

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

Report and Consolidated Financial Statements

Year Ended

30 June 2015

Company Number 06951765

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

## **Report and financial statements for the year ended 30 June 2015**

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### **Directors**

K Liebherr  
R Krueger  
G Rogers

### **Secretary and registered office**

K Dhaliwal, St. Mary's Stadium, Britannia Road, Southampton, SO14, 5FP

### **Company number**

06951765

### **Auditors**

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

# St Mary's Football Group Limited

## Strategic report for the year ended 30 June 2015

The directors present their strategic report together with the audited financial statements for the year ended 30 June 2015.

### Review of business and key performance indicators

#### Summary of results

	2015 £000	2014 £000
Turnover	113,735	106,099
Operating Costs	(105,518)	(82,942)
Other operating income	-	2,210
Profit before player trading	8,217	25,367
Player trading	9,383	6,013
Profit before interest, tax	17,600	31,380

The Group reports both profit and total net assets for the second consecutive year, being £17.6m (2014: £31.4m) and £43.8m (2014: £31.8m) respectively. The financial and structural stabilisation of the Group allied to successful on-field performance has led to external recognition in several fields, in particular, the business model, which has driven this underlying growth in profitability and net assets. The Group ranked 34th in Virgin's Fast Track 100 British private companies, 25th in the Deloitte Money League, and has been recognised as this year's fastest growing football brand in the Brand Finance Football 50 Review; moving from 30th place to 18th, all of which we are incredibly proud.

The Board consider the key performance indicators for the company to be turnover and its relationship to staff costs and operating costs excluding player trading activity. The results show an increase in turnover principally as a result of increases in broadcasting turnover driven mainly by the Club's highest ever Premier League position, finishing 7th with a record 60 points, which brings with it significant broadcasting rewards. Furthermore, commercial turnover has seen an increase of 21% in the year to £10.1m and this remains a key focus of the Board and Key Management.

The Group profit before interest and tax of £17.6m (2014: £31.4m) is driven by sound underlying business operations supplemented by player trading. As planned, the surplus generated through player trading has been reinvested into the playing squad through transfer fees payable and operating costs, which takes the form of both additional wages and agent's fees. It should be highlighted that profitability and cash flow in the year have been impacted by high exceptional costs incurred, being either the cost of onerous and cancelled contracts of fully impaired members of the playing squad or the actual impairment cost of these players.

The reduction of net current liabilities, including total debtors, of £15.1m represents a further improvement on the 2014 position of £28.2m. The Shareholder evidenced her continued support by injecting £20m in the year to bridge between committed funds from historical player trading and capital expenditure. The Group's future debt position, whilst higher than management would prefer to be carrying, was forecast and in order to further promote financial sustainability, the Group has robust plans in place targeting an ongoing reduction in the debt over the medium and long term. This, together with strong financial governance, is facilitating the ongoing investment in football activities both on and off the pitch, with Management being wary of the balance that must be struck between ongoing sustainability and investment to achieve sporting success.

# St Mary's Football Group Limited

## Strategic report for the year ended 30 June 2015 (*continued*)

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### Future developments

The foundations are in place for the Club to build upon its ongoing sporting success and to move forward sustainably. The early exit from European competition was disappointing; however, the Club aspires to return to European competition in forthcoming seasons whilst remaining focused upon its principles of developing young players and incorporating them into a successful first team squad. The talent pipeline is in good shape with 8 academy graduates featuring in the first team over the past season and the U21 Development Squad winning the U21 Premier League Cup.

The unveiling of the Markus Liebherr Pavilion during the financial year provided the players and staff with the best possible environment to work and develop. Phase II of the development was also completed in the year, resulting in an additional 9 pitches and an all-weather state of the art dome and Phase III is currently planned for the near future.

### Principal risks and uncertainties

*Team performance risk* - As is common with many professional football clubs, a principal risk is associated with the performance of the 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 Barclays Premier League and consequently, the Group manages the impact of that risk through close control of its direct costs, relative to forecast income.

*Liquidity risk* - For the advancement of the player development business model, total expenditure on the Training Campus is expected to amount to approximately £38m after the completion of Phase III, with expenditure to date exceeding £31.8m. Whilst service costs are manageable, robust plans are built into forecasts to reduce the level of debt in the medium and longer term. As planned, total debt has reached £61.6m, being Shareholder loans valued at £32.7m, a Swiss loan facility of £15m secured on the personal estate of the Shareholder, as well as a £13.9m loan with Macquarie bank at the Balance Sheet date

*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.

### Post balance sheet events

See note 28.

### On behalf of the board

G Rogers  
Director

2 OCTOBER 2015

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

## **Report of the directors for the year ended 30 June 2015**

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The directors present their report together with the audited financial statements for the year ended 30 June 2015.

### **Results and dividends**

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

No dividend (2014: £nil) is proposed.

### **Employment of disabled persons**

The Company ensures that all full and part time employees and job applicants (actual or potential) are treated fairly in accordance with its Company policies and values. Selection for employment, promotion, performance reviews, 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 Company holds regular Senior Management, Operational Management and department meetings to ensure a flow of information across all levels. Alongside this are a number of Company-wide communication channels, such as; staff meetings, an internal newsletter - "Team Talk" - which is distributed monthly to all employees, Company Handbooks, Performance and Development Reviews and strategic email communication to supplement these. Finally, the Company encourages all staff members to present their suggestions and views at all levels on the Company's performance, encouraging creativity for improvement through feedback forums.

### **Players' registration**

As stated in the accounting policy in note 1, the cost of acquired players is reflected in the accounts in order to comply with FRS 10 Goodwill and intangible assets.

### **Directors**

The directors of the company during the year were:

K Liebherr  
R Krueger  
G Rogers

# St Mary's Football Group Limited

## Report of the directors for the year ended 30 June 2015 (*continued*)

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### Directors' responsibilities

The directors are responsible for preparing the 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 group and company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the 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 group and company 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 and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

### Auditors

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

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

### On behalf of the board

G Rogers



Director

2 OCTOBER 2015

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

## **Independent auditor's report**

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### **To the member of St Mary's Football Group Limited**

We have audited the financial statements of St Mary's Football Group Limited for the year ended 30 June 2015 which comprise the consolidated profit and loss account, the consolidated and company balance sheets, the consolidated cash flow statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's member in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's member those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's member, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of directors and auditors**

As explained more fully in the statement of directors' responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the 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 2015 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 (*continued*)

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

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

- adequate accounting records have not been kept 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.

*BDO LLP*

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

**2 OCTOBER 2015**

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



# St Mary's Football Group Limited

## Consolidated profit and loss account for the year ended 30 June 2015

		Operations excluding player trading	Player trading*	Total	Total
	Note	2015 £	2015 £	2015 £	2014 £
<b>Turnover</b>	2	113,735,437	-	113,735,437	106,098,759
Cost of sales - including exceptional costs of £14,892,190 (2014 - £6,251,704)	3	95,220,461	36,190,789	131,411,250	101,414,915
<b>Gross (loss)/profit</b>		18,514,976	(36,190,789)	(17,675,813)	4,683,844
Administrative expenses		10,297,887	(1,474,118)	8,823,769	7,420,493
		8,217,089	(34,716,671)	(26,499,582)	(2,736,649)
Other operating income	5	-	-	-	2,210,000
<b>Group operating profit/(loss)</b>	4	8,217,089	(34,716,671)	(26,499,582)	(526,649)
Profit on disposal of players		-	44,099,285	44,099,285	31,906,572
<b>Profit on ordinary activities before interest and other income</b>		8,217,089	9,382,614	17,599,703	31,379,923
Other interest receivable and similar income				124,567	39,664
Interest payable and similar charges	8			(2,846,537)	(2,768,181)
<b>Profit on ordinary activities before taxation</b>				14,877,733	28,651,406
Taxation on profit on ordinary activities	9			(2,871,497)	4,787,561
<b>Profit on ordinary activities after taxation</b>				12,006,236	33,438,967

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

All amounts relate to continuing activities.

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

The notes on pages 12 to 30 form part of these financial statements.

# St Mary's Football Group Limited

## Consolidated balance sheet at 30 June 2015

<i>Company number 06951765</i>	<b>Note</b>	<b>2015 £</b>	<b>2015 £</b>	<b>2014 £</b>	<b>2014 £</b>
<b>Fixed assets</b>					
Intangible assets	11		75,214,446		41,085,357
Tangible assets	12		45,035,942		42,578,337
Fixed asset investments	13		1,000,000		1,000,000
			<hr/>		<hr/>
			121,250,388		84,663,694
<b>Current assets</b>					
Stocks	14	684,179		374,464	
Debtors - due within one year	15	36,949,982		26,317,398	
Debtors - due after more than one year	15	25,000,000		20,000,000	
		<hr/>		<hr/>	
Total debtors		61,949,982		46,317,398	
Cash at bank and in hand		14,480,343		26,132,569	
		<hr/>		<hr/>	
		77,114,504		72,824,431	
<b>Creditors: amounts falling due within one year</b>	16	92,197,027		101,028,341	
		<hr/>		<hr/>	
<b>Net current liabilities</b>			(15,082,523)		(28,203,910)
			<hr/>		<hr/>
<b>Total assets less current liabilities</b>			106,167,865		56,459,784
<b>Creditors: amounts falling due after more than one year</b>	17	55,632,785		22,966,186	
<b>Provisions for liabilities</b>	18	6,690,294		1,655,048	
		<hr/>		<hr/>	
			62,323,079		24,621,234
			<hr/>		<hr/>
			43,844,786		31,838,550
			<hr/>		<hr/>

The notes on pages 12 to 30 form part of these financial statements.

# St Mary's Football Group Limited

## Consolidated balance sheet at 30 June 2015 (continued)

	Note	2015 £	2015 £	2014 £	2014 £
<b>Capital and reserves</b>					
Called up share capital	20		2		2
Share premium account	21		11,999,999		11,999,999
Capital Contribution Reserve	21		25,988,244		25,988,244
Profit and loss account	21		5,856,541		(6,149,695)
			<u>          </u>		<u>          </u>
<b>Shareholder's funds</b>	22		<b>43,844,786</b>		<b>31,838,550</b>
			<u>          </u>		<u>          </u>

The financial statements were approved by the board of directors and authorised for issue on 2<sup>nd</sup> October 2015.



G Rogers  
Director

The notes on pages 12 to 30 form part of these financial statements.

# St Mary's Football Group Limited

## Company balance sheet at 30 June 2015

<b>Company number 06951765</b>	<b>Note</b>	<b>2015 £</b>	<b>2015 £</b>	<b>2014 £</b>	<b>2014 £</b>
<b>Fixed assets</b>					
Intangible assets	11		1		1
Fixed asset investments	13		1,948,438		1,948,438
			<u>1,948,439</u>		<u>1,948,439</u>
<b>Current assets</b>					
Debtors	15	8,445,379		9,926,763	
<b>Creditors: amounts falling due within one year</b>	16	<u>1,001,000</u>		<u>1,001,000</u>	
<b>Net current assets</b>			<u>7,444,379</u>		<u>8,925,763</u>
<b>Total assets less current liabilities</b>			<u>9,392,818</u>		<u>10,874,202</u>
<b>Provisions for liabilities</b>	18		-		1,000,000
			<u>9,392,818</u>		<u>9,874,202</u>
<b>Capital and reserves</b>					
Called up share capital	20		2		2
Share premium account	21		11,999,999		11,999,999
Profit and loss account	21		(2,607,183)		(2,125,799)
<b>Shareholder's funds</b>	22		<u>9,392,818</u>		<u>9,874,202</u>

The financial statements were approved by the board of directors and authorised for issue on 2<sup>nd</sup> October 2015.

  
G Rogers  
Director

The notes on pages 12 to 30 form part of these financial statements.

# St Mary's Football Group Limited

## Consolidated cashflow statement for the year ended 30 June 2015

	Note	2015 £	2015 £	2014 £	2014 £
<b>Net cash inflow from operating activities</b>	29		17,105,755		31,216,425
<b>Returns on investments and servicing of finance</b>					
Interest received		124,567		39,664	
Interest paid: bank loans		(125,236)		(108)	
Interest paid: other loans		(1,924,411)		(2,479,493)	
Interest paid: hire purchase		(1,373)		(1,922)	
<b>Net cash outflow from returns on investments and servicing of finance</b>			(1,926,453)		(2,441,859)
<b>Capital expenditure and financial investment</b>					
Payments to acquire intangible fixed assets		(60,951,460)		(22,720,684)	
Payments to acquire tangible fixed assets		(6,384,509)		(15,615,173)	
Receipts from sale of intangible fixed assets		29,943,580		3,714,603	
Receipts from sale of tangible fixed assets		41,513		-	
Receipts from sale of fixed asset investments		-		376,470	
<b>Net cash outflow from capital expenditure and financial investment</b>			(37,350,876)		(34,244,784)
<b>Cash outflow before use of financing</b>			(22,171,574)		(5,470,218)
<b>Financing</b>					
New loans		38,200,000		25,860,908	
Loans repaid		(27,318,652)		(8,107,000)	
Capital element of finance leases repaid		(362,000)		(202,077)	
<b>Net cash inflow from financing</b>			10,519,348		17,551,831
<b>(Decrease)/increase in cash</b>	30		(11,652,226)		12,081,613

The notes on pages 12 to 30 form part of these financial statements.

# St Mary's Football Group Limited

## Notes forming part of the financial statements for the year ended 30 June 2015

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### 1 Accounting policies

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

The following principal accounting policies have been applied:

#### *Basis of consolidation*

The consolidated financial statements incorporate the results of St Mary's Football Group Limited and all of its subsidiary undertakings as at 30 June 2015 using the acquisition or merger method of accounting as required. Where the acquisition method is used, the results of subsidiary undertakings are included from the date of acquisition.

#### *Going concern*

Although the group has net current liabilities at the balance sheet 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.

#### *Turnover*

Turnover represents the total amount receivable from the principal activities of the company, excluding transfer fees receivable, and is stated net of value added tax. Income from broadcasting, match days, and those elements of commercial activities relating to matches is recognised when related matches are played; income from advance ticket sales is deferred accordingly. Other commercial income is recognised on a receivable basis.

#### *Stocks*

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

#### *Foreign currency*

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

# St Mary's Football Group Limited

## Notes forming part of the financial statements for the year ended 30 June 2015 (continued)

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### 1 Accounting policies (continued)

#### *Deferred taxation*

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

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

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

Deferred tax balances are not discounted.

#### *Leased assets*

Where assets are financed by leasing agreements that give rights approximating to ownership (finance leases), the assets are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum lease payments payable over the term of the lease. The corresponding leasing commitments are shown as amounts payable to the lessor. Depreciation on the relevant assets is charged to the profit and loss account over the shorter of estimated useful economic life and the period of the lease.

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

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

#### *Intangible Assets*

The element of each player's transfer fee which relates to his registration is capitalised as an intangible asset and amortised over the period of his contract including any agreed extensions, subject to any provision for impairment. Contingent fees payable, which are dependent upon the number of first team appearances and international debuts made, are capitalised in the year when it is considered probable that the conditions of the contract will be satisfied.

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

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

# St Mary's Football Group Limited

## Notes forming part of the financial statements for the year ended 30 June 2015 (*continued*)

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### 1 Accounting policies (*continued*)

#### *Tangible fixed assets*

Tangible fixed assets are stated at cost, inclusive of capitalised finance costs, net of depreciation less any provision for impairment. Depreciation is provided on all tangible fixed assets other than assets under development, at rates calculated to write off the cost, less estimated residual value, based on prices prevailing at the date of acquisition, of each asset evenly over its expected useful life, as follows:

Equipment - over 4 to 10 years

Motor vehicles - over 4 to 5 years

Stadium - over 5 to 50 years

Freehold and leasehold buildings - over 3 to 50 years

#### *Signing on fees*

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

#### *Pension costs*

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

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

#### *Investment properties*

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

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

#### *Capitalisation of interest*

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



# St Mary's Football Group Limited

Notes forming part of the financial statements  
for the year ended 30 June 2015 (*continued*)

## 2 Turnover

	2015 £	2014 £
Analysis by class of business:		
Broadcasting	84,174,597	79,449,577
Match day	18,297,192	17,132,196
Commercial	10,051,636	8,287,824
Other	1,212,012	1,229,162
	<u>113,735,437</u>	<u>106,098,759</u>

Turnover arises solely within the United Kingdom.

## 3 Exceptional items

	2015 £	2014 £
Impairment of player registrations	6,612,260	6,251,704
Cost of onerous and cancelled contracts	8,279,930	-
	<u>14,892,190</u>	<u>6,251,704</u>

# St Mary's Football Group Limited

Notes forming part of the financial statements  
for the year ended 30 June 2015 (continued)

## 4 Operating profit/(loss)

	2015 £	2014 £
This is arrived at after charging/(crediting):		
Depreciation of tangible fixed assets	2,781,450	1,982,356
Amortisation of other intangible fixed assets	29,578,529	20,718,765
Hire of other assets - operating leases	190,285	135,805
Exchange differences	(1,015,097)	(818,614)
Amortisation of grants	(93,360)	(93,360)
Impairment of intangible fixed assets	6,612,260	6,251,704
Loss on disposal of tangible fixed assets	1,308,610	-
	2015 £	2014 £
Fees payable to the company's auditor for the audit of the company's annual accounts	1,240	1,200
Fees payable to the company's auditor or an associate of the company's auditor for other services:		
- the audit of the company's subsidiaries	28,260	27,300
- taxation compliance services	10,500	10,000
- taxation advisory services	57,605	10,800
- interim review	9,500	5,200
- other non-audit services	4,800	8,230

The loss on disposal of tangible fixed assets is in relation to legacy Training Ground assets that have been disposed of as part of the current development project.

## 5 Other operating income

Other operating income in the prior year represents compensation fees receivable.

# St Mary's Football Group Limited

Notes forming part of the financial statements  
for the year ended 30 June 2015 (*continued*)

## 6 Employees

Staff costs (including directors) consist of:

	Group 2015 £	Group 2014 £
Wages and salaries	70,843,127	55,228,097
Social security costs	9,242,129	7,455,823
Other pension costs	316,074	267,216
	<u>80,401,330</u>	<u>62,951,136</u>

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

	Group 2015 Number	Group 2014 Number
Administrative	111	97
Direct	191	186
	<u>302</u>	<u>283</u>

In addition the group employs approximately 605 temporary staff on match days (2014 - 585).

## 7 Directors' remuneration

	2015 £	2014 £
Directors' emoluments - current year	592,604	1,253,646
Company contributions to money purchase pension schemes	24,000	111,010
Compensation for loss of office	-	447,935
	<u></u>	<u></u>

There was 1 director in the group's defined contribution pension scheme during the year (2014 - 2).

The total amount payable to the highest paid director in respect of emoluments was £352,604 (2014 - £1,521,700). Company pension contributions of £24,000 (2014 - £108,076) were made to a money purchase scheme on their behalf.

# St Mary's Football Group Limited

Notes forming part of the financial statements  
for the year ended 30 June 2015 (continued)

## 8 Interest payable and similar charges

	2015 £	2014 £
Bank loans and overdrafts	125,236	108
Finance leases and hire purchase contracts	1,373	1,922
Other interest payable	2,719,928	2,766,151
	<u>2,846,537</u>	<u>2,768,181</u>

## 9 Taxation on profit on ordinary activities

	2015 £	2014 £
<i>Deferred tax</i>		
Origination and reversal of timing differences	3,440,652	(4,787,561)
Adjustment in respect of previous periods	(569,155)	-
	<u>2,871,497</u>	<u>(4,787,561)</u>

The tax assessed for the year is lower than the standard rate of corporation tax in the UK applied to profit before tax.

	2015 £	2014 £
Profit on ordinary activities before tax	<u>14,877,733</u>	<u>28,651,406</u>
Profit on ordinary activities at the standard rate of corporation tax in the UK of 20.75% (2014 - 22.50%)	3,087,130	6,446,566
Effect of:		
Expenses not deductible for tax purposes	482,862	13,758
Capital allowances for period in excess of depreciation	(359,226)	(750,720)
Tax losses (utilised)/not utilised	(3,749,753)	(5,590,829)
Other timing differences	538,987	(118,775)
	<u>-</u>	<u>-</u>
Current tax charge for the year	-	-

# St Mary's Football Group Limited

Notes forming part of the financial statements  
for the year ended 30 June 2015 (*continued*)

## 10 Profit for the financial year

The company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own profit and loss account in these financial statements. The group profit for the year includes a loss after tax of £481,384 (2014 - £726,925) which is dealt with in the financial statements of the parent company.

## 11 Intangible fixed assets

### Group

	Player registrations £	Trademarks £	Total £
<i>Cost or valuation</i>			
At 1 July 2014	82,590,482	1	82,590,483
Additions	81,746,173	-	81,746,173
Disposals	(30,794,789)	-	(30,794,789)
	<hr/>	<hr/>	<hr/>
At 30 June 2015	133,541,866	1	133,541,867
	<hr/>	<hr/>	<hr/>
<i>Amortisation</i>			
At 1 July 2014	41,505,126	-	41,505,126
Provided for the year	29,578,529	-	29,578,529
Disposals	(19,368,494)	-	(19,368,494)
Impairment adjustment	6,612,260	-	6,612,260
	<hr/>	<hr/>	<hr/>
At 30 June 2015	58,327,421	-	58,327,421
	<hr/>	<hr/>	<hr/>
<i>Net book value</i>			
At 30 June 2015	75,214,445	1	75,214,446
	<hr/>	<hr/>	<hr/>
At 30 June 2014	41,085,356	1	41,085,357
	<hr/>	<hr/>	<hr/>

### Company

	Trademarks £
<i>Cost or valuation</i>	
At 1 July 2014 and 30 June 2015	1
	<hr/>
<i>Net book value</i>	
At 30 June 2014 and 30 June 2015	1
	<hr/>

## St Mary's Football Group Limited

Note forming part of the financial statements  
for the year ended 30 June 2015 (*continued*)

### 12 Tangible fixed assets

#### Group

	Freehold land and buildings £	Leasehold land and buildings £	Motor vehicles £	Fixtures and fittings £	Stadium £	Assets in course of construction £	Total £
<i>Cost or valuation</i>							
At 1 July 2014	28,573,433	488,871	99,245	6,219,176	12,759,430	31,579	48,171,734
Additions	5,219,617	-	33,809	1,310,943	24,809	-	6,589,178
Disposals	(1,718,128)	(488,868)	(43,804)	(17,915)	-	-	(2,268,715)
Transfers	-	-	-	31,579	-	(31,579)	-
At 30 June 2015	<b>32,074,922</b>	<b>3</b>	<b>89,250</b>	<b>7,543,783</b>	<b>12,784,239</b>	<b>-</b>	<b>52,492,197</b>
<i>Depreciation</i>							
At 1 July 2014	621,265	488,871	17,359	2,071,420	2,394,482	-	5,593,397
Provided for the year	655,741	-	23,979	1,338,214	763,516	-	2,781,450
Disposals	(409,518)	(488,868)	(2,291)	(17,915)	-	-	(918,592)
At 30 June 2015	<b>867,488</b>	<b>3</b>	<b>39,047</b>	<b>3,391,719</b>	<b>3,157,998</b>	<b>-</b>	<b>7,456,255</b>
<i>Net book value</i>							
At 30 June 2015	<b>31,207,434</b>	<b>-</b>	<b>50,203</b>	<b>4,152,064</b>	<b>9,626,241</b>	<b>-</b>	<b>45,035,942</b>
At 30 June 2014	27,952,168	-	81,886	4,147,756	10,364,948	31,579	42,578,337

# St Mary's Football Group Limited

## Notes forming part of the financial statements for the year ended 30 June 2015 (continued)

### 12 Tangible fixed assets (continued)

The net book value of tangible fixed assets includes an amount of £934,603 (2014 - £1,178,016) in respect of assets held under finance leases and hire purchase contracts. The related depreciation charge on these assets for the year was £243,413 (2014 - £16,734).

### 13 Fixed asset investments

#### Group

	Investment Properties £
<i>Cost or valuation</i>	
At 1 July 2014 and 30 June 2015	1,000,000

#### Company

	Group undertakings £
<i>Cost or valuation</i>	
At 1 July 2014 and 30 June 2015	1,948,438

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

#### *Subsidiary undertakings, associated undertakings and other investments*

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

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

# St Mary's Football Group Limited

Notes forming part of the financial statements  
for the year ended 30 June 2015 (continued)

## 14 Stocks

	Group 2015 £	Group 2014 £	Company 2015 £	Company 2014 £
Finished goods and goods for resale	684,179	374,464	-	-

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

## 15 Debtors

	Group 2015 £	Group 2014 £	Company 2015 £	Company 2014 £
Amounts receivable within one year				
Trade debtors	2,709,692	3,179,115	-	-
Amounts owed by group undertakings	-	-	8,445,379	9,926,762
Other debtors	364,096	1,678,344	-	1
Prepayments and accrued income	2,160,130	2,068,378	-	-
Transfer fees receivable	29,800,000	14,604,000	-	-
Deferred taxation	1,916,064	4,787,561	-	-
	36,949,982	26,317,398	8,445,379	9,926,763
Amounts receivable after more than one year				
Transfer fees receivable	25,000,000	20,000,000	-	-
Total debtors	61,949,982	46,317,398	8,445,379	9,926,763

	Group Deferred taxation £	Company Deferred taxation £
At 1 July 2014	4,787,561	-
Credited to profit and loss account	212,337	-
Utilised in year	(3,083,834)	-
Credited to the profit and loss account and at 30 June 2015	1,916,064	-



# St Mary's Football Group Limited

## Notes forming part of the financial statements for the year ended 30 June 2015 (continued)

### 15 Debtors (continued)

#### Deferred taxation

	Group 2015 £	Group 2014 £
The amount of deferred tax provided for is as follows:		
Accelerated capital allowances	(195,822)	(339,346)
Unutilised losses	1,592,398	5,126,907
Other short term timing differences	519,488	-
	<u>1,916,064</u>	<u>4,787,561</u>

A deferred tax asset has not been fully recognised in respect of timing differences relating primarily to trading losses as there is insufficient evidence that the asset will be recovered. The amount of the asset not recognised is £41,691 (2014: £686,194) of which £41,691 (2014: £133,610) relates to trading losses and £Nil (2014: £552,584) relates to decelerated capital allowances. The asset would be recovered if the company make suitable taxable future profits.

### 16 Creditors: amounts falling due within one year

	Group 2015 £	Group 2014 £	Company 2015 £	Company 2014 £
Bank loans and overdrafts (secured)	14,968,014	14,509,003	-	-
Shareholder loan	1,701,000	1,000	1,000	1,000
Trade creditors	4,230,172	2,968,394	-	-
Taxation and social security	3,896,521	13,941,488	-	-
Obligations under finance lease and hire purchase contracts	390,250	362,000	-	-
Other loan	13,940,940	21,059,591	-	-
Transfer fees payable	22,115,509	21,657,539	-	-
Other creditors	2,015,876	2,371,081	-	-
Accruals and deferred income	28,938,745	24,158,245	1,000,000	1,000,000
	<u>92,197,027</u>	<u>101,028,341</u>	<u>1,001,000</u>	<u>1,001,000</u>

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

The increase in the bank loan during the year is as a consequence of foreign exchange movements; there has been no increase in the utilised facility.

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

# St Mary's Football Group Limited

Notes forming part of the financial statements  
for the year ended 30 June 2015 (*continued*)

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

	Group 2015 £	Group 2014 £	Company 2015 £	Company 2014 £
Shareholder loan	30,999,988	14,699,988	-	-
Obligations under finance lease and hire purchase contracts	205,083	595,333	-	-
Transfer fees payable	21,152,334	4,302,125	-	-
Accruals and deferred income	3,275,380	3,368,740	-	-
	<u>55,632,785</u>	<u>22,966,186</u>	<u>-</u>	<u>-</u>
Maturity of debt:				
	Loans and overdrafts 2015 £	Loans and overdrafts 2014 £	Finance leases 2015 £	Finance leases 2014 £
In one year or less, or on demand	<u>30,609,954</u>	<u>35,568,594</u>	<u>390,250</u>	<u>362,000</u>
In more than one year but not more than two years	9,000,000	14,699,988	205,083	390,250
In more than two years but not more than five years	<u>21,999,988</u>	<u>-</u>	<u>-</u>	<u>205,083</u>
	<u>30,999,988</u>	<u>14,699,988</u>	<u>205,083</u>	<u>595,333</u>

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

Football Trust grants of £3,275,380 (2014 - £3,368,740), are classified as accruals and deferred income within creditors falling due after more than one year and £93,360 (2014 - £93,360) falling due within one year, being the amortisation that will be credited in the next accounting period.

# St Mary's Football Group Limited

Notes forming part of the financial statements  
for the year ended 30 June 2015 (*continued*)

## 18 Provisions for liabilities

### Group

	Contingent transfer fees £	Provision for other costs £	Total £
At 1 July 2014	655,048	1,000,000	1,655,048
Arising in the year	5,936,139	4,022,830	9,958,969
Paid in the year	-	(1,000,000)	(1,000,000)
Utilised in the year	(3,923,723)	-	(3,923,723)
	<hr/>	<hr/>	<hr/>
At 30 June 2015	<b>2,667,464</b>	<b>4,022,830</b>	<b>6,690,294</b>
	<hr/>	<hr/>	<hr/>

### Company

	Provision for other costs £
At 1 July 2014	1,000,000
Utilised in year	(1,000,000)
	<hr/>
At 30 June 2015	-
	<hr/>

The provision for other costs in the prior year related to liabilities dependent upon retaining Premier League status.

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

# St Mary's Football Group Limited

## Notes forming part of the financial statements for the year ended 30 June 2015 (continued)

### 19 Pensions

The group operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the group in an independently administered fund. The pension charge amounted to £316,074 (2014 - £267,216). Contributions amounting to £Nil (2014 - £Nil) were payable to the fund and are included in creditors.

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

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

The latest actuarial valuation of the scheme at 31 August 2012 indicated that the Club's provisional share of the deficit as at 30 June 2012 was £678,433. Following contributions made to the scheme during the subsequent three years, this liability has been reduced to £146,977 and is included in accruals.

### 20 Share capital

	2015 £	2014 £
<i>Allotted, called up and fully paid</i>		
2 Ordinary of £1 each	2	2

### 21 Reserves

#### Group

	Share premium account £	Capital Contribution Reserve £	Profit and loss account £
At 1 July 2014	11,999,999	25,988,244	(6,149,695)
Profit for the year	-	-	12,006,236
At 30 June 2015	11,999,999	25,988,244	5,856,541

# St Mary's Football Group Limited

Notes forming part of the financial statements  
for the year ended 30 June 2015 (*continued*)

## 21 Reserves (*continued*)

### Company

	Share premium account £	Profit and loss account £
At 1 July 2014	11,999,999	(2,125,799)
Loss for the year	-	(481,384)
	<hr/>	<hr/>
At 30 June 2015	<b>11,999,999</b>	<b>(2,607,183)</b>
	<hr/>	<hr/>

## 22 Reconciliation of movements in shareholder's funds

	Group 2015 £	Group 2014 £	Company 2015 £	Company 2014 £
Profit/(loss) for the year	<b>12,006,236</b>	33,438,967	<b>(481,384)</b>	(726,925)
Opening shareholder's funds/(deficit)	<b>31,838,550</b>	(1,600,417)	<b>9,874,202</b>	10,601,127
	<hr/>	<hr/>	<hr/>	<hr/>
Closing shareholder's funds	<b>43,844,786</b>	31,838,550	<b>9,392,818</b>	9,874,202
	<hr/>	<hr/>	<hr/>	<hr/>

## 23 Contingent liabilities

Excluding items already provided in the balance sheet, at 30 June 2015 Southampton Football Club had a liability to pay up to £5,124,528 (2014 - £1,656,000) to other clubs in respect of players under contract, dependent upon the number of first team appearances, goals and international debuts being made.

At 30 June 2015 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.

# St Mary's Football Group Limited

Notes forming part of the financial statements  
for the year ended 30 June 2015 (continued)

## 24 Commitments under operating leases

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

	Land and buildings 2015 £	Other 2015 £	Land and buildings 2014 £	Other 2014 £
Operating leases which expire:				
Within one year	-	4,656	-	-
In two to five years	138,285	32,551	138,285	-
	<u>138,285</u>	<u>37,207</u>	<u>138,285</u>	<u>-</u>

## 25 Capital commitments

	Group 2015 £	Group 2014 £	Company 2015 £	Company 2014 £
Contracted but not provided for	<u>308,527</u>	<u>375,000</u>	<u>-</u>	<u>-</u>

## 26 Related party disclosures

The group has received loans amounting to £32,700,988 (2014: £14,700,994) from the shareholder. Accrued interest on the loans amounts to £1,600,879 (2014: £828,315).

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

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

The ultimate controlling party is K Liebherr.

# St Mary's Football Group Limited

Notes forming part of the financial statements  
for the year ended 30 June 2015 (continued)

## 28 Post balance sheet events

Since the year end, the group has entered into the sale and purchase of players with net transactions amounting to £2,834,392 payable.

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

	2015 £	2014 £
Operating loss	(26,499,582)	(526,649)
Amortisation of intangible fixed assets	29,578,529	20,718,765
Depreciation of tangible fixed assets	2,781,450	1,982,356
Loss on sale of tangible fixed assets	1,308,610	-
(Decrease)/Increase in provisions	4,022,830	-
(Increase)/decrease in stocks	(309,715)	511,306
Decrease/(increase) in debtors	5,577,919	(7,639,498)
(Decrease)/increase in creditors	(4,951,440)	11,953,970
Exchange adjustments	(1,015,106)	(2,035,530)
Impairment of intangible fixed assets	6,612,260	6,251,705
	<u>17,105,755</u>	<u>31,216,425</u>
Net cash inflow from operating activities		

## 30 Reconciliation of net cash flow to movement in net debt

	2015 £	2014 £
(Decrease)/increase in cash	(11,652,226)	12,081,613
Cash outflow from changes in debt	(10,519,348)	(17,551,831)
	<u>(22,171,574)</u>	<u>(5,470,218)</u>
Movement in net debt resulting from cash flows		
Exchange difference	(459,012)	818,614
Inception of new finance lease	-	(1,151,250)
	<u>(459,012)</u>	<u>(332,636)</u>
Movement in net debt	(22,630,586)	(5,802,854)
Opening net debt	(25,094,346)	(19,291,492)
	<u>(47,724,932)</u>	<u>(25,094,346)</u>
Closing net debt		

# St Mary's Football Group Limited

Notes forming part of the financial statements  
for the year ended 30 June 2015 (*continued*)

## 31. Analysis of net debt

	At 1 July 2014 £	Cash flow £	Reclassification of debt £	Exchange adjustment £	At 30 June 2015 £
Cash at bank and in hand	26,132,569	(11,652,226)	-	-	<b>14,480,343</b>
Debt due within one year	(35,569,594)	21,718,652	(16,300,000)	(459,012)	<b>(30,609,954)</b>
Debt due after one year	(14,699,988)	(32,600,000)	16,300,000	-	<b>(30,999,988)</b>
Finance leases	(957,333)	362,000	-	-	<b>(595,333)</b>
		<u>(10,519,348)</u>			
Total	<u>(25,094,346)</u>	<u>(22,171,574)</u>	<u>-</u>	<u>(459,012)</u>	<u><b>(47,724,932)</b></u>