

# **St Mary's Football Group Limited**

Report and Financial Statements

Year Ended

30 June 2016

Company Number 06951765

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# St Mary's Football Group Limited

## Company Information

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|-----------------------------|---------------------------------------------------------------------------------------|
| <b>Directors</b>            | K Liebherr<br>R Krueger<br>G Rogers                                                   |
| <b>Company secretary</b>    | T A M Steele                                                                          |
| <b>Registered number</b>    | 06951765                                                                              |
| <b>Registered office</b>    | St. Mary's Stadium<br>Britannia Road<br>Southampton<br>SO14, 5FP                      |
| <b>Independent auditors</b> | BDO LLP<br>Arcadia House<br>Maritime Walk<br>Ocean Village<br>Southampton<br>SO14 3TL |

# St Mary's Football Group Limited

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# St Mary's Football Group Limited

## Group Strategic Report For the Year Ended 30 June 2016

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### Introduction

The directors present their strategic report together with the audited financial statements for the year ended 30 June 2016.

The primary activities of the Group are the running of a professional football club and the ancillary services associated with this.

### Review of business and key performance indicators

#### Adoption of Financial Report Standard 102 (FRS 102)

The group and company have adopted FRS 102 in these financial statements. This adoption resulted in a restatement of the year ended 30 June 2015 Consolidated Statement of Comprehensive Income and Statement of Financial Position for comparative purposes. Please refer to note 37 for the impact of FRS 102 adoption.

#### Financial overview

The directors are pleased to report another year of positive financial performance, achieving profit before interest and tax of £8.6m (2015: £16.2m) and Statement of Financial Position strengthening, with net assets increasing to £45.0m (2015: £40.0m as restated).

A summary of results is given below:

|                                | 2016<br>£000s | 2015<br>(as restated)<br>£000s |
|--------------------------------|---------------|--------------------------------|
| Turnover                       | 124,262       | 113,735                        |
| Operating costs                | (115,826)     | (105,518)                      |
| Other operating income         | 4,349         | -                              |
| Profit before player trading   | 12,785        | 8,217                          |
| Player trading                 | (4,215)       | 8,006                          |
| Profit before interest and tax | 8,570         | 16,223                         |

#### Football

The group's strategy remains to strengthen the first team playing squad in order to compete in multiple competitions whilst simultaneously strengthening the overall operation of the club, through investment in its non-playing staff and infrastructure. As demonstrated below, significant steps have again been made during the financial year to achieve this and the directors understand that continued success cannot be achieved without investment being made across all aspects of the club in order to support this strategy.

#### *Continued investment - players*

The club's recent on-field achievements are the result of noteworthy investment in the playing squad, not only in financial year 2016, but also since the club returned to the Premier League in financial year 2013. This investment strategy has resulted in a growing first team playing squad, providing greater depth and seeing record transfer fees paid. The number of players with international recognition at senior or U-21 level in the current first team squad is 23 versus 12 at the time of promotion to the Premier League.

Furthermore, the club has focused on establishing a core group of players on longer-term contracts, strengthening the outlook for future seasons. This was evidenced by thirteen first team player contract renewals occurring prior to or post the Statement of Financial Position date. Player remuneration grew by 4% in financial year 2016 compared to the prior year (from £64.7m to £67.2m) and is forecast to grow by a further 24% (to £83.6m) in financial year 2017.

# St Mary's Football Group Limited

## Group Strategic Report For the Year Ended 30 June 2016

### *Player trading - historic and current*

Since financial year 2014, transfer window activity has resulted in the group realising a profit upon disposal of players. From a cash flow perspective, not only has the group reinvested the proceeds into new players, it has also invested in player retention in the form of additional player remuneration and associated costs (e.g. agent fees) as evidenced by the increasing year on year player remuneration described above.

The table below shows the club's reinvestment in players over the last three seasons, and the forecast for the coming season, highlighting a net outflow in spending over that period:

| Season             | Player sales*<br>£m (A) | Player purchases** £m<br>(B) | Increase in player remuneration to prior year (C) | Net inflow/(outflow)<br>(A-B-C) |
|--------------------|-------------------------|------------------------------|---------------------------------------------------|---------------------------------|
| 2013-14            | 1.2                     | 34.2                         | 16.9                                              | <b>(49.9)</b>                   |
| 2014-15            | 85.3                    | 73.4                         | 12.7                                              | <b>(0.8)</b>                    |
| 2015-16            | 30.3                    | 47.9                         | 2.5                                               | <b>(20.1)</b>                   |
| 2016-17 (forecast) | 58.3                    | 64.7                         | 16.3                                              | <b>(22.7)</b>                   |
| <b>Total</b>       | <b>175.1</b>            | <b>220.2</b>                 | <b>48.4</b>                                       | <b>(93.5)</b>                   |

*\*net of sell on fees but including any contingent fees that have triggered from the point of sale to the Statement of Financial Position date*

*\*\*includes contingent fees that have triggered from the point of purchase to the Statement of Financial Position date and future probable contingent fees*

Despite this net outflow, the group is pleased that its external debt profile has not materially increased in financial year 2016 (2016: £62.8m, £2015: £61.6m) and represents a significant re-investment of funds back into the business. The growth in debt is primarily attributable to the movement in the Sterling/Swiss Franc exchange rate between Statement of Financial Position dates, which resulted in a £1.8m increase in the value of the Swiss Franc loan year on year.

### *Season 2015-16 review*

As a consequence of the investment described above, a sixth placed finish was achieved in the 2015-16 Premier League season, the highest ever Premier League position and points (63) achieved by the club. This represents the fourth season of uninterrupted league position improvement since returning to the Premier League and the sixth season when including successive promotions from League One and the Championship. As a result of this sixth placed finish, the club automatically qualified for the group stages of the UEFA Europa League and in the 2016-17 season participated in the competition for the second successive season.

### *Financial impact of investments*

The investment in the playing squad, both through new acquisitions and existing player contract renewals has assisted in strengthening the Statement of Financial Position. The net book value of intangible assets, being the capitalisation of the element of each player's transfer fee, which relates to their registration, increased from the prior year by £13.6m (2016: £84.9m, £2015: £71.3m). This has, however, increased the amortisation charge related to intangible assets by £3.2m compared to the prior year (2016: £31.0m, 2015: £27.8m).

### *Continued investment - football infrastructure*

Football infrastructure investment and development has also been an area of focus for the group during the year. The club's medical science department is renowned worldwide and successfully reduced the number of days lost through injury in season 2015-16 compared to the prior season.

# St Mary's Football Group Limited

## Group Strategic Report For the Year Ended 30 June 2016

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### *Continued investment - Academy*

The club recognises the long-term benefits of investing in its Academy and is pleased to see the significant contribution to both the club's first team and international teams from Academy graduates. This investment is a key pillar in the group's ongoing strategy.

Continued investment in the club's Academy means the talent pipeline remains strong and twelve players represented their country at international youth level during the 2015-16 season. The club had an average of 20 scholars across the 2015-16 season, which compares favourably with 17 in the previous season, demonstrating the club's continued commitment to strengthen its Academy. The U-21 development squad finished in sixth place in group 1 of the Premier League U-21 league in 2015-16.

### **Commercial activity**

Another key driver of the success of the group and club has been the continued growth in its commercial activities, with commercial turnover increasing by £2.1m compared to the prior year, representing a 21% increase. The directors recognise the importance of income derived from commercial activities in order for the club to gain a competitive advantage over other clubs in the Premier League and enable continued investment in all areas of the group.

New sponsorship agreements have been entered into with Under Armour and Virgin Media for the 2016-17 season and beyond. Both sponsoring organisations demonstrate commitment to values in line with those of the group and the directors look forward to enhancing the club's brand in partnership with these, and other, club sponsors.

### **People**

Investment and growth has not been confined to the group's football activities. During the year total group staff numbers increased 11% (2016: 334 employees, 2015: 302 employees) and the group anticipates further investment in staff numbers, across all areas of the group, in financial year 2017. This reiterates the group's commitment to strengthen all areas of the business, to support both footballing and commercial growth that sustains the overall objective of the first team playing squad competing in multiple competitions.

### **External achievements**

Not only is the club proud of its on-field performance during the 2015-16 season, the directors were pleased to achieve external recognition during the year, most notably Investors in People accreditation and the Preliminary Level Equality Standard Award, as judged by the Premier League.

Further recognition came in the form of 22<sup>nd</sup> place in the 2016 Deloitte Money League (2015: 25<sup>th</sup> place), 17<sup>th</sup> place in the 2016 annual report on the world's most valuable football brands conducted by Brand Finance (2015: 18<sup>th</sup> place) and 38<sup>th</sup> in the 2016 Fast Track 100 fastest growing private companies (2015: 34<sup>th</sup> place).

### **Future Developments**

#### *Cup competitions*

The club was able to put the disappointment of the early exit from the UEFA Europa League qualifying round in the 2015-16 season behind it, qualifying directly for the group stage of the tournament for the 2016-17 season. The club were disappointed to narrowly miss out on qualification from the group stage and is focusing its efforts for the remainder of the 2016/17 season in achieving qualification for this tournament for a third successive year.

The club is also pleased to have reached the EFL Cup final for the second time in its history.

# St Mary's Football Group Limited

## Group Strategic Report For the Year Ended 30 June 2016

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### *Youth development*

The talent pipeline remains strong and the club remains focused upon its principles of developing young players and incorporating them into a successful first team squad. During season 2015-16, three Academy graduates represented the first team and twelve players represented their country at International Youth level. During the 2016-17 season, a further four Academy players established themselves in the first team squad.

### *Premier League 2*

From the 2016-17 season, Premier League 2 is a new competition, which replaces the U-21 Premier League, with the age limit for players rising from U-21 to U-23. The club is competing in Division 1 of this new competition and, in addition, entered the EFL Trophy, giving the club's younger players the opportunity to gain experience and develop their skills against EFL clubs.

### *Training ground*

With phases I and II of the Markus Liebherr Pavilion opening during the prior financial year, the group is now focussing on Phase III, which is anticipated to commence during financial year 2017.

## **Principal risks & uncertainties**

### *Team performance risk*

As is common with many professional football clubs, a principal risk is associated with the performance of the first team and the league in which it operates. Turnover, particularly that which is associated with broadcasting, and direct costs, are substantially higher in the 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*

Net debt has decreased from £47.1m to £38.9m; however gross debt increased marginally from £61.6m to £62.8m. Given the player investment made during the year, as highlighted above, the directors are pleased to see that debt levels have not increased correspondingly, underlying the sound financial position of the group.

During the year the group had access to a £20m working capital facility, of which £15m was drawn down under the terms of the facility agreement at the Statement of Financial Position date (2015: £13.9m) and was repaid in August 2016. The directors continually assess the working capital needs of the group and a facility has been made available to the group for the 2016-17 season. Debt service costs remain manageable and robust plans are built into forecasts to reduce the level of debt in the medium and longer term.

The implications of the UK's referendum decision to leave the European Union are continually monitored by the directors. The group considers the liquidity impact of this decision to be manageable as a result of its foreign exchange strategy and natural hedges to mitigate Euro/Sterling exchange rate fluctuations.

The group remains exposed to movements in the Swiss Franc/Sterling exchange rate relating to debt funding in place and these movements contributed to the foreign exchange loss in the year of £4.1m (2015: exchange gain of £1.0m). As the timing of the Swiss Franc loan repayments become certain in the future, the group will consider its strategy to mitigate future exchange movements.

### *Credit risk*

This relates primarily to trade debtors from its commercial activities and the group monitors this risk closely with the aim of minimising it at all times.

# St Mary's Football Group Limited

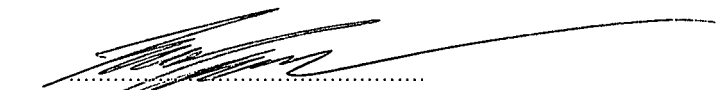
Group Strategic Report  
For the Year Ended 30 June 2016

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## Post Statement of Financial Position events

See Note 35.

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

  
.....  
**G. Rogers**  
Director

Date: 21/2/17



# **St Mary's Football Group Limited**

## **Directors' Report For the Year Ended 30 June 2016**

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The directors present their report and the financial statements for the year ended 30 June 2016.

### **Results and dividends**

The profit for the year, after taxation, amounted to £4,946,000 (2015 –£12,111,000 as restated).

No dividend (2015 - £Nil) is proposed.

### **Employment of Disabled Persons**

The group ensures that all full and part time employees, and job applicants (actual or potential), are treated fairly in accordance with group policies and values. Selection for employment, promotion, training or any other benefit is assessed objectively against the requirements for each job role, taking account of any reasonable adjustments that may be required for those with disabilities.

### **Employee Involvement**

The group holds regular senior management, operational management and department meetings to ensure a flow of information across all levels. Alongside this are a number of group-wide communication channels. An internal newsletter, Team Talk, is distributed weekly to all employees, whilst Company Handbooks, Performance and Development Reviews and strategic email communication supplement these. Finally, the group encourages all staff members to present their suggestions and views at all levels on the group's performance, encouraging creativity for improvement through feedback forums.

### **Directors**

The directors who served during the year were:

K Liebherr  
R Krueger  
G Rogers

### **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 that director is aware, there is no relevant audit information of which the company and the group's auditors are unaware; and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company and the group's auditors are aware of that information.

# St Mary's Football Group Limited

## Directors' Report For the Year Ended 30 June 2016

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### Auditors

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

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



**G Rogers**  
Director

Date: 21/2/17

# **St Mary's Football Group Limited**

## **Directors' Responsibilities Statement For the Year Ended 30 June 2016**

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The directors are responsible for preparing the Group Strategic Report, 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). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and the group and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies for the group financial statements and then apply them consistently;
- make judgments 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 group 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 the group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

# **St Mary's Football Group Limited**

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

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We have audited the financial statements of St Mary's Football Group Limited for the year ended 30 June 2016 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated and Company Statement of Financial Position, the Consolidated and Company Statement of Changes in Equity, the Consolidated Statement of Cash Flows 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 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. 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](http://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 2016 and of the group's 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.

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

In our opinion the information given in the Strategic Report and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

# St Mary's Football Group Limited

## Independent Auditor's report to the members of St Mary's Football Group Limited

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

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept 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 directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



**Malcolm Thixton** (Senior statutory auditor)  
for and on behalf of BDO LLP, Statutory auditor  
Southampton  
United Kingdom

Date: 22/2/17

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

# St Mary's Football Group Limited

Co No: 6951765

## Consolidated Statement of Comprehensive Income For the Year Ended 30 June 2016

|                                                                 | Note | Operations<br>excluding<br>player<br>trading<br>2016<br>£000 | Player<br>trading<br>2016<br>£000 | Total<br>2016<br>£000 | Restated<br>Total<br>2015<br>£000 |
|-----------------------------------------------------------------|------|--------------------------------------------------------------|-----------------------------------|-----------------------|-----------------------------------|
| Turnover                                                        | 4    | 124,262                                                      | -                                 | 124,262               | 113,735                           |
| Cost of sales                                                   |      | (103,485)                                                    | (31,031)                          | (134,516)             | (129,731)                         |
| <b>Gross profit/(loss)</b>                                      |      | <b>20,777</b>                                                | <b>(31,031)</b>                   | <b>(10,254)</b>       | <b>(15,996)</b>                   |
| Administrative expenses                                         |      | (12,341)                                                     | (2,258)                           | (14,599)              | (8,824)                           |
| Other operating income                                          | 5    | 4,349                                                        | -                                 | 4,349                 | -                                 |
| <b>Operating profit/(loss)</b>                                  | 7    | <b>12,785</b>                                                | <b>(33,289)</b>                   | <b>(20,504)</b>       | <b>(24,820)</b>                   |
| Profit on disposal of players                                   |      | -                                                            | 29,074                            | 29,074                | 41,043                            |
| <b>Profit/(loss) on ordinary<br/>activities before interest</b> |      | <b>12,785</b>                                                | <b>(4,215)</b>                    | <b>8,570</b>          | <b>16,223</b>                     |
| Interest receivable and similar<br>income                       | 11   | 2,971                                                        | -                                 | 2,971                 | 4,410                             |
| Interest payable and similar<br>charges                         | 12   | (5,615)                                                      | -                                 | (5,615)               | (5,650)                           |
| <b>Profit/(loss) before taxation</b>                            |      | <b>10,141</b>                                                | <b>(4,215)</b>                    | <b>5,926</b>          | <b>14,983</b>                     |
| Tax on profit/(loss)                                            | 13   | (980)                                                        | -                                 | (980)                 | (2,872)                           |
| <b>Profit/(loss) for the year</b>                               |      | <b>9,161</b>                                                 | <b>(4,215)</b>                    | <b>4,946</b>          | <b>12,111</b>                     |
| Other comprehensive income                                      |      | -                                                            | -                                 | -                     | -                                 |
| <b>Total comprehensive income<br/>for the year</b>              |      | <b>9,161</b>                                                 | <b>(4,215)</b>                    | <b>4,946</b>          | <b>12,111</b>                     |

\* Player trading represents the amortisation, exceptional impairment, foreign exchange on purchases and the profit or loss on disposal of player registrations.

Cost of sales includes exceptional costs of £Nil (2015 - £14,892,000). See note 6 for further information.

The notes on pages 19 to 44 form part of these financial statements.

**St Mary's Football Group Limited**  
Registered number:06951765

**Consolidated Statement of Financial Position**  
**As at 30 June 2016**

|                                                            | Note | 2016<br>£000 | 2016<br>£000 | Restated<br>2015<br>£000 | Restated<br>2015<br>£000 |
|------------------------------------------------------------|------|--------------|--------------|--------------------------|--------------------------|
| <b>Fixed assets</b>                                        |      |              |              |                          |                          |
| Intangible assets                                          | 15   |              | 84,945       |                          | 71,330                   |
| Tangible assets                                            | 16   |              | 43,670       |                          | 45,035                   |
| Investment property                                        | 18   |              | 1,000        |                          | 1,000                    |
|                                                            |      |              | 129,615      |                          | 117,365                  |
| <b>Current assets</b>                                      |      |              |              |                          |                          |
| Stocks                                                     | 19   | 482          |              | 684                      |                          |
| Debtors: amounts falling due after more than one year      | 21   | 3,770        |              | 22,865                   |                          |
| Debtors: amounts falling due within one year               | 21   | 49,317       |              | 36,901                   |                          |
| Cash at bank and in hand                                   |      | 23,938       |              | 14,480                   |                          |
|                                                            |      | 77,507       |              | 74,930                   |                          |
| Creditors: amounts falling due within one year             | 22   | (118,803)    |              | (91,492)                 |                          |
| <b>Net current liabilities</b>                             |      |              | (41,296)     |                          | (16,562)                 |
|                                                            |      |              | 88,319       |                          | 100,803                  |
| <b>Total assets less current liabilities</b>               |      |              |              |                          |                          |
| Creditors: amounts falling due after more than one year    | 23   |              | (39,791)     |                          | (54,099)                 |
| <b>Provisions for liabilities</b>                          |      |              |              |                          |                          |
| Other provisions                                           | 27   |              | (3,568)      |                          | (6,690)                  |
| <b>Net assets</b>                                          |      |              | 44,960       |                          | 40,014                   |
| <b>Capital and reserves</b>                                |      |              |              |                          |                          |
| Share capital                                              | 28   |              | -            |                          | -                        |
| Share premium account                                      | 29   |              | 12,000       |                          | 12,000                   |
| Other reserves                                             | 29   |              | 25,988       |                          | 25,988                   |
| Profit and loss account                                    | 29   |              | 6,972        |                          | 2,026                    |
| <b>Equity attributable to owners of the parent company</b> |      |              | 44,960       |                          | 40,014                   |

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

  
**G Rogers**

Director

Date: 21/2/17

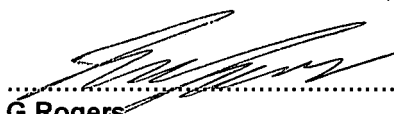
The notes on pages 19 to 44 form part of these financial statements.

**St Mary's Football Group Limited**  
Registered number:06951765

**Company Statement of Financial Position**  
**As at 30 June 2016**

|                                                | <b>Note</b> | <b>2016<br/>£000</b> | <b>2016<br/>£000</b> | <b>2015<br/>£000</b> | <b>2015<br/>£000</b> |
|------------------------------------------------|-------------|----------------------|----------------------|----------------------|----------------------|
| <b>Fixed assets</b>                            |             |                      |                      |                      |                      |
| Investments                                    | 17          |                      | <b>1,948</b>         |                      | <b>1,948</b>         |
| <b>Current assets</b>                          |             |                      |                      |                      |                      |
| Debtors: amounts falling due within one year   | 21          | <b>7,000</b>         |                      | <b>8,445</b>         |                      |
|                                                |             | <u>7,000</u>         |                      | <u>8,445</u>         |                      |
| Creditors: amounts falling due within one year | 22          | <b>(340)</b>         |                      | <b>(1,000)</b>       |                      |
|                                                |             | <u></u>              |                      | <u></u>              |                      |
| <b>Net current assets</b>                      |             |                      | <b>6,660</b>         |                      | <b>7,445</b>         |
|                                                |             |                      | <u></u>              |                      | <u></u>              |
| <b>Net assets</b>                              |             |                      | <b>8,608</b>         |                      | <b>9,393</b>         |
|                                                |             |                      | <u></u>              |                      | <u></u>              |
| <b>Capital and reserves</b>                    |             |                      |                      |                      |                      |
| Share capital                                  | 28          |                      | -                    |                      | -                    |
| Share premium account                          | 29          |                      | <b>12,000</b>        |                      | <b>12,000</b>        |
| Profit and loss account                        | 29          |                      | <b>(3,392)</b>       |                      | <b>(2,607)</b>       |
|                                                |             |                      | <u></u>              |                      | <u></u>              |
|                                                |             |                      | <b>8,608</b>         |                      | <b>9,393</b>         |
|                                                |             |                      | <u></u>              |                      | <u></u>              |

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

  
**G Rogers**  
 Director  
 Date: 25/2/17

The notes on pages 19 to 44 form part of these financial statements.



# St Mary's Football Group Limited

## Consolidated Statement of Changes in Equity For the Year Ended 30 June 2016

|                                                       | Share<br>premium<br>£000 | Capital<br>contribution<br>reserve<br>£000 | Retained<br>earnings<br>£000 | Total<br>equity<br>£000 |
|-------------------------------------------------------|--------------------------|--------------------------------------------|------------------------------|-------------------------|
| At 1 July 2014 as restated                            | 12,000                   | 25,988                                     | (10,085)                     | 27,903                  |
| Profit and total comprehensive income for<br>the year | -                        | -                                          | 12,111                       | 12,111                  |
| At 30 June 2015 as restated                           | 12,000                   | 25,988                                     | 2,026                        | 40,014                  |
| Profit and total comprehensive income for<br>the year | -                        | -                                          | 4,946                        | 4,946                   |
| At 30 June 2016                                       | 12,000                   | 25,988                                     | 6,972                        | 44,960                  |

The notes on pages 19 to 44 form part of these financial statements.

# St Mary's Football Group Limited

## Company Statement of Changes in Equity For the Year Ended 30 June 2016

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|                                                         | Share<br>premium<br>£000 | Retained<br>earnings<br>£000 | Total<br>equity<br>£000 |
|---------------------------------------------------------|--------------------------|------------------------------|-------------------------|
| At 1 July 2014                                          | 12,000                   | (2,126)                      | 9,874                   |
| <b>Loss and total comprehensive income for the year</b> | -                        | (481)                        | (481)                   |
|                                                         | <hr/>                    | <hr/>                        | <hr/>                   |
| <b>At 30 June 2015</b>                                  | <b>12,000</b>            | <b>(2,607)</b>               | <b>9,393</b>            |
|                                                         | <hr/>                    | <hr/>                        | <hr/>                   |
| <b>Loss and total comprehensive income for the year</b> | -                        | (785)                        | (785)                   |
|                                                         | <hr/>                    | <hr/>                        | <hr/>                   |
| <b>At 30 June 2016</b>                                  | <b>12,000</b>            | <b>(3,392)</b>               | <b>8,608</b>            |
|                                                         | <hr/>                    | <hr/>                        | <hr/>                   |

The notes on pages 19 to 44 form part of these financial statements.

# St Mary's Football Group Limited

## Consolidated Statement of Cash Flows For the Year Ended 30 June 2016

|                                                               | 2016<br>£000   | 2015<br>£000    |
|---------------------------------------------------------------|----------------|-----------------|
| <b>Cash flows from operating activities</b>                   |                |                 |
| <b>Profit for the financial year</b>                          | <b>4,946</b>   | <b>12,111</b>   |
| <b>Adjustments for:</b>                                       |                |                 |
| Depreciation, amortisation and impairment                     | 33,743         | 37,292          |
| (Profit)/loss on disposal of tangible assets                  | (9)            | 1,309           |
| Decrease/(increase) in stock                                  | 202            | (310)           |
| Net interest payable                                          | 2,644          | 1,240           |
| Taxation expense                                              | 980            | 2,872           |
| (Increase)/decrease in debtors                                | (4,093)        | 5,578           |
| Decrease in creditors                                         | (1,605)        | (4,953)         |
| (Decrease)/increase in provisions                             | (4,023)        | 4,023           |
| (Loss)/gain on foreign exchange                               | 4,086          | (1,015)         |
| Profit on disposal of players                                 | (29,074)       | (41,043)        |
| <b>Net cash generated from operating activities</b>           | <b>7,797</b>   | <b>17,104</b>   |
| <b>Cash flows from investing activities</b>                   |                |                 |
| Purchase of tangible fixed assets                             | (4,473)        | (6,385)         |
| Purchase of intangible fixed assets                           | (40,973)       | (60,951)        |
| Proceeds from sale of intangible fixed assets                 | 51,956         | 29,944          |
| Proceeds from sale of tangible fixed assets                   | 52             | 42              |
| <b>Net cash generated from/(used in) investing activities</b> | <b>6,562</b>   | <b>(37,350)</b> |
| <b>Cash flows from financing activities</b>                   |                |                 |
| New secured loans                                             | 20,000         | 38,200          |
| Repayment of loans                                            | (20,641)       | (27,319)        |
| Repayment of finance leases                                   | (395)          | (362)           |
| Interest paid                                                 | (3,958)        | (2,051)         |
| Interest receivable                                           | 93             | 125             |
| <b>Net cash (used in)/generated from financing activities</b> | <b>(4,901)</b> | <b>8,593</b>    |
| <b>Net increase/(decrease) in cash and cash equivalents</b>   | <b>9,458</b>   | <b>(11,653)</b> |
| Cash and cash equivalents at beginning of year                | 14,480         | 26,133          |
| <b>Cash and cash equivalents at the end of year</b>           | <b>23,938</b>  | <b>14,480</b>   |
| <b>Cash and cash equivalents at the end of year comprise:</b> |                |                 |
| Cash at bank and in hand                                      | 23,938         | 14,480          |

# St Mary's Football Group Limited

## Notes to the Financial Statements For the Year Ended 30 June 2016

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### 1. General information

St Mary's Football Group Limited is a company incorporated in England and Wales under the Companies Act. The address of the registered office is shown on the Company Information page. The nature of the group's operations and its principal activities are outlined in the Group Strategic Report.

### 2. Accounting policies

#### 2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland and the Companies Act 2006.

Information on the impact of first-time adoption of FRS 102 is given in note 37.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires group management to exercise judgment in applying the company's accounting policies (see note 3).

The following principal accounting policies have been applied:

#### 2.2 Basis of consolidation

The consolidated financial statements present the results of group and its subsidiaries ("the group") as if they formed a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the Statement of Financial Position, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the Consolidated Statement of Comprehensive Income from the date on which control is obtained.

In accordance with the transitional exemption available in FRS 102, the group has chosen not to retrospectively apply the standard to business combinations that occurred before the date of transition to FRS 102, being 1 July 2015.

#### 2.3 Parent company disclosure exemptions

In preparing the separate financial statements of the parent company, advantage has been taken of the following disclosure exemptions available in FRS 102:

- No cash flow statement has been presented for the parent company;
- No disclosure has been given for the aggregate remuneration of the key management personnel of the parent company as their remuneration is included in the totals for the group as a whole.

# St Mary's Football Group Limited

## Notes to the Financial Statements (continued) For the Year Ended 30 June 2016

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### 2. Accounting policies (continued)

#### 2.4 Going concern

Although the group has net current liabilities at the Statement of Financial Position date, the group has adequate facilities in place to finance group operations over the next twelve months.

Accordingly, the directors consider it appropriate to prepare the accounts on a going concern basis.

#### 2.5 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. Turnover from broadcasting income is recognised on a straight line basis. Match day income and those elements of commercial activities relating to matches are recognised when related matches are played; Turnover from advance ticket sales is deferred accordingly. Other commercial income is recognised on a receivable basis once the contracted events have taken place.

#### 2.6 Intangible assets

The element of each player's transfer fee which relates to their registration is capitalised as an intangible asset and amortised over the period of their contract including any agreed extensions, subject to any provision for impairment. Where there are deferred payment terms and no interest is charged, the future cash flows are discounted to present value at the date of transactions using the prevailing market rate for such instruments. Contingent fees payable, which are dependent upon factors such as 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 group 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 their own. As such, the group 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 group 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 Statement of Comprehensive Income.

#### 2.7 Tangible fixed assets

Tangible fixed assets under the cost model, other than investment properties, 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.

The group adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the group. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

# St Mary's Football Group Limited

## Notes to the Financial Statements (continued) For the Year Ended 30 June 2016

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### 2. Accounting policies (continued)

#### 2.7 Tangible fixed assets (continued)

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.

The estimated useful lives are as follows:

|                                      |                          |
|--------------------------------------|--------------------------|
| Fixtures, fittings and equipment     | - between 4 and 10 years |
| Stadium and other freehold buildings | - between 3 and 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 within "administrative expenses" in the Statement of Comprehensive Income.

#### 2.8 Signing on fees

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

#### 2.9 Investment property

Investment property is carried at fair value as estimated by the directors with reference to recent professional valuations by external valuers. No depreciation is provided. Changes in fair value are recognised in the Statement of Comprehensive Income.

#### 2.10 Capitalisation of interest

Interest incurred on borrowings financing the construction of tangible fixed assets is capitalised gross of tax relief.

#### 2.11 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

#### 2.12 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

At each reporting date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in the Statement of Comprehensive Income.

#### 2.13 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

# St Mary's Football Group Limited

## Notes to the Financial Statements (continued) For the Year Ended 30 June 2016

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### 2. Accounting policies (continued)

#### 2.14 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

#### 2.15 Financial instruments

The group only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable, loans from banks and other third parties and loans to related parties.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, in particular transfer fees payable and receivable are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade payables or receivables, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration, expected to be paid or received. However if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of Comprehensive Income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the group would receive for the asset if it were to be sold at the reporting date.

Financial assets and liabilities are offset and the net amount reported in the Statement of Financial Position when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

# St Mary's Football Group Limited

## Notes to the Financial Statements (continued) For the Year Ended 30 June 2016

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### 2. Accounting policies (continued)

#### 2.16 Creditors

Short term creditors, due in less than one year, are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

#### 2.17 Foreign currency translation

##### Functional and presentation currency

The company's functional and presentational currency is pound sterling.

##### Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate.

#### 2.18 Finance costs

Finance costs are charged to the Statement of Comprehensive Income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

#### 2.19 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 Statement of Comprehensive Income over the shorter of estimated useful economic life and the period of the lease.

Lease payments of assets financed are analysed between capital and interest components so that the interest element of the payment is charged to the Statement of Comprehensive Income 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 element reduces the amount payable to the lessor.

All other leases are treated as operating leases. Their annual rentals are charged to the Statement of Comprehensive Income on a straight-line basis over the term of the lease.



# St Mary's Football Group Limited

## Notes to the Financial Statements (continued) For the Year Ended 30 June 2016

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### 2. Accounting policies (continued)

#### 2.20 Pensions

The group is one of a number of employers in a shared defined benefit scheme for playing staff. The groups share of the scheme's liabilities is notified by the scheme and included in accruals.

Contributions payable by the group to employees' (including executive Directors) personal pension schemes are charged to the Statement of Comprehensive Income in the year to which they relate. The schemes are defined contribution schemes, the assets of which are held separately from the group.

#### 2.21 Interest income

Interest income is recognised in the Statement of Comprehensive Income using the effective interest method.

#### 2.22 Borrowing costs

All borrowing costs are recognised in the Statement of Comprehensive Income in the year in which they are incurred.

#### 2.23 Provisions for liabilities

Provisions are made where an event has taken place that gives the group 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 group becomes aware of the obligation. Provisions are measured as the best estimate of the expenditure required to settle the obligation at the Statement of Financial Position date, 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 Football Group Limited

## Notes to the Financial Statements (continued) For the Year Ended 30 June 2016

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### 2. Accounting policies (continued)

#### 2.24 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 change 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 and the group operate and generate 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; and
- Where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the group can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

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 Statement of Financial Position date.

#### 2.25 Exceptional items

Exceptional items are transactions that fall within the ordinary activities of the group but are presented separately due to their size or incidence.

# St Mary's Football Group Limited

## Notes to the Financial Statements (continued) For the Year Ended 30 June 2016

### 3. Judgments in applying accounting policies and key sources of estimation uncertainty

In preparing these financial statements, the directors have made the following key judgements and estimates:

- determined whether there any indicators of impairment of player registrations that are held as intangible assets. Factors taken into consideration are whether the player is highly unlikely to play for the first team again, either through serious injury or other factors outside of the club's control.
- where such indicators exist, determined the net realisable value of the player registration. This is based on an agreed selling price in the event that the player has been transferred subsequent to the year end or, if there has been no such transfer, the best estimate of the disposal proceeds (less associated costs) based on recent player transactions.
- if a player is considered to be outside of the first team squad and highly unlikely to play for the first team again, management determine whether the contract is onerous and any associated provision required as a result of obligations at the Statement of Financial Position date. Such onerous contract provisions are estimated based on the unavoidable cost (least net cost) of exiting the contract.
- determined whether contingent liabilities exist in relation to contingent transfer fees payable. Management assess whether it is probable that the conditions will be met based on experience and the circumstances of the player concerned.
- determined the fair value of investment properties, which are periodically valued by external valuers on the basis of current market rents and investment property yields for comparable real estate, adjusted if necessary for any difference in the nature, location or condition of the specific asset.

### 4. Turnover

|                                                                    | 2016<br>£000   | 2015<br>£000   |
|--------------------------------------------------------------------|----------------|----------------|
| <b>An analysis of turnover by class of business is as follows:</b> |                |                |
| Broadcasting                                                       | 90,430         | 84,175         |
| Match day                                                          | 18,882         | 18,297         |
| Commercial                                                         | 12,200         | 10,052         |
| Other                                                              | 2,750          | 1,211          |
|                                                                    | <hr/>          | <hr/>          |
|                                                                    | <b>124,262</b> | <b>113,735</b> |
|                                                                    | <hr/>          | <hr/>          |

All turnover arose within the United Kingdom.

# St Mary's Football Group Limited

## Notes to the Financial Statements (continued) For the Year Ended 30 June 2016

### 5. Other Income

Other operating income represents compensation fees receivable.

### 6. Exceptional items

|                                         | 2016<br>£000 | 2015<br>£000  |
|-----------------------------------------|--------------|---------------|
| Impairment of player registrations      | -            | 6,612         |
| Cost of onerous and cancelled contracts | -            | 8,280         |
|                                         | <u>-</u>     | <u>14,892</u> |

### 7. Operating profit/(loss)

|                                                        | 2016<br>2016<br>£000 | Restated<br>2015<br>£000 |
|--------------------------------------------------------|----------------------|--------------------------|
| The operating profit/(loss) is stated after charging:  |                      |                          |
| Depreciation of tangible fixed assets                  | 2,712                | 2,781                    |
| Amortisation of intangible assets                      | 31,031               | 27,848                   |
| Hire of other assets - operating leases                | 179                  | 190                      |
| Foreign exchange losses                                | 4,086                | -                        |
| Loss on disposal of tangible assets                    | -                    | 1,309                    |
| Impairment of intangible fixed assets                  | -                    | 6,612                    |
| Defined contribution pension cost                      | 723                  | 316                      |
|                                                        | <u>-</u>             | <u>-</u>                 |
| The operating profit/(loss) is stated after crediting: |                      |                          |
| Foreign exchange gains                                 | -                    | (1,015)                  |
| Amortisation of grants                                 | (93)                 | (93)                     |
| Profit on disposal of tangible fixed assets            | (9)                  | -                        |
|                                                        | <u>(9)</u>           | <u>-</u>                 |

# St Mary's Football Group Limited

## Notes to the Financial Statements (continued) For the Year Ended 30 June 2016

### 8. Auditors' remuneration

|                                                                                                     | 2016<br>£000      | 2015<br>£000      |
|-----------------------------------------------------------------------------------------------------|-------------------|-------------------|
| Fees payable to the group's auditor and its associates for the audit of the group's annual accounts | 2                 | 1                 |
| <b>Fees payable to the group's auditor in respect of:</b>                                           |                   |                   |
| The audit of the company's subsidiaries                                                             | 29                | 28                |
| Taxation compliance services                                                                        | 11                | 11                |
| Taxation advisory services                                                                          | 15                | 58                |
| Interim accounts review                                                                             | 10                | 10                |
| Other non-audit services                                                                            | 20                | 5                 |
|                                                                                                     | <u>          </u> | <u>          </u> |

### 9. Employees

|                                                                  | 2016<br>£000      | 2015<br>£000      |
|------------------------------------------------------------------|-------------------|-------------------|
| Staff costs, including directors' remuneration, were as follows: |                   |                   |
| Wages and salaries                                               | 74,284            | 70,218            |
| Social security costs                                            | 9,856             | 9,242             |
| Cost of defined contribution pension scheme                      | 723               | 316               |
|                                                                  | <u>          </u> | <u>          </u> |
|                                                                  | <b>84,863</b>     | <b>79,776</b>     |
|                                                                  | <u>          </u> | <u>          </u> |

The average monthly number of employees, including the directors, during the year was as follows:

|                | 2016<br>Number    | 2015<br>Number    |
|----------------|-------------------|-------------------|
| Administrative | 121               | 111               |
| Direct         | 213               | 191               |
|                | <u>          </u> | <u>          </u> |
|                | <b>334</b>        | <b>302</b>        |
|                | <u>          </u> | <u>          </u> |

In addition the group employs approximately 1,037 temporary staff on match days (2015 - 605).

# St Mary's Football Group Limited

## Notes to the Financial Statements (continued) For the Year Ended 30 June 2016

### 10. Directors' remuneration

|                                                               | 2016<br>£000 | 2015<br>£000 |
|---------------------------------------------------------------|--------------|--------------|
| Directors' emoluments                                         | 729          | 593          |
| Company contributions to defined contribution pension schemes | 30           | 24           |
|                                                               | <u>759</u>   | <u>617</u>   |

During the year retirement benefits were accruing to 1 director (2015: 1) in respect of defined contribution pension schemes.

The total amount payable to the highest paid director in respect of emoluments was £415,000 (2015: £353,000). Company pension contributions of £30,000 (2015: £24,000) were made to a defined contribution scheme on their behalf.

### 11. Interest receivable and similar income

|                                                     | 2016<br>£000 | Restated<br>2015<br>£000 |
|-----------------------------------------------------|--------------|--------------------------|
| Bank interest receivable                            | 93           | 125                      |
| Imputed interest charge on transfer fees receivable | 2,878        | 4,285                    |
|                                                     | <u>2,971</u> | <u>4,410</u>             |

### 12. Interest payable and similar charges

|                                                  | 2016<br>£000 | Restated<br>2015<br>£000 |
|--------------------------------------------------|--------------|--------------------------|
| Bank interest payable                            | 165          | 125                      |
| Other loan interest payable                      | 2,578        | 2,720                    |
| Finance leases and hire purchase contracts       | 2            | 1                        |
| Imputed interest charge on transfer fees payable | 2,870        | 2,804                    |
|                                                  | <u>5,615</u> | <u>5,650</u>             |

# St Mary's Football Group Limited

## Notes to the Financial Statements (continued) For the Year Ended 30 June 2016

### 13. Taxation

|                                                | 2016<br>£000 | 2015<br>£000 |
|------------------------------------------------|--------------|--------------|
| <b>Deferred tax</b>                            |              |              |
| Origination and reversal of timing differences | 1,411        | 3,463        |
| Adjustment in respect of previous periods      | (431)        | (591)        |
|                                                | <hr/>        | <hr/>        |
| <b>Total deferred tax charge</b>               | <b>980</b>   | <b>2,872</b> |
|                                                | <hr/>        | <hr/>        |

#### Factors affecting tax charge for the year

The tax assessed for the year is lower than (2015 - lower than) the standard rate of corporation tax in the UK of 20% (2015 - 20.75%). The differences are explained below:

|                                                                                                               | 2016<br>£000 | 2015<br>£000 |
|---------------------------------------------------------------------------------------------------------------|--------------|--------------|
| Profit on ordinary activities before tax                                                                      | 5,926        | 14,983       |
|                                                                                                               | <hr/>        | <hr/>        |
| Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2015 - 20.75%) | 1,185        | 3,109        |

#### Effects of:

|                                                        |            |              |
|--------------------------------------------------------|------------|--------------|
| Non-tax deductible depreciation                        | 262        | 236          |
| Expenses not deductible for tax purposes               | 29         | 299          |
| Effect of rate change                                  | 104        | (162)        |
| Income not taxable for tax purposes                    | (213)      | (19)         |
| Adjustments in respect of prior periods (deferred tax) | (431)      | (591)        |
| Other movements                                        | 44         | -            |
|                                                        | <hr/>      | <hr/>        |
| <b>Total tax charge for the year</b>                   | <b>980</b> | <b>2,872</b> |
|                                                        | <hr/>      | <hr/>        |

There are no factors that may affect future tax charges.

### 14. Loss for the year attributable to the parent company

The company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of Comprehensive Income in these financial statements. The loss after tax of the parent company for the year was £785,000 (2015: loss £481,000).

# St Mary's Football Group Limited

## Notes to the Financial Statements (continued) For the Year Ended 30 June 2016

### 15. Intangible assets

| <b>Group</b>                | <b>Player<br/>registrations<br/>£000</b> |
|-----------------------------|------------------------------------------|
| <b>Cost</b>                 |                                          |
| At 1 July 2015 as restated  | 127,346                                  |
| Additions                   | 50,332                                   |
| Disposals                   | (32,896)                                 |
|                             | <hr/>                                    |
| <b>At 30 June 2016</b>      | <b>144,782</b>                           |
|                             | <hr/>                                    |
| <b>Amortisation</b>         |                                          |
| At 1 July 2015 as restated  | 56,016                                   |
| Charge for the year         | 31,031                                   |
| On disposals                | (27,210)                                 |
|                             | <hr/>                                    |
| <b>At 30 June 2016</b>      | <b>59,837</b>                            |
|                             | <hr/>                                    |
| <b>Net book value</b>       |                                          |
| At 30 June 2016             | <b>84,945</b>                            |
|                             | <hr/>                                    |
| At 30 June 2015 as restated | 71,330                                   |
|                             | <hr/>                                    |



# St Mary's Football Group Limited

## Notes to the Financial Statements (continued) For the Year Ended 30 June 2016

### 16. Tangible fixed assets

| Group                    | Freehold<br>land and<br>buildings<br>£000 | Fixtures<br>and<br>fittings<br>£000 | Stadium<br>£000 | Assets in the<br>course of<br>construction<br>£000 | Total<br>£000 |
|--------------------------|-------------------------------------------|-------------------------------------|-----------------|----------------------------------------------------|---------------|
| <b>Cost or valuation</b> |                                           |                                     |                 |                                                    |               |
| At 1 July 2015           | 32,075                                    | 7,633                               | 12,784          | -                                                  | <b>52,492</b> |
| Additions                | 359                                       | 558                                 | -               | 473                                                | <b>1,390</b>  |
| Disposals                | -                                         | (98)                                | -               | -                                                  | <b>(98)</b>   |
| <b>At 30 June 2016</b>   | <b>32,434</b>                             | <b>8,093</b>                        | <b>12,784</b>   | <b>473</b>                                         | <b>53,784</b> |
| <b>Depreciation</b>      |                                           |                                     |                 |                                                    |               |
| At 1 July 2015           | 868                                       | 3,431                               | 3,158           | -                                                  | <b>7,457</b>  |
| Charge for the year      | 646                                       | 1,424                               | 642             | -                                                  | <b>2,712</b>  |
| On disposals             | -                                         | (55)                                | -               | -                                                  | <b>(55)</b>   |
| <b>At 30 June 2016</b>   | <b>1,514</b>                              | <b>4,800</b>                        | <b>3,800</b>    | <b>-</b>                                           | <b>10,114</b> |
| <b>Net book value</b>    |                                           |                                     |                 |                                                    |               |
| At 30 June 2016          | <b>30,920</b>                             | <b>3,293</b>                        | <b>8,984</b>    | <b>473</b>                                         | <b>43,670</b> |
| At 30 June 2015          | 31,207                                    | 4,202                               | 9,626           | -                                                  | 45,035        |

The net book value of tangible fixed assets includes an amount of £663,000 (2015: £935,000) in respect of assets held under finance leases and hire purchase contracts. The related depreciation charge on these assets for the year was £221,000 (2015: £243,000).

# St Mary's Football Group Limited

## Notes to the Financial Statements (continued) For the Year Ended 30 June 2016

### 17. Fixed asset investments

#### Subsidiary undertakings

The following are subsidiary undertakings of the company:

| Name                                 | Country of incorporation | Class of shares | Holding | Nature of business |
|--------------------------------------|--------------------------|-----------------|---------|--------------------|
| Southampton Football Club Limited    | UK                       | Ordinary        | 100 %   | Trading            |
| St Mary's SPV Limited                | UK                       | Ordinary        | 100 %   | Dormant            |
| St Mary's Training Centre Limited    | UK                       | Ordinary        | 100 %   | Trading            |
| St Mary's Stadium Limited            | UK                       | Ordinary        | 100 %   | Trading            |
| St Mary's Catering Limited           | UK                       | Ordinary        | 100 %   | Trading            |
| St. Mary's Training Ground Limited   | UK                       | Ordinary        | 100 %   | Trading            |
| St. Mary's Property Holdings Limited | UK                       | Ordinary        | 100 %   | Dormant            |
| DMWSL 612 Limited                    | UK                       | Ordinary        | 100 %   | Investment         |

Since the Statement of Financial Position date, Southampton Football Club Limited has incorporated a wholly-owned subsidiary, Southampton Football Club (North America) Inc. in the USA.

| Company                  | Group undertakings<br>£000 |
|--------------------------|----------------------------|
| <b>Cost or valuation</b> |                            |
| At 1 July 2015           | 1,948                      |
| <b>At 30 June 2016</b>   | <b>1,948</b>               |
| <b>Net book value</b>    |                            |
| At 30 June 2016          | 1,948                      |
| At 30 June 2015          | 1,948                      |

# St Mary's Football Group Limited

## Notes to the Financial Statements (continued) For the Year Ended 30 June 2016

### 18. Investment property

| Group                           | Investment properties<br>£000 |
|---------------------------------|-------------------------------|
| <b>Valuation</b>                |                               |
| At 1 July 2015 and 30 June 2016 | 1,000                         |

In the opinion of the directors the valuation of the investment property at the Statement of Financial Position date is not materially different from book value.

| 19. Stocks                          | Group<br>2016<br>£000 | Group<br>2015<br>£000 | Company<br>2016<br>£000 | Company<br>2015<br>£000 |
|-------------------------------------|-----------------------|-----------------------|-------------------------|-------------------------|
| Finished goods and goods for resale | 482                   | 684                   | -                       | -                       |

The difference between purchase price or production cost of stocks and their replacement cost is not material.

### 20. Deferred taxation

| Group                                            | Deferred tax<br>£000 |
|--------------------------------------------------|----------------------|
| At 1 July 2015                                   | 1,916                |
| Charged to the Statement of Comprehensive Income | (980)                |
| At 30 June 2016                                  | 936                  |

The deferred tax asset is made up as follows:

|                                          | Group<br>2016<br>£000 | Group<br>2015<br>£000 |
|------------------------------------------|-----------------------|-----------------------|
| Accelerated capital allowances           | (85)                  | (196)                 |
| Unutilised losses                        | 7,704                 | 1,592                 |
| Other short term timing differences      | 146                   | 520                   |
| Gains rolled over into intangible assets | (6,629)               | -                     |
| Tax on fair value of investment property | (200)                 | -                     |
|                                          | 936                   | 1,916                 |

The company has no deferred taxation.

# St Mary's Football Group Limited

## Notes to the Financial Statements (continued) For the Year Ended 30 June 2016

### 21. Debtors

|                                     | Group<br>2016<br>£000 | Restated<br>Group<br>2015<br>£000 | Company<br>2016<br>£000 | Restated<br>Company<br>2015<br>£000 |
|-------------------------------------|-----------------------|-----------------------------------|-------------------------|-------------------------------------|
| <b>Due after more than one year</b> |                       |                                   |                         |                                     |
| Transfer fees receivable            | 3,770                 | 22,865                            | -                       | -                                   |
| <b>Due within one year</b>          |                       |                                   |                         |                                     |
| Trade debtors                       | 4,265                 | 2,710                             | -                       | -                                   |
| Amounts owed by group undertakings  | -                     | -                                 | 7,000                   | 8,445                               |
| Other debtors                       | 196                   | 364                               | -                       | -                                   |
| Prepayments and accrued income      | 4,967                 | 2,160                             | -                       | -                                   |
| Deferred taxation                   | 936                   | 1,916                             | -                       | -                                   |
| Transfer fees receivable            | 38,953                | 29,751                            | -                       | -                                   |
|                                     | <b>49,317</b>         | <b>36,901</b>                     | <b>7,000</b>            | <b>8,445</b>                        |

# St Mary's Football Group Limited

## Notes to the Financial Statements (continued) For the Year Ended 30 June 2016

### 22. Creditors: amounts falling due within one year

|                                                             | Group<br>2016<br>£000 | Restated<br>Group<br>2015<br>£000 | Company<br>2016<br>£000 | Restated<br>Company<br>2015<br>£000 |
|-------------------------------------------------------------|-----------------------|-----------------------------------|-------------------------|-------------------------------------|
| Shareholder loan                                            | 11,001                | 1,701                             | 1                       | 1                                   |
| Bank loan (secured)                                         | 16,795                | 14,968                            | -                       | -                                   |
| Other loan                                                  | 15,000                | 13,941                            | -                       | -                                   |
| Trade creditors                                             | 1,824                 | 4,230                             | -                       | -                                   |
| Amounts owed to group undertakings                          | -                     | -                                 | 301                     | -                                   |
| Taxation and social security                                | 6,389                 | 3,897                             | -                       | -                                   |
| Obligations under finance lease and hire purchase contracts | 200                   | 390                               | -                       | -                                   |
| Transfer fees payable                                       | 42,779                | 21,743                            | -                       | -                                   |
| Other creditors                                             | 1,903                 | 2,016                             | -                       | -                                   |
| Accruals and deferred income                                | 22,912                | 28,606                            | 38                      | 999                                 |
|                                                             | <b>118,803</b>        | <b>91,492</b>                     | <b>340</b>              | <b>1,000</b>                        |

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

### 23. Creditors: amounts falling due after more than one year

|                                                                  | Group<br>2016<br>£000 | Restated<br>Group<br>2015<br>£000 | Company<br>2016<br>£000 | Restated<br>Company<br>2015<br>£000 |
|------------------------------------------------------------------|-----------------------|-----------------------------------|-------------------------|-------------------------------------|
| Shareholder loan                                                 | 20,000                | 31,000                            | -                       | -                                   |
| Net obligations under finance leases and hire purchase contracts | -                     | 205                               | -                       | -                                   |
| Transfer fees payable                                            | 16,363                | 19,287                            | -                       | -                                   |
| Accruals and deferred income                                     | 3,428                 | 3,607                             | -                       | -                                   |
|                                                                  | <b>39,791</b>         | <b>54,099</b>                     | <b>-</b>                | <b>-</b>                            |

Football Trust grants of £3,182,000 (2015: £3,275,000), are classified as accruals and deferred income within creditors falling due after more than one year and £93,000 (2015: £93,000) falling due within one year, being the amortisation that will be credited in the next accounting period.

# St Mary's Football Group Limited

## Notes to the Financial Statements (continued) For the Year Ended 30 June 2016

### 24. Loans

Analysis of the maturity loans is given below:

|                                              | <b>Group<br/>2016<br/>£000</b> | <b>Group<br/>2015<br/>£000</b> | <b>Company<br/>2016<br/>£000</b> | <b>Company<br/>2015<br/>£000</b> |
|----------------------------------------------|--------------------------------|--------------------------------|----------------------------------|----------------------------------|
| <b>Amounts falling due within one year</b>   |                                |                                |                                  |                                  |
| Bank loans                                   | 16,795                         | 14,968                         | -                                | -                                |
| Other loans                                  | 15,000                         | 13,941                         | -                                | -                                |
| Shareholder loan                             | 11,001                         | 1,701                          | 1                                | 1                                |
|                                              | <u>42,796</u>                  | <u>30,610</u>                  | <u>1</u>                         | <u>1</u>                         |
| <b>Amounts falling due between 1-2 years</b> |                                |                                |                                  |                                  |
| Shareholder loan                             | 9,000                          | 9,000                          | -                                | -                                |
|                                              | <u>9,000</u>                   | <u>9,000</u>                   | <u>-</u>                         | <u>-</u>                         |
| <b>Amounts falling due between 2-5 years</b> |                                |                                |                                  |                                  |
| Shareholder loan                             | 11,000                         | 22,000                         | -                                | -                                |
|                                              | <u>11,000</u>                  | <u>22,000</u>                  | <u>-</u>                         | <u>-</u>                         |

A loan of £16,795,000 (2015: 14,968,000) is repayable on demand at an annual interest rate of 0.966% (2015: 1.22%). The debt is secured by a charge over the estate of the group's shareholder.

A loan of £15,000,000 (2015: £13,941,000) is repayable on demand at an annual interest rate of 5% (2015: 8%). This loan has been repaid in full since the Statement of Financial Position date.

A loan of £31,000,000 (2015: £32,700,000) is repayable over 3 (2014: 4) years at an annual interest rate of 5% (2015: 5%).

A loan of £1,000 (2015: £1,000) is repayable on demand. No interest is charged on this loan.

# St Mary's Football Group Limited

## Notes to the Financial Statements (continued) For the Year Ended 30 June 2016

### 25. Hire purchase and finance leases

Minimum lease payments under hire purchase fall due as follows:

|                                  | 2016<br>£000 | 2015<br>£000 |
|----------------------------------|--------------|--------------|
| Within one year                  | 200          | 390          |
| Between one and two years        | -            | 205          |
| <b>Total deferred tax charge</b> | <b>200</b>   | <b>595</b>   |

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

### 26. Financial instruments

|                                                                       | Group<br>2016<br>£000 | Group<br>2015<br>£000 | Company<br>2016<br>£000 | Company<br>2015<br>£000 |
|-----------------------------------------------------------------------|-----------------------|-----------------------|-------------------------|-------------------------|
| <b>Financial assets</b>                                               |                       |                       |                         |                         |
| Financial assets that are debt instruments measured at amortised cost | 73,478                | 70,371                | 7,000                   | 8,445                   |
| <b>Financial liabilities</b>                                          |                       |                       |                         |                         |
| Financial liabilities measured at amortised cost                      | (142,883)             | (131,152)             | (340)                   | (1,000)                 |

Financial assets measured at amortised cost comprise cash, trade debtors, amounts owed to group undertakings, other debtors and transfer fees receivable.

Financial liabilities measured at amortised cost comprise shareholder loans, bank loans, other loans, trade creditors, amounts owed to group undertakings, transfer fees payable and other creditors.

If intangible assets were treated as financial assets, the total group financial assets would be £156,221,000 (2015: £141,701,000). Financial liabilities would remain unchanged. There is no impact on the company position.

# St Mary's Football Group Limited

## Notes to the Financial Statements (continued) For the Year Ended 30 June 2016

### 27. Provisions

| Group                  | Contingent<br>transfer fees<br>£000 | Provisions for<br>other costs<br>£000 | Total<br>£000 |
|------------------------|-------------------------------------|---------------------------------------|---------------|
| At 1 July 2015         | 2,667                               | 4,023                                 | 6,690         |
| Arising in the year    | 4,599                               | -                                     | 4,599         |
| Utilised in the year   | (3,698)                             | (4,023)                               | (7,721)       |
| <b>At 30 June 2016</b> | <b>3,568</b>                        | <b>-</b>                              | <b>3,568</b>  |

The provision for other costs in the prior year relates to the contractual wage obligations on players that have been fully impaired. This was fully utilised in the year.

### 28. Share capital

|                                           | 2016<br>£000 | 2015<br>£000 |
|-------------------------------------------|--------------|--------------|
| <b>Allotted, called up and fully paid</b> |              |              |
| 2 Ordinary shares of £1 each              | -            | -            |

### 29. Reserves

The group and company's capital and reserves are as follows:

#### Share capital

Called up share capital represents the nominal value of the shares issued.

#### Share premium

The share premium account includes the premium on issue of equity shares, net of any issue costs.

#### Retained earnings

Retained earnings represents cumulative profits or losses, net of any dividends paid and other adjustments.



# St Mary's Football Group Limited

## Notes to the Financial Statements (continued) For the Year Ended 30 June 2016

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### 30. Contingent liabilities

Excluding items already provided in the Statement of Financial Position, at 30 June 2016 Southampton Football Club Limited had a liability to pay up to £9,646,000 (2015: £5,125,000) to other clubs in respect of players under contract, dependent upon a number of factors but principally first team appearances.

At 30 June 2016 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.

### 31. Capital commitments

At 30 June 2016 the group had capital commitments as follows:

|                                                               | <b>Group<br/>2016<br/>£000</b> | <b>Group<br/>2015<br/>£000</b> |
|---------------------------------------------------------------|--------------------------------|--------------------------------|
| Contracted for but not provided in these financial statements | <b>1,413</b>                   | 309                            |

The company has no capital commitments

# St Mary's Football Group Limited

## Notes to the Financial Statements (continued) For the Year Ended 30 June 2016

### 32. Pensions

Southampton Football Club ('the club') participates in the Football League Pension and Life Assurance Scheme ('the Scheme'). The Scheme is a funded multi-employer defined benefit scheme, with 92 participating employers, where members may have periods of service attributable to several participating employers. The club is unable to identify its share of the assets and liabilities of the Scheme and therefore accounts for its contributions as if they were paid to a defined contribution scheme.

The last actuarial valuation was carried out at 31 August 2014 where the total deficit on the on-going valuation basis was £21.8 million. The key assumptions used to calculate the deficit at the 31 August 2014 actuarial valuation are:

|                              |                                                                                                                         |
|------------------------------|-------------------------------------------------------------------------------------------------------------------------|
| Discount Rate:               | 5.4% per annum for the 1st 7 years, 4.4% per annum for the following 10 years and 3.4% per annum thereafter.            |
| RPI Inflation:               | 3.2% per annum                                                                                                          |
| Pension Increases:           | 3.0% per annum, for benefits accrued prior to 6 April 1997, and 3.7% per annum for benefits accrued after 6 April 1997. |
| Mortality (pre-retirement):  | None                                                                                                                    |
| Mortality (post-retirement): | SAPS CMI 2013 2.0%                                                                                                      |

The accrual of benefits ceased within the Scheme on 31 August 1999. The club pays monthly contributions based on a notional split of the total expenses and deficit contributions of the Scheme.

The results of the 2014 valuation were rolled forward to 30 June 2016 on the same assumptions as detailed above and the club's notional share of the deficit was £276,000 (£349,000 as at 30 June 2015).

The club currently pays total contributions of £98,000 per annum and based on the actuarial valuation assumptions detailed above will be sufficient to pay off the deficit by 28 February 2020.

As at 30 June 2016, based on an appropriate discount rate of 1.29% per annum, the present value of the club's outstanding contributions (i.e. their future liability) is £344,000. This amounts to £98,000 (2015: £98,000) due within one year and £246,000 (2015: £332,000) due after more than one year and is included within other payables.

A financial cost of £10,000 (2015: £13,000) was made to the Statement of Comprehensive Income during the year, representing the interest cost on the outstanding deficit of the Scheme.

The funding objective of the Trustees of the Scheme is to have sufficient assets to meet the Technical Provisions of the Scheme. In order to remove the deficit revealed at the previous actuarial valuation (dated 31 August 2014), deficit contributions are payable by all participating clubs. Payments are made in accordance with a pension contribution schedule. There are no additional costs associated with the accruing of members' future benefits. In the case of a club being relegated from the Football League and being unable to settle its debt then the remaining clubs may, in exceptional circumstances, have to share the deficit.

Upon the wind-up of the Scheme with a surplus, any surplus will be used to augment benefits. Under the more likely scenario of there being a deficit, this will be split amongst the clubs in line with their contribution schedule. Should an individual club leave the Scheme, they may be required to pay their share of the deficit based on a proxy buyout basis (i.e. valuing the benefits on a basis consistent with buying out the benefits with an insurance company).

# St Mary's Football Group Limited

## Notes to the Financial Statements (continued) For the Year Ended 30 June 2016

### 33. Commitments under operating leases

At 30 June 2016 the group had future minimum lease payments under non-cancellable operating leases as follows:

|                                                | <b>Group<br/>2016<br/>£000</b> | <b>Group<br/>2015<br/>£000</b> |
|------------------------------------------------|--------------------------------|--------------------------------|
| Not later than one year                        | <b>167</b>                     | 185                            |
| Later than one year and not later than 5 years | <b>79</b>                      | 246                            |
|                                                | <hr/>                          | <hr/>                          |
| Total                                          | <b>246</b>                     | 431                            |
|                                                | <hr/>                          | <hr/>                          |

### 34. Related party transactions

The group holds loans amounting to £31,000,000 (2015: £32,700,000) in issue to the ultimate controlling party at the year end. Interest accrued at 30 June 2016 amounted to £412,000 (2015: £1,601,000). Interest was charged on the loan of £1,639,000 (2015: £1,601,000) and is included in other interest payable. In addition, a further £1,000 (2015: £1,000) is due to the shareholder and is included within shareholder loans due within one year.

The company has taken advantage of the exemption conferred by Section 33.1A of FRS102 not to disclose transactions with its wholly owned subsidiaries.

Key management personnel include all directors and a number of senior managers across the group who together have authority and responsibility for planning, directing and controlling the activities of the group. The total compensation paid to key management personnel for services provided to the group was £1,530,000 (2015: £1,105,000).

### 35. Post Statement of Financial Position events

Since the year end, the group has entered into the sale and purchase of players with net transactions amounting to £6,081,000 receivable (2015: £2,834,000) payable.

### 36. Controlling party

The ultimate controlling party is K Liebherr.

## St Mary's Football Group Limited

Notes to the Financial Statements (continued)  
For the Year Ended 30 June 2016

### 37. First time adoption of FRS 102

| Group                                                   | As<br>previously<br>stated<br>1 July<br>2014<br>£000 | Effect of<br>transition<br>1 July<br>2014<br>£000 | FRS 102<br>(as restated)<br>1 July<br>2014<br>£000 | As<br>previously<br>stated<br>30 June<br>2015<br>£000 | Effect of<br>transition<br>30 June<br>2015<br>£000 | FRS 102<br>(as restated)<br>30 June<br>2015<br>£000 |
|---------------------------------------------------------|------------------------------------------------------|---------------------------------------------------|----------------------------------------------------|-------------------------------------------------------|----------------------------------------------------|-----------------------------------------------------|
| Fixed assets                                            | 84,664                                               | (2,090)                                           | 82,574                                             | 121,249                                               | (3,884)                                            | 117,365                                             |
| Current assets                                          | 72,823                                               | (2,863)                                           | 69,960                                             | 77,113                                                | (2,183)                                            | 74,930                                              |
| Creditors: amounts falling due within one year          | (101,028)                                            | 525                                               | (100,503)                                          | (92,197)                                              | 705                                                | (91,492)                                            |
| <b>Net current liabilities</b>                          | <b>(28,205)</b>                                      | <b>(2,338)</b>                                    | <b>(30,543)</b>                                    | <b>(15,084)</b>                                       | <b>(1,478)</b>                                     | <b>(16,562)</b>                                     |
| <b>Total assets less current liabilities</b>            | <b>56,459</b>                                        | <b>(4,428)</b>                                    | <b>52,031</b>                                      | <b>106,165</b>                                        | <b>(5,362)</b>                                     | <b>100,803</b>                                      |
| Creditors: amounts falling due after more than one year | (22,966)                                             | 493                                               | (22,473)                                           | (55,631)                                              | 1,532                                              | (54,099)                                            |
| Provisions for liabilities                              | (1,655)                                              | -                                                 | (1,655)                                            | (6,690)                                               | -                                                  | (6,690)                                             |
| <b>Net assets</b>                                       | <b>31,838</b>                                        | <b>(3,935)</b>                                    | <b>27,903</b>                                      | <b>43,844</b>                                         | <b>(3,830)</b>                                     | <b>40,014</b>                                       |
| Capital and reserves                                    | 31,838                                               | (3,935)                                           | 27,903                                             | 43,844                                                | (3,830)                                            | 40,014                                              |

# St Mary's Football Group Limited

## Notes to the Financial Statements (continued) For the Year Ended 30 June 2016

| Group                                                                          | As<br>previously<br>stated<br>30 June<br>2015<br>£000 | Effect of<br>transition<br>30 June 2015<br>£000 | FRS 102<br>(as restated)<br>30 June<br>2015<br>£000 |
|--------------------------------------------------------------------------------|-------------------------------------------------------|-------------------------------------------------|-----------------------------------------------------|
| Turnover                                                                       | 113,735                                               | -                                               | 113,735                                             |
| Cost of sales                                                                  | (131,411)                                             | (1,680)                                         | (129,731)                                           |
| <b>Gross loss</b>                                                              | <b>(17,676)</b>                                       | <b>(1,680)</b>                                  | <b>(15,996)</b>                                     |
| Administrative expenses                                                        | (8,824)                                               | -                                               | (8,824)                                             |
| Other operating income                                                         | 44,099                                                | (3,056)                                         | 41,043                                              |
| <b>Operating profit</b>                                                        | <b>17,599</b>                                         | <b>(1,376)</b>                                  | <b>16,223</b>                                       |
| Interest receivable and similar income                                         | 125                                                   | 4,285                                           | 4,410                                               |
| Interest payable and similar charges                                           | (2,846)                                               | (2,804)                                         | (5,650)                                             |
| Taxation                                                                       | (2,872)                                               | -                                               | (2,872)                                             |
| <b>Profit on ordinary activities after taxation and for the financial year</b> | <b>12,006</b>                                         | <b>105</b>                                      | <b>12,111</b>                                       |

Explanation of changes to previously reported profit and equity:

The FRS 102 transition adjustments relate to the recognition of transfer fees payable and receivable at present value, based on the prevailing market rate at the transaction date, where there are deferred payment terms and no interest is charged. Accordingly, the fair value of intangible assets and relevant amortisation are adjusted accordingly.

Interest payable and receivable is respectively imputed from the transaction date to the point that the fee is settled.

### Company

The policies applied under the previous accounting framework are not materially different for FRS 102 and have not impacted on equity or the Statement of Comprehensive Income.