

St Mary's Football Group Limited

Annual Report and Financial Statements

Year Ended

30 June 2022

Company Number 06951765

St Mary's Football Group Limited

Company Information

Directors	R Ankersen R Bogli HJ Kraft M Semmens D Solak T Steele
Company secretary	T Greenwell
Registered number	06951765
Registered office	St Mary's Stadium Britannia Road Southampton Hampshire SO14 5FP
Independent auditors	BDO LLP Arcadia House Maritime Walk Ocean Village Southampton SO14 3TL

St Mary's Football Group Limited

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St Mary's Football Group Limited

Group Strategic Report for the Year Ended 30 June 2022

The principal activity of St Mary's Football Group Limited (the "Group"), is that of a football club (Southampton Football Club Limited (the "Club"), a direct subsidiary), whose men's team participates in the Premier League and whose women's team, operating through Southampton Girls and Women's Football Club Limited, an indirect subsidiary, participates in the FA Women's Championship.

Introduction

On 22 December 2021, the entire share capital of the Group was acquired by Sport Republic UK Ltd and Katharina Liebherr from Lander Sports (UK) International Investment Co., Ltd. Since 22 December 2021 the ultimate controlling party is considered to be Mr D Solak.

Football Overview

Men's

The 2021/22 season saw COVID-19 pandemic ("the pandemic") restrictions lifted and fans able to attend St Mary's stadium again, with the Club achieving an average of 93.4% of capacity in the Premier League compared to 94.7% in 2018/19, the last full season before the pandemic.

From a sporting perspective, the first team experienced another mixed season. After two thirds of the season the Club were in 9th position in the Premier League, however results in the final third of the season were disappointing, culminating in a 15th placed finish (2021: 15th).

However, the Club enjoyed another strong showing in the FA Cup, reaching the quarter-final (2020/21: semi-final) and losing to the eventual finalists for the second season in a row.

At the time of writing, the first team's 2022/23 Premier League performances have seen the Club in the bottom three positions of the league and battling to avoid relegation. As highlighted in note 32, the Club made five new signings during the January 2023 transfer window in order to strengthen the first team squad and are focused on achieving Premier League status for season 2023/24.

Away from the Premier League, the first team's cup form has been encouraging once again, reaching the semi-finals of the League Cup and continued participation in the FA Cup.

The B team, participating in Premier League 2 Division 2 in season 2021/22, experienced a difficult start with the introduction of a number younger players playing up an age-group into the squad. However, performances improved and the team finished in mid-table, narrowly missing out on the play-offs. At the time of writing the B team's 2022/23 performances have continued the form from the end of last season and they are currently challenging for automatic promotion from Premier League 2 Division 2.

Women's

The Club is delighted with the continuous development of the women's and girls programme which saw the first team complete a league and cup double in season 2021/22, winning the Women's National League, Southern Premier Division – losing only once all season – and the Women's National League Cup.

Following their league win, the first team triumphed in a one match play-off against Wolverhampton Wanderers, themselves the winner of the Women's National League, Northern Premier Division season, to gain promotion to the FA Women's Championship for season 2022/23.

During the off-season the first team playing squad and staff transitioned from a part-time to full-time operating model, based at the Club's main training facility, Staplewood Campus, in order to provide the best opportunity to compete in the second tier of women's football.

At the time of writing the first team are in 3rd place in the league and have acquitted themselves admirably during their first season back in the professional level.

The academy (regional talent club) continues to go from strength to strength offering a proven pathway into the first team. During the year the Club maintained its Tier 1 Plus status as awarded by the English FA, recognising the Club's commitment to consistently exceed Tier 1 criteria.

St Mary's Football Group Limited

Group Strategic Report (continued) for the Year Ended 30 June 2022

Financial Overview

The Group reports a loss before interest and tax of £6.0m (2021: loss of £13.7m), with net assets decreasing to £4.2m (2021: £17.4m).

A summary of results is given below:

	2022 £000	2021 £000
Turnover	150,628	157,245
Operating costs	(153,112)	(143,062)
Other operating income	99	2,603
(Loss)/profit before player trading	(2,385)	16,786
Player trading	(3,569)	(30,317)
Loss on disposal of assets	(29)	(161)
Loss before interest and tax	(5,983)	(13,692)

Despite the men's first team finishing in 15th place in the Premier League in both season 2021/22 and in the prior season, the Group has seen a decrease in its turnover. This decrease in turnover is a consequence of the temporary suspension of the 2019/20 season, resulting in the revenue associated with six Premier League matches from the 2019/20 season being reported in the 2020/21 financial year as opposed to the financial year-ended 30th June 2020. As such the 2021/22 financial year reflects a "normal" season.

Although turnover decreased, there was also a decrease in the loss before tax, primarily due to an increase in the profit on disposal of players, rising to £31.2m in the year (2021: £16.0m). This was generated from the sales of Alleyne, Beach, Gunn, Ings, Jankewitz, Lemina, Obafemi, Tchaptchet and Vestergaard in the Summer 2021 and Winter 2022 transfer windows, together with contingent transfer receipts in relation to previously transferred players crystallising during the season. The amortisation of player registrations decreased to £35.1m (2021: £47.4m) despite the purchases of Armitage, Armstrong, Livramento, Lyanco, Perraud and the loan of Broja in the Summer 2021 transfer window, and the purchase of Bazunu in the Summer 2022 transfer window.

Broadcasting revenue fell from £136.0m to £115.2m (15.3%), which is a direct result of the temporary suspension of the 2019/20 season due to the pandemic where £19.3m of broadcasting revenue associated with the six games played after the year-end was deferred into the 2020/21 season and therefore reflected in last financial year's results. As such the 2021/22 broadcasting revenue reflects a "normal" season.

Match day revenue has increased from £0.6m to £17.4m, being a direct result of all men's first team matches in season 2021/22 able to be played to a full capacity stadium. In the prior season all except three men's first team home matches were played behind closed doors and the three matches with fans in attendance were limited to a capacity of either 2,000 or 8,000 fans.

Commercial revenue fell from £19.3m to £15.9m (17.6%), partly due to commercial revenue associated with the six Premier League matches being reported in the 2020/21 financial year as opposed to the financial year-ended 30th June 2020, along with the Club's decision to outsource the retail division to a third party for the year, with the accounting for this agreement resulting in a lower level of revenue but a greater level of profit.

The Group's cash balance at the Statement of Financial Position date was £21.5m (2021: £28.8m) and there has been no material change in the amount of loans payable at the Statement of Financial Position date year-on-year.

St Mary's Football Group Limited

Group Strategic Report (continued) for the Year Ended 30 June 2022

Key Performance Indicators

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

As well as this, the directors consider further key performance indicators to be:

- the length of the men's first team playing contracts, with the average length remaining at the Statement of Financial Position date being 31 months (2021: 27 months);
- the all-staff wages to turnover ratio, which increased year-on-year from 72% in 2021 to 75% in 2022, with the increase being the result of the reduction in turnover as outlined in the Financial Overview, as there was no increase in staff costs year on year as highlighted in note 8. Year-on-year player remuneration for the men's first team decreased slightly to £87.0m from £89.3m (58% of turnover in 2022, 57% in 2021);
- the number of players with international recognition at senior or U-21 level. The men's first team squad had 23 players with such recognition (2021: 22) and the women's first team squad had 4 players (2021: 1);
- international honours at youth level. 15 male players and 8 female players represented their country at international youth level during the 2021/22 season (14 and 10 respectively during the 2020/21 season);
- the number of male players signed on scholarship agreements. The Club had an average of 27 scholars across the 2021/22 season (26 during the 2020/21 season);
- academy players representing the first team. 7 male and 3 female academy players represented their respective first teams in a competitive fixture during the 2021/22 season (15 and 6 respectively during the 2020/21 season).

Infrastructure and People

The Group continues its investment at St Mary's Stadium, completing the new pitch facing lounge "The Halo" before the start of the 2021/22 season. At the Staplewood training facility, the number of hybrid pitches continues to increase, as does the growth and development of the Academy facilities. During the year the Club commenced a new gym facility project, incurring planning and design fees. The project is scheduled to complete before the end of the 2022/23 season.

The average number of employees during the year was 408 and increased compared to the prior year (385), with the increase largely attributed to the continued growth of the women's and girls programme.

The Club is delighted to continue to promote Saints Foundation, the Club's affiliated charity, and all its excellent work in the community. During the year the Club has continued to provide support and donations both in-kind and financially to support Saints Foundation's initiatives, which include work supporting numeracy and literacy in primary schools through to physical activity sessions for older people, and many activities in between. Overall, during the 2021/22 season, the charity engaged over 4,500 individuals aged between 5-98, for more than 78,000 hours across their 16 different projects.

St Mary's Football Group Limited

Group Strategic Report (continued)
for the Year Ended 30 June 2022

Principal risks & uncertainties

Team performance risk

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

Liquidity risk

The Group reported a net debt position of £70.8m at the Statement of Financial Position date (2021: net debt of £62.2m).

Gross debt has remained broadly the same, totalling £91.6m at the Statement of Financial Position date (2021: £90.7m) with the year on year increase linked to the change in Swiss Franc:£sterling exchange rate.

Credit risk

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

Political & COVID-19 risk

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

At the time of writing the pandemic is not having a material impact on the Group's financial performance, compared with the previous two financial years when the financial impact was more significant.

The directors have concluded, after reviewing the work performed and detailed above, that they can adopt the going concern basis in preparing these financial statements.

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



T Steele

Director

Date: 24.02.23

St Mary's Football Group Limited

Section 172 Statement for the Year Ended 30 June 2022

Section 172 of the Companies Act 2006 requires directors to take into consideration the interests of stakeholders and other matters in their decision making. The directors continue to have regard to the interests of the Group's employees and other stakeholders, the impact of its activities on the community, the environment and the Group's reputation for good business conduct, when making decisions. In this context, acting in good faith and fairly, the directors consider what is most likely to promote the success of the Group for its members in the long term. We explain in these financial statements, and below, how the Board engages with stakeholders:

- Relations with key stakeholders such as employees, shareholders, customers, the local community and suppliers are considered in more detail within the "Employee Involvement" section of the Director's Report and the "Infrastructure & People" section of the Strategic Report.
- The directors are fully aware of their responsibilities to promote the success of the Group in accordance with section 172 of the Companies Act 2006 and this is promoted at every Board meeting. As required, the Managing Director, the Finance Director and the Company Secretary will provide further support to the Board to help ensure that sufficient consideration is given to issues relating to the matters set out in s172(1)(a)-(f).
- The Board regularly reviews the Group's principal stakeholders and how it engages with them. This is achieved through information provided by senior management, in particular within monthly departmental board papers, and also by direct engagement with stakeholders themselves.
- The Board has enhanced its methods of engagement with the workforce and Board updates are provided to all employees at regular intervals. There are regular virtual meetings and question and answer sessions during which the Board provides business and strategic updates to all employees.
- We aim to work responsibly with our stakeholders, including suppliers. The Board has recently reviewed its anti-corruption and anti-bribery, equal opportunities and whistleblowing policies and regular training is undertaken on such matters.

The key Board decisions made in the year are set out below:

Significant events/decisions	Key s172 matter(s) affected	Actions and impact
The acquisition of the entire share capital of the Group by Sport Republic UK Ltd and Katharina Liebherr from Lander Sports (UK) International Investment Co., Ltd on 22 December 2021.	Employees, customers, suppliers	<ul style="list-style-type: none"> • On 4th January 2022 the Group publicly announced its change of ownership to employees, customers and suppliers. • Where necessary, certain suppliers had been informed in advance where contractual agreements required change of control notification. • An online staff meeting was held to give the opportunity for information to be shared and allow for questions. • A press release was shared externally via media outlets and the Group's website and social media channels.
Women's & Girls first team players and staff moving from part-time to full time status in anticipation of promotion to the FA Women's Championship (note the decision was taken to go full-time in season 2022/23 regardless of whether promotion was achieved).	Employees, customers	<ul style="list-style-type: none"> • Relevant players and staff were notified of the decision before the end of the 2021/22 season to give those already in full time employment elsewhere time to consider whether to join the Club on a full-time basis. • Staplewood Campus site planning and scheduling was undertaken to ensure the addition of another full-time squad of players and staff could be accommodated.

St Mary's Football Group Limited

Section 172 Statement (continued) for the Year Ended 30 June 2022

<p>Women's and Girls first team playing all home matches at St Mary's Stadium.</p>	<p>Employees, customers, suppliers</p>	<ul style="list-style-type: none"> • Upon achieving promotion to the FA Women's Championship, a pitch utilisation exercise was undertaken to assess the impact on pitch quality at St Mary's Stadium if a minimum of 11 Women's and Girls first team matches were played there. • The Club then informed players, employees and fans of the decision and entered into a period of planning to ensure the match day experience from a safety and entertainment perspective could be delivered.
<p>Design and planning of a new men's and women's first team gym at Staplewood Campus.</p>	<p>Employees, suppliers</p>	<ul style="list-style-type: none"> • An employee working group assessed the long-term viability of the existing men's and women's first team gym • A third-party design company were engaged to provided alternative solutions • Planning permission was obtained from New Forest District Council for a new standalone building within available space at the Staplewood Campus site. • A tender process for suppliers to carry out the construction process was undertaken.

St Mary's Football Group Limited

Directors' Report for the Year Ended 30 June 2022

The directors present their report and the financial statements for the year ended 30 June 2022.

Results and dividends

The loss for the year, after taxation, amounted to £13.2m (2021: loss of £14.8m).

No dividend (2021: £Nil) is proposed.

Employment of Disabled Persons

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

Employee Involvement

The Group holds regular senior management, operational management and department meetings to ensure a flow of information across all levels. Alongside this are a number of company-wide communication channels, most notably twice year all-staff meetings and our intranet, Team Talk Live. Company Handbooks, Performance and Development Reviews and strategic email communication supplement these.

The Group continues to put in place measures directly aimed at promoting the health and wellbeing of employees, including the continuation and promotion of an Employee Assistance programme. A series of measures have been introduced to support staff with the increasing costs of living across winter 2022/23.

Finally, the Group continues to encourage all staff members to present their suggestions and views at all levels on the Group's performance, encouraging creativity for improvement through feedback forums.

Directors

The directors who served during the year were:

R Ankersen (appointed 9 February 2022)
R Bogli (appointed 9 February 2022)
HJ Kraft (appointed 22 December 2021)
K Liebherr (resigned 9 February 2022)
Mr J Gao (resigned 22 December 2021)
Ms J Gao (resigned 22 December 2021)
M Semmens
D Solak (appointed 22 December 2021)
T Steele (appointed 9 February 2022)
S Xu (resigned 22 December 2021)

Future developments

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

Charitable donations

During the year the group made charitable donations totalling £112,000 (2021: £19,000)

St Mary's Football Group Limited

Directors' Report (continued)
for the Year Ended 30 June 2022

Environmental matters and energy and carbon reporting

The Group has taken the available exemption to not disclose a separate energy and carbon report in these financial statements as it is included in the financial statements of its parent company, Sport Republic Holding Limited.

The Group has the Environmental Standard ISO 14001 accreditation.

Disclosure of information to auditors

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as that director is aware, there is no relevant audit information of which the Company and the Group's auditors are unaware; and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company and the Group's auditors are aware of that information.

Post Statement of Financial Position events

A full description of the events after the Statement of Financial Position date is stated in note 32.

Auditors

The auditors, BDO LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

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



T Steele
Director

Date: 24.02.23

St Mary's Football Group Limited

Directors' Responsibilities Statement for the Year Ended 30 June 2022

The directors are responsible for preparing the Group 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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). 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 the Group and of the profit or loss of the Group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies for the Group financial statements 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company and the Group's transactions and disclose with reasonable accuracy at any time the financial position of the Company and the Group 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 the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

St Mary's Football Group Limited

Independent Auditor's report to the member of St Mary's Football Group Limited

Opinion on the financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 30 June 2022 and of the Group's loss for the year then ended;
- the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of St Mary's Football Group Limited (the 'Parent Company') and its subsidiaries (the 'Group') for the year ended 30 June 2022 which comprise the Statement of Comprehensive Income, Consolidated Statement of Financial Position, Company Statement of Financial Position, Consolidated Statement of Changes in Equity, Company Statement of Changes in Equity, Consolidated Statement of Cash Flows, and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

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

Independence

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

Conclusions relating to going concern

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

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

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

St Mary's Football Group Limited

Independent Auditor's report to the member of St Mary's Football Group Limited (continued)

Other information

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

We have nothing to report in this regard.

Other Companies Act 2006 reporting

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

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

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

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

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

Responsibilities of Directors

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

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

St Mary's Football Group Limited

Independent Auditor's report to the member of St Mary's Football Group Limited (continued)

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

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

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

Procedures performed by the group audit team included:

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

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

A further description of our responsibilities is available on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

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

DocuSigned by:



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Stephen Le Bas (Senior Statutory Auditor)

For and on behalf of BDO LLP, Statutory Auditor

Southampton

United Kingdom

24 February 2023

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

St Mary's Football Group Limited

Consolidated Statement of Comprehensive Income for the Year Ended 30 June 2022

	Note	Operations excluding player trading 2022 £000	Player trading* 2022 £000	Total 2022 £000	Total 2021 £000
Turnover	4	150,628	-	150,628	157,245
Cost of sales		(136,794)	(35,134)	(171,928)	(179,260)
Gross profit/(loss)		13,834	(35,134)	(21,300)	(22,015)
Administrative expenses		(16,318)	-	(16,318)	(10,153)
Other operating income	5	99	362	461	2,603
Operating loss	6	(2,385)	(34,772)	(37,157)	(29,565)
Loss on disposal of assets		(29)	-	(29)	(161)
Profit on disposal of players		-	31,203	31,203	16,034
Loss on ordinary activities before interest		(2,414)	(3,569)	(5,983)	(13,692)
Interest receivable and similar income	10	1,632	-	1,632	598
Interest payable and similar charges	11	(11,059)	-	(11,059)	(9,683)
Loss on ordinary activities before taxation		(11,841)	(3,569)	(15,410)	(22,777)
Tax on loss	12	2,200	-	2,200	8,015
Loss and total comprehensive loss for the year		(9,641)	(3,569)	(13,210)	(14,762)

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

The notes on pages 21 to 41 form part of these financial statements.

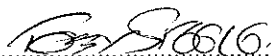
St Mary's Football Group Limited

Registered number: 06951765

Consolidated Statement of Financial Position as at 30 June 2022

	Note	2022 £000	2022 £000	2021 £000	2021 £000
Fixed assets					
Intangible assets	13		82,440		79,928
Tangible assets	14		42,758		43,610
			125,198		123,538
Current assets					
Stocks	16	-		12	
Debtors: amounts falling due within one year	17	16,075		37,651	
Debtors: amounts falling due after more than one year	17	28,648		6,743	
Cash at bank and in hand		21,516		28,757	
		66,239		73,163	
Creditors: amounts falling due within one year	18	(72,541)		(62,024)	
Net current (liabilities) / assets			(6,302)		11,139
Total assets less current liabilities			118,896		134,677
Creditors: amounts falling due after more than one year	19		(109,032)		(110,070)
Provisions for liabilities					
Other provisions	22		(5,688)		(7,221)
Net assets			4,176		17,386
Capital and reserves					
Share capital	24		-		-
Share premium account	25		31,000		31,000
Capital contribution reserve	25		27,988		27,988
Profit and loss account	25		(54,812)		(41,602)
Equity attributable to the owner of the parent Company			4,176		17,386

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



T Steele

Director

Date: 24.02.23

The notes on pages 21 to 41 form part of these financial statements.

St Mary's Football Group Limited

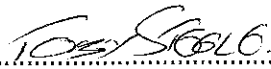
Registered number: 06951765

Company Statement of Financial Position as at 30 June 2022

	Note	2022 £000	2022 £000	2021 £000	2021 £000
Fixed assets					
Investments	15		1,948		1,948
Current assets					
Debtors: amounts falling due within one year	17	78,817		89,542	
Debtors: amounts falling due within one year	17	2,042		-	
		<u>80,859</u>		<u>89,542</u>	
Creditors: amounts falling due within one year	18	(1)		(93)	
Net current assets			<u>80,858</u>		<u>89,449</u>
Total assets less current liabilities			<u>82,806</u>		<u>91,397</u>
Creditors: amounts falling due after more than one year	19		(78,976)		(78,985)
Net assets			<u>3,830</u>		<u>12,412</u>
Capital and reserves					
Share capital	24		-		-
Share premium account	25		31,000		31,000
Profit and loss account	25		(27,170)		(18,588)
			<u>3,830</u>		<u>12,412</u>

The Company has taken advantage of the exemption allowed under Section 408 of the Companies Act 2006 and has not prepared its own Statement of Comprehensive Income in these financial statements. The loss for the year after tax of the Company was £8,582,000 (2021: £5,990,000).

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



T Steele
 Director
 Date: 24.02.23

The notes on pages 21 to 41 form part of these financial statements.

St Mary's Football Group Limited

Consolidated Statement of Changes in Equity for the Year Ended 30 June 2022

	Share premium £000	Capital contribution reserve £000	Retained losses £000	Total equity £000
At 30 June 2020	31,000	27,988	(26,840)	32,148
Comprehensive loss for the year				
Loss for the year	-	-	(14,762)	(14,762)
At 30 June 2021	31,000	27,988	(41,602)	17,386
Comprehensive loss for the year				
Loss for the year	-	-	(13,210)	(13,210)
At 30 June 2022	31,000	27,988	(54,812)	4,176

The notes on pages 21 to 41 form part of these financial statements.

St Mary's Football Group Limited

Company Statement of Changes in Equity for the Year Ended 30 June 2022

	Share premium £000	Retained losses £000	Total equity £000
At 30 June 2020	31,000	(12,598)	18,402
Loss and total comprehensive loss for the year	-	(5,990)	(5,990)
	<hr/>	<hr/>	<hr/>
At 30 June 2021	31,000	(18,588)	12,412
Loss and total comprehensive loss for the year	-	(8,582)	(8,582)
	<hr/>	<hr/>	<hr/>
At 30 June 2022	31,000	(27,170)	3,830
	<hr/>	<hr/>	<hr/>

The notes on pages 21 to 41 form part of these financial statements.

St Mary's Football Group Limited

Consolidated Statement of Cash Flows for the Year Ended 30 June 2022

	2022 £000	2021 £000
Cash flows used in operating activities		
Loss for the financial year	(13,210)	(14,762)
Adjustments for:		
Depreciation, amortisation and impairment	38,894	51,027
Loss on disposal of tangible assets	29	161
Net interest payable	9,427	9,085
Taxation credit	(2,200)	(8,015)
Decrease in stock	12	244
Increase in debtors	(3,860)	(99)
Decrease in creditors	(2,774)	(27,843)
Decrease in provisions	(1,533)	(4,121)
Loss/(Gain) on foreign exchange	1,142	(2,332)
Profit on disposal of players	(31,203)	(16,034)
Tax received	-	34
	<hr/>	<hr/>
Net cash used in operating activities	(5,276)	(12,655)
Cash flows used in investing activities		
Purchase of tangible fixed assets	(2,365)	(2,659)
Purchase of intangible fixed assets	(43,221)	(55,207)
Proceeds from sale of intangible fixed assets	52,005	19,908
	<hr/>	<hr/>
Net cash generated from/(used in) investing activities	6,419	(37,958)
	<hr/>	<hr/>
Cash flows used in financing activities		
New other loans	-	229
Repayment of other loans	(229)	-
Interest paid	(8,007)	(7,482)
Repayment of finance leases	(148)	(51)
	<hr/>	<hr/>
Net cash used in financing activities	(8,384)	(7,304)
	<hr/>	<hr/>
Net decrease in cash and cash equivalents	(7,241)	(57,917)
Cash and cash equivalents at the beginning of year	28,757	86,674
	<hr/>	<hr/>
Cash and cash equivalents at the end of year	21,516	28,757
	<hr/>	<hr/>
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	21,516	28,757
	<hr/>	<hr/>

The notes on pages 21 to 41 form part of these financial statements.

St Mary's Football Group Limited

Notes to the Financial Statements for the Year Ended 30 June 2022

1. General information

St Mary's Football Group Limited is a private company, limited by shares, incorporated in England and Wales under the Companies Act. The address of the registered office is shown on the Company Information page. The nature of the Group's operations and its principal activities are outlined in the Group Strategic Report.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires Group management to exercise judgement in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 Basis of consolidation

The consolidated financial statements present the results of the Group and its subsidiaries ("the Group") as if they formed a single entity. Intercompany transactions and balances between Group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the Statement of Financial Position, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the Consolidated Statement of Comprehensive Income from the date on which control is obtained.

2.3 Parent company disclosure exemptions

In preparing the separate financial statements of the parent company, advantage has been taken of the following disclosure exemptions available in FRS 102:

- no cash flow statement has been presented for the parent company; and
- no disclosure has been given for the aggregate remuneration of the key management personnel of the parent Company as their remuneration is included in the totals for the Group as a whole.

2.4 Going concern

In assessing the appropriateness of the going concern assumption, the directors have produced a detailed cash flow forecast for the wider Group, which extends for the period of 12 months from the approval of the financial statements. In addition to the scenario in which Premier League status is retained, the forecast includes a scenario in which the men's first team are relegated from the Premier League at the end of the 2022/23 Premier League season.

In both scenarios, there is a funding requirement from the Group's shareholders to enable the Group to continue to meet its obligations as they fall due for a period of not less than 12 months from the approval of these financial statements. Such funding is expected to be in the form of equity and, further to the equity injection of £48m since the Statement of Financial Position date (see note 32), the shareholders have indicated their willingness and intention to continue to provide financial support to the Group. In addition, the directors consider that the market value of the first team squad is in excess of its carrying value in the financial statements, with player transfers remaining a source of liquidity if required.

St Mary's Football Group Limited

Notes to the Financial Statements (continued) for the Year Ended 30 June 2022

2. Accounting policies (continued)

The directors have concluded, after reviewing the work performed and detailed above, that they can adopt the going concern basis in preparing these financial statements.

2.5 Turnover

Turnover represents the total amount receivable from the principal activities of the Group, excluding transfer fees receivable, and is stated net of value added tax. The fixed element of broadcasting turnover is recognised as games are performed over the length of the football season, whilst facility fees for live coverage or highlights are recognised as and when the point of broadcast occurs. Merit payments are accounted for once known at the end of the season to which they relate and accrued if not received by the end of the financial year. Match day turnover and those elements of commercial activities relating to matches are recognised when related matches are played; turnover from advance ticket sales is deferred accordingly. Other commercial turnover is recognised on a receivable basis once the contracted events have taken place.

2.6 Intangible assets

The element of each player's transfer fee which relates to their registration is capitalised as an intangible asset and amortised over the period of their contract including any agreed extensions, subject to any provision for impairment. Where there are deferred payment terms and no interest is charged, the future cash flows are discounted to their present value at the date of the transactions using the prevailing market rate for such instruments. Contingent fees payable, which are dependent upon factors such as the number of first team appearances and international debuts being made, are capitalised in the year when it is considered probable that the conditions of the transfer agreement will be satisfied.

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

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

St Mary's Football Group Limited

Notes to the Financial Statements (continued) for the Year Ended 30 June 2022

2. Accounting policies (continued)

2.7 Tangible fixed assets

Tangible fixed assets under the cost model, other than investment properties, are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The Group adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the Group. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to the Statement of Comprehensive Income during the period in which they are incurred.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

The estimated useful lives are as follows:

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

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

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

2.8 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.9 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

At each reporting date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in the Statement of Comprehensive Income.

2.10 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

St Mary's Football Group Limited

Notes to the Financial Statements (continued) for the Year Ended 30 June 2022

2. Accounting policies (continued)

2.11 Cash

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours.

2.12 Financial instruments

The Group only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities, for example trade and other accounts receivable and payable, loans from banks and other third parties and loans to related parties.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, in particular transfer fees payable and receivable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade payables or receivables, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration, expected to be paid or received. However if the arrangements of a short-term instrument constitute a financing transaction, for example the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of Comprehensive Income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Group would receive for the asset if it were to be sold at the reporting date.

Financial assets and liabilities are offset and the net amount reported in the Statement of Financial Position when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

2.13 Creditors

Short term creditors, due in less than one year, are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

St Mary's Football Group Limited

Notes to the Financial Statements (continued) for the Year Ended 30 June 2022

2. Accounting policies (continued)

2.14 Foreign currency translation

Functional and presentation currency

The Group's functional and presentational currency is pound sterling.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At the Statement of Financial Position date foreign currency monetary items are translated using the closing rate.

2.15 Finance costs

Finance costs are charged to the Statement of Comprehensive Income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.16 Leased assets

Where assets are financed by leasing agreements that give rights approximating to ownership (finance leases), the assets are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum lease payments payable over the term of the lease. The corresponding leasing commitments are shown as amounts payable to the lessor. Depreciation on the relevant assets is charged to the Statement of Comprehensive Income over the shorter of estimated useful economic life and the period of the lease.

Lease payments of assets financed are analysed between capital and interest components so that the interest element of the payment is charged to the Statement of Comprehensive Income over the period of the lease and is calculated so that it represents a constant proportion of the balance of capital repayments outstanding. The capital element reduces the amount payable to the lessor.

All other leases are treated as operating leases. Their annual rentals are charged to the Statement of Comprehensive Income on a straight-line basis over the term of the lease.

2.17 Pensions

The Group is one of a number of employers in a shared defined benefit scheme for playing staff. The Group's share of the scheme's liabilities is notified by the scheme and included in accruals.

Contributions payable by the Group to employees' (including executive directors) personal pension schemes are charged to the Statement of Comprehensive Income in the year to which they relate. The schemes are defined contribution schemes, the assets of which are held separately from the Group.

2.18 Government grants

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

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

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

St Mary's Football Group Limited

Notes to the Financial Statements (continued) for the Year Ended 30 June 2022

2. Accounting policies (continued)

2.19 Interest income

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

2.20 Borrowing costs

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

2.21 Provisions for liabilities

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

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

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

2.22 Current and deferred taxation

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

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

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

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

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

St Mary's Football Group Limited

Notes to the Financial Statements (continued) for the Year Ended 30 June 2022

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

In preparing these financial statements, the directors have made the following key judgements and estimates:

- determined which players are included within the first team squad for cash generating unit purposes. The assessment is based on whether players are considered to be within the first team squad and available for selection as at the Statement of Financial Position date. Factors taken into consideration are whether the player has sustained any long term, career threatening injury or is highly unlikely to play for the first team again and is held only for sale;
- where players are considered to be outside of the first team squad for cash generating unit purposes, determined the net realisable value of the player registration. This is based on an agreed selling price in the event that the player has been transferred subsequent to the Statement of Financial Position date or, if there has been no such transfer, the best estimate of the disposal proceeds (less associated costs) based on recent player transactions;
- if a player is considered to be outside of the first team squad and highly unlikely to play for the first team again, determined whether the contract is onerous and any associated provision required as a result of obligations at the Statement of Financial Position date. Such onerous contract provisions are estimated based on the unavoidable cost (least net cost) of exiting the contract (see note 22);
- determined whether contingent liabilities exist in relation to contingent transfer fees payable (see note 22);
- assessed whether it is probable that the conditions will be met based on experience and the circumstances of the player concerned; and
- recognised a deferred tax asset based on an expectation of sufficient future profits (see note 23).

4. Turnover

	2022	2021
	£000	£000
An analysis of turnover by class of business is as follows:		
Broadcasting	115,192	136,006
Match day	17,368	625
Commercial	15,916	19,283
Other	2,152	1,331
	<hr/>	<hr/>
	150,628	157,245
	<hr/>	<hr/>

Materially all turnover arose within the United Kingdom.

St Mary's Football Group Limited

Notes to the Financial Statements (continued) for the Year Ended 30 June 2022

5. Other operating income

Items included within other operating income are as follows:

	2022 £000	2021 £000
Business interruption insurance claim	93	2,396
Coronavirus job retention scheme grant	6	207
	<u>99</u>	<u>2,603</u>

6. Operating loss

	2022 £000	2021 £000
The operating loss is stated after charging:		
Stock recognised as an expense	81	1,685
Depreciation of tangible assets	3,760	3,677
Amortisation of intangible assets	35,134	47,350
Other operating lease rentals	214	272
Foreign exchange losses	790	-
Defined contribution pension cost	568	730
	<u></u>	<u></u>

The operating loss is stated after crediting:

Amortisation of grants	93	93
Foreign exchange gains	-	2,041
	<u></u>	<u></u>

St Mary's Football Group Limited

Notes to the Financial Statements (continued) for the Year Ended 30 June 2022

7. Auditor's remuneration

	2022 £000	2021 £000
Fees payable to the Group's auditor for the audit of the Company's annual accounts	7	7
Fees payable to the Group's auditor in respect of:		
The audit of the Company's subsidiaries	42	30
Taxation compliance services	9	10
Taxation advisory services	11	1
Interim accounts review	13	11
Other non-audit services	3	4
	7	7

8. Employees

	2022 £000	2021 £000
Group staff costs, including directors' remuneration, were as follows:		
Wages and salaries	98,872	99,158
Social security costs	14,009	13,538
Pension costs	568	730
	113,449	113,426

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

	2022 No.	2021 No.
Administrative	130	128
Direct	278	257
	408	385

In addition the Group employs approximately 191 temporary staff on match days (2021: 529).

St Mary's Football Group Limited

Notes to the Financial Statements (continued) for the Year Ended 30 June 2022

9. Directors' remuneration	2022 £000	2021 £000
Directors' emoluments	1,881	1,567
Company contributions to defined contribution pension schemes	4	2
	<u>1,885</u>	<u>1,569</u>

There were 2 directors in the Group's defined contribution pension scheme during the year (2021: 1).

The total amount payable to the highest paid director in respect of emoluments was £831,000 (2021: £971,000). Company pension contributions of £2,000 (2021: £2,000) were made to a defined contribution scheme on their behalf.

10. Interest receivable and similar income	2022 £000	2021 £000
Imputed interest charge on transfer fees receivable	1,438	598
Other interest receivable	133	-
Bank interest receivable	61	-
	<u>1,632</u>	<u>598</u>

11. Interest payable and similar charges	2022 £000	2021 £000
Bank loan interest payable	7,714	7,657
Imputed interest charge on transfer fees payable	2,858	2,017
Interest payable on transfer fees	446	-
Hire purchase interest payable	38	9
Bank interest payable	3	-
	<u>11,059</u>	<u>9,683</u>

St Mary's Football Group Limited

Notes to the Financial Statements (continued) for the Year Ended 30 June 2022

12. Taxation	2022 £000	2021 £000
Current tax		
Adjustment in respect of previous periods	-	(291)
Total current tax credit	-	(291)
Deferred tax		
Origination and reversal of timing differences	(2,188)	(5,649)
Adjustment in respect of previous periods	(12)	392
Effect of tax rate change	-	(2,467)
Total deferred tax credit	(2,200)	(7,724)
Total tax credit	(2,200)	(8,015)

Factors affecting tax credit for the year

The tax assessed for the year is lower than (2021: higher than) the standard rate of corporation tax in the UK of 19% (2021: 19%). The differences are explained below:

	2022 £000	2021 £000
Loss on ordinary activities before tax	(15,410)	(22,777)
Loss on ordinary activities multiplied by the standard rate of corporation tax in the UK of 19% (2021: 19%)	(2,928)	(4,328)
Effects of:		
Expenses not deductible for tax purposes	1,184	99
Income not taxable for tax purposes	(18)	(18)
R&D expenditure credits/debits	-	6
Effect of rate change	(540)	(3,870)
Deferred tax not recognised	69	-
Adjustments in respect of prior periods	(12)	101
Other movements	45	(5)
Total tax credit for the year	(2,200)	8,015

The Finance Act 2021 was substantively enacted in May 2021 and increased corporation tax rate from 19% to 25% with effect from 1 April 2023. The deferred taxation balances have been measured using the rates expected to apply in the reporting periods when the timing differences reverse.

St Mary's Football Group Limited

Notes to the Financial Statements (continued) for the Year Ended 30 June 2022

13. Intangible assets

Group	Player registrations £000
Cost	
At 1 July 2021	211,808
Additions	51,279
Disposals	(83,394)
	<hr/>
At 30 June 2022	179,693
	<hr/>
Amortisation	
At 1 July 2021	131,880
Charge for the year	35,134
On disposals	(69,761)
	<hr/>
At 30 June 2022	97,253
	<hr/>
Net book value At 30 June 2022	82,440
	<hr/> <hr/>
At 30 June 2021	79,928
	<hr/> <hr/>

St Mary's Football Group Limited

Notes to the Financial Statements (continued) for the Year Ended 30 June 2022

14. Tangible fixed assets

Group	Freehold land and buildings £000	Fixtures, fittings and vehicles £000	Assets in the course of construction £000	Total £000
Cost or valuation				
At 1 July 2021	45,646	16,553	241	62,440
Additions	-	1,271	1,666	2,937
Disposals	-	(1,742)	-	(1,742)
Transfers	-	281	(281)	-
	<u>45,646</u>	<u>16,553</u>	<u>241</u>	<u>62,440</u>
At 30 June 2022	45,646	16,363	1,626	63,635
Depreciation				
At 1 July 2021	10,290	8,540	-	18,830
Charge for the year	847	2,913	-	3,760
On disposals	-	(1,713)	-	(1,713)
	<u>11,137</u>	<u>9,740</u>	<u>-</u>	<u>20,877</u>
At 30 June 2022	11,137	9,740	-	20,877
Net book value				
At 30 June 2022	34,509	6,623	1,626	42,758
	<u>34,509</u>	<u>6,623</u>	<u>1,626</u>	<u>42,758</u>
At 30 June 2021	35,356	8,013	241	43,610
	<u>35,356</u>	<u>8,013</u>	<u>241</u>	<u>43,610</u>

The net book value of tangible fixed assets includes an amount of £728,000 (2021: £225,000) in respect of assets held under finance leases and hire purchase contracts. The related depreciation charge on these assets for the year was £69,000 (2021: £57,000).

St Mary's Football Group Limited

Notes to the Financial Statements (continued) for the Year Ended 30 June 2022

15. Fixed asset investments

Subsidiary undertakings

Subsidiary companies which are either directly or indirectly held by the Company are as follows:

Name of company	Country of incorporation	Class of shares	Holding	Nature of business
¹ Southampton Football Club Limited	UK	Ordinary	100 %	Trading
¹ St Mary's Training Ground Limited*	UK	Ordinary	100 %	Trading
¹ Southampton Girls and Women's Football Club Limited*	UK	Ordinary	100 %	Non-trading
¹ St Mary's Stadium Limited*	UK	Ordinary	100 %	Dormant
¹ St Mary's Catering Limited*	UK	Ordinary	100 %	Dormant
¹ St Mary's Training Centre Limited	UK	Ordinary	100 %	Trading
¹ St Mary's SPV Limited	UK	Ordinary	100 %	Dormant

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

*The investments in these entities are held indirectly.

St Mary's Football Group Limited

Notes to the Financial Statements (continued) for the Year Ended 30 June 2022

15. Fixed asset investments (continued)

Company	Group undertakings £000
Cost or valuation At 1 July 2021	1,948
At 30 June 2022	1,948
Net book value At 30 June 2022	1,948
At 30 June 2021	1,948

16. Stocks	Group 2022 £000	Group 2021 £000	Company 2022 £000	Company 2021 £000
Finished goods and goods for resale	-	12	-	-

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

17. Debtors

	Group 2022 £000	Group 2021 £000	Company 2022 £000	Company 2021 £000
Due within one year:				
Trade debtors	3,872	2,441	-	-
Amounts owed by group undertakings	743	-	78,817	88,003
Other debtors	2,884	701	-	-
Prepayments and accrued income	3,112	3,783	-	-
Corporation tax	449	449	-	-
Value added tax receivable	174	-	-	-
Transfer fees receivable	4,841	14,347	-	-
Deferred tax asset (note 23)	-	15,930	-	1,539
	<u>16,075</u>	<u>37,651</u>	<u>78,817</u>	<u>89,542</u>
Due after more than one year:				
Transfer fees receivable	10,518	6,743	-	-
Deferred tax asset (note 23)	18,130	-	2,042	-
	<u>28,648</u>	<u>6,743</u>	<u>2,042</u>	<u>-</u>

St Mary's Football Group Limited

Notes to the Financial Statements (continued) for the Year Ended 30 June 2022

18. Creditors: amounts falling due within one year

	Group 2022 £000	Group 2021 £000	Company 2022 £000	Company 2021 £000
Shareholder loan	1	1	1	1
Bank loan	12,640	-	-	-
Other loan	-	229	-	-
Trade creditors	3,081	3,341	-	-
Taxation and social security	5,146	7,756	-	-
Obligations under finance lease and hire purchase contracts	83	64	-	-
Transfer fees payable	24,906	24,271	-	-
Other creditors	678	2,972	-	-
Accruals and deferred income	26,006	23,390	-	92
	<u>72,541</u>	<u>62,024</u>	<u>1</u>	<u>93</u>

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

19. Creditors: amounts falling due after more than one year

	Group 2022 £000	Group 2021 £000	Company 2022 £000	Company 2021 £000
Bank loan	78,976	90,474	78,976	78,985
Obligations under finance lease and hire purchase contracts	566	161	-	-
Transfer fees payable	26,641	16,359	-	-
Accruals and deferred income	2,849	3,076	-	-
	<u>109,032</u>	<u>110,070</u>	<u>78,976</u>	<u>78,985</u>

Football Trust grants of £2,622,000 (2021: £2,715,000) are classified as accruals and deferred income within creditors falling due after more than one year and £93,000 (2021: £93,000) falling due within one year, being the amortisation that will be credited in the next accounting period.

St Mary's Football Group Limited

Notes to the Financial Statements (continued) for the Year Ended 30 June 2022

20. Loans

Analysis of the maturity of loans is given below:

	Group 2022 £000	Group 2021 £000	Company 2022 £000	Company 2021 £000
Amounts falling due within 1 year				
Bank loan	12,640	-	-	-
Other loan	-	229	-	-
Shareholder loan	1	1	1	1
	<u>12,641</u>	<u>230</u>	<u>1</u>	<u>1</u>
Amounts falling due between 1-2 years				
Bank loan	-	11,488	-	-
	<u>-</u>	<u>11,488</u>	<u>-</u>	<u>-</u>
Amounts falling due between 2-5 years				
Bank loan	78,976	78,986	78,976	78,985
	<u>78,976</u>	<u>78,986</u>	<u>78,976</u>	<u>78,985</u>

The bank loan of £78,976,000 (2021: £78,986,000) is secured by a fixed and floating charge over certain assets within the Group.

21. Hire purchase and finance leases

Minimum lease payments under hire purchase fall due as follows:

	2022 £000	2021 £000
Within 1 year	83	64
Between 2 to 5 years	566	161
	<u>649</u>	<u>225</u>

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

St Mary's Football Group Limited

Notes to the Financial Statements (continued) for the Year Ended 30 June 2022

22. Provisions for liabilities

Group	Contingent transfer fees £000	Provision for other costs £000	Total £000
At 1 July 2021	6,911	310	7,221
Arising in the year	4,272	493	4,765
Utilised in the year	(5,988)	(310)	(6,298)
	<u> </u>	<u> </u>	<u> </u>
At 30 June 2022	5,195	493	5,688
	<u> </u>	<u> </u>	<u> </u>

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

23. Deferred taxation

Group	Deferred tax £000
Deferred tax asset at 1 July 2021	15,930
Credited to the Statement of Comprehensive Income	2,200
	<u> </u>
Deferred tax asset at 30 June 2022	18,130
	<u> </u>
Company	
Deferred tax asset at 1 July 2021	1,539
Credited to the Statement of Comprehensive Income	503
	<u> </u>
Deferred tax asset at 30 June 2022	2,042
	<u> </u>

The deferred tax asset is made up as follows:

	Group 2022 £000	Group 2021 £000	Company 2022 £000	Company 2021 £000
Unutilised losses	17,937	18,830	2,042	1,539
Short term timing differences	87	65	-	-
Gains rolled over into intangible assets	(996)	(2,788)	-	-
Accelerated capital allowances	1,102	(177)	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	18,130	15,930	2,042	1,539
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

St Mary's Football Group Limited

Notes to the Financial Statements (continued) for the Year Ended 30 June 2022

24. Share capital

	2022 £000	2021 £000
Allotted, called up and fully paid		
5 (2021: 3) Ordinary shares of £1 each	-	-

On 15 December 2021 2 ordinary shares were issued at par value.

25. Reserves

The Group and Company's capital and reserves are as follows:

Share capital

Called up share capital represents the nominal value of the shares issued.

Share premium

The share premium account includes the premium on issue of equity shares, net of any issue costs.

Capital contribution reserve

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

Retained losses

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

26. Pensions

The Group participates in the Football League Pension and Life Assurance Scheme ('the Scheme'). The Scheme is a funded multi-employer defined benefit scheme, and as one of a number of participating employers, the Group is advised only of its share of the deficit in the Scheme. The last actuarial valuation carried out at 31 August 2021 highlighted that the Group's notional share of the deficit, rolled forward to 30 June 2022 based on the same assumptions, is £320,000 (£417,000 as at 30 June 2021).

As at 30 June 2022, the Group was paying total contributions of £114,000 per annum, increasing by 5% p.a., and based on the actuarial valuation assumptions detailed above, will be sufficient to pay off the deficit by 30 April 2025.

As at 30 June 2022, based on an appropriate discount rate of 3.34% per annum (0.8% per annum as at 30 June 2021), the present value of the Group's outstanding contributions is £352,000 (£480,000 as at 30 June 2021). This amounts to £124,000 (2021: £118,000) due within one year and £228,000 (2021: £361,000) due after more than one year and is included within accruals and deferred income. The pension cost charged during the year relating to this deficit was £Nil (2021: £200,000).

27. Contingent liabilities

Excluding items already provided in the Statement of Financial Position, at 30 June 2022 the Club had a liability to pay up to £35.9m (2021: £24.9m) to other clubs in respect of players under contract, dependent upon a number of factors but principally first team appearances.

At 30 June 2022 the Club 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.

St Mary's Football Group Limited

Notes to the Financial Statements (continued) for the Year Ended 30 June 2022

28. Capital commitments

At 30 June 2022 the Group had capital commitments as follows:

	2022 £000	2021 £000
Contracted for but not provided in these financial statements	3,513	1,220

The Company had no capital commitments.

29. Commitments under operating leases

At 30 June 2022 the Group had future minimum lease payments under non-cancellable operating leases as follows:

	2022 £000	2021 £000
Not later than 1 year	196	74
Later than 1 year and not later than 5 years	102	178
Total	298	252

30. Related party transactions

During the year the Group purchased services in the ordinary course of business from Sport Republic Holding Ltd, the largest Group company into which the Group consolidates, at a cost of £448,000 (2021: £Nil). Sport Republic Holding Ltd owns 100% of Sport Republic UK Ltd, which itself owned 80% of the Group at the reporting date. During the year the Group also incurred expenses on behalf of Sport Republic Holding Ltd in the ordinary course of business at a cost of £743,000 (2021: £Nil). The amount owed by Sport Republic Holding Ltd to the Group at the reporting date was £743,000 (2021: £Nil). These amounts all relate to trading balances and the expenses were all recharged in full to the related party.

Management charges of £175,000 (2021: £366,000) were issued during the year by Southampton Football Sports Development Co. Limited to the Group. The two parties were related by virtue of common control and all transactions were conducted on an arm's length basis on normal trading terms. At 30 June 2022, £Nil (2021: £1,129,000) was owed by the Group.

During the year the Group purchased services in the ordinary course of business from MALI International AG at a cost of £97,000 (2021: £98,000). During the year the Group also incurred expenses on behalf of MALI International AG in the ordinary course of business at a cost of £23,000 (2021: £1,000). The two parties are related by influence of a common shareholder. The amount owed by the Group to MALI International AG at the reporting date was £3,000 (2021: £Nil). These amounts all relate to trading balances.

Key management personnel include all directors and a number of senior managers across the Group who together have authority and responsibility for planning, directing and controlling the activities of the Group. The total compensation paid to key management personnel for services provided to the Group was £1,804,000 (2021: £3,003,000).

St Mary's Football Group Limited

Notes to the Financial Statements (continued) for the Year Ended 30 June 2022

31. Controlling party

Sport Republic Holding Ltd is the ultimate parent company and largest group in which the results of the Company are consolidated. Sport Republic Holding Ltd is incorporated in Great Britain and the consolidated accounts of this company are available to the public and may be obtained from Companies House, Crown Way, Cardiff, CF14 3UZ.

The directors consider the ultimate controlling party at the Statement of Financial Position date to be Mr D Solak.

32. Post Statement of Financial Position events

Since the Statement of Financial Position date, Southampton Football Club Limited has entered into sale and purchase agreements for players with net transactions amounting to £100.5m payable (2021: £8.3m payable).

Since the Statement of Financial Position date, 19,200 ordinary shares have been issued at a premium of £48m.

33. Net debt reconciliation

	1 July 2021 £000	Cash flows £000	New finance leases £000	Other non-cash changes £000	30 June 2022 £000
Cash at bank and in hand	28,757	(7,241)	-	-	21,516
Obligations under finance lease and hire purchase contracts	(225)	148	(572)	-	(649)
Bank loan	(90,474)	-	-	(1,142)	(91,616)
Other loan	(229)	229	-	-	-
Shareholder loan	(1)	-	-	-	(1)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Net debt	(62,172)	(6,864)	(572)	(1,142)	(70,750)

Other non-cash changes relate to movements on foreign exchange.