

Financial Statements

Northampton Rugby Football Club Limited

For the year ended 31 May 2011



Company information

Company registration number: 3139409

Registered office: Franklin's Gardens
Weedon Road
NORTHAMPTON

Directors: K L Barwell OBE (Chairman)
A Robson (Chief Executive Officer)
R A Deane (Financial Director)
L K L Barwell (Non-executive)
N D Beal (Non-executive)
J J Drown (Non-executive)
A C Hewitt (Non-executive)
M A L Holmes (Non-executive)
P Pask (Non-executive)
C Povey (Non-executive)
J A G D Raphael (Non-executive)

Secretary: A T Cozzolino

Auditor: Grant Thornton UK LLP
Chartered Accountants
Statutory Auditor
Grant Thornton House
Kettering Parkway
Kettering Venture Park
KETTERING
Northants
NN15 6XR

Index to the financial statements

	PAGE
Report of the directors	3 - 5
Report of the independent auditor	6 - 7
Principal accounting policies	8 - 9
Profit and loss account	10
Balance sheet	11
Notes to the financial statements	12 - 19

Report of the directors

The directors present their report together with the financial statements for the year ended 31 May 2011

Principal activity

The principal activity of the company in the year under review was that of promoting the playing and furtherance of rugby football

Business review

The team consolidated its position in the Guinness Premiership and reached the final in the Heineken Cup. The company has recorded a profit for the year after taxation of £449,344 (2010 - £576,661)

The directors do not recommend the payment of a dividend (2010 - £nil)

Financial risk management objectives and policies

Although the company may enter into derivative transactions such as interest rate swaps or forward foreign currency transactions in order to minimise its risks, the company did not enter into such transactions during the year. The company's policy is that no trading in such financial instruments shall be undertaken.

The company's financial instruments comprise cash, trade debtors, trade creditors, overdrafts and loans. The main purpose of these financial instruments is to raise finance for the company's operations.

Liquidity risk

The company generates cash and therefore does not have any significant liquidity exposure. In the event of the rugby club being relegated, the company would receive an income parachute payment and additional income from central funds. The directors believe that this income, in addition to income generated from gate receipts and off field activities, would ensure the club has sufficient funding to either achieve premiership status on its first attempt, or enable the club to put into place further contingency plans to manage its liquidity exposure. Short term flexibility is achieved through the availability of overdraft facilities, bank loans and mortgages.

Interest rate risk

The company finances its operation through a mixture of shareholders' funds, bank overdrafts, bank loans, mortgages and working capital.

Key performance indicators

Financial

The company measures its financial performance using the following measures

- growth in turnover is a key measure of the company's success in winning new business and retaining existing customers. The growth in rugby and commercial income was 9.5% up on last year.
- cash collection is an important part of effective working capital management. At the year end debtor days were 23.7 days compared to last year of 15.6 days.
- total gate receipts per match.
- monitoring senior and academy salary squad caps.

Key performance indicators (continued)

Non-financial

The company measures its non-financial performance in several areas as follows

- number of season tickets sold
- number of wins per season
- match attendances

Directors

The present membership of the Board is set out below. All of the directors served on the Board throughout the year.

K L Barwell OBE
A Robson
R A Deane
L K L Barwell
N D Beal
J J Drown
A C Hewitt
M A L Holmes
P Pask
C Povey
J A G D Raphael

Statement of directors' responsibilities

The directors are responsible for preparing the Report of the Directors 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 Accepted Accounting Practice (United Kingdom Accounting Standards and applicable laws). 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 and profit or loss of the company for that period. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently
- make judgments and estimates that are reasonable and prudent
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements
- 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.

Statement of directors' responsibilities (continued)

In so far as each of the directors are aware


- there is no relevant audit information of which the company's auditor is unaware, and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information

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

Auditor

Grant Thornton UK LLP, having expressed their willingness to continue in office, will be deemed reappointed for the next financial year in accordance with section 487(2) of the Companies Act 2006 unless the company receives notice under section 488(1) of the Companies Act 2006.

ON BEHALF OF THE BOARD



R A Deane

Director

9 August 2011



Report of the independent auditor to the members of Northampton Rugby Football Club Limited (registered number 3139409)

We have audited the financial statements of Northampton Rugby Football Club Limited for the year ended 31 May 2011 which comprise the profit and loss account, the balance sheet and the related notes. 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).

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.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out in the Report of the Directors, 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.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/private.cfm

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 31 May 2011 and of its profit 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



Report of the independent auditor to the members of Northampton Rugby Football Club Limited (registered number 3139409)

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in 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

A handwritten signature in black ink that reads "John Corbishley".

John Corbishley
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Kettering
9 August 2011

Principal accounting policies

Basis of preparation

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards (United Kingdom Generally Accounting Practice)

The principal accounting policies of the company are set out below. The policies have remained unchanged from the previous year.

Turnover

Turnover represents the amounts, excluding VAT and trade discounts, receivable by the company for match tickets, executive boxes, sponsorship, English Rugby Partnership income, rental of ground, gate receipts and the provision of goods supplied and services provided by the company.

Deferred income

Deferred income represents amounts received in relation to sponsorship and executive boxes. Deferred income is released to the profit and loss account in the season to which the income relates and typically is over a period of between 1 and 4 years.

Goodwill and intangible fixed assets

Purchased goodwill

Goodwill represents the surplus arising on the acquisition of the net assets of The Northampton Football Club on 12 February 1996.

The company has adopted a policy of amortising the cost over 20 years from February 1996.

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost, net of depreciation.

Depreciation is calculated to write down the cost less estimated residual value of all tangible fixed assets other than freehold land over their expected useful lives. The rates generally applicable are:

Freehold property and new buildings	2% on cost
Leasehold property	Over the remaining term of the lease
Ground improvements	20% on reducing balance
Property improvements	10% on reducing balance
Furniture, fixtures and fittings	20% on reducing balance
Office equipment	20 - 33 $\frac{1}{3}$ % on cost
Motor vehicles	33 $\frac{1}{3}$ % on reducing balance

In respect of freehold property and improvements on assets taken over from The Northampton Football Club, depreciation is provided on the original costs of the assets. No depreciation is provided during the period of construction for freehold property.

Leased assets

All leases are regarded as operating leases and the payments made under them are charged to the profit and loss account on a straight line basis over the lease term

Investments

Investments are included at cost less amounts written off

Stocks

Stocks are stated at the lower of cost and net realisable value, after making allowance for obsolete and slow moving items

Deferred taxation

Deferred tax is recognised on all timing differences where the transactions or events that give the company an obligation to pay more tax in the future, or a right to pay less tax in the future, have occurred by the balance sheet date. Deferred tax assets are recognised when it is more likely than not that they will be recovered. Deferred tax is measured using rates of tax that have been enacted or substantively enacted by the balance sheet date.

Contributions to pension schemes

Defined Contribution Scheme

The pension costs charged against operating profits are the contributions payable to the scheme in respect of the accounting period.

Grants received

Grants received in respect of capital expenditure are credited to a deferred income account and are released to the profit and loss account by equal annual installments over the expected useful lives of the relevant assets.

Financial instruments

Financial liabilities and equity instruments are classified 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 entity after deducting all of its financial liabilities.

Where the contractual obligations of financial instruments (including share capital) are equivalent to a similar debt instrument, those financial instruments are classed as financial liabilities. Financial liabilities are presented as such in the balance sheet. Finance costs and gains or losses relating to financial liabilities are included in the profit and loss account. Finance costs are calculated so as to produce a constant rate of return on the outstanding liability.

Where the contractual terms of share capital do not have any terms meeting the definition of a financial liability then this is classed as an equity instrument. Dividends and distributions relating to equity instruments are debited direct to equity. There is no effect on the financial statements as a result of adopting the new policy.

Profit and loss account

	Note	2011 £	2010 £
Turnover	1	13,174,685	12,032,507
Cost of sales		<u>(7,231,320)</u>	<u>(6,427,691)</u>
Gross profit		5,943,365	5,604,816
Administrative expenses		<u>(5,083,840)</u>	<u>(4,988,456)</u>
Operating profit		859,525	616,360
Net interest	2	<u>(19,970)</u>	<u>(39,699)</u>
Profit on ordinary activities before taxation	1	839,555	576,661
Tax on profit on ordinary activities	4	<u>(390,211)</u>	-
Profit for the financial year	16	<u>449,344</u>	<u>576,661</u>

There were no recognised gains or losses other than the profit for the financial year

All of the operations of the company are considered to be continuing

Balance sheet

	Note	2011 £	2010 £
Fixed assets			
Intangible assets	5	28,337	34,397
Tangible assets	6	11,611,915	12,034,825
Investments	7	179	179
		<u>11,640,431</u>	<u>12,069,401</u>
Current assets			
Stocks	8	216,506	283,839
Debtors	9	1,488,766	928,267
Cash at bank and in hand		<u>2,554,436</u>	<u>770,255</u>
		4,259,708	1,982,361
Creditors, amounts falling due within one year	10	<u>(5,631,478)</u>	<u>(4,280,301)</u>
Net current liabilities		<u>(1,371,770)</u>	<u>(2,297,940)</u>
Total assets less current liabilities		10,268,661	9,771,461
Creditors, amounts falling due after more than one year	11	(6,012,111)	(6,333,142)
Provisions for liabilities and charges	13	<u>(368,887)</u>	<u>-</u>
		<u>3,887,663</u>	<u>3,438,319</u>
Capital and reserves			
Called up share capital	15	4,500,000	4,500,000
Profit and loss account	16	<u>(612,337)</u>	<u>(1,061,681)</u>
Shareholders' funds	17	<u>3,887,663</u>	<u>3,438,319</u>

The financial statements were approved by the Board of Directors and authorised for issue on 9 August 2011. They were signed on its behalf by


A Robson
Director


R A Deane
Director

Registration number 3139409

The accompanying accounting policies and notes form part of these financial statements.

Notes to the financial statements

1 Turnover and profit on ordinary activities before taxation

The turnover is attributable to the activity as stated in the Report of the Directors

Turnover is attributable to the following classes of business

	2011 £	2010 £
Rugby income	4,381,445	4,594,439
Premier Rugby income	3,209,101	2,165,350
Commercial income	5,584,139	5,272,718
	<u>13,174,685</u>	<u>12,032,507</u>

The profit on ordinary activities before taxation is stated after

	2011 £	2010 £
Depreciation		
Tangible fixed assets, owned	376,949	390,590
Hire of plant and machinery under operating leases	38,946	36,415
Hire of land and buildings under operating leases	45,720	23,400
Goodwill amortised	6,060	6,060
Auditor's remuneration		
- audit of the financial statements	18,150	17,600
- taxation service	2,550	2,475
	<u>18,150</u>	<u>17,600</u>

2 Net interest

	2011 £	2010 £
On bank loans and overdrafts	<u>19,970</u>	<u>39,699</u>

3 Directors and employees

Staff costs during the year were as follows

	2011 £	2010 £
Wages and salaries	5,646,647	5,236,235
Social security costs	633,260	573,386
Other pension costs	65,623	65,475
	<u>6,345,530</u>	<u>5,875,096</u>

Directors and employees (continued)

The average number of employees of the company during the year was

	2011	2010
	Number	Number
Sports and rugby players	67	56
Administration, commercial and match day only staff	166	186
	233	242

Included in administration, commercial and match day only staff are 138 (2010 - 154) part-time employees

Remuneration in respect of directors was as follows

	2011	2010
	£	£
Emoluments	309,948	276,805
Pension contributions to money purchase pension schemes	28,104	16,740
	338,052	293,545

Non-executive directors did not receive any remuneration in respect of their services as directors during the year

During the year two directors (2010 - two) participated in defined contribution pension schemes

The amounts set out above include remuneration in respect of the highest paid director as follows

	2011	2010
	£	£
Emoluments	224,048	195,905
Pension contributions to money purchase pension scheme	20,464	9,463

4 Taxation

The tax charge represents

	2011	2010
	£	£
Corporation tax at 28% (2010 - nil) and total current tax	21,324	-
Origination and reversal of timing differences and total deferred taxation	368,887	-
Tax on profit on ordinary activities	390,211	-

Taxation (continued)

Factors affecting the tax charge for the year

The tax assessed for the year is different to the standard rate of corporation tax in the UK 28% (2010 - 28%) The differences are explained as follows

	2011 £	2010 £
Profit on ordinary activities before tax	<u>839,555</u>	<u>576,661</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK 28% (2010 - 28%)	235,075	161,465
Effects of		
Expenses not deductible for tax purposes	113,284	26,690
Tax rate adjustment	(7,336)	-
Capital allowances for the year in excess of depreciation	(24,436)	12,514
Utilisation of trading losses in the year	<u>(295,263)</u>	<u>(200,669)</u>
Current tax charge for the year	<u>21,324</u>	<u>-</u>

Tax losses of £nil remain available to carry forward for offset against future taxable trade
No provision has been made for deferred tax on the sale of freehold land and properties where taxable gains have been rolled over into replacement assets Such tax would become payable only if the freehold land and property were sold without it being possible to claim rollover relief The total amount unprovided for in respect of this is £217,000 (2010 - £217,000) At present it is not envisaged that any tax will become payable in the foreseeable future

5 Intangible fixed assets

	Purchased goodwill £
Cost	
At 1 June 2010 and 31 May 2011	<u>121,257</u>
Amortisation	
At 1 June 2010	86,860
Provided in the year	<u>6,060</u>
At 31 May 2011	<u>92,920</u>
Net book amount at 31 May 2011	<u>28,337</u>
Net book amount at 31 May 2010	<u>34,397</u>

Purchased goodwill relates to the surplus arising from the acquisition of the net assets of the Northampton Football Club and is amortised over its useful economic life of 20 years

6 Tangible fixed assets

	Freehold property, new buildings and ground improvements £	Furniture, fixtures and fittings, motor vehicles and office equipment £	Totals £
Cost			
At 1 June 2010	13,782,547	1,666,560	15,449,107
Additions	9,826	78,183	88,009
Disposals	(193,502)	-	(193,502)
At 31 May 2011	<u>17,272,747</u>	<u>1,744,743</u>	<u>19,017,490</u>
Depreciation			
At 1 June 2010	2,169,466	1,244,816	3,414,282
Provided in the year	263,003	113,946	376,949
Eliminated on disposals	(59,532)	-	(59,532)
At 31 May 2011	<u>2,372,937</u>	<u>1,358,762</u>	<u>3,731,699</u>
Net book amount at 31 May 2011	<u>11,225,934</u>	<u>385,981</u>	<u>11,611,915</u>
Net book amount at 31 May 2010	<u>11,613,081</u>	<u>421,744</u>	<u>12,034,825</u>

Included within freehold property, new buildings and ground improvements is land at a cost of £1,095,048 (2010 - £1,095,048) which is not depreciated

7 Fixed asset investments

	Shares in group undertakings £	Investments other than loans £	Total £
Cost and net book amount			
At 1 June 2010 and 31 May 2011	<u>100</u>	<u>79</u>	<u>179</u>

At 31 May 2011 the company held more than 20% of the equity of the following

	Class of share capital held	Proportion held	Nature of business	Capital and reserves £
Saints Rugby Limited	£1 Ordinary shares	100%	Dormant	100

The investments other than loans relates to an investment in Premier Rugby Limited

The company is exempt from preparing consolidated financial statements on the grounds that it is an intermediate holding company in a medium sized group. The financial statements therefore present information about the company as an individual undertaking and not about its group.

8 Stocks

	2011 £	2010 £
Shop stock	<u>216,506</u>	<u>283,839</u>

9 Debtors

	2011 £	2010 £
Trade debtors	856,234	515,184
Other debtors	108,922	82,388
Prepayments and accrued income	<u>523,610</u>	<u>330,695</u>
	<u>1,488,766</u>	<u>928,267</u>

10 Creditors: amounts falling due within one year

	2011 £	2010 £
Bank loans and overdrafts	300,000	300,000
Trade creditors	508,174	497,723
Corporate tax	21,324	-
Amounts owed to group undertakings	94,939	63,944
Social security and other taxes	1,162,628	875,486
Other creditors	937,648	13,084
Accrued expenses	545,205	425,574
Deferred income	<u>2,061,560</u>	<u>2,104,490</u>
	<u>5,631,478</u>	<u>4,280,301</u>

Interest on bank overdrafts is charged at 1 5% (2010 - 1 5%) over the bank base rate

The bank loan held with Barclays Commercial Bank is secured by a fixed and floating charge over all the assets of the group

11 Creditors: amounts falling due after more than one year

	2011 £	2010 £
Bank loans	905,000	1,205,000
Amounts owed to group undertakings	4,542,411	4,542,411
Deferred income	<u>564,700</u>	<u>585,731</u>
	<u>6,012,111</u>	<u>6,333,142</u>

The bank loan held with Barclays Commercial Bank is secured by a fixed and floating charge over all the assets of the group

12 Borrowings

Bank loans are repayable as follows

	2011 £	2010 £
Within one year	300,000	300,000
After one and within two years	300,000	300,000
After two and within five years	605,000	905,000
	<u>1,205,000</u>	<u>1,505,000</u>

The bank loan is repayable by yearly instalments at an interest rate of 1 15% over the bank base rate

13 Provisions for liabilities and charges

	Deferred taxation (Note 14) £
At 1 June 2010	-
Movement in year	<u>368,887</u>
At 31 May 2011	<u>368,887</u>

14 Deferred taxation

Deferred taxation provided for in the financial statements is set out below

	2011 £	2010 £
Other timing differences	<u>368,887</u>	<u>-</u>

15 Share capital

	2011 £	2010 £
Authorised 20,000,000 ordinary shares of £1 each	<u>20,000,000</u>	<u>20,000,000</u>
Allotted, called up and fully paid 4,500,000 ordinary shares of £1 each	<u>4,500,000</u>	<u>4,500,000</u>

16 Reserves

	Profit and loss account £
At 1 June 2010	(1,061,681)
Retained profit for the year	<u>449,344</u>
At 31 May 2011	<u><u>(612,337)</u></u>

17 Reconciliation of movements in shareholders' funds

	2011 £	2010 £
Profit for the financial year and net increase in shareholders' funds	449,344	576,661
Shareholders' funds at 1 June 2010	<u>3,438,319</u>	<u>2,861,658</u>
Shareholders' funds at 31 May 2011	<u><u>3,887,663</u></u>	<u><u>3,438,319</u></u>

18 Capital commitments

There were no capital commitments at 31 May 2011 or 31 May 2010

19 Retirement benefits

Defined Contribution Scheme

The company operates a defined contribution pension scheme for the benefit of the employees and certain directors (see Note 3). The assets of the scheme are administered by trustees in a fund independent from those of the company.

20 Contingent liabilities

There were no contingent liabilities at 31 May 2011 or 31 May 2010 other than the unprovided deferred taxation as referred to in Note 4.

21 Leasing commitments

Operating lease payments amounting to £84,666 (2010 - £59,815) are due within one year. The leases to which these amounts relate expire as follows:

	2011	2010
	Land and buildings £	Land and buildings £
	Other £	Other £
In one year or less	45,720	152
Between one and five years	<u>-</u>	<u>36,263</u>
	<u><u>45,720</u></u>	<u><u>36,415</u></u>

22 Transactions with directors and other related parties

As a wholly owned subsidiary of Northampton Saints PLC, the company is exempt from the requirement of FRS 8 to disclose transactions with other members of the group headed by Northampton Saints PLC on the grounds that accounts are publicly available from Companies House

Transactions with directors

Director/entity	Type of transaction	Value in the year		Due to/(from) the group	
		2011	2010	2011	2010
		£	£	£	£
K L Barwell OBE and L K L Barwell (Bradden Estates Management)	Sales from the company	530	5,110	-	-
	Purchases made by the company	82,250	82,250	-	-
L K L Barwell (Vision Security Group Limited)	Sales from the company	48,395	44,396	-	5,398
	Purchases made by the company	68,248	69,135	(15,046)	(23,848)
A C Hewitt (Burbage Realty)	Sales from the company	8,144	8,093	-	345
	Purchases made by the company	5,000	-	-	-
N D Beal (David Williams Independent Financial Advisers)	Sales from the company	4,100	3,507	1,260	-
J J Drown (Porterhouse Developments)	Purchases made by the company	39,666	-	-	-

Sales and purchases between the company and companies connected with the directors were at arm's length and relate principally to sponsorship and the rental of hospitality suites

23 Controlling related party

The directors consider that the ultimate parent undertaking and controlling related party of this company is Northampton Saints PLC

The largest group of undertakings for which group accounts have been drawn up is that headed by Northampton Saints PLC