

Southampton Football Club Limited

Report and Financial Statements

31 May 2005



REPORT AND FINANCIAL STATEMENTS 2005

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REPORT AND FINANCIAL STATEMENTS 2005

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

R J G Lowe (Chairman)
B H D Hunt (Vice Chairman)
A E Cowen
I L Gordon
M R Richards, FCA
K St John Wiseman, MA
R M Withers

SECRETARY

E S Coley

HEAD COACH

George Burley

REGISTERED OFFICE

The Friends Provident St Mary's Stadium
Britannia Road
Southampton
SO14 5FP

BANKERS

Barclays Bank PLC
Southampton City Branch
Southampton
SO14 2ZP

SOLICITORS

Paris, Smith & Randall
1 London Rd
Southampton
SO15 2AE

AUDITORS

Deloitte & Touche LLP
Southampton

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 31 May 2005.

PRINCIPAL ACTIVITY

The company is a football club, which participates in the Coca Cola Football League Championship, other leagues and cup competitions.

RESULTS, DIVIDENDS AND FUTURE PROSPECTS

The profit and loss account is set out on page 5 and shows a loss before tax for the year of £3,615,365 (2004: profit £3,079,242). No dividend (2004: £nil) is proposed. The directors believe that despite relegation the club is well placed both financially and in terms of its playing squad to make a challenge for promotion back to the premier league.

DIRECTORS AND THEIR INTERESTS

A list of the present directors of the company is given on page 1.

The directors had no interests in the share capital of the company or any other group company, other than the parent undertaking at the year end.

The directors' interests in the share capital of the parent undertaking, Southampton Leisure Holdings PLC, are disclosed in the accounts of that company. In addition I L Gordon had an interest in 848,000 5p ordinary shares in Southampton Leisure Holdings PLC at the beginning and end of the year and R M Withers had an interest in 1,120,000 5p ordinary shares at the beginning and end of the year.

PLAYERS' REGISTRATION

As stated in accounting policy note 1, the cost of acquired players is reflected in the accounts in order to comply with FRS 10 Goodwill and intangible assets.

POLICY ON PAYMENT OF CREDITORS

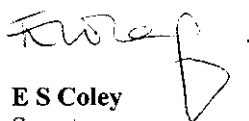
The company values its relationship with its many suppliers. As part of meeting its obligations under each purchase transaction, the company's policy is to pay amounts due for settlement in accordance with the negotiated terms of trade.

Trade creditors at 31 May 2005 represented 31 days of annual purchases (2004: 31). This figure excludes creditors in respect of player purchases which are paid on the date when payment is contractually due.

AUDITORS

Deloitte & Touche LLP will resign as auditors of the company consistent with their resignation as auditors of Southampton Leisure Holdings PLC which took place on 29 November 2005.

Approved by the Board of Directors and signed on behalf of the Board


E S Coley
Secretary
31/3/2006

STATEMENT OF DIRECTORS' RESPONSIBILITIES

United Kingdom company law requires the directors to prepare financial statements for each financial year 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 the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed; and
- 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 proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SOUTHAMPTON FOOTBALL CLUB LIMITED

We have audited the financial statements of Southampton Football Club Limited for the year ended 31 May 2005 which comprise the profit and loss account, the balance sheet and the related notes 1 to 23. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. 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 an auditors' report 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 described in the statement of directors' responsibilities, the company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and auditing standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the directors' report for the above year and consider the implications for our report if we become aware of any apparent misstatements.

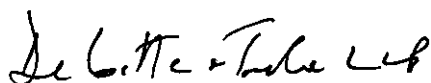
Basis of audit opinion

We conducted our audit in accordance with United Kingdom auditing standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs at 31 May 2005 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



DELOITTE & TOUCHE LLP

Chartered Accountants and Registered Auditors

Southampton

31 March 2006

PROFIT AND LOSS ACCOUNT
Year ended 31 May 2005

	Note	Operations excluding player trading 2005 £	Player trading* 2005 £	2005 £	2004 £
TURNOVER	2	39,316,888	-	39,316,888	44,401,489
Cost of sales		(36,596,208)	(8,291,643)	(44,887,851)	(43,543,442)
Gross (loss)/profit		2,720,680	(8,291,643)	(5,570,963)	858,047
Administrative expenses		(3,617,069)	-	(3,617,069)	(4,057,048)
Operating loss	3	(896,389)	(8,291,643)	(9,188,032)	(3,199,001)
Profit on disposal of players and manager		-	5,601,827	5,601,827	6,311,886
(Loss)/profit before interest and taxation		(896,389)	(2,689,816)	(3,586,205)	3,112,885
Income from shares in group undertakings				-	1,154
Net interest payable	6			(29,160)	(34,797)
(Loss)/profit on ordinary activities before taxation				(3,615,365)	3,079,242
Tax on (loss)/profit on ordinary activities	7			(267,802)	(903,763)
Retained (loss)/profit for the financial year	19			(3,883,167)	2,175,479

*Player trading represents the amortisation and the profit or loss on disposal of player registrations.

All amounts derive from continuing activities.

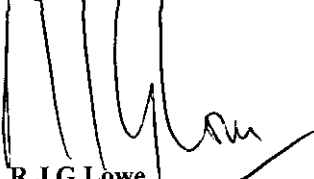
There are no recognised gains or losses for the current financial year or preceding financial year other than as stated above. Accordingly a statement of total recognised gains and losses has not been presented.

BALANCE SHEET
31 May 2005

	Note	2005 £	2004 £
FIXED ASSETS			
Intangible assets	8	12,357,185	13,006,415
Tangible assets	9	800,854	717,798
Investments	10	1,000	1,000
		<u>13,159,039</u>	<u>13,725,213</u>
CURRENT ASSETS			
Stocks	11	391,340	528,777
Debtors	12	9,215,604	7,385,329
Cash and bank balances		12,407	3,575,753
		<u>9,619,351</u>	<u>11,489,859</u>
CREDITORS: amounts falling due within one year	13	<u>(17,831,600)</u>	<u>(17,282,684)</u>
NET CURRENT LIABILITIES		<u>(8,212,249)</u>	<u>(5,792,825)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		4,946,790	7,932,388
CREDITORS: amounts falling due after more than one year	14	(1,311,750)	(1,411,000)
PROVISION FOR LIABILITIES AND CHARGES	17	<u>(1,439,154)</u>	<u>(442,335)</u>
NET ASSETS		<u>2,195,886</u>	<u>6,079,053</u>
CAPITAL AND RESERVES			
Called up share capital	18	52,570	52,570
Profit and loss account	19	<u>2,143,316</u>	<u>6,026,483</u>
EQUITY SHAREHOLDERS' FUNDS	19	<u>2,195,886</u>	<u>6,079,053</u>

These financial statements were approved by the Board of Directors on 31 May 2006.

Signed on behalf of the Board of Directors


R J G Lowe
Director

NOTES TO THE ACCOUNTS

Year ended 31 May 2005

1. ACCOUNTING POLICIES

The financial statements are prepared in accordance with applicable United Kingdom accounting standards. The particular accounting policies adopted by the directors are described below.

Accounting convention

The financial statements are prepared under the historical cost convention.

Consolidated accounts

The financial statements present information about the company as an individual undertaking and not about its group. The company is a wholly owned subsidiary undertaking of Southampton Leisure Holdings PLC and so it is exempt from preparing group accounts under section 228 of the Companies Act 1985.

Turnover

Turnover represents the total amount receivable from the principal activities of the company, excluding transfer fees receivable, and is stated net of value added tax. Income from broadcasting, match days, and those elements of commercial activities relating to matches is recognised when related matches are played; income from advance ticket sales is deferred accordingly. Other commercial income is recognised on a receivable basis.

Intangible assets

The element of each player's transfer fee which relates to his registration is capitalised as an intangible asset and amortised over the period of his contract including any agreed extensions, subject to any provision for impairment. Contingent fees payable, which are dependent upon the number of first team appearances and international debuts made, are capitalised in the period when it is considered probable that the conditions of the contract will be satisfied.

Investments

Investments that are held for the long term are included in the balance sheet as fixed assets at cost. Provision is made where in the opinion of the directors, an impairment in value has occurred.

Tangible fixed assets

Tangible fixed assets are stated at cost, net of depreciation less any provision for impairment. Depreciation is provided on all tangible fixed assets other than assets under development, at rates calculated to write off the cost, less estimated residual value, based on prices prevailing at the date of acquisition, of each asset evenly over its expected useful life, as follows:

Equipment	-	over 4 to 10 years
Motor vehicles	-	over 4 to 5 years

Stocks

Stocks are stated at the lower of cost and net realisable value. Provision is made for obsolete, slow moving or defective items where appropriate.

Signing on fees

Signing on fees are charged to cost of sales over the duration of the player's contract.

NOTES TO THE ACCOUNTS
Year ended 31 May 2005

1. ACCOUNTING POLICIES (continued)

Deferred taxation

Deferred taxation 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 periods 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.

Leasing and hire purchase commitments

Assets held under finance leases and hire purchase contracts are capitalised in the balance sheet and are depreciated over their useful lives. The interest element of the rental obligations is charged to the profit and loss account over the period of the lease and represents a constant proportion of the balance of capital repayments outstanding.

Rentals paid under operating leases are charged to income on a straight line basis over the lease term.

Pensions

The company makes contributions to the Football League Pension Scheme on behalf of its employees who are members of that scheme. The charge in the accounts represents the premiums due during the year.

2. TURNOVER

Turnover, which is stated net of value added tax, represents amounts invoiced to third parties excluding transfer fees receivable. Turnover is attributable to one continuing activity, the operation of a professional football club. All amounts are derived in the United Kingdom.

3. OPERATING LOSS

	2005	2004
	£	£
Operating loss is stated after charging:		
Amortisation of players	7,559,643	9,118,563
Auditors' remuneration		
- audit	14,000	14,000
- other services	15,000	15,000
Depreciation of fixed assets		
- owned	383,957	321,816
- held under finance leases and hire purchase contracts	-	24,239
Rentals under operating leases		
- plant and machinery	251,929	269,411
- other	106,738	97,738
Loss on fixed asset disposal	158	31,369

4. DIRECTORS' REMUNERATION

Directors' remuneration is borne by the parent company and disclosed in its accounts. B H D Hunt was paid £15,000 (2004: £15,000) by the parent undertaking during the year for consulting services.

NOTES TO THE ACCOUNTS
Year ended 31 May 2005

5. STAFF COSTS

	2005	2004
	£	£
Wages and salaries	23,575,527	22,076,407
Social security costs	2,741,862	2,520,869
Pension contributions	147,210	102,123
	<u>26,464,599</u>	<u>24,699,399</u>

Directors' remuneration is borne by the parent company, Southampton Leisure Holdings PLC, and disclosed in that company's accounts. The average monthly number of employees employed by the company during the year is as follows:

2005	2004
No.	No.
<u>230</u>	<u>231</u>

In addition the company employs approximately 350 temporary staff on match days (2004: 350).

Certain staff of the company 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 company is one of a number of participating employers in the FLLPLAS, the scheme actuary has indicated that it is not possible to allocate any of the underlying assets and liabilities of the scheme on a consistent and reasonable basis and consequently contributions are expensed in the profit and loss account as they become payable. For this reason, under FRS 17, the scheme would be accounted for as if it were a defined contribution scheme. Other than the information below, no information is available about the deficit in the scheme as a whole. The assets of the schemes are held separately from those of the company, being invested with insurance companies.

In August 1999, following an independent actuaries' report commissioned by the Trustees a substantial deficit in the FLLPLAS was identified. The scheme has now closed to new members and Southampton Football Club has made provision for its share of the deficit based on the apportionment at that time, see note 17.

The latest actuarial valuation of the scheme at 31 August 2002 indicated that the Club's provisional share of the deficit increased to £313,533 as at 1 April 2003 due to worsening investment market conditions. The additional provision of £204,533 was charged to the profit and loss account as an exceptional administrative expense in the prior year. The revised allocation is being repaid over a ten year period, initially at a monthly repayment of £6,407, totalling £76,884 per year.

Contributions payable by the company to employees' (including executive Directors) personal pension schemes are charged to the profit and loss account in the period to which they relate. The schemes are defined contribution schemes, the assets of which are held separately from the Group.

NOTES TO THE ACCOUNTS
Year ended 31 May 2005

6. NET INTEREST PAYABLE

	2005	2004
	£	£
Bank overdraft and loan	75,063	95,446
Finance charges payable under finance leases and hire purchase contracts	-	9,739
Interest payable	75,063	105,185
Bank deposit interest receivable	(45,903)	(70,388)
	<u>29,160</u>	<u>34,797</u>

7. TAXATION ON (LOSS)/PROFIT ON ORDINARY ACTIVITIES

The taxation charge is made up as follows:

	2005	2004
	£	£
Current tax:		
United Kingdom corporation tax at 30% (2004: 30%)	(964,643)	876,745
Adjustment in respect of prior years	253,343	-
Total current tax (credit)/charge	<u>(711,300)</u>	<u>876,745</u>
Deferred tax		
Timing differences, origination and reversal	975,666	28,738
Adjustment in respect of prior years	3,436	(1,720)
Total deferred tax charge	<u>979,102</u>	<u>27,018</u>
Tax charge on (loss)/profit on ordinary activities	<u>267,802</u>	<u>903,763</u>

Factors affecting tax charge for the current year

The tax assessed for the year is lower (2004: lower) than that resulting from applying the standard rate of corporation tax in the UK: 30% (2004: 30%).

The differences are explained below:

	2005	2004
	%	%
Standard tax rate for year as a percentage of profits	30	30
Effects of:		
Expenses not deductible for tax purposes	(1)	1
Capital allowances in excess of depreciation	-	1
Utilisation of tax losses	(10)	(2)
Movement in short term timing differences	(1)	(1)
Group relief not paid for	(19)	(2)
Other deferred tax movements	29	1
Prior year adjustments	(8)	-
Current tax rate for year as a percentage of profits	<u>20</u>	<u>28</u>

NOTES TO THE ACCOUNTS
Year ended 31 May 2005

7. TAXATION ON (LOSS)/PROFIT ON ORDINARY ACTIVITIES (CONTINUED)

A deferred tax asset has not been recognised in respect of timing differences relating primarily to trading losses as there is insufficient evidence that the asset will be recovered. The amount of the asset not recognised is £377,188. The asset would be recovered if the company make suitable taxable future profits.

	2005 £	2004 £
Analysis of deferred tax balance (see also note 7 and note 12)		
Capital allowances in excess of depreciation	66,583	59,549
Short term timing differences	110,820	63,581
Rolled over gain	(1,040,606)	-
Player registrations	-	(7,231)
	<hr/>	<hr/>
Deferred tax (liability)/asset	<u>(863,203)</u>	<u>115,899</u>

8. INTANGIBLE FIXED ASSETS

	Player registrations £
Cost	
At 1 June 2004	32,280,392
Additions	8,257,841
Disposals	(5,145,348)
	<hr/>
At 31 May 2005	35,392,885
Accumulated amortisation	
At 1 June 2004	19,273,977
Charge for the year	7,559,643
Impairment losses	732,000
Disposals	(4,529,920)
	<hr/>
At 31 May 2005	23,035,700
Net book value	
At 31 May 2005	<u>12,357,185</u>
	<hr/>
At 31 May 2004	<u>13,006,415</u>

Amortisation of player registrations is normally calculated on a straight line basis. Where appropriate, adjustments are made to reflect the specific circumstances of individual players. The accounts include additional charges on this basis of £732,000 (2004: £1,969,000).

NOTES TO THE ACCOUNTS
Year ended 31 May 2005

9. TANGIBLE FIXED ASSETS

	Equipment	Motor vehicles	Total
	£	£	£
Cost			
At 1 June 2004	1,637,451	87,432	1,724,883
Additions	447,452	25,894	473,346
Disposals	-	(17,275)	(17,275)
At 31 May 2005	2,084,903	96,051	2,180,954
Depreciation			
At 1 June 2004	945,823	61,262	1,007,085
Provided during the year	369,174	14,783	383,957
Disposals	-	(10,942)	(10,942)
At 31 May 2005	1,314,997	65,103	1,380,100
Net book value			
At 31 May 2005	769,906	30,948	800,854
At 31 May 2004	691,628	26,170	717,798

10. FIXED ASSET INVESTMENTS

	£
Ordinary shares in subsidiary at cost:	
At 1 June 2004 and 31 May 2005	1,000

Details of the investment in which the company holds more than 10% of the nominal value of any class of share capital are as follows:

Name of company	Holding	Proportion held	Nature of business
Saints Supporters Club Limited	Ordinary shares	100%	Dormant

The above company is incorporated in Great Britain.

NOTES TO THE ACCOUNTS
Year ended 31 May 2005

11. STOCKS

	2005 £	2004 £
Consumable stocks	391,340	528,777

There is no material difference between the balance sheet values of stock and their replacement cost.

12. DEBTORS

	2005 £	2004 £
Trade debtors	5,649,283	2,567,151
Amounts due from parent company	1,985,658	3,367,405
Amounts due from group undertakings	1,254,467	998,976
Deferred taxation (see note 7)	-	115,899
Other debtors	58,200	21,184
Prepayments and accrued income	267,996	314,714
	<u>9,215,604</u>	<u>7,385,329</u>

All amounts are due within one year.

13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2005 £	2004 £
Bank loan (see note 15)	100,000	100,000
Bank overdraft	1,080,906	-
Obligations under finance leases and hire purchase contracts (see note 15)	-	8,932
Trade creditors	3,864,708	2,653,242
Amounts due to group undertaking	7,093,567	6,447,911
Corporation tax	165,445	876,745
Other taxation and social security	1,459,439	2,442,668
Accruals and deferred income	4,067,535	4,753,186
	<u>17,831,600</u>	<u>17,282,684</u>

14. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2005 £	2004 £
Bank loan (see note 15)	625,000	725,000
Trade creditors	686,750	686,000
	<u>1,311,750</u>	<u>1,411,000</u>

NOTES TO THE ACCOUNTS
Year ended 31 May 2005

15. BORROWINGS

	2005 £	2004 £
Amounts payable:		
Within one year or on demand	1,180,906	108,932
Between one and two years	100,000	100,000
Between two and five years	300,000	300,000
After five years	225,000	325,000
	<u>1,805,906</u>	<u>833,932</u>

A bank loan of £1,000,000 was taken out during the year ended 31 May 2003. The loan is repayable in quarterly instalments over a ten year period at an interest rate of 2% over the bank base rate. The bank borrowings are secured upon group freehold properties. Obligations under finance leases and hire purchase contracts are secured upon the assets to which they relate.

16. FINANCIAL COMMITMENTS

At 31 May 2005, the company was committed to making the following annual payment under non-cancellable operating leases to 31 May 2006.

	2005		2004	
	Land and buildings £	Other £	Land and buildings £	Other £
Leases which expire:				
Within one year	-	16,076	-	10,050
Within two to five years	-	126,344	-	206,193
Five years or more	106,738	-	92,488	-
	<u>106,738</u>	<u>142,420</u>	<u>92,488</u>	<u>216,243</u>

17. PROVISION FOR LIABILITIES AND CHARGES

	2005 £	2004 £
Deferred taxation (see note 7)	863,203	-
Contingent transfer fees payable	429,000	218,500
Pensions	146,951	223,835
	<u>1,439,154</u>	<u>442,335</u>

NOTES TO THE ACCOUNTS
Year ended 31 May 2005

17. PROVISION FOR LIABILITIES AND CHARGES (continued)

	2005 £	2004 £
Contingent transfer fees		
Opening balance	218,500	367,500
Capitalised in the year	262,500	218,500
Reclassified to creditors	(52,000)	(367,500)
	<u>429,000</u>	<u>218,500</u>
Closing balance	<u>429,000</u>	<u>218,500</u>

The Directors have made provision for contingent transfer fees where they consider it probable that the contingency will occur and the contractual amount will become payable.

	2005 £	2004 £
Pension provision		
Opening balance	223,835	300,719
Utilised in the year (see note 5)	(76,884)	(76,884)
	<u>146,951</u>	<u>223,835</u>
Closing balance	<u>146,951</u>	<u>223,835</u>

18. SHARE CAPITAL

	2005 £	2004 £
Authorised:		
Ordinary shares of £1 each	60,000	60,000
	<u>60,000</u>	<u>60,000</u>
Allotted, called up and fully paid:		
Ordinary shares of £1 each	52,570	52,570
	<u>52,570</u>	<u>52,570</u>

19. RECONCILIATION OF SHAREHOLDERS' FUNDS AND MOVEMENTS ON RESERVES

	Share capital £	Profit and loss account £	2005 Total £	2004 Total £
At 1 June	52,570	6,026,483	6,079,053	3,903,574
(Loss)/profit for the year	-	(3,883,167)	(3,883,167)	2,175,479
	<u>52,570</u>	<u>2,143,316</u>	<u>2,195,886</u>	<u>6,079,053</u>
At 31 May	<u>52,570</u>	<u>2,143,316</u>	<u>2,195,886</u>	<u>6,079,053</u>

NOTES TO THE ACCOUNTS
Year ended 31 May 2005

20. CONTINGENT LIABILITIES

Excluding items provided in the balance sheet, at 31 May 2005 Southampton Football Club had a liability to pay up to £2,940,000 (2004: £3,045,000) to other clubs in respect of players under contract, dependent upon the number of first team appearances and international debuts made.

21. ULTIMATE PARENT UNDERTAKING

The company is a wholly owned subsidiary undertaking of Southampton Leisure Holdings PLC, which is also the ultimate parent undertaking and controlling party and is incorporated in Great Britain. The consolidated accounts of Southampton Leisure Holdings PLC are those of both the largest and smallest group of which the company is a member and for which group accounts are prepared.

Copies of the group accounts may be obtained from the Company Secretary, Southampton Leisure Holdings PLC, The Friends Provident St Mary's Stadium, Britannia Road, Southampton, SO14 5FP.

22. RELATED PARTY TRANSACTIONS

The company has utilised the exemption given under Financial Reporting Standard No.8 paragraph 3(c) as a wholly owned subsidiary not to disclose transactions with other entities that are part of, or investees in, the Southampton Leisure Holdings PLC group. Disclosure of transactions with other related parties has been made in note 4.

23. POST BALANCE SHEET EVENTS

Since the end of the financial year, the company has contracted for the purchase and sale of various players. The net income from these transfers, taking into account the applicable levies but excluding value added tax, is approximately £15.3m. These transfers will be accounted for in the year ended 31 May 2006.