

# **Southampton Football Club Limited**

Report and Financial Statements

Year Ended

30 June 2010

Company Number 53301

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# **Southampton Football Club Limited**

## **Report and financial statements for the year ended 30 June 2010**

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### **Directors**

N Cortese  
B McGlinchey

### **Secretary and registered office**

B McGlinchey, St Mary's Stadium, Britannia Road, Southampton, SO14 5FP

### **Company number**

53301

### **Auditors**

BDO LLP, Arcadia House, Maritime Walk, Ocean Village, Southampton, SO14 3TL

# **Southampton Football Club Limited**

## **Report of the directors for the year ended 30 June 2010**

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The directors present their report together with the audited financial statements for the year ended 30 June 2010

### **Results and dividends**

The profit and loss account is set out on page 7 and shows the loss for the year

No dividend (2009 £nil) is proposed

### **Principal activities**

The company is a football club, which participates in the NPower Football League One and associated cup competitions

On 8 July 2009 the entire share capital of the Company was purchased by DMWSL 613 Limited from Southampton Leisure Holdings Plc which had been placed into administration by its directors in April 2009. As part of the acquisition of the company and its fellow subsidiaries, the company's indebtedness to the bank, tax authorities and trade creditors were settled

### **Principal risks and uncertainties**

The principal risks are associated with the performance of the team and the league in which the football club operates, as revenues, particularly those from broadcasting, are substantially lower when the club is in the lower leagues. The company manages the impact of that risk through close control of its direct costs, relative to its forecast income

Liquidity risk has been a problem in recent years but as set out in note 1 to the accounts, the company now has the support of its new parent company and controlling party

Credit risk relates primarily to trade debtors from its commercial activities. The company monitors credit risk closely and manages to reduce its exposure to rate risk as its borrowings are now financed by inter company loans

### **Players' registration**

As stated in the accounting policy in 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 30 June 2010 represented 32 days of annual purchases (2009 36). This figure excludes creditors in respect of player purchases which are paid on the date when payment is contractually due

# Southampton Football Club Limited

## Report of the directors for the year ended 30 June 2010 (*continued*)

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### Financial Review

#### Summary of results

	2010 £000	2009 £000
Turnover	14,281	8,851
Operating Costs	(22,233)	(19,160)
Loss before player trading	(6,680)	(10,309)
Player trading	(1,084)	1,280
Loss before interest, tax	(7,764)	(9,030)

The board consider the key performance indicators for the Football Club to be turnover and staff costs, with player trading being the key exceptional item each year

The results show a substantially increased turnover in the year. This is partly as a result of the takeover where season ticket revenue is now fully taken in the Football Club but is also as a result of good cup runs, including winning the Johnstones Paint Trophy

Average attendances increased from 17,849 in 2008/09 to 20,982 in the 2009/10 season, although match day turnover does not reflect this as a result of reduced ticket prices

Operating costs increased in the year due to additional costs associated with the cup runs, enhancements to the 1st team squad and as a result of the takeover, director costs are now in the football club rather than the holding company

As a result of entering administration in the previous season the Club started the season with a points penalty of minus 10 points resulting in the team finishing 7th in the league table, 7 points short of a playoff position

### Outlook

The year ended 30 June 2010 was a period of rebuilding for Southampton Football Club following the acquisition of the club out of administration by Markus Liebherr in July 2009. The acquisition allowed the club to stabilise both on and off the field and then start to build for the future. Significant financial investment has been made into the playing staff in order to achieve its stated aim of regaining its Championship status to allow it to then ultimately regain promotion to the Premier League. This has been coupled with significant off-field investment in the Club's infrastructure, particularly within its Football Development and Support Centre and the future investment planned for the Staplewood Training Ground facility.

The death of Markus Liebherr in August 2010 shocked and saddened everyone in and around the club, but the Liebherr Estate is committed to the continued investment in order to achieve success for Southampton Football Club. This is demonstrated by the ongoing investment in both playing staff and infrastructure.

# Southampton Football Club Limited

## Report of the directors for the year ended 30 June 2010 (*continued*)

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### Directors

The directors of the company who served during the year were

D A Jones (resigned 28 September 2010)  
K Tointon (resigned 8 July 2009)  
N Cortese (appointed 1 August 2009)  
L Hyde (appointed 21 September 2009 and resigned 15 January 2011)  
B McGlinchey (appointed 21 September 2009)  
A J Oldknow (appointed 21 September 2009 and resigned 12 November 2009)

### Directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial 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 of the profit or loss of the company for that period.

In preparing these financial statements, the directors are required to

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

# Southampton Football Club Limited

## Report of the directors for the year ended 30 June 2010 (*continued*)

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### Auditors

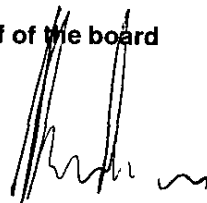
All of the current directors have taken all the steps that they ought to have taken to make themselves aware of any information needed by the company's auditors for the purposes of their audit and to establish that the auditors are aware of that information. The directors are not aware of any relevant audit information of which the auditors are unaware.

BDO LLP have expressed their willingness to continue in office and a resolution to re-appoint them will be proposed at the annual general meeting.

On behalf of the board

N Cortese

Director



Date 30 March 2011

# **Southampton Football Club Limited**

## **Independent auditor's report**

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### **TO THE MEMBERS OF SOUTHAMPTON FOOTBALL CLUB LIMITED**

We have audited the financial statements of Southampton Football Club Limited for the year ended 30 June 2010 which comprise the profit and loss account, the balance sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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 an auditor's 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 explained more fully in the statement of directors' responsibilities, 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 (APB's) Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

A description of the scope of an audit of financial statements is provided on the APB's website at [www.frc.org.uk/apb/scope/private.cfm](http://www.frc.org.uk/apb/scope/private.cfm).

### **Opinion on financial statements**

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 30 June 2010 and of its loss for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

# Southampton Football Club Limited

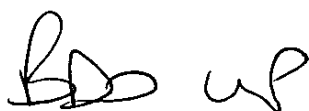
## Independent auditor's report *(continued)*

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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, or returns adequate for our audit have not been received from branches not visited by us, or
- the 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



*Malcolm Thixton (senior statutory auditor)  
For and on behalf of BDO LLP, statutory auditor  
Southampton  
United Kingdom*

Date 30/3/11

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127)

# Southampton Football Club Limited

## Profit and loss account for the year ended 30 June 2010

	Note	Operations excluding player trading 2010 £	Player trading* 2010 £	Total 2010 £	Total 2009 £
Turnover	2	14,281,484	-	14,281,484	8,851,314
Cost of sales		19,476,659	1,776,135	21,252,794	20,496,996
<b>Gross loss</b>		<b>(5,195,175)</b>	<b>(1,776,135)</b>	<b>(6,971,310)</b>	<b>(11,645,682)</b>
Administrative expenses		2,755,981	-	2,755,981	2,165,613
		(7,951,156)	(1,776,135)	(9,727,291)	(13,811,295)
Other operating income	2	1,270,799	-	1,270,799	-
<b>Operating loss</b>	4	<b>(6,680,357)</b>	<b>(1,776,135)</b>	<b>(8,456,492)</b>	<b>(13,811,295)</b>
Profit on disposal of players		-	692,364	692,364	4,781,513
<b>Loss on ordinary activities before interest and other income</b>		<b>(6,680,357)</b>	<b>(1,083,771)</b>	<b>(7,764,128)</b>	<b>(9,029,782)</b>
Other interest receivable and similar income				7,571	38,866
Interest payable and similar charges	7			(36,304)	(281,041)
<b>Loss on ordinary activities before and after taxation for the financial year</b>				<b>(7,792,861)</b>	<b>(9,271,957)</b>

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

All amounts derive from continuing activities

All recognised gains and losses in the current and prior year are included in the profit and loss account

The notes on pages 10 to 21 form part of these financial statements

# Southampton Football Club Limited

## Balance sheet at 30 June 2010

<b>Company number 53301</b>	<b>Note</b>	<b>2010 £</b>	<b>2010 £</b>	<b>2009 £</b>	<b>2009 £</b>
<b>Fixed assets</b>					
Intangible assets	9		<b>3,322,563</b>		<b>1,813,307</b>
Tangible assets	10		<b>538,764</b>		<b>385,393</b>
			<hr/>		<hr/>
			<b>3,861,327</b>		<b>2,198,700</b>
<b>Current assets</b>					
Stocks	11	<b>276,284</b>		<b>175,092</b>	
Debtors	12	<b>1,889,933</b>		<b>2,671,004</b>	
Cash at bank and in hand		<b>2,623,037</b>		<b>74,552</b>	
		<hr/>		<hr/>	
		<b>4,789,254</b>		<b>2,920,648</b>	
<b>Creditors: amounts falling due within one year</b>	13	<b>7,004,468</b>		<b>10,445,942</b>	
		<hr/>		<hr/>	
<b>Net current liabilities</b>			<b>(2,215,214)</b>		<b>(7,525,294)</b>
			<hr/>		<hr/>
<b>Total assets less current liabilities</b>			<b>1,646,113</b>		<b>(5,326,594)</b>
<b>Creditors: amounts falling due after more than one year</b>	14	<b>14,618,798</b>		<b>573,660</b>	
<b>Provisions for liabilities</b>	15	<b>273,000</b>		<b>-</b>	
		<hr/>		<hr/>	
			<b>14,891,798</b>		<b>573,660</b>
			<hr/>		<hr/>
			<b>(13,245,685)</b>		<b>(5,900,254)</b>
			<hr/>		<hr/>

The notes on pages 10 to 21 form part of these financial statements

# Southampton Football Club Limited

## Balance sheet at 30 June 2010 (*continued*)

	Note	2010 £	2010 £	2009 £	2009 £
<b>Capital and reserves</b>					
Called up share capital	16		500,000		52,570
Capital Contribution Reserve	17		14,685,636		14,685,636
Profit and loss account	17		(28,431,321)		(20,638,460)
<b>Shareholders' deficit</b>	18		(13,245,685)		(5,900,254)

The financial statements were approved by the board of directors and authorised for issue on 30 March 2011

  
N Cortese  
Director

The notes on pages 10 to 21 form part of these financial statements

# Southampton Football Club Limited

## Notes forming part of the financial statements for the year ended 30 June 2010

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### 1 Accounting policies

The financial statements have been prepared under the historical cost convention and are in accordance with applicable accounting standards

The following principal accounting policies have been applied

#### *Cash flow statement*

The company has taken advantage of the exemption conferred by Financial Reporting Standard 1 'Cash Flow Statements (Revised 1996)' not to prepare a cash flow statement on the grounds that at least 90% of the voting rights in the company are controlled within the group headed by DMWSL 613 Limited and the company is included in consolidated financial statements

#### *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.

#### *Stocks*

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

#### *Foreign currency*

Foreign currency transactions are translated into sterling at the rates ruling when they occurred. Foreign currency monetary assets and liabilities are translated at the rates ruling at the balance sheet date. Any differences are taken to the profit and loss account.

#### *Taxation*

The charge for taxation is based on profit for the year and takes into account deferred tax. Current tax is measured at the amount expected to be paid using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except that:

- deferred tax is not recognised on timing differences arising on revalued properties unless the company has entered into a binding sale agreement and is not proposing to take advantage of rollover relief, and
- the recognition of deferred tax assets is limited to the extent that the company anticipates making sufficient taxable profits in the future to absorb the reversal of the underlying timing differences.

Deferred tax balances arising from underlying timing differences in respect of tax allowances on industrial buildings are reversed if and when all conditions for retaining those allowances have been met.

Deferred tax balances are not discounted.

#### *Leased assets*

Where assets are financed by leasing agreements that give rights approximating to ownership (finance leases), the assets are treated as if they had been purchased outright. The amount capitalised is the

# Southampton Football Club Limited

## Notes forming part of the financial statements for the year ended 30 June 2010 *(continued)*

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### 1 Accounting policies *(continued)*

#### *Leased assets (continued)*

present value of the minimum lease payments payable over the term of the lease. The corresponding leasing commitments are shown as amounts payable to the lessor. Depreciation on the relevant assets is charged to the profit and loss account over the shorter of estimated useful economic life and the period of the lease.

Lease payments are analysed between capital and interest components so that the interest element of the payment is charged to the profit and loss account over the period of the lease and is calculated so that it represents a constant proportion of the balance of capital repayments outstanding. The capital part reduces the amounts payable to the lessor.

All other leases are treated as operating leases. Their annual rentals are charged to the profit and loss account on a straight-line basis over the term of the lease.

#### *Going Concern*

Although the company is reporting a loss for the year and has significant net liabilities, its principal indebtedness at the year end was to its parent company and shareholder.

The parent company Director has received assurances from the controlling party that funds will be made available as and when they are required to fund commitments for the foreseeable future. The company financing is inextricably linked with that of its parent company. Accordingly, the Directors consider it appropriate to prepare the accounts on a going concern 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 year when it is considered probable that the conditions of the contract will be satisfied.

#### *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

#### *Signing on fees*

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

#### *Pension costs*

The company is one of a number of employers in a shared defined benefit scheme for playing staff. The scheme is a multi-employer scheme and in accordance with FRS 17 has been treated as a defined contribution scheme as it is not able to accurately apportion the share of assets and liabilities of the scheme.

# Southampton Football Club Limited

Notes forming part of the financial statements  
for the year ended 30 June 2010 (*continued*)

## 2 Turnover

	2010 £	2009 £
Analysis by class of business		
Broadcasting	821,310	1,337,400
Match day	10,072,212	5,142,463
Commercial	3,043,074	1,612,645
Other	344,888	758,806
	<u>14,281,484</u>	<u>8,851,314</u>

Turnover arises solely within the United Kingdom

## 3 Other operating income

As part of the acquisition of the company and its fellow subsidiaries, the company's indebtedness to the bank was settled. This has resulted in a gain on the settlement of the bank borrowings of £1,270,799

## 4 Operating loss

	2010 £	2009 £
This is arrived at after charging		
Depreciation of tangible fixed assets	209,419	267,949
Amortisation of other intangible fixed assets	1,776,135	3,502,344
Hire of other assets - operating leases	141,670	144,656
Auditors' remuneration - fees payable to the company's auditor for the audit of the company's annual accounts	13,750	13,750
	<u>13,750</u>	<u>13,750</u>

## 5 Employees

Staff costs (including directors) consist of

	2010 £	2009 £
Wages and salaries	10,900,032	10,245,501
Social security costs	1,221,980	1,128,052
Other pension costs	157,086	74,520
	<u>12,279,098</u>	<u>11,448,073</u>

# Southampton Football Club Limited

## Notes forming part of the financial statements for the year ended 30 June 2010 (continued)

### 5 Employees (continued)

The average number of employees (including directors) during the year was as follows

	2010 Number	2009 Number
Administrative	60	48
Football	153	117
	<u>213</u>	<u>165</u>

In addition the company employs approximately 250 temporary staff on match days (2009 250)

Certain employees of the company are members of The Football League Limited Pension and Life Assurance Scheme ("the scheme") Accrual of benefits under a final salary basis was suspended with effect from 31 August 1999 following an actuarial review which revealed a substantial deficit

As one of a number of participating employers, the company is advised only of its share of the deficit in the Scheme

The latest actuarial valuation of the scheme at 31 August 2008 has indicated that the Club's provisional share of the deficit is £303,266 as at 1 September 2009 This is being repaid over a ten year period at a monthly repayment of £3,907

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

### 6 Directors' remuneration

	2010 £	2009 £
Directors' emoluments	252,252	46,894
Company contributions to money purchase pension schemes	35,145	-
	<u>287,397</u>	<u>46,894</u>

The total amount payable to the highest paid director in respect of emoluments was £105,870 (2009 - £46,894)

# Southampton Football Club Limited

## Notes forming part of the financial statements for the year ended 30 June 2010 (*continued*)

### 7 Interest payable and similar charges

	2010 £	2009 £
Bank loans and overdrafts	-	208,733
Finance leases and hire purchase contracts	27,294	37,129
Other interest payable	9,010	35,179
	<u>36,304</u>	<u>281,041</u>

### 8 Taxation on loss on ordinary activities

The tax assessed for the year is higher than the standard rate of corporation tax in the UK applied to loss before tax

	2010 £	2009 £
Loss on ordinary activities before tax	<u>(7,792,861)</u>	<u>(9,271,957)</u>
Loss on ordinary activities at the standard rate of corporation tax in the UK of 28 0% (2009 - 28 0%)	<u>(2,182,001)</u>	<u>(2,596,148)</u>
Effect of		
Expenses not deductible for tax purposes	6,491	37,921
Capital allowances for period in excess of depreciation	(134,012)	(113,745)
Movement in unutilised tax losses	2,147,030	1,616,070
Group relief not paid for	28,480	337,272
Other deferred tax movements	134,012	718,630
	<u>-</u>	<u>-</u>
Current tax charge for the year	-	-

# Southampton Football Club Limited

Notes forming part of the financial statements  
for the year ended 30 June 2010 (*continued*)

## 9 Intangible fixed assets

	Player registrations £
<i>Cost or valuation</i>	
At 1 July 2009	7,407,796
Additions	3,585,391
Disposals	(4,830,277)
	<hr/>
At 30 June 2010	<b>6,162,910</b>
	<hr/>
<i>Amortisation</i>	
At 1 July 2009	5,594,489
Provided for the year	1,776,135
Disposals	(4,530,277)
	<hr/>
At 30 June 2010	<b>2,840,347</b>
	<hr/>
<i>Net book value</i>	
At 30 June 2010	<b>3,322,563</b>
	<hr/>
At 30 June 2009	<b>1,813,307</b>
	<hr/>

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

# Southampton Football Club Limited

Notes forming part of the financial statements  
for the year ended 30 June 2010 (*continued*)

## 10 Tangible fixed assets

	Motor vehicles £	Fixtures and fittings £	Assets in Course of Construction £	Total £
<i>Cost or valuation</i>				
At 1 July 2009	77,569	3,003,330	-	3,080,899
Additions	62,170	197,106	103,514	362,790
Disposals	(41,995)	-	-	(41,995)
At 30 June 2010	<b>97,744</b>	<b>3,200,436</b>	<b>103,514</b>	<b>3,401,694</b>
<i>Depreciation</i>				
At 1 July 2009	77,569	2,617,937	-	2,695,506
Provided for the year	10,361	199,058	-	209,419
Disposals	(41,995)	-	-	(41,995)
At 30 June 2010	<b>45,935</b>	<b>2,816,995</b>	<b>-</b>	<b>2,862,930</b>
<i>Net book value</i>				
At 30 June 2010	<b>51,809</b>	<b>383,441</b>	<b>103,514</b>	<b>538,764</b>
At 30 June 2009	-	385,393	-	385,393

The net book value of tangible fixed assets includes an amount of £71,191 (2009 - £25,844) in respect of assets held under finance leases and hire purchase contracts. The related depreciation charge on these assets for the year was £16,823 (2009 - £6,461).

## 11 Stocks

	2010 £	2009 £
Goods for resale	<b>276,284</b>	175,092

There is no material difference between the replacement cost of stocks and the amounts stated above.

# Southampton Football Club Limited

Notes forming part of the financial statements  
for the year ended 30 June 2010 (continued)

## 12 Debtors

	2010 £	2009 £
Trade debtors	659,356	2,463,349
Amounts owed by group undertakings	248,741	-
Other debtors	64,604	56,068
Prepayments and accrued income	917,232	151,587
	<u>1,889,933</u>	<u>2,671,004</u>

All amounts shown under debtors fall due for payment within one year

## 13 Creditors: amounts falling due within one year

	2010 £	2009 £
Bank loans and overdrafts (secured)	-	4,100,091
Football League loan	128,267	167,800
Trade creditors	1,725,386	829,681
Amounts owed to group undertakings	274,303	66,305
Taxation and social security	822,432	3,526,822
Obligations under finance lease and hire purchase contracts	24,756	109,540
Other loans	-	380,000
Other creditors	49,257	-
Accruals and deferred income	3,980,067	1,265,703
	<u>7,004,468</u>	<u>10,445,942</u>

## 14 Creditors: amounts falling due after more than one year

	2010 £	2009 £
Bank loans (secured)	-	225,000
Football League loan	127,400	335,200
Amounts owed to group undertakings	6,052,570	-
Obligations under finance lease and hire purchase contracts	38,828	13,460
Loan from shareholder	8,400,000	-
	<u>14,618,798</u>	<u>573,660</u>

# Southampton Football Club Limited

Notes forming part of the financial statements  
for the year ended 30 June 2010 *(continued)*

## 14 Creditors amounts falling due after more than one year *(continued)*

Maturity of debt

	Loans and overdrafts 2010 £	Loans and overdrafts 2009 £	Finance leases 2010 £	Finance leases 2009 £
In one year or less, or on demand	<b>128,267</b>	4,573,339	<b>24,756</b>	109,540
In more than one year but not more than two years	<b>127,400</b>	267,800	<b>16,680</b>	13,460
In more than two years but not more than five years	-	292,400	<b>22,148</b>	-
In more than five years	<b>8,400,000</b>	-	-	-
	<b>8,527,400</b>	560,200	<b>38,828</b>	13,460

Included in creditors due after more than one year are the following amounts repayable in more than five years

	2010 £	2009 £
Amounts owed to group undertakings	<b>6,052,570</b>	-
Loan from shareholder	<b>8,400,000</b>	-
	<b>14,452,570</b>	-

A bank loan of £1,000,000 was taken out during the year ended 31 May 2003. The loan was repayable in quarterly instalments over a ten year period at an interest rate of 2% over the bank base rate. The bank borrowings were secured upon group freehold properties. As part of the acquisition of the company and its fellow subsidiaries, the company's indebtedness to the bank was settled.

Obligations under finance leases and hire purchase contracts are secured upon the assets to which they relate.

# Southampton Football Club Limited

Notes forming part of the financial statements  
for the year ended 30 June 2010 (*continued*)

## 15 Provisions for liabilities

	Contingent transfer fees £
Charged to the profit and loss account and at 30 June 2010	273,000

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 £7,585,960 (2009 £5,721,641). The asset would be recovered if the company make suitable taxable future profits.

### *Analysis of deferred tax balance*

	2010 £	2009 £
Capital allowances in advance of depreciation	58,684	192,696
Rolled over gains on players	(58,684)	(192,696)
	<u>-</u>	<u>-</u>

## 16 Share capital

	2010 £	2009 £
<i>Allotted, called up and fully paid</i>		
Ordinary shares of £1 each	500,000	52,570

On 8 August 2009, the company increased its authorised share capital by £250,000, by the creation of a further £250,000 ordinary shares of £1 each. On the same day 447,430 shares were issued to DMWSL 613 Limited for £447,430.

# Southampton Football Club Limited

Notes forming part of the financial statements  
for the year ended 30 June 2010 *(continued)*

## 17 Reserves

	Capital Contribution Reserve £	Profit and loss account £
At 1 July 2009	14,685,636	(20,638,460)
Loss for the year	-	(7,792,861)
	<hr/>	<hr/>
At 30 June 2010	<b>14,685,636</b>	<b>(28,431,321)</b>
	<hr/>	<hr/>

During the prior year a fellow group company waived amounts owed from the company resulting in a Capital Contribution. This contribution is non-refundable, bears no interest and may be distributed after all accumulated losses have been taken into account

## 18 Reconciliation of movements in shareholders' deficit

	2010 £	2009 £
Loss for the year	(7,792,861)	(9,271,957)
Dividends	-	(4,178,118)
	<hr/>	<hr/>
	(7,792,861)	(13,450,075)
Transfer to Capital Contribution Reserve	-	14,685,636
Issue of shares	447,430	-
	<hr/>	<hr/>
Net (deductions from)/additions to shareholders' deficit	(7,345,431)	1,235,561
Opening shareholders' deficit	(5,900,254)	(7,135,815)
	<hr/>	<hr/>
Closing shareholders' deficit	<b>(13,245,685)</b>	<b>(5,900,254)</b>
	<hr/>	<hr/>

During the prior year the company waived amounts owed from group undertakings which is reflected above as a dividend

## 19 Contingent liabilities

Excluding items already provided in the balance sheet, at 30 June 2010 Southampton Football Club had a liability to pay up to £3,466,243 (2009 £2,642,264) to other clubs in respect of players under contract, dependent upon the number of first team appearances and international debuts made

At 30 June 2010 the company had contingent sums receivable from other Clubs in respect of players sold. Due to the uncertainty of receipt of these contingent assets it is not practicable to disclose the amount likely to be received

# Southampton Football Club Limited

Notes forming part of the financial statements  
for the year ended 30 June 2010 (*continued*)

## 20 Commitments under operating leases

The company had annual commitments under non-cancellable operating leases as set out below

	Land and buildings 2010 £	Land and buildings 2009 £
Operating leases which expire		
In two to five years	23,840	23,840
After five years	119,064	119,064
	<u>142,904</u>	<u>142,904</u>

## 21 Related party disclosures

The company is a wholly owned subsidiary of DMWSL 613 Limited and has taken advantage of the exemption conferred by Financial Reporting Standard 8 "Related party disclosures" not to disclose transactions with DMWSL 613 Limited or other wholly owned subsidiaries within the group

## 22 Ultimate parent company and parent undertaking of larger group

At the start of the financial year the company was a wholly owned subsidiary undertaking of Southampton Leisure Holdings Plc, in administration, which was also the ultimate parent undertaking and controlling party and was incorporated in Great Britain

With effect from 8 July 2009 the entire share capital of Southampton Football Club Limited was purchased by DMWSL 613 Limited which is now the immediate parent undertaking

The largest and smallest group in which the results of the company are consolidated is that headed by DMWSL 613 Limited, incorporated in Great Britain. The consolidated accounts of this company are available to the public and may be obtained from St Mary's Stadium, Britannia Road, Southampton, SO14 5FP. No other group accounts include the results of the company.

From 8 July 2009 Mr Markus Liebherr controlled DMWSL 613 Limited by virtue of his shareholding in the business. Mr Liebherr died on August 11 2010 and the ownership of the shareholding of DMWSL 613 Limited passed into probate. As at the date of signing these financial statements, the ownership of the shareholding of DMWSL 613 Limited is still in probate.

## 23 Post balance sheet events

Since the end of the financial year, Southampton Football Club has contracted for the purchase of various players. £1.3m has been spent by the Club since the year end on these players. There have been no player sales since the year end. These transfers will be accounted for in the year ended 30 June 2011.