

## **St Mary's Stadium Limited**

Directors' Report and Financial Statements

Year Ended

30 June 2017

Company Number 03798424

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# St Mary's Stadium Limited

## Company Information

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<b>Directors</b>	T Steele D Thomas
<b>Company secretary</b>	T Greenwell
<b>Registered number</b>	03798424
<b>Registered office</b>	St Mary's Stadium Britannia Road Southampton Hampshire SO14 5FP
<b>Independent auditors</b>	BDO LLP Arcadia House Maritime Walk Ocean Village Southampton SO14 3TL

# St Mary's Stadium Limited

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# St Mary's Stadium Limited

## Directors' Report For the Year Ended 30 June 2017

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The directors present their report and the financial statements for the year ended 30 June 2017.

### Directors' responsibilities statement

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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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 St Mary's Stadium Limited ("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 for the Company's financial statements 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 transactions and 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 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.

### Principal activity

The Company's principal activity is the ownership of St Mary's Stadium and its lease of this asset to a fellow group company, Southampton Football Club Limited.

### Directors

The directors who served during the year were:

K Liebherr (resigned 19 June 2017)

G Rogers (resigned 12 May 2017)

T Steele (appointed 19 June 2017)

D Thomas (appointed 19 June 2017)

### Disclosure of information to auditors

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as the directors are aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the directors have taken all the steps that ought to have been taken as directors in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

# St Mary's Stadium Limited

## Directors' Report (continued) For the Year Ended 30 June 2017

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### Auditors

The auditors, BDO LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

### Small companies note

In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

This report was approved by the board and signed on its behalf:

  
.....

**T Steele**

Director

Date: 23 DECEMBER 2017

# **St Mary's Stadium Limited**

## **Independent Auditor's report to the member of St Mary's Stadium Limited**

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### **Opinion**

We have audited the financial statements of the Company for the year ended 30 June 2017 which comprise the Statement of Comprehensive Income, Statement of Financial Position and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Company's affairs as at 30 June 2017 and of its 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.

### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Conclusions relating to going concern**

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

# **St Mary's Stadium Limited**

## **Independent Auditor's report to the member of St Mary's Stadium Limited (continued)**

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### **Other information**

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

### **Opinions on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has been prepared in accordance with applicable legal requirements.

### **Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the director's report.

We have nothing to report in respect of the following matters in relation to which 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; or
- the Directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the Directors' report and from the requirement to prepare a Strategic report.

# St Mary's Stadium Limited

## Independent Auditor's report to the member of St Mary's Stadium Limited (continued)

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### Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

### Auditor's responsibilities for the audit of the financial statements

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.

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located at the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.



**Malcolm Thixton** (Senior Statutory Auditor)  
For and on behalf of BDO LLP, Statutory Auditor  
Southampton  
United Kingdom

23/12/17

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



# St Mary's Stadium Limited

## Statement of Comprehensive Income For the Year Ended 30 June 2017

	Note	2017 £	2016 £
Turnover	3	800,000	800,000
Administrative expenses		(534,773)	(548,681)
<b>Profit on ordinary activities before taxation</b>	4	<b>265,227</b>	251,319
Tax on profit	6	(110,248)	(231,299)
<b>Profit on ordinary activities after taxation</b>		<b>154,979</b>	20,020

There were no recognised gains and losses for 2017 or 2016 other than those included in the Statement of Comprehensive Income.

There was no other comprehensive income for 2017 (2016: £nil).

The notes on pages 8 to 14 form part of these financial statements.

# St Mary's Stadium Limited


Registered number: 03798424

## Statement of Financial Position As at 30 June 2017

	Note	2017 £	2016 £
<b>Fixed assets</b>			
Tangible assets	7	8,356,067	8,984,200
<b>Current assets</b>			
Debtors	8	2,897,835	2,208,083
Creditors: amounts falling due within one year	9	(8,093,360)	(8,093,360)
<b>Net current liabilities</b>		<u>(5,195,525)</u>	<u>(5,885,277)</u>
<b>Total assets less current liabilities</b>		<u>3,160,542</u>	<u>3,098,923</u>
Creditors: amounts falling due after more than one year	10	(3,088,660)	(3,182,020)
<b>Net assets/(liabilities)</b>		<u><u>71,882</u></u>	<u><u>(83,097)</u></u>
<b>Capital and reserves</b>			
Called up share capital	12	2	2
Capital contribution reserve		34,275,586	34,275,586
Profit and loss account		(34,203,706)	(34,358,685)
		<u><u>71,882</u></u>	<u><u>(83,097)</u></u>

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime and in accordance with the provisions of FRS 102 Section 1A - small entities.

The financial statements were approved and authorised for issue by the board and were signed on its behalf:

  
.....  
**T Steele**  
Director  
Date: 23 December 2017

The notes on pages 8 to 14 form part of these financial statements.

# St Mary's Stadium Limited

## Notes to the Financial Statements For the Year Ended 30 June 2017

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### 1. Accounting policies

#### 1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Section 1A of Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

Information on the impact of the first time adoption of Section 1A of FRS 102 is given in note 15. The date of transition to Section 1A of FRS 102 was 1 July 2015.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 2).

The following principal accounting policies have been applied:

#### 1.2 Financial reporting standard 102 - reduced disclosure exemptions

The Company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 4 Statement of Financial Position paragraph 4.12(a)(iv);
- the requirements of Section 11 Financial Instruments paragraphs 11.41(b), 11.41(c), 11.41(e), 11.41(f), 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.
- the requirements of Section 7 Statement of Cash Flows;

This information is included in the consolidated financial statements of St Mary's Football Group Limited ("the Group") as at 30 June 2017 and these financial statements may be obtained from Companies House, Crown Way, Cardiff, CF14 3UZ.

#### 1.3 Going concern

The Company's activities are inextricably linked to its fellow subsidiary Southampton Football Club Limited and other group companies. The Group has adequate borrowing facilities in place to finance group operations over the next twelve months. Accordingly, the directors consider it appropriate to prepare the financial statements on a going concern basis.

#### 1.4 Turnover

Turnover represents rental income for the use of St Mary's Stadium and its facilities.

# St Mary's Stadium Limited

## Notes to the Financial Statements For the Year Ended 30 June 2017

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### 1. Accounting policies (continued)

#### 1.5 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Stadium - over 5 to 50 years

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of Comprehensive Income.

The Stadium represents an investment property that the directors consider cannot be measured reliably at fair value without undue cost and effort and so has been accounted for as a tangible fixed asset using the cost model.

#### 1.6 Football trust grants

Grants received from the Football Trust in respect of ground improvements are treated as deferred income until the conditions for non-repayment are satisfied. Once these conditions have been met, the grants are amortised over the useful economic lives of the related assets.

#### 1.7 Provisions for liabilities

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Statement of Comprehensive Income in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Statement of Financial Position date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Statement of Financial Position.

# St Mary's Stadium Limited

## Notes to the Financial Statements For the Year Ended 30 June 2017

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### 1. Accounting policies (continued)

#### 1.8 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company operates and generates income.

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

- the recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

### 2. Judgements in applying accounting policies and key sources of estimation uncertainty

In preparing these financial statements, the directors have had to make the following judgements:

- determine whether there are indicators of impairment of the Company's tangible assets. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit.

### 3. Turnover

Turnover arises solely within the United Kingdom and is derived from the Company's principal activity.

# St Mary's Stadium Limited

## Notes to the Financial Statements For the Year Ended 30 June 2017

### 4. Profit on ordinary activities before taxation

	2017 £	2016 £
<b>The profit on ordinary activities before taxation is stated after charging:</b>		
Depreciation of tangible fixed assets	628,133	642,041
<b>The profit on ordinary activities before taxation is stated after crediting:</b>		
Amortisation of grants	93,360	93,360

The auditors are remunerated by a fellow subsidiary of St Mary's Football Group Limited. The total audit fee for the Group, of which St Mary's Stadium Limited is a member, amounted to £38,000 (2016: £36,000).

### 5. Employees and directors

No director received any remuneration for their services as director of the Company in the current or preceding years and it is not practicable to allocate emoluments for other services from other group companies. There were no other employees of the Company during the current or preceding years.

### 6. Taxation on profit on ordinary activities

	2017 £	2016 £
<b>Deferred tax</b>		
Origination and reversal of timing differences	125,406	132,534
Changes to tax rates	45,383	98,765
Adjustments in respect of prior periods	(60,541)	-
<b>Total deferred tax</b>	<b>110,248</b>	<b>231,299</b>

# St Mary's Stadium Limited

## Notes to the Financial Statements For the Year Ended 30 June 2017

### 7. Tangible fixed assets

	Stadium £
<b>Cost or valuation</b>	
At 1 July 2016 and 30 June 2017	41,665,052
<b>Depreciation</b>	
At 1 July 2016	32,680,852
Charge for the year	628,133
At 30 June 2017	33,308,985
<b>Net book value</b>	
At 30 June 2017	8,356,067
At 30 June 2016	8,984,200

### 8. Debtors

	2017 £	2016 £
Amounts owed by group undertakings	2,251,726	1,451,726
Called up share capital not paid	2	2
Deferred taxation	646,107	756,355
	<u>2,897,835</u>	<u>2,208,083</u>

All amounts fall due for payment within one year.

### 9. Creditors: Amounts falling due within one year

	2017 £	2016 £
Amounts owed to group undertakings	8,000,000	8,000,000
Accruals and deferred income	93,360	93,360
	<u>8,093,360</u>	<u>8,093,360</u>

# St Mary's Stadium Limited

## Notes to the Financial Statements For the Year Ended 30 June 2017

### 10. Creditors: Amounts falling due after more than one year

	2017 £	2016 £
Accruals and deferred income	<u>3,088,660</u>	<u>3,182,020</u>

Football Trust grants of £3,089,000 (2016: £3,182,000) are classified as accruals and deferred income within creditors falling due after more than one year, with £93,000 (2016: £93,000) falling due within one year, being the amortisation that will be credited in the next accounting period.

### 11. Deferred taxation

	2017 £
At beginning of year	756,355
Charged to Statement of Comprehensive Income	(110,248)
<b>At end of year</b>	<u><b>646,107</b></u>

The deferred tax asset is made up as follows:

	2017 £
Decelerated capital allowances	406,410
Tax losses carried forward and other deductions	239,697
	<u><b>646,107</b></u>

### 12. Share capital

	2017 £	2016 £
<b>Shares classified as equity</b>		
<b>Allotted, called up and fully paid</b>		
2 Ordinary shares of £1 each	<u>2</u>	<u>2</u>



# **St Mary's Stadium Limited**

## **Notes to the Financial Statements For the Year Ended 30 June 2017**

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### **13. Reserves**

#### **Capital redemption reserve**

During 2009, 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.

#### **Profit and loss account**

The profit and loss account represents accumulated comprehensive income for the year and prior periods less any dividends paid.

### **14. Related party transactions**

The Company is a wholly owned subsidiary of St Mary's Football Group Limited and has taken advantage of the exemption conferred by FRS 102 not to disclose transactions with St Mary's Football Group Limited or other wholly owned subsidiaries within the Group.

### **15. Ultimate parent undertaking and controlling party**

At the Statement of Financial Position date, the Company is a subsidiary of St Mary's Football Group Limited, which was the ultimate parent company incorporated in Great Britain. The ultimate controlling party at the Statement of Financial Position date was K Liebherr.

The largest and smallest group in which the results of the Company are consolidated is therefore headed by St Mary's Football Group Limited, incorporated in Great Britain. The consolidated accounts of this Company are available to the public and may be obtained from Companies House, Crown Way, Cardiff, CF14 3UZ. No other group accounts include the results of the Company.

On 14 August 2017, Lander Sports (UK) International Investment Co. Ltd acquired the entire share capital of St Mary's Football Group Limited. Since 14 August 2017 the directors consider the ultimate controlling party to be Mr J. Gao.

### **16. First time adoption of FRS 102**

The policies applied under the entity's previous accounting framework are not materially different to FRS 102 and have not impacted on equity or profit or loss.