

August 2015 CGMA examination

Pre-seen materials



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Glory Soccer Club

You are a senior finance manager who works for Glory Soccer Club (“Glory”). You report directly to the company’s Board and advise on special projects and strategic matters. The following facts have been compiled about the company.

Glory is a soccer club that plays in the Veldounian Soccer League. All of the clubs playing in that league are based in the country of Veldoun, a large and prosperous country.

Kartar Sanghera – a brief biography

Glory was founded in 2006 by Dr Kartar Sanghera, the founder of Glorious Energy Group, a major quoted conglomerate and one of the country's largest companies. Kartar is a very wealthy person in his own right. His personal fortune is not known, but he is believed to be one of the 500 wealthiest individuals in the world.

Kartar created the Glorious Energy Group more than 30 years ago, starting with investments from family members and a large bank loan. He remains its Chairman, having stood down as Chief Executive in 2002.

Kartar was born in the city of Praree, which remains the location of the Glorious Energy Group's Head Office. He founded Glory in response to an approach from Daaruk Gehlot, the founder of the Veldoun Soccer League.

Kartar believed that founding a soccer club would be an interesting challenge. He believed that it could be commercially sound provided it was managed properly. It would also benefit the citizens of Praree and thus enable him to use some of his wealth to serve his community. Kartar is a keen soccer fan which, at the time the club was founded, was relatively unusual in Veldoun because the national sport is cricket.

Kartar is the club Chairman and he has a suite of offices at the club's stadium. He tends to spend at least three days a week at the club, although some of that time is taken up with meetings relating to his other business interests. He enjoys inviting his business contacts to the stadium and he will often take new contacts on a tour and will introduce them to the team's Manager and players if they are training at the stadium.

The directors' box seats 30 individuals. It is customary for the directors of the home and the visiting teams to watch matches together from this box. Kartar has the six best seats set aside for his personal use and he frequently rewards business contacts for favours by making them his guests at major home matches.



Veldoun Soccer League

Veldoun is one of the largest countries in Southern Asia, with a population of several hundred million. The country has a strong economy and the population is relatively prosperous, with a strong middle class.

Sport is a popular leisure activity in the country, with many Veldounians watching cricket on television and attending matches.

Daaruk Gehlot is a wealthy entrepreneur, with significant interests in Veldoun's media industry. He owns Orbit Communications, Veldoun's largest satellite broadcasting network, and several of the country's leading newspaper titles. He views sport as a significant source of material for broadcast and for newspaper content.

In 2004, Daaruk launched the Veldoun Soccer League. Previously, there had been no major domestic competition for the sport, although broadcast and print news carried details of foreign soccer leagues, focussing on soccer results from the major European soccer-playing countries. Daaruk believed that many more Veldounians would take an interest in soccer if there were domestic teams that they could follow.

Daaruk's basic business model was to encourage the creation of ten major clubs, each of which would have its home stadium in a major city. By linking each club to a specific location, Daaruk believed that potential supporters would naturally follow their local teams. The league was to be limited to ten clubs so that there could be a workable annual cycle, with each team playing every other team four times, twice at home and twice away. League rankings would be updated after every match, with three points being awarded for a win and one point for a draw.

Daaruk's vision was for each of the ten clubs to be an independent business entity in its own right. Clubs make money from four main sources: sales of tickets to spectators, fees for permitting their matches to be televised, sponsorship and the sale of merchandise. Daaruk was unwilling to fund the teams as well as the league. He also felt that it would be easier for a club to attract fans if it was an independent entity.

Ticket sales take two main forms. Fans can buy a season ticket that gives the holder the right to attend every match at

his or her team's home ground for that season. The clubs also sell tickets for individual soccer matches, and these are purchased by fans who do not wish to commit to the cost of an annual season ticket and also by fans of the visiting teams. Buyers of individual match tickets have to state whether they are supporting the home or the away team so that



opposing fans can be segregated within the ground. Clubs retain the proceeds of all tickets sold to 'home' fans but the revenue from sales to 'away' fans is shared with the visiting club.

Television rights are sold by the Veldoun Soccer League, with a single broadcaster buying the rights to televise soccer matches in Veldoun for a five year period, with annual instalments being paid during that period. All broadcasters are free to bid for these rights, but the winning bid has always come from Daaruk's Orbit Communications (Orbit). The annual instalments are shared between the ten clubs using a complicated formula, with 30% of the total being shared equally and the remaining 70% paid on the basis of the number of matches being televised. Orbit broadcasts a selection of matches every week. The expectation is that every team will appear on television at least twice every season, but popular clubs with lots of supporters appear more often. Also, Orbit focusses more on matches involving at least one club that is ranked towards the top of the league as the season progresses. The expectation is that more viewers will watch a popular club, especially if the match might have an impact on the outcome of league championship.

Merchandise sales tend to be dominated by club shirts. Fans enjoy wearing the same shirts as their favourite players. The clubs also sell accessories such as hats, scarves and so on. Every club has a logo that is a registered trademark and so merchandise can only be manufactured by the club or by other manufacturers who have paid a royalty.

Sponsorship is paid for by commercial organisations that pay to have their names and logos on players' shirts or on advertising hoardings around the club's stadium, where they are visible on television broadcasts. Clubs can, in principle, be sponsored by any organisation that is willing to pay. Popular clubs can charge more for sponsorship rights.

Background information about Veldoun

Veldoun is an industrialised country in southern Asia. It is a democracy with regular elections. There is high employment and the population is relatively prosperous, healthy and well educated.

The country's currency is the V\$, which is a hard currency that is freely traded.

Veldoun has a well regulated and highly efficient stock market.

Veldoun Soccer Association

The Veldoun Soccer Association is a very recent development, launched in 2014. Daaruk Gehlot believed that it would be good for the profile of soccer in Veldoun if there was a national soccer team that competed in major international tournaments such as the World Cup and the Asian Football Confederation Asian Cup.

The rules governing such competitions mean that players can only represent their country if they were born there or can establish a direct family tie, such as a parent or grandparent who was born in that country.

The Veldoun Soccer Association has appointed Jose Gonzales, a South American with many years' experience of club management in South America's soccer leagues, to be the national team manager. The Veldoun team has not yet been registered to compete in any of the major tournaments, but Jose has organised a number of friendly matches with other countries, both at home and overseas. Veldoun does not have a national soccer stadium and international 'home' matches will be played at the stadiums of various clubs in the Veldoun Soccer League for the foreseeable future.

Glory Soccer Club – company background

Glory is a quoted company. Kartar Sanghera founded the company in 2006 and floated the company on the Veldoun Stock Exchange in 2008. He retains 35% of the equity. Many of the other shares have been purchased by the club's fans. No other shareholder owns more than 3% of the issued equity.



Glory has been very successful in soccer terms. The club's biggest rival is Walleen Athletic Soccer Club ("Walleen").

Walleen is based in the city of Gort, which is 30 miles from Praree. There has always been a rivalry between the two cities and so it is always important to the fans of Glory and Walleen that their team wins when they play against each other.

Glory has won the league championship twice and Walleen three times over the past five years. Sports commentators predict that one of them will win the 2014-2015 season, but it is impossible to tell which of them will win at this stage in the season.

Glory and Walleen both have considerable numbers of active supporters, who buy season tickets and also travel to away matches.

Glory's Team Manager is Simon Young, who had a successful career as a player in Europe. When he got too old to play competitive soccer he made the transition to team management. He previously managed two second division clubs in Europe before he was approached by Kartar Sanghera and asked to join the club as Team Manager. Simon Young is supported by a number of coaches and his Assistant Manager is Kurt Volk, who was his assistant at the last club he managed in Europe. Simon insisted that Glory appoint Kurt as his assistant as a condition of him taking the job of managing Glory.

Glory's team is made up of a number of players who have previously played in top leagues and a number of young players who were mostly born in Veldoun. The expatriate players are generally in the final years of their career at the top of the sport. For example, Glory's lead striker and Team Captain is Bryan Holt, who captained one of the most successful teams in Europe for six years. He did not renew his contract with that team when its manager passed his captaincy on to a younger player and his place in the side was no longer guaranteed.

Bryan is regarded as a major celebrity around the world, as much for his behaviour off the soccer pitch as on it. He is sought after by clothing and cosmetic companies to advertise their ranges.

All Veldounian clubs are constantly searching for fresh playing talent. Players tend to sign contracts that are for up to three years. Clubs and players may agree to extend a contract or the player may move on. The Veldoun Soccer League is not yet sufficiently wealthy to attract the world's top players. Even the biggest clubs such as Glory and Walleen cannot readily attract famous international level players unless they are heading towards the end of their playing career. Many soccer players have reached their peak by the time they are in their very early 30s, but many



are keen to continue playing and will join less prestigious clubs for a few years before they retire from playing.

All of the clubs in the Veldoun Soccer League have outreach programmes to attract boys and teenagers into the sport. Soccer is not played at school level, so the clubs invite youngsters who are interested to train and to play in leagues for players who are under 18 years and under 21 years of age. Young players who have sufficient talent can be given contracts that create a formal relationship with the club and give them the opportunity to progress to the main team when they have finished their education.

Glory has 32 adult players, of whom 18 are generally used to provide the pool from which the “first” team is selected for league matches. Each team consists of 11 players, plus three substitute players who can replace tired or injured players during matches. Each player tends to specialise in a particular role within the team. Broadly, attacking players, such as striker Bryan Holt, are expected to score goals. Defenders are expected to prevent the opposing team from scoring goals. It is important that the club can field a balanced team, with all of the necessary skills.

The remaining players are in the reserve team. The reserve team players are available to fill any gap in the main team in the event that a main team player is unable to play for any length of time or if the Team Manager decides that a first team player would benefit from some time away from competitive matches. The teams in the Veldoun Soccer League have a low-key league for their reserve teams, which gives the reserve players the opportunity to play regular competitive matches.

Players are engaged on individual contracts. Typically, a player will receive an annual salary, plus an, “appearance fee” for every game played for the first team. There are also normally bonuses for the team as a whole if they win a match or are placed at the top of the league at the end of the season. The difference between the salaries and appearance fees can be substantial. They are relatively transparent within the team because agents can represent more than one player.

Each player is usually represented by an agent, who receives 10% of the player’s earnings.

In addition to their commitments to play soccer, Glory’s players must also give the club all rights to exploit their images and their names for commercial purposes. For example, the club sells shirts with player names and numbers printed on the back so that supporters can have identical shirts to those worn by their favourite players. The club’s standard contract states that all such rights belong to Glory and that players’ salaries include an element of compensation for the right to exploit their names and images for commercial purposes.

Glory’s stadium can accommodate 48,000 fans, all seated. Visiting fans are located in the North Stand, which seats 12,000 and home fans sit in the other three stands, East, West and South. The stadium has the scope to expand capacity to up to 60,000. The stadium was purpose-built for soccer. It is designed to provide a safe and secure environment for players and spectators and has a number of catering outlets. The stadium also has a training suite that includes a gym and medical facilities.

Average attendance at league matches at Glory’s stadium is 7,000 visiting fans and 26,000 home fans. High profile matches, such as games against Walleen or important matches that might decide the Championship, will typically sell out with demand for tickets exceeding the stadium’s capacity.

Press clippings

Veldoun Daily News

No. 5198

V\$2.20

Where next for Glory Soccer Club?

Sports Editorial

Kartar Sanghera, the multi-millionaire businessman, seems to be spending more and more time in Veldoun. His huge new yacht is almost permanently moored in the harbour close to the Glory stadium.

The new yacht is said to be one of the most expensive in the world and is equipped with every luxury item possible. Kartar is known to be one of the richest men in the world and yet not much is known about the full extent of his business interests.

Glory has a high profile already, with several European players in the squad. With Kartar's huge fortune behind it, who knows what could come next? Watch this space for future developments.

Veldoun Daily News

No. 5202

V\$2.20

Soccer Is A Sport, Not Just A Business

Sports Editorial

Ever since Glory was founded in 2006 by Kartar Sanghera, the soccer clubs in the Veldoun Soccer League seem to be becoming big business.

Almost half of the soccer clubs' revenue comes from broadcasting rights. Income from ticket sales, merchandise and sponsorship are regarded as supplements to the clubs' income from television. It is rumoured that some of Veldoun's soccer clubs are planning to invest in big-name signings of European players in order to enhance their profiles at home and overseas.

In more traditional soccer-playing countries, such as the UK, broadcasting revenues account for around 70% of total revenue of soccer clubs. Kartar Sanghera has implied that he is planning to push Orbit Communications to pay more for the rights to broadcast for soccer in Veldoun. Recruiting international stars could open up a wider audience for Veldoun's matches, if European networks can be persuaded to televise Veldoun Soccer League matches.

It is to be hoped that clubs do not overdo the signing of expensive new talent because they might then be forced to increase the prices of match tickets and club merchandise beyond the reach of many of Veldoun's loyal supporters. Watching on a television screen is just not the same as being present at the stadium.

Soccer is a spectator sport. Let us hope that the businessmen don't push up costs beyond the ability of fans to pay.

SOCCER MONTHLY

Novak scores lucrative new modelling deal

Filip Novak's success on and off the soccer pitch has made him an international star. Is he a model or is he a soccer star? The popular player is in huge demand even though, at 32, he is one of the oldest soccer players in the business.

Now, Novak has reputedly signed a new deal to model a famous brand of designer jeans. Filip, who endorses many world-famous brands of clothing as well as his own sports clothing, is reported to have signed a new deal with Leader to model their latest jeans for an extraordinary USD 5 million fee.

This comes at a time when Novak is said to be planning to step back from the pressures of playing at the very top of European soccer to a more relaxed environment, where he could still expect to be guaranteed a place in the first team. He would not be the first player to emigrate to a country where soccer is in its infancy, but where there can be significant rewards for elite players with global reputations.

Filip draws the crowds wherever he goes, so any club that signs him had better be prepared for the world's sporting press to camp in front of its stadium for the foreseeable future.

SOCCER MONTHLY

SOCCER MONTHLY

Electric boots?

Once upon a time, soccer managers had to have keen eyesight and excellent memories (or a supply of notebooks) to enable them to analyse matches and to form an opinion on which players were performing well and which players were performing badly. Now, we have progressed to the point where players have electronic tracking devices in their boots that are constantly transmitting data about their position on the pitch and their actions.

All of this data goes straight into the manager's laptop for later analysis.

This data can be analysed and linked to other variables, such as the effects of different training regimes. Do the players need to spend more time on fitness training because they were slowing down badly towards the end of the match or do they need to practise their kicking skills because all of their shots at goal were off target? Do changes in these variables result in any change in the performance on the field of play?

It is only a matter of time before the club manager's most trusted adviser is the statistician who gathers and interprets the data analytics.

SOCCER MONTHLY

Glory's strategy

Glory's directors have drafted the following strategic report for the year ended 30 June 2015.



Business Model

Glory's primary objective is to create a world class soccer club. The achievement of that objective requires that we focus on the following:

1. Our **core business** will always depend on winning soccer matches, but we must do so in a financially prudent and responsible manner. We must recruit and retain excellent players, provide them with excellent training and manage them effectively.
2. The **Glory Brand** must be maintained so that we can maximise the potential of advertising and sponsorship opportunities and also generate revenues from the sale of club merchandise.
3. The club must also act to sustain **Veldoun's soccer environment**. In the long term, ticket sales and revenue from television broadcasting rights depend upon supporters' interest in the sport. Glory must act to ensure that the sport is governed in such a way as to offer fair and exciting competition between clubs.

Operations

The club has the following operational departments:

Soccer Operations and Investment	This department encompasses the operation of the first and reserve teams. This includes the development of team tactics, the selection of players for particular matches, player training, physiotherapy and scouting for new players who might be recruited by the club.
Youth Soccer	The Youth Soccer Department includes the operation of the under 18 and under 21 teams, including outreach work to stimulate interest in the sport of soccer in schools. Youth soccer is nominally under the control of Glory's chief scout because it is always hoped that the youth team will attract promising young players.
Ticket Sales	Ticket Sales cover the promotional and advertising activities used to sell tickets, as well as the administrative arrangements associated with selling tickets.

Stadium Operations	The Stadium Operations Department manages all aspects of operating and maintaining the stadium with respect to home games. This includes liaising with police and government agencies to ensure that supporters arrive and depart safely and are properly supervised whilst in the stadium.
Broadcasting	The Broadcasting Department manages all aspects of the arrangements for television broadcasts, collection of revenues from the broadcaster via the Veldoun Soccer League, public relations and other media, such as the operation of the club's website.

Performance

The Board has identified the following key areas:

- match results and league position
- match attendances at home and away
- player contracts – retention of current players and recruitment of new talent
- wages and other operating costs
- revenues from ticket sales, broadcasting, merchandise and sponsorship
- profit and cash generation
- share price

Monthly management accounts track performance against budget.

Glory has a rolling five-year budget that is reviewed and updated annually.

Risk Factors

The following factors have been identified as potentially important in terms of Glory's future success:

Adverse publicity

Attracting and retaining supporters depends on our ability to maintain our brand image. This may be vulnerable to a host of factors, including our ability to win soccer matches, the opinions expressed by sports journalists, the views of supporters and the behaviour of our players, both during games and in their personal lives.

Losing the sympathy of supporters could have consequential implications for our ability to attract and retain sponsors and advertisers.

Investment appraisal

As a soccer club, we must invest heavily in physical infrastructure so that our stadium and training facilities remain efficient, safe and fit for purpose.

We are also highly dependent upon our ability to invest in talented players, managers and training staff. Substantial signing fees have to be paid at the outset of most contracts. We often wish to recruit players and others who are under contract to another club and we must

then negotiate a further financial settlement to their present employer in order to release them.

It is difficult to be certain that such investments will prove successful.

Attracting and retaining talent

There is a highly competitive global market for talented players, managers and training staff. We are almost always in competition with other clubs when we attempt to recruit such individuals.

We must also be vigilant with respect to our own players and staff, who may be attractive to potential rival bidders.

Failure to retain key talent can affect match performance, particularly if we lose an individual to a rival club in the Veldoun Soccer League.

Our supporters can also become disheartened if they believe that the club is not investing sufficient money and energy in the recruitment and retention of talent.

Player injury

Soccer is a physical sport and injuries can be commonplace. Minor injuries during matches and training are relatively common and a serious injury can incapacitate a key player for the remainder of a season, or even end their playing career.

Cash flows

Competition for key talent means that wages are a significant operating cost for any successful soccer club. Maintaining an adequate playing squad requires a significant commitment to future wage bills. This requires some delicate balancing of conflicting objectives. Selling players to other clubs can relieve cash flow concerns, but supporters may be disheartened, which could reduce ticket sales.

Match results

Our financial performance is dependent upon our performance on the soccer field. Demand for tickets and for merchandise falls away when the team is performing badly. Television broadcasters are less likely to televise our matches if we slip down the rankings in the Veldoun Soccer League.

A prolonged period of poor performance could also make us less attractive to sponsors.

Public interest in soccer

Our revenues are largely dependent upon the overall interest in soccer. All of our revenue streams could be affected by any future shift in the public's interest in the sport. As a club, we are partly dependent upon the actions of the Veldoun Soccer League and of the other clubs with whom we compete in order to establish soccer as a popular sport that will attract buyers for tickets and merchandise, broadcasters to buy television rights and commercial sponsors.

Sponsorship

We need to ensure that we are proactive in seeking and keeping the best sponsorship deals for Glory.

Signing a sponsorship arrangement can create significant opportunity costs. Sponsors who wish to buy advertising space may require our agreement not to sell space to direct competitors. So we have to be confident that we could not obtain a better deal from, say, a different car manufacturer before we sign an agreement.

Some agreements are exclusive. For example, there can only be one shirt sponsor at any one time due to league rules.

Broadcasting rights

Revenues from broadcasting rights are agreed by the Veldoun Soccer League and the clubs which compete in that league. We have very little control over the negotiations leading up to that agreement. Our revenues are affected partly by our own performance in soccer terms, but we are also affected by the total agreed payment for the broadcasting rights and by the formula that has to be agreed between the clubs for the distribution of that total. Less successful clubs will push for a more equal distribution of fees, whereas more successful clubs such as Glory will benefit from a greater element that is on-field performance related.

Merchandise

Our merchandise is manufactured under licence by a major clothing manufacturer. The commercial success of our merchandise sales can be affected by quality issues and also ethical standards such as the working environment of the workers who make our products.

Board of directors

Martyn Morris, Chief Executive Officer

Martyn has had a long and successful career in soccer. He was signed up as a player in the under 18 team of Landtown United, one of the UK's most successful soccer clubs, when he left school. He soon progressed to the main team, where he spent most of his playing career. He was the Team Captain for more than ten years. He also played for his national soccer team on 28 occasions.

When he left Landtown, he spent the remainder of his playing career with Gulfteam in the Middle East. After four years as Team Captain and as a prolific goal scorer he was appointed Team Manager. He managed Gulfteam for two years before returning to the UK to manage Seaboard, a second division team. Under his leadership, Seaboard progressed to the first division and rose to the top half of the league, where it remains.

Martyn retired from team management at the age of 62. He was a member of Seaboard's Board for one year before being appointed to his present position as Glory's Chief Executive Officer in 2006.

Viktor Lenz, Director of Soccer

Viktor has been Director of Soccer since 2013, having previously been the manager of one of Germany's top soccer teams.

Viktor has had a long and distinguished career as a manager in European soccer.

As Director of Soccer, he is in charge of Soccer Operations and Investments. His role is to manage the team at a strategic level, making long-term decisions that could have an impact on the club's success on the soccer pitch.

Manjiri Kamat, Finance Director

Manjiri is a professionally qualified accountant. She also holds a Bachelor of Arts degree in Accounting and a Master of Science degree in Management Science.

She joined Glory's Board in 2010 after working in a number of senior roles in the petrochemical industry and a major airline before joining Glory.

Sathey Prakash – Marketing Director

Sathey has a degree in marketing and is on the Management Committee of the Veldoun Marketing Association.

Sathey was a Board member of Glorious Energy Group. He stood down from that post and joined the Board of Glory when the company was founded in 2006.

Madhav Gadgil – Human Resources Director

Madhav holds a Master's degree in Human Resource Management and he is a Fellow of the Veldoun Institute of Personnel and Development.

He has served in a variety of different entities. He was Director of Human Resources at a major textiles company before he joined Glory's Board in 2013.

Dr Kartar Sanghera – Non-executive Chairman

Kartar holds a Doctorate in Engineering and he is a Master of Business Administration.

He founded the Glorious Energy Group in 1984, creating a major corporation that eventually became one of Veldoun's largest companies and which remains the largest electricity generator in the country.

Kartar founded the Glory Soccer Club in 2006 and claims to be the club's first and also most dedicated supporter.

Kartar is a highly respected business person in Veldoun and wider afield around the world.

Kartar chairs both the Audit and Remuneration committees.

Saloni Sharma – Non-executive Director

Saloni was Director of Human Resources at the Glorious Energy Group until 2011. She joined Glory's Board at that time.

She has retired from full-time employment, but is Chief Executive of a major charity that promotes the interests of vulnerable children.

Saloni is a past president of the Veldoun Institute of Personnel and Development.

She sits on both the Nomination and Remuneration committees.

Rachana Chakraborty – Non-executive Director

Rachana has been a Non-executive Director on Glory's Board since 2012. She has a background in banking and has held senior managerial positions with a number of financial institutions, serving on the Board of one of Veldoun's largest commercial banks before stepping down from full-time employment in 2011.

Rachana sits on both the Audit and Remuneration committees.

Bhaskar Basu – Non-executive Director

Bhaskar was appointed a Non-executive Director in 2014. He is the Convener of the Management Committee of the Glory Soccer Club Supporters' Association, an autonomous organisation that serves the interests of the club's supporters.

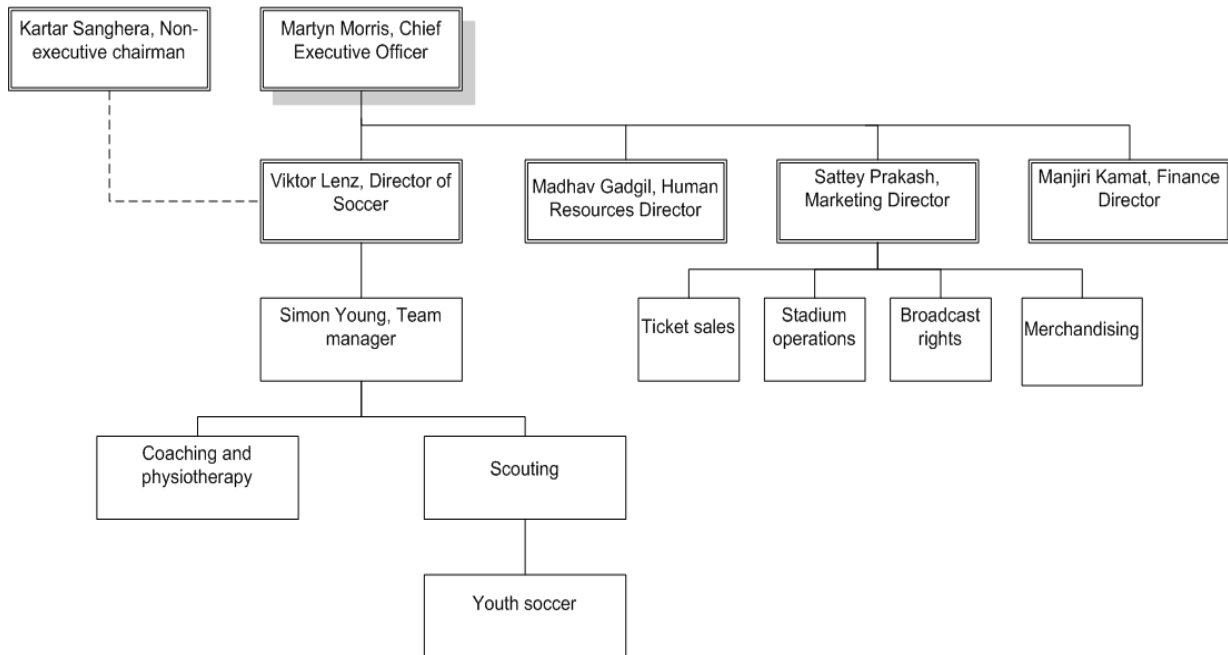
Bhaskar owns a major car dealership in Praree.

Antonio Lusardi – Non-executive Director

Antonio has been a Non-executive Director of Glory's Board since 2011. He is also a non-executive director of a major Italian soccer club. He has had a long and distinguished association with that club, having served as Team Manager, Executive Board Member and now Non-executive Board Member.

Antonio sits on both the Nomination and Remuneration committees.

Lines of reporting



Corporate social responsibility

Glory is part of a large community and the club is committed to serving that community's needs and interests. The club's CSR statement reads as follows:

As an **employer**, we aim to offer the highest standards of care to our staff. We have a large and diverse workforce, whom we aim to support and sustain through the payment of fair rewards. We are an equal opportunities employer and pride ourselves on treating all workers equally.

We are **responsible stewards** for the resources that we consume. We conserve energy wherever we can in operating our stadium and training facilities and in organising team travel.

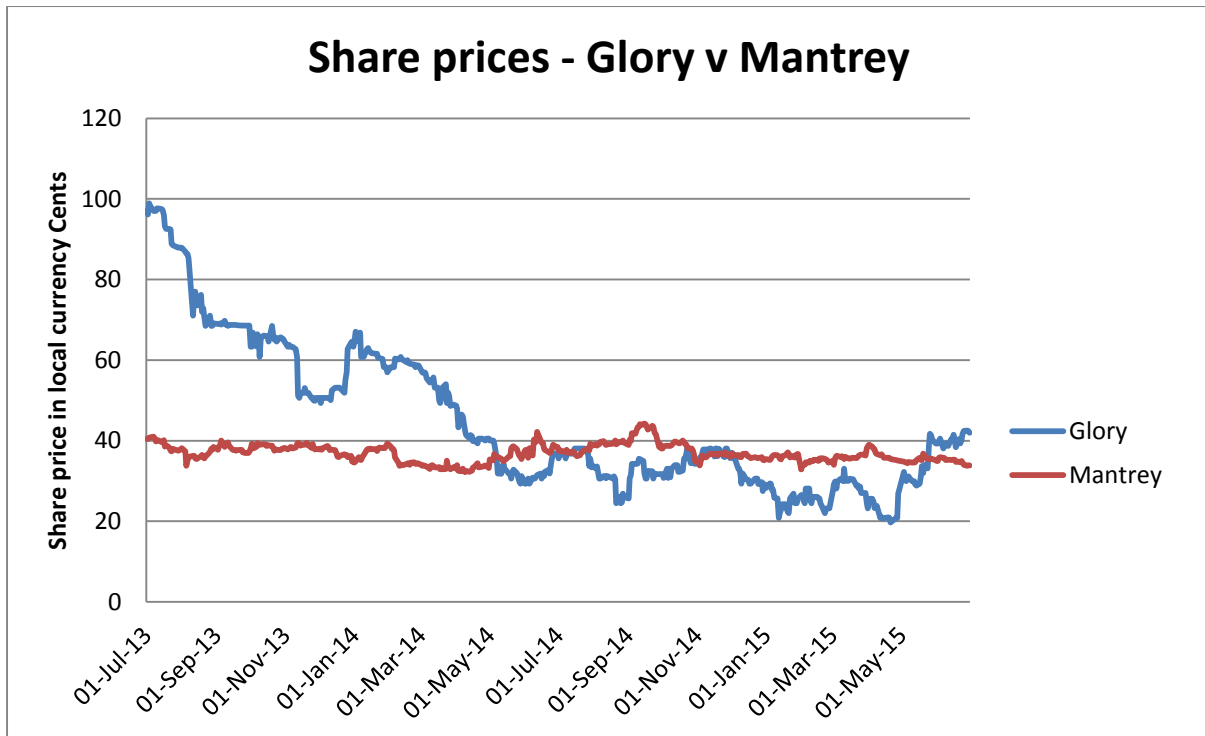
We are **active role models**. We aim to promote the virtues of a healthy and active lifestyle. Our players live in the public spotlight and we encourage them to set a good example for our fans, particularly the young. Every player is required to support a charity of his choice and to act as a public ambassador for it.

The nature of our sport requires that we take **public health and safety** very seriously. Soccer is a spectator sport and we are very conscious of the need to ensure the safety of supporters in and around our stadium.

Glory's share price

The following share price shows Glory's share price in comparison to that of Mantrey, a major European club.

Glory's share price is shown in Veldoun Cents and Mantrey's in terms of Euro Cents.



Beta coefficients

Glory	1.7
Mantrey	0.2

Extracts of financial statements**Glory Soccer Club****Statement of profit or loss for the year ended**

	30 June 2015	30 June 2014
	V\$000	V\$000
Revenue	156,337	140,703
Operating expenses		
Amortisation of players' registrations	(23,238)	(18,126)
Other	(132,448)	(112,581)
Total operating expenses	<u>(155,686)</u>	<u>(130,707)</u>
Operating profit/(loss)	651	9,996
Finance costs	(1,673)	(1,813)
Loss before tax	<u>(1,022)</u>	8,183
Tax	(244)	(318)
Profit/(loss) for the period	<u><u>(1,266)</u></u>	<u><u>7,865</u></u>

Glory Soccer Club**Statement of changes in equity for the year ended 30 June 2015**

	Share capital and Share premium V\$000	Revaluation reserve V\$000	Retained earnings V\$000	Total V\$000
At June 2014	120,000	31,236	12,746	163,982
Loss for the period			(1,266)	(1,266)
Gain on revaluation		3,411		3,411
At June 2015	<u>120,000</u>	<u>34,647</u>	<u>11,480</u>	<u>166,127</u>

Glory Soccer Club**Statement of financial position as at**

	30 June 2015	30 June 2014
	V\$000	V\$000
Non-current assets		
Property, plant and equipment	107,720	106,440
Intangible assets	72,134	78,412
	<u>179,854</u>	<u>184,852</u>
Current assets		
Inventories	721	417
Trade and other receivables	14,517	19,974
Cash and bank	38,233	42,697
	<u>53,471</u>	<u>63,088</u>
Total assets	<u>233,325</u>	<u>247,940</u>
Equity		
Share capital including share premium	120,000	120,000
Revaluation reserve	34,647	31,236
Retained earnings	11,480	12,746
	<u>166,127</u>	<u>163,982</u>
Non-current liabilities		
Loans	22,840	38,040
Current liabilities		
Trade payables	31,965	27,432
Deferred income	12,156	18,162
Tax	237	324
	<u>44,358</u>	<u>45,918</u>
Total equity and liabilities	<u>233,325</u>	<u>247,940</u>

Notes to the financial statements**Note 1 – revenue**

	Year ended	
	30 June 2015	30 June 2014
	V\$000	V\$000
Ticket sales	34,394	32,362
Broadcasting rights	50,028	47,839
Merchandise	56,281	53,467
Sponsorship	15,634	7,035
	<u>156,337</u>	<u>140,703</u>

Note 2 – employment costs

	Year ended	
	30 June 2015	30 June 2014
	V\$000	V\$000
Amortisation of players' registrations	23,238	18,126
Players' salaries and bonuses	27,600	24,324
Other wages and salaries	31,427	30,897

Note 3 – Property, plant and equipment

	Property	Plant and Equipment	Total
	V\$000	V\$000	V\$000
Cost or valuation			
At 30 June 2014	105,812	16,847	122,659
Gain on revaluation of land	3,411		3,411
Additions		826	826
At 30 June 2015	<u>109,223</u>	<u>17,673</u>	<u>126,896</u>
Accumulated depreciation			
At 30 June 2014	12,748	3,471	16,219
Charge for year	1,648	1,309	2,957
At 30 June 2015	<u>14,396</u>	<u>4,780</u>	<u>19,176</u>
Net book value at 30 June 2015	<u>94,827</u>	<u>12,893</u>	<u>107,720</u>
Net book value at 30 June 2014	<u>93,064</u>	<u>13,376</u>	<u>106,440</u>

Note 4 – Intangible assets

	Player registrations V\$000
Cost	
At 30 June 2014	100,057
Additions	22,160
Disposals	(12,450)
At 30 June 2015	<u>109,767</u>
Amortisation	
At 30 June 2014	21,645
Charge for year	23,238
Disposal	(7,250)
At 30 June 2015	<u>37,633</u>
Net book value at 30 June 2015	<u><u>72,134</u></u>
Net book value at 30 June 2014	<u><u>78,412</u></u>

Note 5 – tax expense

The tax expense for the year ended 30 June 2015 includes underpaid tax, plus interest and penalty charges, levied in respect of underpayments from the years ended 30 June 2008 and 2009.

Mantrey financial statements

Mantrey is one of the world's most successful soccer clubs, both commercially and in terms of sporting success.

The following statements have been converted to Glory's home currency using the exchange rate in force at 30 June 2015. That rate has been used for the sake of drawing comparison between the two clubs.

Mantrey Soccer Club**Statement of profit or loss restated in V\$ for the year ended**

	30 June 2015	30 June 2014
	V\$000	V\$000
Revenue	1,487,652	1,264,504
Operating expenses		
Amortisation of players' registrations	(162,854)	(131,912)
Other	(667,451)	(594,031)
Total operating expenses	<u>(830,305)</u>	<u>(725,943)</u>
Operating profit	657,347	538,561
Finance costs	(7,143)	(7,028)
Profit before tax	<u>650,204</u>	<u>531,533</u>
Tax	(126,748)	(118,475)
Profit/(loss) for the period	<u><u>523,456</u></u>	<u><u>413,058</u></u>

Mantrey Soccer Club**Statement of changes in equity for the year ended 30 June 2015**

	Share capital and Share premium V\$ 000	Revaluation reserve V\$ 000	Retained earnings V\$ 000	Total V\$ 000
At June 2014	400,000	25,748	512,748	938,496
Profit for the period			523,456	523,456
Dividend			(400,000)	(400,000)
At 30 June 2015	<u>400,000</u>	<u>25,748</u>	<u>636,204</u>	<u>1,061,952</u>

Mantrey Soccer Club
Statement of financial position as at

	30 June 2015	30 June 2014
	V\$000	V\$000
Non-current assets		
Property, plant and equipment	675,914	598,287
Intangible assets	586,181	542,388
	<u>1,262,095</u>	<u>1,140,675</u>
Current assets		
Inventories	3,427	2,784
Trade and other receivables	68,714	54,782
Cash and bank	111,471	102,625
	<u>183,612</u>	<u>160,191</u>
Total assets	<u>1,445,707</u>	<u>1,300,866</u>
Equity		
Share capital and share premium	400,000	400,000
Revaluation reserve	25,748	25,748
Retained earnings	636,204	512,748
	<u>1,061,952</u>	<u>938,496</u>
Non-current liabilities		
Loans	142,880	137,482
Current liabilities		
Trade payables	52,714	47,542
Deferred income	61,472	58,975
Tax	126,689	118,371
	<u>240,875</u>	<u>224,888</u>
Total equity and liabilities	<u>1,445,707</u>	<u>1,300,866</u>

Notes to the financial statements**Note 1 - revenue**

	Year ended	
	30 June 2015	30 June 2014
	V\$000	V\$000
Ticket Sales	163,642	164,386
Broadcasting rights	624,814	480,512
Merchandise	401,666	354,061
Sponsorship	297,530	265,545
	<u>1,487,652</u>	<u>1,264,504</u>

Note 2 - employment costs

	Year ended	
	30 June 2015	30 June 2014
	V\$ 000	V\$ 000
Amortisation of players' registrations	162,854	131,912
Players' salaries and bonuses	151,800	138,647
Other wages	153,992	142,126