

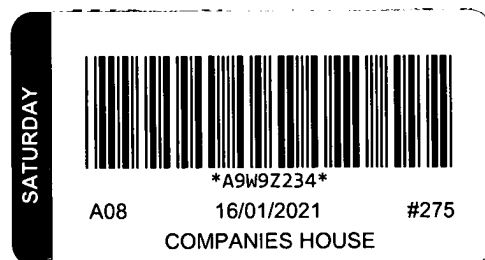
**Lander Sports (UK) International  
Investment Co., Limited**

Annual Report and Financial Statements

Year Ended

30 June 2020

Company Number 10449153



# **Lander Sports (UK) International Investment Co., Limited**

## **Company information**

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<b>Director</b>	J Gao
<b>Company secretary</b>	T Greenwell
<b>Registered number</b>	10449153
<b>Registered office</b>	St Mary's Stadium Britannia Road Southampton Hampshire SO14 5FP
<b>Independent auditors</b>	BDO LLP Arcadia House Maritime Walk Ocean Village Southampton SO14 3TL

# **Lander Sports (UK) International Investment Co., Limited**

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# **Lander Sports (UK) International Investment Co., Limited**

## **Group Strategic Report for the Year Ended 30 June 2020**

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The principal activity of Lander Sports (UK) International Investment Co., Ltd (the "Company") is that of a holding company for the group of companies owned by St Mary's Football Group Limited (the "Group"), of which Southampton Football Club Limited (the "Club") is a member. The principal activity of the Group is that of a football club that participates in the Premier League, and ancillary services.

### **Football Overview**

#### **Men's**

The 2019/20 season, and as a consequence the Company's financial performance, was significantly impacted by the devastating COVID-19 pandemic ("the pandemic"). The measures imposed by the Government, including the nationwide lockdown in March 2020, required all Premier League matches to be postponed and did not resume until June 2020.

As a result of the pandemic the Club took the decision to close its sites on the 13th March 2020. All employees worked remotely for the remainder of the financial year, with the exception of those required to support the first team return to playing in June 2020. The Staplewood Campus and St Mary's Stadium reopened in June 2020 in a COVID-19 secure environment, in order to enable the first team squad to train and conclude the 2019/20 season.

From a sporting perspective, the first team enjoyed a more successful season in the Premier League than the two preceding seasons, culminating in an 11th placed League finish on 26th July 2020 (2019: 16th). In the final 9 matches of the season the team performed strongly, picking up 18 points from a possible 27.

Prior to the Government measures being imposed in March 2020, 29 out of the 38 League matches had been played. 3 of the final 9 matches took place prior to the financial year-end and the final 6 matches took place in July 2020. Consequently, the financial year includes the revenue and costs associated with 32 Premier League matches played up to the 30th June. The revenue and costs associated with the remaining 6 matches will be reported in the financial year-ended 30th June 2021.

At the time of writing, the first team's on-field performances in season 2020/21 have continued in the same positive vein as the finish to the 2019/20 season.

Unfortunately, following the Government measures in response to the pandemic, Premier League 2, the U18 Premier League and the Academy Games Programme did not resume for season 2019/20 after being postponed, and were officially curtailed in May 2020. Premier League 2 was concluded on a points per game method, with the men's U23 Team (since renamed to the B-Team) achieving 11th place in Division 1 and remaining in that Division for season 2020/21.

At the time of writing, all competitions have resumed for the 2020/21 season and the Club continues to invest in, and commit to, youth development and the pathway from transitioning from the academy to the first team.

#### **Women's**

The Club is delighted with the continuous development of the Girls & Women's Programme, and it was with great regret that the first team's season was curtailed in March 2020 as a result of the pandemic. At that point in time the team was unbeaten in the FA Women's National League, Division One South West, having won 10 of their 11 matches, drawing the other. Unfortunately, the curtailment of the season involved all results being expunged and with it the opportunity of promotion denied.

The first team reached the 4th round of Women's FA Cup, which was held at St Mary's Stadium in front of a crowd of 4,000. Although the fixture resulted in a loss for the Club, a fine performance was delivered against a team from two divisions higher.

# Lander Sports (UK) International Investment Co., Limited

## Group Strategic Report (continued) for the Year Ended 30 June 2020

### Women's (continued)

At the time of writing the 2020/21 season has commenced behind closed doors and the first team is currently top of the Division One South West, having won all 4 games played. Fixtures were temporarily suspended in November 2020 following Government and English FA guidelines relating to the pandemic. The first team are scheduled to play Portsmouth FC in the delayed Hampshire FA Women's 2019/20 Senior Cup final and will recommence fixtures in the Women's FA Cup, having already qualified for the 1st round.

The Girls & Women's Academy (Regional Talent Club) continues to go from strength to strength offering a proven pathway into the first team. During the year it became one of just four clubs to be awarded with Tier 1 Plus status by the English FA, recognising the Club's commitment to consistently exceed Tier 1 criteria over the course of two seasons.

### Financial Overview

The Group reports a loss before interest and tax of £90.4m (2019: loss of £37.8m), with net assets decreasing to £95.4m (2019 restated: £175.9m).

A summary of results is given below:

	2020 £000	2019 £000
Turnover	126,636	149,627
Operating costs	(182,308)	(187,955)
Other operating income	418	141
Loss before player trading	(55,182)	(38,187)
Player trading	(35,208)	403
Loss before interest and tax	(90,390)	(37,784)

A reconciliation of the consolidated loss before interest and tax of the Group to the Company's consolidated loss before interest and tax is as follows:

	2020 £000
<b>St Mary's Football Group of companies consolidated loss before interest and tax</b>	<b>(73,284)</b>
Add: amortisation of players with nil net book value in the Company's Statement of Financial Position	13,728
Add: impairment of players with nil net book value in the Company's Statement of Financial Position	-
Add: additional profit on disposal of players with nil net book value in the Company's Statement of Financial Position	846
Less: amortisation of goodwill arising from the Company's acquisition of the St Mary's Football Group Limited group of companies	(30,329)
Less: depreciation of revalued tangible fixed assets arising from the Company's acquisition of the St Mary's Football Group Limited group of companies	(1,351)
<b>Lander Sports (UK) International Investment Co., Limited consolidated loss before interest and tax</b>	<b>(90,390)</b>

# Lander Sports (UK) International Investment Co., Limited

## Group Strategic Report (continued) for the Year Ended 30 June 2020

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### Financial Overview (continued)

Despite finishing five places higher in the Premier League compared to the 2018/19 season, the Company has seen a significant decrease in its turnover and an increase to the loss before interest and tax. This is a consequence of the temporary suspension of the 2019/20 season in March 2020, resulting in the revenue associated with 6 Premier League matches being reported in the financial year-ended 30th June 2021, and Premier League matches being played behind closed-doors thereby reducing commercial revenue.

Broadcasting revenue has fallen from £112.8m to £93.5m (17.1%), which is a direct result of the temporary suspension of the 2019/20 season due to the pandemic. Revenue has been reduced by £4.6m to reflect an anticipated rebate owed to the broadcasters, which was calculated based on an estimate around the Club's final league position. Additionally, because the financial year ended before the completion of the 2019/20 season, £19.3m of broadcasting revenue associated with the 6 games played after the year-end was deferred into the 2020/21 season and will be reflected in the year-ended 30th June 2021.

Match day revenue has fallen from £17.0m to £14.5m (14.7%), being a direct result of the postponement season 2019/20 Premier League matches and the subsequent resumption of those matches with no fans in attendance.

As a result of the pandemic, £5.7m of commercial revenue was foregone leading to commercial revenue to fall by £1.2m to £17.2m (6.5%), primarily driven by a reduction in the conferences and events held during the year, which were not possible to hold from March onwards, following the governmental measures imposed. Moreover, this led to the unfortunate consequence of the postponement of the Killers concert, which had been due to take place in June.

Partially offsetting this revenue reduction was an increased level of revenue generated through the creation and development of partnerships with greater value when compared to the prior season. However, £1.6m of revenue associated with these partnerships was deferred to the financial year-ended 30th June 2021, to reflect the revenue generated from the sponsorship rights attached to the 6 2019/20 Premier League matches which were played after the 30th June 2020.

At the time of writing, the total 2019/20 revenue foregone as a result of the pandemic in the financial year is £10.3m, with a further £20.9m revenue deferred into the year-ended 30th June 2021. If the revenue which should have been earned and recognised in the financial year had not been lost or deferred due to the pandemic, the revenue in the financial year would have totalled £157.8m, being an £8.2m (5.5%) increase on the previous season.

The Club also took the decision to offer full refunds to all individual matchday ticket holders for the final games of the 19/20 season, which were played behind closed doors, including any travel costs incurred for away matches, regardless of whether the travel had been booked directly with the Club. Moreover, supporters with hospitality bookings for the home matches were offered the option of refunds, or credit against future matches. Finally, season ticket holders were offered the following options for the final four home matches of the season, all of which were played behind closed-doors: a pro-rata refund in full, credit towards a 20/21 season ticket equal to the refund they could have received in addition to a voucher to be used on future purchases with the Club, or either a full or part-donation towards the Saints Foundation, the Club's affiliated charity, with any balance being refunded or applied as credit to a future season ticket.

Not only has the pandemic impacted the Company's revenue, but also the ability to generate profit on the disposal of player registrations in the financial year as the Summer 2020 transfer window did not open until July 2020. When the Summer 2020 transfer window did open, it was evident that the financial impact of the pandemic restricted many clubs' ability, in particular outside the UK, to purchase player registrations. A consequence associated with this was the necessity to impair the registration of a member of the playing squad, and to provide for their remaining playing contract as being onerous, resulting in a total exceptional cost of £10.8m during the year (2019: £2.3m). The pandemic's impact on the ability to generate profit on the disposal of player registrations is also expected to impact the financial performance of the Company in the financial ended 30th June 2021.

# Lander Sports (UK) International Investment Co., Limited

## Group Strategic Report (continued) for the Year Ended 30 June 2020

### Financial Overview (continued)

The profit on the disposal of player registrations of £14.8m (2019: £33.2m) arose from the sales of Gallagher and Austin in the Summer 2019 transfer window, together with contingent transfer receipts in relation to previously transferred players crystallising during the season. However, the amortisation of player registrations increased to £42.9m (2019: £32.4m) as a result of the purchases of Adams, Djenepo and the loan of Danso in the summer 2019 transfer window.

In addition to this, it was deemed necessary to impair the registration of a member of the playing squad, and to provide for their remaining playing contract as being onerous, resulting in a total exceptional cost of £10.8m during the year (2019: £2.3m).

The pandemic has also resulted in additional costs of sales and administrative expenses in order to enable the men's first team squad to train and conclude the 2019/20 season in a COVID-19 secure environment. These have been partially offset by some cost savings in certain areas, as a result of fewer home fixtures in the financial year. Additionally, certain costs that would ordinarily have been incurred in the financial year have also been deferred to the financial year ended 30th June 2021, as they're directly linked to the matches played.

Taking account of the impact on both revenue and costs, the total value of foregone profit before tax because of the pandemic is estimated to be £11.8m (which does not include the impairment of the player registration and associated onerous contract provision), with a further £17.3m profit being deferred into the financial year-ended 30th June 2021. If the profit which should have been earned and recognised in the financial year had not been lost or deferred due to the pandemic then the Company's net loss before interest and tax position for the financial year would be £61.3m.

A summary of the estimated direct impact of the pandemic on the Company's revenue and net loss before interest and tax is shown below:

	2019/20 Turnover	2019/20 Net loss before interest and tax
	£000	£000
<b>Results presented in these financial statements</b>	<b>126,636</b>	<b>(90,390)</b>
Add: broadcasting revenue foregone	4,585	4,585
Add: broadcasting revenue deferred to 2020/21	19,327	19,327
Add: commercial revenue foregone*	5,680	5,680
Add: commercial revenue deferred to 2020/21	1,557	1,557
Add: net costs incurred	-	1,525
Less: costs deferred to 2020/21	-	(3,612)
<b>Results excluding the estimated effect of the pandemic</b>	<b>157,785</b>	<b>(61,328)</b>

\* based on estimated contracted future revenue

The Group's cash balance at the Statement of Financial Position date was £40.2m greater than the prior year, which is largely attributable to the term loan accessed prior to the year end for reasons described in detail in the "Principal risks & uncertainties" section below. This led to a £59.5m increase in loans payable at the Statement of Financial Position date year-on-year.

As a result of the pandemic, the Group elected to utilise the Government's COVID VAT payment deferral measure, with the VAT owed at the Statement of Financial Position date to be repaid across the financial year ended 30th June 2021. Consequently the Group's taxation and social security liability at the Statement of Financial Position date increased by £12.4m compared to the prior year.

# **Lander Sports (UK) International Investment Co., Limited**

## **Group Strategic Report (continued) for the Year Ended 30 June 2020**

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### **Key Performance Indicators**

Due to the nature of the Group and Club's activities, the director considers the Club's Premier League position at each season end as its principal key performance indicator.

As well as this, the director considers 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 26 months (2019: 30 months);
- the all-staff wages to turnover ratio, which grew year-on-year from 77% to 90% in 2020, with the growth almost entirely driven by the reduced turnover and the provision for the onerous contract recognised in conjunction with the player impairment, as outlined in the Financial Overview. Excluding the impact of the pandemic on the Club's turnover and the impact of the pandemic and the onerous contract on the total of all-staff wages, the all-staff wages to turnover ratio would have fallen year-on-year to 72%. Year-on-year player remuneration for the men's first team increased from £86.1m to £89.8m (71% of turnover versus 58% in 2019), largely driven by the recognition of the onerous contract. Excluding the impact of the pandemic on the Club's turnover, and the impact of the pandemic and the onerous contract on player remuneration, the player remuneration to turnover ratio would have fallen year-on-year to 57%;
- the number of players with international recognition at senior or U-21 level. The men's first team squad had 23 players with such recognition (2019: 24);
- international honours at youth level. 23 male players and 23 female players represented their country at international youth level during the 2019/20 season (26 and 19 respectively during the 2018/19 season);
- the number of male players signed on scholarship agreements. The Club had an average of 29 scholars across the 2019/20 season (27 during the 2018/19 season);
- academy players representing the first team. 7 male and 8 female academy players represented their respective first teams in a competitive fixture during the 2019/20 season (11 and 3 respectively during the 2018/19 season).

### **Infrastructure and People**

Investment off the pitch continued when possible, with the majority being undertaken prior to March. During the year the Company continued the significant investment in the hospitality offering at St Mary's Stadium (principally the 1885 Lounge, the Fanzone and kitchen facilities) as well as a redesign and refurbishment of the home dressing room, which had begun in the previous financial year. The Company also invested in the technological infrastructure, with investment made on the new ticketing and access system, continued development on the new website and an expansion of data storage and network capabilities.

The average number of employees remained fairly consistent with the prior year at 437 employees (2019: 425 employees), with the marginal increase attributable to a greater number of professional players and scholars when compared with the previous year.

The Club is delighted to continue to promote the Saints Foundation, the Club's affiliated charity, and all its excellent work in the community. During the year the Club has continued to provide support and financial donations to support the Saints Foundation's initiatives, notably the Saints As One campaign, launched to support the Southampton community during the pandemic. This outreach and engagement project has been designed to help fans and members of society who find themselves isolated and vulnerable at this time, as well as educating, entertaining and uniting the Club's family as a whole.

# Lander Sports (UK) International Investment Co., Limited

## Group Strategic Report (continued) for the Year Ended 30 June 2020

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### Streamlined Energy & Carbon Reporting

The Company has worked throughout the year to provide an up-to-date picture of our carbon footprint and to assess our performance over the past few years. The data collection involved taking our energy invoices, supplier statements, fuel card data and mileage sheets to calculate, quantify and validate our greenhouse gas emissions disclosure for the year-ended 30th June 2020, in line with the methodology set out in the Greenhouse Gas Protocol Corporate Standard and the Energy Managers Association.

The total tonnes of CO<sub>2</sub> emitted by the Company during the year was 2,483.24, which equates to 19.61 tonnes of CO<sub>2</sub> emitted per £m of turnover generated. Tonnes of emissions per £m of turnover has been selected as the most relevant intensity ratio as it is believed that this will provide the most consistent comparative over a period of time. The Company's total energy consumption for the year was 5.675m kWh and the methodology used to calculate this energy consumption figure was the same as has been outlined above for calculating the Company's greenhouse gas emissions.

In order to improve the Company's carbon footprint during the year the Company completed a substantial lighting upgrade project in the stadium replacing traditional lighting with modern efficient LED technology in the main kitchen, changing rooms and the floodlights, and this project is ongoing. Additionally, the air conditioning units within St Mary's Stadium were upgraded to inverter units, whilst two boilers have been upgraded to more energy efficient models, and many of the vehicles within the fleet were upgraded from either diesel to petrol or diesel to electric/hybrid vehicles.

### Principal risks & uncertainties

#### *Team performance risk*

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

#### *Liquidity risk*

The Company reported a net debt position of £4.7m at the Statement of Financial Position date (2019: net cash of £14.7m).

In order to mitigate against anticipated further losses as a result of the pandemic, the Company gained access to a term loan totalling £78.8m immediately prior to the Statement of Financial Position date. This term loan facility replaces the Company's working capital facility, which totalled £32.0m in the financial year and was repaid in full prior to the Statement of Financial Position date (2019: £20.0m drawn).

Gross debt has therefore risen to £91.3m at the Statement of Financial Position date compared with £31.8m in 2019.

#### *Credit risk*

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

# Lander Sports (UK) International Investment Co., Limited

## Group Strategic Report (continued) for the Year Ended 30 June 2020

### Principal risks & uncertainties (continued)

#### *Political & COVID-19 risk*

Following the UK's decision to leave the EU, the Club considers the implications on the free movement of EU citizens to the UK and volatility in foreign exchange currencies as factors most likely to affect it. The Club continues to monitor all implications of Brexit for the Club in both the short and long term.

At the time of writing the COVID-19 pandemic continues to impact the Club's financial performance significantly, and the continued impact of matches being played behind closed-doors is closely monitored and regularly reforecast. The Club maintains close dialogue with the Premier League on numerous matters, most notably the anticipated return of fans.

In assessing the appropriateness of the going concern assumption, the director has produced a detailed cash flow forecast which extends to the end of the 2021/2022 football season. These acknowledge that the global and UK outbreak of COVID-19 has had a profound impact on the 2019/20 and 2020/21 football seasons in a number of respects. At the time of issue of these financial statements, the Premier League 2020/21 season is ongoing, albeit with the Company's home fixtures being completed with significantly reduced attendances, as reflected in the cash flow forecast.

In addition, the financial impact of the anticipated rebate owed to the broadcasters has been reflected within both the financial statements for the year-ended 30th June 2020 and the year-ended 30th June 2021 and is included within the cash flow forecast. The director has 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:

  
.....  
**J Gao**

Director

Date: 22.12.2020

# Lander Sports (UK) International Investment Co., Limited

## Section 172 Statement for the Year Ended 30 June 2020

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 director continues 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 director considers 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 in the Strategic Report, specifically within the "Employee Involvement" and "Infrastructure & People" sections.
- The director is 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 Managing Director, 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 senior management, in particular within monthly departmental board papers, and also by direct engagement with stakeholders themselves.
- The Board has enhanced its methods of engagement with the workforce and Board updates are provided to all employees at regular intervals. Since the pandemic there have been regular virtual meetings and question and answer sessions during which the Board has provided business and strategic updates to all employees.
- 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
Transfer of trade and assets of St Mary's Stadium Ltd and St Mary's Catering Limited into Southampton Football Club Ltd on 1 <sup>st</sup> July 2019	Shareholders, employees, customers, suppliers	<ul style="list-style-type: none"> <li>• Shareholder consultation took place in accordance with regulatory requirements.</li> <li>• Impacted employees were consulted regarding their change of employer and new employment contracts were issued.</li> <li>• Customers and suppliers were informed in writing of the change of ownership and contracts were novated, where relevant.</li> </ul>
Restructuring the commercial team	Employees	<ul style="list-style-type: none"> <li>• Decisions were made by the Senior Management Team in consultation with the Board after carefully considering the impact on employees.</li> <li>• Impacted employees were consulted in respect of changes to job descriptions.</li> </ul>
Closing the Staplewood Campus, St Mary's Stadium and other sites in response to the Government's measures with regards the pandemic	Employees, customers, suppliers	<ul style="list-style-type: none"> <li>• Employees were informed by management of the closure and received regular contact from management and the Board from the date of closure through to the year-end.</li> </ul>

## Lander Sports (UK) International Investment Co., Limited

### Section 172 Statement (continued) for the Year Ended 30 June 2020

Significant events/decisions	Key s172 matter(s) affected	Actions and impact
Refunds relating to the Premier League matches that were postponed and rescheduled behind closed doors	Customers	<ul style="list-style-type: none"> <li>Customers were notified via numerous communication channels, including over the telephone, on the website and the Group's social media channels and via email.</li> <li>Customers with hospitality bookings and season tickets were offered a variety of options as outlined in the "Financial Overview" above.</li> </ul>
Continuance of wage payments and non-furlough of employees throughout the period of lockdown	Employees	<ul style="list-style-type: none"> <li>Employees were notified that they would not be furloughed and would not receive a pay cut during the period of lockdown via a Company-wide communication, with the exception of those who offered to defer a percentage of their remuneration.</li> <li>All casual employees were paid in full throughout the period of lockdown and "regular" casual workers were paid amounts equivalent to their average pay received over a period of time leading up to lockdown.</li> </ul>

# **Lander Sports (UK) International Investment Co., Limited**

## **Director's Report for the Year Ended 30 June 2020**

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The director presents her report and the financial statements for the year ended 30 June 2020.

### **Results and dividends**

The loss for the year, after taxation, amounted to £82,516,000 (2019 restated: loss of £37,987,000).

No dividend (2019: £Nil) is proposed.

### **Employment of Disabled Persons**

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

### **Employee Involvement**

The Group holds regular senior management, operational management and department meetings to ensure a flow of information across all levels and has continued to do so remotely following the Government restrictions imposed on working arrangements. Alongside this are a number of company wide communication channels, most notably our intranet, Team Talk Live. Company Handbooks, Performance and Development Reviews and strategic email communication supplement these, all of which have been used innovatively since the closure of the operational sites in March.

The Group has taken numerous financial measures to safeguard the welfare and promote the wellbeing of its employees during the year, with additional measures being put in place since March. Notably the Group has taken the decision not to take advantage of the government furlough scheme, but instead has continued to pay all permanent and fixed term members of staff their full salary, with the exception of those who offered to defer a percentage of their remuneration. Moreover, the Group committed to paying all casual employees in full throughout the period of lockdown and "regular" casual workers were paid wages that equated to their "average" pay received in over a period of time leading up to lockdown.

Furthermore, the Group has also put in place many non-financial measures directly aimed at promoting the health and wellbeing of employees, including the continuation and promotion of an Employee Assistance programme to support staff, together with supplementary welfare calls to employees in groups deemed to be at high risk and the provision of regular mental health support and guidance to managers and associated documentation published to staff. Working equipment has been delivered to employees who have been working from home, an internal engagement group has been established to promote social interactions and boost morale during lockdown, and regular online, collaborative staff forums have been held with all members of staff, including the Board and first team management.

For those employees who did return to the sites to work, numerous measures were put in place to ensure a COVID-secure environment and to protect the health and wellbeing of these employees and their families. For example, screening forms were introduced before anyone was allowed on site, regular risks assessments were completed for anyone who was working on site, temperature checks were conducted before entry, PPE and sanitising stations were put in place across sites, and individual packs including gloves, sanitisers, masks and snoods were provided to all employees. Additionally, members of the playing staff and the support staff around them participated in the Premier League COVID testing programme and continue to do so.

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.

### **Director**

The director who served during the year was:

J Gao

# **Lander Sports (UK) International Investment Co., Limited**

## **Director's Report (continued) for the Year Ended 30 June 2020**

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### **Future developments**

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

### **Disclosure of information to auditors**

The director at the time when this Director's 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 33.

### **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:

  
.....  
J Gao

Director

Date: 22.12.2020

# **Lander Sports (UK) International Investment Co., Limited**

## **Director's Responsibilities Statement for the Year Ended 30 June 2020**

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

Company law requires the director to prepare financial statements for each financial year. Under that law the director has elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the director must not approve the financial statements unless she is satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing these financial statements, the director is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

# **Lander Sports (UK) International Investment Co., Limited**

## **Independent Auditor's Report to the member of Lander Sports (UK) International Investment Co., Limited**

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### **Opinion**

We have audited the financial statements of Lander Sports (UK) International Investment Co., Limited ("the Parent Company") and its subsidiaries ("the Group") for the year ended 30 June 2020 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 and Consolidated Statement of Cash Flows, and the 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)

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 2020 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.

### **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 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. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Conclusions relating to going concern**

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Directors use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Director has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Group or Parent Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

# **Lander Sports (UK) International Investment Co., Limited**

## **Independent Auditor's Report to the member of Lander Sports (UK) International Investment Co., Limited (continued)**

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### **Other information**

The Director is responsible for the other information. The other information comprises the information included in the Annual Report and Financial Statements, 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.

In connection with our audit of the financial statements, 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 audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. 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.

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

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

- 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; and
- the Strategic report and Directors' report have been prepared in accordance with applicable legal requirements.

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

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 and 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 Director remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

## **Lander Sports (UK) International Investment Co., Limited**

### **Independent Auditor's Report to the member of Lander Sports (UK) International Investment Co., Limited (continued)**

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#### **Responsibilities of director**

As explained more fully in the Director's Responsibilities Statement, the Director is 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 Director determines 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 Director is 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 Director either intends to liquidate the Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

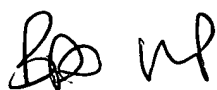
#### **Auditor's responsibilities for the audit of the financial statements**

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.

A further description of our responsibilities for the audit of the financial statements is located 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 Parent 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 Parent 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 Parent Company and the Parent Company's members as a body, for our audit work, for this report, or for the opinions we have formed.



**Malcolm Thixton** (Senior Statutory Auditor)  
For and on behalf of BDO LLP, Statutory Auditor  
Southampton  
United Kingdom

Date 22/12/20

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

# Lander Sports (UK) International Investment Co., Limited

## Consolidated Statement of Comprehensive Income for the Year Ended 30 June 2020

	Note	Operations excluding player trading 2020 £000	Player trading** 2020 £000	Total 2020 £000	Total 2019 £000 as restated*
Turnover	5	126,636	-	126,636	149,627
Cost of sales (including exceptional costs of £10,792,000 (2019: £Nil) (Note 5))		(138,840)	(49,343)	(188,183)	(172,379)
<b>Gross loss</b>		<b>(12,204)</b>	<b>(49,343)</b>	<b>(61,547)</b>	<b>(22,752)</b>
Administrative expenses		(43,468)	(644)	(44,112)	(48,371)
Other operating income		418	-	418	141
<b>Operating loss</b>	7	<b>(55,254)</b>	<b>(49,987)</b>	<b>(105,241)</b>	<b>(70,982)</b>
Profit on disposal of subsidiary & assets		72	-	72	-
Profit on disposal of players		-	14,779	14,779	33,198
<b>Loss on ordinary activities before interest</b>		<b>(55,182)</b>	<b>(35,208)</b>	<b>(90,390)</b>	<b>(37,784)</b>
Interest receivable and similar income	11	412	-	412	1,628
Interest payable and similar charges	12	(3,248)	-	(3,248)	(3,358)
<b>Loss on ordinary activities before taxation</b>		<b>(58,018)</b>	<b>(35,208)</b>	<b>(93,226)</b>	<b>(39,514)</b>
Tax on loss	13	10,710	-	10,710	1,527
<b>Loss and total comprehensive loss for the year</b>		<b>(47,308)</b>	<b>(35,208)</b>	<b>(82,516)</b>	<b>(37,987)</b>

\* Further details of the prior year adjustment are provided at Note 4.

\*\*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 24 to 43 form part of these financial statements.

# Lander Sports (UK) International Investment Co., Limited

Registered number: 10449153

## Consolidated Statement of Financial Position as at 30 June 2020

	Note	2020 £000	2020 £000	2019 £000 as restated*	2019 £000 as restated*
<b>Fixed assets</b>					
Intangible assets	14		116,760		172,577
Tangible assets	15		96,224		97,904
			<u>212,984</u>		<u>270,481</u>
<b>Current assets</b>					
Stocks	17	256		750	
Debtors: amounts falling due within one year	18	15,823		30,652	
Debtors: amounts falling due after more than one year	18	4,158		4,979	
Cash at bank and in hand		86,674		46,504	
			<u>106,911</u>	<u>82,885</u>	
Creditors: amounts falling due within one year	19	(108,852)		(111,672)	
<b>Net current assets/(liabilities)</b>			<u>(1,941)</u>		<u>(28,787)</u>
<b>Total assets less current liabilities</b>			<u>211,043</u>		<u>241,694</u>
Creditors: amounts falling due after more than one year	20		(106,390)		(51,955)
<b>Provisions for liabilities</b>					
Other provisions	23	(9,288)		(4,372)	
Deferred tax	24	-		(9,486)	
			<u>(9,288)</u>	<u>(13,858)</u>	
<b>Net assets</b>			<u>95,365</u>		<u>175,881</u>
<b>Capital and reserves</b>					
Share capital	25		184,339		184,339
Capital contribution reserve	26		2,000		-
Profit and loss account	26		(90,974)		(8,458)
<b>Equity attributable to the owner of the parent Company</b>			<u>95,365</u>		<u>175,881</u>

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

  
J Gao  
Director

Date: 22.12.2020

\* Further details of the prior year adjustment are provided at Note 4.

The notes on pages 24 to 43 form part of these financial statements.

# Lander Sports (UK) International Investment Co., Limited

Registered number: 10449153

## Company Statement of Financial Position as at 30 June 2020

	Note	2020 £000	2020 £000	2019 £000	2019 £000
<b>Fixed assets</b>					
Investments	16		184,862		184,862
Creditors: amounts falling due within one year	19	(523)		(523)	
<b>Net current liabilities</b>			<b>(523)</b>		<b>(523)</b>
<b>Net assets</b>			<b>184,339</b>		<b>184,339</b>
<b>Capital and reserves</b>					
Share capital	25		184,339		184,339

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 result for the year after tax of the parent Company was £Nil (2019: £Nil).

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

  
.....  
**J Gao**  
Director

Date:

The notes on pages 24 to 43 form part of these financial statements.

# Lander Sports (UK) International Investment Co., Limited

## Consolidated Statement of Changes in Equity for the Year Ended 30 June 2020

	Share capital £000	Capital contribution reserve £000	Retained earnings £000	Total equity £000
<b>At 30 June 2018 (as previously stated)</b>	<b>184,339</b>	<b>-</b>	<b>34,066</b>	<b>218,405</b>
Prior year adjustment (note 4)	-	-	(4,537)	(4,537)
<b>30 June 2018 (as restated)</b>	<b>184,339</b>	<b>-</b>	<b>29,529</b>	<b>213,868</b>
<b>Comprehensive loss for the year</b>				
Loss for the year (as restated)	-	-	(37,987)	(37,987)
<b>At 30 June 2019</b>	<b>184,339</b>	<b>-</b>	<b>(8,458)</b>	<b>175,881</b>
	Share capital £000	Capital contribution reserve £000	Retained earnings £000	Total equity £000
<b>At 30 June 2019 (as previously stated)</b>	<b>184,339</b>	<b>-</b>	<b>1,630</b>	<b>185,969</b>
Prior year adjustment (note 4)	-	-	(10,088)	(10,088)
<b>30 June 2019 (as restated)</b>	<b>184,339</b>	<b>-</b>	<b>(8,458)</b>	<b>175,881</b>
<b>Comprehensive loss for the year</b>				
Loss for the year	-	-	(82,516)	(82,516)
<b>Contributions by and distributions to owners</b>				
Capital contribution: forgiveness of shareholder loan	-	2,000	-	2,000
<b>At 30 June 2020</b>	<b>184,339</b>	<b>2,000</b>	<b>(90,974)</b>	<b>95,365</b>

During the year, capital contributions arose from the receipt of loan waivers from a shareholder.

## **Lander Sports (UK) International Investment Co., Limited**

### **Company Statement of Changes in Equity for the Year Ended 30 June 2020**

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	<b>Share capital £000</b>	<b>Retained earnings £000</b>	<b>Total equity £000</b>
<b>At 30 June 2019 and 30 June 2020</b>	<b>184,339</b>	<b>-</b>	<b>184,339</b>

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# Lander Sports (UK) International Investment Co., Limited

## Consolidated Statement of Cash Flows for the Year Ended 30 June 2020

	2020 £000	2019 £000 as restated*
<b>Cash flows from operating activities</b>		
<b>Loss for the financial year</b>	<b>(82,516)</b>	<b>(37,987)</b>
<b>Adjustments for:</b>		
Depreciation amortisation and impairment	84,508	67,159
(Profit)/loss on disposal of tangible assets	(72)	444
Net interest payable	2,836	1,730
Taxation credit	(10,710)	(1,527)
Decrease in stock	494	661
Decrease in debtors	5,052	1,888
Increase in creditors	25,615	8,074
Increase in provisions	4,267	23
Loss on foreign exchange	697	843
Profit on disposal of players	(14,779)	(33,198)
Taxation received	-	709
	<hr/>	<hr/>
<b>Net cash generated from operating activities</b>	<b>15,392</b>	<b>8,819</b>
<b>Cash flows from investing activities</b>		
Purchase of tangible fixed assets	(3,184)	(3,296)
Purchase of intangible fixed assets	(61,251)	(53,540)
Proceeds from sale of intangible fixed assets	28,109	45,663
Proceeds from sale of tangible fixed assets	102	13
Interest receivable	78	99
	<hr/>	<hr/>
<b>Net cash used in investing activities</b>	<b>(36,146)</b>	<b>(11,061)</b>
<b>Cash flows from financing activities</b>		
New secured loans	80,000	20,000
Repayment of secured loans	(20,000)	(26,335)
New other loans	4,000	-
Repayment of other loans	(2,000)	-
Interest paid	(1,076)	(2,046)
	<hr/>	<hr/>
<b>Net cash generated from/(used in) financing activities</b>	<b>60,924</b>	<b>(8,381)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>40,170</b>	<b>(10,623)</b>
Cash and cash equivalents at the beginning of year	46,504	57,127
	<hr/>	<hr/>
<b>Cash and cash equivalents at the end of year</b>	<b>86,674</b>	<b>46,504</b>
<b>Cash and cash equivalents at the end of year comprise:</b>		
Cash at bank and in hand	86,674	46,504
	<hr/>	<hr/>

\* Further details of the prior year adjustment are provided at Note 4.

The notes on pages 24 to 43 form part of these financial statements.

# **Lander Sports (UK) International Investment Co., Limited**

## **Notes to the Financial Statements for the Year Ended 30 June 2020**

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### **1 General information**

Lander Sports (UK) International Investment Co., Limited is a private company limited by shares incorporated in England & Wales under the Companies Act 2006. The address of the registered office is given on the Company Information page and the nature of the Company's operations and its principal activity is disclosed 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 judgment in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

#### **2.2 Basis of consolidation**

The consolidated financial statements present the results of 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;
- 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 director has produced a detailed cash flow forecast which extends to the end of the 2021/2022 football season. These acknowledge that the global and UK outbreak of COVID-19 has had a profound impact on the 2019/20 and 2020/21 football seasons in a number of respects. At the time of issue of these financial statements, the Premier League 2020/21 season is ongoing, albeit with the Company's home fixtures being completed with significantly reduced attendances, as reflected in the cash flow forecast.

In addition, the financial impact of the anticipated rebate owed to the broadcasters has been reflected within both the financial statements for the year-ended 30th June 2020 and the year-ended 30th June 2021 and is included within the cash flow forecast. The director has concluded, after reviewing the work performed and detailed above, that they can adopt the going concern basis in preparing these financial statements.

# Lander Sports (UK) International Investment Co., Limited

## Notes to the Financial Statements for the Year Ended 30 June 2020

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### 2 Accounting policies (continued)

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

In respect of the conclusion of the 2019/20 Premier League season, the Group's turnover is net of a rebate to broadcasters relating to the reduction in commercial value to have arisen from playing nine matches behind closed doors. Consequently, the rebate has been apportioned to the appropriate revenue streams, resulting in a reduction of broadcasting turnover pro-rata to the proportion of games played behind closed doors at the Statement of Financial Position date.

#### 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.

# **Lander Sports (UK) International Investment Co., Limited**

## **Notes to the Financial Statements for the Year Ended 30 June 2020**

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### **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 4 and 5 years
Fixtures, fittings and equipment	- between 4 and 10 years
Stadium and other freehold buildings	- between 3 and 50 years

The assets' residual values, useful lives and depreciation methods are reviewed and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within administrative expenses in the Statement of Comprehensive Income.

#### **2.8 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.

# Lander Sports (UK) International Investment Co., Limited

## Notes to the Financial Statements for the Year Ended 30 June 2020

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### 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.

# **Lander Sports (UK) International Investment Co., Limited**

## **Notes to the Financial Statements for the Year Ended 30 June 2020**

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### **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 playing 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 of companies within the Group) 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.

# Lander Sports (UK) International Investment Co., Limited

## Notes to the Financial Statements for the Year Ended 30 June 2020

### 2 Accounting policies (continued)

#### 2.18 Interest income

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

#### 2.19 Borrowing costs

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

#### 2.20 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.

#### 2.21 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income, except that a change attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company and the Group operate and generate income.

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

- the recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the Group can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the Statement of Financial Position date.

# Lander Sports (UK) International Investment Co., Limited

## Notes to the Financial Statements for the Year Ended 30 June 2020

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

In preparing these financial statements, the director has made the following key judgements and estimates:

- as a consequence of the season having not concluded at the Statement of Financial Position date, an estimate was required as to the Club's anticipated final league position. This estimate impacted both accrued broadcasting turnover, specifically the merit element, and accrued costs of sales, specifically performance-related bonuses. Had the estimate been two positions higher, the impact on revenue and cost of sales would have been an increase of £4.1m and £1.2m respectively. Conversely, had the estimate been two places lower, revenue and cost of sales would have reduced by £4.1m and £1.2m respectively;
- 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 (see note 14);
- 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 year end or, if there has been no such transfer, the best estimate of the disposal proceeds (less associated costs) based on recent player transactions;
- if a player is considered to be outside of the first team squad and highly unlikely to play for the first team again, management 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 23);
- determined whether contingent liabilities exist in relation to contingent transfer fees payable (see note 23);
- assessed whether it is probable that the conditions will be met based on experience and the circumstances of the player concerned;
- determined the useful economic life of the acquired goodwill, which is considered to be four years. This is on the basis that the majority of the goodwill is deemed to relate to the first team squad, as a reliable estimate of player registration fair values could not be made in most cases, which limited the value attributed to player registration intangible assets on acquisition. Four years represents an approximation of average contract time remaining at the point of acquisition; and
- recognised a deferred tax asset based on an expectation of sufficient future profits (see note 24).

# Lander Sports (UK) International Investment Co., Limited

## Notes to the Financial Statements for the Year Ended 30 June 2020

### 4 Prior year adjustment

The Group holds deferred tax balances in its Statement of Financial Position. These balances represent accounting adjustments on the timing differences between certain assets being realised in the Statement of Comprehensive Income in comparison to their being realised for tax purposes.

During the year, the director reviewed the carrying amount of the deferred tax balances and assessed that the release of certain deferred tax assets to the Statement of Comprehensive Income should have been accelerated.

As a consequence, an adjustment has been recorded to reduce the Group's opening profit and loss reserves at 1 July 2018 by £4.5m; reduce the Group's deferred tax credit during the year to 30 June 2019 by £5.5m; and reduce deferred tax assets as at 30 June 2019 by £10.1m, with an equivalent adjustment to profit and loss reserves at that date.

The adjustment has no impact on the Group's current tax position, nor any financial assets or liabilities.

### 5 Turnover

	2020 £000	2019 £000
An analysis of turnover by class of business is as follows:		
Broadcasting	93,458	112,755
Match day	14,466	17,026
Commercial	17,201	18,434
Other	1,511	1,412
	<u>126,636</u>	<u>149,627</u>

Materially all turnover arose within the United Kingdom.

### 6 Exceptional items

Exceptional items included within cost of sales are as follows:

	2020 £000	2019 £000
Impairment of player registrations	6,397	-
Onerous player contracts	4,395	-
	<u>10,792</u>	<u>-</u>

# Lander Sports (UK) International Investment Co., Limited

## Notes to the Financial Statements for the Year Ended 30 June 2020

### 7 Operating loss

	2020 £000	2019 £000
The operating loss is stated after charging:		
Stock recognised as an expense	1,526	3,362
Depreciation of tangible fixed assets	4,837	4,458
Amortisation of intangible assets	73,274	62,702
Impairment of intangible assets	6,397	-
Other operating lease rentals	238	220
Foreign exchange losses	1,339	1,264
Defined contribution pension cost	770	866
Loss on sale of tangible fixed assets	-	444
	<hr/>	<hr/>
The operating loss is stated after crediting:		
Amortisation of grants	93	93
Profit on sale of tangible fixed assets	72	-
	<hr/>	<hr/>

### 8 Auditor's remuneration

	2020 £000	2019 £000
Fees payable to the Group's auditor for the audit of the Group's annual accounts	10	11
Fees payable to the Group's auditor in respect of:		
The audit of the Company's subsidiaries	29	31
Taxation compliance services	10	10
Taxation advisory services	-	2
Interim accounts review	10	10
Other non-audit services	12	12
	<hr/>	<hr/>

# Lander Sports (UK) International Investment Co., Limited

## Notes to the Financial Statements for the Year Ended 30 June 2020

### 9 Employees

	2020 £000	2019 £000
Group staff costs, including directors' remuneration, were as follows:		
Wages and salaries	100,107	100,474
Social security costs	13,491	13,878
Cost of defined contribution pension scheme	770	866
	<u>114,368</u>	<u>115,218</u>

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

	2020 No.	2019 No.
Administrative	169	171
Direct	268	254
	<u>437</u>	<u>425</u>

In addition the Group employs approximately 1,000 temporary staff on match days (2019: 1,267).

### 10 Directors' remuneration

The director was remunerated by the Group's subsidiary undertaking, Southampton Football Club Limited.

### 11 Interest receivable and similar income

	2020 £000	2019 £000
Bank interest receivable	78	100
Imputed interest charge on transfer fees receivable	334	1,528
	<u>412</u>	<u>1,628</u>

### 12 Interest payable and similar charges

	2020 £000	2019 £000
Bank interest payable	923	353
Other loan interest payable	152	187
Imputed interest charge on transfer fees payable	2,173	2,818
	<u>3,248</u>	<u>3,358</u>

# Lander Sports (UK) International Investment Co., Limited

## Notes to the Financial Statements for the Year Ended 30 June 2020

### 13 Taxation

	2020 £000	2019 £000 as restated
<b>Current tax</b>		
Adjustment in respect of previous periods	-	214
<b>Total current tax credit</b>	-	214
<b>Deferred tax</b>		
Origination and reversal of timing differences	11,360	1,494
Adjustments in respect of prior periods	(4)	(181)
Effect of tax rate change	(646)	-
<b>Total deferred tax credit</b>	10,710	1,313
<b>Total tax credit</b>	10,710	1,527

#### Factors affecting tax credit for the year

The tax assessed for the year is lower than (2019: lower than) the standard rate of corporation tax in the UK of 19% (2019: 19%). The differences are explained below:

	2020 £000	2019 £000 as restated
Loss on ordinary activities before tax	93,226	39,514
Loss on ordinary activities multiplied by the standard rate of corporation tax in the UK of 19% (2019: 19%)	17,713	7,508
<b>Effects of:</b>		
Expenses not deductible for tax purposes	(121)	(136)
Income not taxable for tax purposes	18	18
R&D expenditure credits	7	-
Effect of rate change	(646)	-
Deferred tax not recognised	(25)	-
Adjustments in respect of prior periods	-	214
Adjustments in relation to prior periods (deferred tax)	(4)	(181)
Ineligible amortisation	(5,762)	(5,762)
Other movements	(470)	(134)
<b>Total tax credit for the year</b>	10,710	1,527

# Lander Sports (UK) International Investment Co., Limited

## Notes to the Financial Statements for the Year Ended 30 June 2020

### 13 Taxation (continued)

Deferred tax balances are recognised at 19%. In the previous year, deferred tax balances had been recognised at 17% in the expectation of a reduction to this rate in accordance with the Finance Act 2016. However, as a consequence of the budget announced on 5 April 2020, corporation tax rates are to remain at 19%, with deferred tax being recognised at this rate accordingly. There are no factors that may affect future tax charges.

### 14 Intangible assets

Group	Player registrations £000	Goodwill £000	Total £000
<b>Cost</b>			
At 1 July 2019	152,343	121,314	273,657
Additions	23,855	-	23,855
Disposals	(223)	-	(223)
<b>At 30 June 2020</b>	<b>175,975</b>	<b>121,314</b>	<b>297,289</b>
<b>Amortisation</b>			
At 1 July 2019	44,065	57,015	101,080
Charge for the year	42,946	30,328	73,274
On disposals	(222)	-	(222)
Impairment	6,397	-	6,397
<b>At 30 June 2020</b>	<b>93,186</b>	<b>87,343</b>	<b>180,529</b>
<b>Net book value</b>			
<b>At 30 June 2020</b>	<b>82,789</b>	<b>33,971</b>	<b>116,760</b>
At 30 June 2019	108,278	64,299	172,577

# Lander Sports (UK) International Investment Co., Limited

## Notes to the Financial Statements for the Year Ended 30 June 2020

### 15 Tangible fixed assets

Group	Freehold land and buildings £000	Fixtures, fittings and vehicles £000	Assets in the course of construction £000	Total £000
<b>Cost or valuation</b>				
At 1 July 2019	94,356	9,265	1,397	105,018
Additions	-	1,877	1,310	3,187
Disposals	-	(1,821)	-	(1,821)
Transfers	-	2,637	(2,637)	-
<b>At 30 June 2020</b>	<b>94,356</b>	<b>11,958</b>	<b>70</b>	<b>106,384</b>
<b>Depreciation</b>				
At 1 July 2019	4,416	2,698	-	7,114
Charge for the year	2,199	2,638	-	4,837
On disposals	-	(1,791)	-	(1,791)
<b>At 30 June 2020</b>	<b>6,615</b>	<b>3,545</b>	<b>-</b>	<b>10,160</b>
<b>Net book value</b>				
<b>At 30 June 2020</b>	<b>87,741</b>	<b>8,413</b>	<b>70</b>	<b>96,224</b>
At 30 June 2019	89,940	6,567	1,397	97,904

The net book value of tangible fixed assets includes an amount of £177,000 (2019: £178,000) in respect of assets held under finance leases and hire purchase contracts. The related depreciation charge on these assets for the year was £48,000 (2019: £28,000).

# Lander Sports (UK) International Investment Co., Limited

## Notes to the Financial Statements for the Year Ended 30 June 2020

### 16 Fixed asset investment

#### 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
<sup>1</sup> St Mary's Football Group Limited	UK	Ordinary	100%	Trading
<sup>1</sup> Southampton Football Club Limited*	UK	Ordinary	100 %	Trading
<sup>1</sup> St Mary's Training Centre Limited*	UK	Ordinary	100%	Trading
<sup>1</sup> St Mary's Stadium Limited*	UK	Ordinary	100%	Dormant
<sup>1</sup> St Mary's Catering Limited*	UK	Ordinary	100 %	Dormant
<sup>1</sup> St Mary's Training Ground Limited*	UK	Ordinary	100%	Trading
<sup>2</sup> Southampton Football Club (North America) Inc.*	USA	Ordinary	100 %	Dormant
<sup>1</sup> St Mary's SPV Limited*	UK	Ordinary	100%	Dormant
<sup>1</sup> Southampton Girls and Women's Football Club Limited*	UK	Ordinary	100 %	Dormant

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

<sup>2</sup> The registered office of the above company is 160 Greentree Drive, Suite 101, County of Kent, Dover, DE 19904.

\*The investments in these entities are held indirectly.

Company	Group undertakings £000
<b>Net book value</b>	
At 30 June 2019 and 30 June 2020	<b>184,862</b>

# Lander Sports (UK) International Investment Co., Limited

## Notes to the Financial Statements for the Year Ended 30 June 2020

### 17 Stocks

	Group 2020 £000	Group 2019 £000	Company 2020 £000	Company 2019 £000
Finished goods and goods for resale	256	750	-	-

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

### 18 Debtors

	Group 2020 £000	Group 2019 £000 as restated	Company 2020 £000	Company 2019 £000
<b>Due within one year:</b>				
Trade debtors	1,247	3,293	-	-
Other debtors	442	572	-	-
Prepayments and accrued income	5,138	5,837	-	-
Corporation tax	191	68	-	-
Transfer fees receivable	7,581	20,882	-	-
Deferred tax asset	1,224	-	-	-
	<b>15,823</b>	<b>30,652</b>	<b>-</b>	<b>-</b>
<b>Due after more than one year:</b>				
Transfer fees receivable	4,158	4,979	-	-

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

	Group 2020 £000	Group 2019 £000	Company 2020 £000	Company 2019 £000
Shareholder loan	1	1	-	-
Bank loan	6,265	5,917	-	-
Other loan	-	20,000	-	-
Trade creditors	1,355	4,069	-	-
Amounts owed to group undertaking	523	523	523	523
Taxation and social security	20,678	8,290	-	-
Obligations under finance lease and hire purchase contracts	48	115	-	-
Transfer fees payable	36,728	46,834	-	-
Other creditors	4,636	536	-	-
Accruals and deferred income	38,618	25,387	-	-
	<b>108,852</b>	<b>111,672</b>	<b>523</b>	<b>523</b>

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

# Lander Sports (UK) International Investment Co., Limited

## Notes to the Financial Statements for the Year Ended 30 June 2020

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

	Group 2020 £000	Group 2019 £000	Company 2020 £000	Company 2019 £000
Bank loan	85,066	5,917	-	-
Obligations under finance lease and hire purchase contracts	124	54	-	-
Transfer fees payable	18,111	42,706	-	-
Accruals and deferred income	3,089	3,278	-	-
	<u>106,390</u>	<u>51,955</u>	<u>-</u>	<u>-</u>

Football Trust grants of £2,809,000 (2019: £2,902,000) are classified as accruals and deferred income within creditors falling due after more than one year and £93,000 (2019: £93,000) falling due within one year, being the amortisation that will be credited in the next accounting period.

### 21 Loans

Analysis of the maturity of loans is given below:

	Group 2020 £000	Group 2019 £000	Company 2020 £000	Company 2019 £000
<b>Amounts falling due within 1 year</b>				
Bank loan	6,265	5,917	-	-
Other loan	-	20,000	-	-
Shareholder loan	1	1	-	-
	<u>6,266</u>	<u>25,918</u>	<u>-</u>	<u>-</u>
<b>Amounts falling due between 1-2 years</b>				
Bank loan	6,266	5,917	-	-
	<u>6,266</u>	<u>5,917</u>	<u>-</u>	<u>-</u>
<b>Amounts falling due between 2-5 years</b>				
Bank loan	78,800	-	-	-
	<u>78,800</u>	<u>-</u>	<u>-</u>	<u>-</u>

The bank loan of £12,531,000 (2019: £11,834,000) is repayable in two equal annual instalments and has annual interest rate of 1.065% (2019: 1.065%).

A further bank loan of £78,800,000 is repayable in 2025 and has an annual interest rate of 9.14%. The bank loan is secured by a fixed and floating charge over certain assets within the Group.

The other loan represented a revolving facility that had an annual interest rate of 3.90%.

# Lander Sports (UK) International Investment Co., Limited

## Notes to the Financial Statements for the Year Ended 30 June 2020

### 22 Hire purchase and finance leases

Minimum lease payments under hire purchase fall due as follows:

	2020 £000	2019 £000
Within 1 year	48	115
Between 2 to 5 years	124	54
	<u>172</u>	<u>169</u>

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

### 23 Provisions for liabilities

Group	Contingent transfer fees £000	Provision for other costs £000	Total £000
At 1 July 2019	4,208	164	4,372
Arising in the year	2,539	4,431	6,970
Utilised in the year	(1,890)	(164)	(2,054)
	<u>4,857</u>	<u>4,431</u>	<u>9,288</u>
<b>At 30 June 2020</b>	<b>4,857</b>	<b>4,431</b>	<b>9,288</b>

The provision for other costs in the year relates to the contractual wage obligations on players that have since left Southampton Football Club Limited, an indirectly, wholly-owned subsidiary.

# Lander Sports (UK) International Investment Co., Limited

## Notes to the Financial Statements for the Year Ended 30 June 2020

### 24 Deferred taxation

Group	Deferred tax £000
Deferred tax liability at 1 July 2019	(9,486)
Credited to the Statement of Comprehensive Income	10,710

<b>Deferred tax asset at 30 June 2020</b>	<b>1,224</b>
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The deferred tax asset/(liability) is made up as follows:

	2020 £000	2019 £000 as restated
Unutilised losses	13,778	4,667
Short term timing differences	71	93
Gains rolled over into intangible assets	(5,490)	(10,247)
Accelerated capital allowances	(153)	-
Fair value adjustments	(6,982)	(3,999)
	<b>1,224</b>	<b>(9,486)</b>

The Company has no deferred taxation.

### 25 Share capital

	2020 £000	2019 £000
<b>Allotted, called up and fully paid</b>		
184,339 ordinary shares of £1 each	<b>184,339</b>	<b>184,339</b>

### 26 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.

#### Capital contribution reserve

During the year, capital contributions arose from the receipt of loan waivers from a shareholder.

#### Retained earnings

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

# Lander Sports (UK) International Investment Co., Limited

## Notes to the Financial Statements for the Year Ended 30 June 2020

### 27 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, and as one of a number of participating employers, the Group is advised only of its share of the deficit in the Scheme. The last actuarial valuation carried out at 31 August 2017 highlighted that the Group's notional share of the deficit, rolled forward to 30 June 2020 based on the same assumptions, is £339,000 (£429,000 as at 30 June 2019).

As at 30 June 2020, the Group was paying total contributions of £108,000 per annum, increasing by 5% p.a. from 1 September 2018 and thereafter, and based on the actuarial valuation assumptions detailed above, will be sufficient to pay off the deficit by 31 October 2023.

As at 30 June 2020, based on an appropriate discount rate of 0.7% per annum (1.3% per annum as at 30 June 2019), the present value of the Group's outstanding contributions is £394,000 (£492,000 as at 30 June 2019). This amounts to £113,000 (2019: £108,000) due within one year and £281,000 (2019: £384,000) due after more than one year and is included within accruals and deferred income. The pension cost charged during the year relating to this deficit was £Nil (2019: £Nil).

### 28 Contingent liabilities

Excluding items already provided in the Statement of Financial Position, at 30 June 2020 Southampton Football Club Limited had a liability to pay up to £30,648,000 (2019: £25,789,000) to other clubs in respect of players under contract, dependent upon a number of factors but principally first team appearances.

At 30 June 2020 Southampton Football Club Limited 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.

### 29 Capital commitments

At 30 June 2020 the Group had capital commitments as follows:

	2020 £000	2019 £000
Contracted for but not provided in these financial statements	312	1,930

The Company had no capital commitments.

### 30 Commitments under operating leases

At 30 June 2020 the Group had future minimum lease payments under non-cancellable operating leases as follows:

	2020 £000	2019 £000
Not later than 1 year	201	176
Later than 1 year and not later than 5 years	212	111
<b>Total</b>	<b>413</b>	<b>287</b>

# Lander Sports (UK) International Investment Co., Limited

## Notes to the Financial Statements for the Year Ended 30 June 2020

### 31 Related party disclosures

The Company has taken advantage of the exemption conferred by Section 33.1A of FRS 102 "Related Party Disclosures" not to disclose transactions with its wholly-owned subsidiaries.

Key management personnel include all directors and a number of senior managers across the Group who together have authority and responsibility for planning, directing and controlling the activities of the Group. The total compensation paid to key management personnel for services provided to the Group was £1,901,000 (2019: £3,345,000).

### 32 Controlling party

The immediate parent company is Lander Sports Investment Co., Limited, a company incorporated in Hong Kong.

The smallest and largest group in which the results of the Company are consolidated is that headed by Southampton Football Sports Development Co., Limited, which is incorporated in the British Virgin Islands.

The director considers the ultimate controlling party to be Mr J Gao.

### 33 Post Statement of Financial Position events

Since the Statement of Financial Position date, Southampton Football Club Limited has entered into sale and purchase agreements for players with net transactions amounting to £17,629,000 payable (2019: £10,998,000).

### 34 Net debt reconciliation

	1 July 2019 £000	Cash flows £000	New finance leases £000	Other non-cash changes £000	30 June 2020 £000
Cash at bank and in hand	46,504	40,170	-	-	86,674
Obligations under finance lease and hire purchase contracts	(169)	-	(3)	-	(172)
Bank loan	(11,834)	(80,000)	-	503	(91,331)
Other loan	(20,000)	20,000	-	-	-
Shareholder loan	(1)	2,000	-	(2,000)	(1)
<b>Net cash/(debt)</b>	<b>14,500</b>	<b>(17,830)</b>	<b>(3)</b>	<b>(1,497)</b>	<b>(4,830)</b>