



Leicester Football Club Plc

twenty nineteen  
Annual Report & Financial Statements 2019



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## Directors and Officers



**PETER TOM CBE**  
Executive Chairman

Peter has been Chairman of the club for over 20 years, having made 130 appearances between 1963 and 1968. He is a director of Premier Rugby Limited and Jacksons (C) Limited. Peter's previous roles include Executive Chairman of Breedon Group plc and Chief Executive, (latterly Chairman) of Aggregate Industries. In 2006 he was awarded a CBE for services to Business and Sport. He holds an Honorary Degree from De Montfort University and in 2018 was awarded an Honorary Degree by the University of Leicester.



**ANDREA PINCHEN**  
Chief Operating Officer

Andrea spent 11 years in the Middle East working with Emirates Airlines before joining Leicester Tigers in 2004 with responsibility for increasing revenue from the sale of season and match tickets. In 2012 she was appointed Commercial Manager with additional responsibility for conference and events, corporate hospitality and sponsorship. During her time at Tigers she has been instrumental in the growth of business and securing agreements with key sponsors including Caterpillar, Mattioli Woods and Holland & Barrett. Andrea was appointed to the board as Commercial Director in September 2014 and recently took on the role of Chief Operating Officer, reflecting her expanded role within the business.



**DAVID ABELL**  
Non-executive Director

David is executive chairman of Jourdan plc. He was previously chairman and chief executive of Suter plc and a director of British Leyland Limited. He has been a supporter of the club for over 40 years.



**TERRY GATELEY**  
Non-executive Director

Terry was a senior partner and UK Board Member at KPMG. Since then he has chaired eight private equity-backed businesses and has direct investments in private companies. He has also been a non-executive and senior independent director of several quoted companies.



**BEN KAY MBE**  
Non-executive Director

Rugby World Cup winner, British & Irish Lion, England international, double European champion and six-time English league champion, Ben Kay retired in 2010 as one of the most successful players in rugby history. He made 281 appearances for Leicester Tigers (1999-2010) and earned 62 caps for England, including the World Cup win of 2003 and the Final again in 2007. Ben is a partner in an award-winning advertising agency and regularly works with blue-chip companies to improve their team skills. He is a key part of the BT Sport rugby commentary team, a patron of Forces' charity, Scotty's Little Soldiers and sits on the board of trustees of the Rugby Players' Association charity, Restart.



**RORY UNDERWOOD MBE**  
Non-executive Director

Rory scored 134 tries in 236 games for Leicester Tigers. He is England's record try-scorer with 49 tries in 85 internationals. He toured with the British Lions in 1989 and 1993. A pilot in the RAF during his playing career, he now runs his own management consultancy, Wingman.



**SIMON COHEN**  
Chief Executive Officer

Tigers' Head of Rugby Operations since 2005, Simon joined the board of directors in 2011 and was appointed as Chief Executive Officer in January 2012. Previously a sports lawyer and partner at James Chapman & Co in Manchester, Simon represented the England Rugby team, the Rugby Players' Association and British and Irish Lions players. He also set up Rugbyclass, a nationwide rugby coaching company and was an agent for a number of England players, including Jonny Wilkinson.



**IAN WALKER**  
Finance Director

Ian joined Leicester Tigers as Financial Controller in 1999 with previous financial management experience in both manufacturing and service industries. Whilst at Tigers he has developed the finance function to ensure it properly meets the needs of a complex and growing business. He is responsible for the financial management of the salary cap and has represented PRL in its financial negotiations with the RFU on the Elite Player Squad agreement. Ian was appointed to the board as Finance Director in September 2014.



**PETER ALDIS**  
Non-executive Director

Peter has just left Holland & Barrett International Limited, where he was Chief Executive Officer for nearly 11 years. Holland & Barrett is a leading health food retailer with over 1,200 stores in the UK, Ireland, Holland, Belgium and Sweden, including the MET-Rx brand in the UK.

Peter has spent his 36-year career in retailing and held various management roles at Currys and ASDA before joining Holland & Barrett in 1990 where he held positions in Retail Operations, Acquisitions, Property, Marketing and Buying. He became the Commercial Director in 1998 and Managing Director in 2003, taking on the role of CEO in October 2008. He is President of the Health Foods Manufacturers' Association and a Fellow of the Health Food Institute.

Peter played all sports in his youth, excelling at cricket and rugby. He enjoys watching all sports and works tirelessly to reduce his golf handicap.



**DIGBY, LORD JONES OF BIRMINGHAM Kt**  
Non-executive Director

Digby is a lawyer who, after 20 years in corporate law, served from 2000 to 2006 as Director-General of the CBI. In 2007 he moved to the House of Lords as Minister of State for Trade and Investment. Digby now sits as an independent peer on the crossbenches. He is a corporate ambassador for AON and is Chairman of Triumph Motorcycles Ltd, Thatchers Cider Ltd, On-Logistics Ltd and Probuild 360 Ltd. He is also Chairman of Argentex Group plc and Elonex Ltd. Digby is a director of Croft Property Development Ltd and drp group Ltd. He is a Visiting Professor in Business Studies at the University of Western Australia. The author of two books, he speaks regularly at conferences and events in the UK and internationally and appears frequently on television and radio.



**TOM SCOTT**  
Non-executive Director

Tom is both a lifelong Tigers' supporter and a major investor in the club. He has a number of business and charitable interests in the Channel Islands, the UK and worldwide.

**Company Secretary:** Mary Ford

**Registered Office:** The Club House, Aylestone Road, Leicester LE2 7TR

## Strategic Report

### Chairman's Statement

Professional club rugby has reached a significant moment in its history with the outside investment from CVC Capital Partners ("CVC") in Premier Rugby Limited ("PRL"). At Leicester Tigers, after more than 20 years at the forefront of the professional game, we are in a strong position to make the most of this opportunity and to continue to help shape the professional game in this country.

In playing terms, 2018/19 was extremely disappointing, with an 11th-place finish in the Gallagher Premiership, but we have become used to success over so many years and everyone at the club is striving to get back to that position again.

### Financial performance

In the 12 months to 30 June 2019, Tigers recorded revenues of £20.0million for a second successive year. Despite this, the business recorded an operating loss, before an exceptional item, of £1.9million, compared to a loss of £1.0million in 2017/18.

### Strong support

Welford Road again attracted the highest aggregate and average attendances in Premiership Rugby with more than 300,000 tickets sold for Tigers' home fixtures during the 2018/19 season, despite a disappointing year on the pitch. The club continues to secure the biggest support in Premiership Rugby and our rivals at home and in the European competition are always pleased to see how many Tigers followers attend their stadiums for away fixtures.

Commercial relationships, too, remain strong with a number of national and global brands, many of whom have become long-term partners.

We are very grateful to everyone associated with the club as all play a significant part in developing the business and generating income that is vital to ensure funding is available to fully support recruitment and retention of players, coaching staff, management and support staff as well as our successful academy structure.

The academy has claimed the National Under-18 League title in the last two seasons without losing a game and produced record numbers of graduates into the development ranks and then onwards into senior rugby. It remains the core of our development programme and we invest in it accordingly.

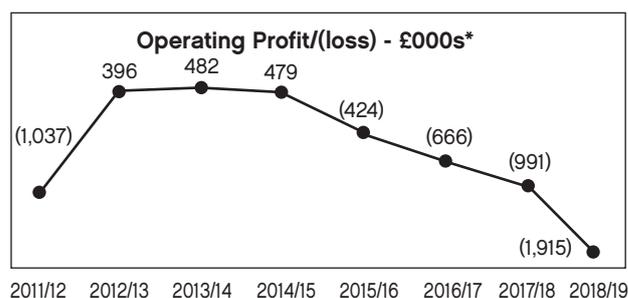
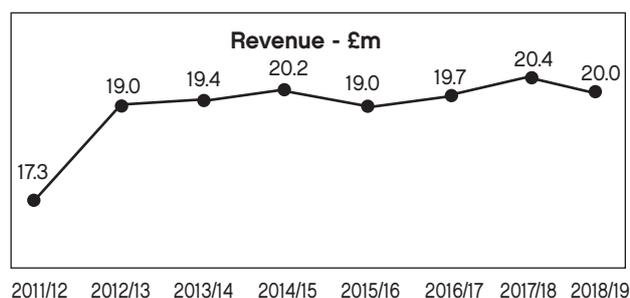
As well as senior international players preparing for the Rugby World Cup in Japan this autumn, a number of players have won age-group honours, including England's Under-18 captain, and we were again represented at the World Under-20s Championship by our young players who continue to develop. Tom Youngs, Dan Cole, Manu Tuilagi and Ben Youngs started their careers at Tigers this way and we would like to see our younger players replicating their success.

Since the end of last season the club has sadly lost its record appearance holder and former captain, coach, president and director, David Matthews, a man whose association and influence here stretched over almost 65 years. He will be greatly missed and everyone is determined that the values for which he stood in the game - honesty, integrity and constant improvement - are upheld in his memory.

### Growing appeal

The club remains active off the field, representing the interests of the professional game and our own markets and supporters at the highest levels. I am delighted that the club has established relationships in a number of countries across the world and we now have a family of Global Partner Clubs in Malaysia, Italy, Belgium, Holland and India who are keen to learn more about 'The Tigers' Way' and allow us to spread the appeal of the club and the game of rugby to new markets.

I am proud to be Chairman of Leicester Tigers and proud to represent the club's interests as a director of PRL.



\*Before exceptional item

## Strategic Report CONTINUED

### Moving forward

A strong family of sponsors, partners, season ticket holders and supporters enables us to be positive about the club's future. We continue to move forward with development plans around Welford Road, which will help to increase the use of our facilities without detracting from our playing resources. Indeed, completion of the hotel and car park will help support us in growing revenues and, in turn, support the team on the field.

We continue to invest in the playing squad up to the level of the salary cap and have added further resource to the management and support teams to help get the best out of everyone.

In late June 2019, we announced the appointment of advisers to undertake a strategic review of the club, including launching a formal sale process. CVC's acquisition of a stake in Premiership Rugby and its focus on commercialising the sport has created an attractive environment for investment at the club level, for the benefit of all concerned.

Consequently, the board received several expressions of interest from potential new investors. It is our duty as a board to explore the club's strategic options and assess the best possible ownership structure to benefit from the changes ahead on and off the pitch. At the time of writing, the process is still ongoing and further updates will be provided as appropriate.

On behalf of the board, I thank the players, management and staff for their tireless efforts and I thank all of our supporters, sponsors and partners who play such a big part in this great club.

## Business Review

### Finance

In a further challenging year for the club both on and off the pitch, the performance on the pitch began to impact on the company's activities. Revenue for the year decreased from £20.4million to £20.0million and the operating loss grew to £1.9million from a loss of £1.0million in 2017/18. This performance was offset to some extent by a further increase in PRL income.

The £12.8m received from PRL for future commercial income has improved the clubs's cash position. The bank overdraft has been repaid in full and net cash was £8.7m at 30 June 2019 (2018: net debt of £0.3m). The revaluation of the stadium and training ground and investment in PRL has also added £11.5m to net assets at the year end. The growth in liabilities is due to the deferred elements of the PRL commercial income which has been offset by repayments of the term loan and a reduction in other deferred income balances due to the timing of invoicing and new agreements with significant sponsors being concluded after the financial year end.

### Commercial activities

Income from ticket sales, including season tickets, fell by 9.7% to £4.9million, accounting for 24% of our total income (2017/18 - 26%). Match ticket income fell in all fixture categories and continued poor sales for our European and Premiership Cup fixtures would indicate either a reduction in fan interest in these competitions or over-familiarity with some teams, Tigers having played Racing 92 in each of the last 4 seasons.

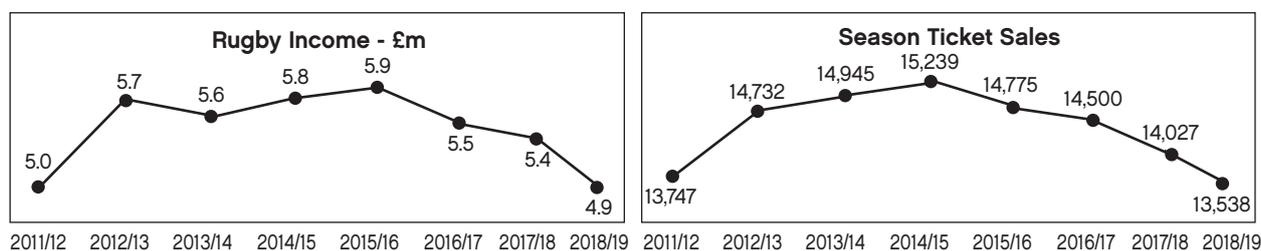
The average number of tickets sold for league, European competitions and Anglo Welsh Cup home games was 20,162 (2017/18 - 21,672). Season ticket sales were 13,538 (2017/18 - 14,027). Whilst the fall is disappointing, it still compares favourably with the averages for match and season ticket sales among Premiership Rugby clubs in 2018/19 which were 14,085 and 6,503 (2017/18 - 13,562 and 6,192) respectively. Attendances and season ticket sales rose by 3.9% and 5.5% across the Premiership in 2018/19 largely as a result of the promotion of Bristol Bears.

In what remains a very tough market, our Sponsorship Department continued to secure new sponsors in 2018/19. Despite this, our revenue fell by 5.7% to £2.8million from the record £2.9million in 2017/18.

Income from matchday hospitality sales was £3.1million, in line with the previous season. Try Line Club and Clubhouse offerings were again sold out for the season and our International hospitality offering increased its revenue to £527,000, a 44% improvement.

Income from conference and events revenue fell by 20%. During the year the department and the catering offering underwent an in-depth review. As a result, it was decided to appoint Compass Contract Services Limited ("Compass") on 01 July 2019 to provide both public and corporate services on matchdays and also to take control of our non-matchday conference and events operation in a profit sharing arrangement. We look forward to working with Compass over the next few seasons.

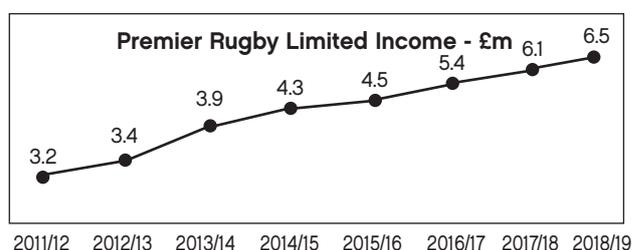
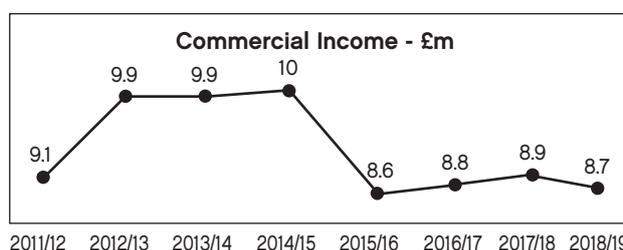
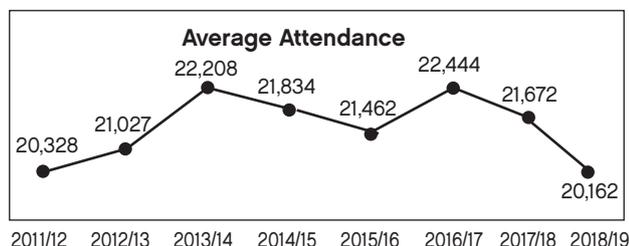
Uplifts in both player and coaching salaries contributed to an increase of 3% in rugby costs during the year (2017/18 - 4%). Other areas of rugby costs remained either static or reduced. Measures to control costs continued leading to the combined ground and match expenses and administrative expenses falling marginally during the year.



## Strategic Report CONTINUED

### Business Review (cont'd)

#### Commercial activities (cont'd)



#### Tigers in the community

Our Community Department has again sought to utilise the expertise of its staff and the excitement of professional rugby to develop the game and the reach of Leicester Tigers. The Community Team comprises a variety of multi-sport and rugby coaches, teachers and behavioural managers. This wide variety of skills and knowledge enables the team to deliver a challenging set of programmes and activities designed to provide enriching and rewarding opportunities to those already involved in rugby and others who are not presently engaged in the game and have limited access to physical activity and educational support. This also enables Tigers to support local schools and colleges by enriching learning and helping to raise expectations for thousands of young people each year.

With a rugby focus, our flagship Tigers Rugby Camps and Match-day Coaching Clinics have once again enabled us to work with thousands of young players across the region and beyond, giving them access to professional coaching and the chance to attend a Tigers' home game or meet one of the players. The Prima Tiger Cup celebrated its 25th year bringing fun, competitive games in regional festivals to over 60 under 10's teams followed by a Welford Road matchday celebration festival. Our Tigers Challenge festival four weekends in Bognor and Minehead welcomed over 7,000 players and their families. In its fourth year, the Nottingham Building Society TAG Rugby Programme ensured that another 2,500 pupils from Leicestershire primary schools were introduced to TAG rugby and the core Tigers' values.

Continued funding from PRL and the RFU has enabled us to expand our focus and engage with young people from a traditionally non-rugby environment, supporting those from within low social economic areas, ethnic minorities, disabled people and those with special educational needs. Launched last year to provide regular coaching to primary school children from the BAME community, the Tigers Swifts played their first club games, enjoying time on the Welford Road pitch during a Tigers' matchday weekend.

Our continuing partnership with Brooksby Melton College has allowed the development of the FE and HE Rugby programmes, with both an Elite Tigers Academy AASE programme as well as a community-delivered development FE BTEC Sport course and HE degree course that runs alongside. HE students enjoyed a unique opportunity to gain practical experience by working in all departments at our Welford Road offices.

These various initiatives have enabled us to build strong local relationships and support an increasingly diverse society, involving everyone in the game of rugby. This remains a key focus of the Community Department going forward.

Globally, we continued to forge links and build our presence on the worldwide platform, delivering camps and supporting rugby in Japan, Asia, South America and Europe. In the latter part of 2018 we strengthened our Global Partner Club network welcoming two new Global Partner Clubs, Colorno (Italy) and RC Diok (Holland) to the Tigers' family. They join Kuala Lumpur Tigers RFC (Malaysia), Dendermonde RFC (Belgium) and Delhi Hurricanes RFC (India), ensuring a strong Tigers' presence in areas where the game is developing rapidly on and off the pitch. We will continue to work with our Global Partner Clubs to explore developments on a rugby and commercial basis and will be looking to expand our network maintaining the Tigers Family Values throughout.

#### Environmental policy

The group has an environmental policy, the objectives of which include the minimisation of waste at source, the minimal use of energy resources and the regulation and improvement of operational processes to cause the least practicable impact on the environment.

## Strategic Report CONTINUED

### Business Review (cont'd)

#### Employment policy

It is the group's policy to treat all of its employees fairly and specifically to prohibit discrimination on the grounds of age, disability, religion, sex, nationality or ethnic origin.

#### Risks and uncertainty

As noted in last year's Strategic Report, following an initial approach in September 2018, an agreement to sell a significant minority interest in PRL to certain funds advised or managed by CVC was completed on 29 March 2019. As a result of this transaction, the club received a cash inflow of £12.8million in respect of its share of expected future commercial income for the next four years.

On 25 June 2019 it was announced that advisers had been appointed to undertake a strategic review of the club, including launching a formal sale process. This had the effect of commencing an offer period in respect of the company. Following the investment by CVC in PRL, the club received various expressions of interest from a range of potential investors. Your board believes that it is the right time to explore options for creating shareholder value, whilst finding a potential investor who shares its vision for the club. CVC's involvement in PRL, and its focus on commercialising the sport, has created an attractive environment for investment at the club level for the benefit of all concerned, including players and fans. Given our status as the country's premier rugby club in terms of supporter base and track record, the board believes we are ideally positioned to prosper from the changing structure of English rugby.

The directors are aware of and review various operational risks and uncertainties as part of their ongoing planning. Major items include:

- The health and wellbeing of all our staff
- Compliance with the salary framework
- PRL generated income failing to rise in line with the salary framework limit
- Ensuring Welford Road is always a safe matchday and non-matchday environment.

#### Business outlook: the year ahead

With almost 12,000 supporters purchasing their season tickets by the start of the 2018/19 season, we remain the best supported club in the league. However, the delay in the start of the 2019/20 Premiership competition due to the Rugby World Cup will cause us one-off cash flow issues. The inflow of monies associated with the CVC deal will be utilised to ensure we continue as a going concern.

We engage with more than half a million accounts across all social media platforms on a monthly basis. We endeavour to use our 201,000 Facebook, 148,000 Twitter and 95,000 Instagram followers as two-way avenues for communication and marketing. Within the Premiership teams, Tigers leads the way in Facebook and Twitter subscribers and is third in the list of Instagram subscribers. Our YouTube channel has over 7,000 subscribers and our App has been downloaded to over 24,000 devices. We will continue to develop these opportunities to interact with our supporters and optimise the marketing initiatives these provide.

As we noted in prior years, we continue to work with various partners to further the progress of the hotel on the land to the north side of the stadium and also the multi-storey car park on our land to the south of the stadium. Planning permission has now been secured for the proposed multi-storey car park and permission for the hotel is expected in the next few months. It remains your board's intention that funding for both these projects will not impair our investment in the Rugby Department.



**Peter W G Tom CBE**  
Executive Chairman

## Professional Advisers

### Independent Auditors

**PricewaterhouseCoopers LLP**  
Donington Court  
Pegasus Business Park  
Castle Donington  
East Midlands  
DE74 2UZ

### Registrars

**Equiniti Limited**  
Aspect House  
Spencer Road  
Lancing  
West Sussex  
BN99 6DA

### Solicitors

**Josiah Hincks**  
The Manse  
22 De Montfort Street  
Leicester LE1 7GB

### Bankers

**HSBC Bank Plc**  
2-6 Gallowtree Gate  
Leicester LE1 1DA

## Directors' Report

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

### Results and dividend

The financial results are summarised in the consolidated profit and loss account on page 15. The directors do not recommend the payment of a dividend for the year ended 30 June 2019 (*30 June 2018: Nil*).

### Business review

A review of the group's businesses, the principal risks and uncertainties, events since the year end and likely future developments are included in the strategic review on page 3.

### Disclosure of information to auditors

The directors who held office at the date of approval of this directors' report confirm that, so far as each of them is aware, there is no relevant audit information of which the group's auditors are unaware. Each director has taken all the steps that he or she ought to have taken as a director to make him or herself aware of any relevant audit information and to establish that the group's auditors are aware of that information.

The statement of directors' responsibilities in respect of the financial statements is included on page 9 and forms part of this report.

### Directors

The following served as directors of the company throughout the year and up to the date of signing these financial statements:

Peter Tom CBE  
David Abell  
Peter Aldis  
Simon Cohen  
Terry Gateley  
Digby, Lord Jones of Birmingham Kb  
Ben Kay MBE  
Andrea Pinchen  
Tom Scott  
Rory Underwood MBE  
Ian Walker

Peter Aldis, Terry Gateley and Rory Underwood retire by rotation in accordance with the company's articles of association and, being eligible, offer themselves for re-election at the forthcoming annual general meeting.

### Corporate governance

Whilst we do not apply the provisions of the UK Corporate Governance Code as they are drafted for compliance by companies whose shares are listed and traded on a recognised stock exchange, the directors acknowledge the benefits of complying with the Code to the extent applicable to a company of the size and nature of Leicester Football Club Plc. As part of their decision-making process, the directors also take into consideration the sections of the Companies Act 2006 which define directors' duties.

The directors hold regular board meetings at which they consider and approve the strategy and future development of the group and set budgets. They also approve financial policies and decisions to ensure these adequately control the financial risks to which the company is exposed and monitor financial performance.

The directors acknowledge their responsibilities for ensuring that the group has in place appropriate systems of internal control which are reviewed on a regular basis to ensure their continued effectiveness. To support this process there is an established audit committee comprised of the two non-executive directors listed below. Mr Gateley chairs the committee by reason of his extensive financial experience. The main functions of the audit committee are to liaise with the external auditors, to review the annual financial statements and to consider the effectiveness of the group's systems of internal control. The committee has access to external professional guidance.

The board has also established a remuneration committee comprising the four non-executive directors listed below. This committee is responsible for reviewing the remuneration packages for the executive directors to ensure that these adequately reflect the contribution these individuals make to the group and are in line with market forces. The committee has access to external professional advice when required.

The nominations committee is made up of the Chairman and the three non-executive directors listed below and meets as required to review the composition of the board and its effectiveness and to propose changes, as appropriate, for the board's consideration.

## Directors' Report CONTINUED

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### Board committees

#### *Audit Committee*

Terry Gateley (Chairman)  
David Abell

#### *Remuneration Committee*

Digby, Lord Jones of Birmingham Kb (Chairman)  
David Abell  
Terry Gateley  
Ben Kay

#### *Nominations Committee*

Peter Tom (Chairman)  
Terry Gateley  
Tom Scott  
Rory Underwood

### Financial Risk Management

This is disclosed within note 18 of the financial statements.

### Going concern

As at 30 June 2019 the group had cash balances of £8.7m. The term loan of £7.7m is committed with regular scheduled repayments (of £0.5m per year inclusive of interest) and no covenant measurements are required until June 2023. The group and company net current liabilities position is driven by the deferred income and supplier loan balances which are settled not in cash but through services delivered. The current cash flow forecasts show that, even after reasonable downside sensitivities have been applied, the group and company have sufficient cash reserves to enable them to meet their obligations as and when they fall due for the foreseeable future, without the requirement for any external investment. Therefore the financial statements have been prepared under the going concern basis of accounting.

### Annual general meeting

The notice convening the annual general meeting to be held on Thursday 17 October 2019 is enclosed with this report.

### Independent auditors

In accordance with section 489 of the Companies Act 2006, a resolution for the reappointment of PricewaterhouseCoopers LLP as auditors of the company is to be proposed at the forthcoming annual general meeting.

### Post balance sheet events

As recently announced, we are pleased to report that sponsorship deals with Holland and Barrett, Mattioli Woods, Nottingham Building Society and STIHL have been agreed post year end, which further strengthen the ties the club has with these organisations and enable us to continue to invest for the future.

By order of the Board

### Mary Ford

Company Secretary

12 September 2019

## Statement of directors' responsibilities in respect of the financial statements

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The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the group and company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and applicable law).

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and company and of the profit or loss of the group for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and company and enable them to ensure that the financial statements comply with the Companies Act 2006.

The directors are also responsible for safeguarding the assets of the group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

## Independent auditors' report to the members of Leicester Football Club Plc

### Report on the audit of the financial statements

#### Opinion

In our opinion, Leicester Football Club Plc's group financial statements and company financial statements (the "financial statements"):

- give a true and fair view of the state of the group's and of the company's affairs as at 30 June 2019 and of the group's profit and cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual report and financial statements 2019 (the "Annual Report"), which comprise: the Consolidated and Company Balance Sheets as at 30 June 2019; the Consolidated Profit and Loss Account and Consolidated Statement of Comprehensive Income, the Consolidated Statements of Cash Flows, and the Consolidated and Company Statements of Changes in Equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

#### Basis for opinion

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

#### Independence

We remained independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, as applicable to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

### Our audit approach

#### Overview



- Overall group materiality: £210,000 (2018: £206,000), based on approximately 1% of revenues.
- Overall company materiality: £200,000 (2018: £200,000), based on approximately 1% of revenues.
- The company is the only trading entity within the group and was therefore the sole in-scope component for the consolidated audit. The loan notes, issued by Leicester Tiger Loan Notes Limited, were tested by the group audit team to group materiality as they are material to the consolidated balance sheet.
- Investment accounting (Group and parent).
- Accounting for player contracts /incentives (Group and parent).
- Commercial contracts /transactions (Group and parent).
- Stadium /property developments and valuation (Group and parent).

#### The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we looked at where the directors made subjective judgements, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits we also addressed the risk of management override of internal controls, including evaluating whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

#### Key audit matters

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. This is not a complete list of all risks identified by our audit.

## Independent auditors' report to the members of Leicester Football Club Plc CONTINUED

Key audit matter	How our audit addressed the key audit matter
<p><b>Investment accounting</b> Refer to Notes 3 (Summary of Significant Accounting Policies), 4 (Critical Accounting Judgements and Estimation Uncertainty) and 12 (Investments).</p> <p>During the year the investment in Premier Rugby Limited ("PRL") has been restructured and revalued following a £200m minority stake investment into PRL by CVC Capital Partners ("CVC").</p> <p>The value has increased from £6.5m to £13.9m during the year with the gain being recognised, net of deferred taxation, in the Consolidated Profit and Loss Account.</p> <p>There is a risk that this valuation is not presented or calculated in accordance with the specific requirements of FRS 102 section 12.</p> <p>Group and parent</p>	<p>We have:</p> <ul style="list-style-type: none"> <li>• read the legal agreements relating to the changes in PRL's share structure and the shareholder agreement regarding the sharing of the commercial income arising from PRL;</li> <li>• reviewed the valuations performed on behalf of PRL and its members by third party experts. This involved checking that the valuation techniques applied were appropriate for this type of investment and circumstances. We then tested the underlying assumptions and data in the model for validity and reasonableness by comparing future expected cash inflows to historical records and approved PRL forecasts and sensitivities; and</li> <li>• discussed the series of transactions with management and our technical department.</li> </ul> <p>We have concluded that the valuation and presentation of the change in the investment value is in line with the requirements of FRS 102 section 12.</p> <p>We draw attention to the disclosures in note 4 relating to the sensitivity of this valuation to future changes in expected income or changes in the shareholder agreement which could have a direct impact on the carrying value of this asset going forward.</p>
<p><b>Accounting for player contracts/incentives</b> Refer to Notes 3 (Summary of Significant Accounting Policies) and 10 (Intangible Assets).</p> <p>The company has contracts with players which span longer than one accounting period. There is a risk that either assets relating to these contracts are impaired, or that liabilities relating to legal obligations or onerous contracts are incomplete.</p> <p>Group and parent</p>	<p>We have:</p> <ul style="list-style-type: none"> <li>• obtained a listing of all player contracts from management and have agreed that the listing is complete by reference to the published player list;</li> <li>• read the key terms of a sample of significant contracts to ascertain that the accounting for these is in line with FRS 102, including the appropriate recording of any additional assets/liabilities; and</li> <li>• reviewed post year end player movements and contracts and determined if management has correctly accounted for the related assets and liabilities as at 30 June 2019.</li> </ul> <p>No material errors were noted based upon the conclusion of the above procedures.</p>
<p><b>Commercial contracts/transactions</b> Refer to Notes 3 (Summary of Significant Accounting Policies), 4 (Critical Accounting Judgements and Estimation Uncertainty), 14 and 15 (Creditors).</p> <p>The company has contracts with customers and suppliers which span longer than one accounting period and can include a range of goods/services to be provided within a single contract. The timing of cash flows for these contracts is often different from the timing of recognition of costs/income.</p> <p>During the year the company received cash totalling £12.8m in relation to an advance payment from PRL of its share of commercial income.</p> <p>There is a risk that the contracts are not recorded in line with FRS 102. The income/costs may not be recorded in the correct accounting period, and therefore the related accrued/deferred income balances could be materially misstated.</p> <p>Group and parent</p>	<p>We have:</p> <ul style="list-style-type: none"> <li>• obtained a listing from management of all significant customer and sponsorship contracts. We also obtained listings of all commercial income recognised in the year and the opening and closing accrued and deferred income. We verified completeness of these listings through comparison to prior audits working papers and our knowledge of known key suppliers, customers and sponsors;</li> <li>• performed audit testing on a sampling basis to verify that accrued/deferred income in the prior year has been appropriately treated in the current year consolidated profit and loss account; and</li> <li>• reviewed the key terms of a sample of significant contracts, including the PRL commercial income contract, to ascertain that the accounting for these is in line with FRS 102. This included auditing that the assets and/or liabilities which are recorded in the balance sheet (accrued/deferred income) are complete and appropriately valued.</li> </ul> <p>No material errors were noted based upon the conclusion of the above procedures.</p>

## Independent auditors' report to the members of Leicester Football Club Plc CONTINUED

Key audit matter	How our audit addressed the key audit matter
<p><b>Stadium/property developments and valuation</b> Refer to Notes 3 (Summary of Significant Accounting Policies), 4 (Critical Accounting Judgements and Estimation Uncertainty) and 11 (Tangible Assets).</p> <p>During the past few years the company has, and continues to, redevelop its stadium and land. As this is an ongoing process there is a risk that costs, which were validly capitalised at the time, are no longer adding value and should be impaired.</p> <p>There is also a risk that the liabilities in relation to these developments are not finalised and therefore are not valued appropriately.</p> <p>At 30 June 2019 the company commissioned an independent expert to value the stadium and training ground using the depreciated replacement cost methodology. This resulted in an increase in value from £46.4m to £52.9m which has been recorded in these financial statements within Other Comprehensive Income. There is a risk that this valuation may not have been conducted in line with the requirements of FRS 102.</p> <p>Group and parent</p>	<p>We have:</p> <ul style="list-style-type: none"> <li>obtained management's fixed asset register and reviewed this for items which may no longer be adding value;</li> <li>tested the additions made during the year back to supporting documentation on a sample basis;</li> <li>audited the movement in development related assets and liabilities back to third party supporting evidence;</li> <li>discussed with management and the board the current progress of the developments and reviewed correspondence to identify any material unrecorded liabilities; and</li> <li>we have discussed the valuation approach with management's expert and audited the detailed paper supporting the valuation. We discussed the approach and rationale for the increase in value with our own internal experts, who concluded that the methodology applied and basis of the valuation were reasonable.</li> </ul> <p>No material errors were noted based upon the conclusion of the above procedures.</p>

### How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the group and the company, the accounting processes and controls and the industry in which they operate.

The company is the only trading entity within the group and was therefore the sole in-scope component for the consolidated audit. The loan notes, issued by Leicester Tiger Loan Notes Limited, were tested by the group audit team to group materiality as they are material to the consolidated balance sheet.

All work was completed by the group audit team.

### Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

	Group financial statements	Company financial statements
<b>Overall materiality</b>	£210,000 (2018: £206,000).	£200,000 (2018: £200,000).
<b>How we determined it</b>	Approximately 1% of revenues.	Approximately 1% of revenues.
<b>Rationale for benchmark applied</b>	Based upon the benchmarks used in the annual report, revenues are the most appropriate measure with which to gauge the relative performance of the group due to losses being reported in the current and prior years and is a generally accepted auditing benchmark.	Based upon the benchmarks used in the annual report, revenues are the most appropriate measure with which to gauge the relative performance of the group due to losses being reported in the current and prior years and is a generally accepted auditing benchmark.

For each component in the scope of our group audit, we allocated a materiality that is less than our overall group materiality.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above £10,000 (Group audit) (2018: £10,000) and £10,000 (Company audit) (2018: £10,000) as well as misstatements below those amounts that, in our view, warranted reporting for qualitative reasons.

## Independent auditors' report to the members of Leicester Football Club Plc CONTINUED

### Conclusions relating to going concern

ISAs (UK) require us to report to you when:

- 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's and 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.

We have nothing to report in respect of the above matters.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the group's and company's ability to continue as a going concern. For example, the terms on which the United Kingdom may withdraw from the European Union are not clear, and it is difficult to evaluate all of the potential implications on the group's trade, customers, suppliers and the wider economy.

### Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance 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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of 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 based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

#### Strategic Report and Directors' Report

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 year ended 30 June 2019 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the group and company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

### Responsibilities for the financial statements and the audit

#### Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Directors' Responsibilities in Respect of the Financial Statements, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they 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 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 company or to cease operations, or have no realistic alternative but to do so.

#### Auditors' 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 auditors' 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 FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditors' report.

## Independent auditors' report to the members of Leicester Football Club Plc CONTINUED

### Responsibilities for the financial statements and the audit CONTINUED

#### Use of this report

This report, including the opinions, has been prepared for, and only for, the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

### Other required reporting

#### Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.



#### Neil Philpott (Senior Statutory Auditor)

for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
East Midlands

12 September 2019

## Consolidated Profit and Loss Account

FOR THE YEAR ENDED 30 JUNE 2019

	Note	2019		2018	
		£000	£000	£000	£000
<b>Turnover</b>	5		<b>20,021</b>		20,411
Ground and match expenses			<b>(5,485)</b>		(5,588)
Administrative expenses - underlying		<b>(1,740)</b>		(1,792)	
Administrative expenses - exceptional	6	<b>(248)</b>		-	
Administrative expenses - total			<b>(1,988)</b>		(1,792)
Staff costs	6		<b>(13,390)</b>		(12,721)
Depreciation and other amounts written off tangible and intangible fixed assets			<b>(1,321)</b>		(1,301)
<b>Operating loss before exceptional items</b>		<b>(1,915)</b>		(991)	
Exceptional items		<b>(248)</b>		-	
<b>Operating loss</b>	6		<b>(2,163)</b>		(991)
Fair value gain on investment in PRL	12		<b>7,381</b>		-
<b>Profit/(loss) on ordinary activities before taxation</b>			<b>5,218</b>		(991)
Interest receivable and similar income			<b>18</b>		3
Interest payable and similar charges			<b>(278)</b>		(248)
Net interest expense	8		<b>(260)</b>		(245)
Profit/(loss) on ordinary activities before taxation			<b>4,958</b>		(1,236)
Tax on profit/(loss) on ordinary activities	9		<b>(1,000)</b>		58
<b>Profit/(loss) for the financial year</b>			<b>3,958</b>		(1,178)

The company has elected to take the exemption under section 408 of the Companies Act 2006 not to present the company profit and loss account. The profit for the year was £3,958,000 (2018 - Loss £1,178,000).

## Consolidated Statement of Comprehensive Income

FOR THE YEAR ENDED 30 JUNE 2019

	2019		2018	
	£000	£000	£000	£000
<b>Profit/(loss) for the financial year</b>		<b>3,958</b>		(1,178)
<b>Other comprehensive income:</b>				
Gain on property valuation net of deferred taxation (17%)		<b>5,393</b>		-
<b>Total comprehensive income for the financial year</b>		<b>9,351</b>		(1,178)

**Consolidated and Company Balance Sheets**

AT 30 JUNE 2019

	Note	Group		Company	
		2019	2018	2019	2018
		£000	£000	£000	£000
<b>Fixed assets</b>					
Intangible assets	10	208	441	208	441
Tangible assets	11	54,533	48,596	54,533	48,596
Investments	12	13,865	6,484	13,865	6,484
		<b>68,606</b>	55,521	<b>68,606</b>	55,521
<b>Current assets</b>					
Debtors	13	2,448	2,648	2,448	2,648
Investment: Short term cash deposit		8,000	-	8,000	-
Cash at bank and in hand		676	21	676	21
		<b>11,124</b>	2,669	<b>11,124</b>	2,669
<b>Creditors: amounts falling due within one year</b>	14	<b>(11,335)</b>	(9,680)	<b>(11,335)</b>	(9,680)
<b>Net current liabilities</b>		<b>(211)</b>	(7,011)	<b>(211)</b>	(7,011)
<b>Total assets less current liabilities</b>		<b>68,395</b>	48,510	<b>68,395</b>	48,510
<b>Creditors: amounts falling due after more than one year</b>	15	<b>(17,136)</b>	(8,712)	<b>(17,136)</b>	(8,712)
Provisions for liabilities	17	(6,269)	(4,165)	(6,269)	(4,165)
<b>Net assets</b>		<b>44,990</b>	35,633	<b>44,990</b>	35,633
<b>Capital and reserves</b>					
Called up share capital	19	1,359	1,359	1,359	1,359
Share premium account		16,003	16,003	16,003	16,003
Other reserves	19	30,794	19,387	30,794	19,387
Retained earnings		(3,166)	(1,116)	(3,166)	(1,116)
<b>Total equity</b>		<b>44,990</b>	35,633	<b>44,990</b>	35,633

The notes on pages 19 to 36 are an integral part of these financial statements.

These financial statements on pages 15 to 36 were authorised for issue by the board of directors on 12 September 2019 and were signed on its behalf by:

**Peter Tom CBE**  
*Executive Chairman*

Leicester Football Club Plc  
Registered company number: 03459344

## Consolidated Statement of Changes in Equity

FOR THE YEAR ENDED 30 JUNE 2019

	Called-up share capital	Share premium	Other reserves	Retained earnings	Total equity
	£000	£000	£000	£000	£000
<b>Balance as at 1 July 2017</b>	<b>1,359</b>	<b>16,003</b>	<b>19,499</b>	<b>(57)</b>	<b>36,804</b>
Loss for the year	-	-	-	(1,178)	(1,178)
Other comprehensive income	-	-	-	-	-
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1,178)</b>	<b>(1,178)</b>
Transfer from revaluation reserve to profit and loss account	-	-	(112)	112	-
Share options	-	-	-	7	7
<b>Total transactions with owners recognised directly in equity</b>	<b>-</b>	<b>-</b>	<b>(112)</b>	<b>119</b>	<b>7</b>
<b>Balance as at 30 June 2018</b>	<b>1,359</b>	<b>16,003</b>	<b>19,387</b>	<b>(1,116)</b>	<b>35,633</b>
Profit for the year	-	-	6,127	(2,169)	3,958
Other comprehensive income	-	-	5,393	-	5,393
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>11,520</b>	<b>(2,169)</b>	<b>9,351</b>
Transfer from revaluation reserve to profit and loss account	-	-	(113)	113	-
Share options	-	-	-	6	6
<b>Total transactions with owners recognised directly in equity</b>	<b>-</b>	<b>-</b>	<b>(113)</b>	<b>119</b>	<b>6</b>
<b>Balance as at 30 June 2019</b>	<b>1,359</b>	<b>16,003</b>	<b>30,794</b>	<b>(3,166)</b>	<b>44,990</b>

## Company Statement of Changes in Equity

FOR THE YEAR ENDED 30 JUNE 2019

	Called-up share capital	Share premium	Other reserves	Retained earnings	Total equity
	£000	£000	£000	£000	£000
<b>Balance as at 1 July 2017</b>	<b>1,359</b>	<b>16,003</b>	<b>19,499</b>	<b>(57)</b>	<b>36,804</b>
Loss for the year	-	-	-	(1,178)	(1,178)
Other comprehensive income	-	-	-	-	-
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1,178)</b>	<b>(1,178)</b>
Transfer from revaluation reserve to profit and loss account	-	-	(112)	112	-
Share options	-	-	-	7	7
<b>Total transactions with owners recognised directly in equity</b>	<b>-</b>	<b>-</b>	<b>(112)</b>	<b>119</b>	<b>7</b>
<b>Balance as at 30 June 2018</b>	<b>1,359</b>	<b>16,003</b>	<b>19,387</b>	<b>(1,116)</b>	<b>35,633</b>
Profit for the year	-	-	6,127	(2,169)	3,958
Other comprehensive income	-	-	5,393	-	5,393
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>11,520</b>	<b>(2,169)</b>	<b>9,351</b>
Transfer from revaluation reserve to profit and loss account	-	-	(113)	113	-
Share options	-	-	-	6	6
<b>Total transactions with owners recognised directly in equity</b>	<b>-</b>	<b>-</b>	<b>(113)</b>	<b>119</b>	<b>6</b>
<b>Balance as at 30 June 2019</b>	<b>1,359</b>	<b>16,003</b>	<b>30,794</b>	<b>(3,166)</b>	<b>44,990</b>

**Consolidated Statement of Cash Flows**

FOR THE YEAR ENDED 30 JUNE 2019

	Note	Group	
		2019	2018
		£000	£000
<b>Net Cash from operating activities</b>	20	<b>10,156</b>	(564)
Taxation received		-	-
<b>Net Cash generated/(used) in operating activities</b>		<b>10,156</b>	(564)
<b>Cash flow from investing activities</b>			
Payments to acquire intangible fixed assets		(40)	(628)
Payments to acquire tangible fixed assets		(488)	(152)
Interest received		18	3
<b>Net cash flow from investing activities</b>		<b>(510)</b>	(777)
<b>Cash flow from financing activities</b>			
Interest paid		(278)	(222)
Repayment on long term loans		(465)	(880)
<b>Net cash flow from financing activities</b>		<b>(743)</b>	(1,102)
<b>Increase/(decrease) in cash and cash equivalents</b>		<b>8,903</b>	(2,443)
Cash and cash equivalents at 1 July 2018		(227)	2,216
<b>Cash and cash equivalents at 30 June 2019</b>		<b>8,676</b>	(227)

## NOTES

(forming part of the financial statements)

### 1 GENERAL INFORMATION

Leicester Football Club Plc ("the company") is a Premiership Rugby Union Club also known as Leicester Tigers. Along with its subsidiaries (together "the group"), the club offers ticket sales and corporate hospitality at Premiership, European and Domestic rugby games at Welford Road Stadium and International games at Twickenham. Non-matchday operations include conferencing and events, community programmes and supporters' events.

The company is a public limited company and is incorporated in England.

The address of its registered office is The Club House, Aylestone Road, Leicester, LE2 7TR.

Whilst the group has different revenue streams, the activities of the group fall under one reporting segment as this is the way in which the board of directors review the financial performance and position of the group.

### 2 STATEMENT OF COMPLIANCE

The group and individual financial statements of the company have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") and the Companies Act 2006.

### 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated and separate financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

#### (a) Basis of preparation

These consolidated and separate financial statements are prepared on a going concern basis, under the historical cost convention, as modified by the recognition of certain financial assets and liabilities, measured at fair value.

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the group and company accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 4.

The company has taken advantage of the exemption in section 408 of the Companies Act 2006 from disclosing its individual profit and loss account and the FRS 102 exemption from presenting a company cash flow statement.

#### (b) Going concern

As at 30 June 2019 the group had cash balances of £8.7m. The term loan of £7.7m is committed with regular scheduled repayments (of £0.5m per year inclusive of interest) and no covenant measurements are required until June 2023. The group and company net current liabilities position is driven by the deferred income and supplier loan balances which are settled not in cash but through services delivered. The current cash flow forecasts show that, even after reasonable downside sensitivities have been applied, the group and company have sufficient cash reserves to enable them to meet their obligations as and when they fall due for the foreseeable future, without the requirement for any external investment. Therefore the financial statements have been prepared under the going concern basis of accounting.

#### (c) Basis of consolidation

A subsidiary is an entity controlled by the group. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Where a subsidiary has different accounting policies to the group, adjustments are made to those subsidiary financial statements to apply the group's accounting policies when preparing the consolidated financial statements.

Any subsidiary undertakings or associates sold or acquired during the year are included up to, or from, the dates of change of control or change of significant influence respectively.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

**NOTES CONTINUED****3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****(d) Foreign currency****(i) Functional and presentation currency**

The group financial statements are presented in pounds sterling and rounded to thousands.

The company's functional and presentation currency is pounds sterling.

**(ii) Transactions and balances**

Foreign currency transactions are translated into functional currency using the spot exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

**(e) Revenue recognition**

Revenue is measured at the fair value of the consideration received or receivable and represents the amount receivable for goods supplied or services rendered, net of returns, discounts and rebates allowed by the group and value added taxes.

Where the consideration receivable in cash or cash equivalents is deferred, and the arrangement constitutes a financing transaction, the fair value of the consideration is measured as the present value of all future receipts using the imputed rate of interest where material.

The group recognises revenue when (a) the significant risks and rewards of ownership have been transferred to the buyer; (b) the group retains no continuing involvement or control over the goods; (c) the amount of revenue can be measured reliably; (d) it is probable that future economic benefits will flow to the entity and (e) when the specific criteria relating to each of the group's sales channels have been met, as described below.

**(i) Sales of match day products - match tickets and VIP hospitality**

Income is recognised once the game has occurred. This is recognised as the point of delivery. Sales are usually by cash, credit or payment card.

**(ii) Sales of seasonal products - season tickets, executive boxes and VIP memberships**

Income is recognised over the season to which it relates. Sales are usually made by credit or payment card, electronic transfer or direct debit payment scheme.

**(iii) Sales of multi-season product - sponsorships and executive boxes**

Income is attributed to each season as detailed in the terms of the contract. Payment is made by electronic transfer in accordance with the terms of the contract.

**(iv) Sales of other services - conferences and events, rugby courses**

Income is recognised when the event has occurred, which is recognised as the point of delivery.

**(v) Central income - Premier Rugby Limited**

Funding is recognised upon receipt, unless contingent upon specific criteria or a future event. During the year the company received funds relating to the company's share of commercial income for the next four years. This is recognised within income evenly over this period, which is in line with the company's legal entitlement.

**(f) Exceptional items**

The group classifies certain one-off charges and credits that have a material impact on the group's financial results as "exceptional items". These are disclosed separately to provide further understanding of the financial performance of the group.

**(g) Employee benefits**

The group provides a range of benefits to employees, including annual commissions and bonus arrangements, paid holiday arrangements, private health insurance, share incentive schemes and defined contribution pension plans.

**(i) Short term benefits**

Short term benefits, including holiday pay and other similar non-monetary benefits, are recognised as an expense in the periods in which the service is received.

**(ii) Defined contribution pension plans**

A defined contribution plan is a pension plan under which the group pays fixed contributions into a separate entity. Once the contributions have been paid, the group has no further payment obligations. The contributions are recognised as an expense when they are due. Amounts not paid are held separately from the group in independently administered funds.

**(iii) Share incentive schemes**

Certain employees are granted options over shares in the company. The cost of these is measured using the black scholes model and included in administrative expenses over the vesting period. Due to the size of the charge no other disclosure is deemed relevant.

## NOTES CONTINUED

### 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### (h) Taxation

Taxation expense for the period comprises current and deferred tax recognition in the reporting period. Tax is recognised in the profit and loss account, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case tax is also recognised in other comprehensive income or directly in equity respectively.

Current or deferred taxation assets and liabilities are not discounted.

##### (i) Current tax

Current tax is the amount of income tax payable in respect of the taxable profit for the year or prior years. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the period end.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions, where appropriate, on the basis of amounts expected to be paid to the tax authorities.

##### (ii) Deferred tax

Deferred tax arises from timing differences that are differences between taxable profits and total comprehensive income as stated in the financial statements. These timing differences arise from the inclusion of income and expenses in tax assessments in periods differing from those in which they are recognised in the financial statements.

Deferred tax is recognised on all timing differences at the reporting date. Unrelieved tax losses and other deferred tax assets are only recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the period end and that are expected to apply to the reversal of the timing difference.

#### (i) Intangible assets

Intangible assets are stated at cost less accumulated amortisation and accumulated impairment losses.

Amortisation is calculated, using the straight-line method, to allocate the depreciable amount of the assets to their residual values over their estimated useful life as follows:

Player transfer fees	- over the term of the contract
Software	- 3 to 5 years

Amortisation of player transfer fees and software is charged to depreciation and other amounts written off tangible and intangible assets in the profit and loss account. Where factors, such as technological advancement or changes in market price, indicate that residual value or useful life have changed, the amortisation rate is amended proportionally to reflect the new circumstances.

#### (j) Tangible assets

Tangible assets are stated at cost (or revalued cost) less accumulated depreciation and accumulated impairment losses. Cost includes the original purchase price, costs directly attributable to bringing the asset to its working condition for its intended use, dismantling and restorations costs.

##### (i) Land & buildings

Land and buildings include freehold and leasehold stadia, training facilities and offices. Land and buildings are stated at cost or revalued cost (or deemed cost for land and buildings held at valuation at the date of transition to FRS 102) less accumulated depreciation and accumulated impairment losses.

Land and buildings at Welford Road and Oval Park are subject to a professional valuation every 5 years on a depreciated replacement cost basis. An interim valuation is carried out by the directors when deemed necessary, but at least every 3 years.

##### (ii) Fixtures, fittings, tools and equipment

Fixtures, fittings, tools and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

##### (iii) Depreciation and residual values

Land is not depreciated. Depreciation on other assets is calculated, using the straight-line method, to allocate the depreciable amount to their residual values over their estimated useful lives, as follows:

Welford Road - freehold buildings	- over periods up to 80 years
Oval Park - freehold buildings and short leasehold property	- 10 to 50 years
Fixtures and fittings	- 3 to 10 years

The assets' residual values and useful economic lives are reviewed, and adjusted if appropriate, at the end of each reporting period. The effect of any change is accounted for prospectively.

**NOTES CONTINUED****3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****(j) Tangible assets (cont'd)**

(iv) Subsequent additions and major components

Subsequent costs, including major inspections, are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that economic benefits associated with the item will flow to the group and the cost can be measured reliably.

The carrying amount of a replaced component is derecognised. Major components are treated as a separate asset where they have significantly different patterns of consumption of economic benefits and are depreciated separately over their useful lives.

Repairs, maintenance and minor inspection costs are expensed as they are incurred.

(v) Assets under the course of construction

Costs (including directly attributable finance costs) are capitalised throughout the period of construction. At the point of commissioning, the assets are transferred to their relevant asset categories and depreciated or revalued as appropriate.

(vi) Derecognition

Tangible assets are derecognised on disposal or when no future economic benefits are expected. On disposal, the difference between the new disposal proceeds and the carrying amount is recognised in the profit or loss account.

**(k) Borrowing costs**

Borrowing costs which are directly attributable to the construction of an asset are capitalised to the practical completion date.

All remaining borrowing costs are recognised in the profit and loss account in the period in which they are incurred.

**(l) Leased assets**

At inception the group assesses agreements that transfer the right to use assets. The assessment considers whether the arrangement is, or contains, a lease based on the substance of that arrangement.

Leases that do not transfer all the risks and rewards of ownership are classified as operating leases. Payments under operating leases are charged to the profit and loss account on a straight-line basis over the periods of the leases.

**(m) Investments - company**

(i) Investment in subsidiary

Investment in a subsidiary company is held at cost less accumulated impairment losses.

(ii) Other investments

Investments held in the group other than loans are measured at fair value at each balance sheet date using a valuation technique with any gains or losses being reported in the profit and loss account.

**(n) Cash and cash equivalents**

Cash and cash equivalents include cash in hand, deposits held with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. Bank overdrafts, when applicable, are shown within the borrowings in current liabilities.

Short term cash deposits which are not repayable on demand, without the company suffering a financial penalty, are shown as short term cash investments and included as cash equivalents in the statement of cash flows.

**(o) Provisions and contingencies**

(i) Provisions

Provisions are recognised when the group has a present legal or constructive obligation as a result of past events, it is probable that an overflow of resources will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations might be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as a finance cost.

**NOTES CONTINUED****3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****(o) Provisions and contingencies (cont'd)****(ii) Contingencies**

Contingent liabilities arise as a result of past events when (a) it is not probable that there will be an outflow of resources or that the amount cannot be reliably measured at the reporting date, or (b) when the existence will be confirmed by the occurrence or non-occurrence of uncertain future events not wholly within the group's control. Contingent liabilities are disclosed in the financial statements unless the probability of an outflow of resources is remote.

Contingent assets are not recognised. Contingent assets are disclosed in the financial statements when an inflow of economic benefit is probable.

**(p) Financial instruments**

The group has chosen to adopt sections 11 and 12 of FRS 102 in respect of financial instruments.

**(i) Financial assets**

Basic financial assets, including trade and other receivables, cash and bank balances and investments in commercial paper, are initially recognised at transaction price, unless the arrangement constitutes a financing transition, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

Such assets are subsequently carried at amortised cost using the effective interest rate.

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment.

If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flow discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Other financial assets, including investments in equity instruments, which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price.

Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publically traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party, or (c) despite having retained some significant risks and rewards of ownership, control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

**(ii) Financial liabilities**

Basic financial liabilities, including trade and other payables, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facilities will be drawn down. The fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Suppliers' loans unwind in accordance with their contractual terms and conditions.

**NOTES CONTINUED****3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****(p) Financial instruments (cont'd)****(iii) Compound financial instruments**

Compound financial instruments issued by the group comprise convertible loan notes that can be converted to share capital at the option of the holder, and the number of shares to be issued does not vary with changes in their fair value.

The liability component of a compound financial instrument is initially recognised at the fair value of a similar liability that does not have an equity conversion option. The equity component is initially recognised at the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability and equity components in proportion to the initial carrying amounts.

Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortised cost using the effective interest method. The equity component of a compound financial instrument is not re-measured subsequent to initial recognition except on conversion or expiry.

**(iv) Offsetting**

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally 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.

**(q) Share capital**

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

**(r) Distributions to equity holders**

Dividends and other distributions to the group's shareholders are recognised as a liability in the financial statements in the period in which the dividends and other distributions are approved by the shareholders. These amounts are recognised in the statement of changes in equity.

**(s) Related party transactions**

The group discloses transactions with related parties which are not wholly owned within the same group. Where appropriate, transactions of a similar nature are aggregated unless, in the opinion of the directors, separate disclosure is necessary to understand the effect of the transactions on the group financial statements.

**4 CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATION UNCERTAINTY**

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below:

**Investment accounting (Judgement and estimate)**

The company holds its investment in PRL at fair value as required under section 12 of FRS 102. The company has invested units and shares in PRL. The valuation of these was initially provided by PRL based upon independent advice sought at the time of the restructuring. The board has conducted its own review of the fair value of this investment based upon the expected future cash inflows due to the club from its investment in PRL.

The shares held in PRL have been held at nil value as, whilst they convey voting and dividend rights, the company expects the future cash inflows from these to be nil as PRL is set up to break even with all income less costs being distributed to members through the invested units agreement.

The expected future cash flows resulting from the invested units has been modelled under different scenarios, based upon historical and expected future cash inflows. Whilst there is a belief that the investment by CVC will enable PRL to significantly enhance the value of commercial income, this is in the early stages of development and, therefore, in the judgement of the board, this has not been factored into the valuation. The expected cash inflows under each scenario have been discounted at an appropriate Weighted Average Cost of Capital ("WACC") to provide an expected value for each scenario. The company has assessed the probability of each scenario and multiplied the expected cash inflows under each scenario by its probability of occurrence to derive a weighted average value for the investment. As the ownership of the asset is highly restricted due to the terms of the shareholder agreement pertaining to the invested units, this valuation has then been reduced by a minority interest deduction to arrive at an appropriate fair value.

Any changes to the expected cash inflows, estimates made relating to WACC/minority interest valuation deduction, or changes to the share structure/percentage of invested units held in the future could result in a materially different valuation compared to that recorded as at 30 June 2019.

**NOTES CONTINUED****4 CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATION UNCERTAINTY (CONTINUED)****Commercial contracts/transactions (Judgement)**

The judgement as to when to recognise income derived from commercial contracts, including amounts received from PRL, is an area of complexity and significant judgement. These contracts often have different elements to the agreement, the obligations of which could be settled at different times. In addition, the agreements can often span accounting periods with the timing of cash receipt often being in advance of the services provided. As these judgements are based upon historical trends and future expectations, any changes to these agreements or to the expected future events could result in material changes to the income that should be recognised under the company's accounting policies and FRS 102.

**Stadium property development and valuation (Judgement and estimate)**

The company has chosen to account for its property portfolio at fair value. The properties are revalued periodically by independent experts and then annually by the board of directors where an independent valuation is not sought. A full independent valuation was performed under the depreciated replacement cost basis as at 30 June 2019. This highlighted a material increase in the depreciated replacement cost of the properties since the last independent valuation was performed (30 June 2016), primarily due to increased labour costs, the depreciation of sterling and rising costs of material (namely steel). The increase in these costs was over and above the depreciation charged in the period since the last valuation. Should these trends reverse, or continue to increase above depreciation charged, then the valuation going forward could be materially different, even when evaluated under the same basis.

**NOTES CONTINUED****5 TURNOVER**

FOR THE YEAR ENDED 30 JUNE	2019	2018
	£000	£000

All turnover originates in the UK.

Analysis of turnover by category:

Rugby income	4,870	5,391
PRL income	6,473	6,097
Commercial income	8,678	8,923
	<u>20,021</u>	<u>20,411</u>

**6 LOSS ON ORDINARY ACTIVITIES**

FOR THE YEAR ENDED 30 JUNE	2019	2018
	£000	£000

Loss is stated after charging:

Wages and salaries	11,652	11,203
Social security costs	1,325	1,243
Other pension costs	407	268
Share-based payments	6	7

**Staff costs charged to profit and loss**

	<u>13,390</u>	<u>12,721</u>
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Loss on disposal of tangible assets	-	10
Amortisation of intangible assets	273	225
Depreciation of tangible assets	1,048	1,076
Operating lease charges	130	133
Exceptional item	248	-
	<u>2,699</u>	<u>1,444</u>

The exceptional item represents costs incurred in the strategic review of the business.

**Auditors' remuneration:**

FOR THE YEAR ENDED 30 JUNE	2019	2018
	£000	£000

Fees payable to the company's auditors and its associates for the audit of the parent company and the group's consolidated financial statements	32	21
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Fees payable to the company's auditors and its associates for other services:

The audit of the company's subsidiaries	3	3
Other services relating to taxation	7	17

Total amount payable to the company's auditors and its associates	<u>42</u>	<u>41</u>
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## NOTES CONTINUED

## 7 EMPLOYEES AND DIRECTORS

FOR THE YEAR ENDED 30 JUNE	2019	2018
	Number	Number

**Employees**

The average monthly number of persons (including executive directors) employed by the group during the year was:

Playing and coaching staff	83	78
Administration and other support staff	88	89
	<u>171</u>	<u>167</u>

	£000	£000
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**Directors**

The directors' emoluments were as follows:

Aggregate emoluments	451	434
Company contributions to money purchase pension schemes	62	46
	<u>513</u>	<u>480</u>

Post-employment benefits are accruing for three directors (2018: three) under a money purchase scheme.

The cost of the share options awarded to the directors during the year in aggregate is less than £1,000.

**Highest paid director**

The highest paid director's emoluments were as follows:

Total amount of emoluments and amounts (excluding shares) receivable under long-term incentive scheme	224	221
Money purchase pension scheme	10	-
	<u>234</u>	<u>221</u>

The executive directors control the business on a day to day basis and represent the key management within the organisation. The information presented above is the same for the group and company.

## 8 NET INTEREST EXPENSE

FOR THE YEAR ENDED 30 JUNE	2019	2018
	£000	£000

**(a) Interest receivable and similar income**

Bank interest received	18	3
<b>Total interest receivable and similar income</b>	<u>18</u>	<u>3</u>

**(b) Interest payable and similar charges**

Interest expense on senior bank loans	(246)	(216)
Interest expense on convertible loans	(32)	(32)
<b>Total interest expense on financial liabilities not measured at fair value through profit or loss</b>	<u>(278)</u>	<u>(248)</u>

**(c) Net interest expense**

Interest receivable and similar income	18	3
Interest payable and similar charges	(278)	(248)
<b>Net interest expense</b>	<u>(260)</u>	<u>(245)</u>

## NOTES CONTINUED

## 9 TAX ON PROFIT/(LOSS) ON ORDINARY ACTIVITIES

FOR THE YEAR ENDED 30 JUNE	2019	2018
	£000	£000
<b>(a) Tax expense included in profit and loss</b>		
<b>Current tax:</b>		
UK corporation tax on profit/(loss) this year (arising from previous year)	-	(32)
Total current tax	-	(32)
<b>Deferred tax:</b>		
Current year	(222)	(33)
Adjustment in respect of prior periods	(32)	7
Impact of increase in fair value on PRL shares	1,254	-
Total deferred tax	1,000	(26)
<b>Tax on profit/(loss) on ordinary activities</b>	<b>1,000</b>	<b>(58)</b>

**(b) Reconciliation of tax charge**

The current tax charge/(credit) for the year is higher (2018: lower) than the standard effective rate of corporation tax in the UK of 19% (2018: 19%). The differences are explained below:

Profit/(loss) before taxation	4,957	(1,236)
Profit/(loss) multiplied by the standard effective rate of tax in the UK of 19% (30 June 2018: 19%)	942	(235)
<b>Effects of:</b>		
Expenses not deductible	218	209
Impact of rate change	(128)	(7)
Adjustment to tax charge in respect of prior years	(32)	(25)
<b>Tax charge/(credit) on profit/(loss) on ordinary activities</b>	<b>1,000</b>	<b>(58)</b>

## 10 INTANGIBLE ASSETS

FOR THE YEAR ENDED 30 JUNE	Transfer fees	Software	Total
	£000	£000	£000
<b>Group and Company</b>			
<b>At 30 June 2018</b>			
Cost	668	348	1,016
Accumulated amortisation and impairment	(240)	(335)	(575)
<b>Net book amount</b>	<b>428</b>	<b>13</b>	<b>441</b>
<b>Year ended 30 June 2019</b>			
Opening net book value	428	13	441
Additions	38	2	40
Amortisation	(265)	(8)	(273)
<b>Net book amount</b>	<b>201</b>	<b>7</b>	<b>208</b>
<b>At 30 June 2019</b>			
Cost	656	297	953
Accumulated amortisation and impairment	(455)	(290)	(745)
<b>Net book amount</b>	<b>201</b>	<b>7</b>	<b>208</b>

## NOTES CONTINUED

## 11 TANGIBLE ASSETS

FOR THE YEAR ENDED 30 JUNE - GROUP AND COMPANY					
	Freehold land and buildings at Welford Road	Freehold land and buildings at Oval Park	Short leasehold land and buildings at Oval Park	Fixtures, fittings, tools and equipment	Total
	£000	£000	£000	£000	£000
<b>At 30 June 2018</b>					
Cost	45,000	1,500	1,650	4,769	52,919
Accumulated depreciation and impairment	(1,000)	(54)	(127)	(3,142)	(4,323)
<b>Net book amount</b>	<b>44,000</b>	<b>1,446</b>	<b>1,523</b>	<b>1,627</b>	<b>48,596</b>
<b>Year ended 30 June 2019</b>					
Opening net book amount	44,000	1,446	1,523	1,627	48,596
Additions	-	-	-	488	488
Revaluation	6,100	157	240	-	6,497
Depreciation	(500)	(27)	(64)	(457)	(1,048)
<b>Closing net book amount</b>	<b>49,600</b>	<b>1,576</b>	<b>1,699</b>	<b>1,658</b>	<b>54,533</b>
<b>At 30 June 2019</b>					
Cost	49,600	1,576	1,699	5,204	58,079
Accumulated depreciation and impairment	-	-	-	(3,546)	(3,546)
<b>Net book amount</b>	<b>49,600</b>	<b>1,576</b>	<b>1,699</b>	<b>1,658</b>	<b>54,533</b>

Freehold land and buildings at Welford Road and Oval Park together with short leasehold land and buildings at Oval Park were revalued by Innes England, Independent Chartered Surveyors, in accordance with the Appraisal and Valuation Manual of the Royal Institution of Chartered Surveyors, as at 30 June 2019 using the depreciated replacement cost basis.

Under the historic cost convention the net book value of the following groups of assets would have been:

GROUP AND COMPANY		
FOR THE YEAR ENDED 30 JUNE	2019	2018
	£000	£000
Freehold land and buildings Welford Road	28,458	28,864
Freehold land and buildings Oval Park	606	625
Short leasehold land and buildings Oval Park	581	609
	<b>29,645</b>	<b>30,098</b>

## NOTES CONTINUED

## 12 INVESTMENTS

FOR THE YEAR ENDED 30 JUNE - GROUP AND COMPANY			
	Premier Rugby Limited Invested Units (formerly P shares)		Total
	£000		£000
<b>At 30 June 2018</b>			
Cost		6,484	6,484
<b>Net book amount</b>		<b>6,484</b>	<b>6,484</b>
<b>Year ended 30 June 2019</b>			
Opening net book amount		6,484	6,484
Revaluation		7,381	7,381
<b>Closing net book amount</b>		<b>13,865</b>	<b>13,865</b>
<b>At 30 June 2019</b>			
Cost		13,865	13,865
<b>Net book amount</b>		<b>13,865</b>	<b>13,865</b>

Subsequent to the CVC transaction on the 29th March 2019, the P shares were replaced by Invested Units. The principal activity of PRL is to promote and foster the interests of member clubs. It is incorporated in the UK. Please see note 4 for the basis of this valuation.

## 13 DEBTORS

FOR THE YEAR ENDED 30 JUNE	Group		Company	
	2019	2018	2019	2018
	£000	£000	£000	£000
Trade debtors	1,334	1,544	1,334	1,544
Other receivables	676	642	676	642
Prepayments and accrued income	438	462	438	462
	<b>2,448</b>	2,648	<b>2,448</b>	2,648

Trade debtors are stated after provision for impairment of £3,000 (2018:£8,000).

## 14 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

FOR THE YEAR ENDED 30 JUNE	Group		Company	
	2019	2018	2019	2018
	£000	£000	£000	£000
Bank loans and overdrafts	305	1,272	305	1,272
Amounts due to group undertakings	-	-	462	-
Trade creditors	1,205	1,255	1,205	1,255
Other taxation and social security	1,136	1,154	1,136	1,154
Supplier loans	170	295	170	295
Convertible loan notes	462	-	-	-
Accruals and deferred income	8,057	5,704	8,057	5,704
	<b>11,335</b>	9,680	<b>11,335</b>	9,680

Amounts due to group undertakings are unsecured, interest-free, have no fixed date of repayment and are payable on demand.

Accruals and deferred income includes £6,221,000 (2018: £4,136,000) in relation to deferred income.

## NOTES CONTINUED

## 15 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

FOR THE YEAR ENDED 30 JUNE	Group		Company	
	2019	2018	2019	2018
	£000	£000	£000	£000
<b>Amounts falling due between one and five years</b>				
Bank loans and overdrafts	1,309	3,076	1,309	3,076
Amounts due to group undertakings	-	-	-	459
Supplier loans	680	680	680	680
Convertible loan notes	-	459	-	-
Accruals and deferred income	8,878	79	8,878	79
	<b>10,867</b>	<b>4,294</b>	<b>10,867</b>	<b>4,294</b>
<b>Amounts falling due after more than five years</b>				
Bank loans and overdrafts	6,103	4,081	6,103	4,081
Supplier loans	166	337	166	337
	<b>6,269</b>	<b>4,418</b>	<b>6,269</b>	<b>4,418</b>
<b>Total creditors falling due after more than one year</b>	<b>17,136</b>	<b>8,712</b>	<b>17,136</b>	<b>8,712</b>

Amounts due to group undertakings are unsecured, interest-free, have no fixed date of repayment and are repayable on demand.

## 16 LOANS AND OTHER BORROWINGS

FOR THE YEAR ENDED 30 JUNE	Group		Company	
	2019	2018	2019	2018
	£000	£000	£000	£000
Bank loans and overdrafts	7,717	8,429	7,717	8,429
Supplier loans	1,016	1,312	1,016	1,312
Convertible loan notes	462	459	-	-
	<b>9,195</b>	<b>10,200</b>	<b>8,733</b>	<b>9,741</b>

**Bank loans**

HSBC Bank plc holds security over certain of the company's assets and undertakings in accordance with the terms of the loans and debenture with the company.

During October 2018 the HSBC loans were renegotiated resulting in extended payment terms as detailed below and an extension of our overdraft facility.

**HSBC Loan**

The bank loan is repayable over twenty years. Interest is payable on the loan at a rate linked to the Bank of England base rate.

The fair value of the bank loan is considered to be the book value.

Costs associated with the bank loan are netted-off against the principal amount and released over the repayment term.

**Supplier loans**

Supplier loans relate to cash advances to the company which are recognised in the profit and loss account over the life of the supplier contract.

**Convertible loan notes**

The convertible loan notes are listed on The International Stock Exchange and bear interest at 7%. These have been classified as wholly within creditors falling due within one year. The fair value of the loan notes is considered to be the book value. The convertible loan notes mature in September 2019.

**NOTES CONTINUED****17 PROVISIONS FOR LIABILITIES**

<b>FOR THE YEAR ENDED 30 JUNE - GROUP AND COMPANY</b>		<b>Deferred Tax</b>
		<b>£000</b>
The group had the following provisions during the year:		
At 1 July 2018		(4,165)
Recognised in profit and loss account		(1,000)
Recognised in Other comprehensive income		(1,104)
<b>As at 30 June 2019</b>		<b>(6,269)</b>

**Deferred Tax**

The provision for deferred tax consists of the following deferred tax liabilities/(assets):

	<b>Group</b>		<b>Company</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Difference between accumulated depreciation and capital allowances	<b>(806)</b>	(961)	<b>(806)</b>	(961)
Other timing differences	<b>(6,315)</b>	(3,958)	<b>(6,315)</b>	(3,958)
Tax losses	<b>852</b>	754	<b>852</b>	754
Deferred tax liability	<b>(6,269)</b>	(4,165)	<b>(6,269)</b>	(4,165)

Deferred tax assets are not recognised where there is insufficient certainty over the availability of suitable taxable profits against which these losses can be utilised. There are no unrecognised deferred tax assets as at 30 June 2019 (2018 - £nil). Other timing differences also include deferred tax liabilities of £6,321,000 (2018 - £3,968,000) in relation to the revaluation of the Invested Units (formerly P shares) and fixed assets.

## NOTES CONTINUED

## 18 FINANCIAL INSTRUMENTS

FOR THE YEAR ENDED 30 JUNE	Group		Company	
	2019	2018	2019	2018
	£000	£000	£000	£000
Financial assets at fair value through profit or loss:				
Investments	13,865	6,484	13,865	6,484
Short term cash deposits	8,000	-	8,000	-
	<b>21,865</b>	6,484	<b>21,865</b>	6,484
Financial assets that are debt instruments measured at amortised cost:				
Trade receivables	1,334	1,544	1,334	1,544
	<b>1,334</b>	1,544	<b>1,334</b>	1,544
Financial liabilities measured at amortised cost:				
Bank loans and overdrafts	(7,717)	(8,429)	(7,717)	(8,429)
Convertible loan notes	(462)	(459)	-	-
Trade creditors	(1,205)	(1,255)	(1,205)	(1,255)
Accruals	(1,836)	(1,568)	(1,836)	(1,568)
Amount due to group undertaking	-	-	(462)	(459)
	<b>(11,220)</b>	(11,711)	<b>(11,220)</b>	(11,711)

**Financial risk management and impairment of financial assets**

The group is exposed to risks arising from the use of financial instruments. The following describes the group's objectives, policies and processes for managing those risks and the methods used to measure them.

The principal financial instruments used by the group, from which financial instruments risk arises, are trade receivables, cash and cash equivalents and other receivables and financial liabilities.

The group is exposed through its operations to the following financial instruments risks: credit risk, liquidity risk and interest rate risk. The policy for managing these risks is set by the board. The overall objective of the board is to set policies that seek to reduce the risk as far as possible without unduly affecting the group's competitiveness and flexibility. The policy for each of the above risks is described in more detail below.

**Credit risk**

Credit risk arises from the group's trade receivables. It is the risk that the counterparty fails to discharge their obligation in respect of the instrument. The group is mainly exposed to credit risk from credit sales. It is the group's policy to collect all trade receivables prior to the delivery of services. Where credit is extended beyond the point of delivery, the credit risk of new customers is assessed before entering into contracts. Such ratings are then factored into the credit assessment process and the appropriate credit term applied for each customer. The group does not enter into derivatives to manage credit risk.

All cash is held with reputable banks.

Other than the cash held by the group's bank at 30 June 2019, there are no other significant concentrations of credit risk within the group at the balance sheet date.

**Liquidity risk**

Liquidity risk arises from the group's management of working capital and the finance charges on its borrowings. It is the risk that the group will encounter difficulty in meeting financial obligations as they fall due.

The liquidity of each group company is managed locally and monitored by the board at group level. The level of the group's facilities is approved periodically by the board and negotiated with the group's current bankers. At the balance sheet date, cash flow projections were considered by the board and the group is forecast to have sufficient funding facilities to meet the group's obligations as they fall due, under all reasonably expected circumstances.

**Interest rate risk**

The group is both equity and debt funded and these two elements combine to make up the capital structure of the business. Equity comprises share capital, share premium and reserves and is equal to the amount shown as Total equity in the balance sheet. Debt comprises convertible loan notes and bank loans as detailed in note 16.

**NOTES CONTINUED****19 CALLED-UP SHARE CAPITAL AND OTHER RESERVES**

FOR THE YEAR ENDED 30 JUNE - GROUP AND COMPANY		
	Number	
	ooo's	£000
<b>Ordinary shares of 10p each</b>		
<b>Allotted and fully paid</b>		
<b>At 30 June 2019 and 1 July 2018</b>	<b>13,591</b>	<b>1,359</b>

**Other reserves**

Other reserves consist of the following amounts:

	Property revaluation reserve	Investment revaluation reserve	Total
	£000	£000	£000
<b>Group and Company</b>			
At 1 July 2018	14,004	5,383	19,387
Revaluation of Invested Units	-	6,127	6,127
Revaluation of property	5,393	-	5,393
Transfer from revaluation reserve to profit and loss account	(113)	-	(113)
<b>At 30 June 2019</b>	<b>19,284</b>	<b>11,510</b>	<b>30,794</b>

The property revaluation reserve represents the increase in the valuation of land and buildings above the depreciated cost of the assets net of deferred taxation.

The investment revaluation reserve represents the increase in fair value of the PRL Invested Units (formerly P shares) net of deferred taxation.

As both of the above are unrealised reserves they are not distributable to shareholders and are recorded within other reserves.

## NOTES CONTINUED

## 20 NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE	Group	
	2019	2018
	£000	£000
<b>Profit/(loss) for the financial year</b>	<b>3,958</b>	(1,178)
Adjustments for:		
Tax on profit/(loss) on ordinary activities	<b>1,000</b>	(58)
Net interest expenses	<b>260</b>	245
<b>Profit/(loss) on ordinary activities before interest and taxation</b>	<b>5,218</b>	(991)
Fair value gain on investment in PRL	<b>(7,381)</b>	-
Amortisation of intangible assets	<b>273</b>	225
Depreciation of tangible assets	<b>1,048</b>	1,076
Loss on disposal of tangible assets	-	10
Deferred grant release	<b>(38)</b>	(38)
Amortisation of issue costs	<b>3</b>	-
Credit in relation to share based payment charge	<b>6</b>	7
Working capital movements:		
Decrease in debtors	<b>200</b>	978
Increase/(decrease) in payables	<b>11,123</b>	(1,532)
Non cash movement on supplier loans	<b>(296)</b>	(299)
<b>Cash inflow/(outflow) from operating activities</b>	<b>10,156</b>	(564)

## 21 RELATED PARTY TRANSACTIONS

## Transactions with key management personnel

See note 7 for disclosure of the directors' remuneration.

A family member of a director is employed by the group and is paid a salary appropriate for the tasks and responsibilities of their role as the Media and Communications Assistant.

Some of the sponsors of the club are related parties by virtue of common directorships, but these directorships had terminated prior to the financial year end. During the year revenues in relation to sponsorship and other commercial income of £905,000 (2018 - £805,000) have been recorded with these related parties and at the year end amounts due to the club were £205,000 (2018 - £200,000) (excluding VAT). These amounts due relate to the 2019/20 season.

Following a review by the directors it was found that no director or other related party has undertaken any material transactions with the group during the year and the prior year.

The company's other related party transactions were with wholly owned subsidiaries and so have not been disclosed.

## 22 CONTROLLING PARTY

There is no individual controlling party who owns 50% or more of the share capital/voting rights.

**NOTES CONTINUED****23 SUBSIDIARIES AND RELATED UNDERTAKINGS**

All of the subsidiaries listed below are owned directly by Leicester Football Club Plc unless marked with an asterisk. The directors believe that the carrying value of the investments is supported by their underlying net assets.

FOR THE YEAR ENDED 30 JUNE			
	Country of incorporation	Nature of business	Interest
Tigers Events Limited	UK	Dormant	100% ordinary shares
Leicester Tigers Limited	UK	Dormant	100% ordinary shares
Leicester Rugby Club Limited	UK	Dormant	100% ordinary shares
Harlequin Event Management Limited	UK	Dormant	*69% ordinary shares
Grass Roots Rugby Limited	UK	Dormant	100% ordinary shares
Leicester Tigers Loan Notes Limited	UK	Finance Company	100% ordinary shares
Tigers Developments Limited	UK	Non trading	100% ordinary shares

All of the above subsidiaries are included in the consolidation and have the same registered address as the company.

**24 PENSION SCHEMES**

The group operates defined contribution personal pension schemes on behalf of certain staff. The pension cost charge for the year represents contributions payable by the group to the schemes and amounted to £407,351 (2018: £267,955).

Contributions of £39,563 were outstanding at 30 June 2019 (2018: £30,153).

**25 CAPITAL AND OTHER COMMITMENTS**

At 30 June 2019 and 30 June 2018 the group and company had no capital commitments.

The group and company had the following future minimum lease payments under non-cancellable operating leases for each of the following periods:

FOR THE YEAR ENDED 30 JUNE - GROUP AND COMPANY		
	2019	2018
PAYMENT DUE	£	£
Not later than one year	15,729	64,941
Later than one year and not later than five years	26,063	12,334
Later than five years	-	-
	<b>41,792</b>	<b>77,275</b>

**26 POST BALANCE SHEET EVENTS**

As recently announced we are pleased to report that sponsorship deals with Holland and Barrett, Mattioli Woods, Nottingham Building Society and STIHL have been agreed post year end, which further strengthen the ties the club has with these organisations and enable us to continue to invest for the future.





Leicester Football Club Plc

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