsequent events

On 15 January 2008, a controlling interest in the Company was acquired by Swindon Football Holdings Limited.

Swindon Town Football Company Limited

DIRECTORS' REPORT (continued)

Directors' responsibilities

Company law requires the Directors to prepare Financial Statements for each financial year that give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for the period ending on that date. In preparing those Financial Statements, the Directors are required to:-

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

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure the financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

Auditors

For the year ended 31 May 2007, the Company was exempt from the requirement to have its Financial Statements audited, and as such no auditor has been appointed.

This report has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 and 2006 relating to small companies.

This report was approved by the Board on 30th May 2008 and signed on its behalf by:-

A C Fitton
Director

Swindon Town Football Company Limited

PROFIT AND LOSS ACCOUNT For the Year Ended 31 MAY 2007

	Note	2007 £	2006 £
Turnover		3,529,167	3,174,018
Cost of sales		(4,043,762)	(2,934,792)
Gross (loss)/profit		(514,595)	239,226
Administrative expenses		(1,746,982)	(1,254,601)
Other operating income		50,042	50,042
Operating loss	3	(2,211,535)	(965,333)
Profit on sale of players' registrations	4	805,000	609,188
Interest payable and similar charges	5	(346,814)	(376,340)
Loss on ordinary activities before taxation		(1,753,349)	(732,485)
Taxation		-	-
Loss for the financial year		(1,753,349)	(732,485)

Statement of Total Recognised Gains and Losses

There were no recognised gains or losses other than the loss for the year shown above and therefore no statement of total recognised gains and losses has been presented.

Note of Historical Cost Profits and Losses

There is no difference between the loss on ordinary activities before taxation and the retained loss for the year and their historical cost equivalents.

Swindon Town Football Company Limited

BALANCE SHEET
For The Year Ended 31 May 2007

	Note	2007		2006	
		£	£	£	£
Fixed assets					
Intangible assets	8		99,603		16,137
Tangible assets	9		512,226		627,112
			611,829		643,249
Current assets					
Stocks		17,342		36,802	
Debtors	10	903,380		1,009,515	
Cash at bank and in hand		311,945		113,966	
		1,232,667		1,160,283	
Creditors: Amounts falling due within one year	11	(12,197,835)		(9,959,812)	
Net current liabilities			(10,965,168)		(8,799,529)
Total assets less current liabilities			(10,353,339)		(8,156,280)
Creditors: Amounts falling due after more than one year	12		(2,467,664)		(2,467,664)
Deferred income			(834,372)		(1,278,082)
Deferred income	13		(834,372)		(1,278,082)
			(13,655,375)		(11,902,026)
Capital and reserves					
Called up share capital	14		2,250,000		2,250,000
Share premium reserve	15		2,585,161		2,585,161
Profit and loss reserve	15		(18,490,536)		(16,737,187)
Equity and shareholders' deficit			(13,655,375)		(11,902,026)

Swindon Town Football Company Limited

**BALANCE SHEET
For The Year Ended 31 May 2007**

**Director's Statements required by Section 249B(4)
For the Year Ended 31 May 2007**

In approving these Financial Statements as a director of the Company I hereby confirm:

- (a) that for the year stated above the company was entitled to the exemption conferred by Section 249A(1) of the Companies Act 1985;
- (b) that no notice has been deposited at the registered office of the company pursuant to Section 249B(2) requesting that an audit be conducted for the year ended 31 May 2007 and
- (c) that I acknowledge my responsibilities for:
 - (1) ensuring that the company keeps accounting records which comply with Section 221, and
 - (2) preparing financial statements which give a true and fair view of the state of affairs of the company as at the end of the financial year and of its profit or loss for the year then ended in accordance with the requirements of Section 226 which otherwise comply with the provisions of the Companies Act relating to financial statements, so far as applicable to the company.

These Financial Statements are prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies and in accordance with the Financial Reporting Standard for Smaller Entities (effective January 2005).

Approved by the Board and on its behalf by:-

**A C Fitton
Director
30th May 2008**

Swindon Town Football Company Limited

DETAILED PROFIT AND LOSS ACCOUNT (Continued) For The Year Ended 31 May 2007

1 Accounting policies

Basis of preparation

The Financial Statements have been prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective January 2005). A summary of the more important accounting policies, which have been applied consistently, is set out below.

Cash flow statement

The Financial Statements do not include a cash flow statement because the Company, as a small reporting entity, is exempt from the requirements to prepare such a statement.

Going concern

These Financial Statements have been prepared on a going concern basis.

In August 2002, the Company entered into a five year Company Voluntary Arrangement (CVA). A final payment of £900,000, payable June 2007, was not made, and as a consequence the CVA did not successfully complete in August 2007.

The arrangement states that if the CVA fails at any point in time, the CVA liabilities will be due immediately in full. Therefore these liabilities are included in full, as amounts due within one year within these Financial Statements.

Given the continuing losses of the Company, it continues to remain dependent upon both its Directors and its parent company to provide additional funding to support its operations. On the 15th January 2008, a controlling interest in the share capital of the Company was acquired by Swindon Football Holdings Limited. From the date of the change in control, Swindon Football Holdings Limited has made additional funding available to the Company and accordingly the Directors have prepared these Financial Statements on a going concern basis. As such, these Financial Statements do not reflect any adjustments which would have to be made should this going concern basis prove inappropriate, whereby adjustments would have to be made to reduce the value of assets to their realisable amount to provide further liabilities which might arise, and to reclassify fixed assets and long term liabilities as current assets and current liabilities.

Turnover

Turnover represents the value of goods and services provided during the year, net of value added tax.

Depreciation

Depreciation is provided on tangible fixed assets so as to write off the cost or valuation, less any estimated residual value over their expected useful economic life as follows:

Plant and machinery	10 years straight line
Leasehold property improvements	3 to 20 years straight line

Swindon Town Football Company Limited

DETAILED PROFIT AND LOSS ACCOUNT (Continued) **For The Year Ended 31 May 2007**

Hire Purchase and Finance Leases

Assets held under finance leases and other similar contracts, which confer rights and obligations similar to those attached to owned assets, are capitalised as tangible fixed assets and are depreciated over the shorter of the lease terms or their useful lives. The capital elements of future lease obligations are recorded as liabilities, while the interest elements are charged to the profit and loss account over the period of the leases to produce a constant rate of charge on the balance of capital repayments outstanding. Hire purchase transactions are dealt with similarly, except that assets are depreciated over their useful lives.

Rentals under operating leases are charged on a straight line basis over the lease term, even if the payments are not made in such a basis. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight line basis over the lease term, except where the period to the review date on which the rent is first expected to be adjusted to the prevailing market rate is shorter than the full lease term, in which case the shorter period is used.

Finance Costs

Finance costs of debt are recognised in the profit and loss account over the term of such instruments at a constant rate on the carrying amount.

Operating leases

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged to the profit and loss account as incurred.

Grants

Grants of a revenue nature are credited to income in the year in which they relate. Grants of a capital nature are credited to a deferred income account and amortised over the life of the asset to which they relate.

Transfer and registration fees

Transfer fees receivable are credited to the profit and loss account in the year in which the transfer is completed. Those fees are contingent on subsequent appearances or transfers are dealt with in the profit and loss account in the year in which the relevant appearances or transfers take place. Transfer fees payable are capitalised at cost and amortised in the profit and loss account over the period of the players' contracts.

Stocks

Stock is valued at the lower of cost and net realisable value, after due regard for obsolete and slow moving stocks. Net realisable value is based on selling price less anticipated costs to completion and selling costs.

Deferred Taxation

Deferred tax is provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in a period different from those in which they are included in the financial statements. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

Swindon Town Football Company Limited

DETAILED PROFIT AND LOSS ACCOUNT (Continued) For The Year Ended 31 May 2007

Pension Scheme

Certain employees of the Company are members of individual personal pension schemes which are defined contribution schemes, the costs of which are charged to the profit and loss account as incurred.

2 Turnover

The turnover is attributable to the principal activity of the Company and wholly undertaken in the UK.

3 Operating loss

Operating loss is stated after charging:-

	2007	2006
	£	£
Operating lease rentals		
- Land and buildings	239,761	211,537
- Plant and machinery	39,004	113,925
<i>Auditors remuneration:-</i>		
- non audit services	14,000	13,185
<i>Depreciation:-</i>		
- Tangible owned fixed assets	117,861	98,209
Amortisation of players' registrations	20,831	36,932
	<u><u> </u></u>	<u><u> </u></u>

4 Exceptional items

	2007	2006
	£	£
Profit on sale of players' registrations	(805,000)	(609,188)
	<u><u> </u></u>	<u><u> </u></u>

5 Interest

	2007	2006
	£	£
Bank interest receivable	-	(4,719)
Loan interest payable	233,237	278,981
Other interest payable	113,577	102,078
	<u><u> </u></u>	<u><u> </u></u>
	346,814	376,340

Swindon Town Football Company Limited

DETAILED PROFIT AND LOSS ACCOUNT (Continued)
For The Year Ended 31 May 2007

8 Intangible fixed assets

	Players' Registrations £
Cost	
As at 1 June 2006	152,500
Additions	104,297
As at 31 May 2007	256,797
Amortisation	
As at 1 June 2008	136,363
Charge for the year	20,831
As at 31 May 2007	157,194
Net book value As at 31 May 2007	99,603
As at 1 June 2006	16,137

9 Tangible fixed assets

	Land and Buildings £	Plant and Machinery £	Total £
Cost			
As at 1 June 2006	3,365,539	1,052,333	4,417,872
Additions	-	2,975	2,975
Disposals	(40,469)	(49,128)	(89,597)
As at 31 May 2007	3,325,070	1,006,180	4,331,250
Depreciation			
As at 1 June 2006	2,865,015	925,745	3,790,760
Charge for the year	81,168	36,693	117,861
Disposals	(40,469)	(49,128)	(89,597)
As at 31 May 2007	2,905,714	913,310	3,819,024
Net book value As at 31 May 2007	419,356	92,870	512,226
As at 1 June 2006	500,524	126,588	627,112

Swindon Town Football Company Limited

DETAILED PROFIT AND LOSS ACCOUNT (Continued)
For The Year Ended 31 May 2007

10	Debtors	2007	2006
		£	£
	Trade debtors	372,022	85,804
	Other debtors	404,025	436,378
	Prepayments and accrued income	127,333	487,333
		903,380	1,009,515
		<hr/> <hr/>	<hr/> <hr/>

11	Creditors: Amounts falling due within one year	2007	2006
		£	£
	Bank loans and overdrafts	-	740
	Other loans	4,577,999	4,487,960
	Trade creditors	1,939,284	1,959,035
	Amounts owed to group undertakings	1,575,404	1,237,589
	Social security and other taxes	3,066,304	1,383,091
	Other creditors	8,864	5,793
	Accruals	1,029,980	885,604
		12,197,835	9,959,812
		<hr/> <hr/>	<hr/> <hr/>

Included in creditors due within one year are liabilities of £5,383,334 (2006: £5,383,334) which are part of the CVA as described in note 1. Should the CVA fail, the whole amount becomes due immediately.

12	Creditors: Amounts falling due after more than one year	2007	2006
		£	£
	Amounts owed to related company	2,450,000	2,450,000
	Other loans due between one and two years	8,832	8,832
	Other loans due between two and five years	8,832	8,832
		2,467,664	2,467,664
		<hr/> <hr/>	<hr/> <hr/>

The amount owed to related companies of £2,450,000 (2006: £2,450,000) is secured the Company's leasehold at the County Ground.

Swindon Town Football Company Limited

DETAILED PROFIT AND LOSS ACCOUNT (Continued)
For The Year Ended 31 May 2007

13	Deferred income		2007	2006
			£	£
	Falling due within one year			
	Capital grants receivable		50,042	50,042
	Other deferred income		487,643	881,310
			<u>537,685</u>	<u>931,352</u>
	Falling due after one year			
	Capital grants receivable		296,687	346,730
			<u>834,372</u>	<u>1,278,082</u>
14	Share capital		2007	2006
			£	£
	Authorised			
	Equity			
	4,500,000 Ordinary Shares of 50p each		<u>2,250,000</u>	<u>2,250,000</u>
	Allotted, called up and fully paid			
	4,500,000 Ordinary Shares of 50p each		<u>2,250,000</u>	<u>2,250,000</u>
15	Reserves			
		Share Premium	Profit and Loss	Total
		Reserve	Reserve	£
		£	£	
	Balance at 1 June 2006	2,585,161	(16,737,187)	(14,152,026)
	Loss for the year	-	(1,753,349)	(1,753,349)
	Balance at 31 May 2007	<u>2,585,161</u>	<u>(18,490,536)</u>	<u>(15,905,375)</u>
16	Reconciliation of Movements in Equity Shareholders' Funds		2007	2006
			£	£
	Retained loss for the financial year		(1,753,349)	(732,485)
	Net reduction during the year		<u>(1,753,349)</u>	<u>(732,485)</u>
	Shareholders funds' as at 31 May 2006		(11,902,206)	(11,169,721)
	Shareholders funds' as at 31 May 2007		<u>(13,655,375)</u>	<u>(11,902,206)</u>

Swindon Town Football Company Limited

DETAILED PROFIT AND LOSS ACCOUNT (Continued) For The Year Ended 31 May 2007

17 **Contingent liabilities**

Legal actions have been initiated against the Company and its former parent, Swindon Town FC Limited, by Datasat Communications Limited, William Power and Philip Emmel, who claim that funds totalling £1,000,000 advanced by them to the Company constitute a loan rather than subscription monies relating to the issue of shares. Under the terms of a Share Sale Agreement dated 21 December 2007 relating to the purchase of a controlling interest in the Company, an indemnity has been provided by the former parent of the Company in respect of any liabilities that that crystallise in respect of these actions. As such, no provision has been made within these Financial Statements.

In addition, the Company is also defending actions brought against the Company by William Power relating to the payment of event costs (£80,000) and settlement arrangements with a former manager (£40,000). As above, the Company has been provided with an indemnity in respect of any liability arising from these actions and as such no provision has been made

18 **Other financial commitments**

The lease relating to the County Ground expires on 31 March 2013. The terms of the lease stipulate that rent payable shall comprise a base rent together with additional rent calculated with reference to the Company's gross turnover for the previous financial year. During the year, the Company paid base rent of £92,544 (2006: £90,409) and additional rent of £68,000 (2006: £68,000). The base rent increases each year in line with the Retail Price Index.

19 **Related parties**

Included within Creditors: amounts due after more than one year, is an amount owed to Shaw Park Developments Limited, a company which is 50% owned by the former parent company, Swindon Town FC Limited. At the year end that company was owed £2,450,000 (2006: £2,450,000).

At the year end the Company also owed its directors and their related parties a balance of £4,317,999 (2006: £4,309,124). Interest is payable on these loans at a maximum rate of 10%.

20 **Subsequent Events**

On 15 January 2008, 75% of the equity of the Company was acquired by Swindon Football Holdings Limited.

21 **Pension Commitments**

The Company makes contributions to a number of defined contribution pension schemes on behalf of certain employees. All pension contributions are charged to the profit and loss account as incurred. The assets of such schemes are held separately from those of the Company in independently administered trusts. There were no prepaid nor accrued pension contributions at 31 May 2007 (2006 : £Nil).

Swindon Town Football Company Limited

DETAILED PROFIT AND LOSS ACCOUNT (Continued) **For The Year Ended 31 May 2007**

22 Ultimate Parent Company

Throughout the year, the Company was controlled by its parent company, Swindon Town FC Limited, by virtue of majority shareholding during the year. The Company is controlled by the director, J Wills, and at the year end was owed £1,535,404 (2006: £1,237,589).

On 15 January 2008, Swindon Football Holdings Limited, a company incorporated in Great Britain and registered in England and Wales, acquired a 75% controlling interest Company.

A C Fitton, a director of both the Company and its parent Company, is the ultimate controlling party.