

# **Southampton Football Club Limited**

Report and Financial Statements

Year Ended

30 June 2015

Company Number 00053301



# **Southampton Football Club Limited**

## **Report and financial statements for the year ended 30 June 2015**

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### **Directors**

K Liebherr  
G Rogers  
L Reed

### **Secretary and registered office**

K Dhaliwal, St Mary's Stadium, Britannia Road, Southampton, SO14 5FP

### **Company number**

00053301

### **Auditors**

BDO LLP, Arcadia House, Maritime Walk, Ocean Village, Southampton, SO14 3TL

# Southampton Football Club Limited

## Strategic report for the year ended 30 June 2015

The directors present their strategic report together with the audited financial statements for the year ended 30 June 2015.

### Review of business and key performance indicators

#### Summary of results

	2015 £000	2014 £000
Turnover	110,619	103,441
Operating Costs	(102,162)	(82,634)
Other operating income	-	2,210
Profit before player trading	8,457	23,017
Player trading	9,382	6,013
Profit before interest, tax	17,839	29,030

The Club reports both profit and total net assets for the second consecutive year, being £17.8m (2014: £29.0m) and £30.5m (2014: £18.3m) respectively. The Club remains the primary trading entity in the Group and the financial and structural stabilisation of the Group allied to successful on-field performance has led to external recognition in several fields, in particular, the business model, which has driven this underlying growth in profitability and net assets. The Group ranked 34th in Virgin's Fast Track 100 British private companies, 25th in the Deloitte Money League, and has been recognised as this year's fastest growing football brand in the Brand Finance Football 50 Review; moving from 30th place to 18th, all of which we are incredibly proud.

The Board consider the key performance indicators for the company to be turnover and its relationship to staff costs and operating costs excluding player trading activity. The results show an increase in turnover, principally as a result of increases in broadcasting turnover, driven mainly by the Club's highest ever Premier League position, finishing 7th with a record 60 points, which brings with it significant broadcasting rewards. Furthermore, commercial turnover has seen an increase of 22% in the year to £7.1m and this remains a key focus of the Board and Key Management.

The Club's profit before interest and tax of £17.8m (2014: £29.0m) is driven by sound underlying business operations supplemented by player trading. As planned, the surplus generated through player trading has been reinvested into the playing squad through transfer fees payable and operating costs, which takes the form of both additional wages and agent's fees. It should be highlighted that profitability and cash flow in the year have been impacted by high exceptional costs incurred, being either the cost of onerous and cancelled contracts of fully impaired members of the playing squad or the actual impairment cost of these players.

The Club holds net current assets (including total debtors) of £10.8m, which is the first time since administration, having moved from a net current liability position of (£6.6m) in the prior year. The Shareholder evidenced her continued support by injecting £20m in the year to bridge between committed funds from historical player trading and capital expenditure. The Club's future debt position, whilst higher than management would prefer to be carrying, was forecast and in order to further promote financial sustainability, the Club has robust plans in place targeting an ongoing reduction in the debt over the medium and long term. This, together with strong financial governance, is facilitating the ongoing investment in football activities both on and off the pitch, with Management being wary of the balance that must be struck between ongoing sustainability and investment to achieve sporting success.

# Southampton Football Club Limited

## Strategic report for the year ended 30 June 2015 (continued)

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### Future developments

The foundations are in place for the Club to build upon its ongoing sporting success and to move forward sustainably. The early exit from European competition was disappointing; however, the Club aspires to return to European competition in forthcoming seasons whilst remaining focused upon its principles of developing young players and incorporating them into a successful first team squad. The talent pipeline is in good shape with 8 academy graduates featuring in the first team over the past season and the U21 Development Squad winning the U21 Premier League Cup.

The unveiling of the Markus Liebherr Pavilion during the financial year provided the players and staff with the best possible environment to work and develop. Phase II of the development was also completed in the year, resulting in an additional 9 pitches and an all-weather state of the art dome and Phase III is currently planned for the near future.

### Principal risks and uncertainties

*Team performance risk* – As is common with many professional football clubs, a principal risk is associated with the performance of the first team and the league in which it operates. Turnover, particularly that which is associated with broadcasting, and direct costs, are substantially higher in the Barclays Premier League and consequently, the Club manages the impact of that risk through close control of its direct costs, relative to forecast income.

*Liquidity risk* – For the advancement of the player development business model, total expenditure on the Training Campus is expected to amount to approximately £38m after the completion of Phase III, with expenditure to date exceeding £31.8m (all capital expenditure being accounted for within the fellow Group subsidiary St Mary's Training Ground Limited). Whilst service costs are manageable, robust plans are built into forecasts to reduce the level of debt in the medium and longer term. As planned, total debt within the Club has reached £46.6m, being Shareholder loans valued at £32.7m and a £13.9m loan with Macquarie bank at the Balance Sheet date.

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

### Post balance sheet events

See note 24.

### On behalf of the board

G Rogers  
Director

2 OCTOBER 2015

# Southampton Football Club Limited

## Report of the directors for the year ended 30 June 2015

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The directors present their report together with the audited financial statements for the year ended 30 June 2015.

### Results and dividends

The profit and loss account is set out on page 7 and shows the profit for the year.

No dividend (2014: £nil) is proposed.

### Employment of disabled persons

The Company ensures that all full and part time employees and job applicants (actual or potential) are treated fairly in accordance with its Company policies and values. Selection for employment, promotion, performance reviews, 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 Company holds regular Senior Management, Operational Management and department meetings to ensure a flow of information across all levels. Alongside this are a number of Company-wide communication channels, such as; staff meetings, an internal newsletter - "Team Talk" - which is distributed monthly to all employees, Company Handbooks, Performance and Development Reviews and strategic email communication to supplement these. Finally, the Company encourages all staff members to present their suggestions and views at all levels on the Company's performance, encouraging creativity for improvement through feedback forums.

### Players' registration

As stated in the accounting policy in note 1, the cost of acquired players is reflected in the accounts in order to comply with FRS 10 Goodwill and intangible assets.

### Directors

The directors of the company who served during the year were:

K Liebherr

G Rogers

L Reed

D Bence (appointed 1 August 2014, resigned 30 June 2015)

# Southampton Football Club Limited

## Report of the directors for the year ended 30 June 2015 *(continued)*

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### Directors' responsibilities

The directors are responsible for preparing the strategic report, the directors' report and the financial statements in accordance with applicable law and regulations.

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

In preparing these financial statements, the directors are 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 directors are 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 them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

### Auditors

All of the current directors have taken all the steps that they ought to have taken to make themselves aware of any information needed by the company's auditors for the purposes of their audit and to establish that the auditors are aware of that information. The directors are not aware of any relevant audit information of which the auditors are unaware.

BDO LLP have expressed their willingness to continue in office and a resolution to re-appoint them will be proposed at the annual general meeting.

### On behalf of the board

G Rogers

Director

2 OCTOBER 2015

# **Southampton Football Club Limited**

## **Independent auditor's report**

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### **To the member of Southampton Football Club Limited**

We have audited the financial statements of Southampton Football Club Limited for the year ended 30 June 2015 which comprise the profit and loss account, the balance sheet and the related notes. 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 member in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's member those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's member, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of directors and auditors**

As explained more fully in the statement of directors' responsibilities, the directors are 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 and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Financial Reporting Council's (FRC's) Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

A description of the scope of an audit of financial statements is provided on the FRC's website at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate).

### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 June 2015 and of its profit 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 matters prescribed by the Companies Act 2006**

In our opinion the information given in the strategic report and directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

# Southampton Football Club Limited

## Independent auditor's report (*continued*)

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



Malcolm Thixton (senior statutory auditor)  
For and on behalf of BDO LLP, statutory auditor  
Southampton  
United Kingdom

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



# Southampton Football Club Limited

## Profit and loss account for the year ended 30 June 2015

		Operations excluding player trading	Player trading*	Total	Total
	Note	2015 £	2015 £	2015 £	2014 £
<b>Turnover</b>	2	110,618,946	-	110,618,946	103,441,377
Cost of sales - including exceptional costs of £14,892,190 (2014 - £6,251,704)	3	96,373,515	36,190,789	132,564,304	102,838,207
<b>Gross (loss)/profit</b>		14,245,431	(36,190,789)	(21,945,358)	603,170
Administrative expenses		5,788,811	(1,474,118)	4,314,693	5,689,737
		8,456,620	(34,716,671)	(26,260,051)	(5,086,567)
Other operating income	5	-	-	-	2,210,000
<b>Operating profit/(loss)</b>	4	8,456,620	(34,716,671)	(26,260,051)	(2,876,567)
Profit on disposal of players		-	44,099,285	44,099,285	31,906,572
<b>Profit on ordinary activities before interest and other income</b>		8,456,620	9,382,614	17,839,234	29,030,005
Other interest receivable and similar income				117,547	39,664
Interest payable and similar charges	8			(2,721,303)	(2,768,181)
<b>Profit on ordinary activities before taxation</b>				15,235,478	26,301,488
Taxation on profit on ordinary activities	9			(3,083,834)	4,671,814
<b>Profit on ordinary activities after taxation</b>				12,151,644	30,973,302

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

All recognised gains and losses in the current and prior year are included in the profit and loss account.

The notes on pages 10 to 23 form part of these financial statements.

# Southampton Football Club Limited

## Balance sheet at 30 June 2015

<b>Company number 00053301</b>	<b>Note</b>	<b>2015 £</b>	<b>2015 £</b>	<b>2014 £</b>	<b>2014 £</b>
<b>Fixed assets</b>					
Intangible assets	10		<b>75,214,450</b>		41,085,361
Tangible assets	11		<b>3,499,034</b>		4,056,688
			<hr/>		<hr/>
			<b>78,713,484</b>		45,142,049
<b>Current assets</b>					
Stocks	12	<b>646,438</b>		340,548	
Debtors - due within one year	13	<b>50,026,506</b>		36,123,752	
Debtors - due after more than one year	13	<b>25,000,000</b>		20,000,000	
		<hr/>		<hr/>	
Total debtors		<b>75,026,506</b>		56,123,752	
Cash at bank and in hand		<b>12,682,216</b>		24,959,567	
		<hr/>		<hr/>	
		<b>88,355,160</b>		81,423,867	
<b>Creditors: amounts falling due within one year</b>	14	<b>77,549,888</b>		87,994,009	
		<hr/>		<hr/>	
<b>Net current assets/(liabilities)</b>			<b>10,805,272</b>		(6,570,142)
			<hr/>		<hr/>
<b>Total assets less current liabilities</b>			<b>89,518,756</b>		38,571,907
<b>Creditors: amounts falling due after more than one year</b>	15	<b>52,357,405</b>		19,597,446	
<b>Provisions for liabilities</b>	16	<b>6,690,294</b>		655,048	
		<hr/>		<hr/>	
			<b>59,047,699</b>		20,252,494
			<hr/>		<hr/>
			<b>30,471,057</b>		18,319,413
			<hr/>		<hr/>

The notes on pages 10 to 23 form part of these financial statements.

# Southampton Football Club Limited

## Balance sheet at 30 June 2015 (continued)

	Note	2015 £	2015 £	2014 £	2014 £
<b>Capital and reserves</b>					
Called up share capital	17		501,000		501,000
Capital Contribution Reserve	18		14,685,636		14,685,636
Profit and loss account	18		15,284,421		3,132,777
<b>Shareholder's funds</b>	19		30,471,057		18,319,413

The financial statements were approved by the board of directors and authorised for issue on 2nd October 2015.

G Rogers  
Director

The notes on pages 10 to 23 form part of these financial statements.

# Southampton Football Club Limited

## Notes forming part of the financial statements for the year ended 30 June 2015

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### 1 Accounting policies

The financial statements have been prepared under the historical cost convention and are in accordance with applicable accounting standards.

The following principal accounting policies have been applied:

#### *Cash flow statement*

The company has taken advantage of the exemption conferred by Financial Reporting Standard 1 'Cash Flow Statements (Revised 1996)' not to prepare a cash flow statement on the grounds that at least 90% of the voting rights in the company are controlled within the group headed by St Mary's Football Group Limited and the company is included in consolidated financial statements.

#### *Turnover*

Turnover represents the total amount receivable from the principal activities of the company, excluding transfer fees receivable, and is stated net of value added tax. Income from broadcasting, match days, and those elements of commercial activities relating to matches is recognised when related matches are played; income from advance ticket sales is deferred accordingly. Other commercial income is recognised on a receivable basis.

#### *Stocks*

Stocks are valued at the lower of cost and net realisable value. Provision is made for obsolete, slow moving or defective items where appropriate.

#### *Foreign currency*

Foreign currency transactions are translated into sterling at the rates ruling when they occurred. Foreign currency monetary assets and liabilities are translated at the rates ruling at the balance sheet date. Any differences are taken to the profit and loss account.

#### *Taxation*

The charge for taxation is based on profit for the year and takes into account deferred tax. Current tax is measured at the amount expected to be paid using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except that the recognition of deferred tax assets is limited to the extent that the company anticipates making sufficient taxable profits in the future to absorb the reversal of the underlying timing differences.

Deferred tax balances are not discounted.

# Southampton Football Club Limited

## Notes forming part of the financial statements for the year ended 30 June 2015 (*continued*)

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### 1 Accounting policies (*continued*)

#### *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 profit and loss account over the shorter of estimated useful economic life and the period of the lease.

Lease payments are analysed between capital and interest components so that the interest element of the payment is charged to the profit and loss account 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 part reduces the amounts payable to the lessor.

All other leases are treated as operating leases. Their annual rentals are charged to the profit and loss account on a straight-line basis over the term of the lease.

#### *Going Concern*

The Directors consider that the group has adequate facilities in place to finance operations over the next twelve months.

Accordingly, the Directors consider it appropriate to prepare the accounts on a going concern basis.

#### *Intangible assets*

The element of each player's transfer fee which relates to his registration is capitalised as an intangible asset and amortised over the period of his contract including any agreed extensions, subject to any provision for impairment. Contingent fees payable, which are dependent upon factors such as the number of first team appearances and international debuts made, are capitalised in the year when it is considered probable that the conditions of the contract will be satisfied.

The company 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 his own. As such, the company 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 company 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 profit and loss account.

#### *Tangible fixed assets*

Tangible fixed assets are stated at cost, inclusive of capitalised finance costs, net of depreciation less any provision for impairment. Depreciation is provided on all tangible fixed assets other than assets under development, at rates calculated to write off the cost, less estimated residual value, based on prices prevailing at the date of acquisition, of each asset evenly over its expected useful life, as follows:

Equipment	-	over 5 years
Motor vehicles	-	over 4 to 5 years

# Southampton Football Club Limited

## Notes forming part of the financial statements for the year ended 30 June 2015 (continued)

### 1 Accounting policies (continued)

#### *Signing on fees*

Signing on fees are charged to cost of sales in the accounting period in which the payment is due.

#### *Pension costs*

The company is one of a number of employers in a shared defined benefit scheme for playing staff. The scheme is a multi-employer scheme and in accordance with FRS 17 has been treated as a defined contribution scheme as it is not able to accurately apportion the share of assets and liabilities of the scheme.

### 2 Turnover

	2015 £	2014 £
Analysis by class of business:		
Broadcasting	84,174,597	79,449,577
Match day	18,297,192	17,132,196
Commercial	7,141,728	5,833,538
Other	1,005,429	1,026,066
	<u>110,618,946</u>	<u>103,441,377</u>

Turnover arises solely within the United Kingdom.

### 3 Exceptional items

	2015 £	2014 £
Impairment of player registrations	6,612,260	6,251,704
Cost of onerous and cancelled contracts	8,279,930	-
	<u>14,892,190</u>	<u>6,251,704</u>

# Southampton Football Club Limited

Notes forming part of the financial statements  
for the year ended 30 June 2015 (continued)

## 4 Operating loss

	2015 £	2014 £
This is arrived at after charging:		
Depreciation of tangible fixed assets	1,225,758	828,973
Amortisation of other intangible fixed assets	29,578,529	20,718,765
Hire of other assets - operating leases	190,285	135,805
Impairment of intangible assets	6,612,260	6,251,704
Cost of onerous contracts	8,279,930	-
	<u>          </u>	<u>          </u>

The auditors were remunerated by Southampton Football Club Limited on behalf of the group, of which Southampton Football Club Limited is a member. The total remuneration amounted to £33,200 (2014: £32,100).

## 5 Other operating income

Other operating income in the prior year represents compensation fees receivable.

# Southampton Football Club Limited

## Notes forming part of the financial statements for the year ended 30 June 2015 (*continued*)

### 6 Employees

Staff costs (including directors) consist of:

	2015 £	2014 £
Wages and salaries	68,865,924	52,295,508
Social security costs	9,115,417	7,187,287
Other pension costs	276,313	146,205
	<u>78,257,654</u>	<u>59,629,000</u>

The average number of employees (including directors) during the year was as follows:

	2015 Number	2014 Number
Administrative	79	71
Football	191	186
	<u>270</u>	<u>257</u>

In addition the company employs approximately 348 temporary staff on match days (2014: 267).

Certain employees of the company are members of The Football League Limited Pension and Life Assurance Scheme ("the scheme"). Accrual of benefits under a final salary basis was suspended with effect from 31 August 1999 following an actuarial review which revealed a substantial deficit.

As one of a number of participating employers, the company is advised only of its share of the deficit in the Scheme.

The latest actuarial valuation of the scheme at 31 August 2012 has indicated that the Club's provisional share of the deficit at 30 June 2012 was £678,433. Following contributions made to the scheme during the subsequent two years, this liability has been reduced to £146,977 and is included in accruals.

Contributions payable by the company to employees' (including executive Directors) personal pension schemes are charged to the profit and loss account in the year to which they relate. The schemes are defined contribution schemes, the assets of which are held separately from the company.



# Southampton Football Club Limited

## Notes forming part of the financial statements for the year ended 30 June 2015 (*continued*)

### 7 Directors' remuneration

	2015 £	2014 £
Directors' emoluments	976,969	756,354
Company contributions to money purchase pension schemes	92,000	60,800
Compensation for loss of office	52,186	-
	<u>          </u>	<u>          </u>

There were 3 directors in the company's defined contribution pension scheme during the year (2014 - 4).

The total amount payable to the highest paid director in respect of emoluments was £512,483 (2014 - £401,331). Company pension contributions of £54,000 (2014 - £42,000) were made to a money purchase scheme on their behalf.

### 8 Interest payable and similar charges

	2015 £	2014 £
Bank loans and overdrafts	2	108
Finance leases and hire purchase contracts	1,373	1,922
Other interest payable	2,719,928	2,766,151
	<u>          </u>	<u>          </u>
	2,721,303	2,768,181
	<u>          </u>	<u>          </u>

# Southampton Football Club Limited

Notes forming part of the financial statements  
for the year ended 30 June 2015 (*continued*)

## 9 Taxation on profit on ordinary activities

	2015 £	2014 £
<i>Deferred tax</i>		
Origination and reversal of timing differences	3,051,634	(4,671,814)
Adjustment in respect of previous periods	32,200	-
	<u>3,083,834</u>	<u>(4,671,814)</u>
Movement in deferred tax provision	<u>3,083,834</u>	<u>(4,671,814)</u>

The tax assessed for the year is lower than the standard rate of corporation tax in the UK applied to profit before tax.

	2015 £	2014 £
Profit on ordinary activities before tax	<u>15,235,478</u>	<u>26,301,488</u>
Profit on ordinary activities at the standard rate of corporation tax in the UK of 20.75% (2014 - 22.5%)	3,161,362	5,917,835
Effect of:		
Expenses not deductible for tax purposes	27,355	11,123
Capital allowances for period in excess of depreciation	(10,165)	(335,673)
Other timing differences	538,987	(118,502)
Tax losses (utilised)/not utilised	(3,694,996)	(5,465,858)
Group relief claimed	(22,543)	(8,925)
	<u>-</u>	<u>-</u>
Current tax charge for the year	<u>-</u>	<u>-</u>

# Southampton Football Club Limited

Notes forming part of the financial statements  
for the year ended 30 June 2015 (*continued*)

## 10 Intangible fixed assets

	Player registrations £
<i>Cost or valuation</i>	
At 1 July 2014	83,258,877
Additions	81,746,173
Disposals	(30,794,789)
	<hr/>
At 30 June 2015	<b>134,210,261</b>
	<hr/>
<i>Amortisation</i>	
At 1 July 2014	42,173,516
Provided for the year	29,578,529
Disposals	(19,368,494)
Impairment	6,612,260
	<hr/>
At 30 June 2015	<b>58,995,811</b>
	<hr/>
<i>Net book value</i>	
At 30 June 2015	<b>75,214,450</b>
	<hr/>
At 30 June 2014	<b>41,085,361</b>
	<hr/>

# Southampton Football Club Limited

Notes forming part of the financial statements  
for the year ended 30 June 2015 (*continued*)

## 11 Tangible fixed assets

	Motor vehicles £	Fixtures and fittings £	Assets in Course of Construction £	Total £
<i>Cost or valuation</i>				
At 1 July 2014	134,819	6,629,390	31,579	6,795,788
Additions	33,809	675,808	-	709,617
Disposals	(43,804)	(17,915)	-	(61,719)
Transfers	-	31,579	(31,579)	-
	<u>124,824</u>	<u>7,318,862</u>	<u>-</u>	<u>7,443,686</u>
<i>Depreciation</i>				
At 1 July 2014	52,933	2,686,167	-	2,739,100
Provided for the year	23,979	1,201,779	-	1,225,758
Disposals	(2,291)	(17,915)	-	(20,206)
	<u>74,621</u>	<u>3,870,031</u>	<u>-</u>	<u>3,944,652</u>
<i>Net book value</i>				
At 30 June 2015	<u>50,203</u>	<u>3,448,831</u>	<u>-</u>	<u>3,499,034</u>
At 30 June 2014	<u>81,886</u>	<u>3,943,223</u>	<u>31,579</u>	<u>4,056,688</u>

The net book value of tangible fixed assets includes an amount of £934,603 (2014: £1,178,016) in respect of assets held under finance leases and hire purchase contracts. The related depreciation charge on these assets for the year was £243,413 (2014: £16,734).

The company have entered into capital commitments on 30 June 2015 of £Nil (2014: £Nil).

## 12 Stocks

	2015 £	2014 £
Goods for resale	<u>646,438</u>	<u>340,548</u>

There is no material difference between the replacement cost of stocks and the amounts stated above.

# Southampton Football Club Limited

Notes forming part of the financial statements  
for the year ended 30 June 2015 (*continued*)

## 13 Debtors

	2015 £	2014 £
Amounts receivable within one year		
Trade debtors	2,405,869	2,924,069
Amounts owed by group undertakings	13,843,512	11,759,213
Other debtors	281,255	130,890
Prepayments and accrued income	2,107,890	2,033,766
Transfer fees receivable	29,800,000	14,604,000
Deferred taxation	1,587,980	4,671,814
	<u>50,026,506</u>	<u>36,123,752</u>
Amounts receivable after more than one year		
Transfer fees receivable	25,000,000	20,000,000
	<u>25,000,000</u>	<u>20,000,000</u>
Total debtors	<u>75,026,506</u>	<u>56,123,752</u>

	Deferred taxation £
At 1 July 2014	4,671,814
Utilised in year	(3,083,834)
	<u>1,587,980</u>
At 30 June 2015	<u>1,587,980</u>

### Deferred taxation

	2015 £	2014 £
The amount of deferred tax provided for is as follows:		
Decelerated capital allowances	9,137	30,725
Unutilised losses	1,059,355	4,641,089
Other short term timing differences	519,488	-
	<u>1,587,980</u>	<u>4,671,814</u>

# Southampton Football Club Limited

Notes forming part of the financial statements  
for the year ended 30 June 2015 (continued)

## 14 Creditors: amounts falling due within one year

	2015 £	2014 £
Shareholder loan	1,700,000	-
Trade creditors	4,163,954	2,834,231
Amounts owed to group undertakings	1,718,688	2,923,620
Taxation and social security	3,849,185	13,873,089
Obligations under finance lease and hire purchase contracts	390,250	362,000
Other loan	13,940,940	21,059,591
Transfer fees payable	22,115,509	21,657,539
Other creditors	1,974,549	2,327,999
Accruals and deferred income	27,696,813	22,955,940
	<b>77,549,888</b>	<b>87,994,009</b>

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

	2015 £	2014 £
Shareholder loan	30,999,988	14,699,988
Obligations under finance lease and hire purchase contracts	205,083	595,333
Transfer fees payable	21,152,334	4,302,125
	<b>52,357,405</b>	<b>19,597,446</b>

Maturity of debt:

	Loans and overdrafts 2015 £	Loans and overdrafts 2014 £	Finance leases 2015 £	Finance leases 2014 £
In one year or less, or on demand	<b>15,640,940</b>	21,059,591	<b>390,250</b>	362,000
In more than one year but not more than two years	<b>9,000,000</b>	14,699,999	<b>205,083</b>	390,250
In more than two years but not more than five years	<b>21,999,988</b>	-	-	205,083
	<b>30,999,988</b>	14,699,988	<b>205,083</b>	595,333

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

# Southampton Football Club Limited

Notes forming part of the financial statements  
for the year ended 30 June 2015 (*continued*)

## 16 Provisions for liabilities

	Contingent transfer fees £	Provision for other costs £	Total £
At 1 July 2014	655,048	-	655,048
Arising in the year	5,936,139	4,022,830	9,958,969
Utilised in the year	(3,923,723)	-	(3,923,723)
	<u>2,667,464</u>	<u>4,022,830</u>	<u>6,690,294</u>
At 30 June 2015	<u>2,667,464</u>	<u>4,022,830</u>	<u>6,690,294</u>

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

## 17 Share capital

	2015 £	2014 £
<i>Allotted, called up and fully paid</i>		
501,000 Ordinary of £1 each	<u>501,000</u>	<u>501,000</u>

## 18 Reserves

	Capital Contribution Reserve £	Profit and loss account £
At 1 July 2014	14,685,636	3,132,777
Profit for the year	-	12,151,644
	<u>14,685,636</u>	<u>15,284,421</u>
At 30 June 2015	<u>14,685,636</u>	<u>15,284,421</u>

During 2009, a fellow group company waived amounts owed from the company resulting in a Capital Contribution. This contribution is non-refundable, bears no interest and may be distributed after all accumulated losses have been taken into account.

# Southampton Football Club Limited

Notes forming part of the financial statements  
for the year ended 30 June 2015 (continued)

## 19 Reconciliation of movements in shareholder's funds

	2015 £	2014 £
Profit for the year	12,151,644	30,973,302
Opening shareholder's funds/(deficit)	18,319,413	(12,653,889)
Closing shareholder's funds	30,471,057	18,319,413

## 20 Contingent liabilities

Excluding items already provided in the balance sheet, at 30 June 2015 Southampton Football Club had a liability to pay up to £5,124,528 (2014: £1,656,000) to other clubs in respect of players under contract, dependent upon the number of first team appearances, goals scored and international debuts made.

At 30 June 2015 the company 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.

## 21 Commitments under operating leases

The company had annual commitments under non-cancellable operating leases as set out below:

	Land and buildings 2015 £	Other 2015 £	Land and buildings 2014 £	Other 2014 £
Operating leases which expire:				
Within one year	-	4,656	-	-
In two to five years	138,285	32,551	138,285	-
	138,285	37,207	138,285	-

## 22 Related party disclosures

The company has loan notes of £32,699,988 (2014: £14,699,988) in issue to K Liebherr at the year end. Interest accrued at 30 June 2015 amounted to £1,600,879.

The company is a wholly owned subsidiary of St Mary's Football Group Limited and has taken advantage of the exemption conferred by Financial Reporting Standard 8 "Related party disclosures" not to disclose transactions with St Mary's Football Group Limited or other wholly owned subsidiaries within the group.



# Southampton Football Club Limited

## Notes forming part of the financial statements for the year ended 30 June 2015 *(continued)*

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### **23 Ultimate parent company and parent undertaking of larger group**

The company is a subsidiary of St Mary's Football Group Limited which is the ultimate parent company incorporated in Great Britain. The ultimate controlling party is K Liebherr.

The largest and smallest group in which the results of the company are consolidated is that headed by St Mary's Football Group Limited, incorporated in Great Britain. The consolidated accounts of this company are available to the public and may be obtained from St Mary's Stadium, Britannia Road, Southampton, SO14 5FP. No other group accounts include the results of the company.

### **24 Post balance sheet events**

Since the year end the Company has entered into the sale and purchase of players with net transactions amounting to £2,834,392 payable.