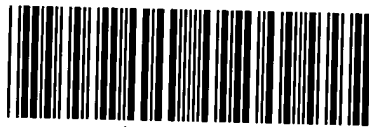


Leicester Football Club Plc

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COMPANIES HOUSE

2018 ANNUAL REPORT
AND FINANCIAL
STATEMENTS

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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 over 20 years. He is currently Executive Chairman of *Breedon Group plc*, a leading construction materials group in the UK and Ireland, 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 CRF for services to Business and Sport. He holds an Honorary Degree from De Montfort University and in 2018 was awarded an Honorary Degree by the University of Leicester.

ANDREA PINCHEN 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 over 40 years.

TERRY GATELEY Non-executive Director

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

BEN KAY MBE Non-executive Director

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

RORY UNDERWOOD MBE Non-executive Director

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

SIMON COHEN Chief Executive Officer

Tigers' Head of Rugby Operations since 2005, Simon joined the board of directors in 2011 and was appointed as Chief Executive Officer in January 2012. Previously a sports lawyer and partner at James Chapman & Co in Manchester, Simon represented the England Rugby team, the Rugby Players' Association and British and Irish Lions players. He also set up Rugbyclass, a nationwide rugby coaching company and was an agent for a number of England players, including Jonny Wilkinson. 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. Holland & Barrett also has 102 franchise stores in 14 territories, plus 432 "shop in shop" formats.

Peter has spent his 36-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 Kt Non-executive Director

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

TOM SCOTT Non-executive Director

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

Company Secretary: Mary Ford

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

Strategic Report

Chairman's Statement

The strength of the Leicester Tigers' relationships with its supporters and commercial partners is reflected in a record turnover of more than £20million for the year ended 30 June 2018. The club has enjoyed a large fanbase for many years and continues to attract supporters from far and wide, while also forging commercial relationships with leading national and international brands, many of whom have become long-term partners of the Tigers.

We play in very competitive surroundings in a salary-capped domestic league and in the leading cross-border club competition in the world which means we must work tirelessly to secure the required level of funding to fully support the players, coaches and support staff as well as the Academy structure. The Tigers continue to play a prominent part at all levels of the professional game, from talent identification and development in the Academy through to recruiting and retaining top-class players, many of whom wear international colours on the biggest stages in the sport.

The club remains active off the field too, representing the interests of the game and our own partners and supporters at the highest levels.

Tigers Family

The achievements of this club and the standards we have set ourselves over many years are well known and we continue our aim to compete at the very highest levels of the club game.

Alongside strong domestic support, the club has formed relationships in countries as diverse as Japan, Malaysia, India, Italy, Belgium, Holland and the USA, and we are always very well received by our hosts. As Chairman, I know it is the strength of the club and the standards we have set over so many years which allow us to establish so many of these rewarding relationships.

The club achieved record incomes in many areas during 2017/18, developing our commercial business while welcoming more than quarter of a million visitors to Premiership matchdays at Welford Road. We are always grateful to everyone associated with the club because they all play a significant part in the business. Our supporters give amazing commitment to the Tigers and to the players, home and away, throughout the season.

To compete at the highest level we continue to fund the squad up to the salary cap and spend heavily on support of the team in terms of staff, medical and other resources to ensure the players reach the pitch with the best possible preparation.

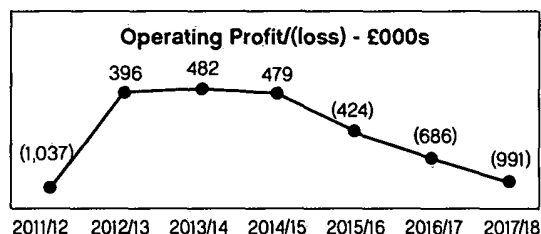
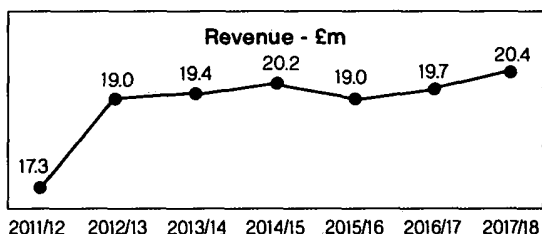
Financial performance

In the 12 months to June 30, 2018, turnover increased to £20.4million, up from £19.7million in the previous year and an increase of almost £1.4million on the figure for 2015/16.

The club recorded its highest-ever sponsorship revenues in 2017/18, up 11 per cent on the previous year at £2.9million, and enjoyed a year in which a number of new brands came on board as well as extending terms with existing partners.

Ticket sales for Premiership Rugby fixtures also reached their best-ever levels as Tigers celebrated a 125th anniversary season at Welford Road. More than 250,000 match tickets were sold for Premiership fixtures at Welford Road during the season, producing an average league attendance of 22,883.

The business recorded an operating loss before tax of £991,000 compared with a loss of £686,000 for the previous year.



Strategic Report CONTINUED

Moving forward

In such a competitive marketplace, the club continues to move forward with plans for development work around the Welford Road stadium and continuing investment in the playing squad up to the level of the salary cap.

As well as bringing in quality additions to the squad from elsewhere, the Tigers Academy has always played a prominent part in the club's success and in 2017/18 the under-18 team enjoyed an unbeaten run throughout the season and lifted the National Academies League title for the first time. Additionally, seven Academy graduates played in the World Under-20s Championship, representing England, Wales and Scotland. Two members of the coaching team also worked with England at the Championships where the team made it all the way to the final. The coaching team takes a keen interest in their continued development and we hope they are able to make a sizeable impression as senior players as they come up through the ranks with the aim of following the route taken by the likes of Tom Youngs, Dan Cole, Ben Youngs and Manu Tuilagi to the very top of the game as part of the Tigers squad.

The Club parted company with head coach Matt O'Connor at the start of the 2018/19 season and would like to place on record our thanks for his hard work and commitment during his second spell with Tigers. Geordan Murphy, with more than 20 years of experience as player and coach here, was appointed Interim Head Coach tasked with guiding the team in its challenge for fresh success.

Away from the playing field, the club continues to work hard to move forward with plans for a hotel on the Granby Halls site adjacent to the stadium and to provide additional car parking. These projects will both provide significant additions to the facilities available to our clients, guests and supporters on matchdays and non-matchdays, and represent a significant investment in resource. However this will not be made at the expense of the rugby budget where we remain committed to spending up to the salary cap on the squad and providing the necessary backing to provide top-class support staff and facilities to give the team the best chance of success on the field.

A strong family of sponsors and partners, combined with loyal support from the stands, provide us with an opportunity to look positively to the future, keeping Tigers at the forefront of professional sport.

I feel privileged to be Chairman of Leicester Tigers and proud to represent the club's interests as a Premiership Rugby Limited board member.

On behalf of the board of directors, I thank the players, management and staff at Welford Road and Oval Park for their tireless efforts in the name of the Tigers. Also, I thank all of our sponsors and partners, and salute the supporters who play such a big part in this great club.

Business Review

Finance

In a challenging year for the club on and off the pitch, there have still been some notable performances in the company's commercial activities. Our revenue for the year increased from £19.7million to a record £20.4million, however the operating loss grew to £991,000 from a loss of £686,000 in 2016/17. Sponsorship and Premiership Rugby income achieved record levels.

Commercial activities

Income from ticket sales, including season tickets, fell by 2 per cent to £5.4million, accounting for 26 per cent of our total income (2016/17 - 28 per cent). Although match ticket income for Premiership fixtures reached record levels, poor aggregate sales for our European and Anglo Welsh Cup fixtures led to the small decline.

The average number of tickets sold for home games in league, European competitions and Anglo Welsh Cup was 21,672 (2016/17 - 22,444). There were two sell-outs (2016/17 - two) of our 25,849 capacity stadium. Season ticket sales were 14,027 (2016/17 - 14,500). Whilst the fall is disappointing, it still compares favourably with the averages for match and season ticket sales among Premiership Rugby clubs in 2017/18 which were 13,562 and 6,192 respectively. Season ticket sales fell by 6.4% across the Premiership in 2017/18.

In a very tough market our Sponsorship Department improved on its performance in 2016/17. The team again increased not only the number of sponsors but also the revenue by 11% to a record £2.9million (2016/17 - £2.6million), the 9th consecutive annual increase.

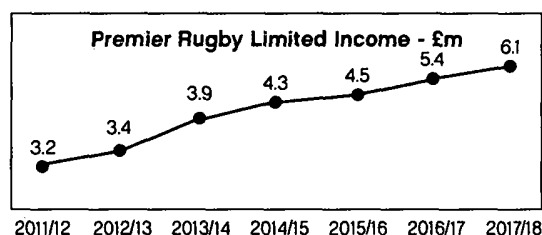
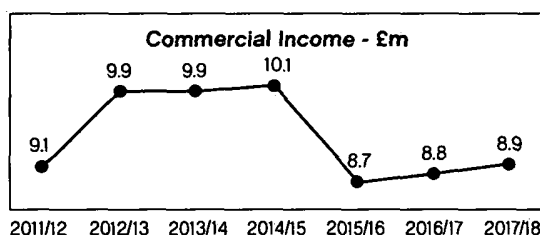
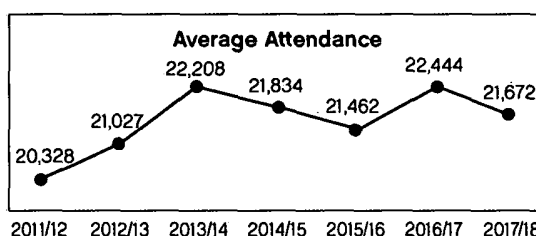
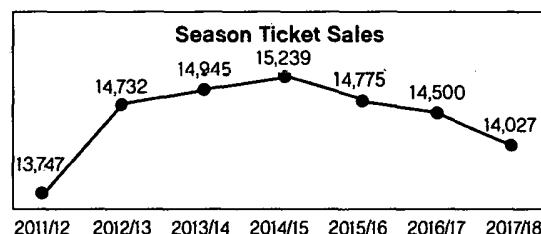
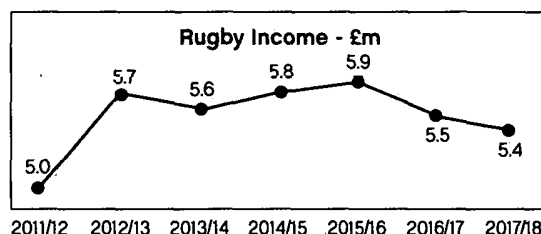
Income from matchday hospitality sales was £3.1million, 3% down on the previous season, due in part to having a number of executive boxes uncommitted for the full season. These boxes were sold on a match-by-match basis where possible. Try Line Club and Clubhouse offerings were again sold out for the season and our International hospitality offering increased its revenue to £365,000, a 46% improvement. Income from conference and events revenue fell by 3%, but we continue to secure new bookings in a very competitive marketplace.

Continuing upward pressure on player salaries led to an increase of 4% in Rugby costs during the year (2016/17 - 10%). While measures to control costs continued, ground and match expenses and administrative expenses both rose by 3%. Increases in utilities, IT and Academy costs all contributed to this rise.

Strategic Report CONTINUED

Business Review (cont'd)

Commercial activities (cont'd)



Tigers in the community

Throughout the year our Community Department continued to support the development of the game and the reach of Leicester Tigers to young and old, both in the Tigers region and globally. Our 17 full-time staff have a wealth of coaching skills and educational capabilities which enable them to deliver a wide-ranging set of programmes and activities designed to provide enriching and challenging opportunities to those already involved in rugby and others who are not presently engaged in the game and have limited opportunities for physical activity.

Once again, our rugby camps and matchday coaching clinics welcomed thousands of players aged six to 18 and their families. Many also enjoyed the chance to attend a Tigers home game or to meet one of the players.

The Prima Tiger Cup, Tigers Challenge and Land Rover Cup provided participation and competition opportunities for clubs from all over the country. The continued support of Nottingham Building Society (NBS) ensured that pupils from 45 Leicestershire primary schools were introduced to TAG rugby and the core Tigers values. Weekly coaching sessions culminated in great Festival Fun Days supported by local NBS branch staff. Our Concrete Rugby programme took the game and its values to a new audience in secondary schools around Leicestershire, underlining the message of playing safe and staying healthy.

Our Community Department has also developed strong links with Brooksby Melton College where the Rugby and Further Education course offers an additional full-time pathway supported by the Tigers Academy, delivering its 16-18 year old AASE programme to 60 selected young players who have the opportunity to work with our top Academy coaches on a weekly basis.

Funding from Premier Rugby Limited and the RFU has enabled us to expand our focus and engage with young people from a traditionally non-rugby environment, supporting those from within low social economic areas, ethnic minorities, disabled people and those with special educational needs. This has resulted in the launch of Tigers Swifts, which provides regular coaching to primary school children from the BAME community.

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

Our global presence continued to grow with the Club working with a number of clubs and groups across Europe, South America, USA and Japan, in addition to 3 official partner clubs, Kuala Lumpur (KL) Tigers RFC (Malaysia), Dendermonde RFC (Belgium) and the newest family member, Delhi Hurricanes RFC (India).

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

It remains a concern that the majority of clubs within Premiership Rugby failed to make a profit in 2016/17. Some clubs have benefactors that will continue to fund them in the short term. Others need to devise new strategies to improve revenue and identify new revenue streams in order to return to profit. This will not happen overnight. Competition from other leisure activities continues and rugby performance on matchdays is continually monitored and strategies implemented to combat their perceived effect. While your board remains committed to spending the maximum permissible on the playing squad under the salary framework regulations, it accepts that the current levels of losses are unsustainable over the medium term. 2018/19 will be the first of an agreed two-season cap on players' aggregate salaries. It is anticipated that central sponsorship and TV incomes will increase over the next few years, which may bring PRL and RFU income to a level that will fund the cap limit. Your board continually monitors the performance of PRL against its Strategic Plan and makes representations if advised funding is not forthcoming. However, upward pressure on player salaries continues and the effect of this in a period of a fixed cap could impact upon the depth of the squad.

The proposals for lengthening the season with effect from 2020 have been discussed and approved. Player welfare remains a primary issue and the insistence on sufficient periods of rest has been included in the proposals.

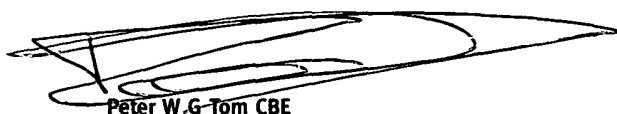
In September 2018 it was confirmed that Premiership Rugby Limited had received an unsolicited offer of £275million from an entity for 51% of its shares. At the September board meeting of Premiership Rugby Limited, after extensive debate, the board decided unanimously to reject this approach. We anticipate any further offer from this or any other entity will drive a significant cash injection into each club.

Business outlook: the year ahead

With over 12,500 supporters purchasing their season tickets by the start of the 2018/19 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, 142,000 Twitter and 75,000 Instagram followers as two-way avenues for communication and marketing channels. Tigers' YouTube channel has over 6,000 subscribers and our App has been downloaded to over 18,000 devices.

We continue to work with various partners to further the progress of the hotel on the land on the north side of the stadium and also the multi storey car park on our land to the south of the stadium. It is your board's intention that funding for both these projects will not impair our investment in the Rugby Department.



Peter W G Tom CBE
Executive Chairman

Professional Advisers

Independent Auditors

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

Registrars

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

Solicitors

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

Bankers

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

Directors' Report

The directors present their annual report and the audited financial statements for the year ended 30 June 2018.

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 2018 (30 June 2017 - 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. The principal activity of the groups' business is disclosed in Note 1 of the financial statements.

Disclosure of information to auditors

The Statement of directors' responsibilities is included on page 9. 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 up to the date of approval of these financial statements:

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

Peter Tom and Lord Jones 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 on page 8. 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 on page 8. 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 on page 8 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

Financial Risk Management

This is disclosed within note 18 of the financial statements.

Going concern

The directors have prepared detailed cash flow forecasts for the next twelve months, based on the board-approved 2018/19 budget and forecasts for the 2019/20 financial year based on current known or expected factors.

As disclosed in note 16 the company has, post year end, renegotiated the terms of its debt facilities with HSBC. This has increased the available facilities and also restructured the capital repayments over a longer period of time.

The directors have extended the projections to the end of the 2019/20 season, and included reasonable downside sensitivities (being lower season ticket sales, lower match ticket sales and reduced corporate/commercial income for agreements ending/renewing within this time period). Some of the negative cash flow impacts of these potential outcomes could be mitigated through continued focus on cost reduction. The directors have received assurances from the major shareholders that, should the downside sensitivities noted above be experienced to a level which cannot be mitigated by the club during the forecasted period, funding would be made available to enable the club to meet its day to day obligations. Based on the discussions with the major shareholders and their past commitment and investment in the company, the board believes that this support will be available to the company as and when required.

The cash flow projections do not take into account the sale of any other assets of the company.

Based on these projections and the new financing arrangements, the directors believe that the company has sufficient cash resources and debt facilities to enable the company to meet its obligations as and when they fall due for the foreseeable future. The directors therefore continue to adopt the going concern basis in preparing the financial statements.

Annual general meeting

The notice convening the annual general meeting to be held on Wednesday 28 November 2018 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.

The Strategic Report and Directors' Report were approved by the board of directors and signed by order of the Board



Mary Ford
Company Secretary

18 October 2018

Statement of directors' responsibilities in respect of the financial statements

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

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

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

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

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

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

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

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

Report on the audit of the financial statements

Opinion

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

- give a true and fair view of the state of the group's and of the company's affairs as at 30 June 2018 and of the group's loss and cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the annual report and financial statements (the "Annual Report"), which comprise: the consolidated and company balance sheets as at 30 June 2018; the consolidated profit and loss account; consolidated statement of comprehensive income, the consolidated statement of cash flows, and the consolidated and company statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

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

Independence

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

Our audit approach

Overview

- Overall group materiality: £206,000 (2017 - £410,000), based on 1% of revenues.
- Overall company materiality: £200,000 (2017 - £405,000), based on 1% of revenues.
- The company is the only trading entity within the group and was therefore the sole in scope component for the consolidated audit. (The loan notes, issued by Leicester Tiger Loan Notes Limited, were tested by the group audit team to group materiality as they are material to the consolidated balance sheet.)
- Accounting for player contracts (Group and parent).
- Commercial contracts/transactions (Group and parent).
- Stadium/property developments (Group and parent).

The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we looked at where the directors made subjective judgements, for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain.

As in all of our audits we also addressed the risk of management override of internal controls, including evaluating whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

Key audit matters

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

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

Key audit matter	How our audit addressed the key audit matter
<p>Accounting for player contracts The company has contracts with players which span longer than one accounting period. Given the changes in personnel during the year 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.</p> <p>Group and parent</p>	<p>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.</p> <p>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.</p> <p>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 2018.</p>
<p>Commercial contracts/transactions 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 may be different from the timing of recognition of costs/income.</p> <p>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.</p> <p>Group and parent</p>	<p>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.</p> <p>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.</p>
<p>Stadium/property developments 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.</p> <p>There is also an audit risk that the liabilities in relation to these developments are not finalised.</p> <p>Group and parent</p>	<p>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.</p> <p>We have also discussed with management and the board the current progress of the developments and reviewed correspondence to identify any material unrecorded liabilities.</p>

How we tailored the audit scope

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

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

All audit work was completed by the group audit team.

Materiality

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

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	£206,000 (2017 - £410,000).	£200,000 (2017 - £405,000).
How we determined it	1% of revenues (2017 - 2% of revenues)	1% of revenues (2017 - 2% of revenues).
Rationale for benchmark applied	Based on 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 generally accepted auditing benchmarks.	Based on 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 generally accepted auditing benchmarks.

There was only one component, Leicester Football Club Plc, therefore a component materiality of £200,000 was allocated to this component.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above £10,000 (Group audit) (2017 - £20,000) and £10,000 (Company audit) (2017 - £20,000) 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 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 on, 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 2018 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

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

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 in respect of the financial statements, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the company's ability to continue as a going concern disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

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

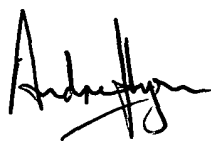
Other required reporting

Companies Act 2006 exception reporting

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

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

We have no exceptions to report arising from this responsibility.



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

18 October 2018

Consolidated Profit and Loss Account

FOR THE YEAR ENDED 30 JUNE 2018

	Note	2018 £000	2017 £000
Turnover	5	20,411	19,733
Ground and match expenses		(5,588)	(5,433)
Administrative expenses		(1,792)	(1,779)
Staff costs	6	(12,721)	(12,151)
Depreciation and other amounts written off tangible and intangible assets		(1,301)	(1,056)
Loss on ordinary activities before interest and taxation	6	(991)	(686)
Interest receivable and similar income	8	3	5
Interest payable and similar charges	8	(248)	(257)
Net interest expense	8	(245)	(252)
Loss on ordinary activities before taxation		(1,236)	(938)
Tax on loss on ordinary activities	9	58	112
Loss for the financial year		(1,178)	(826)

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 £1,178,000 (2017 - Loss £593,000).

Consolidated Statement of Comprehensive Income

FOR THE YEAR ENDED 30 JUNE 2018

	2018 £000	2017 £000
Loss for the financial year	(1,178)	(826)
Other comprehensive income:		
Change in deferred tax rate on revaluations	-	363
Other comprehensive income for the year	-	363
Total comprehensive expense for the year	(1,178)	(463)

Consolidated and Company Balance Sheets

AT 30 JUNE 2018

	Note	Group		Company	
		2018 £000	2017 £000	2018 £000	2017 £000
Fixed assets					
Intangible assets	10	441	38	441	38
Tangible assets	11	48,596	49,530	48,596	49,530
Investments	12	6,484	6,484	6,484	6,484
		55,521	56,052	55,521	56,052
Current assets					
Debtors	13	2,648	3,594	2,648	3,594
Cash at bank and in hand		21	2,216	21	2,216
		2,669	5,810	2,669	5,810
Creditors: amounts falling due within one year	14	(9,680)	(10,944)	(9,680)	(10,944)
Net current liabilities		(7,011)	(5,134)	(7,011)	(5,134)
Total assets less current liabilities		48,510	50,918	48,510	50,918
Creditors: amounts falling due after more than one year	15	(8,712)	(9,923)	(8,712)	(9,923)
Provisions for liabilities	17	(4,165)	(4,191)	(4,165)	(4,191)
Net assets		35,633	36,804	35,633	36,804
Capital and reserves					
Called up share capital	19	1,359	1,359	1,359	1,359
Share premium account		16,003	16,003	16,003	16,003
Other reserves	19	19,387	19,499	19,387	19,499
Retained earnings		(1,116)	(57)	(1,116)	(57)
Total equity		35,633	36,804	35,633	36,804

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 18 October 2018 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 2018

	Called-up share capital £000	Share premium £000	Other reserves £000	Retained earnings £000	Total equity £000
Balance as at 30 June 2016	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	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
Loss for the year	-	-	-	(1,178)	(1,178)
Other comprehensive income	-	-	-	-	-
Total comprehensive income for the year	-	-	-	(1,178)	(1,178)
Transfer from revaluation reserve to profit and loss account	-	-	(112)	112	-
Share Options	-	-	-	7	7
Total transactions with owners recognised directly in equity	-	-	(112)	119	7
Balance as at 30 June 2018	1,359	16,003	19,387	(1,116)	35,633

Company Statement of Changes in Equity

FOR THE YEAR ENDED 30 JUNE 2018

	Called-up share capital £000	Share premium £000	Other reserves £000	Retained earnings £000	Total equity £000
Balance as at 30 June 2016	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	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
Loss for the year	-	-	-	(1,178)	(1,178)
Other comprehensive income	-	-	-	-	-
Total comprehensive income for the year	-	-	-	(1,178)	(1,178)
Transfer from revaluation reserve to profit and loss account	-	-	(112)	112	-
Share Options	-	-	-	7	7
Total transactions with owners recognised directly in equity	-	-	(112)	119	7
Balance as at 30 June 2018	1,359	16,003	19,387	(1,116)	35,633

Consolidated Statement of Cash Flows

FOR THE YEAR ENDED 30 JUNE 2018

	Note	2018 £000	Group 2017 £000
Net Cash from operating activities	20	(564)	(310)
Taxation received		-	-
Net Cash used in operating activities		<u>(564)</u>	<u>(310)</u>
Cash flow from investing activities			
Payments to acquire intangible fixed assets		(628)	(30)
Payments to acquire tangible fixed assets		(152)	(616)
Interest received		3	5
Net cash flow from investing activities		<u>(777)</u>	<u>(641)</u>
Cash flow from financing activities			
Interest paid		(222)	(257)
Issue of ordinary share capital		-	859
New long term loans		-	1,500
Repayment on long term loans		(880)	(380)
Net cash flow from financing activities		<u>(1,102)</u>	<u>1,722</u>
(Decrease)/increase in cash and cash equivalents		<u>(2,443)</u>	<u>771</u>
Cash and cash equivalents at 1 July 2017		2,216	1,445
Cash and cash equivalents at 30 June 2018		<u>(227)</u>	<u>2,216</u>

NOTES

(forming part of the financial statements)

1 GENERAL INFORMATION

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

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

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

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

2 STATEMENT OF COMPLIANCE

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

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(a) Basis of preparation

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

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

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

The directors have prepared detailed cash flow forecasts for the next twelve months, based on the board-approved 2018/19 budget and forecasts for the 2019/20 financial year based on current known or expected factors.

(b) Going concern

As disclosed in note 16 the company has, post year end, renegotiated the terms of its debt facilities with HSBC. This has increased the available facilities and also restructured the capital repayments over a longer period of time.

The directors have extended the projections to the end of the 2019/20 season, and included reasonable downside sensitivities (being lower season ticket sales, lower match ticket sales and reduced corporate/commercial income for agreements ending/renewing within this time period). Some of the negative cash flow impacts of these potential

outcomes could be mitigated through continued focus on cost reduction. The directors have received assurances from the major shareholders that, should the downside sensitivities noted above be experienced to a level which cannot be mitigated by the club during the forecasted period, funding would be made available to enable the club to meet its day to day obligations. Based on the discussions with the major shareholders and their past commitment and investment in the company, the board believes that this support will be available to the company as and when required.

The cash flow projections do not take into account the sale of any other assets of the company.

Based on these projections and the new financing arrangements, the directors believe that the company has sufficient cash resources and debt facilities to enable the company to meet its obligations as and when they fall due for the foreseeable future. The directors therefore continue to adopt the going concern basis in preparing the financial statements.

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

(j) Tangible assets

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

(i) Land & buildings

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

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

(ii) Fixtures, fittings, tools and equipment

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

(iii) Depreciation and residual values

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

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

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

NOTES CONTINUED**3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****(j) Tangible assets (cont'd)****(iv) Subsequent additions and major components**

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

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

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

(v) Assets under the course of construction

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

(vi) Derecognition

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

(k) Borrowing costs

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

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

(l) Leased assets

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

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

(m) Investments - company**(i) Investment in subsidiary**

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

(ii) Other investments

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

(n) Cash and cash equivalents

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

(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:

Judgements

Revenue recognition: The judgement as to when to recognise income derived from commercial contracts is an area of complexity and significant judgement. These contracts often have different elements to the agreement, the obligations of which could be settled at different times by the company. In addition the agreements can often span accounting periods with the timing of cash receipt often being in advance of the services provided.

Judgements and estimates

Revaluation of property and investments: The company has chosen to account for its property portfolio and investments at fair value. The properties and investments are revalued at the end of each financial year by the directors with a full formal valuation of the properties being performed on a periodic basis (the last one being performed in June 2016). Therefore management must exercise their judgement as to the appropriateness of the valuation at each accounting period.

Estimates

Useful economic lives of assets and cost accruals for additions: The directors consider the appropriateness of the rates of depreciation on an annual basis. Where the costs of the construction of the asset have not been fully invoiced the directors must make an assessment as to the amounts of costs yet to be received and make appropriate accruals for such costs.

NOTES CONTINUED**5 TURNOVER****FOR THE YEAR ENDED 30 JUNE****2018****2017****£000****£000**

All turnover originates in the UK.

Analysis of turnover by category:

Rugby income	5,391	5,518
Premier Rugby Limited income	6,097	5,392
Commercial income	8,923	8,823
	<u>20,411</u>	<u>19,733</u>

6 LOSS ON ORDINARY ACTIVITIES**FOR THE YEAR ENDED 30 JUNE****2018****2017****£000****£000**

Loss is stated after charging:

Wages and salaries	11,203	10,766
Social security costs	1,243	1,143
Other pension costs	268	234
Share-based payments	7	8

Staff costs charged to profit and loss**12,721****12,151**

Loss on disposal of tangible assets

10

11

Amortisation of intangible assets

225

57

Depreciation of tangible assets

1,076

1,080

Operating lease charges

133

146

*Auditors' remuneration:***FOR THE YEAR ENDED 30 JUNE****2018****2017****£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

21

20

Fees payable to the company's auditors and its associates for other services:

The audit of the company's subsidiaries

3

3

Other services relating to taxation

17

13

Total amount payable to the company's auditors and its associates

4136

NOTES CONTINUED

7 EMPLOYEES AND DIRECTORS
FOR THE YEAR ENDED 30 JUNE

	2018 Number	2017 Number
Employees		
The average monthly number of persons (including executive directors) employed by the group during the year was:		
Playing and coaching staff	78	103
Administration and other support staff	89	78
	<u>167</u>	<u>181</u>
	£000	£000

Directors

The directors' emoluments were as follows:

Aggregate emoluments	434	431
Company contributions to money purchase pension schemes	46	46
	<u>480</u>	<u>477</u>

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.

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	221	214
Money purchase pension scheme	-	9
	<u>221</u>	<u>223</u>

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

8 NET INTEREST EXPENSE**FOR THE YEAR ENDED 30 JUNE**

	2018 £000	2017 £000
(a) Interest receivable and similar income		
Bank interest received	3	5
Total interest receivable and similar income	<u>3</u>	<u>5</u>
(b) Interest payable and similar charges		
Interest expense on senior bank loans	(216)	(225)
Interest expense on convertible loans	(32)	(32)
Total interest expense on financial liabilities not measured at fair value through profit or loss	<u>(248)</u>	<u>(257)</u>
(c) Net interest expense		
Interest receivable and similar income	3	5
Interest payable and similar charges	(248)	(257)
Net interest expense	<u>(245)</u>	<u>(252)</u>

NOTES CONTINUED

9 TAX ON LOSS ON ORDINARY ACTIVITIES

FOR THE YEAR ENDED 30 JUNE	2018 £000	2017 £000
(a) Tax expense included in profit and loss		
Current tax:		
UK corporation tax on loss this year (arising from previous year)	(32)	-
Total current tax	(32)	-
Deferred tax:		
Current year	(33)	(72)
Adjustment arising from previous years	7	(40)
Total deferred tax	(26)	(112)
Tax on loss on ordinary activities	(58)	(112)
(b) Reconciliation of tax charge		
The current tax credit for the year is lower (2016: lower) than the standard effective rate of corporation tax in the UK of 19% (2017: 19.75%). The differences are explained below:		
Loss before taxation	(1,236)	(938)
Loss multiplied by the standard effective rate of tax in the UK of 19% (30 June 2017: 19.75%)	(235)	(185)
Effects of:		
Expenses not deductible	209	117
Impact of rate change	(7)	(36)
Non taxable income	-	(33)
Depreciation/write-off on assets not qualifying for capital allowances	-	65
Adjustment to tax charge in respect of prior years	(25)	(40)
Tax credit for the year	(58)	(112)

(c) Tax rate changes

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 17% from 1 April 2020 had already been substantively enacted on 26th October 2015. Current tax is therefore measured at an effective rate of 19% (2017: 19.75%) and deferred taxation is measured at 17% (2017: 17%) 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 £000	Software £000	Total £000
Group and Company			
At 30 June 2017			
Cost	85	389	474
Accumulated amortisation and impairment	(60)	(376)	(436)
Net book amount	25	13	38
Year ended 30 June 2018			
Opening net book value	25	13	38
Additions	618	10	628
Amortisation	(215)	(10)	(225)
Net book amount	428	13	441
At 30 June 2018			
Cost	668	348	1,016
Accumulated amortisation and impairment	(240)	(335)	(575)
Net book amount	428	13	441

NOTES CONTINUED

11 TANGIBLE ASSETS

FOR THE YEAR ENDED 30 JUNE - GROUP AND COMPANY

	Freehold land and buildings at Welford Road £000	Freehold land and buildings at Oval Park £000	Short leasehold land and buildings at Oval Park £000	Fixtures, fittings, tools and equipment £000	Total £000
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
Year ended 30 June 2018					
Opening net book amount	44,500	1,473	1,587	1,970	49,530
Additions	-	-	-	152	152
Disposals	-	-	-	(10)	(10)
Depreciation	(500)	(27)	(64)	(485)	(1,076)
Closing net book amount	44,000	1,446	1,523	1,627	48,596
At 30 June 2018					
Cost	45,000	1,500	1,650	4,769	52,919
Accumulated depreciation and impairment	(1,000)	(54)	(127)	(3,142)	(4,323)
Net book amount	44,000	1,446	1,523	1,627	48,596

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

	2018 £000	2017 £000
Freehold land and buildings Welford Road	28,864	29,270
Freehold land and buildings Oval Park	625	644
Short leasehold land and buildings Oval Park	609	637
	30,098	30,551

NOTES CONTINUED

12 INVESTMENTS

FOR THE YEAR ENDED 30 JUNE - GROUP AND COMPANY

	Premier Rugby Limited P shares £000	Total £000
At 30 June 2017		
Cost	6,484	6,484
Net book amount	6,484	6,484
Year ended 30 June 2018		
Opening net book amount	6,484	6,484
Closing net book amount	6,484	6,484
At 30 June 2018		
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 (2017: £6,484,000). The directors will continue to review this valuation on an annual basis.

NOTES CONTINUED**13 DEBTORS****FOR THE YEAR ENDED 30 JUNE**

	Group		Company	
	2018	2017	2018	2017
	£000	£000	£000	£000
Trade debtors	1,544	2,536	1,544	2,536
Other receivables	642	256	642	256
Prepayments and accrued income	462	802	462	802
	2,648	3,594	2,648	3,594

Trade debtors are stated after provision for impairment of £8,000 (2017:£11,000).

14 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**FOR THE YEAR ENDED 30 JUNE**

	Group		Company	
	2018	2017	2018	2017
	£000	£000	£000	£000
Bank loans and overdrafts	1,272	1,024	1,272	1,024
Trade creditors	1,255	1,240	1,255	1,240
Other taxation and social security	1,154	1,316	1,154	1,316
Supplier loans	295	300	295	300
Accruals and deferred income	5,704	7,064	5,704	7,064
	9,680	10,944	9,680	10,944

NOTES CONTINUED

15 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

FOR THE YEAR ENDED 30 JUNE	Group		Company	
	2018	2017	2018	2017
	£000	£000	£000	£000
Amounts falling due between one and five years				
Bank loans and overdrafts	3,076	3,448	3,076	3,448
Amounts due to group undertakings	-	-	459	456
Supplier loans	680	825	680	825
Convertible loan notes	459	456	-	-
Accruals and deferred income	79	142	79	142
	4,294	4,871	4,294	4,871
Amounts falling due after more than five years				
Bank loans and overdrafts	4,081	4,566	4,081	4,566
Supplier loans	337	486	337	486
	4,418	5,052	4,418	5,052
Total creditors falling due after more than one year	8,712	9,923	8,712	9,923

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	
	2018	2017	2018	2017
	£000	£000	£000	£000
Bank loans and overdrafts	8,429	9,038	8,429	9,038
Supplier loans	1,312	1,611	1,312	1,611
Convertible loan notes	459	456	-	-
	10,200	11,105	9,741	10,649

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.

During October 2018 the HSBC loans were renegotiated resulting in an extension to the payment terms shown above. The 2 loans noted above have been combined and repayments of £527,000 p.a. will commence in November 2018.

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 September 2019.

NOTES CONTINUED**17 PROVISIONS FOR LIABILITIES****FOR THE YEAR ENDED 30 JUNE - GROUP AND COMPANY**

	Deferred Tax £000
The group had the following provisions during the year:	
At 1 July 2017	(4,191)
Credit to the profit and loss account	26
At 30 June 2018	<u>(4,165)</u>

Deferred Tax

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

	Group		Company	
	2018 £000	2017 £000	2018 £000	2017 £000
Difference between accumulated depreciation and capital allowances	(961)	(880)	(961)	(880)
Other timing differences	(3,958)	(3,958)	(3,958)	(3,958)
Tax losses	754	647	754	647
Deferred tax liability	<u>(4,165)</u>	<u>(4,191)</u>	<u>(4,165)</u>	<u>(4,191)</u>

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 2018 (2017 - £nil). Other timing differences also include deferred tax liabilities of £3,968,000 (2017 - £3,994,000) in relation to the revaluation of the P shares and fixed assets.

NOTES CONTINUED

18 FINANCIAL INSTRUMENTS

FOR THE YEAR ENDED 30 JUNE

	Group		Company	
	2018	2017	2018	2017
	£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	1,544	2,536	1,544	2,536
	1,544	2,536	1,554	2,536
Financial liabilities measured at amortised cost				
Bank loans and overdrafts	(8,429)	(9,038)	(8,429)	(9,038)
Convertible loan notes	(459)	(456)	-	-
Trade creditors	(1,255)	(1,240)	(1,255)	(1,240)
Accruals and deferred income	(1,568)	(1,652)	(1,568)	(1,652)
Amount due to group undertaking	-	-	(459)	(456)
	(11,711)	(12,386)	(11,711)	(12,386)

Financial risk management and impairment of financial assets

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

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

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

Credit risk

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

All cash is held with reputable banks.

Other than the cash held by the group's bank at 30 June 2018, there are no other significant concentrations of credit risk within the group at the balance sheet date.

Liquidity risk

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

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

Interest rate risk

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

NOTES CONTINUED**19 CALLED-UP SHARE CAPITAL AND OTHER RESERVES****FOR THE YEAR ENDED 30 JUNE - GROUP AND COMPANY**

	Number ooo's	£000
Ordinary shares of 10p each		
Allotted and fully paid		
At 30 June 2018 and 1 July 2017	<u>13,591</u>	<u>1,359</u>

Other reserves

Other reserves consist of the following amounts:

	Property revaluation reserve £000	Investment revaluation reserve £000	Total £000
Group and Company			
At 1 July 2017	14,116	5,383	19,499
Transfer from revaluation reserve to profit and loss account	(112)	-	(112)
At 30 June 2018	<u>14,004</u>	<u>5,383</u>	<u>19,387</u>

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	
	2018	2017
	£000	£000
Loss for the financial year	(1,178)	(826)
Adjustments for:		
Tax on loss on ordinary activities	(58)	(112)
Net interest expenses	245	252
Loss on ordinary activities before interest and taxation	(991)	(686)
Amortisation of intangible assets	225	57
Depreciation of tangible assets	1,076	1,080
Loss on disposal of tangible assets	10	11
Deferred grant release	(38)	(38)
Amortisation of issue costs	-	11
Credit in relation to share based payment charge	7	2
Working capital movements:		
Decrease/(Increase) in debtors	978	(467)
Decrease in payables	(1,532)	(16)
Non cash movement on supplier loans	(299)	(264)
Cash outflow from operating activities	(564)	(310)

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 £805,000 (2017 - £814,200) have been recorded with these related parties and at the year end amounts due to the club were £200,000 (2017 - £805,200) (excluding VAT). These amounts due relate to the 2018/19 season.

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

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

22 CONTROLLING PARTY

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

NOTES CONTINUED**23 SUBSIDIARIES AND RELATED UNDERTAKINGS**

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

FOR THE YEAR ENDED 30 JUNE

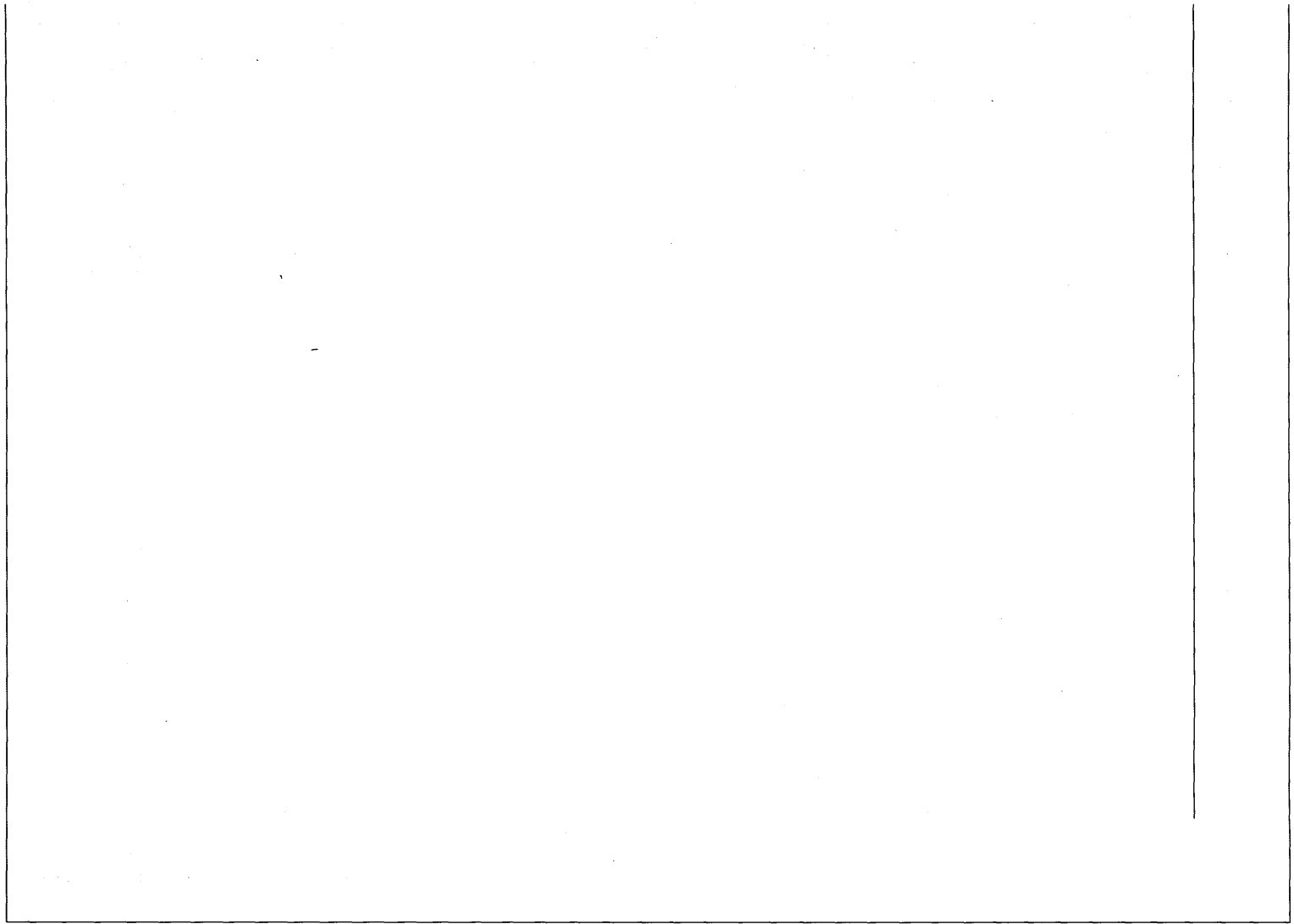
	Country of incorporation	Nature of business	Interest
Tigers Events Limited	UK	Dormant	100% ordinary shares
Leicester Tigers Limited	UK	Dormant	100% ordinary shares
Leicester Rugby Club Limited	UK	Dormant	100% ordinary shares
Harlequin Event Management Limited	UK	Dormant	*69% ordinary shares
Grass Roots Rugby Limited	UK	Dormant	100% ordinary shares
Leicester Tigers Loan Notes Limited	UK	Finance Company	100% ordinary shares

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 £267,955 (2017: £233,678).

Contributions of £30,153 were outstanding at 30 June 2018 (2017: £20,434).



Leicester Football Club Plc

Leicester Football Club Plc

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