St Mary's Football Group Limited

Annual Report and Financial Statements

Year Ended

30 June 2019

Company Number 06951765

St Mary's Football Group Limited

Company Information

Directors	Mr J Gao Ms J Gao K Liebherr M Semmens S Xu
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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The principal activity of St Mary's Football Group Limited (the "Group"), is that of a football club (Southampton Football Club Limited (the "Club")) that participates in the Premier League, and ancillary services.

Football Overview

Men's

In the year the Club, a direct subsidiary, endured a second consecutive difficult season in the Premier League, finishing 16th (2018: 17th). At the time of writing, the first team's on-field performances are showing encouraging signs of consistent improvement.

At the end of 2018/19 season, the Club was pleased to see both the under-23 squad achieve promotion to the Premier League 2 Division 1 for the 2019/20 season, and an increase in the number of academy players representing the first team in a competitive fixture compared with the previous season. This demonstrates the Club's continued commitment to youth development and a pathway from the academy to the first team.

Women's

The Club is pleased with the continuous development of the Girls & Women's Programme, with the first team winning the Southern Region Women's Football League Premier Division in 2018/19 season, gaining promotion to the FA Women's National League, Division One South West. At the time of writing, the team are competing at the top of this league and pushing for their 3rd consecutive promotion.

The Girls & Women's academy (Regional Talent Club) continues to go from strength to strength offering a proven pathway into the first team.

Financial Overview

The Group reports a loss before interest and tax of £39.3m (2018: profit of £35.3m), with net assets decreasing to £92.6m (2018: £126.7m).

A summary of results is given below:

	2019 £000	2018 £000
Turnover	149,627	152,623
Operating costs	(156,273)	(149,564)
Other operating income	141	-
(Loss)/profit before player trading	(6,505)	3,059
Player trading	(32,809)	32,257
(Loss)/profit before interest and tax	(39,314)	35,316

Despite finishing one position higher in the Premier League year-on-year, resulting in marginally higher merit-based broadcasting revenue, total turnover fell by 2.0%. This was primarily due to a reduction in the number of times the men's first team's Premier League matches were broadcast live on television (8 times in 2018/19 compared to 16 in 2017/2018), which resulted in a reduction in non merit-based broadcasting revenue.

All other turnover, primarily match day and commercial, increased by 3.5% (£1.3m) due to increased sponsorship revenue and growth in revenue associated with non-match day conferences and events.

The Group generated profit on the disposal of player registrations of £20.9m (2018: £68.9m) from the sales of Tadic, Gabbiadini and Targett. However, the amortisation of player registrations increased to £53.3m (2018: £36.7m) as a result of the purchases of Armstrong, Elyounoussi, Gunn, Vestergaard and Ings in the summer 2018 transfer window (see Note 13 for further explanation on the accounting treatment of Ings).

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 30 months (2018: 35 months);
- the wages to turnover ratio, which grew year-on-year from 74% to 77% in 2019, with the growth largely driven by the reduced turnover for the reasons described in the Financial Overview. Year-on-year player remuneration for the men's first team increased from £85.2m to £86.1m (58% of turnover versus 56% in 2018);
- the number of players with international recognition at senior or U-21 level. The current men's first team squad has 24 players (2018: 26);
- international honours at youth level. 26 male players and 19 female players represented their country at international youth level during the 2018/19 season (19 and 15 respectively during the 2017/18 season)
- the number of male players signed on scholarship agreements. The Club had an average of 27 scholars across the 2018/19 season (26 during the 2017/18 season);
- academy players representing the first team. 11 male and 3 female academy players represented their respective first teams in a competitive fixture during the 2018/19 season (6 and 2 respectively during the 2017/18 season).

Infrastructure and People

Investment off the pitch continues and during the year the Group invested in new floodlights and LED boards at St Mary's Stadium. Prior, and subsequent to, the Statement of Financial Position date, the Group made significant investment in the hospitality offering at St Mary's Stadium (principally the 1885 Lounge, the Fanzone and kitchen facilities) as well as a redesign and refurbishment of the home dressing room.

Following numerous years of continuous growth, the average number of employees remained broadly static year-on-year, decreasing marginally to 425 employees (2018: 429 employees).

Principal risks & uncertainties

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

Liquidity risk
The Group reported a net cash position of £14.7m at the Statement of Financial Position date (2018: £19.8m). In addition, gross debt was reduced, being £31.8m at the Statement of Financial Position date compared with £37.3m in 2018.

In the year, the Group had access to a £35.0m working capital facility, of which £20.0m was drawn at the Statement of Financial Position date (2018: £20.5m drawn), and which has been fully repaid after the Statement of Financial Position date. The directors continually assess the working capital needs of the Group and a facility has been made available for the Group for the 2019/20 season.

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

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

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

.....
M Semmens
Director
Date: 28.02.20

The directors present their report and the financial statements for the year ended 30 June 2019.

Results and dividends

The loss for the year, after taxation, amounted to £34,101,000 (2018: profit of £28,597,000).

No dividend (2018: £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 group-wide communication channels, most notably our intranet, Team Talk Live. Company Handbooks, Performance and Development Reviews and strategic email communication supplement this and the Group encourages 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 Krueger (resigned 1 July 2019)
L Reed (resigned 13 December 2018)
M Semmens

Future developments

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

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 33.

Auditors

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

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

.....
M Semmens
Director
Date: 26.02.20

Directors' Responsibilities Statement
For the Year Ended 30 June 2019

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.

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

Opinion

We have audited the financial statements of St Mary's Football Group Limited ("the Group") for the year ended 30 June 2019 which comprise Consolidated 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 and Consolidated Statement of Cash Flows, and the 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)

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 2019 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.

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 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. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Group or Parent Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The Directors are responsible for the other information. The other information comprises the information included in the Annual Report and Financial Statements, 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.

In connection with our audit of the financial statements, 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 audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. 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.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Group and the Parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report and 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 Statement of Directors Responsibilities, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, 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.

A further description of our responsibilities for the audit of the financial statements is located 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 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.

28/2/2020

Malcolm Thixton (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
Southampton
United Kingdom

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

St Mary's Football Group Limited

Consolidated Statement of Comprehensive Income
For the Year Ended 30 June 2019

	Note	Operations excluding player trading 2019 £000	Player trading* 2019 £000	Total 2019 £000	Total 2018 £000
Turnover	4	**149,627**	-	**149,627**	152,623
Cost of sales (including exceptional costs of £2,327,000 (2018: £Nil) (Note 5))		**(140,003)**	**(53,304)**	**(193,307)**	(172,967)
Gross profit/(loss)		**9,624**	**(53,304)**	**(43,680)**	(20,344)
Administrative expenses		**(16,270)**	**(421)**	**(16,691)**	(13,219)
Other operating income		**141**	-	**141**	-
Operating loss	6	**(6,505)**	**(53,725)**	**(60,230)**	(33,563)
Profit on disposal of players		-	**20,916**	**20,916**	68,879
(Loss)/profit on ordinary activities before interest		**(6,505)**	**(32,809)**	**(39,314)**	35,316
Interest receivable and similar income	10	**1,628**	-	**1,628**	1,882
Interest payable and similar charges	11	**(3,358)**	-	**(3,358)**	(2,345)
(Loss)/profit on ordinary activities before taxation		**(8,235)**	**(32,809)**	**(41,044)**	34,853
Tax on (loss)/profit	12	**6,943**	-	**6,943**	(6,256)
(Loss)/profit and total comprehensive (loss)/income for the year		**(1,292)**	**(32,809)**	**(34,101)**	28,597

**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 18 to 39 form part of these financial statements.

St Mary's Football Group Limited

Registered number: 06951765

Consolidated Statement of Financial Position
As at 30 June 2018

	Note	2019 £000	2019 £000	2018 £000	2018 £000
Fixed assets					
Intangible assets	13		**137,641**		136,973
Tangible assets	14		**45,015**		45,194
			182,656		182,167
Current assets					
Stocks	16	**750**		1,411	
Debtors: amounts falling due within one year	17	**30,652**		43,921	
Debtors: amounts falling due after more than one year	17	**4,979**		4,608	
Cash at bank and in hand		**46,504**		57,127	
		82,885		107,067	
Creditors: amounts falling due within one year	18	**(111,151)**		(97,106)	
Net current (liabilities)/assets			**(28,266)**		9,961
Total assets less current liabilities			**154,390**		192,128
Creditors: amounts falling due after more than one year	19		**(51,955)**		(47,816)
Provisions for liabilities					
Other provisions	23	**(4,372)**		(5,419)	
Deferred tax	24	**(5,487)**		(12,216)	
			(9,859)		(17,635)
Net assets			**92,576**		126,677
Capital and reserves					
Share capital	25		**-**		-
Share premium account	26		**31,000**		31,000
Other reserves	26		**25,988**		25,988
Profit and loss account	26		**35,588**		69,689
Equity attributable to the owner of the parent Company			**92,576**		126,677

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

.....

M Semmens
Director
Date: 28.02.20

The notes on pages 18 to 39 form part of these financial statements.

St Mary's Football Group Limited

Registered number: 06951765

Company Statement of Financial Position
As at 30 June 2018

	Note	2019 £000	2019 £000	2018 £000	2018 £000
Fixed assets					
Investments	15		**1,948**		1,948
Current assets					
Debtors: amounts falling due within one year	17	**24,567**		25,598	
Creditors: amounts falling due within one year	18	**(93)**		(31)	
Net current assets			**24,474**		25,567
Net assets			**26,422**		27,515
Capital and reserves					
Share capital	25		**-**		-
Share premium account	26		**31,000**		31,000
Profit and loss account	26		**(4,578)**		(3,485)
			26,422		27,515

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 £1,093,000 (2018: profit of £39,000).

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

.....
M Semmens
Director
Date: 28.02.20

The notes on pages 18 to 39 form part of these financial statements.

St Mary's Football Group Limited

Consolidated Statement of Changes in Equity
For the Year Ended 30 June 2019

	Share premium £000	Capital contribution reserve £000	Retained earnings £000	Total equity £000
At 1 July 2017	12,000	25,988	41,092	79,080
Profit and total comprehensive income for the year	-	-	28,597	28,597
Issue of share capital	19,000	-	-	19,000
At 30 June 2018	31,000	25,988	69,689	126,677
Loss and total comprehensive loss for the year	**-**	**-**	**(34,101)**	**(34,101)**
At 30 June 2019	**31,000**	**25,988**	**35,588**	**92,576**

St Mary's Football Group Limited

Company Statement of Changes in Equity
For the Year Ended 30 June 2019

	Share premium £000	Retained earnings £000	Total equity £000
At 1 July 2017	12,000	(3,524)	8,476
Profit and total comprehensive income for the year	-	39	39
Issue of share capital	19,000	-	19,000
At 30 June 2018	31,000	(3,485)	27,515
Loss and total comprehensive loss for the year	**-**	**(1,093)**	**(1,093)**
At 30 June 2019	**31,000**	**(4,578)**	**26,422**

St Mary's Football Group Limited

Consolidated Statement of Cash Flows
For the Year Ended 30 June 2019

	2019 £000	2018 £000
Cash flows from operating activities		
(Loss)/profit for the financial year	**(34,101)**	28,597
Adjustments for:		
Depreciation, amortisation and impairment	**56,411**	39,708
Loss on disposal of tangible assets	**444**	238
Net interest payable	**1,730**	463
Taxation (credit)/expense	**(6,943)**	6,256
Decrease in stock	**661**	1,292
Decrease/(increase) in debtors	**2,490**	(3,188)
Increase/(decrease) in creditors	**8,072**	(13,961)
Increase/(decrease) in provisions	**23**	(1,699)
Loss/(gain) on foreign exchange	**843**	(842)
Profit on disposal of players	**(20,916)**	(68,879)
Taxation received/(paid)	**107**	(402)
Net cash generated from/(used in) operating activities	**8,821**	(12,417)
Cash flows from investing activities		
Purchase of tangible fixed assets	**(3,297)**	(4,822)
Purchase of intangible fixed assets	**(53,540)**	(65,900)
Proceeds from sale of intangible fixed assets	**45,662**	79,884
Proceeds from sale of tangible fixed assets	**13**	398
Interest receivable	**99**	173
Net cash (used in)/generated from investing activities	**(11,063)**	9,733
Cash flows from financing activities		
New secured loans	**20,000**	20,500
Repayment of loans	**(26,335)**	-
Interest paid	**(2,046)**	(1,240)
Net cash (used in)/generated from financing activities	**(8,381)**	19,260
Net (decrease)/increase in cash and cash equivalents	**(10,623)**	16,576
Cash and cash equivalents at the beginning of year	**57,127**	40,551
Cash and cash equivalents at the end of year	**46,504**	57,127
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	**46,504**	57,127

The notes on pages 18 to 39 form part of these financial statements.

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 judgment in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 Basis of consolidation

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

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

2.3 Parent Company disclosure exemptions

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

- No cash flow statement has been presented for the parent Company; 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

The directors consider that the Group has adequate facilities in place to finance operations over the next twelve months. Accordingly, the directors consider it appropriate to prepare the accounts on a going concern basis.

2. Accounting policies (continued)

2.5 Turnover

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

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 contract 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.

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 Capitalisation of interest

Interest incurred on borrowings financing the construction of tangible fixed assets is capitalised gross of tax relief.

2.9 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.10 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. Accounting policies (continued)

2.11 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.

2.12 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.13 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. Accounting policies (continued)

2.14 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.

2.15 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 each period end foreign currency monetary items are translated using the closing rate.

2.16 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.

2.17 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.

2.18 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. 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.

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 year end 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, management 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;

- determined whether contingent liabilities exist in relation to contingent transfer fees payable; and

- assessed whether it is probable that the conditions will be met based on experience and the circumstances of the player concerned.

4. Turnover

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

	2019	2018
	£000	£000
Broadcasting	**112,755**	117,001
Match day	**17,026**	19,209
Commercial	**18,434**	14,912
Other	**1,412**	1,501
	149,627	152,623

Materially all turnover arose within the United Kingdom.

5. Exceptional items

Exceptional items included within cost of sales are as follows:

	2019 £000	2018 £000
Impairment of player registrations	2,327	-
	2,327	-

6. Operating loss

	2019 £000	2018 £000
The operating loss is stated after charging:		
Stock recognised as an expense	3,362	3,306
Depreciation of tangible fixed assets	3,106	3,003
Amortisation of intangible assets	50,978	36,706
Other operating lease rentals	220	210
Foreign exchange losses	1,264	-
Defined contribution pension cost	866	557
Loss on sale of tangible fixed assets	444	238
The operating loss is stated after crediting:		
Amortisation of grants	(93)	(93)
Foreign exchange gains	-	(928)

7. Auditor's remuneration

	2019 £000	2018 £000
Fees payable to the Group's auditor for the audit of the Company's annual accounts	**3**	3
Fees payable to the Group's auditor in respect of:		
The audit of the Company's subsidiaries	**28**	29
Taxation compliance services	**10**	12
Taxation advisory services	**2**	11
Interim accounts review	**10**	10
Other non-audit services	**12**	12

8. Employees

	2019 £000	2018 £000
Group staff costs, including directors' remuneration, were as follows:		
Wages and salaries	**100,474**	99,557
Social security costs	**13,878**	13,182
Cost of defined contribution pension scheme	**866**	557
	115,218	113,296

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

	2019 No.	2018 No.
Administrative	**171**	173
Direct	**254**	256
	425	429

In addition the Group employs approximately 1,267 temporary staff on match days (2018: 1,056).

9. Directors' remuneration

	2019 £000	2018 £000
Directors' emoluments	**1,608**	1,022
Company contributions to defined contribution pension schemes	**34**	25
Compensation for loss of office	**365**	-
	2,007	1,047

There were 3 directors in the Group's defined contribution pension scheme during the year (2018: 2).

The total amount payable to the highest paid director in respect of emoluments was £728,000 (2018: £636,000). Company pension contributions of £27,000 (2018: £Nil) were made to a defined contribution scheme on their behalf.

10. Interest receivable and similar income

	2019 £000	2018 £000
Bank interest receivable	**100**	173
Imputed interest charge on transfer fees receivable	**1,528**	1,709
	1,628	1,882

11. Interest payable and similar charges

	2019 £000	2018 £000
Bank interest payable	**353**	691
Other loan interest payable	**187**	163
Imputed interest charge on transfer fees payable	**2,818**	1,491
	3,358	2,345

12. Taxation

Current tax	2019 £000	2018 £000
Current tax on profits for the year	-	149
Adjustment in respect of previous periods	(214)	(42)
Total current tax (credit)/charge	**(214)**	107
Deferred tax		
Origination and reversal of timing differences	(6,910)	6,124
Adjustment in respect of previous periods	181	25
Total deferred tax (credit)/charge	**(6,729)**	6,149
Total tax (credit)/charge	**(6,943)**	6,256

Factors affecting tax (credit)/charge for the year

The tax assessed for the year is lower than (2018: lower than) the standard rate of corporation tax in the UK of 19% (2018: 19%). The differences are explained below:

	2019 £000	2018 £000
(Loss)/profit on ordinary activities before tax	(41,044)	34,853
(Loss)/profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 19% (2018: 19%)	(7,798)	6,622
Effects of:		
Non-tax deductible depreciation	-	291
Expenses not deductible for tax purposes	136	-
Effect of rate change	-	(584)
Income not taxable for tax purposes	(18)	(55)
Adjustments in respect of prior periods	(214)	(43)
Adjustments in respect of prior periods (deferred tax)	181	25
Other movements	770	-
Total tax (credit)/charge for the year	**(6,943)**	6,256

There are no factors that may affect future tax charges.

13. Intangible assets

Group	Player registrations £000
Cost	
At 1 July 2018	223,212
Additions	66,782
Disposals	(29,805)
At 30 June 2019	**260,189**
Amortisation	
At 1 July 2018	86,239
Charge for the year	50,978
On disposals	(16,996)
Impairment	2,327
At 30 June 2019	**122,548**
Net book value	
At 30 June 2019	**137,641**
At 30 June 2018	136,973

Additions for the year include £18.5m relating to the acquisition of the registration of Danny Ings. The legal form of the loan and purchase agreement comprised a loan of the player for the 2018/19 season, followed by a capital commitment after the Statement of Financial Position date. However, the substance of the transaction from an accounting perspective resulted in the capitalisation, and amortisation, of the player's registration from the commencement of the loan period.

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 2018	45,548	10,969	695	57,212
Additions	98	2,037	1,249	3,384
Disposals	-	(1,135)	(457)	(1,592)
Transfers	-	90	(90)	-
At 30 June 2019	**45,646**	**11,961**	**1,397**	**59,004**
Depreciation				
At 1 July 2018	7,748	4,270	-	12,018
Charge for the year	847	2,259	-	3,106
On disposals	-	(1,135)	-	(1,135)
At 30 June 2019	**8,595**	**5,394**	**-**	**13,989**
Net book value				
At 30 June 2019	**37,051**	**6,567**	**1,397**	**45,015**
At 30 June 2018	37,800	6,699	695	45,194

The net book value of tangible fixed assets includes an amount of £178,000 (2018: £Nil) in respect of assets held under finance leases and hire purchase contracts. The related depreciation charge on these assets for the year was £28,000 (2018: £129,000).

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

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

[2] The registered office of the above company is 160 Greentree Drive, Suite 101, County of Kent, Dover, DE 19904.

*The investments in these entities are held indirectly.

Southampton Girls and Women's Football Club Limited has been renamed from St Mary's Property Holdings Limited and although currently dormant, the intention is to transfer the Girls and Women's Programme activity currently residing in the Club to this company in the near future.

15. Fixed asset investments (continued)

Company	Group undertakings £000
Cost or valuation	
At 1 July 2018	1,948
At 30 June 2019	**1,948**
Net book value	
At 30 June 2019	**1,948**
At 30 June 2018	1,948

16. Stocks

	Group 2019 £000	Group 2018 £000	**Company 2019 £000**	Company 2018 £000
Finished goods and goods for resale	**750**	1,411	**-**	-

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

17. Debtors

	Group 2019 £000	Group 2018 £000	**Company 2019 £000**	Company 2018 £000
Due within one year:				
Trade debtors	**3,293**	7,430	**-**	-
Amounts owed by group undertakings	**-**	-	**24,567**	25,598
Other debtors	**572**	380	**-**	-
Prepayments and accrued income	**5,837**	5,667	**-**	-
Transfer fees receivable	**20,882**	30,444	**-**	-
Corporation tax	**68**	-	**-**	-
	30,652	43,921	**24,567**	25,598
Due after more than one year:				
Transfer fees receivable	**4,979**	4,608	**-**	-

18. Creditors: amounts falling due within one year

	Group 2019 £000	Group 2018 £000	**Company 2019 £000**	Company 2018 £000
Shareholder loan	**1**	1	**1**	1
Bank loan	**5,917**	5,609	**-**	-
Other loan	**20,000**	20,500	**-**	-
Trade creditors	**4,069**	4,455	**-**	-
Taxation and social security	**8,291**	5,779	**-**	-
Obligations under finance lease and hire purchase contracts	**115**	16	**-**	-
Transfer fees payable	**46,834**	40,854	**-**	-
Other creditors	**536**	452	**-**	-
Accruals and deferred income	**25,388**	19,333	**92**	30
Corporation tax	**-**	107	**-**	-
	111,151	97,106	**93**	31

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 2019 £000	Group 2018 £000	**Company 2019 £000**	Company 2018 £000
Bank loan	**5,917**	11,218	**-**	-
Obligations under finance lease and hire purchase contracts	**54**	66	**-**	-
Transfer fees payable	**42,706**	33,057	**-**	-
Accruals and deferred income	**3,278**	3,475	**-**	-
	51,955	47,816	**-**	-

Football Trust grants of £2,902,000 (2018: £2,995,000) are classified as accruals and deferred income within creditors falling due after more than one year and £93,000 (2018: £93,000) falling due within one year, being the amortisation that will be credited in the next accounting period.

20. Loans

Analysis of the maturity of loans is given below:

	Group 2019 £000	Group 2018 £000	**Company 2019 £000**	Company 2018 £000
Amounts falling due within 1 year				
Bank loan	**5,917**	5,609	**-**	-
Other loan	**20,000**	20,500	**-**	-
Shareholder loan	**1**	1	**1**	1
	25,918	26,110	**1**	1
Amounts falling due between 1-2 years				
Bank loan	**5,917**	11,218	**-**	-
Shareholder loan	**-**	-	**-**	-

The bank loan of £11,834,000 (2018: £16,827,000) is repayable in two equal annual instalments and has an annual interest rate of 1.065% (2018: 0.466%).

The other loan represents a revolving facility that, when drawn, is repayable on demand and has an annual interest rate of 3.90% (2018: 4.25%).

21. Hire purchase and finance leases

Minimum lease payments under hire purchase fall due as follows:

	2019 £000	2018 £000
Within 1 year	**115**	16
Between 2 to 5 years	**54**	66
	169	82

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

22. Financial instruments

	Group 2019 £000	Group 2018 £000	**Company 2019 £000**	Company 2018 £000
Financial assets				
Financial assets that are debt instruments measured at amortised cost	**32,683**	46,972	**24,567**	25,598
Financial liabilities				
Financial liabilities measured at amortised cost	**(138,075)**	(128,765)	**(93)**	(32)

Financial assets measured at amortised cost comprise cash, trade debtors, amounts owed to Group undertakings, other debtors and transfer fees receivable.

Financial liabilities measured at amortised cost comprise shareholder loans, bank loans, other loans, trade creditors, amounts owed to Group undertakings, transfer fees payable and other creditors.

If player registration intangible assets were treated as financial assets, the total Group financial assets would be £170,324,000 (2018: £183,873,000). Financial liabilities would remain unchanged. There is no impact on the Company position.

23. Provisions for liabilities

Group	**Contingent transfer fees £000**	**Provisions for other costs £000**	**Total £000**
At 1 July 2018	5,278	141	5,419
Arising in the year	2,488	164	2,652
Utilised in the year	(3,558)	(141)	(3,699)
At 30 June 2019	**4,208**	**164**	**4,372**

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

24. Deferred taxation

Group	Deferred tax £000
Deferred tax liability at 1 July 2018	(12,216)
Credited to the Statement of Comprehensive Income	6,729
Deferred tax liability at 30 June 2019	**(5,487)**

The deferred tax liability is made up as follows:

	Group 2019 £000	Group 2018 £000
Accelerated capital allowances	**(10,247)**	(921)
Unutilised losses	**4,667**	1,708
Short term timing differences	**93**	25
Gains rolled over into intangible assets	**-**	(13,028)
	(5,487)	(12,216)

The Company has no deferred taxation.

25. Share capital

	2019 £000	2018 £000
Allotted, called up and fully paid		
3 (2018: 3) Ordinary shares of £1 each	**-**	-

26. Reserves

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

Share capital

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

Share premium

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

Retained earnings

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

27. Pensions

The Group participates in the Football League Pension and Life Assurance Scheme ('the Scheme'). The Scheme is a funded multi-employer defined benefit scheme, and as one of a number of participating employers, the Group is advised only of its share of the deficit in the Scheme. The last actuarial valuation carried out at 31 August 2017 highlighted that the Group's notional share of the deficit, rolled forward to 30 June 2019 based on the same assumptions, is £429,000 (£512,000 as at 30 June 2018).

As at 30 June 2019, the Group was paying total contributions of £103,000 per annum, increasing by 5% p.a. from 1 September 2019 and thereafter, and based on the actuarial valuation assumptions detailed above, will be sufficient to pay off the deficit by 31 October 2023.

As at 30 June 2019, based on an appropriate discount rate of 1.3% per annum (1.6% per annum as at 30 June 2018), the present value of the Group's outstanding contributions is £492,000 (£582,000 as at 30 June 2018). This amounts to £108,000 (2018: £102,000) due within one year and £384,000 (2018: £479,000) 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 (2018: £434,000).

28. Contingent liabilities

Excluding items already provided in the Statement of Financial Position, at 30 June 2019 Southampton Football Club Limited had a liability to pay up to £25,789,000 (2018: £19,218,000) to other clubs in respect of players under contract, dependent upon a number of factors but principally first team appearances.

At 30 June 2019 Southampton Football Club Limited had contingent sums receivable from other clubs in respect of players sold. Due to the uncertainty of receipt of these contingent assets it is not practicable to disclose the amount likely to be received.

29. Capital commitments

At 30 June 2019 the Group had capital commitments as follows:

	Group 2019 £000	Group 2018 £000
Contracted for but not provided in these financial statements	**1,930**	711

The Company had no capital commitments.

30. Commitments under operating leases

At 30 June 2019 the Group had future minimum lease payments under non-cancellable operating leases as follows:

	Group 2019 £000	Group 2018 £000
Not later than 1 year	**176**	170
Later than 1 year and not later than 5 years	**111**	213
Total	**287**	383

31. Related party transactions

The Company is a wholly owned subsidiary of Lander Sports (UK) International Investment Co., Limited and has taken advantage of the exemption conferred by Section 33.1A of FRS 102 "Related Party Disclosures" not to disclose transactions with Lander Sports (UK) International Investment Co., Limited or other wholly owned subsidiaries within the Group.

Management charges of £366,000 (2018: £322,000) were issued during the year by Southampton Football Sports Development Co. Limited to St Mary's Football Group Limited. The two parties are related by virtue of common control. All transactions were conducted on an arm's length basis on normal trading terms. At 30 June 2019, £397,000 (2018: £31,000) was owed by St Mary's Football Group Limited.

Key management personnel include all directors and a number of senior managers across the Group who together have authority and responsibility for planning, directing and controlling the activities of the Group. The total compensation paid to key management personnel for services provided to the Group was £3,345,000 (2018: £2,986,000).

32. Controlling party

Lander Sports (UK) International Investment Co. Ltd is the immediate parent company and smallest group in which the results of the Company are consolidated. Lander Sports (UK) International Investment Co. 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 largest group in which the results of the Company are consolidated is that headed by Southampton Football Sports Development Co., Limited, which is incorporated in the British Virgin Islands.

The directors consider the ultimate controlling party to be Mr J Gao.

33. Post Statement of Financial Position events

On 1 July 2019, Southampton Football Club Limited acquired the entire share capital of St Mary's Stadium Limited and Southampton Training Ground Limited from the Company. St Mary's Football Group Limited remains the smallest group in which the results of the companies are consolidated.

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 £10,998,000 payable (2018: £12,110,000 payable).

34. Net debt reconciliation

	1 July 2018 £000	Cash flows £000	New finance leases £000	Other non-cash changes £000	30 June 2019 £000
Cash at bank and in hand	57,127	(10,623)	-	-	46,504
Obligations under finance lease and hire purchase contracts	(82)	-	(87)	-	(169)
Bank loan	(16,827)	5,835	-	(842)	(11,834)
Other loan	(20,500)	500	-	-	(20,000)
Shareholder loan	(1)	-	-	-	(1)
Net debt	**19,717**	**(4,288)**	**(87)**	**(842)**	**14,500**