

REGISTERED NUMBER 04305508 (England and Wales)

**REPORT OF THE DIRECTORS AND  
CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MAY 2012  
FOR  
SWANSEA CITY FOOTBALL 2002 LIMITED**

FRIDAY



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**SWANSEA CITY FOOTBALL 2002 LIMITED (REGISTERED NUMBER:  
04305508)**

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FOR THE YEAR ENDED 31 MAY 2012**

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# SWANSEA CITY FOOTBALL 2002 LIMITED

## COMPANY INFORMATION FOR THE YEAR ENDED 31 MAY 2012

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<b>DIRECTORS</b>	H M Jenkins B L Katzen
<b>SECRETARY</b>	A Cowie
<b>REGISTERED OFFICE:</b>	Liberty Stadium Landore Swansea SA1 2FA
<b>REGISTERED NUMBER</b>	04305508 (England and Wales)
<b>SENIOR STATUTORY AUDITOR:</b>	Brian Garland
<b>AUDITORS:</b>	Gerald Thomas & Co Chartered Accountants and Statutory Auditors Furze Bank 34 Hanover Street Swansea SA1 6BA

# **SWANSEA CITY FOOTBALL 2002 LIMITED (REGISTERED NUMBER: 04305508)**

## **REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 MAY 2012**

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The directors present their report with the financial statements of the company and the group for the year ended 31 May 2012

### **PRINCIPAL ACTIVITY**

The principal activity of the group in the year under review was that of professional association football

### **REVIEW OF BUSINESS**

The review of business for the group is primarily a review of the main trading company of the group, Swansea City Association Football Club Limited, as the remaining group companies are dormant

The team completed a very successful first season in the Premier League as evidenced by its 11th place finish Turnover increased by £53.5 million to £65.2 million (2010/2011 £11.7m) which aptly demonstrates the rewards of gaining promotion to the Premier League and this was augmented by earning a merit payment of £7.6 million as a result of finishing in 11th place, out-of-the-blue compensation of £5 million received from Liverpool FC for the loss of management staff and an increase in commercial income of £2.5 million

Whilst operating expenses, particularly wage costs, doubled the previous year's figures, the Board are happy to announce a net profit after taxation of £14.6 million which is in line with how the operating budgets were structured and sufficient to counteract the net loss after taxation of £8.3 million incurred in the previous year as a result of the promotion push This result has turned the group's balance sheet reserves into a positive mode for the first time under the tenure of the current Board

Maintaining a level of profit capable of funding player acquisitions, future growth and capital investment plans will be an ongoing objective

Arising from the recent and expected future successes of the trading subsidiary, the Board took the decision to release the provision against the parent company's investment in the shares of the subsidiary The Board also decided to release the previously made provision against the loan due from Swansea City Association Football Club Limited

### **PRINCIPAL RISKS AND UNCERTAINTIES**

The group is exposed to a range of risks and uncertainties which predominantly relate to the performance of the football team The threat of relegation out of the Premier League is considered to be a major risk because of the adverse effect it would undoubtedly have on turnover, liquidity, the ability to retain and recruit talented staff and capital investment projects

Serious injury to key players is a significant risk to team performance and the market value of playing staff Operationally the directors must continue to ensure the group remains profitable at a level sufficient to fund vital player acquisitions and projects and conduct its affairs on a best practice basis to maintain good working relationships with the authorities and financial institutions

### **DIVIDENDS**

No dividends will be distributed for the year ended 31 May 2012

### **FIXED ASSETS**

The promotion to the Premier League has enabled the Board to invest in tangible fixed assets, £2.1m has been expended within the year, of which £1.4m related to investment in property for key management staff Since the year end, the Board has continued to invest in enhanced training facilities for both the Youth and Senior squad

### **FUTURE DEVELOPMENTS**

The directors have pushed on with plans to improve training facilities, achieve academy status for the club's youth development programme and to increase stadium capacity Whilst facets of these plans rely on the club's ability to remain in the Premier League, some progress has already been made

# **SWANSEA CITY FOOTBALL 2002 LIMITED (REGISTERED NUMBER: 04305508)**

## **REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 MAY 2012**

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1 A £2.5 million investment at Landore involving the creation of two grass pitches, one all weather pitch and a purpose built building to house changing rooms, toilets, cafeteria, etc for completion early 2013,

2 The creation of a partnership with Swansea University including the acquisition of a long term lease of the playing fields at Fairwood, Upper Killay, Swansea. Major work is already underway to improve site drainage and the creation of pitches whilst planning permission is being sorted to create other facilities which will result in a first class training complex befitting a Premier League club,

3 Preliminary work has commenced to put the club in a position to apply for planning consent in 2013 for an increase in the capacity of the Liberty Stadium with the idea of a phased development over a two year period

### **EVENTS SINCE THE END OF THE YEAR**

Information relating to events since the end of the year is given in the notes to the financial statements

### **DIRECTORS**

The directors shown below have held office during the whole of the period from 1 June 2011 to the date of this report

H M Jenkins  
B L Katzen

### **FINANCIAL INSTRUMENTS**

The group's principal financial instruments comprise bank balances, temporary bank overdrafts, loans, trade debtors and creditors and finance lease agreements. The main purpose of these instruments is to raise funds for the group's operations and to finance the group's operations

Due to the nature of the financial instruments used by the group there is no exposure to price risk. The group's approach to managing other risks applicable to the financial instruments concerned is shown below

In respect of bank balances, the liquidity risk is managed by maintaining a balance between the continuity of funding and flexibility through the use of temporary overdrafts at floating rates of interest

In respect of loans, these are comprised of loans from various sources. The interest rate on these loans is variable, but the monthly repayments are fixed. The group manages liquidity risk by ensuring there are sufficient funds to meet the repayments

The group is a lessee in respect of financed leased assets. The liquidity risk in respect of these is managed in the same way as loans

Trade debtors are managed in respect of credit and cash flow risk by policies concerning the credit offered to customers and the regular monitoring of amounts outstanding for both time and credit risk

Trade creditors liquidity risk is managed by ensuring sufficient funds are available to meet amounts due

Currency risk is managed by careful monitoring of the Board of exchange rates and the maintenance of bank accounts in foreign currencies

**SWANSEA CITY FOOTBALL 2002 LIMITED (REGISTERED NUMBER:  
04305508)**

**REPORT OF THE DIRECTORS  
FOR THE YEAR ENDED 31 MAY 2012**

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**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

The directors are responsible for preparing the Report of the Directors and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the 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 the group and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to

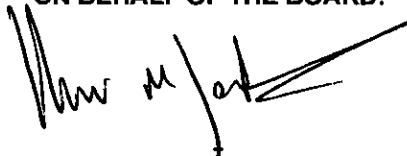
- select suitable accounting policies and then apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's and the group'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.

**STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS**

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the group's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the group's auditors are aware of that information.

**ON BEHALF OF THE BOARD:**



H M Jenkins - Director

Date 2<sup>ND</sup> NOVEMBER 2012

## **REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF SWANSEA CITY FOOTBALL 2002 LIMITED**

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We have audited the financial statements of Swansea City Football 2002 Limited for the year ended 31 May 2012 on pages seven to thirty four. 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).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in a Report of the Auditors and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of directors and auditors**

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

### **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 the parent company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Report of the Directors to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

### **Opinion on financial statements**

In our opinion the financial statements

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 May 2012 and of the group's profit 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 Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements.

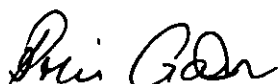
## REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF SWANSEA CITY FOOTBALL 2002 LIMITED

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### 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



Brian Garland (Senior Statutory Auditor)  
for and on behalf of Gerald Thomas & Co  
Chartered Accountants and Statutory Auditors  
Furze Bank  
34 Hanover Street  
Swansea  
SA1 6BA

Date

2/11/2012



**SWANSEA CITY FOOTBALL 2002 LIMITED (REGISTERED NUMBER:  
04305508)**

**CONSOLIDATED PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 31 MAY 2012**

	Notes	2012 £	2011 £
<b>TURNOVER</b>	2	65,165,603	11,655,553
Administrative expenses		47,665,461	22,719,288
		<u>17,500,142</u>	<u>(11,063,735)</u>
Other operating income		43,750	12,570
<b>GROUP OPERATING PROFIT/(LOSS)</b>	4	17,543,892	(11,051,165)
Share of operating profit in Joint ventures		52	-
Share of associate's operating profit/(loss)	5	14,833	(51,110)
Profit/loss on sale of intangible fixed assets	5	123,184	27,705
		<u>17,681,961</u>	<u>(11,074,570)</u>
Interest receivable and similar income	6	34,521	5,971
		<u>17,716,482</u>	<u>(11,068,599)</u>
Interest payable and similar charges	7	279,652	104,621
<b>PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		17,436,830	(11,173,220)
Tax on profit/(loss) on ordinary activities	8	2,787,076	(2,871,954)
<b>PROFIT/(LOSS) FOR THE FINANCIAL YEAR AFTER TAXATION</b>		14,649,754	(8,301,266)
Minority interest - equity		124,499	(70,162)
<b>RETAINED PROFIT/(DEFICIT) FOR THE FINANCIAL YEAR FOR THE GROUP</b>		<u>14,525,255</u>	<u>(8,231,104)</u>

**CONTINUING OPERATIONS**

None of the group's activities were acquired or discontinued during the current year or previous year

The notes form part of these financial statements

**SWANSEA CITY FOOTBALL 2002 LIMITED (REGISTERED NUMBER:  
04305508)**

**CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES  
FOR THE YEAR ENDED 31 MAY 2012**

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	2012 £	2011 £
<b>PROFIT/(LOSS) FOR THE FINANCIAL YEAR</b>	14,525,255	(8,231,104)
<b>TOTAL RECOGNISED GAINS AND LOSSES RELATING TO THE YEAR</b>	<u>14,525,255</u>	<u>(8,231,104)</u>
Prior year adjustment		<u>1,768,255</u>
<b>TOTAL GAINS AND LOSSES RECOGNISED SINCE LAST ANNUAL REPORT</b>		<u><u>(6,462,849)</u></u>

The notes form part of these financial statements

**SWANSEA CITY FOOTBALL 2002 LIMITED (REGISTERED NUMBER:  
04305508)**

**CONSOLIDATED BALANCE SHEET  
31 MAY 2012**

	Notes	2012		2011	
		£	£	£	£
<b>FIXED ASSETS</b>					
Intangible assets	10		10,159,338		2,939,133
Tangible assets	11		2,263,522		316,972
Investments	12		-		-
			<u>12,422,860</u>		<u>3,256,105</u>
<b>CURRENT ASSETS</b>					
Stocks	13	347,549		86,946	
Debtors	14	12,841,396		4,934,011	
Cash at bank and in hand		10,791,867		749,982	
		<u>23,980,812</u>		<u>5,770,939</u>	
<b>CREDITORS</b>					
Amounts falling due within one year	15	24,164,869		13,816,424	
<b>NET CURRENT LIABILITIES</b>			<u>(184,057)</u>		<u>(8,045,485)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u>12,238,803</u>		<u>(4,789,380)</u>
<b>CREDITORS</b>					
Amounts falling due after more than one year	16		(111,138)		(17,985)
<b>PROVISIONS FOR LIABILITIES</b>	20		(120,605)		(135,490)
<b>ACCRUALS AND DEFERRED INCOME</b>	21		(4,661,529)		(2,361,368)
<b>MINORITY INTERESTS</b>	22		(55,688)		68,811
<b>NET ASSETS/(LIABILITIES)</b>			<u>7,289,843</u>		<u>(7,235,412)</u>
<b>CAPITAL AND RESERVES</b>					
Called up share capital	23		1,000,000		1,000,000
Profit and loss account	24		6,289,843		(8,235,412)
<b>SHAREHOLDERS' FUNDS</b>	31		<u>7,289,843</u>		<u>(7,235,412)</u>


The notes form part of these financial statements

**SWANSEA CITY FOOTBALL 2002 LIMITED (REGISTERED NUMBER:  
04305508)**

**CONSOLIDATED BALANCE SHEET - continued  
31 MAY 2012**

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The financial statements were approved by the Board of Directors on <sup>2<sup>nd</sup></sup> NOVEMBER 2012 and were signed on its behalf by

A handwritten signature in black ink, appearing to read 'H M Jenkins', with a large, sweeping flourish extending to the right.

H M Jenkins - Director

The notes form part of these financial statements

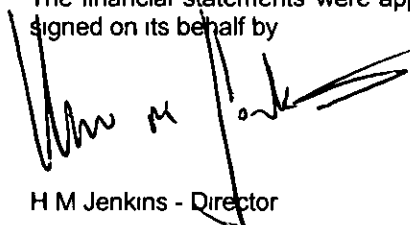
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**SWANSEA CITY FOOTBALL 2002 LIMITED (REGISTERED NUMBER:  
04305508)**

**COMPANY BALANCE SHEET  
31 MAY 2012**

	Notes	2012		2011	
		£	£	£	£
<b>FIXED ASSETS</b>					
Intangible assets	10		-		-
Tangible assets	11		-		-
Investments	12		999,754		2
			<u>999,754</u>		<u>2</u>
<b>CURRENT ASSETS</b>					
Debtors	14	-		1,297,500	
<b>CREDITORS</b>					
Amounts falling due within one year	15	-		<u>1,300,300</u>	
<b>NET CURRENT LIABILITIES</b>					
			-		<u>(2,800)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>					
			<u>999,754</u>		<u>(2,798)</u>
<b>CAPITAL AND RESERVES</b>					
Called up share capital	23		1,000,000		1,000,000
Profit and loss account	24		(246)		<u>(1,002,798)</u>
<b>SHAREHOLDERS' FUNDS</b>					
	31		<u>999,754</u>		<u>(2,798)</u>

The financial statements were approved by the Board of Directors on 2<sup>nd</sup> NOVEMBER 2012 and were signed on its behalf by



H M Jenkins - Director

The notes form part of these financial statements

**SWANSEA CITY FOOTBALL 2002 LIMITED (REGISTERED NUMBER:  
04305508)**

**CONSOLIDATED CASH FLOW STATEMENT  
FOR THE YEAR ENDED 31 MAY 2012**

	Notes	2012		2011	
		£	£	£	£
<b>Net cash inflow from operating activities</b>	1		21,018,877		3,666,095
<b>Returns on investments and servicing of finance</b>	2		(245,131)		(98,707)
<b>Taxation</b>			-		(824)
<b>Capital expenditure</b>	2		(14,383,278)		(2,827,273)
			6,390,468		739,291
<b>Financing</b>	2		3,651,417		(16,307)
<b>Increase in cash in the period</b>			<u>10,041,885</u>		<u>722,984</u>
<b>Reconciliation of net cash flow to movement in net debt</b>	3				
Increase in cash in the period		10,041,885		722,984	
Cash inflow from increase in debt and lease financing		<u>(4,115,112)</u>		<u>(110,827)</u>	
Change in net debt resulting from cash flows			<u>5,926,773</u>		<u>612,157</u>
<b>Movement in net debt in the period</b>			5,926,773		612,157
<b>Net debt at 1 June</b>			<u>(753,945)</u>		<u>(1,366,102)</u>
<b>Net funds/(debt) at 31 May</b>			<u>5,172,828</u>		<u>(753,945)</u>

The notes form part of these financial statements

**SWANSEA CITY FOOTBALL 2002 LIMITED (REGISTERED NUMBER:  
04305508)**

**NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT  
FOR THE YEAR ENDED 31 MAY 2012**

**1 RECONCILIATION OF OPERATING PROFIT/(LOSS) TO NET CASH INFLOW FROM OPERATING ACTIVITIES**

	2012 £	2011 £
Operating profit/(loss)	17,543,892	(11,051,165)
Depreciation charges	4,795,216	81,686
Profit on disposal of fixed assets	-	(5,361)
Impairment provisions	544,491	508,407
Amortisation charges	-	1,397,939
(Increase)/decrease in stocks	(260,603)	55,545
(Increase)/decrease in debtors	(10,221,516)	1,192,534
Increase in creditors	8,617,397	11,486,510
<b>Net cash inflow from operating activities</b>	<u>21,018,877</u>	<u>3,666,095</u>

**2 ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT**

	2012 £	2011 £
<b>Returns on investments and servicing of finance</b>		
Interest received	34,521	5,851
Interest paid	(273,845)	(99,321)
Interest element of hire purchase payments	(5,807)	(5,237)
<b>Net cash outflow for returns on investments and servicing of finance</b>	<u>(245,131)</u>	<u>(98,707)</u>
<b>Capital expenditure</b>		
Purchase of intangible fixed assets	(12,643,465)	(2,875,430)
Purchase of tangible fixed assets	(2,119,813)	(30,344)
Sale of intangible fixed assets	380,000	50,001
Sale of tangible fixed assets	-	28,500
<b>Net cash outflow for capital expenditure</b>	<u>(14,383,278)</u>	<u>(2,827,273)</u>
<b>Financing</b>		
New loans in year	5,500,000	1,285,000
Loan repayments in year	(1,478,887)	(1,141,312)
Loans advanced to associates	-	(125,000)
Capital repayments in year	93,999	(32,860)
Amount introduced by directors	51,305	-
Amount withdrawn by directors	(100,000)	(2,135)
Repaid by participating interests	35,000	-
Loans advanced to shareholders	(450,000)	-
<b>Net cash inflow/(outflow) from financing</b>	<u>3,651,417</u>	<u>(16,307)</u>

The notes form part of these financial statements

**SWANSEA CITY FOOTBALL 2002 LIMITED (REGISTERED NUMBER:  
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**NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT  
FOR THE YEAR ENDED 31 MAY 2012**

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**3 ANALYSIS OF CHANGES IN NET DEBT**

	At 1/6/11 £	Cash flow £	At 31/5/12 £
Net cash			
Cash at bank and in hand	749,982	10,041,885	10,791,867
	<u>749,982</u>	<u>10,041,885</u>	<u>10,791,867</u>
Debt			
Hire purchase	(25,040)	(93,999)	(119,039)
Debts falling due within one year	(1,478,887)	(4,021,113)	(5,500,000)
	<u>(1,503,927)</u>	<u>(4,115,112)</u>	<u>(5,619,039)</u>
Total	<u>(753,945)</u>	<u>5,926,773</u>	<u>5,172,828</u>

The notes form part of these financial statements

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**SWANSEA CITY FOOTBALL 2002 LIMITED (REGISTERED NUMBER:  
04305508)**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MAY 2012**

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**1 ACCOUNTING POLICIES**

**Accounting convention**

The financial statements have been prepared under the historical cost convention

**Basis of preparing the financial statements - going concern**

The financial statements have been prepared on a going concern basis, which assumes that the group will continue in operational existence for the foreseeable future. The group's first year of competing in the Premier League has resulted in significant improvements in both profitability and cash flow.

The group relies on the support of its bankers to provide bridging loans to even out cash flow over the year. These loans are secured upon future, guaranteed Premier League funding and the directors have not received any indication from the group's bankers that such facilities will not continue to be available in the future.

Therefore, after making enquiries, the directors believe that the group has, and will generate, sufficient funds in order to continue trading for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

**Basis of consolidation**

The consolidated financial statements incorporate those of the company and its subsidiary undertakings.

**Joint ventures and associates**

Transactions resulting from joint ventures and associates have been treated in accordance with FRS 9 "Associates and Joint Ventures". The group's share of the profit or loss of the joint ventures and associates are included in the consolidated profit and loss account, its share of the joint ventures and associates' net assets are included in the consolidated balance sheet within investments, and its share of the net liabilities is included in provisions in the consolidated balance sheet.

**Changes in accounting policies**

In the prior year, the group adopted a policy of capitalising player acquisition costs, as set out below. The directors believe that this policy is more appropriate than that of writing player acquisition costs off to the profit and loss account in the period incurred, due to the increasing significance of player acquisition costs and to bring the group's policies in line with that of other companies in the same industry.

The effect of the change in accounting policy on the results for the prior period is a decrease in the reported loss for the year of £1,402,192.

**Turnover and revenue recognition**

Turnover is the amount derived from ordinary activities and stated after trade discounts, other sales taxes and net of VAT. Season ticket and home gate receipts are recognised gross of commission that are deducted at source by the stadium's landlords, with the related commission expense being recognised as operating costs.

Revenue is recognised when the underlying event or service sold takes place. In the instance of merchandise sales, revenue is recognised on the despatch of goods to customers. Advanced season ticket sales and advertising/sponsorship income is included within deferred income and released to turnover in the relevant season.

**Patents and licenses**

Patents and licenses owned by the group are amortised on a straight line basis over a ten year period. The amortisation period selected is based on the registration period of the patents and licences.

**SWANSEA CITY FOOTBALL 2002 LIMITED (REGISTERED NUMBER:  
04305508)**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 MAY 2012**

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**1 ACCOUNTING POLICIES - continued**

**Players acquisition costs**

The costs associated with the acquisition of players' registrations are capitalised as intangible fixed assets. Costs of players' registrations are comprised of transfer fees, transfer levies and agents' fees. These costs are fully amortised in equal instalments over the period of the players' individual contracts. Where a player's contract is extended beyond its initial period, amortisation is calculated over the period of the extended contract from the date on which it is signed. Players' registrations are written down for impairment when the carrying amount is assessed as exceeding the amount recoverable through use or sale.

The profit or loss on disposal of a player's registration is calculated as the difference between the transfer fee recovered/receivable less the net book value at the date of sale and less any direct costs of the transfer. Receipts of transfer fees based on the future performance of the transferred player or the buying Club are recognised when the future criteria are met. Similarly, payments of transfer fees based on future performance criteria are recognised when the criteria are assessed as being probable that they will be met.

**Tangible fixed assets**

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life or, if held under a finance lease, over the lease term, whichever is the shorter.

Short leasehold	- 10% on cost and 2% on cost
Long leasehold	- 2% on cost
Plant and machinery	- 20% on cost
Fixtures and fittings	- 20% on cost
Motor vehicles	- 33 3% on cost

No depreciation has been provided on assets that have not been brought into use by the balance sheet date.

**Investment property**

The group's freehold land and buildings are treated as investment properties, as defined by Statement of Standard Accounting Practice No 19, ("SSAP 19") and therefore their carrying value is revalued annually by the directors. Accordingly, they are not depreciated.

The Companies Act 2006 requires all properties to be depreciated. However this requirement conflicts with the generally accepted accounting principle set out in SSAP 19. The directors consider that, because these properties are not held for consumption but for their investment potential, it is necessary to adopt SSAP 19 and not depreciate in order to give a true and fair view. If this departure from the Companies Act 2006 had not been made, the result for the year would have been reduced by depreciation.

However depreciation is only one amongst many factors reflected in the annual valuation of properties, and accordingly, the amount of depreciation which might otherwise have been shown, cannot be separately identified or quantified.

**Stocks**

Stocks are stated at the lower of cost and net realisable value. Cost includes purchase price less discounts where applicable. Net realisable value is based on estimated selling price. Provision is made for obsolete and slow moving items where appropriate.

**SWANSEA CITY FOOTBALL 2002 LIMITED (REGISTERED NUMBER:  
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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 MAY 2012**

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**1 ACCOUNTING POLICIES - continued**

**Taxation**

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date

Deferred tax is recognised in respect of all timing differences that have originated but not yet reversed at the balance sheet date. Timing differences are differences between the group's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements

A net deferred tax asset is regarded as recoverable and therefore recognised only to the extent on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted

Deferred tax is measured on a non-discounted basis

**Foreign currencies**

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result

**Hire purchase and leasing commitments**

Assets obtained under hire purchase contracts or finance leases are capitalised in the balance sheet. Those held under hire purchase contracts are depreciated over their estimated useful lives. Those held under finance leases are depreciated over their estimated useful lives or the lease term, whichever is the shorter

The interest element of these obligations is charged to the profit and loss account over the relevant period. The capital element of the future payments is treated as a liability

**Pension costs and other post-retirement benefits**

Regular pension costs relate to contributions made by the group to private pension schemes, the costs of which are recognised in the profit and loss account in the period to which they relate

A provision has also been made to cover the group's share of the liabilities of the Football League Limited Pension and Life Assurance Scheme. This is a defined benefit scheme which has been closed to new contributions since 31 August 1995. The group is unable to identify its share of the assets and liabilities of the scheme and, as such, the provision made in relation to the scheme is updated following three yearly actuarial reviews as necessary

**Signing-on fees**

Signing-on fees representing a normal part of the employment costs associated with players are charged to the profit and loss account over the period of the players contract. Where a players' registration is transferred any signing on fees payable in respect of future periods are charged against the profit and loss accounts in the period that the registration is transferred

**Fixed asset investments**

Fixed asset investments are stated at cost less any provision for diminution in value. This basis of valuation is used as market value cannot easily be obtained

**SWANSEA CITY FOOTBALL 2002 LIMITED (REGISTERED NUMBER:  
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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 MAY 2012**

**2 TURNOVER**

The turnover and profit (2011 - loss) before taxation are attributable to the one principal activity of the group

An analysis of turnover by class of business is given below

	2012 £	2011 £
Football income	60,826,302	9,790,982
Commercial income	4,339,301	1,864,571
	<u>65,165,603</u>	<u>11,655,553</u>

**3 STAFF COSTS**

	2012 £	2011 £
Wages and salaries	30,484,149	15,455,815
Social security costs	4,035,816	1,928,122
Other pension costs	46,602	8,540
	<u>34,566,567</u>	<u>17,392,477</u>

The average monthly number of employees during the year was as follows

	2012	2011
Football	157	109
Administration	10	7
Commercial	19	12
Media	6	3
	<u>192</u>	<u>131</u>

**4 OPERATING PROFIT/(LOSS)**

The operating profit (2011 - operating loss) is stated after charging/(crediting)

	2012 £	2011 £
Depreciation - owned assets	93,831	54,946
Depreciation - assets on hire purchase contracts	39,935	26,741
Profit on disposal of fixed assets	-	(5,361)
Patents and licences amortisation	1,416	1,223
Player registration costs amortisation	4,660,029	1,396,715
Auditors' remuneration	12,000	10,000
Foreign exchange differences	(64,368)	-
Auditors' remuneration - taxation advisory services	1,250	1,150
Auditors' remuneration - other assurance services	2,000	2,000
Compensation income - non player employees	(5,000,000)	(20,000)
Player registration impairment provision	504,995	508,407
	<u>504,995</u>	<u>508,407</u>

**SWANSEA CITY FOOTBALL 2002 LIMITED (REGISTERED NUMBER:  
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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 MAY 2012**

**4 OPERATING PROFIT/(LOSS) - continued**

Directors' remuneration	<u>373,251</u>	<u>188,360</u>
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Information regarding the highest paid director for the year ended 31 May 2012 is as follows

	2012
	£
Emoluments etc	<u>200,000</u>

**5 EXCEPTIONAL ITEMS**

During the year, the group made profits on the sale of player registrations amounting to £123,184 (2011 £27,705)

**6 INTEREST RECEIVABLE AND SIMILAR INCOME**

	2012	2011
	£	£
Deposit account interest	34,521	5,851
Share of associate's interest receivable	-	120
	<u>34,521</u>	<u>5,971</u>

**7 INTEREST PAYABLE AND SIMILAR CHARGES**

	2012	2011
	£	£
Bank interest	71,726	-
Other interest	202,119	99,321
Share of associate's interest payable	-	63
Hire purchase	5,807	5,237
	<u>279,652</u>	<u>104,621</u>

**SWANSEA CITY FOOTBALL 2002 LIMITED (REGISTERED NUMBER:  
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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 MAY 2012**

**8 TAXATION**

**Analysis of the tax charge/(credit)**

The tax charge/(credit) on the profit on ordinary activities for the year was as follows

	2012 £	2011 £
Current tax		
UK corporation tax	9,250	-
Corporation tax - share of associate	-	(4,154)
Total current tax	<u>9,250</u>	<u>(4,154)</u>
Deferred tax	<u>2,777,826</u>	<u>(2,867,800)</u>
Tax on profit/(loss) on ordinary activities	<u><u>2,787,076</u></u>	<u><u>(2,871,954)</u></u>

**Factors affecting the tax charge/(credit)**

The tax assessed for the year is lower than the standard rate of corporation tax in the UK. The difference is explained below

	2012 £	2011 £
Profit/(loss) on ordinary activities before tax	<u>17,436,830</u>	<u>(11,173,220)</u>
Profit/(loss) on ordinary activities multiplied by the standard rate of corporation tax in the UK of 20% (2011 - 26%)	3,487,366	(2,905,037)
Effects of		
Expenses not deductible for tax purposes	7,339	-
Capital allowances in excess of depreciation	(8,447)	-
Depreciation in excess of capital allowances	-	13,806
Utilisation of tax losses	(3,406,131)	2,877,957
Rollover/reinvestment relief	(67,900)	-
Share of associates'/joint ventures' results	(2,977)	13,274
Share of associates'/joint ventures' tax charge	-	(4,154)
Current tax charge/(credit)	<u><u>9,250</u></u>	<u><u>(4,154)</u></u>

**SWANSEA CITY FOOTBALL 2002 LIMITED (REGISTERED NUMBER:  
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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 MAY 2012**

**8 TAXATION - continued**

**Factors that may affect future tax charges**

The value of the deferred tax asset that has not been recognised in respect of trading losses and timing differences relating to accelerated capital allowances is £nil (2011 £1,033,593) The asset would be recovered if sufficient taxable profits were to arise in future periods

A deferred tax asset of £89,974 (2011 £2,867,800) has been provided for on the basis that the directors regard that there is more likely than not to be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted

No deferred tax liability has been recognised in relation to rollover/reinvestment relief on player gains, on the basis that there are expected to be sufficient player acquisitions in the foreseeable future in order to continue to utilise this relief The value of the deferred tax liability that has not been provided for is £67,900

**9 PROFIT OF PARENT COMPANY**

As permitted by Section 408 of the Companies Act 2006, the profit and loss account of the parent company is not presented as part of these financial statements The parent company's profit for the financial year was £1,002,552 (2011 - £0)

**10 INTANGIBLE FIXED ASSETS**

**Group**

	Patents and licences £	Player registration costs £	Totals £
<b>COST</b>			
At 1 June 2011	12,223	5,615,435	5,627,658
Additions	3,210	12,640,255	12,643,465
Disposals	-	(1,951,358)	(1,951,358)
Impairments	-	(504,995)	(504,995)
At 31 May 2012	15,433	15,799,337	15,814,770
<b>AMORTISATION</b>			
At 1 June 2011	2,981	2,685,546	2,688,527
Amortisation for year	1,416	4,660,029	4,661,445
Eliminated on disposal	-	(1,694,540)	(1,694,540)
At 31 May 2012	4,397	5,651,035	5,655,432
<b>NET BOOK VALUE</b>			
At 31 May 2012	11,036	10,148,302	10,159,338
At 31 May 2011	9,242	2,929,889	2,939,131

**SWANSEA CITY FOOTBALL 2002 LIMITED (REGISTERED NUMBER:  
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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 MAY 2012**

**11 TANGIBLE FIXED ASSETS**

**Group**

	Freehold investment property £	Short leasehold £	Long leasehold £	Assets under construction £
<b>COST</b>				
At 1 June 2011	-	281,782	-	30,469
Additions	1,389,495	713	176,328	121,798
Impairments	(39,496)	-	-	-
At 31 May 2012	<u>1,349,999</u>	<u>282,495</u>	<u>176,328</u>	<u>152,267</u>
<b>DEPRECIATION</b>				
At 1 June 2011	-	83,845	-	-
Charge for year	-	28,270	-	-
At 31 May 2012	-	<u>112,115</u>	-	-
<b>NET BOOK VALUE</b>				
At 31 May 2012	<u>1,349,999</u>	<u>170,380</u>	<u>176,328</u>	<u>152,267</u>
At 31 May 2011	<u>-</u>	<u>197,937</u>	<u>-</u>	<u>30,469</u>

	Plant and machinery £	Fixtures and fittings £	Motor vehicles £	Totals £
<b>COST</b>				
At 1 June 2011	49,821	127,598	106,377	596,047
Additions	388,149	26,080	17,250	2,119,813
Impairments	-	-	-	(39,496)
At 31 May 2012	<u>437,970</u>	<u>153,678</u>	<u>123,627</u>	<u>2,676,364</u>
<b>DEPRECIATION</b>				
At 1 June 2011	35,432	94,269	65,530	279,076
Charge for year	58,787	18,057	28,652	133,766
At 31 May 2012	<u>94,219</u>	<u>112,326</u>	<u>94,182</u>	<u>412,842</u>
<b>NET BOOK VALUE</b>				
At 31 May 2012	<u>343,751</u>	<u>41,352</u>	<u>29,445</u>	<u>2,263,522</u>
At 31 May 2011	<u>14,389</u>	<u>33,329</u>	<u>40,847</u>	<u>316,971</u>

Freehold investment property is included in the accounts on an open market value basis, as valued by the directors on 31st May 2012. The comparable historical cost of the investment property is £1,389,495.



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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 MAY 2012**

**11 TANGIBLE FIXED ASSETS - continued**

**Group**

The net book value of tangible fixed assets includes £160,023 (2011 - £38,450) in respect of assets held under hire purchase contracts

**12 FIXED ASSET INVESTMENTS**

	<b>Company</b>	
	2012	2011
	£	£
Shares in group undertakings	20,282	1
Loans to group undertakings	979,472	1
	<u>999,754</u>	<u>2</u>

Additional information is as follows

**Company**

	Shares in group undertakings £
<b>COST</b>	
At 1 June 2011 and 31 May 2012	<u>20,282</u>
<b>PROVISIONS</b>	
At 1 June 2011	20,281
Reversal of provision for impairment	<u>(20,281)</u>
At 31 May 2012	<u>-</u>
<b>NET BOOK VALUE</b>	
At 31 May 2012	<u>20,282</u>
At 31 May 2011	<u>1</u>

**SWANSEA CITY FOOTBALL 2002 LIMITED (REGISTERED NUMBER:  
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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 MAY 2012**

**12 FIXED ASSET INVESTMENTS - continued**

The group or the company's investments at the balance sheet date in the share capital of companies include the following

**Subsidiaries**

**Swansea City Football Club Limited**

Nature of business Dormant company

	%	
Class of shares	holding	
Ordinary £1 shares	99 15	
		2012
		£
Aggregate capital and reserves		470,000
Profit for the year		<u>470,000</u>

**Swansea City Association Football Club Limited**

Nature of business Professional Association Football Club

	%		
Class of shares	holding		
Ordinary £1 shares	99 15		
		2012	2011
		£	£
Aggregate capital and reserves		6,536,666	(8,095,408)
Profit/(loss) for the year		<u>14,632,069</u>	<u>(8,254,367)</u>

The cumulative loans advanced to group undertakings amount to £979,472 (2011 £2,276,971) as at the year end, of which £nil (2011 £979,471) has been provided against

**Company**

	Loans to group undertakings £
At 1 June 2011	1
Reversal of provision for impairment	<u>979,471</u>
At 31 May 2012	<u>979,472</u>

**SWANSEA CITY FOOTBALL 2002 LIMITED (REGISTERED NUMBER:  
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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 MAY 2012**

**12 FIXED ASSET INVESTMENTS - continued**

The group's investments at the balance sheet date in the share capital of companies include the following

**Associated Companies**

**Swansea Stadium Management Company Limited**

Nature of business Stadium Management

Class of shares	%		
Ordinary £1 shares	holding		
	33 33	31/05/12	31/05/11
		£	£
Aggregate capital and reserves		(361,821)	(406,319)
(Loss)/Profit for the year		<u>44,498</u>	<u>(140,698)</u>

**Swansea Stadium Premier Club Limited**

Nature of business Management of the Stadium Premier Club

Class of shares	%		
Ordinary £1 shares	holding		
	50 00	31/07/12	31/07/11
		£	£
Aggregate capital and reserves		2	2
Profit for the year		<u>-</u>	<u>105</u>

**13 STOCKS**

	Group	
	2012	2011
	£	£
Stocks	<u>347,549</u>	<u>86,946</u>

**SWANSEA CITY FOOTBALL 2002 LIMITED (REGISTERED NUMBER:  
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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 MAY 2012**

**14 DEBTORS**

	<b>Group</b>		<b>Company</b>	
	2012 £	2011 £	2012 £	2011 £
Amounts falling due within one year				
Trade debtors	6,288,784	382,188	-	-
Amounts owed by group undertakings	-	-	-	1,297,500
Amounts owed by participating interests	-	35,000	-	-
Other debtors	5,055,293	632,868	-	-
Directors' current accounts	50,830	2,135	-	-
Deferred tax asset	89,974	2,867,800	-	-
Prepayments	1,231,515	889,020	-	-
	<u>12,716,396</u>	<u>4,809,011</u>	<u>-</u>	<u>1,297,500</u>
Amounts falling due after more than one year				
Amounts owed by participating interests	<u>125,000</u>	<u>125,000</u>	<u>-</u>	<u>-</u>
Aggregate amounts	<u>12,841,396</u>	<u>4,934,011</u>	<u>-</u>	<u>1,297,500</u>

Deferred tax asset

	<b>Group</b>		<b>Company</b>	
	2012 £	2011 £	2012 £	2011 £
Deferred tax	<u>89,974</u>	<u>2,867,800</u>	<u>-</u>	<u>-</u>

The amount owed by group undertakings of £nil (2011 £1,297,500) was owed by Swansea City Association Football Club Limited, a subsidiary of the company

**15 CREDITORS. AMOUNTS FALLING DUE WITHIN ONE YEAR**

	<b>Group</b>		<b>Company</b>	
	2012 £	2011 £	2012 £	2011 £
Bank loans and overdrafts (see note 17)	5,500,000	-	-	-
Other loans (see note 17)	-	1,478,887	-	1,297,500
Hire purchase contracts (see note 18)	49,632	19,245	-	-
Trade creditors	4,736,149	3,935,547	-	-
Tax	9,250	-	-	-
Social security and other taxes	3,361,465	3,943,042	-	-
VAT	3,166,252	177,179	-	-
Other creditors	7,342,121	4,259,724	-	-
Accruals and deferred income	-	2,800	-	2,800
	<u>24,164,869</u>	<u>13,816,424</u>	<u>-</u>	<u>1,300,300</u>

**SWANSEA CITY FOOTBALL 2002 LIMITED (REGISTERED NUMBER:  
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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 MAY 2012**

**16 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE  
YEAR**

	<b>Group</b>	
	2012	2011
	£	£
Hire purchase contracts (see note 18)	69,407	5,795
Other creditors	41,731	12,190
	<u>111,138</u>	<u>17,985</u>

**17 LOANS**

An analysis of the maturity of loans is given below

	<b>Group</b>		<b>Company</b>	
	2012	2011	2012	2011
	£	£	£	£
Amounts falling due within one year or on demand				
Bank loans	5,500,000	-	-	-
Other loans	-	1,478,887	-	1,297,500
	<u>5,500,000</u>	<u>1,478,887</u>	<u>-</u>	<u>1,297,500</u>

**SWANSEA CITY FOOTBALL 2002 LIMITED (REGISTERED NUMBER:  
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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 MAY 2012**

**18 OBLIGATIONS UNDER HIRE PURCHASE CONTRACTS AND LEASES**

**Group**

	Hire purchase contracts	
	2012 £	2011 £
Gross obligations repayable		
Within one year	58,147	21,544
Between one and five years	81,445	6,707
	<u>139,592</u>	<u>28,251</u>
Finance charges repayable		
Within one year	8,515	2,299
Between one and five years	12,038	912
	<u>20,553</u>	<u>3,211</u>
Net obligations repayable		
Within one year	49,632	19,245
Between one and five years	69,407	5,795
	<u>119,039</u>	<u>25,040</u>

The following operating lease payments are committed to be paid within one year

**Group**

	Land and buildings		Other operating leases	
	2012 £	2011 £	2012 £	2011 £
Expiring				
Within one year	-	-	47,661	103,795
Between one and five years	-	-	179	477
In more than five years	127,800	60,000	-	-
	<u>127,800</u>	<u>60,000</u>	<u>47,840</u>	<u>104,272</u>

**SWANSEA CITY FOOTBALL 2002 LIMITED (REGISTERED NUMBER:  
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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 MAY 2012**

**19 SECURED DEBTS**

The following secured debts are included within creditors

	<b>Group</b>		<b>Company</b>	
	2012 £	2011 £	2012 £	2011 £
Bank loans	5,500,000	-	-	-
Hire purchase contracts	119,039	25,040	-	-
Other loans	-	1,297,500	-	-
	<u>5,619,039</u>	<u>1,322,540</u>	<u>-</u>	<u>-</u>

The bank loan is secured by way of an assignment of funds of the Premier League income. The Premier League contributions are paid directly to the bank, who deduct the loan repayment prior to paying the balance of funds over to the group.

Hire purchase contract liabilities are secured on the underlying fixed assets.

OTH Limited, a company controlled by M Morgan, director of Swansea City Association Football Club Limited, holds a charge over the group's freehold investment property. At the balance sheet date, amounts of £nil (2011 £1,297,500) were due to OTH Limited.

**20 PROVISIONS FOR LIABILITIES**

	<b>Group</b>	
	2012 £	2011 £
Other provisions		
Share of joint venture's net liabilities	(1)	51
Share of associate's net liabilities	120,606	135,439
	<u>120,605</u>	<u>135,490</u>
Aggregate amounts	<u>120,605</u>	<u>135,490</u>
<b>Group</b>		
		Deferred tax
		£
Balance at 1 June 2011		(2,867,800)
Utilised during year		2,777,826
Balance at 31 May 2012		<u>(89,974)</u>

The group's share of associates and joint ventures results are based upon management accounts, as statutory accounts for the years ended 31 May 2012 and 31 July 2012 are not yet publicly available.

**SWANSEA CITY FOOTBALL 2002 LIMITED (REGISTERED NUMBER:  
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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 MAY 2012**

**21 ACCRUALS AND DEFERRED INCOME**

	Group	
	2012	2011
	£	£
Accruals and deferred income	4,661,529	2,361,368
	<u>4,661,529</u>	<u>2,361,368</u>

**22 MINORITY INTERESTS**

Equity minority interests represent the share of the profits less losses on ordinary activities attributable to the interests of equity shareholders in subsidiaries which are not wholly owned by the group

**23 CALLED UP SHARE CAPITAL**

Allotted, issued and fully paid			2012	2011
Number	Class	Nominal value	£	£
		£1	£	£
1,000,000	Ordinary		1,000,000	1,000,000
			<u>1,000,000</u>	<u>1,000,000</u>

**24 RESERVES**

**Group**

	Profit and loss account £
At 1 June 2011	(8,235,412)
Profit for the year	14,525,255
	<u>14,525,255</u>
At 31 May 2012	6,289,843
	<u>6,289,843</u>

**Company**

	Profit and loss account £
At 1 June 2011	(1,002,798)
Profit for the year	1,002,552
	<u>1,002,552</u>
At 31 May 2012	(246)
	<u>(246)</u>



**SWANSEA CITY FOOTBALL 2002 LIMITED (REGISTERED NUMBER:  
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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 MAY 2012**

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**25 PENSION COMMITMENTS**

Certain members of the playing squad are members of The Professional Footballers Pension Scheme. This scheme is compulsory for all members of the Professional Footballers Association, unless the member decides to opt-out of the scheme. The group does not make any contributions into the scheme and does not share in any of the scheme's assets or liabilities. Accordingly no provision for the scheme is made in these financial statements.

In addition, certain former staff of the group were members of the Football League Limited Pension and Life Assurance Scheme ('FLLPLAS') comprising both defined benefit (suspended from 31 August 1995) and defined contribution sections.

Following a review of the Minimum Funding Requirement ('MFR') of the FLLPLAS, accrual of benefits of the final salary section of the scheme was suspended as at 31 August 1995. In light of the exceptional circumstances affecting the scheme, the trustees of the scheme commissioned an independent actuary's report on the MFR position and a substantial deficit was identified. Under the terms of participating in the FLLPLAS, the group is required to contribute to the deficit of the scheme based on the most recent actuarial valuation carried out as at 31 August 2011. The amount owed by the group at the balance sheet date was £47,698 (2011 £15,466). During the period, contributions of £3,276 (2011 £3,276) have been paid to the scheme.

**26 CONTINGENT LIABILITIES**

Under the terms of the Swansea Stadium Management Company Limited shareholders' agreement, the group company Swansea City Association Football Club Limited has entered into an obligation to assist that company in meeting its liabilities as they fall due. The shareholders' agreement also requires the group company to indemnify Swansea Stadium Management Company Limited against all of its losses, debts, obligations and liabilities, which it is unable to, for any reason, pay, perform or satisfy in the ordinary course of business. The group company shares these obligations with Ospreys Rugby Limited, the obligations of both companies being joint and several.

Under the terms of the shareholders' agreement, both the group company and Swansea Stadium Management Company Limited must agree on the terms of repayment, if any, of any such funding provided by the group.

**27 OTHER FINANCIAL COMMITMENTS**

Under the terms of certain contracts for the sale and purchase of players' registrations, future monies may become due, depending upon the future success of the buying and selling clubs and the future successes of the individual players. Due to the nature of the underlying criteria, any additional amounts that may become payable cannot be readily quantified.

**SWANSEA CITY FOOTBALL 2002 LIMITED (REGISTERED NUMBER:  
04305508)**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 MAY 2012**

**28 TRANSACTIONS WITH DIRECTORS**

In addition to the above, the group made loans to directors of Swansea City Association Football Company Limited as follows

	2012 £	2011 £
<b>L A J Dineen</b>		
Amounts advanced	50,000	-
Amounts repaid	(50,000)	-
Balance outstanding at end of year	<u>-</u>	<u>-</u>
<b>J Van Zweden</b>		
Amounts advanced	50,000	-
Amounts repaid	-	-
Balance outstanding at end of year	<u>50,000</u>	<u>-</u>

Loans to directors are subject to an interest rate of 3.25% p a

Loans to directors are due for repayment at the discretion of the Board of the ultimate holding company

Directors' loans are unsecured

In addition to the above, during the year, the group entered into transactions with companies in which directors of Swansea City Association Football Club Limited hold an interest

Directors' business interest	Year	Sales	Purchases	Year end debtor	Year end creditor
Prntforless Limited (H D Cooze)	2012	-	£133,960	-	£10,571
	2011	-	£110,397	-	£26,856
Bulk Vending Systems Limited (L A J Dineen)	2012	£4,941	£61,425	-	£6,270
	2011	-	£38,695	-	£9,293
Jaxx Bay Limited (M W Morgan)	2012	£1,770	£25,058	-	£30,070
	2011	-	-	-	-
John Collins & Partners LLP (S R Penny)	2012	£9,350	£35,436	-	£4,189
	2011	£3,889	£36,764	-	£30,456
Other (M W Morgan)	2012	£6,570	£5,288	£2,520	-
	2011	£5,458	£8,652	-	-

**SWANSEA CITY FOOTBALL 2002 LIMITED (REGISTERED NUMBER:  
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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 MAY 2012**

**29 RELATED PARTY DISCLOSURES**

During the year, Swansea Stadium Management Company Limited collected match revenue on behalf of the group amounting to £6,083,372 (2011 £5,348,051) It also recharged expenses to the group amounting to £575,787 (2011 £258,704) At the balance sheet date, the group owed £15,382 (2011 £31,521) to Swansea Stadium Management Company Limited

At the balance sheet date, £125,000 (2011 £160,000) was owed to the group from Swansea Stadium Management Company Limited in relation to a loan advanced in the previous year

The group also receives club membership income through Swansea Stadium Premier Club Limited Amounts paid to the group from Swansea Stadium Premier Club Limited during the year amounted to £742,950 (2011 £673,660) It also made purchases from the group amounting to £3,245 (2011 £nil) At the balance sheet date, Swansea Stadium Premier Club Limited owed the group £nil (2011 £13,597)

At the balance sheet date, the group was owed £450,000 (2011 - £nil) from M T G Nurse, a 5% shareholder of Swansea City Football 2002 Limited The year end balance consists of two loans, each with different terms

£400,000 of the balance is secured upon M T G Nurse's shareholding in Swansea City Football 2002 Limited The loan is interest free and there is no specified repayment date

£50,000 of the balance is subject to an interest rate of 3.25% and is repayable at the discretion of the Board of the ultimate holding company The £50,000 loan is unsecured

**30 POST BALANCE SHEET EVENTS**

Since the balance sheet, the group has acquired tangible fixed assets to the value of £750,878 The group has also acquired player registrations amounting to £18,650,168 and realised proceeds from player registration disposals of £21,550,000

**31 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS**

**Group**

	2012 £	2011 £
Profit/(loss) for the financial year	14,525,255	(8,231,104)
<b>Net addition/(reduction) to shareholders' funds</b>	<b>14,525,255</b>	<b>(8,231,104)</b>
Opening shareholders' funds	(7,235,412)	995,692
<b>Closing shareholders' funds</b>	<b>7,289,843</b>	<b>(7,235,412)</b>

**SWANSEA CITY FOOTBALL 2002 LIMITED (REGISTERED NUMBER:  
04305508)**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 MAY 2012**

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**31 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS - continued**

<b>Company</b>	<b>2012 £</b>	<b>2011 £</b>
Profit for the financial year	1,002,552	-
<b>Net addition to shareholders' funds</b>	<b>1,002,552</b>	<b>-</b>
Opening shareholders' funds	(2,798)	(2,798)
<b>Closing shareholders' funds</b>	<b>999,754</b>	<b>(2,798)</b>