

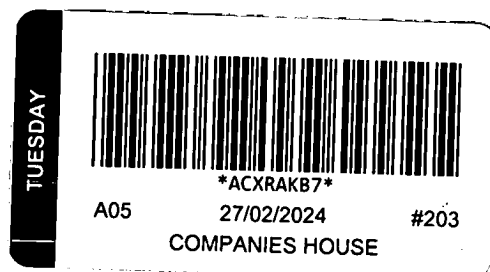
St Mary's Football Group Limited

Annual Report and Financial Statements

Year Ended

30 June 2023

Company Number 06951765



St Mary's Football Group Limited

Company Information

Directors	R Ankersen R Bogli H J Kraft A T Young D Solak P J S Parsons
Company secretary	T Greenwell
Registered number	06951765
Registered office	St Mary's Stadium Britannia Road Southampton Hampshire SO14 5FP
Independent auditor	BDO LLP Arcadia House Maritime Walk Ocean Village Southampton 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 2023

The principal activity of St Mary's Football Group Limited (the "Group"), is that of a football club (Southampton Football Club Limited (the "Club"), a direct subsidiary), whose men's team participates in the English Football League Championship ("EFL Championship") and whose women's team, operating through Southampton Girls and Women's Football Club Limited, an indirect subsidiary, participates in the Football Association ("FA") Women's Championship.

Football Overview

Men's

From a sporting perspective, the 2022/23 season was a disappointing one for the men's first team, which culminated in relegation from the Premier League to the EFL Championship, with the team finishing a disappointing 20th place in the Premier League (2021/22: 15th), marking the end of an eleven-season stay in the Premier League.

In the Cup competitions, the Club fared well, knocking out Manchester City en route to reaching the semi-finals of the EFL Cup, before losing to Newcastle United (2021/22: fourth round), and it reached the fifth round of the FA Cup (2021/22: quarter finals).

In addition, during the year, the Club parted ways with three first team managers and associated support staff, including Ralph Hasenhuttl in November 2022, his replacement, Nathan Jones in February 2023, and his replacement, Ruben Selles, following the conclusion of the football season.

Russell Martin was subsequently hired as the first team manager ahead of the 2023/24 EFL Championship season, and at the time of writing, the first team has made a positive start to the season and are currently in the playoff positions, pushing towards promotion back to the Premier League at the first attempt.

The U21 team, participating in the U21 Premier League 2 Division 2 in season 2022/23, experienced a very positive season, culminating in the team winning the league, whilst also reaching the quarter-finals of the U21 Premier League Cup. At the time of writing, the U21 team has had a testing start to the 2023/24 Premier League 2 season and is currently 18th out of 26 teams in the newly-formatted Premier League 2 whilst also competing in the U21 Premier League International Cup.

The U18 team, participating in the U18 Premier League South in season 2022/23, experienced an equally positive season, culminating in the team finishing 8th in the league, whilst also reaching the semi-finals of the U18 FA Youth Cup. At the time of writing, the U18 team has experience a challenging start to the 2023/24 U18 Premier League season and is currently 11th in the league.

Women's

The Club is delighted with the continuous development of the women's and girls' programme which saw the first team undertake their first season under the full-time operating model, based at the Club's main training facility, Staplewood Campus. The first team competed formidably in the FA Women's Championship having only been promoted the season before, which culminated in an encouraging 6th-placed finish at the end of the season, whilst they also competed well in the Women's FA Cup and Continental League Cup group stages respectively.

At the time of writing the first team are in 3rd place in the Championship and have acquitted themselves admirably during their second season, having won seven of their first eleven matches, whilst also performing well against Women's Super League teams Bristol City and Arsenal in the Continental League Cup group stage thus far, with the latter attracting a record attendance for a women's fixture at St Mary's Stadium of 12,554 fans.

St Mary's Football Group Limited

Group Strategic Report (continued) for the Year Ended 30 June 2023

Financial Overview

The Group reports a loss before interest and tax of £70.5m (2022: loss of £6.0m), with net liabilities decreasing to £4.4m (2022: net assets - £4.2m). The net liabilities increasing by £8.5m due to the loss in the year less the equity injection from the parent company.

A summary of results is given below:

	2023 £000	2022 £000
Turnover	145,539	150,628
Operating costs	(171,722)	(153,112)
Other operating income	28	99
Loss before player trading	(26,155)	(2,385)
Player trading	(44,285)	(3,569)
Loss on disposal of assets	(53)	(29)
Loss before interest and tax	(70,493)	(5,983)

The men's first team finished in 20th place in the Premier League in season 2022/23 (2021/22: 15th), and consequently the Group has seen a £5.1m (3%) decrease in its turnover to £145.5m.

This decrease in turnover is primarily the result of a reduction to the merit-based broadcasting turnover due to the men's first team finishing 5 positions lower in the Premier League table, offset by an increased level of facility fee turnover associated with the number of live televised games in the year, which led to a net £7.2m (6%) decrease to the total broadcasting turnover from £115.2m to £108.0m.

Offsetting this reduction to turnover was an increase of £1.8m (10%) matchday income from £17.4m to £19.2m, which was largely the result of greater cup fixture ticket sales due to the Club's success in the EFL Cup, in addition to improved season ticket sales.

Commercial turnover fell slightly from £15.9m to £15.6m (a 2% reduction), largely due to a reduction to the Club's partnerships income, which was impacted by the Club's kit partner going into administration during the year, offset by greater turnover generated on the other Club's partnerships, notably the regional and international football coaching partnerships.

Moreover, the Group also incurred significant settlement and post-termination costs as a result of the changes to the first team coaching setup throughout the year, totalling approximately £14.6m to both the former clubs of managers subsequently employed by the Club, in addition to the managers and coaching staff with whom the Club parted company during the season, which compares adversely to similarly incurred costs of £1.1m in season 2021/22.

In addition to the decrease in turnover and increase in operating costs, there was an increase in the loss before tax, primarily due to lower profit on the disposal of players, which fell by £23.8m to £7.4m in the year (2022: £31.2m). In the current year, net profit was generated on the sales of Romeu, Valery, Jay-Morgan, NLundulu and Orsic, together with contingent transfer receipts in relation to previously transferred players crystallising during the season, which compares adversely to the previous year, when profit on the disposal of players was generated from the sales of Alleyne, Beach, Gunn, Ings, Jankewitz, Lemina, Obafemi, Tchaptchet and Vestergaard, together with contingent transfer receipts similarly crystallised.

The amortisation of player registrations also increased by £16.9m to £52.0m (2022: £35.1m), exacerbating the loss before interest and tax, which was largely driven by the investments in player acquisitions in the Summer 2022 and Winter 2023 transfer windows, comprising Bazunu, Bella-Kotchop, Lavia, Aribo, Mara, Caleta-Car, Edozie, Larios, Orsic, Bree, Alcaraz, Sulemana and Onuachu, in addition to the loan of Maitland-Niles.

The Group's cash balance at the Statement of Financial Position date was £13.7m (2022: £21.5m) and there has been no material change in the amount of loans payable at the Statement of Financial Position date year-on-year, with the increase from £91.6m to £93.5m largely due to timing differences around the amount of interest accrued at the year-end.

St Mary's Football Group Limited

Group Strategic Report (continued) for the Year Ended 30 June 2023

Key Performance Indicators

Due to the nature of the Group and Club's activities, the directors consider the Club's final league position at each season end as its principal key performance indicator.

As well as this, the directors consider further key performance indicators to be:

- the length of the men's first team playing contracts, with the average length remaining at the Statement of Financial Position date being 27 months (2022: 31 months);
- the all-staff wages to turnover ratio, which increased year-on-year from 75% in 2022 to 84% in 2023, with the increase being the result of the reduction in turnover and the compensation and post-termination payments as outlined in the Financial Overview. Excluding the compensation and post-termination costs for the first team managers and coaching staff would result in an all-staff wages to turnover ratio of 77% (75% in 2022). Year-on-year player remuneration for the men's first team increased slightly to £89.4m from £87.0m (61% of turnover in 2023, 58% in 2022);
- the number of players with international recognition at senior or U-21 level. The men's first team squad had 29 players with such recognition (2022: 23) and the women's first team squad had 7 players (2022: 4);
- international honours at youth level. 29 male players and 4 female players represented their country at international youth level during the 2022/23 season (15 and 8 respectively during the 2021/22 season);
- the number of male players signed on scholarship agreements. The Club had an average of 27 scholars across the 2022/23 season (27 during the 2021/22 season);
- academy players representing the first team. 9 male and 1 female academy players represented their respective first teams in a competitive fixture during the 2022/23 season (7 and 3 respectively during the 2021/22 season).

Infrastructure and People

The Group continues its investment at St Mary's Stadium, incurring expenditure on the new LED big screens in addition to infrastructure required to comply with Premier League regulations and further developments to the hospitality lounges.

Moreover, the Group also incurred software and development expenditure on its new website, which was also launched during the financial year.

At the Staplewood training facility the Group completed the development of a new state-of-the-art gym facility, trebling the floor space of the current men's first team facility.

The average number of employees during the year was 442 and increased compared to the prior year (408), with the increase largely attributed to the continued growth of the full-time operating model of the women's and girls' programme in addition to the in-housing of the Group's retail operations.

Following the conclusion of the 2022/23 season several organisational changes were made ahead of the 2023/24 season, most notably at the Board of Directors and Executive team level, with most changes coming into effect following the conclusion of the year-ended 30th June 2023.

The Group is delighted to continue to promote Saints Foundation, the Group's affiliated charity, and all its excellent work in the community. During the year the Group has continued to provide support and donations both in-kind and financially to support Saints Foundation's initiatives, which include work supporting numeracy and literacy in primary schools through to physical activity sessions for older people, and many activities in between. Overall, during the 2022/23 delivery season, the charity engaged over 5,300 individuals aged between 6-97, for more than 82,000 hours across their 15 different projects.

St Mary's Football Group Limited

Group Strategic Report (continued) for the Year Ended 30 June 2023

Principal risks & uncertainties

Team performance risk

As is common with many professional football clubs, a principal risk is the performance of the men's first team and the league in which it operates. The Group manages the impact of this through close control and detailed forecasting of its direct costs and cash outgoings, relative to forecast income and cash incomings.

Liquidity risk

The Group reported a net debt position of £80.0m at the Statement of Financial Position date (2022: net debt of £70.8m).

Gross debt has remained broadly the same, totalling £93.5m at the Statement of Financial Position date (2022: £91.6m) with the year on year increase linked to the change in Swiss Franc:£sterling exchange rate in addition to the timing of accrued interest payable on the loans.

Credit risk

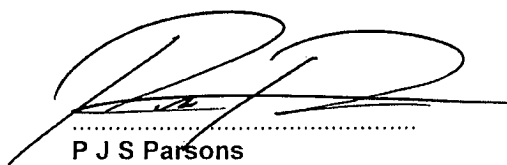
This relates primarily to trade debtors from commercial activities and player trading and the Group monitors this risk closely with the aim of minimising it at all times.

Political risk

The main political risks that are monitored by the group are around the impact on the price of goods, services and utilities, in part due to the Russia/Ukraine conflict, and the consequent high levels of inflation within the UK, which it manages through close cost control and a detailed tendering and procurement process. Furthermore, the high interest rates within the UK is another risk closely monitored, which the Group manages through detailed forecasting of the net and gross debt requirements, close monitoring of working capital requirements within the Group and maximising its utilisation of interest-bearing accounts.

The directors have concluded, after reviewing the work performed and detailed above, that they can adopt the going concern basis in preparing these financial statements.

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



P J S Parsons

Director

Date: 22nd February 2024

St Mary's Football Group Limited

Section 172 Statement for the Year Ended 30 June 2023

Section 172 of the Companies Act 2006 requires directors to take into consideration the interests of stakeholders and other matters in their decision making. The directors continue to have regard to the interests of the Group's employees and other stakeholders, the impact of its activities on the community, the environment and the Group's reputation for good business conduct, when making decisions. In this context, acting in good faith and fairly, the directors consider what is most likely to promote the success of the Group for its members in the long term. We explain in these financial statements, and below, how the Board engages with stakeholders:

- Relations with key stakeholders such as employees, shareholders, customers, the local community and suppliers are considered in more detail within the "Employee Involvement" section of the Director's Report and the "Infrastructure & People" section of the Strategic Report.
- The directors are fully aware of their responsibilities to promote the success of the Group in accordance with section 172 of the Companies Act 2006 and this is promoted at every Board meeting. As required, the Chief Financial Officer, the Finance Director and the Company Secretary will provide further support to the Board to help ensure that sufficient consideration is given to issues relating to the matters set out in s172(1)(a)-(f).
- The Board regularly reviews the Group's principal stakeholders and how it engages with them. This is achieved through information provided by the executive and senior leadership teams, in particular within fortnightly executive team and leadership team meetings, and also by direct engagement with stakeholders themselves, notably with multiple forums across the year.
- The Board has enhanced its methods of engagement with the workforce and Board updates are provided to all employees at regular intervals. There are fortnightly all-staff in-person meetings, which include question and answer sessions during which the Board provides business, operational and strategic updates to all employees, as well as a bi-annual all-staff interactive strategy sessions..
- We aim to work responsibly with our stakeholders, including suppliers. The Board has recently reviewed its anti-corruption and anti-bribery, equal opportunities and whistleblowing policies and regular training is undertaken on such matters.

The key Board decisions made in the year are set out below:

Significant events/decisions	Key s172 matter(s) affected	Actions and impact
Relegation of the Club from the Premier League to the EFL Championship	Employees, customers/fans, suppliers,	<ul style="list-style-type: none"> • Extensive financial modelling and scenario analysis was undertaken from an early stage and discussed with the Board of Directors and ownership group, and any working capital funding requirements were highlighted, including a refinancing of the MSD bank loan, which was undertaken during the year. • An internal email was circulated to employees outlining the impact of relegation on operational matters & an announcement was made regarding any internal restructuring processes that would be undertaken. • Individual and group staff meetings were held to give the opportunity for information to be shared and allow for questions regarding the restructuring process. • A press release was shared externally via media outlets and the Club's website once the relegation was officially confirmed, outlining the continued commitment of the ownership group and organisational changes that would be taken in order to give the Club the best chance possible to be promoted back to the Premier League at the first attempt.

St Mary's Football Group Limited

Section 172 Statement (continued) for the Year Ended 30 June 2023

Termination of the employment, and recruitment of three first team managers (and associated staff) during the season.	Employees, customers/fans	<ul style="list-style-type: none"> During the season the Club terminated the employment of Ralph Hassenhutt and supporting staff as members of the men's first team coaching staff before replacing them with Nathan Jones, Chris Cohen & Alan Sheehan. Their employment was subsequently terminated and Ruben Selles was hired as a replacement, before his employment was also terminated. Russell Martin was subsequently hired as his replacement, together with Matthew Gill and Dean Thornton as members of the first team coaching staff. An internal memo was circulated to all employees prior to the news of each employee termination and replacement hire being released externally, at which point formal statements were posted on the Club's official website announcing the news.
Development of a gym at Staplewood Campus.	Employees, suppliers	<ul style="list-style-type: none"> An employee working group assessed the long-term viability of the existing first team gym A third-party design company was engaged to provide alternative solutions. Planning permission was obtained from New Forest District Council for a new standalone building within available space at the Staplewood Campus site. Construction work began and any impact on working space at Staplewood was notified to employees on a regular basis. Expenditure incurred and work undertaken by the suppliers was closely monitored by the working group with a view to ensuring the gym opened during the season.

St Mary's Football Group Limited

Directors' Report for the Year Ended 30 June 2023

The directors present their report and the financial statements for the year ended 30 June 2023.

Results and dividends

The loss for the year, after taxation, amounted to £93.5m (2022: loss of £13.2m).

No dividend (2022: £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 executive team, senior leadership team and department meetings to ensure a flow of information across all levels. Alongside this are a number of company-wide communication channels, most notably monthly all-staff meetings and our intranet, Team Talk Live. Company Handbooks, Game Plan Performance and Development Reviews and strategic email communication supplement these.

The Group continues to put in place measures directly aimed at promoting the health and wellbeing of employees, including the continuation and promotion of an Employee Assistance programme. A series of measures were introduced to support staff with the increasing costs of living across winter 2022/23, such as interest-free loans, free canteen meals and supermarket vouchers.

Finally, the Group continues to encourage 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:

R Ankersen
R Bogli
H J Kraft
M Semmens (resigned 9 June 2023)
D Solak
T Steele (resigned 4 October 2023)

The following directors were appointed after the year end:

P J S Parsons (appointed 1 July 2023)
A T Young (appointed 1 July 2023)

Future developments

No significant change in the principal activities of the Group is expected in the foreseeable future.

Charitable donations

During the year the Group made charitable donations totalling £51,000 (2022: £112,000)

St Mary's Football Group Limited

Directors' Report (continued) for the Year Ended 30 June 2023

Environmental matters and energy and carbon reporting

The Group has taken the available exemption to not disclose a separate energy and carbon report in these financial statements as it is included in the financial statements of its indirect parent company, Sport Republic Holding Limited.

The Group has the Environmental Standard ISO 14001 accreditation.

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.

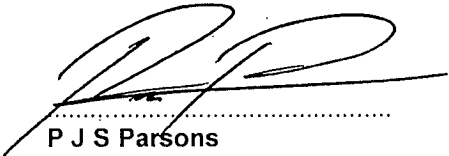
Post Statement of Financial Position events

A full description of the events after the Statement of Financial Position date is stated in note 32.

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:



P J S Parsons
Director
Date: 22nd February 2024

St Mary's Football Group Limited

Directors' Responsibilities Statement for the Year Ended 30 June 2023

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 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; and
- 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 and the Group'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

Opinion on the financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 30 June 2023 and of the Group's loss for the year then ended;
- the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of St Mary's Football Group Limited ("the Parent Company") and its subsidiaries ("the Group") for the year ended 30 June 2023 which comprise Consolidated Statement of Comprehensive Income, Consolidated Statement of Financial Position, Company Statement of Financial Position, Consolidated Statement of Changes in Equity, Company Statement of Changes in Equity, Consolidated Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group and the Parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group or Parent Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

St Mary's Football Group Limited

Independent Auditor's report to the member of St Mary's Football Group Limited (continued)

Other information

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

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

We have nothing to report in this regard.

Other Companies Act 2006 reporting

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

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

In the light of the knowledge and understanding of the Group and the Parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report or the Directors' report.

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

- adequate accounting records have not been kept 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.

Responsibilities of Directors

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

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

St Mary's Football Group Limited

Independent Auditor's report to the member of St Mary's Football Group Limited (continued)

Auditor's responsibilities for the audit of the financial statements

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

Extent to which the audit was capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Non-compliance with laws and regulations

Based on our understanding of the Group and the industry in which it operates we considered the significant laws and regulations such as the Companies Act 2006 and UK tax legislation.

The Group is also subject to laws and regulations where the consequence of non-compliance could have a material effect on the amount or disclosures in the financial statements. We identified the following areas as those most likely to have such an effect: health and safety, anti-bribery and employment law. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. Therefore if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Our procedures in respect of the above included:

- Discussions with management, including consideration of known or suspected instances of non-compliance with laws and regulations;
- Review of financial statement disclosures and agreeing to supporting documentation;

Fraud

We assessed the susceptibility of the financial statements to material misstatement, including fraud. Our risk assessment procedures included:

- Enquiry with management and those charged with governance regarding any known or suspected instances of fraud;
- Obtaining an understanding of the Group's policies and procedures relating to:
 - Detecting and responding to the risks of fraud; and
 - Internal controls established to mitigate risks related to fraud.
- Discussion amongst the engagement team as to how and where fraud might occur in the financial statements.

Our procedures in respect of the above included:

- Testing a sample of journal entries throughout the year, which met a defined risk criteria, by agreeing to supporting documentation, and
- We reviewed and assessed the appropriateness of management estimates and exercised professional scepticism in considering the impact of those estimates in the financial statements.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members who were all deemed to have appropriate competence and capabilities and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

St Mary's Football Group Limited


Independent Auditor's report to the member of St Mary's Football Group Limited (continued)

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

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

Use of our report

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

DocuSigned by:

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Stephen Le Bas (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
Southampton, UK
22 February 2024

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

St Mary's Football Group Limited

Consolidated Statement of Comprehensive Income for the Year Ended 30 June 2023

	Note	Operations excluding player trading 2023 £000	Player trading* 2023 £000	Total 2023 £000	Total 2022 £000
Turnover	4	145,539	-	145,539	150,628
Cost of sales		(155,778)	(51,993)	(207,771)	(171,928)
Gross loss		(10,239)	(51,993)	(62,232)	(21,300)
Administrative expenses		(15,944)	-	(15,944)	(16,318)
Other operating income	5	28	265	293	461
Operating loss	6	(26,155)	(51,728)	(77,883)	(37,157)
Loss on disposal of assets		(53)	-	(53)	(29)
Profit on disposal of players		-	7,443	7,443	31,203
Loss on ordinary activities before interest		(26,208)	(44,285)	(70,493)	(5,983)
Interest receivable and similar income	10	1,555	-	1,555	1,632
Interest payable and similar charges	11	(18,105)	-	(18,105)	(11,059)
Loss on ordinary activities before taxation		(42,758)	(44,285)	(87,043)	(15,410)
Tax on loss	12	(6,487)	-	(6,487)	2,200
Loss and total comprehensive loss for the year		(49,245)	(44,285)	(93,530)	(13,210)

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

The notes on pages 22 to 43 form part of these financial statements.

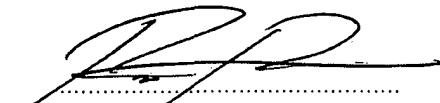
St Mary's Football Group Limited

Registered number: 06951765

Consolidated Statement of Financial Position as at 30 June 2023

	Note	2023 £000	2023 £000	2022 £000	2022 £000
Fixed assets					
Intangible assets	13		128,623		82,440
Tangible assets	14		43,835		42,758
			<u>172,458</u>		<u>125,198</u>
Current assets					
Stocks	16	321		-	
Debtors: amounts falling due within one year	17	12,165		16,075	
Debtors: amounts falling due after more than one year	17	12,149		28,648	
Cash at bank and in hand		13,676		21,516	
		<u>38,311</u>		<u>66,239</u>	
Creditors: amounts falling due within one year	18	(116,571)		(72,541)	
Net current liabilities			<u>(78,260)</u>		<u>(6,302)</u>
Total assets less current liabilities			<u>94,198</u>		<u>118,896</u>
Creditors: amounts falling due after more than one year	19		(95,233)		(109,032)
Provisions for liabilities					
Other provisions	22		(3,319)		(5,688)
Net (liabilities)/assets			<u>(4,354)</u>		<u>4,176</u>
Capital and reserves					
Share capital	24		-		-
Share premium account	25		116,000		31,000
Capital contribution reserve	25		27,988		27,988
Profit and loss account	25		(148,342)		(54,812)
Liabilities attributable to the owner of the parent Company			<u>(4,354)</u>		<u>4,176</u>

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


P J S Parsons
Director
Date: 22nd February 2024

The notes on pages 22 to 43 form part of these financial statements.

St Mary's Football Group Limited

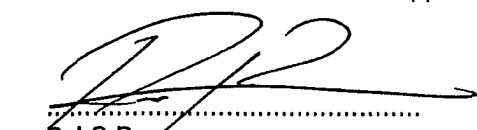
Registered number: 06951765

Company Statement of Financial Position as at 30 June 2023

	Note	2023 £000	2023 £000	2022 £000	2022 £000
Fixed assets					
Investments	15		1,948		1,948
Current assets					
Debtors: amounts falling due within one year	17	154,681		78,817	
Debtors: amounts falling due within one year	17	1,605		2,042	
		<u>156,286</u>		<u>80,859</u>	
Creditors: amounts falling due within one year	18	(28,681)		(1)	
Net current assets			<u>127,605</u>		<u>80,858</u>
Total assets less current liabilities			<u>129,553</u>		<u>82,806</u>
Creditors: amounts falling due after more than one year	19		(51,905)		(78,976)
Net assets			<u>77,648</u>		<u>3,830</u>
Capital and reserves					
Share capital	24		-		-
Share premium account	25		116,000		31,000
Profit and loss account	25		(38,352)		(27,170)
			<u>77,648</u>		<u>3,830</u>

The Company has taken advantage of the exemption allowed under Section 408 of the Companies Act 2006 and has not prepared its own Statement of Comprehensive Income in these financial statements. The loss for the year after tax of the Company was £11,182,000 (2022: £8,582,000).

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


P J S Parsons
Director
Date: 22nd February 2024

The notes on pages 22 to 43 form part of these financial statements.

St Mary's Football Group Limited

Consolidated Statement of Changes in Equity for the Year Ended 30 June 2023

	Share premium £000	Capital contribution reserve £000	Retained losses £000	Total equity £000
At 30 June 2021	31,000	27,988	(41,602)	17,386
Comprehensive loss for the year				
Loss for the year	-	-	(13,210)	(13,210)
At 30 June 2022	31,000	27,988	(54,812)	4,176
Comprehensive loss for the year				
Shares issued in the year	85,000	-	-	85,000
Loss for the year	-	-	(93,530)	(93,530)
At 30 June 2023	116,000	27,988	(148,342)	(4,354)

The notes on pages 22 to 43 form part of these financial statements.

St Mary's Football Group Limited

Company Statement of Changes in Equity for the Year Ended 30 June 2023

	Share premium £000	Retained losses £000	Total equity £000
At 30 June 2021	31,000	(18,588)	12,412
Comprehensive loss for the year			
Loss and total comprehensive loss for the year	-	(8,582)	(8,582)
At 30 June 2022	31,000	(27,170)	3,830
Comprehensive loss for the year			
Shares issued in the year	85,000	-	85,000
Loss and total comprehensive loss for the year	-	(11,182)	(11,182)
At 30 June 2023	116,000	(38,352)	77,648

The notes on pages 22 to 43 form part of these financial statements.

St Mary's Football Group Limited

Consolidated Statement of Cash Flows for the Year Ended 30 June 2023

	2023 £000	2022 £000
Cash flows used in operating activities		
Loss for the financial year	(93,530)	(13,210)
Adjustments for:		
Depreciation, amortisation and impairment	56,408	38,894
Loss on disposal of tangible assets	53	29
Net interest payable	16,550	9,427
Taxation charge/(credit)	6,487	(2,200)
(Increase)/decrease in stock	(321)	12
Decrease/(increase) in debtors	1,901	(3,860)
Decrease in creditors	(12,561)	(2,774)
Increase/(decrease) in provisions	1,459	(1,533)
Loss on foreign exchange	267	1,142
Profit on disposal of players	(7,443)	(31,203)
Tax received	489	-
Net cash used in operating activities	(30,241)	(5,276)
Cash flows used in investing activities		
Purchase of intangible fixed assets	(71,550)	(43,221)
Purchase of tangible fixed assets	(5,622)	(2,365)
Proceeds from sale of intangible fixed assets	24,267	52,005
Proceeds from sale of tangible fixed assets	199	-
Interest received	580	-
Net cash used in investing activities	(52,126)	6,419
Cash flows used in financing activities		
Capital element of lease repaid	(586)	(148)
Interest paid	(9,887)	(8,007)
New bank loans	80,000	-
Repayment of bank loans	(80,000)	-
Repayment of other loans	-	(229)
Shares issued in the year	85,000	-
Net cash generated from/(used in) financing activities	74,527	(8,384)
Net decrease in cash and cash equivalents	(7,840)	(7,241)
Cash and cash equivalents at the beginning of year	21,516	28,757
Cash and cash equivalents at the end of year	13,676	21,516
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	13,676	21,516

The notes on pages 22 to 43 form part of these financial statements.

St Mary's Football Group Limited

Notes to the Financial Statements for the Year Ended 30 June 2023

1. General information

St Mary's Football Group Limited is a private company, limited by shares, 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.

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 judgement 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 the 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.

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; and
- 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.

2.4 Going concern

In assessing the appropriateness of the going concern assumption, the directors have produced detailed cash flow forecasts for the Group, which extend for the period of 12 months from the approval of the financial statements. The cash flow forecasts assume that the men's first team retains EFL Championship status at the end of the 2023/24 season, and does not get promoted to the Premier League. Within this scenario there is a funding requirement from the Group's shareholders to enable the Group to continue to meet its obligations as they fall due for a period of not less than 12 months from the approval of these financial statements. Such funding is expected to be in the form of equity and, further to the equity injection of £85m in the year-ended 30th June 2023, the shareholders have indicated their willingness and intention to continue to provide financial support to the Group. In addition, the directors consider that the market value of the first team squad is in excess of its carrying value in the financial statements, with player transfers remaining a source of liquidity, if required.

St Mary's Football Group Limited

Notes to the Financial Statements (continued) for the Year Ended 30 June 2023

2. Accounting policies (continued)

2.4 Going concern (continued)

The directors have concluded, after reviewing the work performed and detailed above, that they can adopt the going concern basis in preparing these financial statements.

2.5 Turnover

Turnover represents the total amount receivable from the principal activities of the Group, excluding transfer fees receivable, and is stated net of value added tax. The fixed element of broadcasting turnover is recognised as games are performed over the length of the football season, whilst facility fees for live coverage or highlights are recognised as and when the point of broadcast occurs. Merit payments are accounted for once known at the end of the season to which they relate and accrued if not received by the end of the financial year. Match day turnover 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 turnover 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 their present value at the date of the 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 being made, are capitalised in the year when it is considered probable that the conditions of the transfer agreement 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.

St Mary's Football Group Limited

Notes to the Financial Statements (continued) for the Year Ended 30 June 2023

2. Accounting policies (continued)

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 the Statement of Comprehensive Income during the period in which they are incurred.

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:

Motor vehicles	- between 5 and 10 years
Fixtures, fittings and equipment	- between 3 and 10 years
Stadium and other freehold buildings	- between 5 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 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.9 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.

2.10 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 2023

2. Accounting policies (continued)

2.11 Cash

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours.

2.12 Financial instruments

The Group only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities, for example 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, for example 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.

2.13 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.

St Mary's Football Group Limited

Notes to the Financial Statements (continued) for the Year Ended 30 June 2023

2. Accounting policies (continued)

2.14 Foreign currency translation

Functional and presentation currency

The Group'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 the Statement of Financial Position date foreign currency monetary items are translated using the closing rate.

2.15 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.

2.16 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.

2.17 Pensions

The Group is one of a number of employers in a shared defined benefit scheme for former staff. The Group's 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.

2.18 Government grants

Grants are accounted for under the accruals model as permitted by FRS 102.

Grants of a turnover nature are recognised in the Statement of Comprehensive Income in the same period as the related expenditure.

St Mary's Football Group Limited

Notes to the Financial Statements (continued) for the Year Ended 30 June 2023

2. Accounting policies (continued)

2.19 Interest income

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

2.20 Borrowing costs

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

2.21 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.

2.22 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.

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.

St Mary's Football Group Limited

Notes to the Financial Statements (continued) for the Year Ended 30 June 2023

3. Judgements 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 which players are included within the first team squad for cash generating unit purposes. The assessment is based on whether players are considered to be within the first team squad and available for selection as at the Statement of Financial Position date. Factors taken into consideration are whether the player has sustained any long term, career threatening injury or is highly unlikely to play for the first team again and is held only for sale;
- where players are considered to be outside of the first team squad for cash generating unit purposes, 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 Statement of Financial Position date 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, determined 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 (see note 22);
- determined whether contingent liabilities exist in relation to contingent transfer fees payable (see note 22);
- assessed whether it is probable that the conditions will be met based on experience and the circumstances of the player concerned; and
- recognised a deferred tax asset based on an expectation of sufficient future profits based on promotion to the Premier League (see note 23).

4. Turnover

	2023 £000	2022 £000
An analysis of turnover by class of business is as follows:		
Broadcasting	107,959	115,192
Match day	19,182	17,368
Commercial	15,565	15,916
Other	2,833	2,152
	<u>145,539</u>	<u>150,628</u>

Materially 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 2023

5. Other operating income

Items included within other operating income are as follows:

	2023 £000	2022 £000
Business interruption insurance claim	-	93
Coronavirus job retention scheme grant	-	6
Other	28	-
	<u>28</u>	<u>99</u>

6. Operating loss

	2023 £000	2022 £000
The operating loss is stated after charging:		
Stock recognised as an expense	468	81
Depreciation of tangible assets	3,616	3,760
Impairment of tangible fixed assets	799	-
Amortisation of intangible assets	51,993	35,134
Other operating lease rentals	244	214
Foreign exchange losses	2	790
Defined contribution pension cost	617	568
	<u></u>	<u></u>

The operating loss is stated after crediting:

Amortisation of grants	93	93
	<u>93</u>	<u>93</u>

St Mary's Football Group Limited

Notes to the Financial Statements (continued) for the Year Ended 30 June 2023

7. Auditor's remuneration

	2023 £000	2022 £000
Fees payable to the Group's auditor for the audit of the Company's annual accounts	4	7
Fees payable to the Group's auditor in respect of:		
The audit of the Company's subsidiaries	45	42
Taxation compliance services	22	9
Taxation advisory services	2	11
Interim accounts review	13	13
Other non-audit services	23	3
	<u> </u>	<u> </u>

8. Employees

	2023 £000	2022 £000
Group staff costs, including directors' remuneration, were as follows:		
Wages and salaries	106,737	98,872
Social security costs	15,138	14,009
Pension costs	617	568
	<u> </u>	<u> </u>
	122,492	113,449
	<u> </u>	<u> </u>

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

	2023 No.	2022 No.
Administrative	149	130
Direct	293	278
	<u> </u>	<u> </u>
	442	408
	<u> </u>	<u> </u>

In addition the Group employs approximately 181 temporary staff on match days (2022: 191).

St Mary's Football Group Limited

Notes to the Financial Statements (continued) for the Year Ended 30 June 2023

9. Directors' remuneration

	2023 £000	2022 £000
Directors' emoluments	2,490	1,881
Company contributions to defined contribution pension schemes	7	4
	<u>2,497</u>	<u>1,885</u>

There were 2 directors in the Group's defined contribution pension scheme during the year (2022: 2).

The total amount payable to the highest paid director in respect of emoluments was £1,005,000 (2022: £831,000). Company pension contributions of £Nil (2022: £2,000) were made to a defined contribution scheme on their behalf.

10. Interest receivable and similar income

	2023 £000	2022 £000
Imputed interest charge on transfer fees receivable	975	1,438
Other interest receivable	8	133
Bank interest receivable	572	61
	<u>1,555</u>	<u>1,632</u>

11. Interest payable and similar charges

	2023 £000	2022 £000
Bank loan interest payable	10,964	7,714
Imputed interest charge on transfer fees payable	6,609	2,858
Interest payable on transfer fees	452	446
Hire purchase interest payable	31	38
Other interest payable	49	3
	<u>18,105</u>	<u>11,059</u>

St Mary's Football Group Limited

Notes to the Financial Statements (continued) for the Year Ended 30 June 2023

12. Taxation

	2023 £000	2022 £000
Current tax		
Adjustment in respect of previous periods	(120)	-
Total current tax (credit)	(120)	-
Deferred tax		
Origination and reversal of timing differences	8,154	(2,188)
Adjustment in respect of previous periods	(1,547)	(12)
Total deferred tax charge/(credit)	6,607	(2,200)
Total tax charge/(credit)	6,487	(2,200)

Factors affecting tax charge/(credit) for the year

The tax assessed for the year is higher than (2022: higher than) the standard rate of corporation tax in the UK of 20.50% (2022: 19%). The differences are explained below:

	2023 £000	2022 £000
Loss on ordinary activities before tax	(87,043)	(15,410)
Loss on ordinary activities multiplied by the standard rate of corporation tax in the UK of 20.50% (2022: 19%)	(17,844)	(2,928)

Effects of:

Fixed asset differences	277	-
Expenses not deductible for tax purposes	1,939	1,184
Income not taxable for tax purposes	(25)	(18)
Adjustments to tax charge in respect of prior periods – current tax	(120)	-
Adjustments to tax charge in respect of prior periods – deferred tax	(1,547)	(12)
Other movements	-	45
Effect of rate change	168	(540)
Movement in deferred tax not recognised	21,707	69
Adjustment to losses	1,932	-
Total tax charge/(credit) for the year	6,487	(2,200)

The Finance Act 2021 was substantively enacted in May 2021 and increased corporation tax rate from 19% to 25% with effect from 1 April 2023. The deferred taxation balances have been measured using the rates expected to apply in the reporting periods when the timing differences reverse.

St Mary's Football Group Limited

Notes to the Financial Statements (continued) for the Year Ended 30 June 2023

12. Taxation (continued)

At 30 June 2023, the Group had taxable losses amounting to £140,918,000 (2022: £78,110,000) available for utilisation against future taxable profits. At 30 June 2023 the Group had an unrecognised deferred tax asset of £24,950,000 (2022: £Nil) in relation to these losses due to the uncertainty as to when these losses may reverse.

13. Intangible assets

Group	Player registrations £000
Cost	
At 1 July 2022	179,693
Additions	105,706
Disposals	(46,255)
	<hr/>
At 30 June 2023	239,144
	<hr/>
Amortisation	
At 1 July 2022	97,253
Charge for the year	51,993
On disposals	(38,725)
	<hr/>
At 30 June 2023	110,521
	<hr/>
Net book value	
At 30 June 2023	128,623
	<hr/>
At 30 June 2022	82,440
	<hr/>

St Mary's Football Group Limited

Notes to the Financial Statements (continued) for the Year Ended 30 June 2023

14. Tangible fixed assets

Group	Freehold land and buildings £000	Fixtures, fittings and vehicles £000	Assets in the course of construction £000	Total £000
Cost or valuation				
At 1 July 2022	45,646	16,363	1,626	63,635
Additions	-	1,547	4,197	5,744
Disposals	-	(1,107)	(246)	(1,353)
Transfers	-	4,651	(4,651)	-
At 30 June 2023	45,646	21,454	926	68,026
Depreciation				
At 1 July 2022	11,137	9,740	-	20,877
Charge for the year	847	2,769	-	3,616
On disposals	-	(1,101)	-	(1,101)
Impairment	-	-	799	799
At 30 June 2023	11,984	11,408	799	24,191
Net book value				
At 30 June 2023	33,662	10,046	127	43,835
At 30 June 2022	34,509	6,623	1,626	42,758

The net book value of tangible fixed assets includes an amount of £195,000 (2022: £728,000) in respect of assets held under finance leases and hire purchase contracts. The related depreciation charge on these assets for the year was £83,000 (2022: £69,000).

St Mary's Football Group Limited

Notes to the Financial Statements (continued)
for the Year Ended 30 June 2023

15. Fixed asset investments

Subsidiary undertakings

Subsidiary companies which are either directly or indirectly held by the Company are as follows:

Name of company	Country of incorporation	Class of shares	Holding	Nature of business
¹ Southampton Football Club Limited	UK	Ordinary	100 %	Trading
¹ St Mary's Training Ground Limited*	UK	Ordinary	100 %	Trading
¹ Southampton Girls and Women's Football Club Limited*	UK	Ordinary	100 %	Trading
¹ St Mary's Stadium Limited*	UK	Ordinary	100 %	Dormant
¹ St Mary's Catering Limited*	UK	Ordinary	100 %	Dormant
¹ St Mary's Training Centre Limited	UK	Ordinary	100 %	Dormant
¹ St Mary's SPV Limited	UK	Ordinary	100 %	Dormant

¹ The registered office of the above companies is St Mary's Stadium, Britannia Road, Southampton, SO14 5FP.

*The investments in these entities are held indirectly.

St Mary's Football Group Limited

Notes to the Financial Statements (continued) for the Year Ended 30 June 2023

15. Fixed asset investments (continued)

Company	Group undertakings £000
Cost or valuation	
At 1 July 2022	1,948
At 30 June 2023	1,948
Net book value	
At 30 June 2023	1,948
At 30 June 2022	1,948

16. Stocks	Group 2023 £000	Group 2022 £000	Company 2023 £000	Company 2022 £000
Finished goods and goods for resale	321	-	-	-

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

17. Debtors

	Group 2023 £000	Group 2022 £000	Company 2023 £000	Company 2022 £000
Due within one year:				
Trade debtors	2,680	3,872	-	-
Amounts owed by group undertakings	-	743	154,681	78,817
Other debtors	2,817	2,884	-	-
Prepayments and accrued income	3,387	3,112	-	-
Corporation tax	80	449	-	-
Value added tax receivable	-	174	-	-
Transfer fees receivable	2,472	4,841	-	-
Deferred tax asset (note 23)	729	-	-	-
	12,165	16,075	154,681	78,817
Due after more than one year:				
Transfer fees receivable	1,355	10,518	-	-
Deferred tax asset (note 23)	10,794	18,130	1,605	2,042
	12,149	28,648	1,605	2,042

St Mary's Football Group Limited

Notes to the Financial Statements (continued) for the Year Ended 30 June 2023

18. Creditors: amounts falling due within one year

	Group 2023 £000	Group 2022 £000	Company 2023 £000	Company 2022 £000
Shareholder loan	1	1	1	1
Bank loan	41,587	12,640	28,680	-
Trade creditors	3,416	3,081	-	-
Taxation and social security	6,293	5,146	-	-
Obligations under finance lease and hire purchase contracts	92	83	-	-
Transfer fees payable	52,321	24,906	-	-
Other creditors	1,426	678	-	-
Accruals and deferred income	11,300	26,006	-	-
Amounts owed to group undertakings	135	-	-	-
	<u>116,571</u>	<u>72,541</u>	<u>28,681</u>	<u>1</u>

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

19. Creditors: amounts falling due after more than one year

	Group 2023 £000	Group 2022 £000	Company 2023 £000	Company 2022 £000
Bank loan	51,905	78,976	51,905	78,976
Obligations under finance lease and hire purchase contracts	93	566	-	-
Transfer fees payable	40,606	26,641	-	-
Accruals and deferred income	2,629	2,849	-	-
	<u>95,233</u>	<u>109,032</u>	<u>51,905</u>	<u>78,976</u>

Football Trust grants of £2,529,000 (2022: £2,622,000) are classified as accruals and deferred income within creditors falling due after more than one year and £93,000 (2022: £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 2023

20. Loans

Analysis of the maturity of loans is given below:

	Group 2023 £000	Group 2022 £000	Company 2023 £000	Company 2022 £000
Amounts falling due within 1 year				
Bank loan	41,587	12,640	28,680	-
Shareholder loan	1	1	1	1
	<u>41,588</u>	<u>12,641</u>	<u>28,681</u>	<u>1</u>
Amounts falling due between 1-2 years				
Bank loan	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Amounts falling due between 2-5 years				
Bank loan	51,905	78,976	51,905	78,976
	<u>51,905</u>	<u>78,976</u>	<u>51,905</u>	<u>78,976</u>

The bank loan of £80,585,000 (2022: £78,976,000) is secured by a fixed and floating charge over certain assets within the Group.

21. Hire purchase and finance leases

Minimum lease payments under hire purchase fall due as follows:

	2023 £000	2022 £000
Within 1 year	92	83
Between 2 to 5 years	93	566
	<u>185</u>	<u>649</u>

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

St Mary's Football Group Limited

Notes to the Financial Statements (continued) for the Year Ended 30 June 2023

22. Provisions for liabilities

Group	Contingent transfer fees £000	Provision for other costs £000	Total £000
At 1 July 2022	5,195	493	5,688
Arising in the year	1,780	3,319	5,099
Utilised in the year	(6,975)	(493)	(7,468)
At 30 June 2023	-	3,319	3,319

The provision for other costs in the year relates to the contractual wage obligations on employees that have since left the Club, a wholly-owned subsidiary.

23. Deferred taxation

Group	Deferred tax £000
Deferred tax asset at 1 July 2022	18,130
Charged to the Statement of Comprehensive Income	(6,607)
Deferred tax asset at 30 June 2023	11,523
Company	
Deferred tax asset at 1 July 2022	2,042
Charged to the Statement of Comprehensive Income	(437)
Deferred tax asset at 30 June 2023	1,605

The deferred tax asset is made up as follows:

	Group 2023 £000	Group 2022 £000	Company 2023 £000	Company 2022 £000
Unutilised losses	10,284	17,937	1,605	2,042
Short term timing differences	253	87	-	-
Gains rolled over into intangible assets	(414)	(996)	-	-
Accelerated capital allowances	1,400	1,102	-	-
	11,523	18,130	1,605	2,042

St Mary's Football Group Limited

Notes to the Financial Statements (continued) for the Year Ended 30 June 2023

24. Share capital

	2023 £000	2022 £000
Allotted, called up and fully paid		
90,340 Ordinary shares of £0.0001 each (2022: 5 Ordinary shares of £1 each)	-	-

On 26 August 2022 the 5 £1 Ordinary shares were sub-divided into 50,000 shares of £0.0001 each and on the same day 16,000 ordinary shares were issued at a premium of £2,500 per share.

On 14 December 2022 3,200 ordinary shares were issued at a premium of £2,500 per share.

On 13 April 2023 8,570 ordinary shares were issued at a premium of £1,750.29 per share.

On 19 May 2023 2,285 ordinary shares were issued at a premium of £1,750.55 per share.

On 16 June 2023 10,285 ordinary shares were issued at a premium of £1,750.12 per share.

25. 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.

Capital contribution reserve

During a previous financial year, capital contributions arose from the receipt of loan waivers from a shareholder of a parent company.

Retained losses

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

26. Pensions

The Group 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, and where members may have periods of service attributable to several participating employers. The Group 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.

St Mary's Football Group Limited

Notes to the Financial Statements (continued) for the Year Ended 30 June 2023

26. Pensions (continued)

The last actuarial valuation was carried out at 31 August 2020 where the total deficit on the on-going valuation basis was £27.6 million.

The accrual of benefits ceased within the Scheme on 31 August 1999, therefore there are no contributions relating to current accrual. The Group pays monthly contributions based on a notional split of the total expenses and deficit contributions of the Scheme.

The results of the 2020 valuation were rolled forward to 30 June 2023 on the same assumptions as detailed above, and the Group's notional share of the deficit was £215,000 (£320,000 as at 30 June 2022).

As at 30 June 2023, the Group was paying total contributions of £10,000 per month (increasing by 5% p.a. on 1 September each year) and based on the actuarial valuation assumptions detailed above will be sufficient to pay off the deficit by 30 April 2025.

As at 30 June 2023, based on an appropriate discount rate of 6.39% per annum (3.34% per annum as at 30 June 2022), the present value of the Group's outstanding contributions (i.e. their future liability) is £231,000 (£352,000 as at 30 June 2022). This amounts to £131,000 (30 June 2022: £124,000) due within one year and £100,000 (30 June 2022: £228,000) due after more than one year and is included within other payables.

Present Value of Defined Benefit Obligation

	2023 £000	2022 £000
Present Value of Defined Benefit Obligation	231	352

27. Contingent liabilities

Excluding items already provided in the Statement of Financial Position, at 30 June 2023 the Club had a liability to pay up to £61.8m (2022: £35.9m) to other clubs in respect of players under contract, dependent upon a number of factors but principally first team appearances.

At 30 June 2023 the Club 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 to the Financial Statements (continued) for the Year Ended 30 June 2023

28. Capital commitments

At 30 June 2023 the Group had capital commitments as follows:

	2023 £000	2022 £000
Contracted for but not provided in these financial statements	583	3,513

The Company had no capital commitments.

29. Commitments under operating leases

At 30 June 2023 the Group had future minimum lease payments under non-cancellable operating leases as follows:

	2023 £000	2022 £000
Not later than 1 year	121	196
Later than 1 year and not later than 5 years	79	102
Total	200	298

30. Related party transactions

Management charges of £Nil (2022: £175,000) were issued during the year by Southampton Football Sports Development Co. Limited to the Group; all transactions were previously conducted on an arm's length basis on normal trading terms. The Group also incurred expenses on behalf of Southampton Football Sports Development Co. Limited, in the ordinary course of business, at a cost of £Nil (2022: £4,000), all of which were recharged in full. The two parties were previously related by virtue of common control. At 30 June 2023, £Nil (2022: £Nil) was owed by the Group.

Management charges of £106,000 (2022: £97,000) were issued during the year by MALI International AG to the Group and all transactions were conducted on an arm's length basis, on normal trading terms. The Group also incurred expenses on behalf of MALI International AG, in the ordinary course of business, at a cost of £16,000 (2022: £23,000) and expenses on behalf of Katharina Liebherr, a common shareholder, of £1,000 (2022: £1,000). The two parties are related by influence of the common shareholder. The amount owed by MALI International AG to the Group at the reporting date was £Nil (2022: £3,000). These amounts all relate to trading balances.

Management charges of £850,000 (2022: £448,000) were issued during the year by Sport Republic Holding Limited to the Group and all transactions were conducted on an arm's length basis, on normal trading terms. Sport Republic Holding Ltd owns 100% of Sport Republic UK Ltd, which itself is the majority shareholder of the Group. The amount owed by the Group to Sport Republic Holding Ltd at the reporting date was £Nil (2022: £Nil). These amounts all relate to trading balances.

St Mary's Football Group Limited

Notes to the Financial Statements (continued) for the Year Ended 30 June 2023

30. Related party transactions (continued)

During the year the Group incurred expenses on behalf of Sport Republic Holding Ltd in the ordinary course of business at a cost of £941,000 (2022: £632,000) and expenses on behalf of Dragan Solak of £2,000 (2022: £Nil). Sport Republic Holding Ltd also incurred expenses on behalf of the Group at a cost of £443,000 (2022: £Nil). Sport Republic Holding Ltd is a company over which Dragan Solak exerts significant influence. The amount owed by the Group to Sport Republic Holding Ltd at the reporting date was £Nil (2022: £Nil) and the amount owed by Dragan Solak to the Group at the reporting date was £1,000 (2022: £Nil). These amounts all relate to trading balances, all recharged to the relevant related party.

31. Controlling party

Sport Republic Holding Ltd is the ultimate parent company and largest group in which the results of the Company are consolidated. Sport Republic Holding Ltd is incorporated in Great Britain and the consolidated accounts of this company are available to the public and may be obtained from Companies House, Crown Way, Cardiff, CF14 3UZ.

The directors consider the ultimate controlling party at the Statement of Financial Position date to be Mr D Solak.

32. Post Statement of Financial Position events

Since the Statement of Financial Position date, the Group has entered into sale and purchase agreements for players with net transactions amounting to £111.0m receivable (2022: £100.5m payable).

33. Net debt reconciliation

	1 July 2022 £000	Cash flows £000	New finance leases £000	Other non-cash changes £000	30 June 2023 £000
Cash at bank and in hand	21,516	(7,840)	-	-	13,676
Obligations under finance lease and hire purchase contracts	(649)	586	(122)	-	(185)
Bank loan	(91,616)	-	-	(1,876)	(93,492)
Shareholder loan	(1)	-	-	-	(1)
Net debt	(70,750)	(7,254)	(122)	(1,876)	(80,002)

Other non-cash changes relate to movements on foreign exchange and loan arrangement fees.