

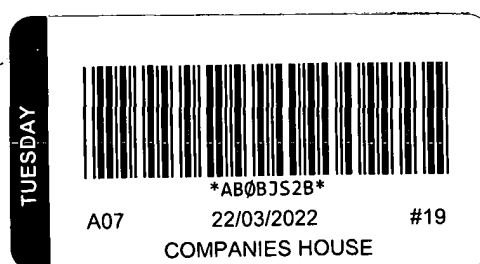
Lander Sports (UK) International Investment Co., Limited

Annual Report and Financial Statements

Year Ended

30 June 2021

Company Number 10449153



Lander Sports (UK) International Investment Co., Limited

Company information

| | |
|-----------------------------|---|
| Director | J Gao |
| Company secretary | Norose Company Secretarial Services Limited |
| Registered number | 10449153 |
| Registered office | 3 More London Riverside, London England SE12AQ |
| Independent auditors | BDO LLP Arcadia House Maritime Walk Ocean Village Southampton SO14 3TL |

Lander Sports (UK) International Investment Co., Limited

Contents

| | Page |
|---|----------------|
| Group Strategic Report | 3 - 8 |
| Section 172 Statement | 9 - 10 |
| Director's Report | 11 - 12 |
| Director's Responsibilities Statement | 13 |
| Independent Auditor's Report | 14 - 16 |
| Consolidated Statement of Comprehensive Income | 17 |
| Consolidated Statement of Financial Position | 18 |
| Company Statement of Financial Position | 19 |
| Consolidated Statement of Changes in Equity | 20 |
| Company Statement of Changes in Equity | 21 |
| Consolidated Statement of Cash Flows | 22 |
| Notes to the Financial Statements | 23 - 42 |

Lander Sports (UK) International Investment Co., Limited

Group Strategic Report for the Year Ended 30 June 2021

The principal activity of Lander Sports (UK) International Investment Co., Ltd (the "Company") was 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.

Introduction

On 22 December 2021, the entire share capital of the Group was sold to Sport Republic Ltd and Katharina Liebherr. Since 22 December 2021 the ultimate controlling party is considered to be Mr D Solak.

Men's

The 2020/21 season, and as a consequence the Group's financial performance, was significantly impacted by the continuing impact of the COVID-19 pandemic ("the pandemic"). The measures imposed by the Government required 84% of the Club's Premier League matches to be played behind closed doors, which significantly impacted the Club's ability to generate commercial revenue.

Whilst the Club continued to operate from the Staplewood Campus for training and St Mary's Stadium on matchdays, this was only for those staff members required to support the first team operations. Consequently, many employees worked remotely for the entire season and have continued to do so beyond the Statement of Financial Position date.

From a sporting perspective, the first team experienced a mixed season. A promising start saw the Club briefly at the top of the Premier League, however, results in the second half of the season were impacted by an unusually high number of injuries to the playing squad, culminating in a 15th placed finish (2020: 11th).

However, the Club enjoyed another strong showing in the FA Cup, losing in the semi-final to the eventual winners. Disappointingly the Club's fans were not able to attend these cup matches in person.

At the time of writing, the first team's on-field performances in season 2021/22 have seen the Club consolidate a mid-table position in the Premier League and continued participation in the FA Cup.

The B team, participating in Premier League 2 Division 1 in season 2020/21, were also impacted by the number of injuries to the first team squad. Whilst this meant a number of B team players gained experience in the first team squad, it resulted in an inexperienced B team squad for the latter half of the season, and this was reflected in the on-pitch results. The season ended with the B team being relegated to Premier League 2 Division 2 for season 2021/22.

Women's

The Club is delighted with the continuous development of the women's & girls programme and it was frustrating that the first team's season in the FA Women's National League, Division One South West was curtailed for a second season in a row as a result of the pandemic. At the time of curtailment, the team were unbeaten and top of the league. However, a successful application was made to the FA for promotion to the Women's National League, Southern Premier Division for season 2021/22.

The first team reached the 5th round of Women's FA Cup in season 2020/21, one round further than the prior season, before narrowly losing to a team from the Women's Super League, three divisions higher. During the cup run the team delivered fine performances to achieve wins over teams from both one and two divisions higher.

At the time of writing the first team are in third place in the league and are in contention for promotion. They continue to participate in the FA Cup, having successfully reached the fifth round after victory over a team from the league above in the fourth round.

The academy (regional talent club) continues to go from strength to strength offering a proven pathway into the first team. During the year the Club maintained its Tier 1 Plus status as awarded by the English FA, one of just four clubs to be awarded this, recognising the Club's commitment to consistently exceed Tier 1 criteria over the course of two seasons.

Lander Sports (UK) International Investment Co., Limited

Group Strategic Report (continued) for the Year Ended 30 June 2021

Financial Overview

The Group reports a loss before interest and tax of £35.2m (2020: loss of £90.4m) with net assets decreasing to £54.7m (2020: £95.4m).

A summary of results is given below:

| | 2021 £000 | 2020 £000 |
|-------------------------------------|--------------|--------------|
| Turnover | 157,245 | 126,636 |
| Operating costs | (174,742) | (182,308) |
| Other operating income | 2,603 | 418 |
| Loss before player trading | (14,894) | (55,254) |
| Player trading | (20,165) | (35,208) |
| (Loss)/Profit on disposal of assets | (161) | 72 |
| Loss before interest and tax | (35,220) | (90,390) |

Despite the men's first team finishing four places lower in the Premier League compared to the 2019/20 season, the Group has seen a significant increase in its turnover and a decrease to the loss before interest and tax. This is a consequence of the temporary suspension of the 2019/20 season, resulting in the revenue associated with six Premier League matches being reported in the 2020/21 financial year as opposed to the financial year-ended 30th June 2020.

Broadcasting revenue has risen from £93.5m to £136.0m (45.5%), which is a direct result of the temporary suspension of the 2019/20 season due to the pandemic. Not only was revenue reduced in 2019/20 by £4.6m to reflect a rebate owed to the broadcasters, but additionally, because that financial year ended before the completion of the 2019/20 season, £19.3m of broadcasting revenue associated with the six games played after the year-end was deferred into the 2020/21 season and therefore reflected in this financial year's results.

Match day revenue has fallen from £14.5m to £0.6m, being a direct result of all except three men's first team home matches being played behind closed doors and the three matches with fans in attendance being limited to a capacity of either 2,000 or 8,000 fans.

Commercial revenue rose from £17.2m to £19.3m (12.2%), which is primarily because £1.6m of commercial revenue associated with the six games played after the 2019/20 year-end was deferred into 2020/21.

At the time of writing, the total 2020/21 revenue foregone as a result of the pandemic in the financial year is £30.1m (2020: £10.3m) resulting in cumulative revenue foregone of £40.4m. £20.9m of revenue which would have been recognised in the prior financial year had the 2019/20 season ended before 30 June 2020 was recognised in the 2020/21 financial year and one-off other operating income received as a result of the pandemic totalled £2.6m. If the revenue which should have been earned and recognised in the financial year had not been foregone due to the pandemic nor carried over from the prior financial year, the revenue in the financial year would have totalled £166.4m, an £8.6m (5.4%) increase on the like for like adjusted revenue of the prior financial year.

Due to all except three men's first team home matches being played behind closed doors in season 2020/21, the Club took the decision to offer season ticket holders who had purchased tickets for the 2020/21 season the following options: a full refund (less the cost of any tickets for any of the three matches a small number of fans attended), credit towards a 2021/22 season ticket equal to the refund they could have received, 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. Season ticket holders who had renewed their tickets from the 2019/20 season to the 2020/21 season had also previously been issued with a £35 voucher to spend in the Club's retail store as a thank you for renewing their tickets.

Lander Sports (UK) International Investment Co., Limited

Group Strategic Report (continued) for the Year Ended 30 June 2021

Financial Overview (continued)

Not only has the pandemic impacted the Group's revenue, but also the ability to generate profit on the disposal of player registrations. It was evident for a second summer transfer window that the financial impact of the pandemic restricted many clubs' ability, in particular outside the UK, to purchase player registrations.

The profit on the disposal of player registrations of £20.5m (2020: £14.8m) that was generated during the financial year arose from the sales of Hojbjerg, Reed and Klarer in the Summer 2020 transfer window, together with the sale of Gunn in the Summer 2021 transfer window and contingent transfer receipts in relation to previously transferred players crystallising during the season. The amortisation of player registrations decreased to £41.7m (2020: £42.9m) despite the purchases of Salisu, Walker-Peters and Diallo in the Summer 2020 transfer window.

It was not deemed necessary to impair the registration of any members of the men's first team playing squad and therefore no exceptional amortisation of player registration costs and associated onerous contracts were incurred during the year (2020: £10.8m).

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 2020/21 season in a COVID-19 secure environment. However, these have been more than offset by some cost savings in certain areas, as a result of the number of men's first team home fixtures played behind closed doors in the financial year, which are estimated to have resulted in a net cost saving of £4.2m. Additionally, certain costs that would ordinarily have been incurred in the prior financial year were carried over into the financial year ended 30th June 2021 (estimated at £3.6m), as they're directly linked to the matches played. In respect of financing, it is estimated that additional interest costs of £6.2m have been incurred due to the impact of COVID-19 related uncertainty on market interest rates.

Taking account of the impact on revenue, other operating income and costs, the total value of foregone profit before tax in the financial year because of the pandemic is estimated to be £29.4m (2020: £11.8m) resulting in cumulative profit before tax foregone of £41.2m. £17.3m of profit before tax which would have been recognised in the prior financial year had the 2019/20 season ended before 30 June 2020 was also recognised in the financial year. If the profit before tax which should have been earned and recognised in the financial year had not been foregone due to the pandemic, nor carried over from the prior financial year, the loss in the financial year would have totalled £10.6m, a £32.1m decrease on the like for like adjusted loss of the prior financial year.

A summary of the estimated direct impact of the pandemic on the Group's revenue and net loss before interest and tax in both the current and prior financial years is shown below:

| | 2020/21 Turnover | 2020/21 Net loss before tax |
|---|---------------------|-----------------------------------|
| | £000 | £000 |
| Results presented in these financial statements | 157,245 | (44,305) |
| Add: broadcasting revenue foregone | 6,809 | 6,809 |
| Less: broadcasting revenue deferred to 2019/20 | (19,327) | (19,327) |
| Add: commercial revenue foregone* | 23,247 | 23,247 |
| Less: commercial revenue deferred to 2019/20 | (1,557) | (1,557) |
| Less: other income received | - | (2,627) |
| Less: cost savings due to lower operating costs | - | (4,187) |
| Add: estimated additional interest costs | - | 6,200 |
| Less: costs deferred to 2019/20 | - | 3,612 |
| Results excluding the estimated effect of the pandemic | 166,417 | (32,135) |

Lander Sports (UK) International Investment Co., Limited

Group Strategic Report (continued) for the Year Ended 30 June 2021

Financial Overview (continued)

| | 2019/20 | 2019/20 |
|---|----------------|-----------------|
| | Turnover | Net loss before |
| | £000 | tax |
| | | £000 |
| Results presented in these financial statements | 126,636 | (90,390) |
| 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) |
| Results excluding the estimated effect of the pandemic | 157,785 | (61,328) |

* based on estimated contracted future revenue

The Group's cash balance at the Statement of Financial Position date was £28.8m, £57.9m lower than the prior year, where the prior year reflected the Group having just received the full amount of the term loan accessed to mitigate against losses as a result of the pandemic. There has been no material change in the amount of loans payable at the Statement of Financial Position date year-on-year.

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 27 months (2020: 26 months);
- the all-staff wages to turnover ratio, which decreased year-on-year from 90% in 2020 to 72% in 2021, with the reduction almost entirely driven by the increased turnover as outlined in the Financial Overview. Excluding the impact of the pandemic on the Club's turnover and the total of all-staff wages, the all-staff wages to turnover ratio would have fallen further year-on-year to 66% (2020: 72%). Year-on-year player remuneration for the men's first team decreased slightly from £89.8m to £89.3m (57% of turnover in 2021 versus 71% in 2020) largely due to the lower final league position, offset by additional costs incurred in the 2020/21 financial year that related to the deferred 2019/20 season. Excluding the impact of the pandemic on the Club's turnover, and on player remuneration, the player remuneration to turnover ratio would have fallen year-on-year to 55% (2020: 57%);
- the number of players with international recognition at senior or U-21 level. The men's first team squad had 22 players with such recognition (2020: 23) and the women's first team squad had 1 player (2020: 0);
- international honours at youth level. 14 male players and 10 female players represented their country at international youth level during the 2020/21 season (23 and 23 respectively during the 2019/20 season);
- the number of male players signed on scholarship agreements. The Club had an average of 26 scholars across the 2020/21 season (29 during the 2019/20 season);
- academy players representing the first team. 15 male and 6 female academy players represented their respective first teams in a competitive fixture during the 2020/21 season (7 and 8 respectively during the 2019/20 season).

Lander Sports (UK) International Investment Co., Limited

Group Strategic Report (continued) for the Year Ended 30 June 2021

Infrastructure and People

Despite the pandemic, investment off the pitch continued where possible. During the year the Group continued the significant investment in the hospitality offering at St Mary's Stadium, commencing the build of a new pitch facing lounge, "The Halo" as well as refurbishment of existing lounges, with work completing before the start of the 2021/22 season. The Group also invested in its Staplewood training facility, increasing the number of hybrid pitches on site and redeveloping the Academy buildings.

The average number of employees during the year (385) reduced significantly compared to the prior year (437), with the decrease attributable to a decision to outsource the Group's facilities, catering and retail activities.

The Club is delighted to continue to promote 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 donations both in-kind and financially to support Saints Foundation's initiatives, which include work supporting numeracy and literacy in primary schools right through to physical activity sessions for older people, and many activities in between. Overall, during the 2020/21 season, the charity engaged over 3,500 individuals aged between 5-96, for more than 45,000 hours across their 17 different projects.

Streamlined Energy & Carbon Reporting

The Group 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 2021, in line with the methodology set out in the Greenhouse Gas Protocol Corporate Standard and the Energy Managers Association.

The total tonnes of CO₂ emitted by the Group during the year was 1,101.09 (2020: 2,483.24), which equates to 7.00 tonnes of CO₂ emitted per £m of turnover generated (2020: 19.61). 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 Group's total energy consumption for the year was 11.093m kWh (2020: 10.903m kWh restated) and the methodology used to calculate this energy consumption figure was the same as has been outlined above for calculating the Group's greenhouse gas emissions.

In order to improve the Group's carbon footprint during the year the Group continued with the LED upgrade at the Staplewood Campus and continued to switch the fleet vehicles to electric. The Group also installed electric vehicle charging points and smart timers to heating systems at the Staplewood Campus. The cycle to work scheme for the Group's employees has been enhanced and a matchday travel plan for fans has been created. Additionally, 1,572 kg of furniture from the Staplewood Campus was recycled and the Group has offset some residual carbon by planting 1,250 trees.

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 Group manages the impact of this through close control of its direct costs, relative to forecast income.

Liquidity risk

The Group reported a net debt position of £62.2m at the Statement of Financial Position date (2020: net debt of £4.8m).

In order to mitigate against anticipated further losses as a result of the pandemic, the Group gained access to a term loan totalling £78.8m immediately prior to the start of the financial year. This term loan facility replaced the Group's previous working capital facility and at the prior year Statement of Financial Position date the Group's cash balance (£86.7m) reflected the receipt of this loan. Due to the financial impact of the pandemic as described elsewhere in this Strategic Report, the cash balance fell to £28.8m at the Statement of Financial Position date.

Lander Sports (UK) International Investment Co., Limited

Group Strategic Report (continued) for the Year Ended 30 June 2021

Principal risks & uncertainties (continued)

Gross debt has remained broadly the same, totalling £90.7m at the Statement of Financial Position date (2020: £91.3m) with the year on year decrease linked to the change in Swiss Franc:£sterling exchange rate.

Credit risk

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

Political & COVID-19 risk

Following the UK's decision to leave the EU, 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. The Group continues to monitor all implications of Brexit for the Group in both the short and long term.

At the time of writing the pandemic continues to impact the Group's financial performance albeit not as significantly as the prior two financial years.

In assessing the appropriateness of the going concern assumption, the director has produced a detailed cash flow forecast which extends to 12 months from the date of signing these financial statements. These acknowledge that the global and UK outbreak of COVID-19 has had a profound impact on the Group's financial position but this is being managed appropriately.

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.



.....
J Gao

Director

Date: 24th February 2022

Lander Sports (UK) International Investment Co., Limited

Section 172 Statement for the Year Ended 30 June 2021

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 |
|--|---------------------------------|--|
| Competitive men's first team matches being played behind closed doors and refunds relating to the Premier League matches that were postponed and rescheduled behind closed doors | Employees, customers, suppliers | <ul style="list-style-type: none"> • The men's first team and employees that work closely with them were notified of the additional requirements placed on them with regards to regular testing and the need to wear PPE whilst working. • Fans and other customers were notified via numerous communication channels, including over the telephone, on the website and the Group's social media channels and via email. • Fans and other customers with hospitality bookings and season tickets were offered a variety of options as outlined in the "Financial Overview" section of the Group Strategic Report. • Relevant suppliers were informed of the restrictions on site at St Mary's Stadium and any steps required of them to assist in reducing the spread of COVID-19. |

Lander Sports (UK) International Investment Co., Limited

Section 172 Statement (continued) for the Year Ended 30 June 2021

| | | |
|---|---|---|
| Curtailment of the women's and girls first team league season | Employees, customers | <ul style="list-style-type: none"> The women's first team and employees that work closely with them were notified of the league season's curtailment at the earliest available opportunity. Fans and other customers were notified of the curtailment of the season and any implications via the Club's website. |
| 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"> 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. |
| Continuance of wage payments and furlough of employees throughout the period of lockdown | Employees | <ul style="list-style-type: none"> Employees who were notified that they would be furloughed were consulted with at the earliest available opportunity and were provided with a detailed explanation of the furlough scheme, and its implications on them during their period of furlough. All permanent and fixed term employees, including those placed on furlough, were informed that they would not receive a pay cut during the periods of lockdown, with the exception of those who offered to defer a percentage of their remuneration in the 2019/20 season. All casual employees were paid in full throughout the periods of lockdown and "regular" casual workers were paid amounts equivalent to their average pay received over a period of time leading up to the first government-imposed lockdown. |
| Closure of Southampton Football Club (North America) Inc. | Shareholders, employees, regulatory authorities | <ul style="list-style-type: none"> Shareholder consultation took place in accordance with regulatory requirements. Customers and suppliers were informed in writing of the change of ownership and contracts were novated, where required. Relevant regulatory authorities were notified of the intention to close the entity and the required steps to do so were undertaken. |

Lander Sports (UK) International Investment Co., Limited

Director's Report for the Year Ended 30 June 2021

The director presents her report and the financial statements for the year ended 30 June 2021.

Results and dividends

The loss for the year, after taxation, amounted to a loss of £40,695,000 (2020: loss of £82,516,000).

No dividend (2020: £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 2020.

As a result of the prolonged duration of the pandemic and the significant financial losses incurred, the Group took the difficult decision to utilise the government furlough scheme in January 2021. From that date until the financial year-end, 13 permanent employees were fully furloughed and 21 permanent employees were partly furloughed. Some employees were furloughed for the duration of that period, and others for a significantly shorter period of time. The total amount claimed by the Group was £0.2m (2020: £Nil). The Group provided top-up payments to ensure all employees received their full salary. The Group also committed to paying all casual employees in full throughout the periods of lockdown regardless of whether or not they were placed on furlough with "regular" casual workers being paid wages that equated to their "average" pay received over a period of time leading up to the first period of 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.

Lander Sports (UK) International Investment Co., Limited

Director's Report (continued) for the Year Ended 30 June 2021

Director

The director who served during the year was:

J Gao

Future developments

Since the Statement of Financial Position date, as outlined above in the "Introduction", the Company has sold its investment in the Group.

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.

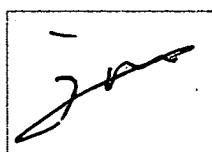
Post Statement of Financial Position events

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: 24th February 2022

Lander Sports (UK) International Investment Co., Limited

Director's Responsibilities Statement for the Year Ended 30 June 2021

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 on the financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 30 June 2021 and of the Group's loss for the year then ended;
- the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Lander Sports (UK) International Investment Co., Limited (the 'Parent Company') and its subsidiaries (the 'Group') for the year ended 30 June 2021 which comprise the Statement of Comprehensive Income, Consolidated Statement of Financial Position, Company Statement of Financial Position, Consolidated Statement of Changes in Equity, Company Statement of Changes in Equity, Consolidated Statement of Cash Flows, and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

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

Independence

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

Conclusions relating to going concern

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

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

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

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Lander Sports (UK) International Investment Co., Limited

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

Other Companies Act 2006 reporting

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

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

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

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

- adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Parent Company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of Directors

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

Based on our understanding of the Group and the Parent Company, we considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Companies Act 2006. We evaluated management incentives and opportunities for fraudulent manipulation of the financial statements including management override, and considered that the principal risk was related to the posting of inappropriate journal entries to improve the result before tax for the year.

Lander Sports (UK) International Investment Co., Limited

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

We designed audit procedures to respond to the risk, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion.

Procedures performed by the group audit team included:


- Discussions with management regarding known or suspected instances of non-compliance with laws and regulations;
- Obtaining an understanding of controls designed to prevent and detect irregularities, including specific consideration of controls and accounting policies relating to significant accounting estimates;
- Obtaining an understanding of the significant laws and regulations impacting the group, including data protection laws and regulations around FCA compliance and financial fair play;
- Communicating relevant laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit;
- Reviewing minutes of meetings of those charged with governance to identify any instances of non-compliance with laws and regulations;
- Assessing journals entries as part of our planned audit approach, with a particular focus on journal entries to key financial statement areas such as revenue and cash and journals raised after the year end; and
- Consideration of significant management judgements, particularly in respect of the carrying value of intangible fixed assets and deferred tax assets.

There are inherent limitations in the audit procedures described above and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at: 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.

DocuSigned by:

3A8E17E6EA7B437...

Stephen Le Bas (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
Southampton
United Kingdom

25 February 2022

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 2021

| | Note | Operations excluding player trading 2021 £000 | Player trading* 2021 £000 | Total 2021 £000 | Total 2020 £000 |
|--|------|--|------------------------------------|-----------------------|-----------------------|
| Turnover | 4 | 157,245 | - | 157,245 | 126,636 |
| Cost of sales (including exceptional costs of £Nil (2020: £10,792,000) (Note 5)) | | (131,910) | (41,679) | (173,589) | (188,183) |
| Gross profit/(loss) | | 25,335 | (41,679) | (16,344) | (61,547) |
| Administrative expenses | | (42,832) | 999 | (41,833) | (44,112) |
| Other operating income | 5 | 2,603 | - | 2,603 | 418 |
| Operating loss | 7 | (14,894) | (40,680) | (55,574) | (105,241) |
| (Loss)/profit on disposal of assets | | (161) | - | (161) | 72 |
| Profit on disposal of players | | - | 20,515 | 20,515 | 14,779 |
| Loss on ordinary activities before interest | | (15,055) | (20,165) | (35,220) | (90,390) |
| Interest receivable and similar income | 11 | 598 | - | 598 | 412 |
| Interest payable and similar charges | 12 | (9,683) | - | (9,683) | (3,248) |
| Loss on ordinary activities before taxation | | (24,140) | (20,165) | (44,305) | (93,226) |
| Tax on loss | 13 | 3,610 | | 3,610 | 10,710 |
| Loss and total comprehensive loss for the year | | (20,530) | (20,165) | (40,695) | (82,516) |

*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 23 to 42 form part of these financial statements.

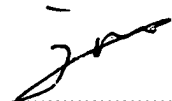
Lander Sports (UK) International Investment Co., Limited

Registered number: 10449153

Consolidated Statement of Financial Position as at 30 June 2021

| | Note | 2021 £000 | 2021 £000 | 2020 £000 | 2020 £000 |
|---|------|---------------|----------------|----------------|----------------|
| Non-current assets | | | | | |
| Intangible assets | 14 | | 78,932 | | 116,760 |
| Tangible assets | 15 | | 93,798 | | 96,224 |
| | | | <u>172,730</u> | | <u>212,984</u> |
| Current assets | | | | | |
| Stocks | 17 | 12 | | 256 | |
| Debtors: amounts falling due within one year | 18 | 26,265 | | 15,823 | |
| Debtors: amounts falling due after more than one year | 18 | 6,743 | | 4,158 | |
| Cash at bank and in hand | | 28,757 | | 86,674 | |
| | | <u>61,777</u> | | <u>106,911</u> | |
| Creditors: amounts falling due within one year | 19 | (62,546) | | (108,852) | |
| Net current liabilities | | | <u>(769)</u> | | <u>(1,941)</u> |
| Total assets less current liabilities | | | <u>171,961</u> | | <u>211,043</u> |
| Creditors: amounts falling due after more than one year | 20 | | (110,070) | | (106,390) |
| Provisions for liabilities | | | | | |
| Other provisions | 23 | | (7,221) | | (9,288) |
| Net assets | | | <u>54,670</u> | | <u>95,365</u> |
| Capital and reserves | | | | | |
| Share capital | 25 | | 184,339 | | 184,339 |
| Capital contribution reserve | 26 | | 2,000 | | 2,000 |
| Profit and loss account | 26 | | (131,669) | | (90,974) |
| Equity attributable to the owner of the parent Company | | | <u>54,670</u> | | <u>95,365</u> |

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



J Gao

Director

Date: 24th February 2022

The notes on pages 23 to 42 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 2021

| | Note | 2021 £000 | 2021 £000 | 2020 £000 | 2020 £000 |
|--|------|--------------|--------------|--------------|--------------|
| Fixed assets | | | | | |
| Investments | 16 | | 184,862 | | 184,862 |
| Creditors: amounts falling due within one year | 19 | (523) | | (523) | |
| Net current liabilities | | | (523) | | (523) |
| Net assets | | | 184,339 | | 184,339 |
| Capital and reserves | | | | | |
| 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 (2020: £Nil).

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



J Gao
Director

Date: 24th February 2022

The notes on pages 23 to 42 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 2021

| | Share capital £000 | Capital contribution reserve £000 | Retained earnings £000 | Total equity £000 |
|---|--------------------------|--|------------------------------|-------------------------|
| At 30 June 2019 (as previously stated) | 184,339 | - | 1,630 | 185,969 |
| Prior year adjustment | - | - | (10,088) | (10,088) |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| 30 June 2019 (as restated) | 184,339 | - | (8,458) | 175,881 |
| Comprehensive loss for the year | | | | |
| Loss for the year | - | - | (82,516) | (82,516) |
| Contributions by and distributions to owners | | | | |
| Capital contribution: forgiveness of shareholder loan | - | 2,000 | - | 2,000 |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| At 30 June 2020 | 184,339 | 2,000 | (90,974) | 95,365 |
| | <hr/> <hr/> | <hr/> <hr/> | <hr/> <hr/> | <hr/> <hr/> |
| | | | | |
| | Share capital £000 | Capital contribution reserve £000 | Retained earnings £000 | Total equity £000 |
| 30 June 2020 | 184,339 | 2,000 | (90,974) | 95,365 |
| Comprehensive loss for the year | | | | |
| Loss for the year | - | - | (40,695) | (40,695) |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| At 30 June 2021 | 184,339 | 2,000 | (131,669) | 54,670 |

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

The notes on pages 23 to 42 form part of these financial statements.

Lander Sports (UK) International Investment Co., Limited

Company Statement of Changes in Equity for the Year Ended 30 June 2021

| | Share capital £000 | Retained earnings £000 | Total equity £000 |
|----------------------------------|--------------------------|------------------------------|-------------------------|
| At 30 June 2019 and 30 June 2020 | 184,339 | - | 184,339 |
| | Share capital £000 | Retained earnings £000 | Total equity £000 |
| At 30 June 2020 and 30 June 2021 | 184,339 | - | 184,339 |

The notes on pages 23 to 42 form part of these financial statements.

Lander Sports (UK) International Investment Co., Limited

Consolidated Statement of Cash Flows for the Year Ended 30 June 2021

| | 2021 £000 | 2020 £000 |
|---|-----------------|-----------------|
| Cash flows from operating activities | | |
| Loss for the financial year | (40,695) | (82,516) |
| Adjustments for: | | |
| Depreciation, amortisation and impairment | 77,035 | 84,508 |
| Loss/(profit) on disposal of tangible assets | 161 | (72) |
| Net interest payable | 9,085 | 2,836 |
| Taxation credit | (3,610) | (10,710) |
| Decrease in stock | 244 | 494 |
| (Increase)/Decrease in debtors | (99) | 5,052 |
| (Decrease)/Increase in creditors | (27,842) | 25,615 |
| (Decrease)/Increase in provisions | (4,121) | 4,267 |
| (Gain)/Loss on foreign exchange | (2,332) | 697 |
| Profit on disposal of players | (20,515) | (14,779) |
| Taxation received | 34 | - |
| | <hr/> | <hr/> |
| Net cash (used in)/generated from operating activities | (12,655) | 15,392 |
| Cash flows from investing activities | | |
| Purchase of tangible fixed assets | (2,659) | (3,184) |
| Purchase of intangible fixed assets | (55,207) | (61,251) |
| Proceeds from sale of intangible fixed assets | 19,908 | 28,109 |
| Proceeds from sale of tangible fixed assets | - | 102 |
| Interest receivable | - | 78 |
| | <hr/> | <hr/> |
| Net cash used in investing activities | (37,958) | (36,146) |
| Cash flows from financing activities | | |
| New secured loans | - | 80,000 |
| Repayment of secured loans | - | (20,000) |
| New other loans | 229 | 4,000 |
| Repayment of other loans | - | (2,000) |
| Interest paid | (7,482) | (1,076) |
| Repayment of finance leases | (51) | - |
| | <hr/> | <hr/> |
| Net cash (used in)/generated from financing activities | (7,304) | 60,924 |
| Net (decrease)/increase in cash and cash equivalents | (57,917) | 40,170 |
| Cash and cash equivalents at the beginning of year | 86,674 | 46,504 |
| | <hr/> | <hr/> |
| Cash and cash equivalents at the end of year | 28,757 | 86,674 |
| Cash and cash equivalents at the end of year comprise: | | |
| Cash at bank and in hand | 28,757 | 86,674 |
| | <hr/> | <hr/> |

The notes on pages 23 to 42 form part of these financial statements.

Lander Sports (UK) International Investment Co., Limited

Notes to the Financial Statements for the Year Ended 30 June 2021

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 directors have produced a detailed cash flow forecast, which extends to the end of the Premier League 2021/2022 football season and beyond. This forecast acknowledges that the global and UK outbreak of COVID-19 continues to have an impact on the Club, although at the time of issue, the impact has significantly reduced in both value and on club-wide activity compared with the 2019/20 and 2020/21 seasons. At the time of issue of these financial statements, the 2021/22 season is ongoing with full capacity attendances permitted for all of the Club's home fixtures and any fixtures that have been postponed due to COVID-19 outbreaks amongst the players have thus far been rearranged with full capacity attendances permitted. At the time of issue there is no evidence to suggest that this will change in the foreseeable future and it is not anticipated that there will be any further rebate owed to any TV broadcasters for such postponements, or for any other matter relating to the 2021/22 season.

Lander Sports (UK) International Investment Co., Limited

Notes to the Financial Statements for the Year Ended 30 June 2021

2 Accounting policies (continued)

2.4 Going concern (continued)

The rebate relating to the 2019/20 season has been accounted for in full 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 directors have concluded, after reviewing the work performed and detailed above, that they can adopt the going concern basis in preparing these financial statements.

2.5 Turnover

Turnover represents the total amount receivable from the principal activities of the Group, excluding transfer fees receivable, and is stated net of value added tax. The fixed element of broadcasting turnover is recognised as games are performed over the length of the football season, whilst facility fees for live coverage or highlights are recognised as and when the point of broadcast occurs. Merit payments are accounted for once known at the end of the season to which they relate, and accrued if not received by the end of the financial year. Match day 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 in both the current and prior financial years is net of a rebate to broadcasters that related 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 in each financial year.

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 2021

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 2021

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 2021

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.

2.18 Government grants

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

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

During the year, income received from the Coronavirus Job Retention Scheme has been accounted for in accordance with the above.

Lander Sports (UK) International Investment Co., Limited

Notes to the Financial Statements for the Year Ended 30 June 2021

2 Accounting policies (continued)

2.19 Interest income

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

2.20 Borrowing costs

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

2.21 Provisions for liabilities

Provisions are made where an event has taken place that gives the Group a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Statement of Comprehensive Income in the year that the Group becomes aware of the obligation. Provisions are measured as the best estimate of the expenditure required to settle the obligation at the Statement of Financial Position date, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Statement of Financial Position.

2.22 Current and deferred taxation

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

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

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

- the recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; 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 2021

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 which players are included within the first team squad for cash generating unit purposes. The assessment is based on whether players are considered to be within the first team squad and available for selection as at the Statement of Financial Position date. Factors taken into consideration are whether the player has sustained any long term, career threatening injury or is highly unlikely to play for the first team again and is held only for sale;
- where players are considered to be outside of the first team squad for cash generating unit purposes, determined the net realisable value of the player registration. This is based on an agreed selling price in the event that the player has been transferred subsequent to the Statement of Financial Position date or, if there has been no such transfer, the best estimate of the disposal proceeds (less associated costs) based on recent player transactions;
- if a player is considered to be outside of the first team squad and highly unlikely to play for the first team again, determined whether the contract is onerous and any associated provision required as a result of obligations at the Statement of Financial Position date. Such onerous contract provisions are estimated based on the unavoidable cost (least net cost) of exiting the contract (see note 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 2021

4 Turnover

| | 2021 £000 | 2020 £000 |
|---|----------------|----------------|
| An analysis of turnover by class of business is as follows: | | |
| Broadcasting | 136,006 | 93,458 |
| Match day | 625 | 14,466 |
| Commercial | 19,283 | 17,201 |
| Other | 1,331 | 1,511 |
| | <u>157,245</u> | <u>126,636</u> |

Materially all turnover arose within the United Kingdom.

5 Exceptional items

Exceptional items included within cost of sales are as follows:

| | 2021 £000 | 2020 £000 |
|------------------------------------|--------------|---------------|
| Impairment of player registrations | - | 6,397 |
| Onerous player contracts | - | 4,395 |
| | <u>-</u> | <u>10,792</u> |

6 Other operating income

Items included within other operating income are as follows:

| | 2021 £000 | 2020 £000 |
|--|--------------|--------------|
| Coronavirus job retention scheme grant | 207 | - |
| Business interruption insurance claim | 2,396 | - |
| Other operating income | - | 418 |
| | <u>2,603</u> | <u>418</u> |

Lander Sports (UK) International Investment Co., Limited

Notes to the Financial Statements for the Year Ended 30 June 2021

7 Operating loss

| | 2021 £000 | 2020 £000 |
|---|-------------------|-------------------|
| The operating loss is stated after charging: | | |
| Stock recognised as an expense | 1,685 | 1,526 |
| Depreciation of tangible fixed assets | 5,027 | 4,837 |
| Amortisation of intangible assets | 72,008 | 73,274 |
| Impairment of intangible assets | - | 6,397 |
| Other operating lease rentals | 272 | 238 |
| Foreign exchange losses | - | 1,339 |
| Defined contribution pension cost | 730 | 770 |
| Loss on sale of tangible fixed assets | 161 | - |
| | <u> </u> | <u> </u> |
| The operating loss is stated after crediting: | | |
| Amortisation of grants | 93 | 93 |
| Foreign exchange gains | 2,041 | - |
| Profit on sale of tangible fixed assets | - | 72 |
| | <u> </u> | <u> </u> |

8 Auditor's remuneration

| | 2021 £000 | 2020 £000 |
|--|-------------------|-------------------|
| Fees payable to the Group's auditor for the audit of the Group's annual accounts | 8 | 10 |
| Fees payable to the Group's auditor in respect of: | | |
| The audit of the Company's subsidiaries | 39 | 29 |
| Taxation compliance services | 10 | 10 |
| Tax advisory | 1 | - |
| Interim accounts review | 11 | 10 |
| Other non-audit services | 4 | 12 |
| | <u> </u> | <u> </u> |

Lander Sports (UK) International Investment Co., Limited

Notes to the Financial Statements for the Year Ended 30 June 2021

9 Employees

| | 2021 £000 | 2020 £000 |
|--|----------------|----------------|
| Group staff costs, including directors' remuneration, were as follows: | | |
| Wages and salaries | 99,158 | 100,107 |
| Social security costs | 13,538 | 13,491 |
| Cost of defined contribution pension scheme | 730 | 770 |
| | <u>113,426</u> | <u>114,368</u> |

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

| | 2021 No. | 2020 No. |
|----------------|-------------|-------------|
| Administrative | 128 | 169 |
| Direct | 257 | 268 |
| | <u>385</u> | <u>437</u> |

In addition the Group employs approximately 529 temporary staff on match days (2020: 1,000).

10 Directors' remuneration

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

11 Interest receivable and similar income

| | 2021 £000 | 2020 £000 |
|---|--------------|--------------|
| Bank interest receivable | - | 78 |
| Imputed interest charge on transfer fees receivable | 598 | 334 |
| | <u>598</u> | <u>412</u> |

12 Interest payable and similar charges

| | 2021 £000 | 2020 £000 |
|--|--------------|--------------|
| Bank interest payable | 9 | 923 |
| Other loan interest payable | 7,657 | 152 |
| Imputed interest charge on transfer fees payable | 2,017 | 2,173 |
| | <u>9,683</u> | <u>3,248</u> |

Lander Sports (UK) International Investment Co., Limited

Notes to the Financial Statements for the Year Ended 30 June 2021

13 Taxation

| | 2021 £000 | 2020 £000 |
|--|--------------|--------------|
| Current tax | | |
| Adjustments in respect of previous periods | 291 | - |
| Total current tax expense | 291 | - |
| Deferred tax | | |
| Origination and reversal of timing differences | 3,977 | 11,360 |
| Adjustments in respect of prior periods | (392) | (4) |
| Effect of tax rate change | (266) | (646) |
| Total deferred tax credit | 3,319 | 10,710 |
| Total tax credit | 3,610 | 10,710 |

Factors affecting tax credit for the year

The tax assessed for the year is lower than (2020: lower than) the standard rate of corporation tax in the UK of 19% (2020: 19%). The differences are explained below:

| | 2021 £000 | 2020 £000 |
|---|--------------|--------------|
| Loss on ordinary activities before tax | 44,305 | 93,226 |
| Loss on ordinary activities multiplied by the standard rate of corporation tax in the UK of 19% (2020: 19%) | 8,418 | 17,713 |
| Effects of: | | |
| Expenses not deductible for tax purposes | (5,861) | (5,887) |
| Income not taxable for tax purposes | 18 | 18 |
| R&D expenditure credits/debits | (6) | 7 |
| Effect of rate change | 1,136 | (646) |
| Deferred tax not recognised | - | (25) |
| Adjustments in respect of prior periods | (101) | - |
| Other movements | 6 | (470) |
| Total tax credit for the year | 3,610 | 10,710 |

Lander Sports (UK) International Investment Co., Limited

Notes to the Financial Statements for the Year Ended 30 June 2021

13 Taxation (continued)

Deferred tax balances are recognised at a rate of 25%, being the future rate of corporation tax enacted under the Finance Act 2021, ahead of the Statement of Financial Position date. In the prior year, deferred tax balances were recognised at a rate of 19%.

14 Intangible assets

| Group | Player registrations £000 | Goodwill £000 | Total £000 |
|------------------------|---------------------------------|------------------|----------------|
| Cost | | | |
| At 1 July 2020 | 175,975 | 121,314 | 297,289 |
| Additions | 42,327 | - | 42,327 |
| Disposals | (53,488) | - | (53,488) |
| | <hr/> | <hr/> | <hr/> |
| At 30 June 2021 | 164,814 | 121,314 | 286,128 |
| | <hr/> | <hr/> | <hr/> |
| Amortisation | | | |
| At 1 July 2020 | 93,186 | 87,343 | 180,529 |
| Charge for the year | 41,679 | 30,329 | 72,008 |
| On disposals | (45,341) | - | (45,341) |
| | <hr/> | <hr/> | <hr/> |
| At 30 June 2021 | 89,524 | 117,672 | 207,196 |
| | <hr/> | <hr/> | <hr/> |
| Net book value | | | |
| At 30 June 2021 | 75,290 | 3,642 | 78,932 |
| | <hr/> | <hr/> | <hr/> |
| At 30 June 2020 | 82,789 | 33,971 | 116,760 |
| | <hr/> | <hr/> | <hr/> |

Lander Sports (UK) International Investment Co., Limited

Notes to the Financial Statements for the Year Ended 30 June 2021

15 Tangible fixed assets

| Group | Freehold land and buildings £000 | Fixtures, fittings and vehicles £000 | Assets in the course of construction £000 | Total £000 |
|--------------------------|---|---|---|----------------|
| Cost or valuation | | | | |
| At 1 July 2020 | 94,356 | 11,958 | 70 | 106,384 |
| Additions | - | 1,983 | 780 | 2,763 |
| Disposals | - | (665) | (27) | (692) |
| Transfers | - | 582 | (582) | - |
| At 30 June 2021 | 94,356 | 13,858 | 241 | 108,455 |
| Depreciation | | | | |
| At 1 July 2020 | 6,615 | 3,545 | - | 10,160 |
| Charge for the year | 2,198 | 2,829 | - | 5,027 |
| On disposals | - | (530) | - | (530) |
| At 30 June 2021 | 8,813 | 5,844 | - | 14,657 |
| Net book value | | | | |
| At 30 June 2021 | 85,543 | 8,014 | 241 | 93,798 |
| At 30 June 2020 | 87,741 | 8,413 | 70 | 96,224 |

The net book value of tangible fixed assets includes an amount of £225,000 (2020: £177,000) in respect of assets held under finance leases and hire purchase contracts. The related depreciation charge on these assets for the year was £57,000 (2020: £48,000).

Lander Sports (UK) International Investment Co., Limited

Notes to the Financial Statements for the Year Ended 30 June 2021

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

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

² 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 |
|----------------------------------|----------------------------|
| Net book value | |
| At 30 June 2020 and 30 June 2021 | 184,862 |

Lander Sports (UK) International Investment Co., Limited

Notes to the Financial Statements for the Year Ended 30 June 2021

17 Stocks

| | Group 2021 £000 | Group 2020 £000 | Company 2021 £000 | Company 2020 £000 |
|-------------------------------------|-----------------------|-----------------------|-------------------------|-------------------------|
| Finished goods and goods for resale | 12 | 256 | - | - |

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

18 Debtors

| | Group 2021 £000 | Group 2020 £000 | Company 2021 £000 | Company 2020 £000 |
|--------------------------------------|-----------------------|-----------------------|-------------------------|-------------------------|
| Due within one year: | | | | |
| Trade debtors | 2,441 | 1,247 | - | - |
| Other debtors | 701 | 442 | - | - |
| Prepayments and accrued income | 3,784 | 5,138 | - | - |
| Corporation tax | 449 | 191 | - | - |
| Transfer fees receivable | 14,347 | 7,581 | - | - |
| Deferred tax asset | 4,543 | 1,224 | - | - |
| | <u>26,265</u> | <u>15,823</u> | | - |
| Due after more than one year: | | | | |
| Transfer fees receivable | 6,743 | 4,158 | - | - |

19 Creditors: amounts falling due within one year

| | Group 2021 £000 | Group 2020 £000 | Company 2021 £000 | Company 2020 £000 |
|---|-----------------------|-----------------------|-------------------------|-------------------------|
| Shareholder loan | 1 | 1 | - | - |
| Bank loan | - | 6,265 | - | - |
| Other loan | 229 | - | - | - |
| Trade creditors | 3,341 | 1,355 | - | - |
| Amounts owed to group undertaking | 523 | 523 | 523 | 523 |
| Taxation and social security | 7,756 | 20,678 | - | - |
| Obligations under finance lease and hire purchase contracts | 64 | 48 | - | - |
| Transfer fees payable | 24,271 | 36,728 | - | - |
| Other creditors | 2,972 | 4,636 | - | - |
| Accruals and deferred income | 23,389 | 38,618 | - | - |
| | <u>62,546</u> | <u>108,852</u> | <u>523</u> | <u>523</u> |

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 2021

20 Creditors: amounts falling due after more than one year

| | Group 2021 £000 | Group 2020 £000 | Company 2021 £000 | Company 2020 £000 |
|---|-----------------------|-----------------------|-------------------------|-------------------------|
| Bank loan | 90,474 | 85,066 | - | - |
| Obligations under finance lease and hire purchase contracts | 161 | 124 | - | - |
| Transfer fees payable | 16,359 | 18,111 | - | - |
| Accruals and deferred income | 3,076 | 3,089 | - | - |
| | <u>110,070</u> | <u>106,390</u> | <u>-</u> | <u>-</u> |

Football Trust grants of £2,715,000 (2020: £2,809,000) are classified as accruals and deferred income within creditors falling due after more than one year and £93,000 (2020: £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 2021 £000 | Group 2020 £000 | Company 2021 £000 | Company 2020 £000 |
|--|-----------------------|-----------------------|-------------------------|-------------------------|
| Amounts falling due within 1 year | | | | |
| Other loan | 229 | 6,265 | - | - |
| Shareholder loan | 1 | 1 | - | - |
| | <u>230</u> | <u>6,266</u> | <u>-</u> | <u>-</u> |
| Amounts falling due between 1-2 years | | | | |
| Bank loan | 11,488 | 6,266 | - | - |
| | <u>11,488</u> | <u>6,266</u> | <u>-</u> | <u>-</u> |
| Amounts falling due between 2-5 years | | | | |
| Bank loan | 78,986 | 78,800 | - | - |
| | <u>78,986</u> | <u>78,800</u> | <u>-</u> | <u>-</u> |

The bank loan of £11,488,000 (2020: £12,531,000) is repayable in two instalments and has annual interest rate of 1.065% (2020: 1.065%).

A further bank loan of £78,986,000 (2020: £78,800,000) is repayable in 2025 and has an annual interest rate of 9.14% (2020: 9.14%). The bank loan is secured by a fixed and floating charge over certain assets within the Group.

Lander Sports (UK) International Investment Co., Limited

Notes to the Financial Statements for the Year Ended 30 June 2021

22 Hire purchase and finance leases

Minimum lease payments under hire purchase fall due as follows:

| | 2021 £000 | 2020 £000 |
|----------------------|--------------|--------------|
| Within 1 year | 64 | 48 |
| Between 2 to 5 years | 161 | 124 |
| | <u>225</u> | <u>172</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 2020 | 4,857 | 4,431 | 9,288 |
| Arising in the year | 6,508 | 310 | 6,818 |
| Utilised in the year | (4,454) | (4,431) | (8,885) |
| | <u>6,911</u> | <u>310</u> | <u>7,221</u> |
| At 30 June 2021 | 6,911 | 310 | 7,221 |

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 2021

24 Deferred taxation

| Group | Deferred tax £000 |
|---|----------------------|
| Deferred tax liability at 1 July 2020 | 1,224 |
| Credited to the Statement of Comprehensive Income | 3,319 |
| | <hr/> |
| Deferred tax asset at 30 June 2021 | 4,543 |
| | <hr/> <hr/> |

The deferred tax asset is made up as follows:

| | 2021 £000 | 2020 £000 |
|--|--------------|--------------|
| Unutilised losses | 11,848 | 13,778 |
| Short term timing differences | 65 | 71 |
| Gains rolled over into intangible assets | (2,788) | (5,490) |
| Accelerated capital allowances | (177) | (153) |
| Fair value adjustments | (4,405) | (6,982) |
| | <hr/> | <hr/> |
| | 4,543 | 1,224 |
| | <hr/> <hr/> | <hr/> <hr/> |

The Company has no deferred taxation.

25 Share capital

| | 2021 £000 | 2020 £000 |
|---|--------------|--------------|
| Allotted, called up and fully paid | | |
| 184,339 Ordinary shares of £1 each | 184,339 | 184,339 |
| | <hr/> <hr/> | <hr/> <hr/> |

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

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 2021

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 2020 highlighted that the Group's notional share of the deficit, rolled forward to 30 June 2021 based on the same assumptions, is £417,000 (£339,000 as at 30 June 2020).

As at 30 June 2021, the Group was paying total contributions of £114,000 per annum, increasing by 5% p.a., and based on the actuarial valuation assumptions detailed above, will be sufficient to pay off the deficit by 30 April 2025.

As at 30 June 2021, based on an appropriate discount rate of 0.8% per annum (0.7% per annum as at 30 June 2020), the present value of the Group's outstanding contributions is £480,000 (£394,000 as at 30 June 2020). This amounts to £118,000 (2020: £113,000) due within one year and £361,000 (2020: £281,000) 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 £200,000 (2020: £Nil).

28 Contingent liabilities

Excluding items already provided in the Statement of Financial Position, at 30 June 2021 Southampton Football Club Limited had a liability to pay up to £24,938,000 (2020: £30,648,000) to other clubs in respect of players under contract, dependent upon a number of factors but principally first team appearances.

At 30 June 2021 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 2021 the Group had capital commitments as follows:

| | 2021 £000 | 2020 £000 |
|---|--------------|--------------|
| Contracted for but not provided in these financial statements | 1,220 | 312 |

The Company had no capital commitments.

30 Commitments under operating leases

At 30 June 2021 the Group had future minimum lease payments under non-cancellable operating leases as follows:

| | 2021 £000 | 2020 £000 |
|--|--------------|--------------|
| Not later than 1 year | 74 | 201 |
| Later than 1 year and not later than 5 years | 178 | 212 |
| Total | 252 | 413 |

Lander Sports (UK) International Investment Co., Limited

Notes to the Financial Statements for the Year Ended 30 June 2021

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 £3,003,000 (2020: £1,901,000).

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 £8,284,000 payable (2020: £17,692,000).

On 22 December 2021, the Company sold the entire share capital of its directly owned subsidiary, St Mary's Football Group Limited, to Sport Republic Limited and Ms K Liebherr.

34 Net debt reconciliation

| | 1 July 2020 £000 | Cash flows £000 | New finance leases £000 | Other non-cash changes £000 | 30 June 2021 £000 |
|---|------------------------|-----------------------|----------------------------------|--------------------------------------|-------------------------|
| Cash at bank and in hand | 86,674 | (57,917) | - | - | 28,757 |
| Obligations under finance lease and hire purchase contracts | (172) | 51 | (104) | - | (225) |
| Bank loan | (91,331) | - | - | 857 | (90,474) |
| Other loan | - | (229) | - | - | (229) |
| Shareholder loan | (1) | - | - | - | (1) |
| Net debt | (4,830) | (58,095) | (104) | 857 | (62,172) |

Other non-cash charges relate to movement on foreign exchange.