

DMWSL 613 Limited

Report and Consolidated Financial Statements

Year Ended

30 June 2013

Company Number 06951765

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DMWSL 613 Limited

Report and financial statements for the year ended 30 June 2013

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Director

K Liebherr

Secretary and registered office

M Fenn, St Mary's 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 2013

The director presents his report together with the audited financial statements for the year ended 30 June 2013

Results and dividends

The profit and loss account is set out on page 7 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 Barclays Premier League and associated cup competitions.

Principal risks and uncertainties

Team performance risk – As is common with many professional football clubs, a principal risk is associated with the performance of the team and the league in which it operates. Revenues, particularly those associated with broadcasting and direct costs, are substantially higher in the Barclays Premier League and consequently, the Group manages the impact of that risk through close control of its direct costs, relative to forecast income.

Liquidity risk – In order to fund the Group's Staplewood Training Ground and the expansion of the team on promotion to the Premier League the Shareholder provided both a loan facility of CHF22m in 2012, secured not on the Club but on her own personal estate, and an additional £12.5m shareholder loan. In addition to this a £5.6m loan was taken out with Vibrac in September 2012 to enable the Club to take advantage of a lower transfer instalment payment by paying earlier, and so reduce overall cash outflows and liabilities.

Significant expenditure on a combination of the Training Ground and future transfer payments in the 2013/14 season has led to the Group incurring significant further liabilities, which had the potential to cause a significant impact on the business. The total cost of the Staplewood Training Ground project is likely to exceed £30m and as can be seen in note 27 to the accounts, £27m contracted on players will still be payable at the end of 2013/14. The management team has reviewed the future cash flows of the Group and, with the strong backing of the Ultimate Shareholder, a plan has been formed to allow Southampton Football Club to continue to grow and flourish.

Credit risk – This relates primarily to trade debtors from its commercial activities with the Group monitoring this risk closely and with the aim to minimise this at all times.

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 2013 represented 13 days (2012: 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 2013 (*continued*)

Financial Review

Summary of results

	2013 £000's	2012 £000's
Turnover	71,806	22,926
Operating Costs	(63,155)	(44,055)
Profit/ (loss) before player trading	8,651	(21,129)
Player trading	(15,202)	9,187
Loss before interest, tax	(6,551)	(11,942)

The board consider the key performance indicators for the company to be turnover and its relationship to staff costs

The results show a significantly increased turnover from that reported in the prior year accounts as a result of increases in broadcasting, matchday and commercial revenues as a result of the promotion to the Premier League. Indeed, average attendances increased from 26,427 in 2011/12 to 30,807 in 2012/13 season and a further breakdown of revenue can be found in Note 3 to the financial statements

Operating costs increased in the year due to enhancements to the 1st team squad and a continued significant investment in the academy and other off-field activities

Although the Group is reporting a loss for the year and the balance sheet reflects significant net current liabilities, as explained above under liquidity risk this position is being financed by a combination of loan and transfer fee agreements, and has resulted in a significant increase in fixed and intangible assets. The net position at the year end is a small deficit on the balance sheet which is funded by the shareholder loan

Outlook

With the financial issues facing the Club having been identified and plans put in place to deal with them, the outlook for the Club is healthy. The Club solidified its place in the Premier League last year, and at the time of these accounts sit comfortably in the top half of the table playing an attractive brand of football that has received plaudits from all over the world

The first phase of our redeveloped Staplewood Training Ground will open in the summer of 2014, providing our players and staff with the best possible environment in which to work and progress. This will serve to add to our already burgeoning reputation for developing a continuous line of homegrown young talent and turning them into first team players

On the first day of the 2013/14 season the Club made Premier League history by becoming the first side to start three players aged 18 or under, and has gone on to use a total of six Academy graduates in the Premier League at the time of writing. Cup competitions allow other Academy players the opportunity to impress, with a further three youngsters making first team appearances in the 2013/14 season

This provides us with the perfect foundation from which to continue improving, on and off the pitch. With the continued backing of our fantastic supporters and commercial partners we have every reason to be optimistic for the future

DMWSL 613 Limited

Report of the director for the year ended 30 June 2013 (*continued*)

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)

Directors

The director of the company during the year were

K Liebherr (appointed 15 January 2014)

N Cortese (resigned 15 January 2014)

J Lenhart (appointed 15 January 2014 and resigned 17 January 2014)

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,
- 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 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.

DMWSL 613 Limited

Report of the director for the year ended 30 June 2013 (*continued*)

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


K Liebherr

Director

22 February 2014

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 2013 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 Financial Reporting Council's (FRC'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 FRC's website at www.frc.org.uk/auditscopeukprivate.

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 2013 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 matters 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*

26 February 2014

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 2013

		Operations excluding player trading	Player trading*	Total	Total
	Note	2013 £	2013 £	2013 £	2012 £
Turnover	3	71,806,200	-	71,806,200	22,925,677
Cost of sales - including exceptional costs of £2,111,854 (2012 - £4,813,958)	2	54,937,751	15,296,369	70,234,120	37,574,499
Gross profit/(loss)		16,868,449	(15,296,369)	1,572,080	(14,648,822)
Administrative expenses- including exceptional costs of £Nil (2012 - £3,300,130)	2,17	8,217,572	727,255	8,944,827	9,673,332
Group operating profit/(loss)	4	8,650,877	(16,023,624)	(7,372,747)	(24,322,154)
Profit on disposal of players		-	822,000	822,000	12,380,000
Profit/(loss) on ordinary activities before interest and other income		8,650,877	(15,201,624)	(6,550,747)	(11,942,154)
Other interest receivable and similar income				11,822	18,723
Interest payable and similar charges	7			(602,771)	(2,830)
Loss on ordinary activities before and after taxation for the financial year				(7,141,696)	(11,926,261)

*Player trading represents the amortisation, exceptional impairment, foreign exchange on purchases 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 12 to 29 form part of these financial statements

DMWSL 613 Limited

Consolidated balance sheet at 30 June 2013

Company number 06951765	Note	2013 £	2013 £	2012 £	2012 £
Fixed assets					
Intangible assets	10		43,777,239		16,453,437
Tangible assets	11		24,274,531		15,437,692
Fixed asset investments	12		1,376,470		1,376,470
			<u>69,428,240</u>		<u>33,267,599</u>
Current assets					
Stocks	13	784,010		387,898	
Debtors	14	4,970,339		7,109,893	
Cash at bank and in hand		14,050,956		2,464,285	
			<u>19,805,305</u>	<u>9,962,076</u>	
Creditors: amounts falling due within one year	15	72,424,194		28,043,756	
			<u>(52,618,889)</u>		<u>(18,081,680)</u>
Net current liabilities					
Total assets less current liabilities			<u>16,809,351</u>		<u>15,185,919</u>
Creditors: amounts falling due after more than one year	16	13,871,579		43,646,164	
Provisions for liabilities	17	4,538,189		3,986,720	
			<u>18,409,768</u>		<u>47,632,884</u>
			<u>(1,600,417)</u>		<u>(32,446,965)</u>

The notes on pages 12 to 29 form part of these financial statements

DMWSL 613 Limited

Consolidated balance sheet at 30 June 2013 (*continued*)

	Note	2013 £	2013 £	2012 £	2012 £
Capital and reserves					
Called up share capital	19		2		1
Share premium account	20		11,999,999		-
Capital Contribution Reserve	20		25,988,244		-
Profit and loss account	20		(39,588,662)	(32,446,966)	
Shareholder's deficit	21		(1,600,417)	(32,446,965)	

The financial statements were approved by the director and authorised for issue on 22 February 2014


K Liebherr
Director

The notes on pages 12 to 29 form part of these financial statements

DMWSL 613 Limited

Company balance sheet at 30 June 2013

<i>Company number 06951765</i>	Note	2013 £	2013 £	2012 £	2012 £
Fixed assets					
Intangible assets	10		1		1
Fixed asset investments	12		1,948,438		1,947,438
			<u>1,948,439</u>		<u>1,947,439</u>
Current assets					
Debtors	14	11,653,688		16,314,609	
Creditors amounts falling due within one year	15	<u>1,001,000</u>		<u>1,000,000</u>	
Net current assets			<u>10,652,688</u>		<u>15,314,609</u>
Total assets less current liabilities			<u>12,601,127</u>		<u>17,262,048</u>
Creditors: amounts falling due after more than one year	16	-		12,000,000	
Provisions for liabilities	17	<u>2,000,000</u>		<u>3,000,000</u>	
			<u>2,000,000</u>		<u>15,000,000</u>
			<u>10,601,127</u>		<u>2,262,048</u>
Capital and reserves					
Called up share capital	19		2		1
Share premium account	20		11,999,999		-
Profit and loss account	20		(1,398,874)		2,262,047
Shareholder's funds	21		<u>10,601,127</u>		<u>2,262,048</u>

The financial statements were approved by the director and authorised for issue on 22nd February 2014



K Liebherr
Director

The notes on pages 12 to 29 form part of these financial statements

DMWSL 613 Limited

Consolidated cashflow statement for the year ended 30 June 2013

	Note	2013 £	2013 £	2012 £	2012 £
Net cash inflow/(outflow) from operating activities	28		14,224,899		(4,478,802)
Returns on investments and servicing of finance					
Interest received		11,822		18,723	
Interest paid other loans		(59,193)		(175)	
Interest paid hire purchase		(1,922)		(2,655)	
Net cash (outflow)/inflow from returns on investments and servicing of finance			(49,293)		15,893
Capital expenditure and financial investment					
Payments to acquire intangible fixed assets		(25,517,152)		(8,921,792)	
Payments to acquire tangible fixed assets		(10,121,580)		(2,596,431)	
Receipts from sale of intangible fixed assets		4,142,000		8,830,000	
Fixed deposit		(600,000)		(900,000)	
Net cash outflow from capital expenditure and financial investment			(32,096,732)		(3,588,223)
Cash outflow before use of financing			(17,921,126)		(8,051,132)
Financing					
New loans		29,521,785		8,811,503	
Loans repaid		-		(128,467)	
Capital element of finance leases repaid		(13,988)		(16,680)	
Net cash inflow from financing			29,507,797		8,666,356
Increase in cash	29		11,586,671		615,224

The notes on pages 12 to 29 form part of these financial statements

DMWSL 613 Limited

Notes forming part of the financial statements for the year ended 30 June 2013

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 2013 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, the group have adequate facilities in place to finance group operations over the next twelve months

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 2013 (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.

The company does not consider it to be possible to determine value in use of an individual player in isolation as that player cannot generate cash flows on his own. As such, the company considers the smallest cash-generating unit to contain all of the first team players, the stadium and the training facilities.

However, management may consider that an individual player is highly unlikely to play for the first team again, either due to serious injury or other circumstances outside the club's control, and therefore will not contribute to the future cash flows earned by the cash generating unit. In these instances, the company compares the carrying value of the asset to its recoverable amount. To the extent that the carrying value exceeds the recoverable amount, the asset is impaired and the impairment loss is recognised in the profit and loss account.

DMWSL 613 Limited

Notes forming part of the financial statements for the year ended 30 June 2013 (*continued*)

1 Accounting policies (*continued*)

Tangible fixed assets

Tangible fixed assets are stated at cost, inclusive of capitalised finance costs, 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

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

Exceptional costs relate to the impairment of player registrations.

In the prior year, costs that crystallised on promotion to the Premier League were classified as exceptional.

DMWSL 613 Limited

Notes forming part of the financial statements for the year ended 30 June 2013 (continued)

3 Turnover

	2013 £	2012 £
Analysis by class of business		
Broadcasting	46,949,386	5,587,211
Match day	16,808,814	11,847,854
Commercial	6,735,607	4,810,768
Other	1,312,393	679,844
	<hr/>	<hr/>
	71,806,200	22,925,677
	<hr/>	<hr/>

Turnover arises solely within the United Kingdom

4 Operating (loss)/profit

	2013 £	2012 £
This is arrived at after charging/(crediting)		
Depreciation of tangible fixed assets	1,110,988	736,950
Amortisation of other intangible fixed assets	13,184,515	3,193,244
Hire of other assets - operating leases	150,452	150,625
Amortisation of grants	(93,360)	(93,360)
Impairment of intangible fixed assets	2,111,854	-
	<hr/>	<hr/>
	2013 £	2012 £
Fees payable to the company's auditor or an associate of the company's auditor for the auditing of the company's annual accounts	1,150	1,100
Fees payable to the company's auditor or an associate of the company's auditor for other services		
- the audit of the company's subsidiaries	26,350	24,200
- taxation compliance services	7,400	7,200
- taxation advisory services	13,000	2,000
- interim review	5,200	5,200
- other non-audit services	6,600	5,600
	<hr/>	<hr/>

DMWSL 613 Limited

Notes forming part of the financial statements for the year ended 30 June 2013 (*continued*)

5 Employees

Staff costs (including directors) consist of

	Group 2013 £	Group 2012 £
Wages and salaries	41,435,235	24,846,875
Social security costs	5,311,146	3,226,350
Other pension costs	313,124	641,034
	<u>47,059,505</u>	<u>28,714,259</u>

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

	Group 2013 Number	Group 2012 Number
Administrative	53	52
Direct	191	164
	<u>244</u>	<u>216</u>

In addition the company employs approximately 267 temporary staff on match days (2012 - 235)

6 Director's remuneration

	2013 £	2012 £
Director's emoluments - current year	1,965,511	1,324,512
- prior year	-	139,112
Company contributions to money purchase pension schemes	163,092	82,581
	<u>1,965,511</u>	<u>1,546,205</u>

The total amount payable to the highest paid director in respect of emoluments was £1,965,511 (2012 - £1,463,624)

DMWSL 613 Limited

Notes forming part of the financial statements for the year ended 30 June 2013 (continued)

7 Interest payable and similar charges

	2013 £	2012 £
Loans from group companies	1,498	-
Finance leases and hire purchase contracts	1,922	2,655
Other interest payable	599,351	175
	<u>602,771</u>	<u>2,830</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

	2013 £	2012 £
Loss on ordinary activities before tax	(7,141,696)	(11,926,261)
Loss on ordinary activities at the standard rate of corporation tax in the UK of 23.75% (2012 - 25.50%)	(1,696,153)	(3,041,197)
Effect of		
Expenses not deductible for tax purposes	117,652	385,390
Capital allowances for period in excess of depreciation	(196,125)	(53,325)
Tax losses not utilised	1,665,447	2,655,807
Other timing differences	109,179	53,325
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 £3,660,921 (2012 - £1,265,131) 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 2013 (*continued*)

10 Intangible fixed assets

Group

	Player registrations £	Trademarks £	Total £
<i>Cost or valuation</i>			
At 1 July 2012	23,348,198	1	23,348,199
Additions	42,620,171	-	42,620,171
Disposals	(985,447)	-	(985,447)
	<hr/>	<hr/>	<hr/>
At 30 June 2013	64,982,922	1	64,982,923
	<hr/>	<hr/>	<hr/>
<i>Amortisation</i>			
At 1 July 2012	6,894,762	-	6,894,762
Provided for the year	13,184,515	-	13,184,515
Disposals	(985,447)	-	(985,447)
Impairment adjustment	2,111,854	-	2,111,854
	<hr/>	<hr/>	<hr/>
At 30 June 2013	21,205,684	-	21,205,684
	<hr/>	<hr/>	<hr/>
<i>Net book value</i>			
At 30 June 2013	43,777,238	1	43,777,239
	<hr/>	<hr/>	<hr/>
At 30 June 2012	16,453,436	1	16,453,437
	<hr/>	<hr/>	<hr/>

Company

	Trademarks £
<i>Cost or valuation</i>	
At 1 July 2012 and 30 June 2013	1
	<hr/>
<i>Net book value</i>	
At 30 June 2012 and 30 June 2013	1
	<hr/>

DMWSL 613 Limited

Note forming part of the financial statements
for the year ended 30 June 2013 (*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 2012	1,718,129	488,871	62,170	1,570,538	10,594,097	3,660,067	18,093,872
Additions	-	-	-	1,798,876	322,914	7,826,037	9,947,827
Transfers	-	-	-	661,327	-	(661,327)	-
At 30 June 2013	1,718,129	488,871	62,170	4,030,741	10,917,011	10,824,777	28,041,699
<i>Depreciation</i>							
At 1 July 2012	204,759	488,871	41,446	673,818	1,247,286	-	2,656,180
Provided for the year	68,253	-	15,542	638,562	388,631	-	1,110,988
At 30 June 2013	273,012	488,871	56,988	1,312,380	1,635,917	-	3,767,168
<i>Net book value</i>							
At 30 June 2013	1,445,117	-	5,182	2,718,361	9,281,094	10,824,777	24,274,531
At 30 June 2012	1,513,370	-	20,724	896,720	9,346,811	3,660,067	15,437,692

DMWSL 613 Limited

Notes forming part of the financial statements for the year ended 30 June 2013 (*continued*)

11 Tangible fixed assets (*continued*)

The net book value of tangible fixed assets includes an amount of £5,182 (2012 - £20,724) 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 (2012 - £15,542)

12 Fixed asset investments

Group

	Investment Properties £
<i>Cost or valuation</i>	
At 1 July 2012 and 30 June 2013	1,376,470

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 2013 (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
St Mary's Training Ground Limited (formerly DMWSL 610 Limited)	UK	100%	Trading
St Mary's Property Holdings Limited (formerly DMWSL 611 Limited)	UK	100%	Dormant
DMWSL 612 Limited	UK	100%	Investment

13 Stocks

	Group 2013 £	Group 2012 £	Company 2013 £	Company 2012 £
Finished goods and goods for resale	784,010	387,898	-	-

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

14 Debtors

	Group 2013 £	Group 2012 £	Company 2013 £	Company 2012 £
Amounts receivable within one year				
Trade debtors	1,296,345	909,148	-	-
Amounts owed by group undertakings	-	-	11,653,687	10,262,050
Other debtors	2,096,867	1,969,581	1	1
Prepayments and accrued income	1,347,127	681,164	-	-
Transfer fees receivable	230,000	3,550,000	-	-
	4,970,339	7,109,893	11,653,688	10,262,051

DMWSL 613 Limited

Notes forming part of the financial statements for the year ended 30 June 2013 (continued)

14 Debtors (continued)

	Group 2013 £	Group 2012 £	Company 2013 £	Company 2012 £
Amounts receivable after more than one year				
Amounts owed by group undertakings	-	-	-	6,052,558
Total debtors	4,970,339	7,109,893	11,653,688	16,314,609

15 Creditors: amounts falling due within one year

	Group 2013 £	Group 2012 £	Company 2013 £	Company 2012 £
Bank loans and overdrafts (secured)	15,233,294	3,811,503	-	-
Shareholder loan	12,500,994	-	1,000	-
Trade creditors	2,582,057	1,345,396	-	-
Taxation and social security	5,146,147	1,092,668	-	-
Obligations under finance lease and hire purchase contracts	8,160	13,988	-	-
Other loan	5,600,000	-	-	-
Transfer fees payable	10,977,976	5,368,621	-	-
Other creditors	2,554,230	56,529	-	-
Accruals and deferred income	17,821,336	16,355,051	1,000,000	1,000,000
	72,424,194	28,043,756	1,001,000	1,000,000

The bank loan is secured by the shareholder's estate and is repayable on demand

The other loan is an interest only loan, at a fixed rate of 10 2%, that has been repaid subsequent to the year end in line with the terms of the agreement

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

DMWSL 613 Limited

Notes forming part of the financial statements for the year ended 30 June 2013 (continued)

16 Creditors: amounts falling due after more than one year

	Group 2013 £	Group 2012 £	Company 2013 £	Company 2012 £
Obligations under finance lease and hire purchase contracts	-	8,160	-	-
Loan from shareholder	-	37,989,244	-	12,000,000
Transfer fees payable	10,409,479	2,093,300	-	-
Accruals and deferred income	3,462,100	3,555,460	-	-
	<u>13,871,579</u>	<u>43,646,164</u>	<u>-</u>	<u>12,000,000</u>

Maturity of debt

	Loans and overdrafts 2013 £	Loans and overdrafts 2012 £	Finance leases 2013 £	Finance leases 2012 £
In one year or less, or on demand	<u>33,334,288</u>	<u>3,811,503</u>	<u>8,160</u>	<u>13,988</u>
In more than one year but not more than two years	-	-	-	8,160
In more than five years	-	37,989,244	-	-
	<u>-</u>	<u>37,989,244</u>	<u>-</u>	<u>8,160</u>

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

	Group 2013 £	Group 2012 £	Company 2013 £	Company 2012 £
Loan from shareholder	<u>-</u>	<u>37,989,244</u>	<u>-</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 £3,462,100 (2012 - £3,555,460), are classified as accruals and deferred income within creditors falling due after more than one year and £93,360 (2012 - £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 2013 (continued)

17 Provisions for liabilities

Group

	Contingent transfer fees £	Provision for other costs £	Total £
At 1 July 2012	986,720	3,000,000	3,986,720
Arising in the year	2,406,469	-	2,406,469
Utilised in year	-	(1,000,000)	(1,000,000)
Utilised in the year	(855,000)	-	(855,000)
	<u>2,538,189</u>	<u>2,000,000</u>	<u>4,538,189</u>
At 30 June 2013			

Company

	Provision for other costs £
At 1 July 2012	3,000,000
Utilised in year	(1,000,000)
	<u>2,000,000</u>
At 30 June 2013	

The Company has recognised a provision to pay future sums up to a maximum of £2 million (2012 £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.

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 £12,855,248 (2012 £12,540,357) of which £11,715,417 (2012 £11,291,811) relates to trading losses, £1,073,582 (2012 £1,301,810) relates to decelerated capital allowances and £66,249 (2012 £53,264) relates to other timing differences. The asset would be recovered if the company make suitable taxable future profits.

DMWSL 613 Limited

Notes forming part of the financial statements for the year ended 30 June 2013 (*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 £313,124 (2012 - £175,790). Contributions amounting to £344,866 (2012 - £181,777) 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 indicated that the Club's provisional share of the deficit as at 30 June 2012 was £678,433. Following contributions made to the scheme during the year, this liability has been reduced to £588,799 and is included in accruals.

19 Share capital

	2013 £	2012 £
<i>Allotted, called up and fully paid</i>		
2 Ordinary shares of £1 each	2	1

On 19 February 2013, 1 Ordinary share was issued at a premium of £11,999,999.

DMWSL 613 Limited

Notes forming part of the financial statements
for the year ended 30 June 2013 (continued)

20 Reserves

Group

	Share premium account £	Capital Contribution Reserve £	Profit and loss account £
At 1 July 2012	-	-	(32,446,966)
Premium on share issued during the year	11,999,999	-	-
Loss for the year	-	-	(7,141,696)
Capital contribution in the year	-	25,988,244	-
	<u>11,999,999</u>	<u>25,988,244</u>	<u>(39,588,662)</u>
At 30 June 2013	<u>11,999,999</u>	<u>25,988,244</u>	<u>(39,588,662)</u>

Company

	Share premium account £	Profit and loss account £
At 1 July 2012	-	2,262,047
Premium on share issued during the year	11,999,999	-
Loss for the year	-	(3,660,921)
	<u>11,999,999</u>	<u>(1,398,874)</u>
At 30 June 2013	<u>11,999,999</u>	<u>(1,398,874)</u>

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

	Group 2013 £	Group 2012 £	Company 2013 £	Company 2012 £
Loss for the year	(7,141,696)	(11,926,261)	(3,660,921)	(1,265,131)
Issue of share	1	-	1	-
Capital contribution	25,988,244	-	-	(2,734,869)
Premium on share issued during the year	11,999,999	-	11,999,999	-
	<u>30,846,548</u>	<u>(11,926,261)</u>	<u>8,339,079</u>	<u>(4,000,000)</u>
Net additions to/(deductions from) shareholder's (deficit)/funds	<u>30,846,548</u>	<u>(11,926,261)</u>	<u>8,339,079</u>	<u>(4,000,000)</u>
Opening shareholder's (deficit)/funds	(32,446,965)	(20,520,704)	2,262,048	6,262,048
	<u>(1,600,417)</u>	<u>(32,446,965)</u>	<u>10,601,127</u>	<u>2,262,048</u>
Closing shareholder's (deficit)/funds	<u>(1,600,417)</u>	<u>(32,446,965)</u>	<u>10,601,127</u>	<u>2,262,048</u>

DMWSL 613 Limited

Notes forming part of the financial statements for the year ended 30 June 2013 (continued)

22 Contingent liabilities

Excluding items already provided in the balance sheet, at 30 June 2013 Southampton Football Club had a liability to pay up to £3,076,098 (2012 - £2,350,000) to other clubs in respect of players under contract, dependent upon the number of first team appearances and international debuts made

At 30 June 2013 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

23 Commitments under operating leases

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

	Other 2013 £	Other 2012 £
Operating leases which expire		
In two to five years	119,064	23,840
After five years	23,840	119,064
	<u>142,904</u>	<u>142,904</u>

24 Capital commitments

	Group 2013 £	Group 2012 £	Company 2013 £	Company 2012 £
Contracted but not provided for	<u>15,800,000</u>	<u>295,000</u>	<u>-</u>	<u>-</u>

25 Related party disclosures

During the year, the shareholder converted a loan to the group of £25,989,244 to capital. This has been reflected in the financial statements as a capital contribution.

The group has also issued an additional £1 Ordinary share to the shareholder during the year. The shareholder converted a loan to the group of £12,000,000 as consideration.

The group have received loans of £12,500,994 during the year from the shareholder.

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.

26 Ultimate parent company and parent undertaking of larger group

The ultimate controlling party is K Liebherr.

DMWSL 613 Limited

Notes forming part of the financial statements for the year ended 30 June 2013 (continued)

27 Post balance sheet events

In addition to the transfer fees payable of £21m as set out in the creditors notes, the club have entered into contracts to acquire further players since the year end amounting to £27m. This combined liability will reduce by £21m as payments are due to be made in 2013/14, with a further £27m being carried forward into 2014/15 and beyond. Also, in addition to the transfer fees receivable of £0.2m as set out in the debtors note, post year end player transfer fees receivable have amounted to £1.8m. These post balance sheet transactions will be accounted for in the year ended 30 June 2014.

28 Reconciliation of operating loss to net cash inflow/(outflow) from operating activities

	2013 £	2012 £
Operating loss	(7,372,747)	(24,322,154)
Amortisation of intangible fixed assets	13,184,515	3,193,244
Depreciation of tangible fixed assets	1,110,988	736,950
(Decrease)/Increase in provisions	(1,000,000)	3,566,920
Increase in stocks	(315,520)	(159,804)
Increase in debtors	(580,446)	(1,363,255)
Increase in creditors	7,086,255	13,869,297
Impairment of intangible fixed assets	2,111,854	-
Net cash inflow/(outflow) from operating activities	14,224,899	(4,478,802)

29 Reconciliation of net cash flow to movement in net debt

	2013 £	2012 £
Increase in cash	11,586,671	615,224
Cash outflow from changes in debt	(29,507,797)	(8,666,356)
Movement in net debt resulting from cash flows	(17,921,126)	(8,051,132)
Conversion of debt to equity	37,988,244	-
Movement in net debt	20,067,118	(8,051,132)
Opening net debt	(39,358,610)	(31,307,478)
Closing net debt	(19,291,492)	(39,358,610)

DMWSL 613 Limited

Notes forming part of the financial statements
for the year ended 30 June 2013 (*continued*)

30 Analysis of net debt

	At 1 July 2012 £	Cash flow £	Converted to equity £	At 30 June 2013 £
Cash at bank and in hand	2,464,285	11,586,671	-	14,050,956
Debt due within one year	(3,811,503)	(29,521,785)	(1,000)	(33,334,288)
Debt due after one year	(37,989,244)	-	37,989,244	-
Finance leases	(22,148)	13,988	-	(8,160)
		<u>(29,507,797)</u>		
Total	<u>(39,358,610)</u>	<u>(17,921,126)</u>	<u>37,988,244</u>	<u>(19,291,492)</u>