

# Southampton Football Club Limited

Annual Report and Financial Statements

Year Ended

30 June 2022

Company Number 00053301



# Southampton Football Club Limited

## Company Information

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<b>Directors</b>	R Ankersen M Butler M Crocker T Greenwell HJ Kraft M Semmens D Solak T Steele
<b>Company secretary</b>	T Greenwell
<b>Registered number</b>	00053301
<b>Registered office</b>	St Mary's Stadium Britannia Road Southampton Hampshire SO14 5FP
<b>Independent auditors</b>	BDO LLP Arcadia House Maritime Walk Ocean Village Southampton SO14 3TL

# Southampton Football Club Limited

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# Southampton Football Club Limited

## Strategic Report for the Year Ended 30 June 2022

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The principal activity of Southampton Football Club Limited (hereafter referred to as the "Club", or the "Company") is that of a football club that participates in the Premier League, and ancillary services.

### Introduction

On 22 December 2021, the entire share capital of St Mary's Football Group Limited (the Club's direct owner, hereafter referred to as 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 9<sup>th</sup> position in the Premier League, however results in the final third of the season were disappointing, culminating in a 15<sup>th</sup> placed finish (2021: 15<sup>th</sup>).

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 30, 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 3<sup>rd</sup> 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.

# Southampton Football Club Limited

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

### Financial Overview

The Club reports a loss before interest and tax of £4.1m (2021: loss of £15.5m), with net liabilities of £1.7m (2021: £2.7m net assets).

A summary of results is given below:

	2022 £000	2021 £000
Turnover	150,628	157,143
Operating costs	(151,235)	(144,780)
Other operating income	99	2,603
(Loss)/Profit before player trading	(508)	14,966
Player trading	(3,569)	(30,317)
Loss on disposal of assets	(29)	(133)
Loss before interest and tax	(4,106)	(15,484)

Despite the men's first team finishing in 15<sup>th</sup> place in the Premier League in both season 2021/22 and in the prior season, the Club 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 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.

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 £19.2m to £15.9m (17.2%), 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 Club's cash balance at the Statement of Financial Position date was £20.8m (2021: £28.4m) and there has been no material change in the amount of loans payable at the Statement of Financial Position date year-on-year.

# Southampton Football Club Limited

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

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## Financial Overview (continued)

### Key Performance Indicators

Due to the nature of the 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 driven by the decrease in turnover as outlined in the Financial Overview, as there was no material 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 Club 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 girls and women's 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.

### 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 Club manages the impact of this through close control of its direct costs, relative to forecast income. Furthermore, in assessing the appropriateness of the going concern assumption the directors have produced a detailed cash flow forecast, which extends to the end of the Premier League 2023/24 football season and beyond. This forecast acknowledges the possibility of the men's first team being relegated at the end of the 2022/23 Premier League season, and the financial impact this might have on the Club. Within this forecast a number of sensitivities and mitigating factors have been considered, which will continue to be monitored closely over the coming months, with relevant action being taken as and when required.

#### *Liquidity risk*

The Club reported a net cash position of £20.8m at the Statement of Financial Position date (2021: net cash of £28.4m).

# Southampton Football Club Limited

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

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## Principal risks & uncertainties (continued).

Gross debt has remained broadly the same, totalling £Nil at the Statement of Financial Position date (2021: £0.2m).

### *Credit risk*

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

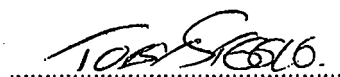
### *Political & COVID-19 risk*

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

At the time of writing the pandemic is not having a material impact on the Club'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

# Southampton Football Club 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 Club's employees and other stakeholders, the impact of its activities on the community, the environment and the Club'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 Club 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 Club 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 Club's principal stakeholders and how it engages with them. This is achieved through information provided by senior management, in particular within monthly departmental board papers, and also by direct engagement with stakeholders themselves.
- The Board has enhanced its methods of engagement with the workforce and Board updates are provided to all employees at regular intervals. Since the pandemic there have been regular virtual meetings and question and answer sessions during which the Board has provided business and strategic updates to all employees.
- We aim to work responsibly with our stakeholders, including suppliers. The Board has recently reviewed its anti-corruption and anti-bribery, equal opportunities and whistleblowing policies and regular training is undertaken on such matters.

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

Significant events/decisions	Key s172 matter(s) affected	Actions and impact
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"> <li>• On 4<sup>th</sup> January 2022 the Club publicly announced its change of ownership to employees, customers and suppliers.</li> <li>• Where necessary, certain suppliers had been informed in advance where contractual agreements required change of control notification.</li> <li>• An online staff meeting was held to give the opportunity for information to be shared and allow for questions.</li> <li>• A press release was shared externally via media outlets and the Group's website and social media channels.</li> </ul>



## Southampton Football Club Limited

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

Significant events/decisions	Key s172 matter(s) affected	Actions and impact
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"> <li>• 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.</li> <li>• Staplewood Campus site planning and scheduling was undertaken to ensure the addition of another full-time squad of players and staff could be accommodated.</li> </ul>
Women's and Girls first team playing all home matches at St Mary's Stadium.	Employees, customers, suppliers	<ul style="list-style-type: none"> <li>• 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.</li> <li>• 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.</li> </ul>
Design and planning of a new men's and women's first team gym at Staplewood Campus.	Employees, suppliers	<ul style="list-style-type: none"> <li>• An employee working group assessed the long-term viability of the existing men's and women's first team gym</li> <li>• A third-party design company were engaged to provided alternative solutions</li> <li>• Planning permission was obtained from New Forest District Council for a new standalone building within available space at the Staplewood Campus site.</li> <li>• A tender process for suppliers to carry out the construction process was undertaken.</li> </ul>
Women's and Girls first team playing all home matches at St Mary's Stadium.	Employees, customers, suppliers	<ul style="list-style-type: none"> <li>• 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.</li> <li>• 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.</li> </ul>

# Southampton Football Club Limited

## Directors' Report for the Year Ended 30 June 2022

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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 £4.4m (2021: loss of £10.1m).

No dividend (2021: £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 Company 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 Club 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 Club 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 Club continues to encourage all staff members to present their suggestions and views at all levels on the Club's performance, encouraging creativity for improvement through feedback forums.

### Directors

The directors who served during the year were:

Mr J Gao	(resigned 22 December 2021)
Ms J Gao	(resigned 22 December 2021)
M Semmens	
T Steele	
D Thomas	(resigned 27 January 2023)
D Solak	(appointed 22 December 2021)
HJ Kraft	(appointed 22 December 2021)
R Ankersen	(appointed 9 February 2022)
M Butler	(appointed 9 February 2022)
M Crocker	(appointed 9 February 2022)
T Greenwell	(appointed 9 February 2022)

### Future developments

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

### Charitable donations

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

# Southampton Football Club Limited

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

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## Environmental matters and energy and carbon reporting

The company 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 Company 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 the directors are aware, there is no relevant audit information of which the Company's auditors are unaware; and
- the directors have taken all the steps that ought to have been taken as directors in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

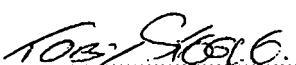
## Post Statement of Financial Position events

A full description of the events after the Statement of Financial Position date is stated in note 30.

## 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

# Southampton Football Club Limited

## Directors' Responsibilities Statement for the Year Ended 30 June 2022

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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 Accounting Standards and applicable law. Under Company law the directors must not approve the financial statements unless they are satisfied that they 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 for the Company's 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 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.

# Southampton Football Club Limited

## Independent Auditors' Report to the members of Southampton Football Club Limited

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### Opinion on the 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 2022 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Southampton Football Club Limited ("the Company") for the year ended 30 June 2022 which comprise the Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, 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 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 Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

### Other information

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

We have nothing to report in this regard.

# Southampton Football Club Limited

## Independent Auditors' Report to the members of Southampton Football Club Limited (continued)

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### 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 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, 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.

### 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 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 Company or to cease operations, or have no realistic alternative but to do so.

### Auditor's responsibilities for the audit of the financial statements

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

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

# Southampton Football Club Limited

## Independent Auditors' Report to the members of Southampton Football Club Limited (continued)

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Based on our understanding of the 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 company, 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: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

### Use of our report

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

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).

# Southampton Football Club Limited

## 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	157,143
Cost of sales		(138,292)	(35,134)	(173,426)	(180,659)
<b>Gross profit/(loss)</b>		<b>12,336</b>	<b>(35,134)</b>	<b>(22,798)</b>	<b>(23,516)</b>
Administrative expenses		(12,943)	-	(12,943)	(10,472)
Other operating income	5	99	362	461	2,603
<b>Operating loss</b>	<b>6</b>	<b>(508)</b>	<b>(34,772)</b>	<b>(35,280)</b>	<b>(31,385)</b>
Loss on disposal of assets		(29)	-	(29)	(133)
Profit on disposal of players		-	31,203	31,203	16,034
<b>Loss on ordinary activities before interest</b>		<b>(537)</b>	<b>(3,569)</b>	<b>(4,106)</b>	<b>(15,484)</b>
Interest receivable and similar income	9	1,633	-	1,633	598
Interest payable and similar charges	10	(3,345)	-	(3,345)	(2,025)
<b>Loss on ordinary activities before taxation</b>		<b>(2,249)</b>	<b>(3,569)</b>	<b>(5,818)</b>	<b>(16,911)</b>
Tax on loss	11	1,460	-	1,460	6,835
<b>Loss and total comprehensive loss for the year</b>		<b>(789)</b>	<b>(3,569)</b>	<b>(4,358)</b>	<b>(10,076)</b>

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

The notes on page 18 to 36 form part of these financial statements.




# Southampton Football Club Limited

Registered number: 00053301

## Statement of Financial Position as at 30 June 2022

	Note	2022 £000	2022 £000	2021 £000	2021 £000
<b>Fixed assets</b>					
Intangible assets	12		82,428		79,928
Tangible assets	13		15,607		15,636
Investments	14		-		-
			<u>97,935</u>		<u>95,564</u>
<b>Current assets</b>					
Stocks	15	-		12	
Debtors: amounts falling due within one year	16	26,031		49,097	
Debtors: amounts falling due after more than one year	16	27,963		6,743	
Cash at bank and in hand		20,807		28,399	
		<u>74,801</u>		<u>84,251</u>	
Creditors: amounts falling due within one year	17	(138,694)		(150,340)	
<b>Net current liabilities</b>			<u>(63,893)</u>		<u>(66,089)</u>
<b>Total assets less current liabilities</b>			<u>34,042</u>		<u>29,475</u>
Creditors: amounts falling due after more than one year	18		(30,055)		(19,597)
<b>Provisions for liabilities</b>					
Other provisions	20		(5,688)		(7,221)
<b>Net (liabilities)/assets</b>			<u>(1,701)</u>		<u>2,657</u>
<b>Capital and reserves</b>					
Share capital	22		501		501
Capital contribution reserve	23		29,767		29,767
Profit and loss account	23		(31,969)		(27,611)
<b>Equity attributable to the owner of the parent Company</b>			<u>(1,701)</u>		<u>2,657</u>

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 18 to 36 form part of these financial statements.

# Southampton Football Club Limited

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

	Share capital £000	Capital contribution reserve £000	Profit and loss account £000	Total Equity £000
At 1 July 2020	501	29,767	(17,535)	12,733
<b>Comprehensive loss for the year</b>				
Loss for the year	-	-	(10,076)	(10,076)
	<u>501</u>	<u>29,767</u>	<u>(27,611)</u>	<u>2,657</u>
At 30 June 2021	501	29,767	(27,611)	2,657
	<u>501</u>	<u>29,767</u>	<u>(27,611)</u>	<u>2,657</u>
At 1 July 2021	501	29,767	(27,611)	2,657
<b>Comprehensive loss for the year</b>				
Loss for the year	-	-	(4,358)	(4,358)
	<u>501</u>	<u>29,767</u>	<u>(31,969)</u>	<u>(1,701)</u>
At 30 June 2022	501	29,767	(31,969)	(1,701)
	<u>501</u>	<u>29,767</u>	<u>(31,969)</u>	<u>(1,701)</u>

The notes on pages 18 to 36 form part of these financial statements.

# Southampton Football Club Limited

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

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### 1. General information

Southampton Football Club Limited is a private company, limited by shares, incorporated in England & Wales under the Companies Act 2006. The address of the registered office is given on the Company information page and the nature of the Company's operations and its principal activity is disclosed in the Strategic report.

### 2. Accounting policies

#### 2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK 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 management to exercise judgement in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

#### 2.2 Financial reporting standard 102 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 4 Statement of Financial Position paragraph 4.12(a)(iv);
- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.41 to 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.29A; and
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Sport Republic Holding Limited, Limited as at 30 June 2022 and these financial statements may be obtained from Companies House, Crown Way, Cardiff, CF14 3UZ.

#### 2.3 Going concern

In assessing the appropriateness of the going concern assumption, the directors have produced a detailed cash flow forecast for the 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 in the immediate parent company, 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.

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.

# Southampton Football Club Limited

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

### 2. Accounting policies (continued)

#### 2.4 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. 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.

#### 2.5 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. 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 transition 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 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 Statement of Comprehensive Income.

#### 2.6 Tangible fixed assets

Tangible fixed assets under the cost model 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 Company 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 Company. 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	- between 5 and 50 years

# Southampton Football Club Limited

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

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### 2. Accounting policies (continued)

#### 2.6 Tangible fixed assets (continued)

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.

#### 2.7 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.

#### 2.8 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.

#### 2.9 Cash

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

#### 2.10 Financial instruments

The Company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities, for example trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, 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 debtors and creditors, 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.

# Southampton Football Club Limited

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

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### 2. Accounting policies (continued)

#### 2.10 Financial instruments (continued)

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 Club 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.

#### 2.11 Creditors

Short term creditors 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.

#### 2.12 Foreign currency translation

##### Functional and presentation currency

The Company'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.

#### 2.13 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.

# Southampton Football Club Limited

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

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### 2. Accounting policies (continued)

#### 2.14 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 profit or loss over the shorter of estimated useful economic life and the term of the lease.

Lease payments are analysed between capital and interest components so that the interest element of the payment is charged to profit or loss over the term 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 amounts 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.

#### 2.15 Pensions

The Company is one of a number of employers in a shared defined benefit scheme for playing staff. The Company recognises a liability for the present value of future contributions to the scheme's deficit.

Contributions payable by the Company 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 Company.

#### 2.16 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.

#### 2.17 Interest income

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

#### 2.18 Borrowing costs

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

# Southampton Football Club Limited

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

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### 2. Accounting policies (continued)

#### 2.19 Provisions for liabilities

Provisions are made where an event has taken place that gives the Company 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 Company becomes aware of the obligation, and are measured at the best estimate at the Statement of Financial Position date of the expenditure required to settle the obligation, 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.

#### 2.20 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 charge 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 operates and generates 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 Company 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 reporting date.



# Southampton Football Club 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, management's 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 20);
- determined whether contingent liabilities exist in relation to contingent transfer fees payable (see note 20);
- assessed whether it is probable that the conditions in respect of the contingent transfer fees payable 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 21).

### 4. Turnover

An analysis of turnover by class of business is as follows:

	2022 £000	2021 £000
Broadcasting	115,192	136,006
Match day	17,368	625
Commercial	15,916	19,181
Other	2,152	1,331
	<u>150,628</u>	<u>157,143</u>

Materially all turnover arose within the United Kingdom.

# Southampton Football Club 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

The operating loss is stated after charging:

	2022 £000	2021 £000
Stock recognised as an expense	81	1,685
Depreciation of tangible fixed assets	3,037	2,954
Amortisation of intangible assets	35,134	47,350
Other operating lease rentals	214	272
Defined contribution pension cost	568	729
	<u>39,034</u>	<u>53,790</u>

The operating loss is stated after crediting:

Amortisation of grants	93	93
Foreign exchange gains	362	999
	<u>455</u>	<u>1,092</u>

The auditor was remunerated by the Club on behalf of St Mary's Football Group Limited ("the Group"), of which the Club is a member. The total remuneration for the Group amounted to £59,000 (2021: £39,000).

# Southampton Football Club Limited

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

### 7. Employees

Staff costs, including directors' remuneration, were as follows:

	2022 £000	2021 £000
Wages and salaries	98,872	99,097
Social security costs	14,009	13,533
Cost of defined contribution pension scheme	568	729
	<u>113,449</u>	<u>113,359</u>

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

	2022 No.	2021 No.
Administrative	130	128
Football	278	257
	<u>408</u>	<u>385</u>

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

### 8. Directors' remuneration

	2022 £000	2021 £000
Directors' emoluments	2,682	2,224
Company contributions to defined contribution pension schemes	37	24
	<u>2,719</u>	<u>2,248</u>

The average number of directors serving during the year was 6 (2021: 4).

There were 4 directors in the Company's defined contribution pension scheme during the year (2021: 4). 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 money purchase scheme on their behalf.

# Southampton Football Club Limited

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

### 9. Interest receivable and similar income

	2022 £000	2021 £000
Imputed interest charge on transfer fees receivable	1,438	598
Other interest receivable	134	-
Bank interest receivable	61	-
	<u>1,633</u>	<u>598</u>

### 10. Interest payable and similar charges

	2022 £000	2021 £000
Imputed interest charge on transfer fees payable	2,858	2,016
Interest payable on transfer fees	446	-
Hire purchase interest payable	38	9
Bank interest payable	3	-
	<u>3,345</u>	<u>2,025</u>

# Southampton Football Club Limited

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

### 11. Taxation

	2022 £000	2021 £000
<b>Current tax</b>		
Adjustment in respect of previous periods	-	(291)
<b>Total current tax credit</b>	<u>-</u>	<u>(291)</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	(1,448)	(4,221)
Adjustment in respect of previous periods	(12)	500
Effect of tax rate change	-	(2,823)
<b>Total deferred tax credit</b>	<u>(1,460)</u>	<u>(6,544)</u>
<b>Total tax credit</b>	<u>(1,460)</u>	<u>(6,835)</u>

#### Factors affecting tax credit for the year

The tax assessed for the year is higher 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	(5,818)	(16,911)
Loss on ordinary activities multiplied by the standard rate of corporation tax in the UK of 19% (2021: 19%)	(1,105)	(3,213)
<b>Effects of:</b>		
Expenses not deductible for tax purposes	(31)	14
Income not taxable for tax purposes	(18)	(18)
R&D expenditure credits/debits	-	6
Adjustments to tax charge in respect of prior periods	(12)	209
Other permanent differences	63	3
Effect of rate change	(357)	(3,836)
<b>Total tax credit for the year</b>	<u>(1,460)</u>	<u>(6,835)</u>

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.

# Southampton Football Club Limited

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

### 12. Intangible assets

	Player registrations £000
<b>Cost</b>	
At 1 July 2021	211,808
Additions	51,267
Disposals	(83,394)
	<hr/>
<b>At 30 June 2022</b>	<b>179,681</b>
	<hr/>
<b>Amortisation</b>	
At 1 July 2021	131,880
Charge for the year	35,134
On disposals	(69,761)
	<hr/>
<b>At 30 June 2022</b>	<b>97,253</b>
	<hr/>
<b>Net book value</b>	
<b>At 30 June 2022</b>	<b>82,428</b>
	<hr/> <hr/>
<b>At 30 June 2021</b>	<b>79,928</b>
	<hr/> <hr/>

## Southampton Football Club Limited

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

### 13. Tangible fixed assets

	Stadium £000	Fixtures, fittings and vehicles £000	Assets in course of construction £000	Total £000
<b>Cost or valuation</b>				
At 1 July 2021	7,701	16,243	200	24,144
Additions	-	1,271	1,666	2,937
Disposals	-	(1,742)	-	(1,742)
Transfers	-	242	(242)	-
	<u>7,701</u>	<u>16,014</u>	<u>1,624</u>	<u>25,339</u>
<b>At 30 June 2022</b>	<b>7,701</b>	<b>16,014</b>	<b>1,624</b>	<b>25,339</b>
<b>Depreciation</b>				
At 1 July 2021	276	8,232	-	8,508
Charge for the year	137	2,900	-	3,037
Disposals	-	(1,713)	-	(1,713)
	<u>413</u>	<u>9,419</u>	<u>-</u>	<u>9,832</u>
<b>At 30 June 2022</b>	<b>413</b>	<b>9,419</b>	<b>-</b>	<b>9,832</b>
<b>Net book value</b>				
At 30 June 2022	<u>7,288</u>	<u>6,595</u>	<u>1,624</u>	<u>15,507</u>
At 30 June 2021	<u>7,425</u>	<u>8,011</u>	<u>200</u>	<u>15,636</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).

# Southampton Football Club Limited

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

## 14. 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
<sup>1</sup> St Mary's Training Ground Limited	UK	Ordinary	100 %	Trading
<sup>1</sup> Southampton Girls and Women's Football Club Limited	UK	Ordinary	100 %	Trading
<sup>1</sup> St Mary's Catering Limited	UK	Ordinary	100 %	Dormant
<sup>1</sup> St Mary's Stadium Limited	UK	Ordinary	100 %	Dormant

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

## 15. Stocks

	2022 £000	2021 £000
Goods for resale	-	12

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



# Southampton Football Club Limited

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

### 16. Debtors

	2022 £000	2021 £000
<b>Due within one year:</b>		
Trade debtors	3,873	2,436
Amounts owed by group undertakings	10,698	11,398
Other debtors	2,884	702
Prepayments and accrued income	3,112	3,780
Corporation tax receivable	449	449
Transfer fees receivable	4,841	14,347
Value added tax receivable	174	-
Deferred tax asset (note 21)	-	15,985
	26,031	49,097
<b>Due after more than one year:</b>		
Deferred tax asset (note 21)	17,445	-
Transfer fees receivable	10,518	6,743
	27,963	6,743

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

	2022 £000	2021 £000
Other loan	-	229
Trade creditors	3,081	3,337
Amounts owed to group undertakings	78,817	88,433
Taxation and social security	5,146	7,749
Obligations under finance lease and hire purchase contracts	83	64
Transfer fees payable	24,894	24,271
Other creditors	668	2,961
Accruals and deferred income	26,005	23,296
	138,694	150,340

# Southampton Football Club Limited

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

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

	2022 £000	2021 £000
Obligations under finance lease and hire purchase contracts	566	161
Transfer fees payable	26,641	16,359
Accruals and deferred income	2,848	3,077
	30,055	19,597
	30,055	19,597

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, with £93,000 (2021: £93,000) falling due within one year, being the amortisation that will be credited in the next accounting period.

### 19. 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
	649	225
	649	225

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

### 20. Provisions for liabilities

	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)
	5,195	493	5,688
<b>At 30 June 2022</b>	<b>5,195</b>	<b>493</b>	<b>5,688</b>

The provision for other costs relates to the contractual wage obligations on players that have since left the Club.

# Southampton Football Club Limited

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

21. Deferred taxation	<b>Deferred tax £000</b>	
Deferred tax asset at 1 July 2021		15,985
Credited to Statement of Comprehensive Income		1,460
		17,445
<b>Deferred tax asset at 30 June 2022</b>		<b>17,445</b>
The deferred tax asset is made up as follows:		
	<b>2022</b>	<b>2021</b>
	<b>£000</b>	<b>£000</b>
Unutilised losses	15,895	17,290
Short term timing differences	87	65
Gains rolled over into intangible assets	(996)	(2,788)
Accelerated capital allowances	2,459	1,418
	<b>17,445</b>	<b>15,985</b>
22. Share capital		
	<b>2022</b>	<b>2021</b>
	<b>£000</b>	<b>£000</b>
Allotted, called up and fully paid		
501,000 Ordinary shares of £1 each	<b>501</b>	<b>501</b>

### 23. Reserves

The Company's capital and reserves are as follows:

#### Share capital

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

#### Capital contribution reserve

During a previous year, capital contributions arose from the receipt of loan waivers from the parent company and a shareholder of a parent company respectively. In addition, a further capital contribution was recognised as a consequence of the transfer of the trade and assets of St Mary's Catering Limited and St Mary's Stadium Limited from St Mary's Football Group Limited to the Company on 1 July 2019.

#### Retained losses

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

# Southampton Football Club Limited

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

### 24. Pensions

The Company 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 Company 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 Company'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 Company 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 Company'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).

### 25. Contingent liabilities

Excluding items already provided in the Statement of Financial Position, at 30 June 2022 the Company 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 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.

### 26. Capital commitments

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

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

### 27. Commitments under operating leases

At 30 June 2022 the Company 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
<b>Total</b>	<b>298</b>	<b>252</b>

# Southampton Football Club Limited

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

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### 28. Related party transactions

During the year the Club purchased services in the ordinary course of business from Sport Republic Holding Ltd, the largest Group company into which the Club 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, which itself owns 100% of the Club. During the year the Club 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 Club 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 Company. 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 Company.

During the year the Company purchased services in the ordinary course of business from MALI International AG at a cost of £97,000 (2021: £98,000). The two parties are related by influence of a common shareholder of the Company's immediate parent company. During the year the Company 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 amount owed by MALI International AG to the Company at the reporting date was £3,000 (2021: £Nil). These amounts all relate to trading balances all recharged to the related party.

### 29. Ultimate parent company and parent undertaking of larger group

The 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 Companies House, Crown Way, Cardiff, CF14 3UZ.

The largest group in which the results of the Company are consolidated is that headed by Sport Republic Holding Ltd, which is incorporated in Great Britain.

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

### 30. Post Statement of Financial Position events

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