

St James Holdings Limited

Report and financial statements
Registered number 6254688
30 June 2009



St James Holdings Limited

Corporate Information

Director

M J W Ashley

Secretary

Eacotts Limited

Auditors

Ernst & Young LLP
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Newcastle upon Tyne
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Bankers

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St James Holdings Limited
Director's report
Registered number 6254688

The Director of St James Holdings Limited presents its Annual Report for the year ended 30 June 2009, together with the financial statements of the Group and the Independent auditors' report for the year

Principal activities

The principal activities of the Group during the year were the operation of a professional football club together with related and ancillary activities

Business review

A disappointing 2008/9 season for Newcastle United culminated in an 18th place finish in the FA Premier League and relegation to the Football League Championship for the 2009/10 season. The financial effects of relegation will be most evident in the financial statements for the year ending 30 June 2010 but it has also impacted on the results for the year under review. Group turnover for the year fell to £86.1 million (Period to 30 June 2008: £100.9 million) with reductions across all the main revenue streams. Average FA Premier League attendances at St James' Park fell to 48,750 (2008: 51,321). Difficult economic conditions put pressure on both match day and commercial revenues. Media revenues fell from £41.1 million to £37.6 million due to a reduction in the merit-based elements of the FA Premier League TV rights deal. Outsourcing of the club's catering operations mid-season significantly reduced gross revenue in this area.

The main element of operating expenses (excluding exceptional items and player amortisation) of £98.4 million (Period to 30 June 2008: £105.8 million) is that of player and operational payroll. Total wage costs (excluding exceptional items) were £71.1 million (Period to 30 June 2008: £72.6 million) and the wages to turnover ratio, which remains a key performance indicator for the Group, increased to 82.6% (Period to 30 June 2008: 72.0%). Other expenses include the costs of operating the stadium, training ground and academy, costs of sales for branded products and catering (part year only) and administration costs. Exceptional items relating to changes in team management of £5.3 million and the write-off of goodwill of £0.6 million were charged in the year (see note 3) (Period to 30 June 2008: £6.8 million).

After the charge for amortisation of players' registrations of £19.7 million (Period to 30 June 2008: £18.5 million), the Group recorded an operating loss of £45.3 million (Period to 30 June 2008: £37.9 million).

Player Trading

As with all player trading the profit on the disposal of players shown in the profit and loss account on page 6 reflects the full sale price achieved for all players sold in the period less the carrying book value of each player at the date of transfer. The UK GAAP accounting policy dictates how this is shown in our figures and this policy can be seen on page 11 of our accounts under point (f).

As with many football transfers, payments can be structured over a number of years, our general club policy is to try and reduce the amount of debt we carry for player purchases by attempting to settle payments at the point of transfer, however within the market we have to accept that sales to other clubs may still be structured over a number of years.

We must therefore focus on the cashflow of the club which gives a truer reflection of the club's transfer activity within the year, this is shown on page 9 of the accounts under the acquisitions and sales of intangible assets. During the financial year we have a net cash spend of £16.6 million on players which has to be covered outside of the club's operational cashflow. This figure takes into account the cash the club has spent on all players including many that were signed in previous periods and the cash received on the players sold during the financial year.

Investment in the playing squad continued during the year, with the acquisitions of Fabricio Coloccini, Xisco, Danny Guthrie, Kevin Nolan, Ryan Taylor, Jonas Gutierrez and Sebastien Bassong at a total cost of £27.6 million.

Results and dividends

The loss for the year of £22.9 million (Period to 30 June 2008: loss of £34.1 million) has been transferred from reserves.

The Director does not recommend the payment of a dividend for the year ended 30 June 2009.

Director

The Director who held office during the year and at 30 June 2009 was as follows:

M J W Ashley

Payments to suppliers

The Group does not have a standard creditor payment policy but seeks the best possible terms from suppliers appropriate to its business and, in placing orders, gives consideration to quality, price and terms of payment, which will be agreed with suppliers when the details of each transaction are settled. The Group will continue to honour its contractual and other legal obligations and to pay creditors on the dates agreed in contracts and purchase orders. The number of creditor days' calculation is distorted by transfer fees, which are payable over various agreed timescales. Accordingly, the Group has calculated creditor days excluding transfer fees payable. The number of creditor days was 34 at the year-end (2008: 28).

Political and charitable donations

The Group's charitable donations for the year amounted to £4,000 (Period to 30 June 2008: £3,880). There were no political contributions (2008: £nil).

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Events since the balance sheet date

There have been a number of significant events subsequent to 30 June 2009, details of which are given in note 24

Subsequent to the year end a number of players registrations have been transferred Obafemi Martins to VfL Wolfsburg, Habib Beye to Aston Villa, Damien Duff to Fulham and Sebastien Bassong to Tottenham Hotspur The registrations of Peter Lovenkrands, Fabrice Pancrate, Mike Williamson, Wayne Routledge and Danny Simpson have been acquired, and Fitz Hall, Marlon Harewood, Patrick Van Aanholt and Zurab Khizanishvili joined on short-term loans

The team performance in the 2009/2010 playing season has been excellent and promotion to the FA Premier League for 2010/2011 was secured on 5 April 2010

Disclosure of information to the auditors

So far as the Director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware Having made enquiries of the Group's auditor, the Director has taken all the steps that he is obliged to take as a Director in order to make himself aware of any relevant audit information and to establish that the auditor is aware of that information

Independent auditors

A resolution to re-appoint Ernst & Young LLP as independent auditors of the Company and to authorise the Director to agree their remuneration will be proposed at the Annual General Meeting

The Board acknowledges that there are risks which affect the Group and takes such action as it regards necessary to manage those risks

Based on our risk management assessments the principal risks are as follows

- The identification and negotiation of the acquisition of players and their related payroll costs are one of the most significant and high profile risks facing the Group
- Injuries to key players The Club has invested substantial sums in sports medicine and science facilities to ensure that the players return to fitness more quickly and the Board also obtains insurance cover where it considers such cover to be appropriate
- Team performance affects all aspects of the Group's operations, and the Board has continued to invest in the squad to ensure that the Club can compete at the highest levels
- Risks are also reported on by the FA Premier League and the Football League, and the Group regularly attends these meetings which cover secretarial, financial, commercial, community and health and safety issues
- The Group's capital requirements depend on many factors and these are kept under constant review The Group may require further financing if its capital requirements vary materially from its current plans
- The Group buys from suppliers and sells to customers outside the United Kingdom and, consequently, dealings with these customers and suppliers may be in foreign currencies which will be subject to exchange rate fluctuations Where considered prudent, the Group actively hedges its foreign currency exposure, principally the Euro

Going concern

The Director has prepared financial forecasts and expects to maintain suitable financial facilities from its bankers and ultimate shareholder to provide adequate ongoing finance consistent with these forecast requirements The Director has concluded that the Group remains a going concern and has accordingly prepared these financial statements on the going concern basis

Statement of Director's responsibilities

The Director is responsible for preparing the Annual 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) The financial statements are required by law to give a true and fair view of the state of affairs of the Group and the company and of the profit or loss of the Group for that period In preparing those financial statements, the Director is required to

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

St James Holdings Limited
Director's report
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Statement of Director's responsibilities (continued)

The Director is responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Group and the company and to enable him to ensure that the financial statements comply with the Companies Act 2006. He is also responsible for safeguarding the assets of the Group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Director is responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

On behalf of the Board

A handwritten signature in black ink, appearing to read 'Mike Ashley', written over the printed name and title.

M J W Ashley
Director

29 April 2010

Independent auditors' report to the members of St James Holdings Limited

We have audited the financial statements of St James Holdings Limited for the year ended 30 June 2009 which comprise the Group Profit and Loss Account, the Group Statement of Total Recognised Gains and Losses, the Group and Company Balance Sheets, the Group Statement of Cash Flows and the related notes 1 to 24. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

Respective responsibilities of Director and auditors

As explained more fully in the Director's Responsibilities Statement set out on page 3, the Director is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the Group's and company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the Director, and the overall presentation of the financial statements.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the Group's and company's affairs as at 30 June 2009 and of the Group's loss for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Director's Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

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

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



Mark Hatton (Senior Statutory Auditor)
For and on behalf of Ernst & Young LLP (Statutory Auditor)
Newcastle upon Tyne

30 April 2010

St James Holdings Limited
Group profit and loss account
for the year ended 30 June 2009

	Note	Year ended 30 June 2009 £'000	Period ended 30 June 2008 £'000
Group turnover	2	86,075	100,866
Operating expenses - before exceptional items and player amortisation	3	(98,337)	(105,806)
- exceptional items	3	(5,984)	(6,752)
- amortisation of players' registrations	3	(19,731)	(18,535)
- amortisation of goodwill	3	(7,344)	(7,638)
		(131,396)	(138,731)
Group operating loss		(45,321)	(37,865)
Analysed as			
Before exceptional items and amortisation of intangible assets		(12,262)	(4,940)
Exceptional items		(5,984)	(6,752)
Amortisation of players' registrations		(19,731)	(18,535)
Amortisation of goodwill		(7,344)	(7,638)
		(45,321)	(37,865)
Profit on disposal of players' registrations		23,422	10,813
Loss before interest and taxation		(21,899)	(27,052)
Interest receivable	5(a)	20	227
Interest payable and similar charges	5(b)	(971)	(7,248)
Loss on ordinary activities before taxation		(22,850)	(34,073)
Tax on loss on ordinary activities	6	-	(7)
Loss for the year attributable to members of the parent company	17	(22,850)	(34,080)

All results are derived from continuing operations

Group statement of total recognised gains and losses
for the year ended 30 June 2009

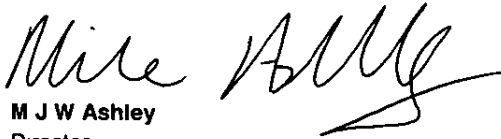
There are no other gains or losses other than the losses in the year ended 30 June 2009 and in the period ended 30 June 2008

St James Holdings Limited
Group balance sheet
at 30 June 2009

Company registration no 6254688

	Note	30 June 2009 £'000	30 June 2008 £'000
Fixed assets			
Intangible assets - goodwill	7	131,902	139,908
Intangible assets – player registrations	7	44,350	39,684
Tangible assets	8	84,434	87,558
		260,686	267,150
Current assets			
Stocks	10	1,171	1,266
Debtors	11	24,975	13,231
Cash at bank and in hand		8	-
		26,154	14,497
Creditors amounts falling due within one year	12	(317,875)	(36,292)
Net current liabilities		(291,721)	(21,795)
Total assets less current liabilities		(31,035)	245,355
Creditors amounts falling due after more than one year	13	(6,538)	(250,089)
Provisions	14	(1,145)	(1,233)
Deferred income	15	(18,212)	(28,113)
Net liabilities		(56,930)	(34,080)
Capital and reserves			
Called up share capital	16	-	-
Profit and loss account	17	(56,930)	(34,080)
Shareholder's deficit	17	(56,930)	(34,080)

The financial statements were approved by the Director on 29 April 2010

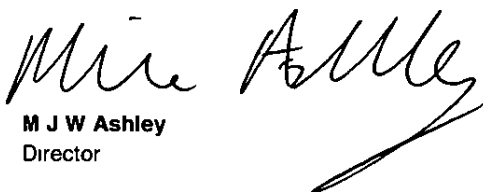

M J W Ashley
Director

St James Holdings Limited
Company balance sheet
at 30 June 2009

Company registration no 6254688

	Note	30 June 2009 £'000	30 June 2008 £'000
Fixed assets			
Investments	9	136,805	136,825
		136,805	136,825
Current assets			
Debtors	11	97	1,251
Cash at bank and in hand		8	2
		105	1,253
Creditors amounts falling due within one year	12	(137,487)	(465)
Net current (liabilities)/assets		(137,382)	788
Total assets less current liabilities		(577)	137,613
Creditors amounts falling due after more than one year	13	-	(137,881)
Net liabilities		(577)	(268)
Capital and reserves			
Called up share capital	16	-	-
Profit and loss account	17	(577)	(268)
Shareholder's deficit	17	(577)	(268)

The financial statements were approved by the Director on 29 April 2010


M J W Ashley
Director

St James Holdings Limited
Group statement of cash flows
for the year ended 30 June 2009

	Note	Year ended 30 June 2009 £'000	Period ended 30 June 2008 £'000
Net cash outflow from operating activities	22(a)	(17,975)	(6,191)
Returns on investments and servicing of finance			
Interest received		20	234
Interest paid		(773)	(8,085)
Interest element of finance lease rental payments		(3)	(12)
		(756)	(7,863)
Taxation			
Corporation tax paid		-	(7)
Capital expenditure and financial investment			
Payments to acquire intangible fixed assets		(31,797)	(27,380)
Payments to acquire tangible fixed assets		(1,274)	(2,728)
Receipts from sales of intangible fixed assets		15,206	8,896
Receipts from sales of tangible fixed assets		-	65
		(17,865)	(21,147)
Acquisitions and disposals			
Purchase of subsidiary undertaking		-	(136,825)
Net cash acquired with subsidiary undertaking		-	(1,554)
		-	(138,379)
Financing			
New loans		11,000	243,203
Repayment of loans and other capital creditor		(9,087)	(70,319)
Capital element of finance lease rental payments		(105)	(282)
		1,808	172,602
Decrease in cash	22(b)	(34,788)	(985)

St James Holdings Limited
Notes to the financial statements
at 30 June 2009

1 Accounting policies

St James Holdings Limited ('the Company') is a company incorporated in the United Kingdom. The Group financial statements consolidate those of the Company and its subsidiaries (together referred to as 'the Group'). The Parent Company financial statements present information about the Company as a separate entity and not about its Group.

The financial statements are prepared under the historical cost convention, and in accordance with accounting principles generally accepted in the United Kingdom.

On publishing the Parent Company financial statements here together with the Group financial statements, the Company is taking advantage of the exemption in Section 408 of the Companies Act 2006 not to present its individual profit and loss account and related notes that form a part of these approved financial statements. The Company's loss for the year was £309,000.

The Group financial statements are presented in sterling and all values are rounded to the nearest thousand pounds (£000) except where otherwise stated.

The accounting policies set out below have, unless otherwise stated, been applied consistently for both the Group and the Company to all periods presented in these consolidated and Company financial statements.

a) Fundamental accounting concept

At 30 June 2009 the Group had net liabilities of £56.9 million, which includes loans from Mr M J W Ashley totalling £242.9 million. Net current liabilities were £291.7 million. Subsequent to the year end the ultimate controlling party, Mr M J W Ashley, has provided additional funding of £25.5 million. This funding, together with the expected level of bank facilities, has been incorporated into the Directors' cash flow forecast for the Group. These forecasts indicate that the Group can continue to meet its debts as they fall due for a period of at least 12 months from the date of approval of these financial statements. The Director has also received a commitment from the ultimate controlling party, Mr M J W Ashley, that he will continue to provide the Group with financial support so that it can meet its debts as they fall due for a period of at least 12 months from the date of approval of these financial statements or up until the date of any change in control. On this basis, the Director has prepared the financial statements on a going concern basis.

b) Basis of consolidation

Subsidiaries are entities controlled by the Group. Control exists where the Group has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that are currently exercisable or convertible are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases, using the acquisition method of accounting.

Intra group balances and any unrealised gains and losses or income and expenses arising from intra group transactions are eliminated in preparing the consolidated financial statements.

c) Turnover

Turnover represents income arising from sales to third parties, and excludes transfer fees receivable, which are dealt with in the profit or loss on disposal of players' registrations, and value added tax. Turnover can be classified into three major streams, within which significant amounts are accounted for as follows:

(i) Matchday

Season ticket and corporate hospitality revenue is recognised over the period of the football season as home matches are played. Any revenues received in respect of future games is held as deferred income.

(ii) Media

Fixed elements of central broadcasting contracts are recognised over the period of the football season as league matches (home and away) are played. Appearance fees are accounted for as earned. The merit based payment is recognised at the end of the league season, when the final league position is known.

(iii) Commercial

Sponsorship contracts are recognised over the duration of the contract, either on a straight-line basis, or over the period of the football season, as appropriate based on the terms of contract. Catering revenues are recognised on an earned basis. Revenue from the sale of branded products is recognised at the point of despatch when significant risks and rewards of ownership is deemed to have been transferred to the buyer.

St James Holdings Limited
Notes to the financial statements
at 30 June 2009

1 Accounting policies (continued)

d) Expenses

Operating lease payments

Payments made under operating leases are recognised in the profit and loss account on a straight-line basis over the term of the lease

Finance lease payments

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Net financing costs

Net financing costs comprise interest payable on borrowings, calculated using the effective interest rate method net of interest receivable on funds invested.

Exceptional items

The Group presents as exceptional items on the face of the profit and loss account, those material items of income and expense which, because of the nature and expected infrequency of the events giving rise to them, merit separate presentation to allow shareholders to better understand the elements of financial performance in the period, so as to facilitate comparison with prior periods and to better assess trends in financial performance. Amortisation of intangibles is also presented separately on the face of the profit and loss account so as to facilitate comparison with prior periods and to better assess trends in financial performance.

e) Taxation

The charge for taxation is based upon the result for the period and takes comprises current taxation and taxation deferred through timing differences between the treatment of certain items for taxation and accounting purposes.

Current tax is the expected tax payable on the taxable income for the period, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous periods.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax, with the following exceptions:

- provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, and gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of those assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more than likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold.
- provision is made for deferred tax that would arise on remittance of the retained earnings of overseas subsidiaries, associates and joint ventures to the extent that, at the balance sheet date, dividends have been accrued as receivable, and
- deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

f) Intangible assets and goodwill

(i) Acquired players' registrations

The costs associated with the acquisition of players' registrations are capitalised at cost at the date of acquisition as intangible fixed assets. These costs are fully amortised, on a straight line basis, over the period of the respective players' contracts.

For the purposes of impairment reviews, acquired players' registrations are classified as a single cash-generating unit until the point at which it is made clear that the player is no longer an active member of the playing squad. In these circumstances the carrying value of the players' registration is reviewed against a measurable net realisable value.

St James Holdings Limited

Notes to the financial statements

at 30 June 2009

1 Accounting policies (continued)

(ii) Goodwill

On acquisition of a subsidiary or associated undertaking, the fair value of the consideration is allocated between the identifiable net tangible and intangible assets and liabilities on a fair value basis, with any excess consideration representing goodwill. Goodwill in respect of subsidiaries is included within intangible fixed assets. Goodwill relating to associated undertakings is included in the carrying value of the associated undertaking.

Goodwill arising on acquisitions is capitalised as an asset on the balance sheet. Where goodwill is regarded as having a finite useful economic life it is amortised on a straight line basis over its estimated life, up to a maximum of 20 years. Impairment reviews are carried out at the end of the first full period of ownership and at other times if there are indications that the carrying value may not be supportable.

(iii) Contingent payments

Under the conditions of certain transfer agreements, further fees may become payable to the selling club in the event of the player concerned making a certain number of first team appearances, or on the occurrence of certain other specified future events. Liabilities in respect of these additional payments are accounted for when, in the opinion of the Director, it becomes probable that the number of required appearances will be achieved or the specified future event will occur. The balance of potential costs is disclosed as a contingent liability.

g) Tangible fixed assets

(i) Owned assets

Tangible fixed assets are stated at cost or valuation, net of accumulated depreciation and impairment losses.

(ii) Leased assets

Finance leases are those which transfer substantially all of the risks and rewards of ownership to the lessee. Assets held under finance leases are capitalised as property, plant and equipment and are depreciated over the shorter of the lease term or their useful economic life. The capital elements of future lease obligations are included within borrowings, while the interest elements are charged to the income statement over the period of the lease to produce a constant rate of charge on the balance of capital repayments outstanding.

All other leases are operating leases, the rentals on which are charged to the income statement on a straight-line basis over the lease term.

(iii) Depreciation

Depreciation is charged to the profit and loss account to write off the cost or valuation, less the estimated residual value, of tangible fixed assets on a straight-line basis, over their estimated useful lives as follows:

Long leasehold property	over the shorter of the unexpired term of the lease and 50 years
Fixtures and equipment	3 – 15 years
Motor vehicles	4 years

No depreciation is provided on freehold land or assets in the course of construction. The residual value is reassessed annually.

Interest incurred on borrowings to finance assets in the course of construction is capitalised.

h) Stocks

Stocks are stated at the lower of cost and net realisable value. Cost is based on the weighted average principle and includes expenditure incurred in acquiring the stocks and bringing them to their existing location and condition. Net realisable value is based on the estimated selling price in the ordinary course of business. Provision is made for obsolete, slow-moving or defective items where appropriate.

i) Signing on fees

Signing on fees are charged, on a straight-line basis, to the profit and loss account over the period of the player's contract. Prepayments/accruals arising at each period end are included within prepayments and accrued income or accruals within current assets or current liabilities, as appropriate. Where a player's registration is transferred, any signing on fees payable in respect of future periods are charged against the profit/(loss) on disposal of players' registrations in the period in which the disposal is recognised.

St James Holdings Limited
Notes to the financial statements
at 30 June 2009

1 Accounting policies (continued)

j) Deferred income

Deferred income comprises amounts received from capital grants, sponsorship, bond, corporate hospitality and season ticket income. Capital grants are released to the profit and loss account on a straight-line basis over the estimated useful lives of the assets to which they relate. Other deferred income is released to the profit and loss account on a straight-line basis over the period to which it relates.

k) Foreign currency

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction or, if hedged, at the forward contract rate. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the foreign exchange rate ruling at that date, or if appropriate, at the forward rate. Any gain or loss arising from a change in exchange rates subsequent to the date of the transaction is included as an exchange gain or loss in the profit and loss account.

l) Debt

Debt is initially stated at the amount of the net proceeds after deducting any issue costs which are amortised over the life of the debt.

m) Retirement benefits

Defined contribution plans

Obligations for contributions to defined contribution pension plans are recognised as an expense in the profit and loss account as incurred.

Football League Limited Pension and Life Assurance Scheme

Certain employees are members of The Football League Limited Pension and Life Assurance Scheme. Contributions are also paid to individuals' private pension schemes. Pension contributions are charged to the Profit and Loss Account as they become payable. The Group continues to make contributions in respect of its share of the deficit of the defined benefit section of The Football League Limited Pension and Life Assurance Scheme (the 'Scheme'). Accrual of benefits on a final salary basis was suspended with effect from 31 August 1999, when an actuarial review showed a substantial deficit. As one of a number of participating employers the Group is advised only of its share of the Scheme's deficit. Its share of the underlying assets and liabilities of the Scheme cannot be identified on a reasonable and consistent basis. Therefore, no disclosures are made under the provisions of FRS17 Retirement Benefits.

n) Provisions

A provision is recognised in the balance sheet when the Group has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

o) Investments

Interest in subsidiary undertakings is valued at cost less impairment.

p) Dividends

Dividends are recognised as a liability in the period in which they are declared.

2 Segmental analysis

The Group has one main business segment, that of professional football operations. As a result, no additional business segment information is required to be provided. It operates in one geographical segment, the United Kingdom, and accordingly no additional geographical segment information is required to be provided. Notwithstanding this, a voluntary analysis of the revenue streams is given below to assist with an understanding of the business.

Revenue streams comprise

Matchday – season and matchday tickets and corporate hospitality income

Media – television and broadcasting income, including distributions from broadcasting agreements, cup competitions and local radio

Commercial – sponsorship income, merchandising, conference and banqueting, catering and other sundry revenue

	Year ended 30 June 2009	Period ended 30 June 2008
	£'000	£'000
Matchday	29,025	32,352
Media	37,635	41,116
Commercial (*)	19,415	27,398
	86,075	100,866

* During the year ended 30 June 2009 the Group outsourced catering arrangements at St James' Park. Income from catering now comprises just the fee received from the third party catering provider and not the gross value of catering provided at St James' Park.

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3 Group operating expenses

	Year ended 30 June 2009 £'000	Period ended 30 June 2008 £'000
Operating costs excluding exceptional items and amortisation of players' registrations and goodwill		
Change in stocks of goods for resale	95	211
Other operating income – release of capital grants	(88)	(90)
Staff costs (note 4)	71,056	72,577
Depreciation and other amounts written off tangible fixed assets		
Owned	3,509	3,261
Leased	55	173
Operating lease payments	1,079	1,136
Loss/(Profit) on disposal of tangible fixed assets	1	(40)
Other operating charges	22,630	28,578
	98,337	105,806
Exceptional items:		
Changes in team management	5,342	4,597
Write down in goodwill carrying value	642	-
Directors and senior management compensation for loss of office	-	2,155
	5,984	6,752
Amortisation of players' registrations	19,731	18,535
Amortisation of goodwill	7,344	7,638
Total operating expenses	131,396	138,731

Changes in team management

In September 2008 Kevin Keegan left his position as First Team Manager and subsequent to the year end, in October 2009, a Premier League Manager's Tribunal upheld a claim of constructive dismissal brought by Mr Keegan in relation to his departure. Costs relating to this matter, totalling £5,342,000 (including staff costs of £2,256,000) have been charged in full in the year to 30 June 2009.

In January 2008 Sam Allardyce's contract as team manager was terminated. Costs relating to this and the accompanying changes in backroom staff, totalling £4,597,000, were recognised in the prior year.

Write down in goodwill carrying value

Goodwill of £642,000 relating to the acquisition, in February 2005, of the remaining 50% of the shares of nufc co uk Limited has been written down in full in the year, due to the uncertainty of the group's ability to recover this amount through future operating cash flows from related activities.

Auditors' remuneration

The Group paid the following amounts to its auditors in respect of the audit of the financial statements and for other services provided to the Group.

	Year ended 30 June 2009 £'000	Period ended 30 June 2008 £'000
Auditors' remuneration		
Group		
Audit	78	96
Fees receivable by the auditors and their associates in respect of other services	53	81

Fees receivable in respect of other services can be further analysed as follows

	Year ended 30 June 2009 £'000	Period ended 30 June 2008 £'000
Audit related regulatory reporting	15	18
Further assurance services	-	5
Tax compliance services	-	20
Tax and other advisory services	38	38
	53	81

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4 Staff numbers and costs

The average number of persons employed by the Group (including Directors), analysed by category, during the year was

	Year ended 30 June 2009	Period ended 30 June 2008
	Number of employees	
Playing squad and team management	123	118
Commercial	174	168
Administration	98	139
Average monthly number of employees	395	425

The Group also employed approximately 1,308 (2008 1,301) temporary staff on matchdays for the first four months of the year only, after which point these operations were outsourced to third parties

Aggregate payroll costs, including directors, are as shown below

	Year ended 30 June 2009	Period ended 30 June 2008
	£'000	£'000
Wages and salaries	63,566	65,190
Social security costs	7,103	6,863
Other pension costs	387	524
	71,056	72,577
Exceptional items (see note 3)	2,256	6,752
Total payroll costs	73,312	79,329

The only employee of the Company during the current year was the Director

The Group makes contributions on behalf of certain employees to a number of independently controlled defined contribution pension schemes and to the Football League Limited Pension and Life Assurance Scheme ('FLLPLAS'), a scheme with a defined benefit section. The assets of all schemes are held in funds independent of the Group.

The trustees of the FLLPLAS suspended the defined benefit element of the scheme as of 31 August 1999. The latest independent actuarial review of the funding position as at 31 August 2005 identified a deficit of £10.456m on the Minimum Funding Requirements basis which, under the Pension Act 1995, has to be made good by participating employers. A more recent non-actuarial valuation, as at 1 April 2006, valued the total deficit at £8.89m and the Group's share at £0.06m. The Group's share of the deficit has been accrued in full in these financial statements and is being paid off by additional contributions over 10 years.

Contributions are also made into individuals' private pension schemes.

Director's emoluments

The director did not receive any remuneration in respect of services to the Company for the year ended 30 June 2009.

St James Holdings Limited
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5(a) Interest receivable

	Year ended 30 June 2009 £'000	Period ended 30 June 2008 £'000
Bank interest receivable	20	217
Other interest receivable	-	10
	20	227

5(b) Interest payable and similar charges

	Year ended 30 June 2009 £'000	Period ended 30 June 2008 £'000
Fixed interest senior loan notes	-	(5,547)
Bank loans and overdrafts	(885)	(1,560)
Other loans	(83)	(130)
Finance charges payable in respect of finance leases and hire purchase contracts	(3)	(11)
	(971)	(7,248)

6 Taxation

(a) Tax on loss on ordinary activities

The tax charge is made up as follows

	Year ended 30 June 2009 £'000	Period ended 30 June 2008 £'000
Current tax		
UK corporation tax at 28% (2008 - 29.5%)	-	-
Adjustment in respect of prior periods	-	7
	-	7
Deferred tax		
Origination and reversal of temporary differences	-	-
Total tax expense in profit and loss account (note 6(b))	-	7

(b) Factors affecting the current tax charge

The tax assessed on the loss on ordinary activities for the year is different from the standard rate of corporation tax in the UK of 28%. The differences are reconciled below

	Year ended 30 June 2009 £'000	Period ended 30 June 2008 £'000
Loss on ordinary activities before tax	(22,850)	(34,073)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 28% (2008 - 29.5%)	(6,398)	(10,052)
Effect of		
Expenses not deductible for tax purposes	3,088	3,173
Depreciation in excess of capital allowances	374	370
Other timing differences	(207)	452
Adjustments in respect of previous periods	-	7
Unrelieved tax losses carried forward	3,143	6,057
Total current tax (note 6(a))	-	7

(c) Factors that may affect future tax charges

The Group has unrelieved UK corporation tax losses of approximately £74 million at the end of the year

The Group has an unrecognised net deferred tax asset of £22.5 million at the end of the year which does not satisfy the recognition criteria for deferred tax assets in FRS19. This is comprised of £2.1 million decelerated capital allowances plus tax losses of £20.8 million less other timing differences of £0.4 million

St James Holdings Limited
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7 Intangible assets

Group	Goodwill £'000	Players' registrations £'000	Total £'000
Cost			
At 1 July 2008	147,546	73,808	221,354
Acquisitions	-	27,978	27,978
Disposals or adjustments	(20)	(27,627)	(27,647)
Adjustment – league levy refund received	-	(899)	(899)
Balance at 30 June 2009	147,526	73,260	220,786

Amortisation and impairment

At 1 July 2008	7,638	34,124	41,762
Amortisation charge for year	7,344	19,731	27,075
Write down in carrying value	642	-	642
Disposals	-	(24,945)	(24,945)
Balance at 30 June 2009	15,624	28,910	44,534

Net book value

At 30 June 2009	131,902	44,350	176,252
At 1 July 2008	139,908	39,684	179,592

Goodwill

(i) Control of Newcastle United Limited (formerly Newcastle United PLC) was gained on 15 June 2007, being the date the offer was declared unconditional, and has been accounted for under the acquisition method. The value of net assets of the group was as set out below. The Director concluded that the fair value of the group's net assets was not materially different from the book value, and, accordingly no fair value adjustments were required.

	Book value £'000	Fair value adjustment	Fair value acquisition £'000
Fixed assets			
Intangible assets	42,659	-	42,659
Tangible assets	88,042	-	88,042
Current assets			
Stocks	1,477	-	1,477
Debtors	6,006	-	6,006
Cash at bank and in hand	9,309	-	9,309
Creditors – amounts falling due within one year	(105,532)	-	(105,532)
Creditors – amounts falling due after more than one year	(22,518)	-	(22,518)
Provision for liabilities	(960)	-	(960)
Deferred income	(28,562)	-	(28,562)
Net liabilities at fair value	(10,079)	-	(10,079)

Fair value of consideration

Cash paid during the year including directly attributable professional fees	136,825
Goodwill arising	146,904

The goodwill arising is being amortised, on a straight line basis, over a period of 20 years.

(ii) Goodwill of £642,000 relating to the acquisition, in February 2005, of the remaining 50% of the shares of nufc co uk Limited by Newcastle United Limited (formerly Newcastle United Plc) has been written down in full in the year, due to the uncertainty of the group's ability to recover this amount through future operating cash flows from related activities.

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8 Tangible assets

Group	Land and buildings £'000	Fixtures and equipment £'000	Motor vehicles £'000	Total £'000
Cost				
At 1 July 2008	101,714	15,025	190	116,929
Additions	-	495	16	441
Disposals	(70)	(6)	(13)	(19)
Balance at 30 June 2009	101,644	15,514	193	117,351
Depreciation				
At 1 July 2008	18,554	10,741	76	29,371
Charge for year	2,222	1,306	36	3,564
On disposals	-	(5)	(13)	(18)
Balance at 30 June 2009	20,776	12,042	99	32,917
Net book value				
At 30 June 2009	80,868	3,472	94	84,434
At 1 July 2008	83,160	4,284	114	87,558

Included within fixed assets are assets held under finance leases with the following net book values: Fixtures and equipment £16,000 (2008 £126,000) and Motor vehicles £4,500 (2008 £10,000)

Cumulative finance costs capitalised, excluding tax relief, included in the value of tangible fixed assets amount to £3,964,000 (2008 £3,964,000)

The net book value of land and buildings comprises

Group	2009 £'000	2008 £'000
Freehold	203	203
Long leasehold	80,665	82,957
	80,868	83,160

St James Holdings Limited
Notes to the financial statements
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9 Investments in subsidiaries

Company	Shares in subsidiary undertakings £ 000
At 1 July 2008	136,825
Adjustment to purchase price	(20)
At 30 June 2009	136,805

Subsidiary undertakings	Principal activity
Newcastle United Limited *	Holding company
Newcastle United Football Company Limited	Professional football club
Newcastle United Enterprises Limited	General commercial
St James' Park Newcastle Limited	General commercial
Newcastle United Football Club (International) Limited **	General commercial
nufc co uk Limited	Exploitation of internet and media rights
MGM Grand Newcastle (Holdings) Limited	Investment company
MGM Grand Newcastle Limited	Property development
Newcastle United 1892 Limited	Dormant
Newcastle United Catering Limited	Dormant
Newcastle United Employment Limited	Dormant
Newcastle United Entertainment Limited	Dormant
Newcastle United Group Limited	Dormant
Newcastle United Licensing Limited	Dormant
Newcastle United Promotions Limited	Dormant
Newcastle United Publications Limited	Dormant
Newcastle United Sports Limited	Dormant
Newcastle United Sportswear Limited	Dormant
Newcastle United Telecoms Limited	Dormant
Newcastle United Television Limited	Dormant
Newcastle United Ventures Limited	Dormant
NUFC Limited	Dormant
Newcastle United FC Limited	Dormant
Newcastle United Football Club Limited	Dormant
Newcastle United Foundation	Charitable Foundation - community activities
Newcastle (NUFC Holdings) Limited	Dormant
Newcastle United Management Company Limited	Dormant
The Football Channel Limited	Dormant

* Direct investment of St James Holdings Limited, others are held by subsidiary undertakings

** This company is a subsidiary undertaking of Newcastle United Football Company Limited. It is registered in Gibraltar

The Company or Newcastle United Limited owns 100% of the ordinary share capital in each of the subsidiary undertakings

All subsidiary undertakings (except as noted above) are registered in, and operate in, England and Wales and have their registered offices at St James' Park, Newcastle upon Tyne NE1 4ST

10 Stocks

Group	2009 £'000	2008 £ 000
Goods for resale	1,171	1,266

St James Holdings Limited
Notes to the financial statements
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11 Debtors

	Group		Company	
	2009 £'000	2008 £'000	2009 £'000	2008 £'000
Trade debtors	20,033	8,079	-	1,063
Amounts owed by Newcastle United Foundation	31	-	-	-
Amounts owed by group undertakings	-	-	75	-
Other debtors	2,092	376	22	-
Prepayments and accrued income	2,819	4,776	-	188
	24,975	13,231	97	1,251

Included within Group trade debtors are amounts totalling £17,232,000 relating to the consideration receivable for player registrations, including £4,000,000 (2008 £1,509,000) expected to be recovered in more than twelve months

12 Creditors amounts falling due within one year

	Group		Company	
	2009 £'000	2008 £'000	2009 £'000	2008 £'000
Bank overdraft	35,781	985	-	-
Term and other loans (note 13)	245,984	2,831	131,944	-
Obligation under finance leases and hire purchase contracts (note 13)	16	108	-	-
Trade creditors	16,104	17,987	215	-
Amounts owed to parent undertaking	5,007	-	5,007	-
Amounts owed to subsidiary undertakings	-	-	321	321
Other creditors	4,141	6,958	-	144
Accruals	10,842	7,423	-	-
	317,875	36,292	137,487	465

The bank overdraft is secured on certain of the Group's fixed assets

The Group's outstanding loan from Mr M J W Ashley, of £242.9 million (30 June 2008 £237.9 million) is repayable on demand. Under the previous arrangement, in force at 30 June 2008, the loan was only repayable on demand in the event of a change in control, so for the prior year the loan was disclosed as falling due after more than one year

13 Creditors amounts falling due after more than one year

	Group		Company	
	2009 £'000	2008 £'000	2009 £'000	2008 £'000
Term and other loans	196	241,117	-	137,881
Obligation under finance leases and hire purchase contracts	-	12	-	-
Trade creditors	6,201	8,797	-	-
Accruals	141	163	-	-
	6,538	250,089	-	137,881

Analysis of debt, including obligations under finance leases and hire purchase contracts

	Group		Company	
	2009 £'000	2008 £'000	2009 £'000	2008 £'000
Debt can be analysed as falling due				
In one year or less, or on demand	246,000	2,939	131,944	-
Between one and two years	196	240,933	-	137,881
Between two and five years	-	196	-	-
In five years or more	-	-	-	-

The obligations under finance leases and hire purchase contracts are secured on the assets to which they relate

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13 Creditors: amounts falling due after more than one year (continued)

Borrowings are analysed as follows

(i) Term loans

Group	2009 £'000	2008 £'000
Repayable within one year	245,984	2,831
Repayable in the first to second years	196	240,921
Repayable in the second to fifth years	-	196
Repayable after five years	-	-

The group loans totalling £243 million (Company £142 million) from Mr M J W Ashley are unsecured and non-interest bearing. Other loans comprise bank loans totalling £3,236,000 (net of unamortised loan issue costs and interest of £114,000), which are secured on future sponsorship monies of the group.

(ii) Obligations under finance leases and hire purchase contracts are as follows:

Group	2009 £'000	2008 £'000
Repayable within one year	16	108
Repayable in the first to second years	-	12
Repayable in the second to fifth years	-	-
Repayable after five years	-	-

14 Provisions

Group	£'000
At 1 July 2008	1,233
Provision released during the year	(88)
Balance at 30 June 2009	1,145

In common with other football clubs the Group has historically reclaimed VAT on agents' fees. HM Revenue and Customs ('HMRC') have determined that such VAT is not recoverable and raised assessments on the Group's main trading subsidiary, Newcastle United Football Company Limited. The issue was heard at a VAT Tribunal during June and July 2006 and the decision, announced in August 2006, was in favour of HMRC. Newcastle United Football Company Limited appealed to the Chancery Division of the High Court. At the hearing, in February 2007, the appeal was allowed and the issue remitted back to the Tribunal for further consideration on a case by case basis. The Group is currently awaiting the decision relating to another Premier League club and will assess its position after this case has been finalised.

Full provision has been made for the maximum potential liability at the balance sheet date. Potentially irrecoverable VAT on agents' fees arising on the acquisition of players is included in intangible assets as part of the cost of acquired players' registrations and amortised over the period of the contract. On disposal, any unamortised amounts are written off as part of the profit/loss on disposal.

15 Deferred income

Group	2009 £'000	2008 £'000
Capital grants	2,834	2,922
Other deferred income	15,378	25,191
	18,212	28,113

Other deferred income comprises sponsorship, bond, executive scheme and season ticket income received in advance. The maturity profile of deferred income is as follows:

Group	2009 £'000	2008 £'000
Less than one year	10,333	17,809
One to two years	2,524	2,778
Two to five years	365	2,414
More than five years	4,990	5,112
	18,212	28,113

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16 Share capital

Group and Company	2009		2008	
	Number	£'000	Number	£'000
Allotted, called-up and fully paid				
Ordinary shares of £1 each	2	-	2	-

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company

17 Capital and reserves

Group	Share capital £'000	Profit and loss account £'000	Total £'000
At 1 July 2008	-	(34,080)	(34,080)
Loss for the year	-	(22,850)	(22,850)
Balance at 30 June 2009	-	(56,930)	(56,930)

Company	Share capital £'000	Profit and loss account £'000	Total £'000
At 1 July 2008	-	(268)	(268)
Loss for the year	-	(309)	(309)
At 30 June 2009	-	(577)	(577)

18 Contingencies

Under the terms of certain contracts for the signing of players, additional amounts may become payable to other football clubs. The maximum unprovided liability which may arise in respect of these players at 30 June 2009 is £3,696,000 (30 June 2008: £3,645,000).

Certain of the group's subsidiary undertakings have debenture and composite arrangements in connection with banking facilities.

During the year HM Revenue and Customs (HMRC) requested information from a group company about certain contractual arrangements with players and agents. The Directors understand that HMRC are interested in such arrangements at a number of professional football clubs. Since the year-end, HMRC has raised assessments in respect of PAYE/NIC seeking to recover £1,501,350 of PAYE/NIC in respect of payments made in 2003/4, 2004/5 and 2005/6. The group company concerned has appealed against all assessments and agreed a postponement of all PAYE/NIC assessed. The Directors continue to believe that the group company concerned has appropriately accounted for these contractual arrangements and believe they have grounds to successfully contest any attempts by HMRC to impose on the group company concerned any liability for PAYE/NIC on these amounts. Accordingly the Directors have concluded that no provision in respect of this matter is necessary in the financial statements of the group.

19 Dividends

No dividends were paid in the year.

20 Commitments

(i) Capital commitments at the end of the financial year for which no provision has been made:

Group	2009	2008
	£'000	£'000
Contracted but not provided for	-	-

St James Holdings Limited
Notes to the financial statements
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20 Commitments (continued)

(ii) Annual commitments under non-cancellable operating leases are as follows:

Group	Land and buildings	
	2009 £'000	2008 £'000
Expiry date		
Within one year	-	-
Between one and five years	568	-
After five years	476	1,089
	1,044	1,089

The Company had no commitments at the beginning or end of the year

During the year £1,079,000 was recognised as an expense in the Group profit and loss account in respect of operating leases (2008 £1,136,000)

21 Ultimate controlling party

The ultimate controlling party is Mr M J W Ashley. The ultimate parent company is MASH Holdings Limited. The largest group in which the results will be consolidated is that headed by MASH Holdings Limited.

22(a) Reconciliation of Group operating loss to net cash outflow from operating activities

	2009 £'000	2008 £'000
Group operating loss	(45,321)	(37,865)
Depreciation	3,564	3,434
Amortisation and impairment of intangible fixed assets	27,717	26,173
Profit on disposal of tangible fixed assets	1	(40)
Capital grant release	(88)	(90)
Decrease in stocks	95	211
Decrease/(increase) in debtors	136	(1,271)
Increase in creditors	5,733	3,488
Decrease in deferred income	(9,812)	(231)
Net cash outflow from operating activities	(17,975)	(6,191)

22(b) Reconciliation of net cash flow to movement in net debt

	2009 £'000	2008 £'000
Decrease in cash in the year	(34,788)	(985)
Cash inflow from net increase in debt and lease financing	(1,808)	(177,584)
Change in net debt resulting from cash flows	(36,596)	(178,569)
Non-cash changes	(320)	(722)
Net debt at beginning of year	(245,053)	(65,762)
Net debt at end of the year	(281,969)	(245,053)

22(c) Analysis of net debt

	At 1 July 2008 £'000	Cash flow £'000	Other non cash changes £'000	At 30 June 2009 £'000
Cash at bank and in hand	(985)	(34,788)	-	(35,773)
Debt due after one year	(241,117)	(5,064)	245,985	(196)
Debt due within one year	(2,831)	3,149	(246,302)	(245,984)
Finance leases and hire purchase contracts	(120)	107	(3)	(16)
Total	(245,053)	(36,596)	(320)	(281,969)

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23 Related party transactions

Transactions between the Company and its subsidiaries are not disclosed in accordance with FRS8

During the current and prior year, advertising and promotional services were provided to companies associated with Mr M J W Ashley, the ultimate shareholder of the company's parent undertaking, MASH Holdings Limited. No consideration was paid or payable for these services and the cost associated with the services in the prior year was £42,250.

Mr M J W Ashley also provided a loan to the Group in the year. The balance outstanding at 30 June 2009 was £242,944,000 (30 June 2008 £237,881,000). The maximum amount outstanding in the year was £248,881,000 (2008 £243,203,275). No interest was payable on the loan for either the current or prior year.

24 Post balance sheet events

The playing registrations of certain players have been disposed of subsequent to the balance sheet date for a total consideration, net of associated costs, of £21,103,000.

Subsequent to the balance sheet date, the playing registrations of certain players have been acquired for total consideration, including associated costs of £3,221,000.

On 1 October 2009, following a hearing by the Premier League Manager's Arbitration Tribunal, Kevin Keegan's claim against Newcastle United Football Company Limited ("the Club") for constructive dismissal was upheld. Damages amounting to £2 million plus interest were awarded to Mr Keegan in addition to which the Club was ordered to pay Mr Keegan's legal costs. All amounts relating to this matter have been provided in full in these financial statements. See note 3.