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SARACENS

SARACENS LIMITED

REPORT AND ACCOUNTS

FOR THE YEAR ENDED
30 June 2016

Registered Number : 3110665

COMPANY INFORMATION

Directors	N Wray (Chairman) N Leslau S Thomas D Silvester F Pienaar C Rupert C Booth F Knoetze H Harvey S Crouse
Secretary	M Velani
Registered Office	Allianz Park Greenlands Lane Hendon London NW4 1RL
Registered Number	3110665 (England & Wales)
Registered Auditor	RSM UK Audit LLP Marlborough House Victoria Road South Chelmsford Essex CM1 1LN
Bankers	Barclays Bank Plc 62/64 High Street Watford Herts WD17 1BT

CHAIRMANS' STATEMENT

Last year in the Annual Report to you I think I described the team and the club's performance as being that of an 'annus mirabilis' in that the only competition we didn't win was the European Champions Cup. I'm delighted to say, as you all know of course, that we put that right in 2016 when Saracens became the first English side for 12 years to do the Double, the Aviva Premiership and the European Champions Cup.

If you had asked me at the start of the year, I would have said that a Double was no longer possible in a professional era, such was the competition. I was wrong! And the people who proved me wrong were the players, the coaches, the strength and conditioning team, the medical staff, the back office... in short the entire Saracens family. These things don't just happen, it requires love, dedication and huge hard work and that's precisely what they gave.

As I write this report, we are in the top three of the Aviva Premiership league table and are unbeaten thus far in Europe. However, as nice as that is, it's not particularly relevant. What matters is where we will be in May... and indeed in 10 years' time.

As it happens, I was this morning looking at the site for our Saracens School, when the Barnet Council officer there remarked that it was an exciting day (Saracens entry into a deprived area of London) and the good that, "your amazing brand can do". When you hear that, you have to sit up and take notice because that brand, if you like, has been created over many, many years and if indeed it is an amazing brand, then it simply reminds us of our responsibilities that are heavy. We must continue to work hard for those less fortunate in our community, we must continue to work hard to be the best we can possibly be, because the time is now!

In financial terms, that brand is attributed no value in this Annual Report, as indeed is our holding of 'P' shares in Premiership Rugby that in my view must be worth at least a few million pounds given the revenue associated with our shareholding. The actual P&L account is nothing to write home about but it is getting better and we are getting stronger and making progress year by year. We now have a burgeoning Allianz Park Events business that will grow again this year and, again in my opinion, will become a very good business indeed over the next few years. Just for further explanation, as you can see we have on the balance sheet a deficit of £48million (which represents our accumulated investment in the team and the brand over many years) but the vast majority of that represents funding from the two principal shareholders with no obligation for repayment. It's, therefore, very much left-hand/right-hand stuff and can effectively be ignored.

CHAIRMANS' STATEMENT (continued)

But as always our most important asset is people, for it is good people who make things happen, things just don't happen of their own accord. We have very good, loyal people, real leaders, in our players, who are all substantially signed until 2019, as is our remarkable coaching and strength & conditioning team. We did in fact have 10 players involved in the Autumn Internationals, something we are hugely proud of and will always encourage.

I have remarked before how impressed I am, and always will be, with the work of the Saracens Foundation in the community. As well as helping many tens of thousands of underprivileged kids, with their passion and enthusiasm, all the people at the Saracens Foundation also contribute strongly to the Saracens brand and hopefully the respect in which it is held. Not just in this country incidentally but also abroad where the name has huge recognition.

If you'd asked me 20 years ago, when I first became involved, about the concept of this club being a great family of people who cared for each other, who cared for each other's families, mums, dads, kids etc. I wouldn't have got it. But I get it now! It's a huge part of our DNA and whilst you can't measure it, I know it's crucial to our performance and something we cannot lose.

The development of Allianz Park, most immediately the West Stand – should make huge progress in the next couple of years. This will be essential both for our development if we want to remain at the top of Europe and in terms of the facilities we should continue to offer the local schools, the local charities and the local community. That will hopefully create a two-way street whereby they in turn support us as 'their' team. We're also working hard to find and develop our own Training Ground because our world class players need facilities to match.

So there is much to be done, but with your help and enthusiasm we can do it!

All the very best.

N Wray

The directors submit their strategic report of the Company for the year ended 30 June 2016.

Principal activities

The principal activity of the Company is that of a professional Rugby Union Football Club.

Review of the business

The team had a successful 2015-16 season winning the Premiership and the European Champions Cup. In comparison to the prior year, the loss for the financial year 2015-16 has reduced by £0.7m, principally driven by a 3% increase in turnover, resulting in net liabilities of £47.7m at 30 June 2016 (2015: £44.5m).

Principal risks and uncertainties

Like many companies within the leisure industry the Company is subject to risks associated with the wider economy. The performance of the team remains central to the on-going development of the business and achieving budget targets for the forthcoming year, coupled with the success of the non-matchday business arising from the stadium.

The on-going Company losses are to be funded by its parent company Premier Team Holdings Limited and this intention has been confirmed in writing. Premier Team Holdings Limited expects to be able to provide this funding through recovery of its loan due from Saracens Copthall LLP, and when this loan is fully recovered through new share issues to key shareholders. The directors of Saracens Limited are satisfied that Saracens Copthall LLP will have sufficient resources to repay its loan in full on the basis that the LLP has obtained letters of support from its key members, and that Premier Team Holdings Limited will be able to raise new funding through share issues on the basis of letters of support it has received from its key shareholders. The directors have also made appropriate enquiries in respect of the ability of the key shareholders of Premier Team Holdings Limited and the key members of Saracens Copthall LLP to provide these assurances. While Premier Team Holdings Limited, the key shareholders of Premier Team Holdings Limited and the key members of Saracens Copthall LLP have confirmed in writing their intention to continue to provide support, the confirmations are not legally binding. Therefore there is a risk that Premier Team Holdings Limited may not be able to provide the required funding to meet the Company's liabilities as they fall due.

Key performance indicators

During the year, various KPI's are utilised to assess ongoing financial and operating performance. These include year on year comparison of revenue, cost control against full year budgets and previous year costs and crowd attendance compared to previous years, budget expectation and local competitors.

A marked increase in match and season ticket sales resulting from increased sales and improved yield, coupled with increased contribution from the Allianz Park events division, contibuted to revenue growth of £0.4m from 2014-2015.

The cost base of the Club has decreased from 2014-15 to 2015-16 with longer term and more favourable

On behalf of the board

H Harvey
Director

15 March 2017

The directors submit their report and the audited accounts of the Company for the year ended 30 June 2016.

Results and dividends
The loss for the year after taxation amounted to £3,274,818 (2015: £4,005,897).
The directors do not recommend the payment of a dividend (2015: Nil).

Future developments
Focus will continue to be on developing the non-rugby side of the business through use of the stadium facilites whilst maintaining a strong position in the league and developing the strength of the Saracens brand.

Directors
The following directors served since 1 July 2015.

N Wray (Chairman)
N Leslau
S Thomas
D Silvester
F Pienaar
C Rupert
M Du Plessis (resigned 21 September 2016)
C Booth
F Knoetze
H Harvey (appointed 1 August 2015)
S Crouse (appointed 21 September 2016)

Third party indemnity provision for directors
Qualifying third party indemnity provision was in place for the benefit of all directors of the company.

Statement of directors' responsibilities
The directors are responsible for preparing the Strategic Report and the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Acepted Accounting Practice (United Kingdom Accounting standards 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 Company and of the profit or loss of the Company for that period. In preparing those financial statements, the directors are required to:

a. select suitable accounting policies and then apply them consistently;
b. make judgements and accounting estimates that are reasonable and prudent;
c. prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Financial Instruments
The Company enters into financial instruments in the form of shareholder loans, normal short term creditors and debtors.

Statement of disclosure to auditors
So far as the directors are aware, there is no relevant audit information of which the Company's auditor is unaware. Additionally, the directors have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the Company's auditor is aware of that information.

Auditor

The auditor, RSM UK Audit LLP, has indicated its willingness to continue in office.

On behalf of the board

H Harvey
Director

15 March 2017

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SARACENS LIMITED

Opinion on financial statements

We have audited the financial statements on pages 9 to 21. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

Opinion on financial statements

In our opinion the financial statements:

• give a true and fair view of the state of the company's affairs as at 30 June 2016 and of its loss for the year then ended;

• have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and

• have been prepared in accordance with the requirements of the Companies Act 2006.

Emphasis of matter - Going concern

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosures made in note 18 to the financial statements concerning the company's ability to continue as a going concern. The company incurred a loss of £3,274,818 during the year ended 30 June 2016 and, at that date, the company's liabilities exceeded its total assets by £47,735,775. The company is forecasting to incur further losses in the year to 30 June 2017 and is reliant on the continued support of the parent undertaking and ultimately the key shareholders of Premier Team Holdings Limited and the key members of Saracens Copthall LLP. Letters of support have been obtained, however these are not legally binding. These conditions, along with the other matters explained in note 18 to the financial statements, indicate the existence of a material uncertainty which may cast significant doubt about the company's ability to continue as a going concern. The financial statements do not include any adjustments that would result if the company was unable to continue as a going concern.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at http://www.frc.org.uk/auditscopeukprivate.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SARACENS LIMITED (continued)

Respective responsibilities of directors and auditor

As more fully explained in the Directors' Responsibilities Statement set out on pages 5 to 6, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

RSM UK Audit LLP

ANDREW MONTEITH (Senior Statutory Auditor)

For and on behalf of RSM UK AUDIT LLP, Statutory Auditor
Chartered Accountants
Marlborough House
Victoria Road South
Chelmsford
Essex
CM1 1LN
Date: 24th March 2017.

PROFIT AND LOSS ACCOUNT
for year ended 30 June 2016

	Note	2016 £	2015 £
TURNOVER	1	15,770,511	15,347,894
Net operating expenses		(19,025,345)	(19,353,834)
OPERATING LOSS		(3,254,834)	(4,005,940)
Interest Received	3	11	43
Interest Payable	4	(19,995)	-
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION	1	(3,274,818)	(4,005,897)
Taxation	5	-	-
LOSS ON ORDINARY ACTIVITIES AFTER TAXATION	13	(3,274,818)	(4,005,897)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		(3,274,818)	(4,005,897)

BALANCE SHEET
At 30 June 2016

Company Registration No : 3110665

	Note	2016		2015	
		£	£	£	£
FIXED ASSETS					
Intangible assets	6		-		5,152
Tangible assets	7		852,140		636,244
			852,140		641,396
CURRENT ASSETS					
Debtors	9	2,667,815		1,874,386	
Stock	8	152,292		120,818	
Cash at bank and in hand		895,743		767,237	
		3,715,850		2,762,441	
CURRENT LIABILITIES					
Creditors: Amounts falling due within	10	(51,473,913)		(47,674,850)	
NET CURRENT LIABILITIES			(47,758,063)		(44,912,409)
Creditors: Amounts falling due after more than one year	10		(829,852)		(189,944)
NET LIABILITIES			(47,735,775)		(44,460,957)
CAPITAL AND RESERVES					
Called up Share Capital	12		4,369,735		4,369,735
Share premium account	13		4,638,278		4,638,278
Profit and loss account	13		(56,743,788)		(53,468,970)
SHAREHOLDERS' DEFICIT			(47,735,775)		(44,460,957)

The accounts on pages 9 to 21 were approved by the board of directors and authorised for issue on 15 March 2017 and were signed on its behalf by:

H Harvey, Director

Statement of Changes in Equity
At 30 June 2016

Company Registration No : 3110665

	Share Capital	Share Premium	Profit and Loss Account	Total
	£	£	£	£
BALANCE AT 31 JULY 2014	4,369,735	4,638,278	(49,463,073)	(40,455,060)
Loss for the year	-	-	(4,005,897)	(4,005,897)
BALANCE AT 30 JUNE 2015	4,369,735	4,638,278	(53,468,970)	(44,460,957)
Loss for the year	-	-	(3,274,818)	(3,274,818)
BALANCE AT 30 JUNE 2016	4,369,735	4,638,278	(56,743,788)	(47,735,775)

H Harvey, Director

CASH FLOW STATEMENT
for year ended 30 June 2016

	Note	2016 £	2015 £
OPERATING ACTIVITIES			
Cash used in operations	14	440,019	(2,481,213)
NET CASH USED IN OPERATING ACTIVITES		440,019	(2,481,213)
INVESTING ACTIVITIES			
Interest received	3	11	43
Purchase of tangible fixed assets	6	(694,060)	(84,797)
NET CASH USED IN INVESTING ACTIVITES		(694,049)	(84,754)
FINANCING ACTIVITIES			
Increase in intercompany loan	10	0	3,162,400
Increase in shareholder loans	10	640,000	-
NET CASH FROM FINANCING ACTIVITES		640,000	3,162,400
NET INCREASE IN CASH AND CASH EQUIVALENTS		128,506	596,433
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		767,237	170,804
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		895,743	767,237
RELATING TO:			
Bank balances and short term deposits included in cash at bank and in hand		895,743	767,237

ACCOUNTING POLICIES
for the year ended 30 June 2016

General information
Saracens Limited ("the Company") is a private limited company domiciled and incorporated in England. The address of the Company's registered office and principal place of business is Allianz Park, Greenlands Lane, Hendon, London, NW4 1RL, United Kingdom. The Company's principal activity is the operation of a professional rugby club.

Basis of accounting
These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006, including the provisions of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 and under the historical cost convention. Monetary amounts in these financial statements are rounded to the nearest whole £1.

First time adoption of FRS 102
These financial statements are the first financial statements of Saracens Limited prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (FRS 102). The financial statements of Saracens Limited for the year ended 30 June 2015 were prepared in accordance with previous UK GAAP. The date of transition was 1 July 2014.

Some of the FRS 102 recognition, measurement, presentation and disclosure requirements and accounting policy choices differ from previous UK GAAP. Consequently, the directors have amended certain accounting policies to comply with FRS 102.

Reconciliations and descriptions of the effect of the transition to FRS 102 on; (i) equity at the date of transition to FRS 102; (ii) equity at the end of the comparative period; and (iii) profit or loss for the comparative period reported under previous UK GAAP are given in Note 19.
Under FRS 102, the Cash Flow Statement presents changes in cash and cash equivalents (which include cash in hand, deposits repayable on demand and overdrafts and short-term, highly liquid investments), showing changes arising from operating activities, investing activities and financing activities separately. Under previous UK GAAP, the Cash Flow Statement presented changes in cash (which includes cash in hand, deposits repayable on demand and overdrafts) under the headings of operating activities, returns on investments and servicing of finance, taxation, capital expenditure and financial investment, acquisitions and disposals, equity dividends paid, management of liquid resources, and financing.

Comparative figures have been restated to reflect the adjustments made, except to the extent that the directors have taken advantage of exemptions to retrospective application of FRS 102 permitted by FRS 102 Chapter 35 'Transition to this FRS'. Adjustments are recognised directly in equity within the cumulative profit and loss account at the transition date.

Basis of preparation of the Financial Statements - Going Concern
The directors believe that it is appropriate to prepare the financial statements on the going concern basis based on the reasons set out in note 18 to these financial statements.

Turnover
Turnover represents the amounts derived from ticket sales, executive boxes, sponsorship, Premier Rugby central income and non-matchday revenue arising from the sale of eventing space, net of value added tax. Turnover is recognised in the period to which it relates, and future income which has been received in advance is shown in the balance sheet as deferred income.

Intangible fixed assets
Goodwill arising on the purchase of Saracens Rugby Union Football Club, being the excess of the cost of interests acquired over the fair value of underlying net assets, is amortised evenly over twenty years beginning in the year of acquisition. In the opinion of the directors this represents the period over which goodwill is effective.

The cost of players' registrations are capitalised and amortised over the period of the respective players' contracts. Transfers are recognised in the year in which the transfer is registered with the relevant governing body.

Tangible fixed assets
Tangible fixed assets are stated at historical cost. Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost less residual value of each asset evenly over its useful life, at the following rates:

Stadium equipment	: 3 to 4 years
Office & training equipment	: 3 to 4 years
Leasehold Improvements	: 15 years
Car Park	: 25 years

Pensions
The Company provides a defined contribution pension scheme for its employees. The pension costs charged in the financial statements represent the contributions payable by the Company during the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

Operating leases
Costs in respect of operating leases are charged to the profit and loss account on a straight line basis over the lease term.

Investments
Fixed asset investments are shown at cost and reviewed for impairment if events or changes in circumstances indicate that the carrying amount may not be recoverable. The Company is entitled to income from three classes of shares owned in Premiership Rugby Limited; permanent 'P' shares, 'A' and 'B' shares. Ownership of 'A' and 'B' shares is contingent on Saracens remaining in the Premiership. As a founding member of the Premiership, there was no cost associated with the acquisition of 'P', 'A' or 'B' shares, therefore, no value has been shown on the balance sheet.

Taxation
The tax expense represents the sum of the current tax expense and deferred tax expense. Current tax assets are recognised when tax paid exceeds the tax payable. Current tax is based on taxable profit for the year. Current tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled based on tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax liabilities are recognised in respect of all timing differences that exist at the reporting date. Timing differences are differences between taxable profits and total comprehensive income that arise from the inclusion of income and expenses in tax assessments in different periods from their recognition in the financial statements. Deferred tax assets are recognised only to the extent that it is probable that they will be recovered by the reversal of deferred tax liabilities or other future taxable profits.

Current and deferred tax is charged or credited in profit or loss, except when it relates to items charged or credited to other comprehensive income or equity, when the tax follows the transaction or event it relates to and is also charged or credited to other comprehensive income, or equity. Current tax assets and current tax liabilities and deferred tax assets and deferred tax liabilities are offset, if and only if, there is a legally enforceable right to set off the amounts and the entity intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Foreign Currencies
Transactions denominated in foreign currencies are translated into Sterling at the exchange rate ruling at the date of the transaction. Assets and liabilities in foreign currencies are translated into Sterling at the rates of exchange ruling at the end of the financial year. All exchange differences are dealt with in the profit and loss account.

Stock
Stock represents branded merchandise which is carried at the lower of cost and estimated selling price less costs to complete and sell.

Impairment
Fixed assets are reviewed for impairment if events or changes in circumstances indicate that a carrying amount may not be recoverable or as otherwise required by relevant accounting standards. Shortfalls between the carrying value of fixed assets and their recoverable amounts, being the higher of the net realisable value and value-in-use, are recognised as impairments. Impairment losses are recognised in the profit and loss account.

Financial instruments
The Company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102, in full, to all of its financial instruments.
Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument, and are offset only when the Company currently has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Financial assets
Trade and other debtors (including accrued income) which are receivable within one year and which do not constitute a financing transaction are initially measured at the transaction price and subsequently measured at amortised cost, being the transaction price less any amounts settled and any impairment losses. Where the arrangement with a debtor constitutes a financing transaction, the debtor is initially measured at the present value of future payments discounted at a market rate of interest for a similar debt instrument and subsequently measured at amortised cost.

A provision for impairment of trade debtors is established when there is objective evidence that the amounts due will not be collected according to the original terms of the contract. Impairment losses are recognised in profit or loss for the excess of the carrying value of the trade debtor over the present value of the future cash flows discounted using the original effective interest rate. Subsequent reversals of an impairment loss that objectively relate to an event occurring after the impairment loss was recognised, are recognised immediately in profit or loss.

Financial liabilities and equity

Financial instruments are classified as liabilities and equity instruments according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities.

Equity instruments
Financial instruments classified as equity instruments are recorded at the fair value of the cash or other resources received or receivable, net of direct costs of issuing the equity instruments.

Trade, group and other creditors
Trade and other creditors (including accruals) payable within one year that do not constitute a financing transaction are initially measured at the transaction price and subsequently measured at amortised cost, being the transaction price less any amounts settled. Where the arrangement with a creditor constitutes a financing transaction, the creditor is initially measured at the present value of future payments discounted at a market rate of interest for a similar instrument and subsequently measured at amortised cost.

Borrowings
Borrowings are initially recognised at the transaction price, including transaction costs, and subsequently measured at amortised cost using the effective interest method. Interest expense is recognised on the basis of the effective interest method and is included in interest payable and other similar charges.

Critical accounting estimates and areas of judgement
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.

Critical accounting estimates and assumptions
The Company makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions 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 discussed below.

Deferred tax asset
The recoverable amount of the deferred tax asset is based on value in use which requires estimates in respect of the future cash flows. As such, the carrying value of the deferred tax asset is deemed to be £Nil

Critical areas of judgement
In categorising leases as finance leases or operating leases, management makes judgements as to whether significant risks and rewards of ownership have transferred to the Company as lessee, or the lessee, where the Company is a lessor.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2016

1. TURNOVER AND LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION

	2016	2015
	£	£
The loss on ordinary activities is stated after charging:		
Depreciation of tangible fixed assets	478,164	587,997
Amortisation of intangible fixed assets	5,152	6,156
Auditor's remuneration - audit services	22,127	21,750
Cost of stock within cost of sales	513,761	321,015
Impairment loss on stock within cost of sales	56,000	-
Operating leases	597,743	625,015

An analysis of the Company's turnover by class of business is as follows:

	2016	2015
	£	£
Rugby Related Activities	11,158,495	10,426,369
Allianz Park Related Activities	4,612,016	4,921,525
	15,770,511	15,347,894

Turnover is attributable to activities wholly undertaken in the United Kingdom.

2. STAFF COSTS AND DIRECTORS' REMUNERATION

The average monthly number of persons, including directors, employed by the Company during the year was :	Number	Number
Players & Coaching staff	99	97
Administration staff	45	54
	144	151
Staff costs for the above persons:	£	£
Wages and Salaries	9,015,410	8,652,379
Social security costs	1,052,347	1,003,281
Other pension costs	157,787	153,558
	10,225,544	9,809,218
Directors' emoluments for qualifying services	288,858	384,245

Emoluments for the highest paid director totalled £288,858 (2015: £384,245 which included compensation for loss of office £141,000). This amount included £13,750 of pension contributions (2015: £12,910).

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £157,787 (2015: £153,558).

£39,063 (2015: £23,053) of pension contributions were unpaid at the year end and are included in creditors.

3 INTEREST RECEIVABLE

	2016	2015
	£	£
Interest receivable	11	43

4 INTEREST PAYABLE AND SIMILAR CHARGES

	2016	2015
	£	£
Interest arising on;		
Shareholder loans	19,995	-

NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 30 June 2016

5. TAXATION

	2016	2015
	£	£
Current tax	-	-
Total current tax		
Deferred tax		
Origination and reversal of timing differences	-	-
Total deferred tax	-	-
Total tax for year	-	-

The differences between the total current tax shown above and the amount calculated by applying the rate of UK corporation tax to the loss before tax are as follows:

	2016	2015
Loss on ordinary activities before tax	(3,274,818)	(4,005,897)
Loss on ordinary activities at UK corporation tax rate of 20% (2015: 20%)	(654,964)	(801,179)
Effects of:		
Expenses not deductible for tax purposes	2,455	3,561
Deferred tax asset not recognised.	652,509	797,618
Total tax credit for the year	-	-

No corporation tax charge has been provided as there are no taxable profits. There are tax losses of approximately £58million (2015: £55 million) for use in future years. The deferred tax asset of £10.4 million (2015: £11 million) has not been recognised

On the basis of available evidence, it is more likely than not that there will be no taxable profits in the foreseeable future against which the asset can be recovered. The asset would be recovered against future taxable profits.

6. INTANGIBLE FIXED ASSETS

	Goodwill
	£
COST	
At 1 July 2015 and at 30 June 2016	123,145
AMORTISATION	
At 1 July 2015	117,993
Amortisation in year	5,152
At 30 June 2016	123,145
NET BOOK VALUE	
At 30 June 2016	-
At 30 June 2015	5,152

7. TANGIBLE FIXED ASSETS

	Stadium Equipment	Office & Training Equipment	Car Park	Leasehold Improvements	Total
	£	£	£	£	£
COST :					
1 July 2015	1,715,556	897,795	-	-	2,613,351
Additions	-	15,531	604,107	74,422	694,060
30 June 2016	1,715,556	913,326	604,107	74,422	3,307,411
DEPRECIATION :					
1 July 2015	1,158,989	818,118	-	-	1,977,107
Charge for year	409,102	50,939	18,123	-	478,164
30 June 2016	1,568,091	869,057	18,123	-	2,455,271
NET BOOK VALUE :					
30 June 2016	147,465	44,269	585,984	74,422	852,140
30 June 2015	556,567	79,677	-	-	636,244

NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 30 June 2016

8. STOCKS

	2016	2015
	£	£
Finished goods and goods for resale	152,292	120,818

During the year, a total cumulative impairment loss on finished goods of £56,000 was recognised within cost of sales. There was no previous stock impairment. No earlier stock write downs have been reversed during the current, or preceding, period.

9. DEBTORS

	2016	2015
	£	£
Due within one year :		
Trade debtors	660,634	966,962
Other debtors	105,630	66,285
Prepayments and accrued income	1,901,551	841,139
	2,667,815	1,874,386

10. CREDITORS : Amounts falling due within one year

	2016	2015
	£	£
Trade creditors	1,781,112	1,010,893
Inter-company loans	43,673,848	41,263,498
Other taxation and social security costs	1,452,167	1,374,184
Other creditors	47,841	337,141
Accruals and deferred income	4,518,945	3,689,134
	51,473,913	47,674,850

CREDITORS : Amounts falling due after more than one year

	2016	2015
	£	£
Deferred Income	189,852	189,944
Shareholder Loans	640,000	-
	829,852	189,944

Shareholder loans of £640,000 (2015: £Nil) are subject to interest cover and capital repayments. A loan to the value of £140,000 will be repaid over a period exceeding 5 years.
The portion of the loan amount that will be repaid over a period exceeding 5 years totals £140,000. This will be repaid in consecutive yearly instalments of principle and interest. This will continue for a minimum term of 4 years until November 27th 2019 or a maximum term of 8 years untill November 27th 2023, with the balance then owing to be paid at that time. Shareholder loans are secured by a guarantee, further details are given in note 16.

11. FINANCIAL INSTRUMENTS

The carrying amount of the Company's financial instruments at 30 June 2016 were:

	2016	2015
Financial assets:	£	£
Debt instruments measured at amortised cost	1,551,872	1,678,721
Total	1,551,872	1,678,721
Financial liabilities:		
Measured at amortised cost	48,649,931	44,254,755
Total	48,649,931	44,254,755

12. SHARE CAPITAL

	2016	2015
Allotted, called up and fully paid :	£	£
30,658,339 Ordinary shares of 1p each	306,583	306,583
21,385,006 Deferred shares of 19p each	4,063,151	4,063,151
1 Special share of £1	1	1
	4,369,735	4,369,735

The Deferred Shares shall rank pari passu with the Ordinary Shares of 1p each in the capital of the Company in respect of dividends and on a return of capital (whether in a winding-up or otherwise), save that all of the holders of the Deferred Shares shall, in aggregate, be entitled to payment of 1p on any dividend and 1p on a return of capital. The Deferred Shares shall not entitle the holders thereof to receive notice of or attend or vote at any general meetings of the Company, shall not be redeemable and shall not be capable of transfer at any time hereafter other than as provided with the consent of the Directors of the Company.

The special share may only be held by or transferred to the amateur club, Saracens RFC Limited, providing certain rights relating to the name and activities of the club. It confers no voting rights on the holder of the special share.

13. SHARE PREMIUM ACCOUNT AND RESERVES

	Share Premium Account	Profit & Loss Account
	£	£
At 1 July 2015	4,638,278	(53,468,970)
Loss for the year	-	(3,274,818)
At 30 June 2016	4,638,278	(56,743,788)

Reserves of the Company represent the following:

Share Premium
Consideration received for shares issued above their nominal value net of transaction costs.

Profit and loss account
Cumulative profit and loss net of distributions to owners.

14. CASHFLOWS

RECONCILIATION OF LOSS AFTER TAX TO NET CASH OUTFLOW FROM OPERATING ACTIVITIES

	2016	2015
	£	£
Loss after tax	(3,274,818)	(4,005,897)
Depreciation	478,164	587,997
Interest receivable	(11)	(43)
Interest payable	19,995	-
Amortisation	5,152	6,156
Operating cash flows before movements in working capital	(2,771,518)	(3,411,787)
(Increase)/Decrease in debtors	1,874,386	1,996,048
Increase/(Decrease) in creditors	1,368,626	(1,036,526)
Increase in stock	(31,474)	(28,948)
Net operating cash outflow	440,019	(2,481,213)

15. COMMITMENTS UNDER OPERATING LEASES

The Company is contracted to total commitments under operating leases which expire as follows:

	2016		2015	
	Land & Buildings	Other	Land & Buildings	Other
	£	£	£	£
Amounts due:				
Within one year	425,097	172,646	425,732	93,094
Between one and five years	-	-	425,097	-
Total due	425,097	172,646	850,829	93,094

Included in the above commitments held under non-cancellable lease agreements is a licence arrangement for the use of Land and Buildings. This arrangement is non-cancellable for a period of 1 year, and therefore has been included within the above commitments. An annual commitment for £106,077 exists under this license arrangement (2015: £106,077).

16. RELATED PARTIES

Saracens Limited received sales income from companies in which the following directors were involved.

	Sales Income	Loans Given to company including accrued interest	Balance due at 30 June 16	Sales Income	Balance due at 30 June 15
	£	£	£	£	£
Mr D Silvester - various companies	43,911	515,438	515,438	56,002	15,029
Mr S Thomas - various companies	10,346	-	-	11,765	1,240
Mr N Leslau & Mr N Wray:					
Prestbury Investment Holdings Ltd	37,860	-	-	14,627	-
Mr C Booth	-	144,557	144,557	-	-
Mr N Wray:					
Brendon Street Investments Ltd	237,339	46,864	54,371	160,512	29,986

Included in the loans given amounts above with Mr D Silvester is an accrued interest amount of £15,438 (2015: £0) and amount of £4,557 (2015: £0) with Mr C Booth. Loans with Mr N Wray are interest free. Mr N Wray has given a guarantee to Mr D Silvester and Mr C Booth for their shareholder loans.

Included in creditors at the balance sheet date is an amount of £43,134,183 (2015: £41,263,498) due to Premier Team Holdings Limited. This creditor is an interest free loan with no fixed repayment date.
Included in creditors at the balance sheet date is an amount of £539,665 (2015: £403,813) due to Saracens Copthall LLP. Premier Team Holdings Limited, the parent company of Saracens Limited, is a Designated member of Saracens Copthall LLP.

17. CONTROLLING PARTY

Premier Team Holdings Limited, a company registered in the UK, is the ultimate parent company and owns 90% of the share capital. In the opinion of the directors, no party has ultimate control of the ultimate parent company.

The consolidated accounts of Premier Team Holdings Limited are available from Allianz Park, Greenlands Lane, Hendon, London, NW4 1RL, and are the largest and smallest member of the group for which consolidated accounts are prepared.

18. GOING CONCERN

Saracens Limited has made a loss of £3,274,818 in the current year, and has net current liabilities of £47,758,063 and net liabilities of £47,735,775 as at 30 June 2016.
Further losses have continued to be incurred since the year end but a reduced loss is forecast for the year ended 30 June 2017. The directors have prepared financial forecasts for the Company which show further future losses for at least the next 12 months but there is inevitably some uncertainty as to whether the level of losses incurred will be restricted to those forecasted, and therefore the level of funding required.
The board of directors and ultimate shareholders are committed to making Saracens Limited a financially viable business, through a series of initiatives to increase matchday and non-matchday revenues.
The Company is financed by Premier Team Holdings Limited. The directors of Saracens Limited have obtained a letter of continued support from the directors of Premier Team Holdings Limited. In order to provide this support to Saracens Limited, Premier Team Holdings Limited expects to recover in full its loan previously made to Saracens Copthall LLP, and when this loan is fully recovered to raise further funding through new share issues to its key shareholders.
The key members of Saracens Copthall LLP have provided letters of support to the LLP, confirming that they will provide funding to allow the loan to be repaid. The key shareholders of Premier Team Holdings Limited have provided letters of support to that company, confirming that they will provide it with further funding as required once the loan from Saracens Copthall LLP is fully recovered (although this repayment is not a condition of the support offered). These letters confirm that a level of funding will be provided to enable Saracens Limited to meet its liabilities as they fall due in the foreseeable future. These letters provide support for a period of 12 months from the date of approval of the financial statements.

18. GOING CONCERN (continued)

As with any Company placing reliance on other entities, shareholders or members for financial support, the directors acknowledge that there can be no certainty that this support will continue as the letters of support are not legally binding, although, at the date of approval of the financial statements, they have no reason to believe that they will not do so.

The directors are therefore of the opinion that the financial statements should be drawn up on the going concern basis.

The financial statements do not include any adjustments which would result if the support of Premier Team Holdings Limited, and ultimately the key shareholders of Premier Team Holdings and the key members of Saracens Copthall LLP was withdrawn and the Company was unable as a result to realise its assets and discharge its liabilities in the normal course of business.

19. FIRST TIME ADOPTION OF FRS 102

RECONCILIATIONS OF EQUITY	2015	2014
	£	£
Equity as previously reported under UK GAAP	(44,432,609)	40,455,060
Leave Pay Provision adjustment	(28,348)	-
Equity reported under FRS 102	(44,460,957)	40,455,060

RECONCILIATIONS OF PROFIT OR LOSS	2015
	£
Profit and loss as previously reported under UK GAAP	(3,977,549)
Leave Pay Provision adjustment	(28,348)
Profit and loss reported under FRS 102	(4,005,897)

FRS 102 requires short term employee benefits to be charged to the profit and loss account as the employee service is received. This has resulted in the group recognising a liability for holiday pay. Previously holiday pay accruals were not recognised within the financial statements.

20. REMUNERATION OF KEY MANAGEMENT PERSONNEL

The total remuneration of the directors and the senior management staff, who are considered to be the key management personnel of the Company, was £436,425 (2015: £569,777) including employer's national insurance of £18,172 (2015: £24,172).