

DMWSL 613 Limited

Report and Consolidated Financial Statements

Year Ended

30 June 2012

Company Number 06951765



DMWSL 613 Limited

Report and financial statements for the year ended 30 June 2012

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Director

N Cortese

Registered office

St Marys Stadium, Britannia Road, Southampton, SO14, 5FP

Company number

06951765

Auditors

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

DMWSL 613 Limited

Report of the director for the year ended 30 June 2012

The director presents his report together with the audited financial statements for the year ended 30 June 2012

Results and dividends

The profit and loss account is set out on page 6 and shows the loss for the year

Principal activities, review of business and future developments

The principal activity of the company is a holding company. The principal activity of the group is that of a football club, which participated in the NPower Football Championship and associated cup competitions.

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 group manages the impact of that risk through close control of its direct costs, relative to its forecast income.

As explained in note 1 to the accounts the group has the support of its controlling party and consequently, liquidity risk is no longer a significant factor for the group.

Credit risk relates primarily to trade debtors from its commercial activities. The company monitors credit risk closely and its exposure to rate risk is minimal given any borrowings are 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 group values its relationship with its many suppliers. As part of meeting its obligations under each purchase transaction, the group's policy is to pay amounts due for settlement in accordance with the negotiated terms of trade.

Trade creditors at 30 June 2012 represented 14 days (2011: 14 days) of annual purchases. This figure excludes creditors in respect of player purchases which are paid on the date when payment is contractually due.

DMWSL 613 Limited

Report of the director for the year ended 30 June 2012 (*continued*)

Financial Review

Summary of results

	2012 £000's	2011 £000's
Turnover	22,926	16,434
Operating Costs	(44,055)	(25,765)
Loss before player trading	(21,129)	(9,282)
Player trading	9,187	(2,209)
Loss before interest, tax	(11,942)	(11,491)

The board consider the key performance indicators for the group to be turnover and staff costs. Promotion to the Premier League has triggered exceptional one-off costs. These are detailed further in Note 2.

The results show a substantially increased turnover from that reported in the prior year. This is a result of strong management action to improve the revenue activities of the club across all areas, increased attendances and the club driving promotion to the Barclays Premier League.

Average attendances increased from 22,161 in 2010/11 to 26,427 in 2011/12 season.

Operating costs increased in the year due to significant investment in the academy and other off-field activities.

Outlook

Within the financial year the group achieved its stated aim of achieving Barclays Premier League status following promotion from the Npower Championship in May 2012. The financial benefits afforded by the Premier League mean the outlook for the group is positive.

Going concern

The Director has considered the future funding of the group and has accordingly adopted the going concern basis in preparing these financial statements (see note 1 to the financial statements).

Director

The director of the company during the year was

N Cortese

DMWSL 613 Limited

Report of the director for the year ended 30 June 2012 (*continued*)

Director's responsibilities

The director is responsible for preparing the director's report and the financial statements in accordance with applicable law and regulations

Company law requires the director to prepare financial statements for each financial year. Under that law the director has elected to prepare the group and company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the director 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 group and company and of the profit or loss of the group for that period.

In preparing these financial statements, the director is 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 director is 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. The director is 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.

Auditors

The current director has taken all the steps that he ought to have taken to make himself 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 director is 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

27-2-13

DMWSL 613 Limited

Independent auditor's report

To the member of DMWSL 613 Limited

We have audited the financial statements of DMWSL 613 Limited for the year ended 30 June 2012 which comprise the consolidated profit and loss account, the consolidated and company balance sheets, the consolidated cash flow statement 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 member 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 member 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 member, 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 director's responsibilities, the director is 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.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the group's and the parent company's affairs as at 30 June 2012 and of the group's 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 director's report for the financial year for which the financial statements are prepared is consistent with the financial statements.

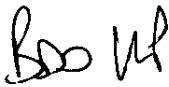
DMWSL 613 Limited

Independent auditor's report (*continued*)

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 director's 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

28.2.13

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

DMWSL 613 Limited

Consolidated profit and loss account for the year ended 30 June 2012

		Operations excluding player trading	Player trading*	Total	Total
	Note	2012 £	2012 £	2012 £	2011 £
Turnover	3	22,925,677	-	22,925,677	16,434,034
Cost of sales - including exceptional costs of £4,813,958 (2011 - £Nil)	2	34,381,255	3,193,244	37,574,499	23,960,055
Gross loss		(11,455,578)	(3,193,244)	(14,648,822)	(7,526,021)
Administrative expenses- including exceptional costs of £4,699,870 (2011 - £Nil)	2,17	9,673,332	-	9,673,332	4,278,355
Group operating loss	4	(21,128,910)	(3,193,244)	(24,322,154)	(11,804,376)
Profit on disposal of fixed assets		-	-	-	275,043
Profit on disposal of players		-	12,380,000	12,380,000	38,438
(Loss)/profit on ordinary activities before interest and other income		(21,128,910)	9,186,756	(11,942,154)	(11,490,895)
Other interest receivable and similar income				18,723	35,682
Interest payable and similar charges	7			(2,830)	(4,854)
Loss on ordinary activities before and after taxation for the financial year				(11,926,261)	(11,460,067)

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

All amounts relate to 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 11 to 28 form part of these financial statements

DMWSL 613 Limited

Consolidated balance sheet at 30 June 2012

<i>Company number 06951765</i>	Note	2012 £	2012 £	2011 £	2011 £
Fixed assets					
Intangible assets	10		16,453,437		3,765,138
Tangible assets	11		15,437,692		12,559,275
Fixed asset investments	12		1,376,470		1,376,470
			<hr/>		<hr/>
			33,267,599		17,700,883
Current assets					
Stocks	13	387,898		228,094	
Debtors	14	7,109,893		1,296,638	
Cash at bank and in hand		2,464,285		1,849,061	
		<hr/>		<hr/>	
		9,962,076		3,373,793	
Creditors: amounts falling due within one year	15	28,043,756		4,515,368	
		<hr/>		<hr/>	
Net current liabilities			(18,081,680)		(1,141,575)
			<hr/>		<hr/>
Total assets less current liabilities			15,185,919		16,559,308
Creditors: amounts falling due after more than one year	16	43,646,164		36,660,212	
Provisions for liabilities	17	3,986,720		419,800	
		<hr/>		<hr/>	
			47,632,884		37,080,012
			<hr/>		<hr/>
			(32,446,965)		(20,520,704)
			<hr/>		<hr/>

The notes on pages 11 to 28 form part of these financial statements

DMWSL 613 Limited

Consolidated balance sheet
at 30 June 2012 (*continued*)

	Note	2012 £	2012 £	2011 £	2011 £
Capital and reserves					
Called up share capital	19		1		1
Profit and loss account	20		(32,446,966)		(20,520,705)
			<hr/>		<hr/>
Shareholder's deficit	21		(32,446,965)		(20,520,704)
			<hr/>		<hr/>

The financial statements were approved by the director and authorised for issue on 27-2-13


N Corfese
Director

The notes on pages 11 to 28 form part of these financial statements

DMWSL 613 Limited

Company balance sheet at 30 June 2012

<i>Company number 06951765</i>	Note	2012 £	2012 £	2011 £	2011 £
Fixed assets					
Intangible assets	10		1		1
Fixed asset investments	12		1,947,438		1,947,438
			<u>1,947,439</u>		<u>1,947,439</u>
Current assets					
Debtors	14	16,314,609		16,314,609	
Creditors' amounts falling due within one year	15	<u>1,000,000</u>		<u>-</u>	
Net current assets			<u>15,314,609</u>		<u>16,314,609</u>
Total assets less current liabilities			<u>17,262,048</u>		<u>18,262,048</u>
Creditors' amounts falling due after more than one year	16	12,000,000		12,000,000	
Provisions for liabilities	17	<u>3,000,000</u>		<u>-</u>	
			<u>15,000,000</u>		<u>12,000,000</u>
			<u>2,262,048</u>		<u>6,262,048</u>
Capital and reserves					
Called up share capital	19		1		1
Revaluation reserve	20		-		2,734,869
Profit and loss account	20		2,262,047		3,527,178
Shareholder's funds	21		<u>2,262,048</u>		<u>6,262,048</u>

The financial statements were approved by the director and authorised for issue on 27-2-13


N Corlese
Director

The notes on pages 11 to 28 form part of these financial statements

DMWSL 613 Limited

Consolidated cashflow statement for the year ended 30 June 2012

	Note	2012 £	2012 £	2011 £	2011 £
Net cash outflow from operating activities	27		(4,478,802)		(11,383,834)
Returns on Investments and servicing of finance					
Interest received		18,723		35,682	
Interest paid other loans		(175)		-	
Interest paid hire purchase		(2,655)		(4,854)	
Net cash inflow from returns on investments and servicing of finance			15,893		30,828
Capital expenditure and financial investment					
Payments to acquire intangible fixed assets		(8,921,792)		(2,402,317)	
Payments to acquire tangible fixed assets		(2,596,431)		(1,054,612)	
Payments to acquire fixed asset investments		-		(376,470)	
Receipts from sale of intangible fixed assets		8,830,000		948,515	
Receipts from sale of tangible fixed assets		-		705,043	
Fixed deposit		(900,000)		-	
Net cash outflow from capital expenditure and financial investment			(3,588,223)		(2,179,841)
Cash outflow before use of financing			(8,051,132)		(13,532,847)
Financing					
New loans		8,811,503		12,589,244	
Loans repaid		(128,467)		(127,200)	
Capital element of finance leases repaid		(16,680)		(24,756)	
Net cash inflow from financing			8,666,356		12,437,288
Increase/(Decrease) in cash	28		615,224		(1,095,559)

The notes on pages 11 to 28 form part of these financial statements

DMWSL 613 Limited

Notes forming part of the financial statements for the year ended 30 June 2012

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

Basis of consolidation

The consolidated financial statements incorporate the results of DMWSL 613 Limited and all of its subsidiary undertakings as at 30 June 2012 using the acquisition or merger method of accounting as required. Where the acquisition method is used, the results of subsidiary undertakings are included from the date of acquisition.

Going concern

Although the group is reporting a loss for the year and has significant net liabilities, its principal indebtedness at the year end is to its shareholder who since the year end has converted these loans into share capital.

Accordingly, the Director considers it appropriate to prepare the accounts on a going concern basis.

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.

DMWSL 613 Limited

Notes forming part of the financial statements for the year ended 30 June 2012 (continued)

1 Accounting policies (continued)

Deferred 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 group 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 group anticipates making sufficient taxable profits in the future to absorb the reversal of the underlying timing differences.

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 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.

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
Stadium - over 5 to 50 years
Freehold and leasehold buildings - over 3 to 50 years

DMWSL 613 Limited

Notes forming part of the financial statements for the year ended 30 June 2012 (continued)

1 Accounting policies (continued)

Signing on fees

Signing on fees are charged to cost of sales in the accounting period in which the payment is due

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.

Contributions payable by the group 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 group.

Investment properties

In accordance with SSAP 19 'Accounting for investment properties', investment properties are revalued annually to open market value and no depreciation is provided. The director considers that this accounting policy results in the financial statements giving a true and fair view. The effect of this departure from the Companies Act 2006 has not been quantified because it is impracticable and, in the opinion of the director, would be misleading.

The aggregate surplus or deficit arising on revaluation is transferred to the revaluation reserve except where a deficit is deemed to represent a permanent diminution in value, in which case it is charged to the profit and loss account.

2 Exceptional item

	2012 £	2011 £
Staff costs	5,348,828	-
Premier League Solidarity payment	165,000	-
Former loan creditor	4,000,000	-
	<u>9,513,828</u>	<u>-</u>

Promotion to the Premier League has crystallised the above costs. Further contingent sums on players transfer fees of £1,609,159 became payable on promotion but these are capitalised under intangible assets and will be amortised over the length of the players contracts.

DMWSL 613 Limited

Notes forming part of the financial statements
for the year ended 30 June 2012 (*continued*)

3 Turnover

	2012 £	2011 £
Analysis by class of business		
Broadcasting	5,587,211	1,423,022
Match day	11,847,854	9,302,015
Commercial	4,810,768	4,984,577
Other	679,844	724,420
	<u>22,925,677</u>	<u>16,434,034</u>

Turnover arises solely within the United Kingdom

4 Operating loss

	2012 £	2011 £
This is arrived at after charging/(crediting)		
Depreciation of tangible fixed assets	736,950	763,403
Amortisation of other intangible fixed assets	3,193,244	2,247,038
Hire of other assets - operating leases	150,625	144,225
Amortisation of grants	(93,360)	(93,360)
	<u>3,987,459</u>	<u>3,061,296</u>

	2012 £	2011 £
Auditors' remuneration		
- fees payable to the group's auditor for the audit of the group's annual accounts	3,600	2,500
- auditing of accounts of associates of the company under the legislation of Great Britain (or elsewhere)	24,200	22,500
- other taxation services	9,000	7,000
- all other services	8,100	3,100
	<u>35,900</u>	<u>35,100</u>

DMWSL 613 Limited

Notes forming part of the financial statements for the year ended 30 June 2012 (continued)

5 Employees

Staff costs (including directors) consist of

	Group 2012 £	Group 2011 £
Wages and salaries	24,846,875	13,324,042
Social security costs	3,226,350	1,444,420
Other pension costs	641,034	465,550
	<u>28,714,259</u>	<u>15,234,012</u>

The above includes £5,348,828 of exceptional costs (see note 3)

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

	Group 2012 Number	Group 2011 Number
Administrative	52	52
Football	164	145
	<u>216</u>	<u>197</u>

In addition the company employs approximately 235 temporary staff on match days (2011 - 250)

6 Director's remuneration

	2012 £	2011 £
Director's emoluments - 2012	1,324,512	-
- 2011	139,112	789,489
Company contributions to money purchase pension schemes	82,581	82,518
	<u></u>	<u></u>

The total amount payable to the highest paid director in respect of emoluments was £1,575,637 (2011 - £789,489)

DMWSL 613 Limited

Notes forming part of the financial statements for the year ended 30 June 2012 (*continued*)

7 Interest payable and similar charges

	2012 £	2011 £
Finance leases and hire purchase contracts	2,655	4,854
Other interest payable	175	-
	<u>2,830</u>	<u>4,854</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

	2012 £	2011 £
Loss on ordinary activities before tax	(11,926,261)	(11,460,067)
Loss on ordinary activities at the standard rate of corporation tax in the UK of 25.5% (2011 - 28.0%)	(3,041,197)	(3,208,819)
Effect of		
Expenses not deductible for tax purposes	385,390	(565,129)
Capital allowances for period in (excess)/deficit of depreciation	(53,325)	709,676
Utilisation of tax losses	2,655,807	2,840,330
Chargeable gains	-	197,421
Other timing differences	53,325	36,475
Group relief	-	(9,954)
Current tax charge for the year	-	-

9 Profit for the financial year

The company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own profit and loss account in these financial statements. The group loss for the year includes a loss after tax of £1,265,131 (2011 - £1,734,897 profit) which is dealt with in the financial statements of the parent company.

DMWSL 613 Limited

Notes forming part of the financial statements
for the year ended 30 June 2012 (*continued*)

10 Intangible fixed assets

Group

	Player registrations £	Trademarks £	Total £
<i>Cost or valuation</i>			
At 1 July 2011	7,580,543	1	7,580,544
Additions	15,881,543	-	15,881,543
Disposals	(113,888)	-	(113,888)
	<hr/>	<hr/>	<hr/>
At 30 June 2012	23,348,198	1	23,348,199
	<hr/>	<hr/>	<hr/>
<i>Amortisation</i>			
At 1 July 2011	3,815,406	-	3,815,406
Provided for the year	3,193,244	-	3,193,244
Disposals	(113,888)	-	(113,888)
	<hr/>	<hr/>	<hr/>
At 30 June 2012	6,894,762	-	6,894,762
	<hr/>	<hr/>	<hr/>
<i>Net book value</i>			
At 30 June 2012	16,453,436	1	16,453,437
	<hr/>	<hr/>	<hr/>
At 30 June 2011	3,765,137	1	3,765,138
	<hr/>	<hr/>	<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.

Company

	Trademarks £
<i>Cost or valuation</i>	
At 1 July 2011 and 30 June 2012	1
	<hr/>
<i>Net book value</i>	
At 30 June 2011 and 30 June 2012	1
	<hr/>

DMWSL 613 Limited

Note forming part of the financial statements
for the year ended 30 June 2012 (*continued*)

11 Tangible fixed assets

Group

	Freehold land and buildings £	Leasehold land and buildings £	Motor vehicles £	Fixtures and fittings £	Stadium £	Assets in course of construction £	Total £
<i>Cost or valuation</i>							
At 1 July 2011	1,718,129	488,871	62,170	892,843	10,262,047	1,054,445	14,478,505
Additions	-	-	-	657,695	332,050	2,625,622	3,615,367
At 30 June 2012	1,718,129	488,871	62,170	1,550,538	10,594,097	3,680,067	18,093,872
<i>Depreciation</i>							
At 1 July 2011	136,506	325,914	25,904	456,620	974,286	-	1,919,230
Provided for the year	68,253	162,957	15,542	217,198	273,000	-	736,950
At 30 June 2012	204,759	488,871	41,446	673,818	1,247,286	-	2,656,180
<i>Net book value</i>							
At 30 June 2012	1,513,370	-	20,724	876,720	9,346,811	3,680,067	15,437,692
At 30 June 2011	1,581,623	162,957	36,266	436,223	9,287,761	1,054,445	12,559,275

DMWSL 613 Limited

Notes forming part of the financial statements for the year ended 30 June 2012 (*continued*)

11 Tangible fixed assets (*continued*)

The net book value of tangible fixed assets includes an amount of £20,724 (2011 - £49,188) in respect of assets held under finance leases and hire purchase contracts. The related depreciation charge on these assets for the year was £15,542 (2011 - £22,003).

The group has entered into capital commitments at 30 June 2012 of £295,000. A further £8,000,000 has been committed to be spent in relation to capital projects.

12 Fixed asset investments

Group

	Investment Properties £
<i>Cost or valuation</i>	
At 1 July 2011 and 30 June 2012	1,376,470

Company

	Group undertakings £
<i>Cost or valuation</i>	
At 1 July 2011 and 30 June 2012	1,947,438

In the opinion of the director the valuation of the investment properties at the balance sheet date are not materially different from book value.

DMWSL 613 Limited

Notes forming part of the financial statements for the year ended 30 June 2012 *(continued)*

12 Fixed asset investments *(continued)*

Subsidiary undertakings, associated undertakings and other investments

The principal undertakings in which the company's interest at the year end is 20% or more are as follows

	Country of incorporation or registration	Proportion of voting rights and ordinary share capital held	Nature of business
<i>Subsidiary undertakings</i>			
Southampton Football Club Limited	UK	100%	Trading
St Mary's SPV Limited	UK	100%	Trading
St Mary's Training Centre Limited	UK	100%	Trading
St Mary's Stadium Limited	UK	100%	Trading
St Mary's Catering Limited	UK	100%	Trading
DMWSL 610 Limited	UK	100%	Trading
DMWSL 611 Limited	UK	100%	Dormant
DMWSL 612 Limited	UK	100%	Investment

Unless otherwise stated, the following figures have been extracted from audited financial statements for the year ended 30 June 2012

	Aggregate share capital and reserves		Profit for the year	
	2012	2011	2012	2011
<i>Subsidiary undertakings</i>				
Southampton Football Club Limited	(33,390,566)	(24,983,398)	(8,407,168)	(11,737,713)
St Mary's SPV Limited	(20,134,247)	(18,443,950)	(1,690,297)	(1,752,472)
St Mary's Training Centre Limited	328,068	302,751	25,317	71,297
St Mary's Stadium Limited	(23,483,992)	(21,962,905)	(1,521,087)	(1,253,249)
St Mary's Catering Limited	955,436	467,500	487,936	486,361
DMWSL 610 Limited	1	1	-	-
DMWSL 611 Limited	430,033	430,033	-	430,032
DMWSL 612 Limited	995,903	997,600	(1,697)	(1,168)

DMWSL 613 Limited

Notes forming part of the financial statements for the year ended 30 June 2012 (*continued*)

13 Stocks

	Group 2012 £	Group 2011 £	Company 2012 £	Company 2011 £
Finished goods and goods for resale	387,898	228,094	-	-

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

14 Debtors

	Group 2012 £	Group 2011 £	Company 2012 £	Company 2011 £
Amounts receivable within one year				
Trade debtors	909,148	746,004	-	-
Amounts owed by group undertakings	-	-	10,262,050	9,478,698
Other debtors	1,969,581	162,521	1	1
Prepayments and accrued income	681,164	388,113	-	-
Transfer fees receivable	3,550,000	-	-	-
	7,109,893	1,296,638	10,262,051	9,478,699
Amounts receivable after more than one year				
Amounts owed by group undertakings	-	-	6,052,558	6,835,910
Total debtors	7,109,893	1,296,638	16,314,609	16,314,609

DMWSL 613 Limited

Notes forming part of the financial statements
for the year ended 30 June 2012 (continued)

15 Creditors: amounts falling due within one year

	Group 2012 £	Group 2011 £	Company 2012 £	Company 2011 £
Bank loans and overdrafts (secured)	3,811,503	-	-	-
Football League loan	-	128,467	-	-
Trade creditors	1,345,396	1,186,333	-	-
Taxation and social security	1,092,668	782,824	-	-
Obligations under finance lease and hire purchase contracts	13,988	16,680	-	-
Transfer fees payable	5,368,621	502,170	-	-
Other creditors	56,529	229,890	-	-
Accruals and deferred income	16,355,051	1,669,004	1,000,000	-
	<u>28,043,756</u>	<u>4,515,368</u>	<u>1,000,000</u>	<u>-</u>

The bank loan is secured by the shareholder's estate

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

16 Creditors: amounts falling due after more than one year

	Group 2012 £	Group 2011 £	Company 2012 £	Company 2011 £
Obligations under finance lease and hire purchase contracts	8,160	22,148	-	-
Loan from shareholder	37,989,244	32,989,244	12,000,000	12,000,000
Transfer fees payable	2,093,300	-	-	-
Accruals and deferred income	3,555,460	3,648,820	-	-
	<u>43,646,164</u>	<u>36,660,212</u>	<u>12,000,000</u>	<u>12,000,000</u>

DMWSL 613 Limited

Notes forming part of the financial statements for the year ended 30 June 2012 (continued)

16 Creditors: amounts falling due after more than one year (continued)

Maturity of debt

	Loans and overdrafts 2012 £	Loans and overdrafts 2011 £	Finance leases 2012 £	Finance leases 2011 £
In one year or less, or on demand	<u>3,811,503</u>	<u>128,467</u>	<u>13,988</u>	<u>16,680</u>
In more than one year but not more than two years	-	-	8,160	13,988
In more than two years but not more than five years	-	-	-	8,160
In more than five years	<u>37,989,244</u>	<u>32,989,244</u>	<u>-</u>	<u>-</u>
	<u>37,989,244</u>	<u>32,989,244</u>	<u>8,160</u>	<u>22,148</u>

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

	Group 2012 £	Group 2011 £	Company 2012 £	Company 2011 £
Loan from shareholder	<u>37,989,244</u>	<u>32,989,244</u>	<u>12,000,000</u>	<u>12,000,000</u>

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

Football Trust grants of £3,555,460 (2011 - £3,648,820), are classified as accruals and deferred income within creditors falling due after more than one year and £93,360 (2011 - £93,360) falling due within one year, being the amortisation that will be credited in the next accounting period

DMWSL 613 Limited

Notes forming part of the financial statements
for the year ended 30 June 2012 (*continued*)

17 Provisions for liabilities

Group

	Contingent transfer fees £	Provision for other costs £	Total £
At 1 July 2011	419,800	-	419,800
Arising in the year	968,150	3,000,000	3,968,150
Utilised in the year	(401,230)	-	(401,230)
	<u>986,720</u>	<u>3,000,000</u>	<u>3,986,720</u>
At 30 June 2012			

Company

	Provision for other costs £
Charged to the profit and loss account and at 30 June 2012	<u>3,000,000</u>

The Company has recognised a provision to pay future sums up to a maximum of £3 million to a former creditor which has been triggered by the Club achieving Premiership status. An amount of £1 million is due per annum for each year that the Club maintains Premiership status up to 2015/16.

DMWSL 613 Limited

Notes forming part of the financial statements for the year ended 30 June 2012 (*continued*)

18 Pensions

The group operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the group in an independently administered fund. The pension charge amounted to £222,674 (2011 - £205,477). Contributions amounting to £181,777 (2011 - £130,018) were payable to the fund and are included in creditors.

Certain employees of the group 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 group is advised only of its share of the deficit in the Scheme.

The latest actuarial valuation of the scheme at 31 August 2012 has indicated that the Club's provisional share of the deficit at 30 June 2012 was £678,433 and is included in accruals.

19 Share capital

	2012 £	2011 £
<i>Allotted, called up and fully paid</i>		
1 Ordinary share of £1 each	1	1

20 Reserves

Group

	Profit and loss account £
At 1 July 2011	(20,520,705)
Loss for the year	(11,926,261)
	<hr/>
At 30 June 2012	(32,446,966)
	<hr/>

DMWSL 613 Limited

Notes forming part of the financial statements for the year ended 30 June 2012 (continued)

20 Reserves (continued)

Company

	Revaluation reserve £	Profit and loss account £
At 1 July 2011	2,734,869	3,527,178
Loss for the year	-	(1,265,131)
Other movements	(2,734,869)	-
	<u> </u>	<u> </u>
At 30 June 2012	-	2,262,047
	<u> </u>	<u> </u>

21 Reconciliation of movements in shareholder's (deficit)/funds

	Group 2012 £	Group 2011 £	Company 2012 £	Company 2011 £
(Loss)/profit for the year	(11,926,261)	(11,460,067)	(1,265,131)	1,734,897
Revaluation movement	-	-	(2,734,869)	(1,734,897)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Net deductions from shareholder's (deficit)/funds	(11,926,261)	(11,460,067)	(4,000,000)	-
Opening shareholder's (deficit)/funds	(20,520,704)	(9,060,637)	6,262,048	6,262,048
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Closing shareholder's (deficit)/funds	(32,446,965)	(20,520,704)	2,262,048	6,262,048
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

22 Contingent liabilities

Excluding items already provided in the balance sheet, at 30 June 2012 Southampton Football Club had a liability to pay up to £2,350,000 (2011 - £2,560,121) to other clubs in respect of players under contract, dependent upon the number of first team appearances and international debuts made

At 30 June 2012 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

DMWSL 613 Limited

Notes forming part of the financial statements for the year ended 30 June 2012 (continued)

23 Commitments under operating leases

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

	Land and buildings 2012 £	Land and buildings 2011 £
Operating leases which expire		
In two to five years	23,840	23,840
After five years	119,064	119,064
	142,904	142,904

24 Related party disclosures

The company has taken advantage of the exemption conferred by Financial Reporting Standard 8 'Related party disclosures' not to disclose transactions with its wholly owned subsidiaries

25 Ultimate parent company and parent undertaking of larger group

The ultimate controlling party is The Estate of M Liebherr

26 Post balance sheet events

Since the end of the financial year, Southampton Football Club has contracted for the sale and purchase of various players. The net expenditure on these transactions was £26.1m. These transfers will be accounted for in the year ended 30 June 2013.

The group has also formalised the conversion of the shareholder loan amounting to £37,989,244 into share capital of DMWSL 613 Limited and Southampton Football Club Limited.

27 Reconciliation of operating loss to net cash outflow from operating activities

	2012 £	2011 £
Operating loss	(24,322,154)	(11,804,376)
Amortisation of intangible fixed assets	3,193,244	2,247,038
Depreciation of tangible fixed assets	736,950	763,403
Increase in provisions	3,566,920	146,800
(Increase)/decrease in stocks	(159,804)	82,244
Increase in debtors	(1,363,255)	(416,620)
Increase/(decrease) in creditors	13,869,297	(2,402,323)
Net cash outflow from operating activities	(4,478,802)	(11,383,834)

DMWSL 613 Limited

Notes forming part of the financial statements
for the year ended 30 June 2012 (*continued*)

28 Reconciliation of net cash flow to movement in net debt

	2012 £	2011 £
Increase/(decrease) in cash	615,224	(1,095,559)
Cash outflow from changes in debt	(8,666,356)	(12,437,288)
Movement in net debt	(8,051,132)	(13,532,847)
Opening net debt	(31,307,478)	(17,774,631)
Closing net debt	(39,358,610)	(31,307,478)

29 Analysis of net debt

	At 1 July 2011 £	Cash flow £	At 30 June 2012 £
Cash at bank and in hand	1,849,061	615,224	2,464,285
Debt due within one year	(128,467)	(3,683,036)	(3,811,503)
Debt due after one year	(32,989,244)	(5,000,000)	(37,989,244)
Finance leases	(38,828)	16,680	(22,148)
		(8,666,356)	
Total	(31,307,478)	(8,051,132)	(39,358,610)