Leicester Football Club Plc

2017

Annual Report & Financial Statements

Contents

Directors and Officers

PETER TOM CBE
Executive Chairman

Peter made 130 appearances for Leicester Tigers between 1963 and 1968 and has been Chairman of the club for 20 years. He is currently Executive Chairman of the UK's largest independent construction materials group, Breedon Group plc, and was formerly Chief Executive and latterly Chairman of Aggregate Industries. Peter is a director of Premier Rugby Limited and Chairman of Jacksons (CI) Limited. In 2006 he was awarded a CBE for services to Business and Sport and also holds an Honorary Degree from De Montfort University.

ANDREA PINCHEN
Commercial Director

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

DAVID ABELL
Non-executive Director

David is Executive Chairman of Jourdan plc. He was previously Chairman and Chief Executive of Suter plc and a director of British Leyland Limited. He has been a supporter of the club for nearly 40 years.

TERRY GATELEY
Non-executive Director

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

BEN KAY MBE
Non-executive Director

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

RORY UNDERWOOD MBE
Non-executive Director

Rory scored 134 tries in 236 games for Leicester Tigers. He is England's record try-scorer with 49 tries in 85 internationals. He toured with the British Lions in 1989 and 1993. A pilot in the RAF during his playing career, he now runs his own management consultancy, Wingman, and is a non-executive director of Alcumus, a risk management solutions provider, Prescient Power, a renewable energy company, Punt For Your Club Limited, an online rugby predictions game, and Getum Limited, a media/search engine company.

SIMON COHEN
Chief Executive Officer

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

IAN WALKER
Finance Director

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

PETER ALDIS
Non-executive Director

Peter is Chief Executive Officer of Holland & Barrett International Limited, a leading health food retailer with stores in the UK, Ireland, Holland, Belgium and Sweden, including the MET-Rx brand in the UK.

Peter has spent his 34-year career in retailing, and held various management roles at Currys and ASDA before joining Holland & Barrett in 1990. He has held several positions at Holland & Barrett in Retail Operations, Acquisitions, Property, Marketing and Buying. He became the Commercial Director in 1998 and Managing Director in 2003. He assumed the role of CEO in October 2008. He is President of the Health Foods Manufacturers' Association and a Fellow of the Health Food Institute.

Peter enjoys watching all sports and occasionally plays some squash and golf.

DIGBY, LORD JONES OF BIRMINGHAM Kb
Non-executive Director

Digby is a lawyer who, after 20 years in corporate law, served from 2000 to 2006 as Director-General of the CBI. In 2007 he moved to the House of Lords as Minister of State for Trade and Investment. Digby now sits as an independent peer on the crossbenches. He is a corporate ambassador for AON Risk Solutions and Jaguar and is a senior advisor to Babcock International Group plc and Harvey Nash Group PLC. Digby is Deputy Chairman of Unipart Expert Practices. He is Chairman of Triumph Motorcycles Ltd, Celixir plc, Thatchers Cider Ltd, On-Logistics Ltd and G-Labs Ltd and the Advisory Board of Argentex LLP. He is Chairman of the Governors of Stratford-upon-Avon College. Following his successful BBC Troubleshooter series, his second book "Fixing Business" was published in March 2017.

TOM SCOTT
Non-executive Director

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

Company Secretary: Mary Ford

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

Strategic Report

Chairman's Statement

The level of loyalty and commitment among supporters of Leicester Tigers remains the envy of our competitors. It is a position reflected, too, in our relationships with sponsors and partners, many of whom have long-term links with the club. This loyalty resulted in record ticket sales at Welford Road during the 2016/17 season while, in a very competitive marketplace, the club also secured record levels of sponsorship including improved terms with existing partners and a number of new relationships. All of this was secured against the background of seeking a new main partner at the conclusion of an eight-year relationship with Caterpillar, with Holland & Barrett welcomed into that role before the start of the season. The Tigers' position as the biggest and best-supported club in the professional game in this country remains intact and it is one on which we continue to build.

The club continues to work extremely hard on improving facilities for supporters alongside improvements in the matchday experience at Welford Road and also in attracting newcomers to experience what we have to offer.

We welcome hundreds of young supporters from schools and junior rugby clubs across the region and beyond for every home game, while developing broader links throughout the country with events like Tigers Rugby Camps, matchday coaching clinics, the Tigers Challenge and our junior rugby tournaments. Alongside this investment of time and resource in local markets, the club also has a global plan which spreads the name of Leicester Tigers far and wide. In the last 12 months, we have continued to work with clubs and young players in Italy, Japan, Malaysia and the United States. These are significant locations in the development of the global game and it is important for us to be central to that growth.

As a business, Leicester was one of the first clubs to fully embrace professionalism when the game went open in the mid-1990s and we continue to develop as professional rugby enters its third decade.

Competitive arena

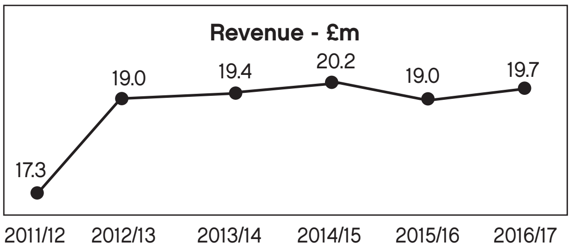
In February 2017, the team lifted its first silverware in four years as the only three-time winners of the Anglo-Welsh Cup. The format of the tournament, played during the international windows, allows competitive opportunities for younger and inexperienced players, led by a core of their seniors. Whilst we were disappointed not to reach the Premiership final, the team reached the knockout stage for a record 13th consecutive season. This is a remarkable achievement that is, sadly, often overlooked.

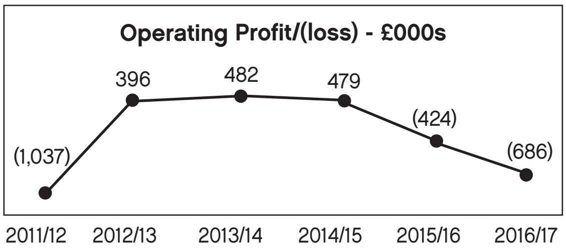
Supporters, as ever, remain at the core of the Club and we were proud to say that during the 2016/17 season, Welford Road welcomed a record number of visitors in the first full season since the opening of the new Robin Hood Stand which takes capacity to beyond 25,000. We hosted the biggest-ever crowd for an Anglo-Welsh Cup fixture outside the Final and also achieved the club's biggest-ever European Cup attendance.

The 2016/17 season saw the end of Richard Cockerill's tenure as Director of Rugby and I would like to take this opportunity to acknowledge his immense contribution to the club both as player and coach. His record of four Premiership titles in nine years and two European Cup Finals will be difficult to match, but that is the target. We wish him well in his new role at Edinburgh Rugby. Before the conclusion of the 2016/17 season we welcomed back Matt O'Connor as Head Coach. He made an immediate impact on his return, guiding the team to a Premiership semi-final and is now in a position to take the team forward. Two first-choice England internationals were among the additions to the squad in the summer as Matt began to shape his squad and we look forward to seeing them making a major contribution.

Financial performance

In the 12 months to 30 June 2017, the turnover of Leicester Tigers was £19.7 million (£19.0 million in 2016) as the business recorded an operating loss before tax of £686,000 (£424,000 loss in the previous year).





Strategic Report CONTINUED

Financial performance (cont'd)

More than 320,000 tickets were sold for fixtures at Welford Road in the 2016/17 season – producing an average attendance at league and cup matches of almost 21,500. A fall in ticket revenue (£5.5 million, from £5.9 million in 2016) is mainly due to no European Cup quarter-final being held at Welford Road as there was in 2016. Season ticket numbers reached almost 14,500 (14,775 in 2015/16) and accounted for £3.7 million in revenue (£3.7 million in 2016).

Going forward

Leicester Tigers has always been seen as a pioneer in the club game, from the initial development of the stadium under the guidance of Tom Crumbie a century ago up to its status among the leading clubs in Europe in the professional era. We have continued to set benchmarks in commercial terms and in the playing arena and have invested significantly to provide a stadium that meets the needs of our diverse fan base. A significant sum was invested in the playing surface at Welford Road a year ago and this has been welcomed by players and supporters alike.

Now, as we celebrate 125 years of rugby at Welford Road, there are major new plans for development around the stadium which are central to taking the Club forward. Proposals for a hotel on the Granby Halls site next to the stadium will add not only a landmark to this part of the city but also add to the facilities we have available for our customers, guests and supporters. The hotel will enhance our conference and events offering while also expanding facilities for commercial guests and our matchday experience for all supporters. The board is also considering the possibility of increasing the provision of car-parking behind the South Stand.

While these projects provide improved facilities for all, the investment is not at the expense of the rugby budget where we remain committed to spending up to the salary cap on the squad. We invest heavily each season in support staff and facilities to ensure the players have the best possible preparation to represent the club on the field.

A strong portfolio of sponsors, combined with levels of support from the stands, an increasing presence in other major rugby markets and the growth of rugby on terrestrial and satellite television combine to allow us to look positively to the future.

As a Director of Premiership Rugby Limited (PRL), I am proud to represent the club in the decisions which have a big impact on our day-to-day business and, as Chairman of Leicester Tigers, I will continue to ensure that the club is represented strongly at that level.

On behalf of the board of directors, I thank the coaches, players and staff who work so hard for the club, while also thanking the best supporters in the sport and all of our sponsors and commercial partners who combine to provide the foundation on which we build the business.

Business Review

Finance

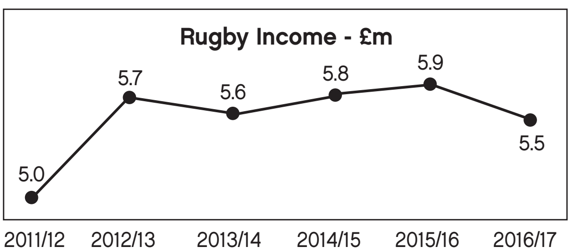
In what has been a volatile season on and off the pitch, there have been some good commercial performances throughout the business. Despite our revenue for the year increasing from £19.0 million to £19.7 million the operating loss grew to £686,000 from a loss of £424,000 in 2015/16.

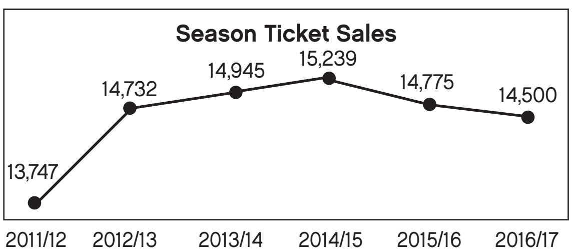
Sponsorship and matchday corporate sales achieved record revenue levels and our non-matchday conference and events operation at Welford Road recovered following the completion of the West Stand.

In May 2017 the company issued 429,500 ordinary shares raising £859,000. The company utilised this to invest in the new playing surface at Welford Road and build reserves for other longer term strategic plans.

Commercial activities

Income from ticket sales, including season tickets, fell by 6 per cent to £5.5 million, accounting for 28 per cent of our total income (2015/16 - 31 per cent). The reduction in match ticket revenue was largely due to the lack of a home European Cup quarter final but was offset to some extent by the first sell-out fixture in the Anglo-Welsh competition. The average number of tickets sold for home games in league and European competitions was 22,444 (2015/16 - 21,462). There were two sell-outs (2015/16 - one) of our 25,849 capacity stadium. Season ticket sales were 14,500 (2015/16 - 14,775). This still compares favourably with the averages for match and season ticket sales among Premiership Rugby clubs in 2016/17 which were 13,534 and 6,614 respectively.

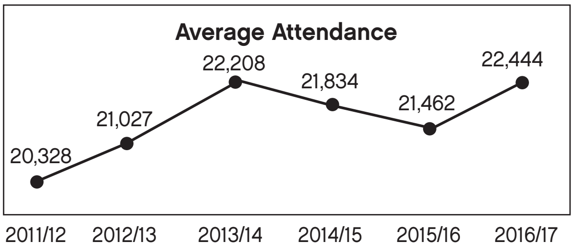




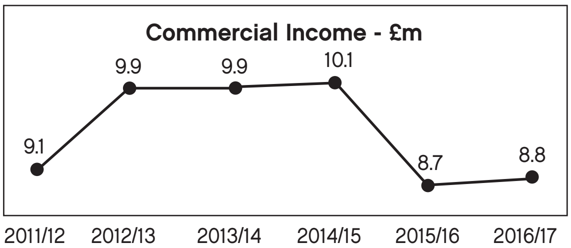
Strategic Report CONTINUED

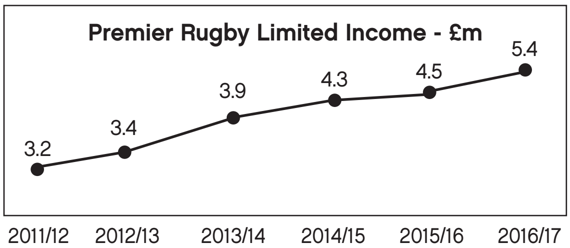
Business Review (cont'd)

Commercial activities (cont'd)



Despite losing our main sponsor at very short notice, which set our Sponsorship Department some severe challenges, the team increased not only the number of sponsors but also the revenue by 8% to a record £2.6 million (2015/16 - £2.4 million).





Income from matchday hospitality sales was £3.2 million, representing a 13 per cent increase on the previous year. Again, all of the executive boxes were sold, as were the Try Line Club and Clubhouse offerings.

Income from conference and events reversed the result in 2015/16, which suffered an 18% reduction, by increasing revenue by 12%. We continue to secure new bookings with the Welford Road stadium providing a premium experience in a very competitive marketplace.

Continuing upward pressure on player salaries led to an increase of 10% in costs during the year (2015/16 – 20%), together with an increase of 23% (2015/16 – 27%) in the salary cost of the coaching team.

Measures to control and reduce costs led to ground and match expenses falling by 8% and administrative expenses falling by 2%.

After a review by the directors of the business undertaken by Tigers Events Limited it was decided that the company should become dormant with effect from 30 June 2017. It was also resolved to proceed with a reduction of capital reducing the company's share capital from £50,000 to £1. The reduction of capital was confirmed by Companies House on 28 June 2017.

Tigers in the community

It was another strong year of growth for the Tigers Community Department with the continued grassroots delivery of rugby to youngsters across the Tigers region in a fun, engaging and positive way designed to enrich all ages. At the heart of our activities throughout the year, Tigers Rugby Camps and matchday coaching clinics continued to challenge and educate young players from all over the country and further afield complimented by the continuing success of the Prima Tiger Cup, Tigers Challenge and Land Rover Cup which added the thrill of big festival days delivered by a professional team. The support of our great sponsor Nottingham Building Society (NBS) ensured local primary schools felt part of the family with core Tigers values driving the introduction to the game of TAG rugby in 45 primary schools, with weekly coaching culminating in great Festival Fun Days supported by the local NBS branch staff. Aggregate Industries added to the community offer targeting secondary education with their new sponsorship of the Concrete Rugby Programme in which a dedicated development officer used the game and its values to underline the foundations of playing safe and staying healthy. New funding through PRL and the RFU Heads of Agreement enabled the Community Inclusion Officers to develop opportunities through rugby for those in traditionally non-rugby environments, supporting those within low social economic areas, groups with special educational needs and disabilities and building closer links with the wider community and cultures from Asian and minority backgrounds. This emphasis on building relationships and supporting an increasingly diverse society will continue to be the focus for Community going forward.

Globally, the Community team continued to extend its presence across Asia with the growing partnership with Kuala Lumpur Tigers, the delivery of further camps across Japan and support of rugby in India through the Delhi Hurricanes. Our European exposure continued to grow with our first camp at Dendermonde RFC introducing Tigers to over 200 young players in Belgium and forging the links for future partnerships to add to links across Italy and Holland.

The Tigers Community team continues to support various charitable activities, working closely with the Matt Hampson Foundation and Leicester Tigers Foundation in its support of the Tigers Wheelchair Rugby Programme.

Strategic Report CONTINUED

Business Review (cont'd)

Environmental policy

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

Employment policy

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

Risks and uncertainty

Following our comments on the 2015/16 Rugby World Cup season, it was pleasing to note that Premiership attendances recovered in the 2016/17 season, increasing by 16.4%.

2016/17 also saw the first season of a new eight year agreement regulating the relationship between PRL and the RFU. While the agreement provides for improved access to players selected for the various England squads, it also grants additional funding for the clubs to develop both senior and academy players. However, while there has been an increase in overall funding, the structure of the payments has moved away from a major payment for a player included in the Senior EPS and Next EPS squads to a system combining a reduction in these payments with additional payments for match appearances and participating in the summer tours. These variable payments make budgeting and forecasting a far more subjective exercise and make significant income streams considerably more volatile.

We continue to stress that the most significant area of risk and reward in professional sport remains performance and results on the pitch. The 2016/17 season saw the impact of poor performances on the coaching staff and it was a credit to the squad and retained coaches that we reached the Premiership semi-finals for the 13th consecutive season and won the Anglo-Welsh Cup for the third time.

Your board remains committed to spending the maximum permissible on the playing squad under the salary framework regulations. 2017/18 will see a further increased level of spending but this is then capped for two seasons. It is anticipated that increases in both central sponsorship and TV incomes will rise over this period which, at a point in the future, may bring PRL and RFU income to a level that will fund the cap limit. However upward pressure on player salaries continues and the effect on this in a period of a fixed cap could impact upon the depth of the squad.

We also continue to monitor the proposals for lengthening the season with effect from 2020. Player welfare must be a primary issue when finalising the proposals. The balance between this and the requirements of supporters, TV and other stakeholders must be correctly aligned prior to implementation.

Business outlook: the year ahead

Sponsorship income is forecast to rise again and should reach record levels for the 9th consecutive year. With almost 14,000 supporters purchasing their season tickets by the start of the 2017/18 season, we remain the best supported club in the league.

We continue to engage with supporters on many platforms on social media and endeavour to use our 200,000 Facebook, 132,000 Twitter and 64,000 Instagram followers as two-way avenues for communication and marketing channels.

Having been advised by Leicester City Council that we were the preferred bidder for the land currently used as a car park on the site of the old Granby Halls, we have signed a conditional contract to purchase the site and paid the deposit. We continue to work with various partners and further progress has been made to design, build and operate a hotel there. We have also received planning permission for a multi storey car park on our land on the south of the stadium and are seeking funding streams for its construction that will not impair our investment in the Rugby Department.

Peter W G Tom CBE
Executive Chairman

Professional Advisers

Independent Auditors	Registrars	Solicitors	Bankers
PricewaterhouseCoopers LLP	**Equiniti Limited**	**Josiah Hincks**	**HSBC Bank Plc**
Donington Court	Aspect House	The Manse	2-6 Gallowtree Gate
Pegasus Business Park	Spencer Road	22 De Montfort Street	Leicester LE1 1DA
Castle Donington	Lancing	Leicester LE1 7GB	
East Midlands	West Sussex		
DE74 2UZ	BN99 6DA		

Directors' Report

The directors present their annual report and the audited financial statements for the year ended 30 June 2017.

Results and dividend

The financial results are summarised in the consolidated profit and loss account on page 14. The directors do not recommend the payment of a dividend for the year ended 30 June 2017 (30 June 2016: 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 pages 3 to 6. Disclosures in relation to financial risk management are included on page 33.

Disclosure of information to auditors

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

Directors

The following served as directors of the company throughout the year and to the date of the approval of these financial statements, unless indicated otherwise:

Peter Tom CBE
David Abell
Peter Aldis (appointed 5 September 2016)
Simon Cohen
Terry Gateley
Digby, Lord Jones of Birmingham Kb
Ben Kay MBE
Andrea Pinchen
Tom Scott
Rory Underwood MBE
Ian Walker

David Abell, Simon Cohen, Ben Kay, Andrea Pinchen, Tom Scott and Ian Walker retire by rotation in accordance with the company's articles of association and, being eligible, offer themselves for re-election at the forthcoming annual general meeting.

Corporate governance

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

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

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

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

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

Directors' Report CONTINUED

Board committees

Audit Committee
Terry Gateley (Chairman)
David Abell

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

Nominations Committee
Peter Tom (Chairman)
Terry Gateley
Tom Scott
Rory Underwood

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 the utilisation of loans, its overdraft facility and the natural unwinding of deferred income from season tickets and executive boxes.

Annual general meeting

The notice convening the annual general meeting to be held on Thursday 9 November 2017 is enclosed with this report.

Independent auditors

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

By order of the Board

Mary Ford
Company Secretary

5 October 2017

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 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 2017 and of the group's loss and the group's 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 (the "Annual Report"), which comprise: the consolidated and company balance sheets as at 30 June 2017, 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 as applicable to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Our audit approach

Overview

- £410,000 (2016: £280,000) - Group financial statements
- Based on 2% (2016: 1.5%) of revenues.
- £405,000 (2016: £280,000) - Company financial statements
- Based on 2% (2016: 1.5%) of revenues.
- The company is the only significant trading entity in the group and therefore was the sole component for the consolidated audit. The loan notes, issued by Leicester Tiger Loan Notes Limited were tested by the group audit team to group materiality as they are material to the consolidated balance sheet.
- Customer and sponsorship contracts (Group and parent).
- Player contracts (Group and parent).
- Stadium and land development (Group and parent).

The scope of our audit

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

Key audit matters

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

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

Key audit matters - Group and Parent	How our audit addressed the key audit matters
Customer and sponsorship contracts The company has contracts with customers and suppliers which span longer than one accounting period and can include a range of goods/services to be provided within a single contract. The timing of cash flows for these contracts is also generally different from the timing of recognition of costs/income. There is an audit risk that the contracts are not recorded in line with UK GAAP. The income/costs may not be recorded in the correct accounting period, and therefore the related accrued/deferred income and accruals balances could be misstated.	We have obtained a listing of all significant customer and sponsor contracts from management and have agreed that the listing is complete by reference to the known key suppliers and sponsors. We have reviewed the key terms of all significant contracts to ascertain that the accounting for these is in line with UK GAAP and to ascertain that the assets and/or liabilities which are recorded in the balance sheet (accrued/deferred income and accruals) are complete and valued correctly. This has also included a test to ensure that the appropriate cut-off of income and costs has been achieved for these contracts.
Player contracts The company has contracts with players which span longer than one accounting period. Given the changes in personnel, both during the year and post year end, there is an audit risk that either assets relating to these contracts are impaired, or that liabilities relating to legal obligations or onerous contracts are incomplete.	We have obtained a listing of all player contracts from management and have agreed that the listing is complete by reference to the published player list. We have reviewed the key terms of all significant contracts to ascertain that the accounting for these is in line with UK GAAP and to ascertain any additional assets or liabilities which should be recorded. We have reviewed post year end player movements and contracts and determined if management has correctly accounted for the related assets and liabilities as at 30 June 2017.
Stadium and land development During the past few years the company has, and continues to, redevelop its stadium and land. As this is an ongoing process there is an audit risk that costs, which were validly capitalised at the time, are no longer adding value and should be impaired. There is also an audit risk that the liabilities in relation to these developments are not finalised.	We have obtained management's fixed asset register and reviewed this for items which may no longer be adding value to the company. We have tested the additions made during the year back to supporting documentation on a sample basis. We have also discussed with management and the board the current progress of the developments and reviewed correspondence to identify any material unrecorded liabilities or overstatement of accrued costs.

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

At the start of the year the trade of Tigers Events Limited was transferred to the company, making it the only trading entity within the group. The company was therefore the only in scope entity for the group audit opinion. The convertible loan notes listed on The International Stock Exchange continue to be held through Leicester Tigers Loan Notes Limited. Therefore these balances were audited to group materiality as they are a material part of the group balance sheet.

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

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

Materiality (cont'd)
Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

	Group financial statements	Company financial statements
Overall materiality	£410,000 (2016: £280,000).	£405,000 (2016: £280,000).
How we determined it	2% of revenues.	2% of revenues.
Rationale for benchmark applied	Based upon the benchmarks used in the annual report, revenues are the most appropriate measure with which to gauge the relative performance of the group due to losses being made in the last two financial years, and are a generally accepted auditing benchmark.	Based upon the benchmarks used in the annual report, revenues are the most appropriate measure with which to gauge the relative performance of the company due to losses being made in the last two financial years, and are a generally accepted auditing benchmark.

For each component in the scope of our group audit, we allocated a materiality that is less than our overall group materiality. The component materiality was £405,000.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above £20,000 (Group audit) (2016: £14,000) and £20,000 (Company audit) (2016: £14,000) as well as misstatements below those amounts that, in our view, warranted reporting for qualitative reasons.

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 when:

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

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 and Financial Statements 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.

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

Strategic Report and Directors' Report
In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 30 June 2017 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 parent 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.

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

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, 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 parent company financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Andrew Lyon BSc FCA (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
East Midlands

5 October 2017

Consolidated Profit and Loss Account

FOR THE YEAR ENDED 30 JUNE 2017

	Note	2017 £000	2016 £000
Turnover	5	**19,733**	19,027
Ground and match expenses		**(5,433)**	(5,898)
Administrative expenses		**(1,779)**	(1,797)
Staff costs	6	**(12,151)**	(11,047)
Depreciation and other amounts written off tangible and intangible assets		**(1,056)**	(732)
Other operating income		**-**	23
Loss on ordinary activities before interest and taxation	6	**(686)**	(424)
Interest receivable and similar income	8	**5**	4
Interest payable and similar charges	8	**(257)**	(165)
Net interest expense	8	**(252)**	(161)
Loss on ordinary activities before taxation		**(938)**	(585)
Tax on loss on ordinary activities	9	**112**	(48)
Loss for the financial year		**(826)**	(633)

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 £593,000 *(2016: Loss £828,000)*.

Consolidated Statement of Comprehensive Income

FOR THE YEAR ENDED 30 JUNE 2017

	Note	2017 £000	2016 £000
Loss for the financial year		**(826)**	(633)
Other comprehensive income:			
Change in deferred tax rate on revaluations (restated)	3(a)	**363**	384
Gain on revaluation (restated)	3(a)	**-**	8,138
Other comprehensive income for the year		**363**	8,522
Total comprehensive (expense)/income for the year		**(463)**	7,889

Consolidated and Company Balance Sheets

AT 30 JUNE 2017

	Note	Group 2017 £000	Group 2016 Restated £000	Company 2017 £000	Company 2016 Restated £000
Fixed assets					
Intangible assets	10	**38**	65	**38**	65
Tangible assets	11	**49,530**	50,005	**49,530**	50,005
Investments	12	**6,484**	6,484	**6,484**	6,599
		56,052	56,554	**56,052**	56,669
Current assets					
Debtors	13	**3,594**	3,127	**3,594**	3,125
Cash at bank and in hand		**2,216**	1,445	**2,216**	1,059
		5,810	4,572	**5,810**	4,184
Creditors: amounts falling due within one year	14	**(10,944)**	(9,920)	**(10,944)**	(9,880)
Net current liabilities		**(5,134)**	(5,348)	**(5,134)**	(5,696)
Total assets less current liabilities		**50,918**	51,206	**50,918**	50,973
Creditors: amounts falling due after more than one year	15	**(9,923)**	(10,134)	**(9,923)**	(10,134)
Provisions for liabilities	17	**(4,191)**	(4,666)	**(4,191)**	(4,666)
Net assets		**36,804**	36,406	**36,804**	36,173
Capital and reserves					
Called up share capital	19	**1,359**	1,316	**1,359**	1,316
Share premium account		**16,003**	15,187	**16,003**	15,187
Other reserves	19	**19,499**	19,248	**19,499**	19,248
Retained earnings		**(57)**	655	**(57)**	422
Total equity		**36,804**	36,406	**36,804**	36,173

The notes on pages 18 to 36 are an integral part of these financial statements.

These financial statements on pages 14 to 36 were authorised for issue by the board of directors on 05 October 2017 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 2017

	Note	Called-up share capital £000	Share premium £000	Other reserves £000	Retained earnings £000	Total equity £000
Balance as at 1 July 2015 as previously reported		995	9,826	12,362	1,087	24,270
Prior period adjustment	3(a)	-	-	(1,435)	-	(1,435)
Balance as at 1 July 2015		**995**	**9,826**	**10,927**	**1,087**	**22,835**
Loss for the year		-	-	-	(633)	(633)
Other comprehensive income (restated)	3(a)	-	-	8,522	-	8,522
Total comprehensive income for the year		**-**	**-**	**8,522**	**(633)**	**7.889**
Transfer from revaluation reserve to profit and loss account		-	-	(201)	201	-
New share issue		321	5,361	-	-	5,682
Total transactions with owners recognised directly in equity		**321**	**5,361**	**(201)**	**201**	**5,682**
Balance as at 30 June 2016 (restated)		**1,316**	**15,187**	**19,248**	**655**	**36,406**
Loss for the year		-	-	-	(826)	(826)
Other comprehensive income		-	-	363	-	363
Total comprehensive income for the year		**-**	**-**	**363**	**(826)**	**(463)**
Transfer from revaluation reserve to profit and loss account		-	-	(112)	112	-
New share issue	19	43	816	-	-	859
Share Options		-	-	-	2	2
Total transactions with owners recognised directly in equity		**43**	**816**	**(112)**	**114**	**861**
Balance as at 30 June 2017		**1,359**	**16,003**	**19,499**	**(57)**	**36,804**

Company Statement of Changes in Equity

FOR THE YEAR ENDED 30 JUNE 2017

	Note	Called-up share capital £000	Share premium £000	Other reserves £000	Retained earnings £000	Total equity £000
Balance as at 1 July 2015 as previously reported		995	9,826	12,362	1,049	24,232
Prior period adjustment	3(a)	-	-	(1,435)	-	(1,435)
Balance as at 1 July 2015		**995**	**9,826**	**10,927**	**1,049**	**22,797**
Loss for the year		-	-	-	(828)	(828)
Other comprehensive income (restated)	3(a)	-	-	8,522	-	8,522
Total comprehensive income for the year		**-**	**-**	**8,522**	**(828)**	**7,694**
Transfer from revaluation reserve to profit and loss account		-	-	(201)	201	-
New share issue		321	5,361	-	-	5,682
Total transactions with owners recognised directly in equity		**321**	**5,361**	**(201)**	**201**	**5,682**
Balance as at 30 June 2016 (restated)		**1,316**	**15,187**	**19,248**	**422**	**36,173**
Loss for the year		-	-	-	(593)	(593)
Other comprehensive income		-	-	363	-	363
Total comprehensive income for the year		**-**	**-**	**363**	**(593)**	**(230)**
Transfer from revaluation reserve to profit and loss account		-	-	(112)	112	-
New share issue	19	43	816	-	-	859
Share Options		-	-	-	2	2
Total transactions with owners recognised directly in equity		**43**	**816**	**(112)**	**114**	**861**
Balance as at 30 June 2017		**1,359**	**16,003**	**19,499**	**(57)**	**36,804**

Consolidated Statement of Cash Flows

FOR THE YEAR ENDED 30 JUNE 2017

	Note	Group	
		2017	**2016**
		£000	**£000**
Net Cash from operating activities	20	**(310)**	(168)
Taxation paid		**-**	-
Net Cash used in operating activities		**(310)**	(168)
Cash flow from investing activities			
Payments to acquire intangible fixed assets		**(30)**	(32)
Payments to acquire tangible fixed assets		**(616)**	(8,254)
Interest received		**5**	4
Net cash flow from investing activities		**(641)**	(8,282)
Cash flow from financing activities			
Issue costs on new long-term loan		**-**	(145)
Interest paid		**(257)**	(165)
Issue of ordinary share capital		**859**	5,553
Redemption of loan notes		**-**	(3,585)
Share issue costs		**-**	(88)
New long term loans		**1,500**	8,000
Repayment on long term loans		**(380)**	(380)
Net cash flow from financing activities		**1,722**	9,190
Increase in cash and cash equivalents		**771**	740
Cash and cash equivalents at 1 July 2016		**1,445**	705
Cash and cash equivalents at 30 June 2017		**2,216**	1,445

NOTES

(forming part of the financial statements)

1 GENERAL INFORMATION

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

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

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

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

2 STATEMENT OF COMPLIANCE

The group and individual financial statements of Leicester Football Club Plc 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.

The directors and their advisors have reviewed the accounting for deferred taxation relating to property revaluations and concluded that a liability should be recorded under FRS 102. An adjustment to record deferred taxation liabilities in respect of property revaluations has been presented in the comparative period (see note 17).

(b) Going concern
The group meets its day-to-day working capital requirements through its bank facilities. The group's budgets and forecasts, taking account of reasonable possible changes in trading performance and playing performance, show that the group should be able to operate within the level of its current facilities. The directors have a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future. The group therefore continues to adopt the going concern basis in preparing its financial statements.

The group's liabilities will be met by the utilisation of loans, its overdraft facility and the natural unwinding of deferred income from seasonal income received in advance.

(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.

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

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

(i) Short term benefits

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

(ii) Defined contribution pension plans

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

(iii) Share incentive schemes

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

NOTES CONTINUED

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Current or deferred taxation assets and liabilities are not discounted.

(i) Current tax

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

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

(ii) Deferred tax

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

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

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

(i) Land & buildings

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

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

(ii) Fixtures, fittings, tools and equipment

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

(iii) Depreciation and residual values

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

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

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

NOTES CONTINUED

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(j) Tangible assets (cont'd)

(iv) Subsequent additions and major components

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

The carrying amount of the 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.

(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 (i) 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 (ii) 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:

(i) Stadium and training ground valuation – this was addressed in the prior year with an independent valuation as at 30 June 2016. See note 11 for further details.

(ii) Useful economic life of assets – the directors consider the appropriateness of rates of depreciation on an ongoing basis and discuss their suitability with the group's professional advisors.

(iii) Provision of costs of completion of the West Stand - the directors have made an appropriate provision based on their current knowledge of the costs to completion.

(iv) 'P' ordinary share valuation – FRS 102 requires the recognition of the 'P' shares the group holds in Premier Rugby Limited at fair value.

NOTES CONTINUED

5 TURNOVER

FOR THE YEAR ENDED 30 JUNE	2017	2016
	£000	£000
All turnover originates in the UK.		
Analysis of turnover by category:		
Rugby income	**5,518**	5,859
Premier Rugby Limited income	**5,392**	4,477
Commercial income	**8,823**	8,691
	19,733	19,027

6 LOSS ON ORDINARY ACTIVITIES

FOR THE YEAR ENDED 30 JUNE	2017	2016
	£000	£000
Loss is stated after charging:		
Wages and salaries	**10,772**	9,687
Social security costs	**1,143**	1,072
Other pension costs	**234**	288
Share-based payments	**2**	-
Staff costs charged to profit and loss	**12,151**	11,047
Loss on disposal of tangible assets	**11**	11
Amortisation of intangible assets	**57**	38
Depreciation of tangible assets	**1,080**	740
Operating lease charges	**146**	148

Auditors' remuneration:

FOR THE YEAR ENDED 30 JUNE	2017	2016
	£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	**20**	16
Fees payable to the company's auditors and its associates for other services:		
The audit of the company's subsidiaries	**3**	7
Audit-related assurance services	**-**	9
Other services relating to taxation	**13**	7
Total amount payable to the company's auditors and its associates	**36**	39

NOTES CONTINUED

7 EMPLOYEES AND DIRECTORS

FOR THE YEAR ENDED 30 JUNE	2017	2016
	Number	Number
Employees		
The average monthly number of persons (including executive directors) employed by the group during the year was:		
Playing and coaching staff	**103**	118
Administration and other support staff	**78**	78
	181	196
	£000	**£000**
Directors		
The directors' emoluments were as follows:		
Aggregate emoluments	**431**	411
Company contributions to money purchase pension schemes	**46**	52
	477	463

Post-employment benefits are accruing for three directors (2016: 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.

	2017 £000	2016 £000
Highest paid director		
The highest paid director's emoluments were as follows:		
Total amount of emoluments and amounts (excluding shares) receivable under long-term incentive scheme	**214**	188
Money purchase pension scheme	**9**	27
	223	215

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	2017	2016
	£000	£000
(a) Interest receivable and similar income		
Bank interest received	**5**	4
Total interest receivable and similar income	**5**	4
(b) Interest payable and similar charges		
Interest expense on senior bank loans	**(225)**	(95)
Interest expense on convertible loans	**(32)**	(70)
Total interest expense on financial liabilities not measured at fair value through profit or loss	**(257)**	(165)
(c) Net interest expense		
Interest receivable and similar income	**5**	4
Interest payable and similar charges	**(257)**	(165)
Net interest expense	**(252)**	(161)

NOTES CONTINUED

9 TAX ON LOSS ON ORDINARY ACTIVITIES

FOR THE YEAR ENDED 30 JUNE	2017	2016
	£000	£000
(a) Tax expense included in profit and loss		
Current tax:		
UK corporation tax on loss this year	-	-
Total current tax	-	-
Deferred tax:		
Current year	(72)	40
Adjustment arising from previous years	(40)	8
Total deferred tax	(112)	48
Tax on loss on ordinary activities	(112)	48

(b) Reconciliation of tax charge
The current tax charge for the year is lower (*2016: lower*) than the standard effective rate of corporation tax in the UK of 19.75% *(2016: 20%)*. The differences are explained below:

	2017	2016
Loss before taxation	(938)	(585)
Loss multiplied by the standard effective rate of tax in the UK of 19.75% *(30 June 2016: 20%)*	(185)	(117)
Effects of:		
Expenses non deductible	117	15
Impact of rate change	(36)	-
Non taxable income	(33)	-
Depreciation/write-off on assets not qualifying for capital allowances	65	142
Adjustment to tax charge in respect of prior years	(40)	8
Tax (credit)/charge for the year	(112)	48

(c) Tax rate charges
A change to reduce the main rate of UK corporation tax to 17% from 1 April 2020 was announced in the Chancellor's Budget on 16 March 2016. Changes to reduce the UK corporation tax rate to 19% from 1 April 2017 and to 18% from 1 April 2020 had already been substantively enacted on 26th October 2015. Current tax is therefore measured at an effective rate of 19.75% (2016: 20%) and deferred taxation is measured at 17% (2016: 20.18%) as this is the tax rate which will be in force when the timing difference will reverse.

NOTES CONTINUED

10 INTANGIBLE ASSETS

FOR THE YEAR ENDED 30 JUNE	Transfer fees	Software	Total
	£000	£000	£000
Group and Company			
At 30 June 2016			
Cost	65	379	444
Accumulated amortisation and impairment	(17)	(362)	(379)
Net book amount	**48**	**17**	**65**
Year ended 30 June 2017			
Opening net book value	48	17	65
Additions	20	10	30
Amortisation	(43)	(14)	(57)
Net book amount	**25**	**13**	**38**
At 30 June 2017			
Cost	85	389	474
Accumulated amortisation and impairment	(60)	(376)	(436)
Net book amount	**25**	**13**	**38**

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 2016					
Cost	45,000	1,500	1,650	4,043	52,193
Accumulated depreciation and impairment	-	-	-	(2,188)	(2,188)
Net book amount	45,000	1,500	1,650	1,855	50,005
Year ended 30 June 2017					
Opening net book amount	45,000	1,500	1,650	1,855	50,005
Additions	-	-	-	616	616
Disposals	-	-	-	(11)	(11)
Depreciation	(500)	(27)	(63)	(490)	(1,080)
Closing net book amount	44,500	1,473	1,587	1,970	49,530
At 30 June 2017					
Cost	45,000	1,500	1,650	4,642	52,792
Accumulated depreciation and impairment	(500)	(27)	(63)	(2,672)	(3,262)
Net book amount	**44,500**	**1,473**	**1,587**	**1,970**	**49,530**

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 2016 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	2017	2016
	£000	£000
Freehold land and buildings Welford Road	**29,270**	29,676
Freehold land and buildings Oval Park	**644**	663
Short leasehold land and buildings Oval Park	**637**	665
	30,551	31,004

NOTES CONTINUED

12 INVESTMENTS

FOR THE YEAR ENDED 30 JUNE - GROUP	Premier Rugby Limited P shares	Total
	£000	£000
At 30 June 2016		
Cost	6,484	6,484
Net book amount	**6,484**	**6,484**
Year ended 30 June 2017		
Opening net book amount	6,484	6,484
Closing net book amount	**6,484**	**6,484**
At 30 June 2017		
Cost	6,484	6,484
Net book amount	**6,484**	**6,484**

The investment in Premier Rugby Limited (PRL) represents a 7.7% holding in the P shares. The principal activity of PRL is to promote and foster the interests of member clubs. It is incorporated in the UK.

The directors have reviewed the valuation of the PRL P shares held by the group and, in line with other clubs, have included the value of the shares at their estimated value in use. The calculation assumes a discount rate of 6% and a life cycle of eight years, as agreed by the PRL board. This has resulted in a valuation of £6,484,000 *(2016: £6,484,000)*. The directors will continue to review this valuation on an annual basis.

FOR THE YEAR ENDED 30 JUNE - COMPANY	Subsidiary undertakings	Premier Rugby Limited P shares	Total
	£000	£000	£000
At 30 June 2016			
Cost	115	6,484	6,599
Net book amount	**115**	**6,484**	**6,599**
Year ended 30 June 2017			
Opening net book amount	115	6,484	6,599
Return of Capital	(50)	-	(50)
Impairment	(65)	-	(65)
Closing net book amount	**-**	**6,484**	**6,484**
At 30 June 2017			
Cost	65	6,484	6,549
Accumulated depreciation and impairment	(65)	-	(65)
Net book amount	**-**	**6,484**	**6,484**

On 30 June 2017, the proceeds of a capital distribution of £50,000 were received. The remaining value of the investment in Tigers Events Limited was impaired to the value of £1.

NOTES CONTINUED

13 DEBTORS

FOR THE YEAR ENDED 30 JUNE	Group		Company	
	2017	2016	2017	2016
	£000	£000	£000	£000
Trade debtors	**2,536**	2,296	**2,536**	2,296
Other receivables	**256**	152	**256**	150
Prepayments and accrued income	**802**	679	**802**	679
	3,594	3,127	**3,594**	3,125

Trade debtors are stated after provision for impairment of £11,000 *(2016:£8,000)*.

14 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

FOR THE YEAR ENDED 30 JUNE	Group		Company	
	2017	2016	2017	2016
	£000	£000	£000	£000
Bank loans and overdrafts	**1,024**	372	**1,024**	372
Trade creditors	**1,240**	1,364	**1,240**	1,364
Other taxation and social security	**1,316**	1,292	**1,316**	1,289
Supplier loans	**300**	125	**300**	125
Accruals and deferred income	**7,064**	6,767	**7,064**	6,730
	10,944	9,920	**10,944**	9,880

NOTES CONTINUED

15 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

FOR THE YEAR ENDED 30 JUNE	Group		Company	
	2017	2016	2017	2016
	£000	£000	£000	£000
Amounts falling due between one and five years				
Bank loans and overdrafts	**3,448**	3,819	**3,448**	3,819
Amounts due to group undertakings	**-**	-	**456**	453
Supplier loans	**825**	250	**825**	250
Convertible loan notes	**456**	453	**-**	-
Accruals and deferred income	**142**	393	**142**	393
	4,871	4,915	**4,871**	4,915
Amounts falling due after more than five years				
Bank loans and overdrafts	**4,566**	5,219	**4,566**	5,219
Supplier loans	**486**	-	**486**	-
	5,052	5,219	**5,052**	5,219
Total creditors falling due after more than one year	**9,923**	10,134	**9,923**	10,134

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

16 LOANS AND OTHER BORROWINGS

FOR THE YEAR ENDED 30 JUNE	Group		Company	
	2017	2016	2017	2016
	£000	£000	£000	£000
Bank loans and overdrafts	**9,038**	9,410	**9,038**	9,410
Supplier loans	**1,611**	375	**1,611**	375
Convertible loan notes	**456**	453	**-**	-
	11,105	10,238	**10,649**	9,785

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.

• **HSBC Loan 1**
The bank loan is repayable over eleven years. Interest is payable on the loan at a rate linked to the Bank of England base rate.

• **HSBC Loan 2**
The bank loan is repayable over fourteen years. Interest is payable on the loan at a rate linked to LIBOR.

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

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

Supplier loans
The supplier loans unwind in accordance with the contractual terms and conditions.

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

NOTES CONTINUED

17 PROVISIONS FOR LIABILITIES

FOR THE YEAR ENDED 30 JUNE - GROUP AND COMPANY	Deferred Tax Restated
	£000
The group had the following provisions during the year:	
At 1 July 2016	(4,666)
Credit to the profit and loss account	112
Credit to statement of comprehensive income	363
At 30 June 2017	**(4,191)**

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

	Group		Company	
	2017	2016 Restated	2017	2016 Restated
	£000	£000	£000	£000
Difference between accumulated depreciation and capital allowances	**(880)**	(940)	**(880)**	(940)
Other timing differences	**(3,958)**	(4,364)	**(3,958)**	(4,364)
Tax losses	**647**	638	**647**	638
Deferred tax liability	**(4,191)**	(4,666)	**(4,191)**	(4,666)

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 2017 (2016: £nil).

Deferred taxation liabilities were previously not recognised on the property revaluations as at 30 June 2016 and 1 July 2015. Following the changes described in note 3(a), a liability of £1,435,000 as at 1 July 2015 and £3,085,000 as at 30 June 2016 have now been recorded. The revaluation reserve has therefore been adjusted from £12,362,000 as at 1 July 2015 to £10,927,000 and from £22,333,000 as at 30 June 2016 to £19,248,000. This has no impact on the previously reported loss for the financial year. The above impacts the group and company.

NOTES CONTINUED

18 FINANCIAL INSTRUMENTS

FOR THE YEAR ENDED 30 JUNE	Group		Company	
	2017	2016	2017	2016
	£000	£000	£000	£000
Financial assets at fair value through profit or loss	**6,484**	6,484	**6,484**	6,484
Financial assets that are debt instruments measured at amortised cost				
Trade receivables	**2,536**	2,296	**2,536**	2,296
	2,536	2,296	**2,536**	2,296
Financial liabilities measured at amortised cost				
Bank loans and overdrafts	**(9,038)**	(9,410)	**(9,038)**	(9,410)
Convertible loan notes	**(456)**	(453)	**-**	-
Trade creditors	**(1,240)**	(1,364)	**(1,240)**	(1,364)
Accruals and deferred income	**(1,652)**	(1,617)	**(1,652)**	(1,617)
Amount due to group undertaking	**-**	-	**(456)**	(453)
	(12,386)	(12,844)	**(12,386)**	(12,391)

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, trade and other receivables and financial liabilities.

The group is exposed through its operations to the following financial instrument risk: 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 2017, 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.

Capital 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 1 July 2016	13,161	1,316
New issue of shares	430	43
At 30 June 2017	**13,591**	**1,359**

On 11 May 2017, 429,500 shares were issued for £859,000.

Other reserves

Other reserves consist of the following amounts:

	Note	Property revaluation reserve £000	Investment revaluation reserve £000	Total £000
Group and Company				
At 1 July 2016 (restated)	3(a)	13,930	5,318	19,248
Transfer from revaluation reserve to profit and loss account		(112)	-	(112)
Other comprehensive income for the year		298	65	363
At 30 June 2017		**14,116**	**5,383**	**19,499**

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 P shares net of deferred taxation.

NOTES CONTINUED

20 NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE	Group	
	2017	2016
	£000	£000
Loss for the financial year	**(826)**	(633)
Adjustments for:		
Tax on loss on ordinary activities	**(112)**	48
Net interest expenses	**252**	161
Loss on ordinary activities before interest and taxation	**(686)**	(424)
Amortisation of intangible assets	**57**	38
Depreciation of tangible assets	**1,080**	740
Loss on disposal of tangible assets	**11**	11
Deferred grant release	**(38)**	(38)
Amortisation of issue costs	**11**	15
Credit in relation to share based payment charge	**2**	-
Working capital movements:		
Increase in debtors	**(467)**	(687)
(Decrease)/Increase in payables	**(16)**	177
Non cash movement on supplier loans	**(264)**	-
Cash outflow from operating activities	**(310)**	(168)

21 RELATED PARTY TRANSACTIONS

Transactions with key management personnel

See note 7 for disclosure of the directors' remuneration.

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

Some of the sponsors of the club are related parties by virtue of common directorships. During the year revenues in relation to sponsorship and other commercial income of £814,200 have been recorded with these related parties and at the year end amounts due to the club were £805,200 (excluding VAT). These amounts due related to the 2017/18 season.

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

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

22 CONTROLLING PARTY

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

NOTES CONTINUED

23 SUBSIDIARIES AND RELATED UNDERTAKINGS

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

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

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 £233,678 *(2016: £288,492)*.

Contributions of £20,434 were outstanding at 30 June 2017 *(2016: £5,426 prepaid)*.

Leicester Football Club Plc

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.