Financial Statements Northampton Rugby Football Club Limited

For the Year Ended 31 May 2016

Registered number: 03139409

Company Information

Directors	A C Hewitt (Chairman) J White (Deputy Chairman) A Robson (Chief Executive Officer) R A Deane (Financial Director) B W E Facer (Commercial Director) K L Barwell OBE (Non-executive) N D Beal (Non-executive) E Bevan (Non-executive) J J Drown (Non-executive) M A L Holmes (Non-executive) C Povey (Non-executive) J A G D Raphael (Non-executive)
Company secretary	A T Cozzolino
Registered number	03139409
Registered office	Franklin's Gardens Weedon Road NORTHAMPTON NN5 5BG
Independent auditor	Grant Thornton UK LLP Chartered Accountants & Statutory Auditor Grant Thornton House 202 Silbury Boulevard Milton Keynes MK9 1LW

Northampton Rugby Football Club Limited
Registered number:03139409

Contents

Strategic Report

For the Year Ended 31 May 2016

Introduction

The principal activity of the company in the period under review was that of promoting the playing and development of rugby football.

Business review

Aside from the normal demands of arguably the toughest domestic schedule in rugby union, 2015-16 presented Saints with two further challenges to the club's normal smooth-running operation – the disruptive effect of having to prepare a playing squad including 7 international players representing their countries in Rugby World Cup 2015 and the completion of the new Barwell Stand.

The effect of hosting RWC2015 on home soil was a late start to the domestic club season and the lack of available weekends to schedule an Anglo Welsh Cup competition which was acknowledged by the Rugby Football Union paying compensation to each of the Aviva Premiership clubs.

Jim Mallinder will outline the effect of these challenges on our playing results but I am pleased to confirm the Barwell Stand was completed on time, on budget and to our expectations. Our total stadium capacity is now 15,249 and the standard of the new facility is already proving attractive to supporters on matchdays and to customers requiring a top class venue for conferences, meetings and events on non-matchdays.

Despite failing to qualify for the Aviva Premiership semi-final for the first time in 7 years and therefore not benefitting from the relevant additional match revenues, we are still able to report a record turnover in 2015-16 - £16.608m.

2015-16 was also our 16th year of consecutive net profit. Net operating profit before tax at £727,861 included an exceptional receipt of £500,000 being the proceeds of sale of shares in the Company following the dissolution of the old proprietary members club which had been inactive for many years. Shareholders will also be pleased to see an increase in shareholder funds to £16.152m at the end of May. This is as a result of new accounting standard FRS102 requiring us to incorporate the fair value of the 'P' shares the club owns in Premiership Rugby Ltd.

Supported by our highest ever number of season ticket holders, up 17.5% at 10,286, Saints achieved 3 sell-out home matches and increased its average home attendance to 14,835 - over 97% of our enlarged capacity. Despite this, however, the reduced number of home matches in the absence of the Anglo Welsh competition or any home pre-season fixtures or a Premiership semi-final, resulted in our rugby income being reduced by 10% or £462,000, compared to the previous year.

Revenue from our retailing and non-matchday conference & events operations were also down on the previous year, by 27% and 7% respectively, largely due to reduced availability of rooms, restrictions on access and less car parking availability throughout the construction period, almost half of the year.

We were pleased that despite the unavailability of the new Barwell Stand hospitality facilities until January, matchday hospitality sales showed an increase of 5% on the previous year with demand for executive boxes exceeding supply.

It is always important to maintain tight control on expenditure and despite normal inflationary pressures we were able to reduce general administration costs for the year although depreciation costs and loan interest relating to the new stand increased by 59%.

Strategic Report (continued)

For the Year Ended 31 May 2016

Business review (continued)

Premiership Rugby's salary cap regulations introduced a new credit system for RWC15 year which, together with the increased player salary ceiling, meant that the Club was able to increase its expenditure on players by £1.070m to £6.695m.

We also believe it is critically important to ensure that investment is maintained in the Club's future by ensuring that our Academy and youth development system continues to set the standard for other clubs to follow and in 2015-16 expenditure in this area was increased to over £826,000.

As I write this report a new 8 year agreement between Premiership Rugby and the Rugby Football Union has just been finalised. The essence of the agreement is continued and improved guaranteed access to selected players for the England representative sides in exchange for improved funding to the clubs which develop and employ these players. Great emphasis has been placed on the clubs achieving certain criteria regarding Academy standards and English Qualified Player levels which all parties agree will be of benefit to the English game generally. Saints will continue to support the spirit and the detail of this new agreement whilst striving for its own success on the field and off it.

The Board continues to acknowledge that the success and future of Northampton Saints is in the strength of our relationship with supporters and sponsors and 2016-17 will therefore see not only increased investment in our playing department but also into the Franklin's Gardens matchday experience.

A new teamwear and leisurewear partner, Macron, will be servicing an enlarged retail store, the Tetley's Stand is undergoing a total refurbishment and improvement programme, a new matchday member's club, Club Heroes, will be available for season ticket holders and a new Cocktail Lounge is being opened for our sponsors. In this respect, we are delighted that Kubota will be joining our Main Club Sponsor, Travis Perkins and our Elite Sponsors, Elite Insurance Co, Hankook Tyres, Church & Co and Carlsberg this coming season.

The UK's Brexit vote will no doubt apply further pressure, at least in the short term, to business expenditure with possible implications to us all as individuals. Northampton Saints cannot avoid any such effect but will look to minimise it by offering a compelling proposition in all it does.

Principal risks and uncertainties

The principal risks and uncertainties facing the business relate to the following:

- the health and wellbeing of our players - this is managed by the Club employing the best coaches, medical and conditioning staff possible to maintain players in peak physical condition.
- the need to retain the employment of key coaching and playing staff by the timely renewal of contracts.
- the requirement for other clubs to play their part in maintaining compelling rugby competitions to ensure rugby is a successful and flourishing sport.
- maintaining a long term agreement with RFU.
- ensuring Franklin's Gardens remains a safe matchday environment.
- the maintenance of the salary framework at a level which enables a well run rugby club business to spend at the maximum level without undermining its financial viability.

Strategic Report (continued)

For the Year Ended 31 May 2016

Financial key performance indicators

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.
- maintaining a profitable business.
- cash collection - important for effective working capital management. At the year end debtor days were 16.3 days compared to 21.4 days last year.
- total gate receipts per match.
- player expenditure in accordance with the salary framework agreement.

This report was approved by the board on 2 August 2016 and signed on its behalf.

A Robson (Chief Executive Officer)
Director

Directors' Report
For the Year Ended 31 May 2016

Directors' report

The directors present their report and the financial statements for the year ended 31 May 2016.

Results and dividends

The profit for the year, after taxation, amounted to £685,804 (2015 - £3,013,285).

Directors

The directors who served during the year were:

A C Hewitt (Chairman)
J White (Deputy Chairman)
A Robson (Chief Executive Officer)
R A Deane (Financial Director)
B W E Facer (Commercial Director)
K L Barwell OBE (Non-executive)
N D Beal (Non-executive)
E Bevan (Non-executive)
J J Drown (Non-executive)
M A L Holmes (Non-executive)
C Povey (Non-executive)
J A G D Raphael (Non-executive)

Directors' responsibilities statement

The directors are responsible for preparing the Strategic report, 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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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 these financial statements, the directors are required to:

- select suitable accounting policies for the Company financial statements and then apply them consistently;
- make judgments 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 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.

Directors' Report
For the Year Ended 31 May 2016

Financial risk management

The company has exposures to two main areas of risk - liquidity risk and customer credit exposure. To a lesser extent the company is exposed to interest rate risk.

Liquidity risk
The objective of the company in managing liquidity risk is to ensure that it can meet its financial obligations as and when they fall due. The company expects to meet its financial obligations through operating cash flows. In the event that the operating cash flows would not cover all the financial obligations the company has credit facilities available. Given the maturity of the loan in note 22, the company is in position to meet its commitments and obligations as they come due.

Customer credit exposure
The company may offer credit terms to its customers which allow payment of the debt after delivery of the goods or services. The company is at risk to the extent that a customer may be unable to pay the debt on the specified due date. This risk is mitigated by the strong on-going customer relationships and by credit insurance.

Interest rate risk
The company borrows from its bankers using either overdrafts or term loans whose tenure depends on the nature of the asset and management's view of the future direction of interest rate.

Disclosure of information to auditor

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as that director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Post balance sheet events

There have been no significant events affecting the Company since the year end.

Auditors

The auditor, Grant Thornton UK LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

Matters covered in the strategic report

The business review, the principal risks and uncertainties and future developments sections are not shown in the Directors' report, because they are shown in the strategic report instead under S414c(ii).

This report was approved by the board on 2 August 2016 and signed on its behalf.

A Robson (Chief Executive Officer)
Director

Grant Thornton

Independent Auditor's Report to the Members of Northampton Rugby Football Club Limited

We have audited the financial statements of Northampton Rugby Football Club Limited for the year ended 31 May 2016, which comprise the Profit and Loss Account, the Balance Sheet, the Statement of Changes in Equity and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

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 on page 5, 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 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 Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

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 2016 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.

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.

Grant Thornton

Independent Auditor's Report to the Members of Northampton Rugby Football Club Limited

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.

Grant Thornton UK LLP.

John Corbishley (Senior Statutory Auditor)
for and on behalf of
Grant Thornton UK LLP
Statutory Auditor
Chartered Accountants
Milton Keynes

2 August 2016

Northampton Rugby Football Club Limited
Registered number:03139409

Profit and Loss Account
For the Year Ended 31 May 2016

	Note	2016 £	2015 £
Turnover	4	**16,608,462**	16,480,394
Cost of sales		**(9,799,380)**	(9,272,824)
Gross profit		**6,809,082**	7,207,570
Administrative expenses		**(6,471,676)**	(5,959,333)
Exceptional administrative expenses	5	**-**	(276,958)
Exceptional other operating income	6	**500,259**	-
Fair value movements	7	**-**	2,885,731
Operating profit	7	**837,665**	3,857,010
Interest receivable and similar income	11	**280**	24,958
Interest payable and expenses	12	**(110,084)**	(18)
Profit on ordinary activities before taxation		**727,861**	3,881,950
Taxation on profit	13	**(42,057)**	(868,665)
Profit on ordinary activities for the financial year		**685,804**	3,013,285

All profits are attributable to the owners of the parent undertaking.

All amounts relate to continuing operations.

There were no recognised gains and losses for 2016 or 2015 other than those included in the Profit and Loss Account.

There was no other comprehensive income for 2016 (2015:£NIL).

The notes on pages 11 to 32 form part of these financial statements.

Northampton Rugby Football Club Limited
Registered number:03139409

Balance Sheet

As at 31 May 2016

	Note		2016 £		2015 £
Fixed assets					
Intangible assets	14		**87,203**		80,764
Tangible assets	15		**17,964,329**		11,832,739
Investments	16		**6,483,182**		6,483,182
			24,534,714		18,396,685
Current assets					
Stocks	17	**221,576**		230,180	
Debtors: amounts falling due within one year	18	**2,993,744**		2,387,063	
Cash at bank and in hand	19	**1,690,871**		8,400,280	
		4,906,191		11,017,523	
Creditors: amounts falling due within one year	20	**(5,869,820)**		(6,678,073)	
Net current (liabilities)/assets			**(963,629)**		4,339,450
Total assets less current liabilities			**23,571,085**		22,736,135
Creditors: amounts falling due after more than one year	21		**(5,527,144)**		(5,562,928)
Provisions for liabilities					
Deferred tax	24	**(1,891,940)**		(1,707,010)	
			(1,891,940)		(1,707,010)
Net assets			**16,152,001**		15,466,197
Capital and reserves					
Called up share capital	25		**9,127,072**		9,127,072
Profit and loss account	26		**7,024,929**		6,339,125
			16,152,001		15,466,197

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 2 August 2016.

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R A Deane (Financial Director)
Director

A Robson (Chief Executive Officer)
Director

The notes on pages 11 to 32 form part of these financial statements.

Northampton Rugby Football Club Limited
Registered number:03139409

Statement of Changes in Equity
For the Year Ended 31 May 2016

	Share capital	Retained earnings	Total equity
	£	£	£
At 1 June 2015	9,127,072	6,339,125	15,466,197
Comprehensive income for the year			
Profit for the year	-	685,804	685,804
Total comprehensive income for the year	-	685,804	685,804
At 31 May 2016	9,127,072	7,024,929	16,152,001

Statement of Changes in Equity
For the Year Ended 31 May 2015

	Share capital	Retained earnings	Total equity
	£	£	£
At 1 June 2014	9,127,072	3,325,840	12,452,912
Comprehensive income for the year			
Profit for the year	-	3,013,285	3,013,285
Total comprehensive income for the year	-	3,013,285	3,013,285
At 31 May 2015	9,127,072	6,339,125	15,466,197

The notes on pages 11 to 32 form part of these financial statements.

Notes to the Financial Statements

For the Year Ended 31 May 2016

1. General information

Northampton Rugby Football Club Limited is a private limited company which was incorporated in the UK. The principal activity of the company is that of promoting the playing and development of rugby football. The registered office is Franklin Gardens, Weedon Road, Northampton, Northamptonshire, NN5 5BG.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland and the Companies Act 2006.

Information on the impact of first-time adoption of FRS 102 is given in note 33.

The financial statements are presented in Sterling (£).

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 Going Concern

After reviewing the company's forecasts and projections, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. The company therefore continues to adopt the going concern basis in preparing the financial statements.

2.3 Financial reporting standard 102 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 4 Statement of Financial Position paragraph 4.12(a)(iv);
- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.39 to 11.48A;
- the requirements of Section 22 Other Financial Instruments paragraphs 12.26 to 12.29;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Northampton Saints PLC as at 31 May 2016 and these financial statements are publicly available.

Notes to the Financial Statements

For the Year Ended 31 May 2016

2. Accounting policies (continued)

2.4 Turnover

Turnover is recognised to the extent that it is probable that the economic benefits will flow to the Company and the turnover can be reliably measured. Turnover is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before turnover is recognised:

Sale of goods

Turnover from the sale of goods is recognised when all of the following conditions are satisfied:

- the Company has transferred the significant risks and rewards of ownership to the buyer;
- the amount of turnover can be measured reliably;
- it is probable that the Company will receive the consideration due under the transaction;
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rendering of services

Turnover from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of turnover can be measured reliably;
- it is probable that the Company will receive the consideration due under the contract.

Deferred income

Deferred income other than grants 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.

2.5 Intangible assets

Intangible assets are measured at cost less accumulated amortisation and any accumulated impairment losses.

Purchased goodwill

Purchased goodwill represents the surplus arising on the acquisition of the net assets of Saints Rugby Limited.

The Company adopted a policy of amortising the cost over its estimated useful life of 20 years. No reduction in useful life under FRS 102 has been implemented as the remaining useful life of the goodwill is within the 10 year requirement.

Transfer fees paid for player registrations

The costs of acquired player registrations are capitalised as intangible assets and amortised over the period of the players' contracts, with appropriate adjustments for any impairments assessed to have taken place.

Notes to the Financial Statements

For the Year Ended 31 May 2016

2. Accounting policies (continued)

2.6 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The Company adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the Company. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to the Profit and Loss Account during the period in which they are incurred.

Finance costs are capitalised to the extent that they relate to long term construction in progress.

Land is not depreciated. Depreciation on other assets is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, on a reducing balance basis.

Depreciation is provided on the following basis:

Freehold property	- 2% on cost
Leasehold Property	- Over the remaining term of the lease
Ground improvements	- 20% on reducing balance
Property improvements	- 10% on reducing balance
Motor vehicles	- 33.33% on reducing balance
Furniture, fixtures and fittings	- 20% on reducing balance
Office equipment	- 20% - 33.33% on cost

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

2.7 Operating leases: lessee

Rentals paid under operating leases are charged to the Profit and Loss Account on a straight line basis over the period of the lease.

2.8 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

Investments 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.

Notes to the Financial Statements

For the Year Ended 31 May 2016

2. Accounting policies (continued)

2.9 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell.

At each balance sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in the Profit and Loss Account.

2.10 Debtors

Short term debtors are measured at transaction price, less any impairment.

2.11 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.12 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.13 Finance costs

Finance costs are charged to the Profit and Loss Account over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.14 Finance leases: Lessee

Where assets are financed by leasing agreements that give rights approximating to ownership (finance leases), the assets are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum lease payments payable over the term of the lease. The corresponding leasing commitments are shown as amounts payable to the lessor. Depreciation on the relevant assets is charged to the Profit and Loss Account over the shorter of estimated useful economic life and the term of the lease.

Lease payments are analysed between capital and interest components so that the interest element of the payment is charged to Profit and Loss Account over the term of the lease and is calculated so that it represents a constant proportion of the balance of capital repayments outstanding. The capital part reduces the amounts payable to the lessor.

Notes to the Financial Statements
For the Year Ended 31 May 2016

2. Accounting policies (continued)

2.15 Pensions

Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payments obligations.

The contributions are recognised as an expense in the Profit and Loss Account when they fall due. Amounts not paid are shown in accruals as a liability in the Balance sheet. The assets of the plan are held separately from the Company in independently administered funds.

2.16 Interest income

Interest income is recognised in the Profit and Loss Account using the effective interest method.

2.17 Provisions for liabilities

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Profit and Loss Account in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance sheet.

Notes to the Financial Statements
For the Year Ended 31 May 2016

2. Accounting policies (continued)

2.18 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Profit and Loss Account, except that a change attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

2.19 Exceptional items

Exceptional items are transactions that fall within the ordinary activities of the Company but are presented separately due to their size or incidence.

3. Judgments in applying accounting policies and key sources of estimation uncertainty

Preparation of the financial statements requires management to make significant judgments and estimates. The items in the financial statements where these judgments and estimates have been made include revenue recognition, valuation of shares and deferred taxation.

Notes to the Financial Statements
For the Year Ended 31 May 2016

4. Analysis of turnover

	2016	2015
	£	£
Rugby income	**4,250,140**	4,712,853
Premier Rugby and RFU income	**5,090,748**	4,411,577
Commercial income	**7,267,574**	7,355,964
	16,608,462	16,480,394

All turnover arose in the United Kingdom.

5. Exceptional depreciation charge

The exceptional depreciation charge in the prior year relates to an adjustment of the useful economic life of the Sturtridge Pavilion, in view of the club's commitment to commence the construction of the new Barwell Stand.

6. Exceptional other operating income

	2016	2015
	£	£
Exceptional donation received	**500,259**	-
	500,259	-

7. Profit on ordinary activities before taxation

The profit on ordinary activities before taxation is stated after charging/(crediting):

	2016	2015
	£	£
Depreciation of tangible fixed assets	**568,257**	704,155
Amortisation of intangible assets, including goodwill	**108,974**	125,393
Other operating lease rentals	**55,307**	113,671
Change in fair value of investments (see note 33)	**-**	(2,885,731)
Defined contribution pension cost	**356,323**	298,108

Notes to the Financial Statements

For the Year Ended 31 May 2016

8. Auditor's remuneration

	2016	2015
	£	£
Fees payable to the Company's auditor and its associates for the audit of the Company's annual accounts	**23,460**	22,715
	23,460	22,715

Fees payable to the Company's auditor and its associates in respect of:

	2016	2015
Other services	**8,000**	-
Other services relating to taxation	**17,550**	2,550
	25,550	2,550

9. Employees

Staff costs, including directors' remuneration, were as follows:

	2016	2015
	£	£
Wages and salaries	**8,277,734**	7,308,490
Social security costs	**962,261**	875,375
Cost of defined contribution scheme	**356,323**	298,108
	9,596,318	8,481,973

The average monthly number of employees, including the directors, during the year was as follows:

	2016	2015
	No.	No.
Sports and rugby players	**88**	79
Administration, commercial and match day only staff	**134**	151
	222	230

Notes to the Financial Statements

For the Year Ended 31 May 2016

10. Directors' remuneration

	2016	2015
	£	£
Directors' emoluments	**401,499**	402,302
Company contributions to defined contribution pension schemes	**60,737**	66,552
	462,236	468,854

During the year retirement benefits were accruing to 3 directors (2015 - 3) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £212,804 (2015 - £229,351).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £43,100 (2015 - £42,487).

11. Interest receivable

	2016	2015
	£	£
Other interest receivable	**280**	24,958
	280	24,958

12. Interest payable and similar charges

	2016	2015
	£	£
Bank interest payable	**-**	18
Other loan interest payable	**101,008**	-
Finance leases and hire purchase contracts	**9,076**	-
	110,084	18

Notes to the Financial Statements

For the Year Ended 31 May 2016

13. Taxation

	2016 £	2015 £
Corporation tax		
Current tax on profits for the year	**(110,506)**	189,596
Adjustments in respect of previous periods	**(32,367)**	(6,944)
Total current tax	**(142,873)**	182,652
Deferred tax		
Origination and reversal of timing differences	**355,630**	686,013
Changes to tax rates	**(170,700)**	-
Total deferred tax	**184,930**	686,013
Taxation on profit on ordinary activities	**42,057**	868,665

13. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2015 - higher than) the standard rate of corporation tax in the UK of 20% (2015 - 20.83%). The differences are explained below:

	2016 £	2015 £
Profit on ordinary activities before tax	**727,861**	3,881,950
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2015 - 20.83%)	**145,572**	808,610
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	**13**	92,278
Capital allowances for year in excess of depreciation	**55,312**	21,191
Utilisation of tax losses	**(4,417)**	-
Adjustments to tax charge in respect of prior periods	**1,771**	-
Short term timing difference leading to a decrease in taxation	**(210,216)**	(22,547)
Non-taxable income less expenses not deductible for tax purposes, other than goodwill and impairment	**(100,052)**	(601,069)
Capital gains	**156,025**	577,146
Adjustments to tax charge in respect of previous periods	**(32,367)**	(6,944)
Prior year deferred tax charge	**30,416**	-
Total tax charge for the year	**42,057**	868,665

Factors that may affect future tax charges

A deferred tax liability of £1,891,940 (2015: £1,707,010) in respect of capital gains and fixed asset timing differences has been recognised at 31 May 2016. The amount of the net reversal of deferred tax expected to occur next year is £125,891 credit relating to the reversal of existing timing differences on tangible fixed assets.

During the year the UK corporation tax rate was decreased. Following Budget 2015 announcements, there will be a further reduction in the main rate of corporation tax to 18% from 1 April 2020.

Notes to the Financial Statements

For the Year Ended 31 May 2016

14. Intangible assets

	Software	Player registrations	Goodwill	Total
	£	£	£	£
Cost				
At 1 June 2015	-	232,000	121,257	353,257
Additions	45,393	70,020	-	115,413
Disposals	-	(232,010)	-	(232,010)
At 31 May 2016	45,393	70,010	121,257	236,660
Amortisation				
At 1 June 2015	-	155,333	117,160	272,493
Charge for the year	9,867	95,010	4,097	108,974
On disposals	-	(232,010)	-	(232,010)
At 31 May 2016	9,867	18,333	121,257	149,457
Net book value				
At 31 May 2016	35,526	51,677	-	87,203
At 31 May 2015	-	76,667	4,097	80,764

Amortisation of intangible fixed assets is included in administrative expenses.

Notes to the Financial Statements

For the Year Ended 31 May 2016

15. Tangible fixed assets

	Freehold property, new buildings and ground improvement	Furniture, fixtures and fittings, motor vehicles and office equipment	Total
	£	£	£
Cost or valuation			
At 1 June 2015	14,311,144	2,345,988	16,657,132
Additions	5,829,093	871,914	6,701,007
Disposals	-	(2,350)	(2,350)
At 31 May 2016	20,140,237	3,215,552	23,355,789
Depreciation			
At 1 June 2015	3,103,194	1,721,199	4,824,393
Charge owned for the period	329,091	212,355	541,446
Charge financed for the period	-	26,811	26,811
Disposals	-	(1,190)	(1,190)
At 31 May 2016	3,432,285	1,959,175	5,391,460
Net book value			
At 31 May 2016	16,707,952	1,256,377	17,964,329
At 31 May 2015	11,207,950	624,789	11,832,739

Included within freehold property, new buildings and ground improvements is:

- land at cost of £1,417,857 (2015 - £1,417,857) which is not depreciated.

Included in fixed assets in the prior year were assets in the course of construction of £1,503,864 which were not depreciated. During the year there were additions to this amount and the assets then came in to full working order for the Group. These amounts from this date were therefore depreciated in line with other accounting policies for freehold property, new property and ground improvements.

Included in this amount is finance costs capitalised during the year in relation to the construction of these assets of £97,786 (2015 - £213,537). The aggregate amount of finance costs capitalised is £389,391 (2015 - £291,605).

Notes to the Financial Statements
For the Year Ended 31 May 2016

15. Tangible fixed assets (continued)

The net book value of land and building may be further analysed as follows:

	2016	2015
	£	£
Freehold	**16,707,952**	11,207,950
	16,707,952	11,207,950

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows:

	2016	2015
	£	£
Fixtures and fittings	**241,299**	-
	241,299	-

Depreciation charged on finance leases in the year totalled £26,811 (2015: £NIL).

16. Fixed asset investments

	Investment other than loans	Shares in group undertaking	Total
	£	£	£
Cost or valuation			
At 1 June 2015	**6,483,082**	**100**	**6,483,182**
At 31 May 2016	**6,483,082**	**100**	**6,483,182**
Net book value			
At 31 May 2016	**6,483,082**	**100**	**6,483,182**
At 31 May 2015	6,483,082	100	6,483,182

The investment 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.

Notes to the Financial Statements
For the Year Ended 31 May 2016

16. Fixed asset investments (continued)

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Country of incorporation	Class of shares	Holding	Principal activity
Saints Rugby Limited	England and Wales	Ordinary	100 %	Dormant

The aggregate of the share capital and reserves as at 31 May 2016 for the subsidiary undertakings were as follows:

	Aggregate of share capital and reserves £
Saints Rugby Limited	**100**

17. Stocks

	2016 £	2015 £
Shop stock	**221,576**	230,180
	221,576	230,180

Stock recognised in cost of sales during the year as an expense was £560,415 (2015: £666,088).

An impairment loss of £25,305 (2015: £NIL) was recognised in cost of sales against stock during the year due to slow-moving and obsolete stock.

18. Debtors

	2016 £	2015 £
Trade debtors	**741,209**	965,185
Other debtors	**15,045**	5,641
Prepayments and accrued income	**2,089,186**	1,416,236
Corporation tax recoverable	**148,304**	-
	2,993,744	2,387,062

Notes to the Financial Statements
For the Year Ended 31 May 2016

18. Debtors (continued)

An impairment loss of £NIL (2015: £14,497) was recognised against trade debtors.

19. Cash and cash equivalents

	2016 £	2015 £
Cash at bank and in hand	**1,690,871**	8,400,280
	1,690,871	8,400,280

20. Creditors: Amounts falling due within one year

	2016 £	2015 £
NBC loan	**220,000**	220,000
Trade creditors	**624,658**	1,083,183
Corporation tax	**-**	79,569
Taxation and social security	**1,236,845**	1,153,562
Obligations under finance lease and hire purchase contracts	**47,839**	-
Other creditors	**3,773**	241,221
Accruals and deferred income	**3,736,705**	3,900,538
	5,869,820	6,678,073

Interest on bank overdraft is charged at 1.5% (2015: 1.5%) over the bank rate.

The interest on the loan is charged at 3.97%. The loan is repayable over the period until 2039.

Secured loans

The loan is secured by a fixed charge over the Freehold Property of Franklin's Gardens, Weedon Road, land North of Edgar Mobbs Way and land South-West of St James Road, Northampton.

Notes to the Financial Statements

For the Year Ended 31 May 2016

21. Creditors: Amounts falling due after more than one year

	2016	2015
	£	£
NBC loan	**4,840,000**	5,060,000
Net obligations under finance leases and hire purchase contracts	**197,797**	-
Accruals and deferred income	**489,347**	502,928
	5,527,144	5,562,928

22. Loans

Analysis of the maturity of loans is given below:

	2016	2015
	£	£
Amounts falling due within one year		
NBC loan	**220,000**	220,000
	220,000	220,000
Amounts falling due 1-2 years		
NBC loan	**220,000**	220,000
	220,000	220,000
Amounts falling due 2-5 years		
NBC loan	**660,000**	660,000
	660,000	660,000
Amounts falling due after more than 5 years		
NBC loan	**3,960,000**	4,180,000
	3,960,000	4,180,000

Notes to the Financial Statements
For the Year Ended 31 May 2016

23. Hire purchase & finance leases

Minimum lease payments under hire purchase fall due as follows:

	2016	2015
	£	£
Within one year	**47,839**	-
Between 1-2 years	**51,695**	-
Between 2-5 years	**146,102**	-
	245,636	-

24. Deferred taxation

	Deferred tax
	£
At 1 June 2015	**(1,707,010)**
Charged to the profit or loss	**(184,930)**
At 31 May 2016	**(1,891,940)**

The provision for deferred taxation is made up as follows:

	2016	2015
	£	£
Accelerated capital allowances	**(585,463)**	(410,394)
Capital gains/losses	**(1,306,477)**	(1,296,616)
	(1,891,940)	(1,707,010)

25. Share capital

	2016	2015
	£	£
Authorised, allotted, called up and fully paid		
9,127,072 Ordinary shares of £1 each	**9,127,072**	9,127,072

Notes to the Financial Statements
For the Year Ended 31 May 2016

26. Reserves

Called-up share capital – represents the nominal value of shares that have been issued.

Profit and loss account – includes all current and prior period retained profits and losses.

27. Contingent liabilities

There were no contingent liabilities at 31 May 2016 or 31 May 2015.

28. Capital commitments

At 31 May 2016 the Company had capital commitments as follows:

	2016 £	2015 £
Contracted for but not provided in these financial statements	-	5,257,344
	-	5,257,344

29. Pension commitments

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

30. Commitments under operating leases

At 31 May 2016 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2016 £	2015 £
Land and buildings		
Not later than 1 year	**46,260**	33,420
Total	**46,260**	33,420

	2016 £	2015 £
Other operating leases		
Not later than 1 year	**30,588**	13,849
Later than 1 year and not later than 5 years	**59,007**	36,112
Total	**89,595**	49,961

Notes to the Financial Statements
For the Year Ended 31 May 2016

31. Related party transactions

The company is a wholly owned subsidiary undertaking of Northampton Saints PLC. Accordingly, the company has taken advantage of the exemption in FRS 102 Section 33 from disclosing transactions with other members of the group headed by Northampton Saints PLC.

	2016 Value in the year £	2015 Value in the year £
A C Hewitt (Burbage Realty)	-	-
- Purchases made by the company	-	319
N D Beal (David Williams Independent Financial Advisors)	-	-
- Sales from the company	13,578	1,422
JJ Drown (Porterhouse Developments)	-	-
- Purchases made by the company	75,298	36,743
	88,876	38,484

No amounts were due to or from related parties at 31 May 2016 or 31 May 2015.

32. Controlling 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.

Notes to the Financial Statements

33. First time adoption of FRS 102

	Note	As previously stated 1 June 2014 £	Effect of transition 1 June 2014 £	**FRS 102 (as restated) 1 June 2014 £**	As previously stated 31 May 2015 £	Effect of transition 31 May 2015 £	**FRS 102 (as restated) 31 May 2015 £**
Fixed assets	1	11,406,590	3,597,272	**15,003,862**	11,913,682	6,483,003	**18,396,685**
Current assets		11,589,452	-	**11,589,452**	11,017,523	-	**11,017,523**
Creditors: amounts falling due within one year		(6,822,639)	-	**(6,822,639)**	(6,678,073)	-	**(6,678,073)**
Net current assets		4,766,813	-	**4,766,813**	4,339,450	-	**4,339,450**
Total assets less current liabilities		16,173,403	3,597,272	**19,770,675**	16,253,132	6,483,003	**22,736,135**
Creditors: amounts falling due after more than one year		(6,296,766)	-	**(6,296,766)**	(5,562,928)	-	**(5,562,928)**
Provisions for liabilities	2	(301,527)	(719,470)	**(1,020,997)**	(410,394)	(1,296,616)	**(1,707,010)**
Net assets		9,575,110	2,877,802	**12,452,912**	10,279,810	5,186,387	**15,466,197**
Capital and reserves	1,2	9,575,110	2,877,802	**12,452,912**	10,279,810	5,186,387	**15,466,197**

Notes to the Financial Statements

For the Year Ended 31 May 2016

33. First time adoption of FRS 102 (continued)

	Note	As previously stated 31 May 2015 £	Effect of transition 31 May 2015 £	**FRS 102 (as restated) 31 May 2015 £**
Turnover		16,480,394	-	**16,480,394**
Cost of sales		(9,272,824)	-	**(9,272,824)**
		7,207,570	-	**7,207,570**
Administrative expenses		(6,236,291)	-	**(6,236,291)**
Other operating income	1	-	2,885,731	**2,885,731**
Operating profit		971,279	2,885,731	**3,857,010**
Interest receivable and similar income		24,958	-	**24,958**
Interest payable and similar charges		(18)	-	**(18)**
Taxation	2	(291,519)	(577,146)	**(868,665)**
Profit on ordinary activities after taxation for the financial year		704,700	2,308,585	**3,013,285**

Explanation of changes to previously reported profit and equity:

1 Under FRS 102, fair value movements on the P shares investment in Premier Rugby Limited, totalling £3,597,351 at 1 June 2014 and £6,483,082 at 31 May 2015 have been recognised as a fixed asset investment and credited to the Profit and Loss Account.

2 The fair value movements on the P shares have given rise to deferred tax adjustments, which have been calculated at 20% of the fair value movement in each year.