

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

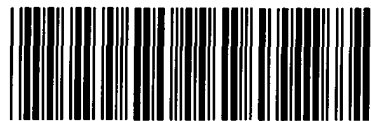
Report and Financial Statements

Year Ended

30 June 2018

Company Number 10449153

SATURDAY



\*A8ØULKXM\*

A23

09/03/2019

#48

COMPANIES HOUSE

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

## **Company information**

---

<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 SO14 5FP
<b>Independent auditors</b>	BDO LLP Arcadia House Maritime Walk Ocean Village Southampton SO14 3TL

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

## **Contents**

---

	<b>Page</b>
<b>Group Strategic Report</b>	<b>3 – 5</b>
<b>Director's Report</b>	<b>6 – 7</b>
<b>Director's Responsibilities Statement</b>	<b>8</b>
<b>Independent Auditor's Report</b>	<b>9 – 11</b>
<b>Consolidated Statement of Comprehensive Income</b>	<b>12</b>
<b>Consolidated Statement of Financial Position</b>	<b>13</b>
<b>Company Statement of Financial Position</b>	<b>14</b>
<b>Consolidated Statement of Changes in Equity</b>	<b>15</b>
<b>Company Statement of Changes in Equity</b>	<b>16</b>
<b>Consolidated Statement of Cash Flows</b>	<b>17</b>
<b>Notes to the Financial Statements</b>	<b>18 -39</b>

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

## Group Strategic Report for the year ended 30 June 2018

### Introduction

On 14 August 2017, Lander Sports (UK) International Investment Co., Ltd, the "Company", acquired the entire share capital of St Mary's Football Group Limited (together "the Group").

The principal activity of the Company is that of a holding company for St Mary's Football Group Limited's group of companies. The principal activity of the Group is that of a football club and ancillary services, which participates in the English Premier League.

In the year, Southampton Football Club Limited, an indirect subsidiary hereafter referred to as the "Club", finished 17th in the Premier League and reached the FA Cup Semi Final.

### Financial Overview

The director is pleased to report positive financial performance, achieving profit before interest and tax of £41.8m, with net assets of £218.4m.

A summary of results is given below:

	2018 £000	2017 £000
Turnover	147,187	-
Operating costs	(159,671)	-
Loss before player trading	(12,484)	-
Player trading	54,330	-
Profit before interest and tax	41,846	-

A reconciliation of the consolidated profit before interest and tax of the St Mary's Football Group of companies to the Group's consolidated profit before interest and tax is as follows:

	2018 £000
<b>St Mary's Football Group of companies consolidated profit before interest and tax</b>	<b>35,316</b>
Add: pre-acquisition trading before interest and tax	6,057
Add: amortisation of players with nil net book value in the Company's Statement of Financial Position	28,348
Less: amortisation of goodwill arising from the Company's acquisition of the St Mary's Football Group Limited group of companies	(26,686)
Less: depreciation of revalued tangible fixed assets arising from the Company's acquisition of the St Mary's Football Group Limited group of companies	(1,189)
<b>Lander Sports (UK) International Investment Co., Limited consolidated profit before interest and tax</b>	<b>41,846</b>

Profit on player trading amounted to £54.3m. Player trading comprised of profit on disposal of players' registrations of £65.2m and movements in foreign exchange of £0.9m, offset by the amortisation of players' registrations of £11.7m.

Intangible assets, comprising both being the capitalised element of each player's transfer fee, which relates to their registration, and goodwill, totalled £169.0m. Notes 3, 12 and 20 of these financial statements provide further information in respect of the fair value of these intangible assets at the Statement of Financial Position date.

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

## Group Strategic Report for the year ended 30 June 2018 (*continued*)

---

### Key Performance Indicators

Due to the nature of the Group and the 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 Club's first team squad playing contracts, with the average length remaining at the Statement of Financial Position date being 35 months;
- the Group's wages to turnover ratio of 68%;
- the number of players with international recognition at senior or U-21 level. The Club's current first team squad has 26 players;
- international honours at youth level. 19 of the Club's players represented their country at international youth level during the 2017-18 season;
- the number of players signed on scholarship agreements. The Club had an average of 26 scholars across the 2017-18 season;
- the number of academy players representing the first team. 6 of the Club's academy players represented the first team in a competitive fixture during the 2017-18 season.

### Girls & Women's Programme

The Group has been pleased with the continuous development of the Girls & Women's Programme, with the first team winning the Hampshire County Women's Football League Division One, gaining promotion to the Southern Region Women's Football League Premier Division. During the year, 16 players from the Girls & Women's Programme received international recognition across various youth levels from Under 15 to Under 19.

### Principal risks & uncertainties

#### *Team performance risk*

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

#### *Liquidity risk*

The Group reported a net cash position of £19.8m and gross debt of £37.3m at the 2018 Statement of Financial Position date.

In the year, the Group had access to a £35.0m working capital facility, of which £20.5m was drawn at the Statement of Financial Position date. The facility has been fully repaid after the Statement of Financial Position date. The director continually assesses the working capital needs of the Group and a facility has been made available for the Group for the 2018-19 season.

#### *Credit risk*

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

#### *Brexit risk*

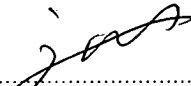
Following the UK's decision to leave the EU, and the consequential uncertainty surrounding the UK economy, the Group continues to consider the impact that this decision will have in the longer term. The Group considers the implications on the free movement of EU citizens to the UK and volatility in foreign exchange currencies as factors most likely to affect it.

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

## Group Strategic Report For the Year Ended 30 June 2018

---

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

  
.....  
J Gao  
Director  
Date: 19.01.19

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

## **Director's Report For the Year Ended 30 June 2018**

---

The director presents her report and the financial statements for the year ended 30 June 2018.

### **Results and dividends**

The profit for the year, after taxation, amounted to £34,066,000 (2017: £Nil).

No dividend (2017: £Nil) is proposed.

### **Employment of Disabled Persons**

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

### **Employee Involvement**

The Group holds regular senior management, operational management and department meetings to ensure a flow of information across all levels. Alongside this are a number of Group-wide communication channels, most notably our intranet, Team Talk Live. Company Handbooks, Performance and Development Reviews and strategic email communication supplement this and the Group encourages all staff members to present their suggestions and views at all levels on the Group's performance, encouraging creativity for improvement through feedback forums.

### **Director**

The director who served during the year was:

J Gao

### **Future developments**

No significant change in the principal activities of the Company 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.

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

## Director's Report For the Year Ended 30 June 2018

---

### 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: 19.01.19



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

## **Director's Responsibilities Statement For the Year Ended 30 June 2018**

---

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**

---

### **Opinion**

We have audited the financial statements of Lander Sports (UK) International Investment Co., Limited ("the Group") for the year ended 30 June 2018 which comprise the Consolidated Statement of Comprehensive Income, Consolidated Statement of Financial Position, Company Statement of Financial Position, Consolidated Statement of Changes in Equity, Company Statement of Changes in Equity, Consolidated Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Group's and parent Company's affairs as at 30 June 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- 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 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 director's 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'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)**

---

### **Other information**

The other information comprises the information included in this annual report, other than the financial statements and our auditor's report thereon. The director is responsible for the other information. 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 Group Strategic Report and the Director's Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Group Strategic Report and the Director's 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 or the director's 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 financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

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

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

---

### 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 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 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: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

### Use of our report

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



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

14/1/19

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 2018

		Operations excluding player trading year ended 30 June 2018 £000	Player trading* year ended 30 June 2018 £000	Total year ended 30 June 2018 £000	Total 9 months ended 30 June 2017 £000
	Note				
Turnover	4	147,187	-	147,187	-
Cost of sales		(120,062)	(11,691)	(131,753)	-
<b>Gross profit</b>		<b>27,125</b>	<b>(11,691)</b>	<b>15,434</b>	-
Administrative expenses		(39,609)	853	(38,756)	-
<b>Operating loss</b>	5	<b>(12,484)</b>	<b>(10,838)</b>	<b>(23,322)</b>	-
Profit on disposal of players		-	65,168	65,168	-
<b>Profit on ordinary activities before interest</b>		<b>(12,484)</b>	<b>54,330</b>	<b>41,846</b>	-
Interest receivable and similar income	9	1,711	-	1,711	-
Interest payable and similar charges	10	(2,047)	-	(2,047)	-
<b>Profit on ordinary activities before taxation</b>		<b>(12,820)</b>	<b>54,330</b>	<b>41,510</b>	-
Tax on profit	11	(7,444)	-	(7,444)	-
<b>Profit and total comprehensive income for the year</b>		<b>(20,264)</b>	<b>54,330</b>	<b>34,066</b>	-

*\*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 18 to 39 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 2018

	Note	2018 £000	2018 £000	2017 £000	2017 £000
<b>Fixed assets</b>					
Intangible assets	12		169,025	-	-
Tangible assets	13		99,435	-	-
			268,460		-
<b>Current assets</b>					
Stocks	15	1,411		-	
Debtors: amounts falling due within one year	16	43,921		1	
Debtors: amounts falling due after more than one year	16	4,608		-	
Cash at bank and in hand		57,127		-	
		107,067		1	
Creditors: amounts falling due within one year	17	(97,625)		-	
<b>Net current assets</b>			9,442		1
<b>Total assets less current liabilities</b>			277,902		1
Creditors: amounts falling due after more than one year	18		(47,816)		-
<b>Provisions for liabilities</b>					
Other provisions	23	(5,419)		-	
Deferred tax	24	(6,262)		-	
		(11,681)		-	
<b>Net assets</b>			218,405		1
<b>Capital and reserves</b>					
Share capital	25		184,339		1
Profit and loss account	26		34,066		-
<b>Equity attributable to the owner of the parent Company</b>			218,405		1

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

  
.....  
J Gao  
Director

Date: 19.01.19

The notes on pages 18 to 39 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 2018

	Note	2018 £000	2018 £000	2017 £000	2017 £000
<b>Fixed assets</b>					
Investments	14		184,862		-
<b>Current assets</b>					
Debtors: amounts falling due within one year	16	-		1	
				1	
Creditors: amounts falling due within one year	17	(523)		-	
<b>Net current assets</b>			(523)		1
<b>Net assets</b>			184,339		1
<b>Capital and reserves</b>					
Share capital	25		184,339		1
			184,339		1

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 (2017: £Nil).

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

.....  
J Gao  
Director

Date: 19.01.19

The notes on pages 18 to 39 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 2018

	Share capital £000	Retained earnings £000	Total equity £000
At 1 July 2016	-	-	-
Issue of share capital	1	-	1
	<hr/>	<hr/>	<hr/>
At 30 June 2017	1	-	1
<b>Profit and total comprehensive income for the year</b>	-	<b>34,066</b>	<b>34,066</b>
<b>Issue of share capital</b>	<b>184,338</b>	-	<b>184,338</b>
	<hr/>	<hr/>	<hr/>
<b>At 30 June 2018</b>	<b>184,339</b>	<b>34,066</b>	<b>218,405</b>
	<hr/>	<hr/>	<hr/>



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

## Company Statement of Changes in Equity For the year ended 30 June 2018

	Share capital £000	Retained earnings £000	Total equity £000
At 1 July 2016	-	-	-
Issue of share capital	1	-	1
	<hr/>	<hr/>	<hr/>
At 30 June 2017	1	-	1
<b>Issue of share capital</b>	<b>184,338</b>	-	<b>184,338</b>
	<hr/>	<hr/>	<hr/>
<b>At 30 June 2018</b>	<b>184,339</b>	-	<b>184,339</b>
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

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

## Consolidated Statement of Cash Flows For the Year Ended 30 June 2018

	Year ended 30 June 2018 £000	9 months ended 30 June 2017 £000
<b>Cash flows from operating activities</b>		
<b>Profit for the financial year</b>	<b>34,066</b>	-
<b>Adjustments for:</b>		
Depreciation amortisation and impairment	42,169	-
Loss on disposal of tangible assets	238	-
Decrease in stock	975	-
Net interest payable	336	-
Taxation expense	7,444	-
Increase in debtors	(9,179)	-
Decrease in creditors	(31,762)	-
Decrease in provisions	(51)	-
Gain on foreign exchange	(634)	-
Profit on disposal of players	(65,168)	-
Taxation paid	(402)	-
<b>Net cash used in operating activities</b>	<b>(21,968)</b>	-
<b>Cash flows from investing activities</b>		
Purchase of tangible fixed assets	(4,473)	-
Purchase of intangible fixed assets	(64,668)	-
Proceeds from sale of intangible fixed assets	71,458	-
Acquisition of subsidiary net of cash acquired	(127,897)	-
Proceeds from sale of tangible fixed assets	398	-
Interest receivable	173	-
<b>Net cash generated from investing activities</b>	<b>(125,009)</b>	-
<b>Cash flows from financing activities</b>		
New secured loans	20,500	-
Issue of share capital	184,339	-
Interest paid	(735)	-
<b>Net cash generated from financing activities</b>	<b>204,104</b>	-
<b>Net increase in cash and cash equivalents</b>	<b>57,127</b>	-
Cash and cash equivalents at the beginning of year	-	-
<b>Cash and cash equivalents at the end of year</b>	<b>57,127</b>	-
<b>Cash and cash equivalents at the end of year comprise:</b>		
Cash at bank and in hand	57,127	-

The notes on pages 18 to 39 form part of these financial statements.

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

## Notes to the Financial Statements For the Year Ended 30 June 2018

---

### 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 December 2017 amendments to FRS 102 are mandatory for accounting periods beginning on or after 1 January 2019, but may be applied early. The director has taken the option to apply the amendments to FRED 67 early in the preparation of the financial statements.

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

The director considers that the Group has adequate facilities in place to finance operations over the next twelve months. Accordingly, the director considers it appropriate to prepare the accounts on a going concern basis.

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

## Notes to the Financial Statements For the Year Ended 30 June 2018 *(continued)*

---

### 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. UEFA distributions from participation in the Europa League include market pool payments and fixed amounts for participation in individual matches, both recognised when matches are played. Match day income and those elements of commercial activities relating to matches are recognised when related matches are played. Turnover from advance ticket sales is deferred accordingly. Other commercial income is recognised on a receivable basis once the contracted events have taken place.

#### 2.6 Intangible assets

The element of each player's transfer fee which relates to their registration is capitalised as an intangible asset and amortised over the period of their contract including any agreed extensions, subject to any provision for impairment. Where there are deferred payment terms and no interest is charged, the future cash flows are discounted to 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 contract will be satisfied.

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

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

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

## Notes to the Financial Statements For the Year Ended 30 June 2018 (continued)

### 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:

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 2018 (continued)

### 2 Accounting policies (continued)

#### 2.11 Cash and cash equivalents

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

#### 2.12 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 2018 *(continued)*

---

### 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 each period end 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 2018 (continued)

### 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 2018 (continued)

### 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:

- determined whether there any indicators of impairment of player registrations that are held as intangible assets. Factors taken into consideration are whether the player is highly unlikely to play for the first team again, either through serious injury or other factors outside of the club's control;
- where such indicators exist, determined the net realisable value of the player registration. This is based on an agreed selling price in the event that the player has been transferred subsequent to the year end or, if there has been no such transfer, the best estimate of the disposal proceeds (less associated costs) based on recent player transactions;
- if a player is considered to be outside of the first team squad and highly unlikely to play for the first team again, management 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;
- determined whether contingent liabilities exist in relation to contingent transfer fees payable;
- assessed whether it is probable that the conditions will be met based on experience and the circumstances of the player concerned;
- determined the fair of the assets and liabilities acquired in the business combination, and in particular:
  - that the most appropriate valuation method for St Mary's Stadium and the Staplewood Campus is that of depreciated replacement cost on the basis that these are specialised assets;
  - that the fair value of player registration intangible assets is only deemed capable of reliable estimate where there was market information in the Summer 2017 transfer window as derived from transactions with other clubs. As such, due to limited activity in this transfer window, only certain members of the first team playing squad had a specific value attributed to it at the date of acquisition by the Company of the St Mary's Football Group Limited group of companies.
- 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.

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

## Notes to the Financial Statements For the Year Ended 30 June 2018 *(continued)*

### 4 Turnover

	Year ended 30 June 2018 £000	9 months ended 30 June 2017 £000
An analysis of turnover by class of business is as follows:		
Broadcasting	114,745	-
Match day	18,179	-
Commercial	12,892	-
Other	1,371	-
	<u>147,187</u>	<u>-</u>

Materially all turnover arose within the United Kingdom.

### 5 Operating loss

	Year ended 30 June 2018 £000	9 months ended 30 June 2017 £000
The operating loss is stated after charging:		
Stock recognised as an expense	2,908	-
Depreciation of tangible fixed assets	3,791	-
Amortisation of intangible assets	38,378	-
Other operating lease rentals	184	-
Defined contribution pension cost	439	-
Loss on sale of tangible fixed assets	636	-
	<u></u>	<u></u>
The operating loss is stated after crediting:		
Amortisation of grants	(82)	-
Foreign exchange gains	(1,698)	-
	<u></u>	<u></u>

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

## Notes to the Financial Statements For the Year Ended 30 June 2018 (continued)

### 6 Auditor's remuneration

	Year ended 30 June 2018 £000	9 months ended 30 June 2017 £000
Fees payable to the Group's auditor for the audit of the Group's annual accounts	11	-
Fees payable to the Group's auditor in respect of:		
The audit of the Company's subsidiaries	33	-
Taxation compliance services	12	-
Taxation advisory services	7	-
Interim accounts review	10	-
Other non-audit services	8	-
	<u>          </u>	<u>          </u>

### 7 Employees

	Year ended 30 June 2018 £000	9 months ended 30 June 2017 £000
Group staff costs, including directors' remuneration, were as follows:		
Wages and salaries	87,774	-
Social security costs	11,556	-
Cost of defined contribution pension scheme	439	-
	<u>          </u>	<u>          </u>
	99,769	-
	<u>          </u>	<u>          </u>

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

	Year ended 30 June 2018 No.	9 months ended 30 June 2017 No.
Administrative	173	-
Direct	256	-
	<u>          </u>	<u>          </u>
	429	-
	<u>          </u>	<u>          </u>

In addition the Group employs approximately 1,056 temporary staff on match days (2017: Nil).

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

## Notes to the Financial Statements For the Year Ended 30 June 2018 *(continued)*

### 8 Directors' remuneration

No remuneration was received by the director during the financial year (2017: Nil).

### 9 Interest receivable and similar income

	Year ended 30 June 2018 £000	9 months ended 30 June 2017 £000
Bank interest receivable	173	-
Imputed interest charge on transfer fees receivable	1,538	-
	<u>1,711</u>	<u>-</u>

### 10 Interest payable and similar charges

	Year ended 30 June 2018 £000	9 months ended 30 June 2017 £000
Bank interest payable	591	-
Other loan interest payable	144	-
Imputed interest charge on transfer fees payable	1,312	-
	<u>2,047</u>	<u>-</u>

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

## Notes to the Financial Statements For the Year Ended 30 June 2018 (continued)

### 11 Taxation

	Year ended 30 June 2018 £000	9 months ended 30 June 2017 £000
<b>Current tax</b>		
Current tax on profits for the year	143	-
Adjustment in respect of previous periods	(36)	-
<b>Total current tax charge</b>	<b>107</b>	<b>-</b>
<b>Deferred tax</b>		
Origination and reversal of timing differences	7,337	-
<b>Total deferred tax charge</b>	<b>7,337</b>	<b>-</b>
<b>Total tax charge</b>	<b>7,444</b>	<b>-</b>

#### Factors affecting tax charge for the year

The tax assessed for the year is lower than (2017: equal to) the standard rate of corporation tax in the UK of 19.00% (2017: 19.75%). The differences are explained below:

	Year ended 30 June 2018 £000	9 months ended 30 June 2017 £000
Profit on ordinary activities before tax	41,510	-
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 19.00% (2017: 19.75%)	7,887	-
<b>Effects of:</b>		
Expenses not deductible for tax purposes	281	-
Effect of rate change	(671)	-
Income not taxable for tax purposes	(53)	-
<b>Total tax charge for the year</b>	<b>7,444</b>	<b>-</b>

There are no factors that may affect future tax charges.

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

## Notes to the Financial Statements For the Year Ended 30 June 2018 (continued)

### 12 Intangible assets

Group	Player registrations £000	Goodwill £000	Total £000
<b>Cost</b>			
At 1 July 2017	-	-	-
On acquisition	24,461	121,314	145,775
Additions	63,406	-	63,406
Disposals	(1,778)	-	(1,778)
	<hr/>	<hr/>	<hr/>
<b>At 30 June 2018</b>	<b>86,089</b>	<b>121,314</b>	<b>207,403</b>
	<hr/>	<hr/>	<hr/>
<b>Amortisation</b>			
At 1 July 2017	-	-	-
Charge for the year	11,601	26,687	38,878
	<hr/>	<hr/>	<hr/>
<b>At 30 June 2018</b>	<b>11,601</b>	<b>26,687</b>	<b>38,878</b>
	<hr/>	<hr/>	<hr/>
<b>Net book value</b>			
<b>At 30 June 2018</b>	<b>74,398</b>	<b>94,627</b>	<b>169,025</b>
	<hr/>	<hr/>	<hr/>
At 30 June 2017	-	-	-
	<hr/>	<hr/>	<hr/>

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

## Notes to the Financial Statements For the Year Ended 30 June 2018 (continued)

### 13 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 2017	-	-	-	-
On acquisition	94,098	4,286	923	99,307
Additions	557	2,989	1,009	4,555
Disposals	(397)	(239)	-	(636)
Transfers	-	1,237	(1,237)	-
	<hr/>	<hr/>	<hr/>	<hr/>
<b>At 30 June 2018</b>	<b>94,258</b>	<b>8,273</b>	<b>695</b>	<b>103,226</b>
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Depreciation</b>				
At 1 July 2017	-	-	-	-
Charge for the year	2,217	1,574	-	3,791
	<hr/>	<hr/>	<hr/>	<hr/>
<b>At 30 June 2018</b>	<b>2,217</b>	<b>1,574</b>	<b>-</b>	<b>3,791</b>
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Net book value</b>				
<b>At 30 June 2018</b>	<b>92,041</b>	<b>6,699</b>	<b>695</b>	<b>99,435</b>
	<hr/>	<hr/>	<hr/>	<hr/>
At 30 June 2017	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>

The net book value of tangible fixed assets includes an amount of £Nil (2017: £Nil) in respect of assets held under finance leases and hire purchase contracts. The related depreciation charge on these assets for the year was £118,000 (2017: £Nil).

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

## Notes to the Financial Statements For the Year Ended 30 June 2018 (continued)

### 14 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%	Trading
<sup>1</sup> St Mary's Catering Limited	UK	Ordinary	100 %	Trading
<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 %	Trading
<sup>1</sup> St Mary's SPV Limited	UK	Ordinary	100%	Dormant
<sup>1</sup> St. Mary's Property Holdings 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.

Company	Group undertakings £000
<b>Cost or valuation</b>	
At 1 July 2017	-
Additions	184,862
<b>At 30 June 2018</b>	<b>184,862</b>
<b>Net book value</b>	
At 30 June 2018	184,862
At 30 June 2017	-



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

## Notes to the Financial Statements For the Year Ended 30 June 2018 (continued)

### 15 Stocks

	Group 2018 £000	Group 2017 £000	Company 2018 £000	Company 2017 £000
Finished goods and goods for resale	1,411	-	-	-

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

### 16 Debtors

	Group 2018 £000	Group 2017 £000	Company 2018 £000	Company 2017 £000
<b>Due within one year:</b>				
Trade debtors	7,430	-	-	-
Other debtors	380	1	-	1
Prepayments and accrued income	5,667	-	-	-
Transfer fees receivable	30,444	-	-	-
	43,921	1	-	1
<b>Due after more than one year:</b>				
Transfer fees receivable	4,608	-	-	-

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

	Group 2018 £000	Group 2017 £000	Company 2018 £000	Company 2017 £000
Shareholder loan	1	-	-	-
Bank loan	5,609	-	-	-
Other loan	20,500	-	-	-
Trade creditors	4,455	-	-	-
Amounts owed to group undertaking	523	-	523	-
Taxation and social security	5,779	-	-	-
Obligations under finance lease and hire purchase contracts	16	-	-	-
Transfer fees payable	40,854	-	-	-
Other creditors	447	-	-	-
Accruals and deferred income	19,334	-	-	-
Corporation tax	107	-	-	-
	97,625	-	523	-

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 2018 (continued)

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

	Group 2018 £000	Group 2017 £000	Company 2018 £000	Company 2017 £000
Bank loan	11,218	-	-	-
Obligations under finance lease and hire purchase contracts	66	-	-	-
Transfer fees payable	33,057	-	-	-
Accruals and deferred income	3,475	-	-	-
	<u>47,816</u>	<u>-</u>	<u>-</u>	<u>-</u>

Football Trust grants of £2,995,000 (2017: £Nil) are classified as accruals and deferred income within creditors falling due after more than one year and £93,000 (2017: £Nil) falling due within one year, being the amortisation that will be credited in the next accounting period.

### 19 Loans

Analysis of the maturity of loans is given below:

	Group 2018 £000	Group 2017 £000	Company 2018 £000	Company 2017 £000
<b>Amounts falling due within 1 year</b>				
Bank loan	5,609	-	-	-
Other loan	20,500	-	-	-
Shareholder loan	1	-	-	-
	<u>26,110</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Amounts falling due between 1-2 years</b>				
Bank loan	11,218	-	-	-
	<u>11,218</u>	<u>-</u>	<u>-</u>	<u>-</u>

The bank loan of £16,827,000 (2017: £Nil) is repayable in three equal annual instalments at an annual interest rate of 0.466%.

The other loan represents a revolving facility that, when drawn, is repayable on demand and at an annual interest rate of 4.25%.

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

## Notes to the Financial Statements For the Year Ended 30 June 2018 (continued)

### 20 Business combinations

#### Acquisition of St Mary's Football Group Limited

On 14 August 2017 the Company acquired 100% of St Mary's Football Group Limited for £184,862,000, including directly attributable expenditure of £523,000. The consideration was settled in cash.

In calculating the goodwill arising on acquisition, the fair value of net assets of £63,548,000 has been assessed and adjustments from book value have been made where necessary.

The fair value adjustment in respect of tangible fixed assets aligns the value of St Mary's Stadium and the Staplewood Campus with the external valuation of their replacement costs.

The fair value adjustment in respect of intangible fixed assets only relates to player registrations who are deemed capable of reliable estimate where there is market information derived from transactions with other clubs in the Summer 2017 transfer window.

The fair value adjustment in respect of deferred tax relates to the deferred tax impact of the other fair value adjustments made.

	Book value £000	Fair value adjustments £000	Fair value £000
<b>Fixed assets</b>			
Tangible	43,878	55,429	99,307
Intangible	115,385	(90,924)	24,461
	<hr/>	<hr/>	<hr/>
	159,263	(35,495)	123,768
<b>Current assets</b>			
Stocks	1,218	-	1,218
Debtors	29,641	-	29,641
Cash at bank and in hand	56,965	-	56,965
Deferred tax	-	1,075	1,075
	<hr/>	<hr/>	<hr/>
	87,824	1,075	88,899
<b>Total assets</b>	<hr/> <b>247,087</b>	<hr/> <b>(34,420)</b>	<hr/> <b>212,667</b>
<b>Creditors</b>			
Due within one year	(133,447)	-	(133,447)
Due after more than one year	(10,202)	-	(10,202)
Deferred tax	(4,959)	4,959	-
Other provisions	(5,470)	-	(5,470)
	<hr/>	<hr/>	<hr/>
<b>Total liabilities</b>	<hr/> <b>(154,078)</b>	<hr/> <b>4,959</b>	<hr/> <b>(149,119)</b>
<b>Net assets</b>	<hr/> <b>93,009</b>	<hr/> <b>(29,461)</b>	<hr/> <b>63,548</b>
Goodwill (note 12)			121,314
<b>Total purchase consideration (including directly attributable expenses of £523,000)</b>			<hr/> <b>184,862</b>

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

## Notes to the Financial Statements For the Year Ended 30 June 2018 (continued)

### 20 Business combinations (continued)

	£
Purchased consideration settled in cash, as above	184,862
Cash and cash equivalents in subsidiary acquired	(56,965)
	<hr/>
<b>Cash outflow on acquisition</b>	<b>127,897</b>
	<hr/>

All turnover and profit for the financial year relate to the acquisition.

### 21 Hire purchase and finance leases

Minimum lease payments under hire purchase fall due as follows:

	2018 £000	2017 £000
Within 1 year	16	-
Between 2 to 5 years	66	-
	<hr/>	<hr/>
	82	-
	<hr/>	<hr/>

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

### 22 Financial instruments

	Group 2018 £000	Group 2017 £000	Company 2018 £000	Company 2017 £000
<b>Financial assets</b>				
Financial assets that are debt instruments measured at amortised cost	46,900	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Financial liabilities</b>				
Financial liabilities measured at amortised cost	(129,213)	-	(523)	-
	<hr/>	<hr/>	<hr/>	<hr/>

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

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

If player registration intangible assets were treated as financial assets, the total Group financial assets would be £121,297,000 (2017: £Nil). Financial liabilities would remain unchanged. There is no impact on the Company position.

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

## Notes to the Financial Statements For the Year Ended 30 June 2018 (continued)

### 23 Provisions for liabilities

Group	Contingent transfer fees £000	Provisions for other costs £000	Total £000
On acquisition	5,164	1,840	7,004
Arising in the year	3,407	141	3,548
Utilised in the year	(3,293)	(1,840)	(5,133)
	<hr/>	<hr/>	<hr/>
<b>At 30 June 2018</b>	<b>5,278</b>	<b>141</b>	<b>5,419</b>
	<hr/>	<hr/>	<hr/>

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

### 24 Deferred taxation

Group	Deferred tax £000
Net deferred tax asset on acquisition	1,075
Charged to the Statement of Comprehensive Income	(7,337)
	<hr/>
<b>Deferred tax liability at 30 June 2018</b>	<b>(6,262)</b>
	<hr/>

The deferred tax liability is made up as follows:

	2018 £000	2017 £000
Accelerated capital allowances	(921)	-
Unutilised losses	1,709	-
Short term timing differences	25	-
Gains rolled over into intangible assets	(13,029)	-
Fair value adjustments	5,954	-
	<hr/>	<hr/>
	<b>(6,262)</b>	-
	<hr/>	<hr/>

The Company has no deferred taxation.

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

## Notes to the Financial Statements For the Year Ended 30 June 2018 (continued)

### 25 Share capital

	2018 £000	2017 £000
<b>Allotted, called up and fully paid</b>		
184,339 (2017: 1) ordinary shares of £1 each	<b>184,339</b>	<b>1</b>

During the year, the Group and Company issued 184,338,018 ordinary shares at nominal value.

### 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.

#### Retained earnings

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

### 27 Pensions

Southampton Football Club Limited, an indirectly, wholly owned subsidiary, and, since acquiring this company in the year, 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 Southampton Football Club Limited's notional share of the deficit was £512,000 (£200,000 as at 30 June 2017).

As at 30 June 2018, the Group was paying total contributions of £98,000 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 2018, based on an appropriate discount rate of 1.6% per annum (1.2% per annum as at 30 June 2017), the present value of the Southampton Football Club Limited's outstanding contributions is £582,000 (£250,000 as at 30 June 2017). This amounts to £102,000 (2017: £98,000) due within one year and £479,000 (2017: £152,000) due after more than one year and, as at 30 June 2018, is included within accruals and deferred income. The pension cost charged during the year relating to this deficit was £434,000 (2017: £Nil).

### 28 Contingent liabilities

Excluding items already provided in the Statement of Financial Position, at 30 June 2018 Southampton Football Club Limited, an indirectly, wholly owned subsidiary, had a liability to pay up to £19,218,000 (2017: £12,665,000) to other clubs in respect of players under contract, dependent upon a number of factors but principally first team appearances.

At 30 June 2018 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.

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

## Notes to the Financial Statements For the Year Ended 30 June 2018 (continued)

### 29 Capital commitments

At 30 June 2018 the Group had capital commitments as follows:

	2018 £000	2017 £000
Contracted for but not provided in these financial statements	711	-

The Company had no capital commitments.

### 30 Commitments under operating leases

At 30 June 2018 the Group had future minimum lease payments under non-cancellable operating leases as follows:

	2018 £000	2017 £000
Not later than 1 year	170	-
Later than 1 year and not later than 5 years	213	-
<b>Total</b>	<b>383</b>	<b>-</b>

### 31 Related party disclosures

During the year, further share capital was issued to the parent company, as disclosed in note 25.

In addition, the parent company met transaction costs in relation to the acquisition of £523,000, which are reflected as Amounts due to group undertaking in note 17.

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 £2,793,000 (2017: £Nil).

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

## Notes to the Financial Statements For the Year Ended 30 June 2018 (continued)

### 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 £12,110,000 payable (2017: Nil), as well as a further capital commitment regarding the future acquisition of a player amounting to £18,720,000.

### 34 Net debt reconciliation

	On acquisition £000	Cash flows £000	New finance leases £000	Other non-cash changes £000	30 June 2018 £000
Cash at bank and in hand	(127,897)	185,024	-	-	57,127
Obligations under finance lease and hire purchase contracts	-	-	(82)	-	(82)
Bank loan	(17,461)	-	-	634	(16,827)
Other loan	-	(20,500)	-	-	(20,500)
Shareholder loan	(1)	-	-	-	(1)
<b>Net debt</b>	<b>(145,359)</b>	<b>164,524</b>	<b>(82)</b>	<b>634</b>	<b>19,717</b>