Leicester Football Club Plc

twenty twenty

Annual Report & Financial Statements 2020

Contents

Directors and Officers	2
Professional Advisers	2
Strategic Report	3
- Chairman's Statement	3
- Business Review	4
Directors' Report	10
Statement of Directors' Responsibilities in respect of the Financial Statements	12
Independent Auditors' Report to the Members of Leicester Football Club Plc	13
Consolidated Profit and Loss Account	15
Consolidated Statement of Comprehensive Income	15
Consolidated and Company Balance Sheets	16
Consolidated Statement of Changes in Equity	17
Company Statement of Changes in Equity	17
Consolidated Statement of Cash Flows	18
Notes	19

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 PRL Investor Limited. Peter's previous roles include Executive Chairman of Breedon Group plc and Chief Executive (and 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 Executive 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 the business and securing agreements with key sponsors including Caterpillar, Mattioli Woods, Holland & Barrett and Topps Tiles. Andrea was appointed to the board as Commercial Director in September 2014 and appointed as Chief Executive Officer in May 2020.

PETAR CVETKOVIC
Non-executive Director

A lifelong Tigers supporter, Petar has valuable experience as an investor, executive and non-executive director across the retail, logistics and healthcare sectors. He was born and bred in Leicester. He is the founder and chairman of Welford Investments, which has interests in growth companies and commercial properties, and has held leadership positions at a number of national and international logistics businesses. Petar is also the chairman of The Individual Protection Service, a data technology company.

Petar co-founded the leading online fashion retailer, Boohoo.com, and was formerly a non-executive director of Crawford Healthcare. He is also a patron of the Footprints Foundation and a supporter of the Matt Hampson Foundation.

Petar was appointed to the board in February 2020.

FINTAN KENNEDY
Finance Director

Fintan was appointed to the board in March 2020 and brings with him a wide range of financial experience. He is a Fellow of the Institute of Chartered Accountants in England and Wales.

He serves as Finance Director of Sealyham Investments Limited and holds non-executive directorships with Super League Triathlon and the Financial Services Opportunities Investment Fund.

DUNCAN GREEN
Non-executive Director

Duncan is the Managing Partner of Pick Everard, which he joined in 1983 and a founding director and chairman of Perfect Circle JV Limited. An advocate of Leicester, he is a trustee and director of the Leicester Grammar School Trust, local charity Hope Against Cancer and is a member of the Leicester Cathedral Development Board. Duncan is a lifelong supporter of the club.

Duncan was appointed to the board in March 2020.

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 at independent advertising agency Pablo and regularly works with companies to improve their team skills. He is a key part of the BT Sport and ITV rugby commentary teams.

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. He is a Fellow of the Institute of Chartered Accountants in England and Wales.

Company Secretary: Mary Ford

Registered Office: The Clubhouse, Aylestone Road, Leicester, LE2 7TR

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
Travers Smith
10 Snow Hill
London
EC1A 2AL

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

Strategic Report

Chairman's Statement

There is no denying that the last year has been among the most eventful and challenging in the club's long and proud history.

Team performance on the field during 2019/20 was hugely disappointing but we are united as a club in putting everything in place to turn this position around while also dealing with the circumstances of a year which has seen incredible change throughout the world.

Annual review

While proud of the 10 players who went to the 2019 Rugby World Cup in Japan, their absence was noticeable at the start of the season and inevitably impacted the team's strength and depth. Sadly, we failed to recover from a poor start and finishing in 11th place for a second time is not acceptable to your board, our supporters, shareholders or any of our other stakeholders.

As part of a strategic review, the club sought new investors with the drive and ambition to take the Tigers forward but, while pleased with the level of interest, the board did not feel that any potential investor recognised the true value and potential of the club.

The board and the management team, therefore, put in place its own plans to drive the club forward. The strategy focussed on strengthening the squad and coaching team to drive improved performance on the pitch. This would in turn have a positive impact on the club's various revenue streams. In addition to maintaining strong cost control there was further focus on developing a range of products and services available to sponsors, corporate clients and supporters to enable these to be more closely aligned to individual requirements. At that point it was impossible to envisage what the world would have to deal with in facing up to the devastating impact of Covid-19.

The pandemic's spread, the measures required to contain it and the resurgences through 2020 and 2021 have had an enormous impact. Our immediate priority was ensuring the club's survival and then setting in place some grounds for positivity for the future while also doing everything we could to ensure the safety of players, staff and the people in our community.

Financial performance

With gates closed to supporters in March 2020, we took prompt action to identify and implement cost savings, including player and staff salaries. Regrettably, too, a number of staff were made redundant. These decisions were not made lightly and it was disappointing that we received such negative and often inaccurate media coverage, which did little to help discussions with employees and stakeholders. Many of the staff affected had been part of Tigers for many years and I thank them for everything they have done for the club and for the manner in which they dealt with such an unfortunate situation.

Also, I cannot praise highly enough our remaining staff who have worked long hours in difficult circumstances and, in many cases, on reduced salaries through much of the year.

With the significant impact caused by the loss of matchday income, the club has reported an operating loss of £4.2million (2019: £1.9m) for the financial year, reduced to £3.1million (2019: £2.2m) net of exceptional items.

Strength of support

As a public company, we have a responsibility to our shareholders to be as efficient as possible in all areas. Throughout the 2019/20 financial year and beyond, we have continued to look at ways of saving costs while still generating income to supply the necessary support for the team.

Tigers, as the best-supported club in the country, has been hit hard by the lack of income from ticket sales and matchday hospitality. At several points in the year, we had hoped to have fans back at Mattioli Woods Welford Road, but the resurgence of Covid-19 prevented this and the new 2020/21 season started without supporters in the stadium.

Nevertheless, many season ticket holders declined a refund and chose to donate or chose to leave their money with the club to be offset against payment of new season tickets and we cannot thank them enough for their levels of loyal and continued support.

Moving forward

While Holland & Barrett's term as our main partner came to an end, our other sponsors have continued to support the club. We are delighted to welcome Topps Tiles as our new main partner, while Mattioli Woods has taken naming rights to the stadium and other new partners have come on board. This illustrates the club's status and the strength of its commercial relationships. The board is deeply grateful for the continued support of all of our partners in these difficult times.

I would also like to thank shareholders for their continued support of the board, especially in lodging votes and sending their questions online as we were forced to adopt a new format for the AGM to avoid any added risks from Covid-19.

Strategic Report CONTINUED

Moving forward (cont'd)
On the field, we appointed Steve Borthwick as Head Coach and Aled Walters as Head of Physical Performance, starting in July ahead of the restart in the 2019/20 season and they used the remainder of the campaign to assess the playing squad and set a platform for the future. Their influence is already being felt and I am confident that we have the right people in place to recover our position among the top clubs both domestically and in Europe.

In conclusion, it has been a year I am sure we would all rather forget, but with the careful management of the business and the strategic changes made, I believe we have much to be optimistic about.

Business Review

In a season like no other, revenues across the club have been significantly impacted due to the effects of the Covid-19 pandemic, with the most significant impact being on rugby income due to the postponement of the remaining 2019/20 season games when the virus surfaced in March 2020. Whilst reported revenue for the 2019/20 financial year of £19.2m was 14% down compared to the previous year it is important to note that £3.2m (2019: £0.8m) is deferred income released from the balance sheet on the cash received from CVC in prior years for the part sale of the clubs' investment in Premier Rugby Limited ("PRL"). In addition, one-off exceptional income of just under £2.0m (2019: £nil), received from the surrender of the Stoneygate lease and grants from the Coronavirus Job Retention Scheme, has helped to supplement underlying revenues.

The following table provides clarity on the impact across the various income drivers of the club. Whilst the club tracked budget in the run up to the final three months of the season, recurring income eventually fell by £5.2m (27%) compared to the previous year.

Whilst management immediately implemented a cost cutting exercise across the club when it was confirmed games would be postponed until later in 2020 (and even then played behind closed doors), the benefit of this exercise, which unfortunately included redundancies, will not be visible until the 2021/22 reporting period.

A combination of these movements in revenue and cost resulted in an operating loss before exceptional items of £4.2m (2019: £1.9m) reduced to £3.1m (2019: £2.2m) net of exceptional items. Ultimately this resulted in a decrease in cash and cash equivalents of £3.5m (2019: increase of £8.9m).

Income

Category	2020	2019	Change
	£000	£000	%
Rugby income	2,791	4,870	(43%)
PRL income	4,924	5,671	(13%)
Commercial income	6,258	8,678	(28%)
Recurring income	**13,973**	**19,219**	**(27%)**
CVC income release	3,239	802	304%
Total Revenue	**17,212**	**20,021**	**(14%)**

Other Operating Income	**1,983**	**-**	**-**

Rugby income

The postponement of the latter part of the 2019/20 season with 9 games in the Gallagher Premiership still to play (including 5 home games) resulted in rugby income falling over 43% with gate takings down just under £1m (38%), whilst membership income was down just over £1.8m (45%). No season ticket revenue was recognised on the profit and loss account pending the outcome of the Donate/Credit/Refund scheme offered to season ticket holders.

Season ticket sales were 12,024 (2019: 13,538).

Average attendance numbers for all competition games hit 18,041 for the home games that were played up to Round 14 of the Premiership and that compares to an average attendance of 20,162 for the 2018/19 season, reflecting poor on-field performance.

Strategic Report CONTINUED

Business Review (cont'd)

PRL income

PRL income combines distributions made by Premiership Rugby to its member clubs as well as distributions by the RFU under the Professional Game Agreement. Overall distributions fell 13% in the reported period with all of the fall occurring in the final three months of the season. Covid-19 has had a significant effect on the commercial activities of PRL and the RFU and there has clearly been an inevitable fall in revenue in both organisations with the knock-on effect being felt at club level. Unfortunately, forecasts and the post balance sheet period indicate that the knock-on effect will continue to adversely impact distributions to clubs throughout 2020/21 and possibly beyond.

Commercial income

Commercial income combines main sponsorship income, match day hospitality, merchandising concessions as well as conferencing and events.

Main sponsorship income is difficult to secure in a normal year but in a year impacted by a global pandemic we cannot thank our sponsors enough - all of those who were on board at the start of the 2019/20 season - for sticking with us, not just to the end of the season but into 2020/21 also. Sponsorship deals worth £2.9m were secured in the reported period, slightly ahead of the previous season.

Unfortunately, all other categories of commercial income have been affected by the postponement of games. The closure of Mattioli Woods Welford Road resulted in the closure of the club shop and the cancellation of conferences and events. Income from conferences and events fell almost 45% and matchday hospitality revenue fell 52% to £1.5m (2019: £3.1m).

Costs

As expected, match day costs reduced in line with the postponed games in the latter part of the season, by 19%. Underlying administrative-related costs also fell by 11% as a result of the cost cutting exercise implemented near the end of the year. Underlying staff costs have increased by 5%, principally due to an increase in playing and coaching staff from 83 to 91 in the reporting period, offset by reductions in cost from April to June 2020 after the pandemic struck. We will not see the full benefit of these cost reductions until the 2020/21 reporting period.

In addition to the general underlying costs described above, the club incurred exceptional one-off costs of £0.9m (2019: £0.2m) in relation to its response to Covid-19 as well as a strategic review of the business.

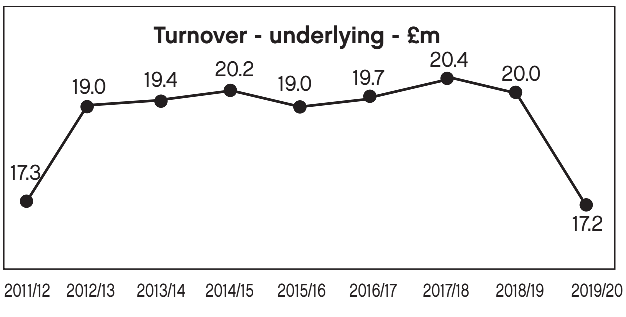
Balance sheet

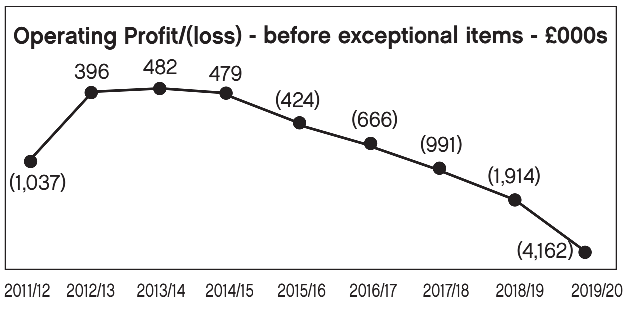
Covid-19 has had a major impact on the club's finances and that impact continues into the 2020/21 season. However, the club asset base is strong with net assets of £42m including £67.7m of owned assets and cash and cash equivalents of just over £8.0m at 30 June 2020.

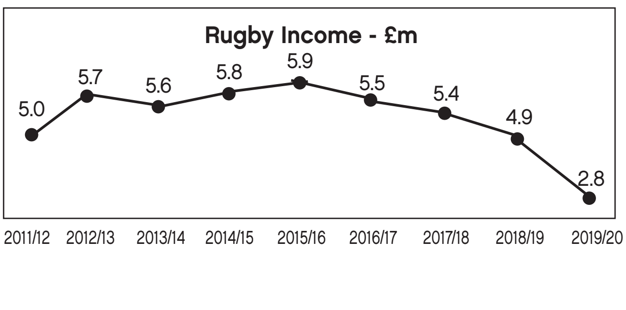
Net cash was £5.1m at 30 June 2020 (2019: £8.7m). Whilst this position has been clearly impacted by the effects of Covid-19, the club continues to be supported by HSBC by way of bank loans and overdrafts with the majority of remaining liabilities consisting of deferred income, principally funds received from CVC as a result of its part acquisition of PRL in 2019.

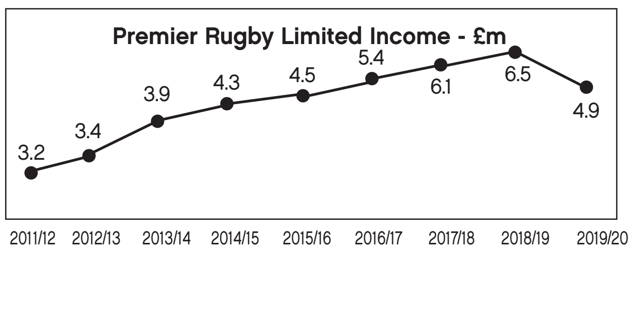
To support the balance sheet, the club has agreed additional funding from the Department for Digital, Culture, Media and Sport via a long-term loan and additional funding has been secured through an extension to the HSBC overdraft and from two of the club's major shareholders providing additional financial support of up to £10.7m. This provides the directors with confidence to continue adopting the going concern basis of accounting for a period of at least 12 months from the date when the financial statements were authorised for issue.

Key year on year comparisons





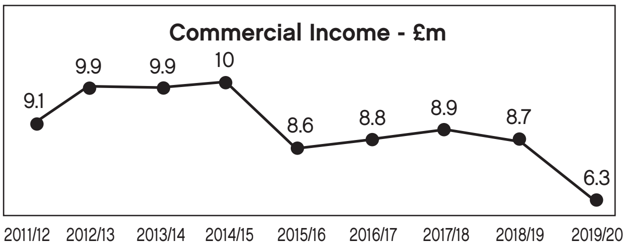


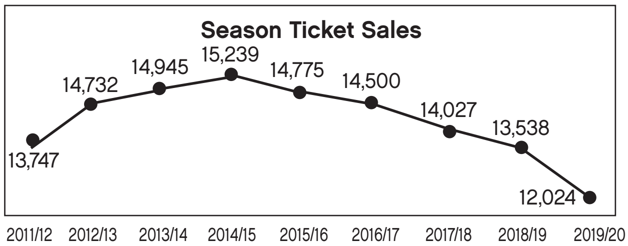


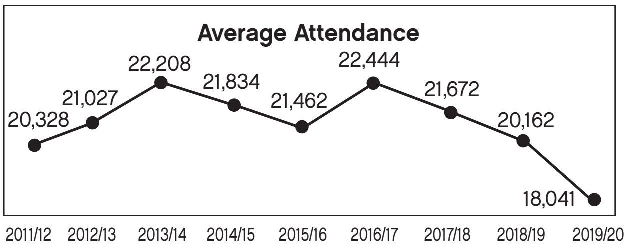
Strategic Report CONTINUED

Business Review (cont'd)

Key year on year comparisons (cont'd)







Tigers in the community

The community team is based at the Mattioli Woods Welford Road Stadium. The team includes a variety of rugby, health and multi-sports coaches, teachers and behavioural managers. This wide variety of skills and knowledge has enabled the team to develop and deliver a challenging set of programmes and activities designed to support the local and wider communities in some key areas of need. This dedicated and focused resource enables Tigers to support the Education Authorities and wider community through the delivery of programmes in schools and colleges and to other groups. This provides an exciting, enriching and interactive environment which inspires learning, improves health and wellbeing, and raises the goals for thousands of young people each year.

The 2019/20 season started well thanks to the continued great support of key local partners, Nottingham Building Society, Brooksby Melton College, Global Payments and Prima Solutions Ltd, who provided continued resources which enabled us to build on past successes to grow delivery, engaging schools through TAG rugby, post-16 learning and rugby development, addressing health inequalities in the inner city and inspiring the next generation of rugby players with a far reaching under-10s club competition. Local activities were supported via Premiership Rugby thanks to Gallagher Project Rugby, Greggs Tackling Health, Land Rover Cup and the HITZ initiative. On the back of these core funded activities the community team continued to create more opportunities for greater numbers of participants to join the Tigers Family at Match Days, Tigers Swifts, Tigers Challenge and Rugby Camps. A more concentrated niche delivery programme was identified in Rugby Reading Champions, a targeted inner city literacy initiative developed in partnership with the National Literacy Trust. Globally, we also welcomed our newest Global Partner Club, Bangkok Lions from Thailand, who joined clubs in India, Malaysia, Belgium, Holland and Italy as an integral part of the Tigers Family.

The community focus has always been directed at engaging large numbers in exciting, physically and mentally challenging activities. Most programmes build up through the year culminating in bigger and concluding events that take advantage of the warmer weather in the summer months. As the growing numbers affected worldwide by coronavirus became clear and with the first national lockdown announced in March, the team's plans had to be revised. From March onwards we were unable to deliver any of our major initiatives, with Rugby Camps, Match Days, Festivals and Tigers Challenge weekends all cancelled. With the uncertainty around access to schools, community operations were shut down with most staff placed on furlough until we understood the full impact on both the community team and the club. Leicester has been one of the hardest hit cities and, where possible, we offered our support to schools and local communities through remote learning and video content and tried to continue to support those in greatest need by maintaining delivery through the club's Dynamite initiative, which gives students the chance to gain sports-based qualifications.

Although the year ended in challenging circumstances for all of us, the community team still managed to deliver on many of its projects, engaging tens of thousands of people, young and old, locally, nationally and internationally, with a mixture of rugby, health and wellbeing, education and inclusive activities.

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 operations processes to cause the least practical 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.

Risk & uncertainty

The principal risks and uncertainties of the business and the steps taken to mitigate these risks are set out below:

Income generation – the ability to generate income dictates the level of investment the board can make in facilities as well as on and off field personnel required to deliver the objectives of the club. A sustained fall in income leads to a reduction in the levels of financial resource available for re-investment. The overriding driver of income for the club is performance on the pitch. The board aims to ensure success on the pitch by recruiting world class coaching and medical personnel as well as providing the best possible training environment in which to train. Off the pitch the board seeks to mitigate the risk to income by entering into long term agreements with sponsors and other commercial partners. The club's ticket pricing strategy is competitive and aims to strike a fair balance between the highest possible attendances and financial return. Ticket prices are reviewed annually in accordance with market conditions. Broadcasting and certain other revenues are derived from contracts which are currently centrally negotiated by PRL and the club does not have any influence, alone, on the outcome of the relevant contract negotiations. Covid-19 of course had a devastating effect on income in the latter half of 2020 and the board took decisive action to ensure the long term health of the club and to fill the void created by the decision of the government to ban fans from attending games. These measures included salary reductions, accessing government funding schemes, redundancies and reducing non-essential costs and capital expenditure.

Maintenance and security of assets – the club owns Mattioli Woods Welford Road as well as part of Oval Park (some of which is leased). Mattioli Woods Welford Road is a key income generator for the club through its hosting of games and Oval Park provides top class training facilities and the loss of either facility would have a detrimental effect on the club. The club takes extensive measures to safeguard these and other assets by employing a team of maintenance and facility management personnel to undertake preventative maintenance programmes at all facilities. In addition, the club procures extensive insurance policies that, in the event of damage to assets, will provide recompense for damage and loss of earnings due to forced interruption.

The provision of funding – the continued availability of funding from key stakeholders is important to the future prospects of the club, particularly in this pandemic and post pandemic period. The club is in regular communication with its bankers in relation to its existing debt to ensure on-going compliance around financial covenants as well as ensuring a rigorous annual budgeting process is in place to ensure that compliance. The club has also accessed government funding in response to the pandemic and communicates regularly with both lenders in respect of its activities and performance.

Compliance with financial and legal regulations – the club has appropriate policies in place to manage its obligations with regard to employment law and employee matters, environmental issues and anti-corruption/anti-bribery but does not consider that these are areas of significant strategic risk to its operations.

Business outlook: the year ahead

Despite the devastating financial impact imposed on the club by the coronavirus pandemic, your board remains confident in its ability to steer the club through what has undoubtedly been the most difficult period in the history of the sport. Tough decisions have had to be made to protect the financial position of the business and the board is under no illusions that the impact of the pandemic will remain for months if not some years to come. It is too early to ascertain and quantify the overall impact of the pandemic on the future financial performance of the business and your board will continue to monitor and take appropriate action ahead of and in response to the changing landscape. The club has a strong balance sheet and adequate liquidity. With further support from our various stakeholders including HSBC, the UK government, our sponsors/commercial partners and our shareholders, the board is confident that the club will emerge from this period in a strong position ready to continue the journey in returning Tigers to the top table of domestic and European rugby.

Post balance sheet events

Since the balance sheet date, and in response to the financial impact of coronavirus, the club has agreed a long term loan on favourable terms with the Department for Digital, Culture, Media and Sport. Additional funding has been secured with HSBC through an increase in the existing overdraft which has been matched by two senior shareholders. A combination of all three sources of funding helps in securing the future financial viability of the club.

In July 2020, five contracted players left the club as a result of a disagreement with the club over proposed salary cuts for the 2020/21 season in response the coronavirus pandemic. There was no outstanding liability to these players as at 30 June 2020.

Strategic Report CONTINUED

Business Review (cont'd)

S172 statement

For accounting years starting after 1 January 2019, all public companies are required to include in their Strategic Report a s172 statement. S172 of the Companies Act 2006 requires a director to act in the way she or he considers, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole, and in doing so have regard to such things as the long-term consequences of decisions, the interests of the company's employees, the impact on other stakeholders such as customers, suppliers and the local community and the need to act fairly between members of the company.

The directors have identified a number of key stakeholders and set out below how they have taken the interests of these different stakeholders into account in discharging their duties under s172.

Shareholders – the directors understand the need to develop the underlying financial strength of the club with a view to establishing a sustainable financial model and to increase the value of the club's assets for the long-term benefit of its shareholders. As a way of achieving this, the directors appointed external advisors in June 2019 with a view to finding a new investor for the business. Whilst a number of interested parties were identified, it was not felt that any were prepared to make the level of investment considered appropriate and for this reason, coupled with the start of the Covid-19 pandemic, the project was brought to a close in March 2020. Work is ongoing to improve shareholder value through the continued development of the Mattioli Woods Welford Road stadium, with a third party contracted to build a hotel to support the conference and events business and consideration being given to the erection of a multi-storey car park.

A robust system of cost control is in place. This not only ensures that expenditure is rigorously reviewed but also confirms ongoing compliance with items such as the squad salary cap to make sure the club does not lay itself open to the financial penalties resulting from non-compliance.

Shareholders are kept in touch with the workings of the board through the AGM which, under normal circumstances, provides them with the opportunity to question the directors on any aspect of the business. Many of our shareholders are also supporters and have the opportunity to raise any concerns they have when they attend home games. In addition, LTTV provides our shareholders and other stakeholders with regular updates on developments at the club.

Employees, players and coaches – the directors work to ensure a culture within the club that is inclusive and benefits all those involved and to ensure individuals receive the training necessary to carry out their roles. Staff based at Mattioli Woods Welford Road are encouraged to visit Oval Park and vice versa. The Chief Executive Officer holds regular meetings with senior managers and staff to enable open and frank discussions on a wide range of issues. A programme of regular staff meetings is in place to enable individuals to raise concerns and make suggestions for improving the business. The non-executive directors regularly visit both Mattioli Woods Welford Road and Oval Park and, during these visits, take time to make themselves available to any member of staff who wishes to discuss any aspect of the business.

As the effects of the pandemic became known, it became obvious that a cost cutting exercise must be implemented. Regrettably, this involved a number of redundancies and the departure of several players and members of the coaching staff. Serious consideration was given before any final decision was made but the directors were forced to conclude that such redundancies were necessary to support the long-term success of the business.

Customers – the club has a range of customers including sponsors, corporate clients, season and match day ticket holders. These have differing priorities which the directors have identified and work to fulfil. The commercial teams meet regularly with sponsors and corporate clients to develop long-term relationships which benefit both parties and to provide flexible packages to meet their specific needs. This has become increasingly important since the start of the pandemic and the closure of the stadium with innovative solutions being identified to continue the flow of sponsorship income. The Chairman and the Chief Executive Officer hold regular meetings with sponsors to keep them up-to-date with developments.

A range of packages has been put in place to enable supporters to purchase tickets to suit their requirements based on level of attendance and cost.

In the case of all supporters, the directors listen to complaints and concerns and many fans use the supporters' forums and social media to express their views. As a result of comments from our customers, the catering contract was re-tendered and a new supplier appointed for the start of the 2019/20 season with a view to improving the quality of service. In addition, once the contract with Fanatics came to an end, the decision was made to bring the retail operation in-house to ensure a better quality and supply of goods, coupled with increased revenue from this part of the business.

Suppliers – the directors aim to develop collaborative, open and supportive relationships with the club's suppliers and to develop long-term partnerships with key suppliers which deliver value for money for the club and certainty of business for the supplier. Payment terms are agreed in advance with suppliers, based on the size and type of business.

Strategic Report CONTINUED

Business Review (cont'd)

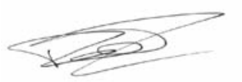
S172 statement (cont'd)

Funders – HSBC Bank plc has, for many years, supported the club by means of loans and an overdraft facility. The directors appreciate the need to maintain an open and honest relationship with HSBC and provide clarity regarding business performance. Representatives from the club, both at board and management levels, maintain regular contact with their counterparts at HSBC.

Regulatory bodies – the regulatory body which has the most impact on the club is PRL. The Chairman attends regular meetings with PRL executives and the chairmen of the other Premiership clubs to ensure the club is fairly represented at a central level, that its views and concerns are noted and that the Premiership continues to be run for the benefit of the clubs.

Local community – the club has a strong commitment to making a positive impact on the local community of Leicester and the surrounding area. Details are included on page 6 of the Strategic Report.

By order of the Board



Peter W G Tom, CBE
Executive Chairman

18 February 2021

Directors' Report

The directors present their annual report and the audited consolidated financial statements for the year ended 30 June 2020.

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 2020 (30 June 2019: 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 Report 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 this information.

The statement of directors' responsibilities in respect of the financial statements is included on page 12 and forms part of this report.

Directors

The following served as directors of the company throughout the year to 30 June 2020 and up to the date of these financial statements unless indicated otherwise:
Peter Tom CBE
David Abell – resigned 7 May 2020
Peter Aldis – resigned 25 February 2020
Simon Cohen – resigned 11 May 2020
Petar Cvetkovic – appointed 12 February 2020
Terry Gateley – resigned 31 December 2019
Duncan Green – appointed 17 March 2020
Digby, Lord Jones of Birmingham Kb – resigned 31 December 2019
Ben Kay MBE
Fintan Kennedy – appointed 17 March 2020
Andrea Pinchen
Tom Scott
Rory Underwood MBE – resigned 12 November 2020
Ian Walker – resigned 22 May 2020

The three directors appointed during the year were re-appointed by the company's shareholders at the annual general meeting held on 17 December 2020.

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 directors listed below. 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 remuneration committee, comprising the three directors listed below, is responsible for reviewing the remuneration packages for executive directors and senior managers 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 nomination committee is made up of the Chairman and the two 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

Board committees

Audit Committee
Petar Cvetkovic (Chairman)
Tom Scott

Remuneration Committee
Duncan Green (Chairman)
Petar Cvetkovic
Ben Kay

Nomination Committee
Peter Tom (Chairman)
Duncan Green
Tom Scott

Financial risk management
This is disclosed within note 18 of the financial statements.

Going concern
After making appropriate enquiries and taking into account all available information regarding the future of the group, the directors have a reasonable expectation that the group has adequate resources to continue in operation for a period of at least twelve months from the date of signing of these accounts. The directors therefore continue to adopt the going concern basis in preparing the accounts. The group's liabilities will be met by its overdraft facility, shareholder investment, a new loan from the Department for Digital, Culture, Media and Sport and the natural unwinding of deferred income from season tickets and executive boxes.

Shareholders' general meeting
The notice convening the shareholders' meeting to be held on Thursday 25 March 2021 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 meeting.

By order of the Board

Mary Ford
Company Secretary

18 February 2021

Statement of Directors' Responsibilities in respect of the Financial Statements

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 2020 and of the group's loss 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 2020 (the "Annual Report"), which comprise: the Consolidated and Company Balance Sheets as at 30 June 2020; the Consolidated Profit and Loss Account and Consolidated Statement of Comprehensive Income, the Consolidated Statement 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, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

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

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group'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.

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.

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 UK Companies Act 2006 have been included.

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

Reporting on other information (cont'd)

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 2020 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 set out on page 12, 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. This description forms part of our auditors' report.

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

18 February 2021

Consolidated Profit and Loss Account

FOR THE YEAR ENDED 30 JUNE 2020

		2020		2019	
	Note	**£000**	**£000**	**£000**	**£000**
Turnover	5		**17,212**		20,021
Ground and match expenses			**(4,419)**		(5,485)
Administrative expenses - underlying		**(1,544)**		(1,740)	
Administrative expenses - exceptional	6	**(153)**		(248)	
Administrative expenses - total			**(1,697)**		(1,988)
Staff costs - underlying	6	**(14,094)**		(13,390)	
Staff costs - exceptional	6	**(750)**		-	
Staff costs - total	6		**(14,844)**		(13,390)
Exceptional other income	5		**1,983**		-
Depreciation and other amounts written off tangible and intangible fixed assets			**(1,317)**		(1,321)
Operating loss before exceptional items		**(4,162)**		(1,915)	
Exceptional items		**1,080**		(248)	
Operating loss	6		**(3,082)**		(2,163)
Fair value gain on investment in PRL	12		**-**		7,381
(Loss)/profit on ordinary activities before taxation			**(3,082)**		5,218
Interest receivable and similar income			**56**		18
Interest payable and similar expenses			**(205)**		(278)
Net interest expense	8		**(149)**		(260)
(Loss)/profit on ordinary activities before taxation			**(3,231)**		4,958
Tax on (loss)/profit on ordinary activities	9		**527**		(1,000)
(Loss)/profit for the financial year			**(2,704)**		3,958

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 loss for the year was £2,704,000 (2019 - Profit £3,958,000).

Consolidated Statement of Comprehensive Income

FOR THE YEAR ENDED 30 JUNE 2020

	2020	2019
	£000	**£000**
(Loss)/profit for the financial year	**(2,704)**	3,958
Other comprehensive income:		
Gain on property valuation net of deferred taxation (17%)	**-**	5,393
Adjustment in respect of tax rate changes	**(747)**	-
Total comprehensive (expense)/income for the financial year	**(3,451)**	9,351

Consolidated and Company Balance Sheets
AT 30 JUNE 2020

	Note	Group 2020 £000	Group 2019 £000	Company 2020 £000	Company 2019 £000
Fixed assets					
Intangible assets	10	**2**	208	**2**	208
Tangible assets	11	**53,840**	54,533	**53,840**	54,533
Investments	12	**13,865**	13,865	**13,865**	13,865
		67,707	68,606	**67,707**	68,606
Current assets					
Debtors	13	**2,867**	2,448	**2,867**	2,448
Investment: short term cash deposit		**2,500**	8,000	**2,500**	8,000
Cash at bank and in hand		**2,644**	676	**2,644**	676
		8,011	11,124	**8,011**	11,124
Creditors: amounts falling due within one year	14	**(13,610)**	(11,335)	**(13,610)**	(11,335)
Net current liabilities		**(5,599)**	(211)	**(5,599)**	(211)
Total assets less current liabilities		**62,108**	68,395	**62,108**	68,395
Creditors: amounts falling due after more than one year	15	**(13,802)**	(17,136)	**(13,802)**	(17,136)
Provisions for liabilities	17	**(6,489)**	(6,269)	**(6,489)**	(6,269)
Net assets		**41,817**	44,990	**41,817**	44,990
Capital and reserves					
Called up share capital	19	**1,371**	1,359	**1,371**	1,359
Share premium account		**16,263**	16,003	**16,263**	16,003
Other reserves	19	**30,047**	30,794	**30,047**	30,794
Accumulated losses		**(5,864)**	(3,166)	**(5,864)**	(3,166)
Total equity		**41,817**	44,990	**41,817**	44,990

The notes on pages 19 to 37 are an integral part of these financial statements.

These financial statements on pages 15 to 37 were authorised for issue by the board of directors on 18 February 2021 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 2020

	Called-up share capital	Share premium	Other reserves	Accumulated losses	Total equity
	£000	£000	£000	£000	£000
Balance as at 1 July 2018	**1,359**	**16,003**	**19,387**	**(1,116)**	**35,633**
Profit for the year	-	-	6,127	(2,169)	3,958
Other comprehensive income	-	-	5,393	-	5,393
Total comprehensive income for the year	**-**	**-**	**11,520**	**(2,169)**	**9,351**
Transfer from revaluation reserve to profit and loss account	-	-	(113)	113	-
Share options	-	-	-	6	6
Total transactions with owners recognised directly in equity	**-**	**-**	**(113)**	**119**	**6**
Balance as at 30 June 2019	**1,359**	**16,003**	**30,794**	**(3,166)**	**44,990**
Profit for the year	-	-	-	(2,704)	(2,704)
Other comprehensive income	-	-	(747)	-	(747)
Total comprehensive income for the year	**-**	**-**	**(747)**	**(2,704)**	**(3,451)**
Conversion of loan notes	12	260	-	-	272
Share options	-	-	-	6	6
Total transactions with owners recognised directly in equity	**12**	**260**	**-**	**6**	**278**
Balance as at 30 June 2020	**1,371**	**16,263**	**30,047**	**(5,864)**	**41,817**

Company Statement of Changes in Equity
FOR THE YEAR ENDED 30 JUNE 2020

	Called-up share capital	Share premium	Other reserves	Accumulated losses	Total equity
	£000	£000	£000	£000	£000
Balance as at 1 July 2018	**1,359**	**16,003**	**19,387**	**(1,116)**	**35,633**
Profit for the year	-	-	6,127	(2,169)	3,958
Other comprehensive income	-	-	5,393	-	5,393
Total comprehensive income for the year	**-**	**-**	**11,520**	**(2,169)**	**9,351**
Transfer from revaluation reserve to profit and loss account	-	-	(113)	113	-
Share options	-	-	-	6	6
Total transactions with owners recognised directly in equity	**-**	**-**	**(113)**	**119**	**6**
Balance as at 30 June 2019	**1,359**	**16,003**	**30,794**	**(3,166)**	**44,990**
Profit for the year	-	-	-	(2,704)	(32,704)
Other comprehensive income	-	-	(747)	-	(747)
Total comprehensive income for the year	**-**	**-**	**(747)**	**(2,704)**	**(3,451)**
Conversion of loan notes	12	260	-	-	272
Share options	-	-	-	6	6
Total transactions with owners recognised directly in equity	**12**	**260**	**-**	**6**	**278**
Balance as at 30 June 2020	**1,371**	**16,263**	**30,047**	**(5,864)**	**41,817**

Consolidated Statement of Cash Flows
FOR THE YEAR ENDED 30 JUNE 2020

	Note	Group 2020 £000	Group 2019 £000
Net cash from operating activities	20	**(2,988)**	10,156
Taxation received		**-**	-
Net cash (used)/generated in operating activities		**(2,989)**	10,156
Cash flow from investing activities			
Payments to acquire intangible fixed assets		**-**	(40)
Payments to acquire tangible fixed assets		**(442)**	(488)
Interest received		**56**	18
Net cash flow used in investing activities		**(386)**	(510)
Cash flow from financing activities			
Interest paid		**(205)**	(278)
Conversion of loan notes to shares		**272**	-
Repayment on long term loans		**(225)**	(465)
Net cash flow used in financing activities		**(158)**	(743)
(Decrease)/increase in cash and cash equivalents		**(3,532)**	8,903
Cash and cash equivalents at the beginning of the year		**8,676**	(227)
Cash and cash equivalents at the end of the year		**5,144**	8,676
Cash and cash equivalents consist of:			
Cash at bank and in hand		**2,644**	676
Short term cash deposits		**2,500**	8,000
		5,144	8,676

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 The Mattioli Woods 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 company limited by shares 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 reviews 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 2020 the group had cash balances of £5.1m. The term loan of £7.5m 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. In light of the on-going coronavirus pandemic, the board approved cash flow forecasts of the club are under constant review and show significant reductions in the months ahead. The directors have made assumptions around the projected cash flows of the club over the course of the 24 months from the balance sheet date. These assumption include:

- Reduced crowds at Mattioli Woods Welford Road until the 2021/22 season, resulting in lower match day income from ticket sales and hospitality
- Reduced income from PRL and the RFU, with both organisations also being hard hit by the pandemic
- Continued cost control across the club

All assumptions have been tested and flexed. The combined agreed funding with the Department for Digital, Culture, Media and Sport, HSBC and shareholders provides the directors with the confidence that the club can meet its obligations as and when they fall due for the foreseeable future. Therefore the financial statements have been prepared using 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 ending 30 June 2019 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.

(vi) Grant income
Grants in respect of capital expenditure are treated as deferred income and released to the profit and loss account over the expected useful lives of the assets concerned. Government grant funding in relation to revenue expenditure is recognised as other operating income in the period in which amounts become receivable.

(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 underlying 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:

Freehold land and buildings at Welford Road	- over periods up to 80 years
Freehold land and buildings at Oval Park	- 10 to 50 years
Short leasehold land and buildings at Oval Park	- 10 to 50 years
Fixtures, fittings, tools and equipment	- 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. Likewise, in the judgement of the board, the impact of the coronavirus pandemic is not expected to diminish the expected future cash inflows from this investment, due to occurring in the early stages of development. Whilst having a clear impact on the immediate operational activity of the club, the value of the invested units is deemed to have been unchanged by this pandemic. 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 2020.

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 AND OTHER OPERATING INCOME

FOR THE YEAR ENDED 30 JUNE	2020	2019
	£000	£000
All turnover originates in the UK.		
Analysis of turnover by category:		
Rugby income	**2,791**	4,870
PRL income	**4,924**	5,671
Commercial income	**6,258**	8,678
CVC income	**3,239**	802
	17,212	20,021
Exceptional operating income:		
Grant income	**929**	-
Other exceptional income	**1,054**	-

The exceptional items represent income from the surrender of the Stoneygate lease and Coronavirus Job Retention Scheme Grants.

6 OPERATING LOSS

FOR THE YEAR ENDED 30 JUNE	2020	2019
	£000	£000
Loss is stated after charging:		
Wages and salaries	**12,214**	11,652
Social security costs	**1,395**	1,325
Other pension costs	**479**	407
Share-based payments	**6**	6
Staff costs charged to profit and loss	**14,094**	13,390
Amortisation of intangible assets	**206**	273
Depreciation of tangible assets	**1,135**	1,048
Operating lease charges	**108**	130
Exceptional items	**903**	248

The exceptional items include costs incurred in the strategic review of the business and following the coronavirus pandemic.

Auditors' remuneration:

FOR THE YEAR ENDED 30 JUNE	2020	2019
	£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	**33**	32
Fees payable to the company's auditors and its associates for other services:		
The audit of the company's subsidiaries	**-**	3
Other services relating to taxation	**13**	7
Total amount payable to the company's auditors and its associates	**46**	42

NOTES CONTINUED

7 EMPLOYEES AND DIRECTORS

FOR THE YEAR ENDED 30 JUNE	2020	2019
	Number	Number
Employees		
The average monthly number of persons (including executive directors) employed by the group during the year was:		
Playing and coaching staff	**91**	83
Administration and other support staff	**87**	88
	178	171
	£000	**£000**
Directors		
The directors' emoluments were as follows:		
Aggregate emoluments	**455**	451
Company contributions to money purchase pension schemes	**39**	62
Compensation for loss of office	**424**	-
Total	**918**	513

Post-employment benefits are accruing for two directors (2019: 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 and no director exercised share options in the year.

	2020	2019
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	**211**	224
Money purchase pension scheme	**-**	10
	211	234

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	2020	2019
	£000	£000
(a) Interest receivable and similar income		
Bank interest received	**56**	18
Total interest receivable and similar income	**56**	18
(b) Interest payable and similar expenses		
Interest expense on senior bank loans	**(203)**	(246)
Interest expense on convertible loans	**(2)**	(32)
Total interest expense on financial liabilities not measured at fair value through profit or loss	**(205)**	(278)
(c) Net interest expense		
Interest receivable and similar income	**56**	18
Interest payable and similar expenses	**(205)**	(278)
Net interest expense	**(149)**	(260)

NOTES CONTINUED

9 TAX ON (LOSS)/PROFIT

FOR THE YEAR ENDED 30 JUNE	2020	2019
	£000	£000
(a) Tax expense included in profit and loss		
Current tax:		
UK corporation tax on (loss)/profit this year (arising from previous year)	**-**	-
Total current tax	**-**	-
Deferred tax:		
Current year	**(340)**	(222)
Adjustment in respect of prior periods	**(158)**	(32)
Impact of increase in fair value on PRL shares	**-**	1,254
Impact of tax rate changes	**(29)**	-
Total deferred tax	**(527)**	1,000
Tax on (loss)/profit on ordinary activities	**(527)**	1,000

(b) Reconciliation of tax charge
The current tax (credit)/charge for the year is lower (*2019: higher*) than the standard effective rate of corporation tax in the UK of 19% *(2019: 19%)*. The differences are explained below:

	2020	2019
(Loss)/profit before taxation	**(3,231)**	4,957
(Loss)/profit multiplied by the standard effective rate of tax in the UK of 19% *(30 June 2019: 19%)*	**(614)**	942
Effects of:		
Expenses not deductible	**274**	218
Impact of rate change	**(29)**	(128)
Adjustment to tax charge in respect of prior years	**(158)**	(32)
Tax (credit)/charge on (loss)/profit on ordinary activities	**(527)**	1,000

10 INTANGIBLE ASSETS

FOR THE YEAR ENDED 30 JUNE	Transfer fees	Software	Total
	£000	£000	£000
Group and Company			
At 30 June 2019			
Cost	656	297	953
Accumulated amortisation and impairment	(455)	(290)	(745)
Net book amount	**201**	**7**	**208**
Year ended 30 June 2020			
Opening net book value	201	7	208
Additions	-	-	-
Amortisation	(201)	(5)	(206)
Net book amount	**-**	**2**	**2**
At 30 June 2020			
Cost	656	297	953
Accumulated amortisation and impairment	(656)	(295)	(951)
Net book amount	**-**	**2**	**2**

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
At 30 June 2019					
Cost	49,600	1,576	1,699	5,204	58,079
Accumulated depreciation and impairment	-	-	-	(3,546)	(3,546)
Net book amount	49,600	1,576	1,699	1,658	54,533
Year ended 30 June 2020					
Opening net book amount	49,600	1,576	1,699	1,658	54,533
Additions	-	-	-	442	442
Depreciation	(576)	(26)	(74)	(459)	(1,135)
Closing net book amount	**49,024**	**1,550**	**1,625**	**1,641**	**53,840**
At 30 June 2020					
Cost	49,600	1,576	1,699	5,646	58,521
Accumulated depreciation and impairment	(576)	(26)	(74)	(4,005)	(4,681)
Net book amount	**49,024**	**1,550**	**1,625**	**1,641**	**53,840**

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	2020	2019
	£000	£000
Freehold land and buildings Welford Road	**28,052**	28,458
Freehold land and buildings Oval Park	**587**	606
Short leasehold land and buildings Oval Park	**553**	581
	29,192	29,645

NOTES CONTINUED

12 INVESTMENTS

FOR THE YEAR ENDED 30 JUNE - GROUP AND COMPANY	Premier Rugby Limited Invested Units	Total
	£000	£000
At 30 June 2019		
Cost	13,865	13,865
Net book amount	**13,865**	13,865
Year ended 30 June 2020		
Opening net book amount	13,865	13,865
Revaluation	-	-
Closing net book amount	**13,865**	13,865
At 30 June 2020		
Cost	13,865	13,865
Net book amount	**13,865**	13,865

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	
	2020	2019	2020	2019
	£000	£000	£000	£000
Trade debtors	**1,824**	1,334	**1,824**	1,334
Other receivables	**586**	676	**586**	676
Prepayments and accrued income	**457**	438	**457**	438
	2,867	2,448	**2,867**	2,448

Trade debtors are stated after provision for impairment of £9,000 *(2019:£3,000)*.

14 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

FOR THE YEAR ENDED 30 JUNE	Group		Company	
	2020	2019	2020	2019
	£000	£000	£000	£000
Bank loans and overdrafts	**230**	305	**230**	305
Amounts owed to group undertakings	**-**	-	**-**	462
Trade creditors	**899**	1,205	**899**	1,205
Other taxation and social security	**2.953**	1,136	**2,953**	1,136
Supplier loans	**112**	170	**112**	170
Convertible loan notes	**-**	462	**-**	-
Accruals and deferred income	**9,416**	8,057	**9,416**	8,057
	13,610	11,335	**13,610**	11,335

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

Accruals and deferred income includes £6,432,000 ***(2019: £6,221,000)*** 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	
	2020	2019	2020	2019
	£000	£000	£000	£000
Amounts falling due between one and five years				
Bank loans and overdrafts	**1,327**	1,309	**1,327**	1,309
Supplier loans	**680**	680	**680**	680
Accruals and deferred income	**5,771**	8,878	**5,771**	8,878
	7,778	10,867	**7,778**	10,867
Amounts falling due after more than five years				
Bank loans and overdrafts	**5,935**	6,103	**5,935**	6,103
Supplier loans	**89**	166	**89**	166
	6,024	6,269	**6,024**	6,269
Total creditors falling due after more than one year	**13,802**	17,136	**13,802**	17,136

16 LOANS AND OTHER BORROWINGS

FOR THE YEAR ENDED 30 JUNE	Group		Company	
	2020	2019	2020	2019
	£000	£000	£000	£000
Bank loans and overdrafts	**7,492**	7,717	**7,492**	7,717
Supplier loans	**881**	1,016	**881**	1,016
Convertible loan notes	**-**	462	**-**	-
	8,373	9,195	**8,373**	8,733

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 were 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 matured in September 2019.

NOTES CONTINUED

17 PROVISIONS FOR LIABILITIES

FOR THE YEAR ENDED 30 JUNE - GROUP AND COMPANY	Deferred Tax
	£000
The group had the following provisions during the year:	
At 1 July 2019	(6,269)
Recognised in profit and loss account	527
Recognised in Other comprehensive income	(747)
As at 30 June 2020	**(6,489)**

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

	Group		Company	
	2020	2019	2020	2019
	£000	£000	£000	£000
Difference between accumulated depreciation and capital allowances	**(869)**	(806)	**(869)**	(806)
Other timing differences	**(7,057)**	(6,315)	**(7,057)**	(6,315)
Tax losses	**1,437**	852	**1,437**	852
Deferred tax liability	**(6,489)**	(6,269)	**(6,489)**	(6,269)

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 2020 (2019 - £nil). Other timing differences also include deferred tax liabilities of £7,065,000 (2019 - £6,321,000) in relation to the revaluation of the Invested Units and fixed assets.

NOTES CONTINUED

18 FINANCIAL INSTRUMENTS

FOR THE YEAR ENDED 30 JUNE	Group		Company	
	2020	2019	2020	2019
	£000	£000	£000	£000
Financial assets at fair value through profit or loss:				
Investments	**13,865**	13,865	**13,865**	13,865
Short term cash deposits	**2,500**	8,000	**2,500**	8,000
	16,365	21,865	**16,365**	21,865
Financial assets that are debt instruments measured at amortised cost:				
Trade receivables	**1,824**	1,334	**1,824**	1,334
	1,824	1,334	**1,824**	1,334
Financial liabilities measured at amortised cost:				
Bank loans and overdrafts	**(7,492)**	(7,717)	**(7,492)**	(7,717)
Convertible loan notes	**-**	(462)	**-**	-
Trade creditors	**(899)**	(1,205)	**(899)**	(1,205)
Accruals	**(4,812)**	(1,836)	**(4,812)**	(1,836)
Amount owed to group undertaking	**-**	-	**-**	(462)
	(13,203)	(11,220)	**(13,203)**	(11,220)

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 2020, 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 000's	£000
Ordinary shares of 10p each		
Allotted and fully paid		
At 30 June 2019	13,591	1,359
Conversion of loan notes	121	12
At 30 June 2020	13,712	1,371

Other reserves

Other reserves consist of the following amounts:

	Property revaluation reserve £000	Investment revaluation reserve £000	Total £000
Group and Company			
At 1 July 2019	19,284	11,510	30,794
Adjustments in respect of tax rate changes	(277)	(470)	(747)
At 30 June 2020	**19,007**	**11,040**	**30,047**

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 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	
	2020	2019
	£000	£000
(Loss)/profit for the financial year	**(2,704)**	3,958
Adjustments for:		
Tax on (loss)/profit on ordinary activities	**(527)**	1,000
Net interest expenses	**149**	260
(Loss)/profit on ordinary activities before interest and taxation	**(3,082)**	5,218
Fair value gain on investment in PRL	**-**	(7,381)
Amortisation of intangible assets	**206**	273
Depreciation of tangible assets	**1,135**	1,048
Deferred grant release	**(23)**	(38)
Amortisation of issue costs	**(462)**	3
Credit in relation to share based payment charge	**6**	6
Working capital movements:		
(Increase)/Decrease in debtors	**(419)**	200
(Decrease)/increase in payables	**(214)**	11,123
Non cash movement on supplier loans	**(135)**	(296)
Cash (outflow)/inflow from operating activities	**(2,988)**	10,156

21 RELATED PARTY TRANSACTIONS

Transactions with key management personnel

Some of the sponsors of the club are related parties by virtue of their relationships with other businesses. During the year revenues in relation to sponsorship and other commercial income of £1,007,000 (2019 - £905,000) have been recorded with these related parties and at the year end amounts due to the club were £205,000 (2019 - £205,000) (excluding VAT). These amounts due relate to the 2020/21 season.

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

See note 7 for disclosure of the directors' remuneration.

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.

The company has guaranteed the liability of Leicester Tigers Loan Notes Limited (Company Registered No: 06984684) in order that it qualifies for the exemption from audit under s479A of the Companies Act 2006 for the year ended 30 June 2020. The liability relates to loans made by the company to Leicester Tigers Loan Notes Limited which have been repaid in full. As a result, there are no contingent liabilities at the year end and no liability is expected to arise under this guarantee.

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	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 £478,702 *(2019: £407,351)*.

Contributions of £41,067 were outstanding at 30 June 2020 *(2019: £39,563)*.

25 CAPITAL AND OTHER COMMITMENTS

At 30 June 2020 and 30 June 2019 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	2020	2019
PAYMENT DUE	£000	£000
Not later than one year	**69**	16
Later than one year and not later than five years	**106**	26
Later than five years	**-**	-
	175	42

NOTES CONTINUED

26 POST BALANCE SHEET EVENTS

The following disclosures are of significant importance occurring after 30 June 2020. They are all deemed to be non-adjusting events to these financial statements.

In July 2020, five contracted players left the club as a result of a disagreement with the club over proposed salary cuts for the 2020/21 season in response the coronavirus pandemic. There was no outstanding liability to these players as at 30 June 2020.

Since 1 July 2020 the coronavirus pandemic that emerged in the UK in early 2020 has continued to prevent the club from operating as usual. Due to the postponement of professional sport in 2020, the final games of the 2019/20 season were played in the period after the 30 June 2020, with all home games being played behind closed doors. The 2020/21 season started in November 2020, with all home games having been played behind closed doors to date.

Since the balance sheet date, and in response to the financial impact of coronavirus, the club has agreed a long term loan on favourable terms with the Department for Digital, Culture, Media and Sport. Additional funding has been secured with HSBC through an increase in the existing overdraft which has been matched by two senior shareholders.

These arrangements provide an additional facility of £10.7m of available funding, securing the financial viability of the club for the forseeable future.

Leicester Football Club Plc

Aylestone Road, Leicester LE2 7TR
Telephone 0116 319 8888
Email tigers@tigers.co.uk
www.leicestertigers.com

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

Registered in England and Wales Number 03459344.