Financial Statements
Northampton Rugby Football Club Limited

For the Year Ended 31 May 2017

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Registered number: 03139409

Company Information

Directors	A Hewitt (Chairman) J White (Deputy Chairman) B Facer (Commercial Director) K Barwell OBE (Non-executive) N Beal (Non-executive) E Bevan (Non-executive) J Drown (Non-executive) C Povey (Non-executive) J Chapman (Financial Director) S Cunningham (Non-executive) M Smith (Non-Executive)
Company secretary	J Chapman
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

Contents

Strategic Report

For the Year Ended 31 May 2017

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

Both on and off the pitch it was a year of transition at Northampton Saints.

Watching the team was certainly a roller-coaster ride! Several games were lost in the last few minutes – sometimes in the last play – after having played some sensational rugby.

Ultimately there were a few too many losses, culminating in a seventh-place finish in the Aviva Premiership. However, we finished the season on a high with three wins, including a dramatic comeback victory over Stade Francais at Franklin's Gardens, an occasion that will live long in the memory and secured us European Rugby Champions Cup rugby for a ninth successive season.

We also ended the season with some silverware thanks to the Wanderers' successes in the Aviva 'A' League Final.

On the international front we were delighted to see Dylan Hartley captain England to another Six Nations title and to have George North and Courtney Lawes be selected for the British and Irish Lions tour to New Zealand. In all 11 players represented six countries, with two more helping England Under-20 reach the World Rugby Under-20 final.

It was also a challenging year from a financial perspective. While turnover increased by just under one percent, for the first time since becoming a plc in 2000 we recorded a loss before taxation.

There are two significant reasons for this.

Firstly, our playing-related costs have increased dramatically, with a much larger salary cap framework, the related inflation in player wages, and strong competition from other clubs in both the Aviva Premiership and Top 14. In order to be competitive we need to be spending what we are allowed within the framework, and our task going forward is to increase our income to match these outgoings. Furthermore, the lack of a first team knockout match in all competitions was compounded by a series of Friday night matches imposed by tournament broadcasters, and together this significantly impacted our rugby-related income.

Secondly, we had a number of one-off costs as we restructured the business for the future. These included a mid-season change of caterers to Levy Restaurants UK, part of Compass Group, and costs related to a number of board appointments as we reorganised the club's management to tackle the challenges ahead.

On behalf of the board of directors I would like to say a big thank you to long-serving colleagues who have left the company during this financial year.

Allan Robson retired as chief executive in May after 17 years' service, a period in which we transformed ourselves into one of the pre-eminent clubs in the country, winning several trophies and achieving an unprecedented record of profitability.

Richard Deane retired in the summer of 2016 as finance director, and Sian Haynes stepped down at the end of May as head of community after nearly two decades in the role. Meanwhile Murray Holmes and Jon Raphael – who as part of the Gang of Seven revolutionised the club in the late-1980s – both retired as non-executive directors. I would also like to thank Andrew Cozzolino for his time as company secretary.

Strategic Report
For the Year Ended 31 May 2017

Business review (continued)

I have also chosen this as the time to step down as your chairman. I have been involved at Franklin's Gardens for nearly 30 years and have been honoured to have been your chairman for the last four years. We have achieved an awful lot that I will look back on with pride, not least seeing us win the Aviva Premiership title and finish top of the table for the first time, and developing Franklin's Gardens into one of the best dedicated club rugby facility in the country. It has been a huge honour for me, as it is to remain on the board of directors. John White is a superb person to be taking over as chairman, and I know that he will be a success in the role as we enter a new era.

Finally, thanks to staff, coaches and players for their hard work during the year and our thanks for the fantastic support we have received from our supporters and sponsors. The Saints would not be what it is without your effort and commitment.

Significant achievements

Qualification for the European Rugby Champions Cup for a ninth successive season, following a thrilling come-from-behind win over Stade Francais at Franklin's Gardens.

Dylan Hartley captaining England to a second successive Six Nations title, along with an unbeaten Autumn Internationals campaign and subsequent tour of Argentina.

Courtney Lawes and George North being selected for the British and Irish Lions tour of New Zealand.

An average attendance of 14,379 at Franklin's Gardens, representing 94 percent of the stadium's capacity. 24,163 tickets were sold for the Aviva Premiership clash with Saracens at Stadium MK.

Turnover of £16.7 million, an increase of 1 percent from 2015/16.

Renewed and improved Elite Sponsorship deals agreed with Carlsberg UK and Church's Shoes. Macron Sports became our official technical kit supplier and Crabbie's agreed a significant partnership. StubHub have become the club's new ticketing provider from 2017/18.

Charities Day at Stadium MK saw the club work with 15 different charities, who all had their logo on one of the starting team's shirts. This was the most public event in our extensive and continued work in the community.

Principal risks and uncertainties

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

- the health and wellbeing of the players - this is managed by the Club employing the best coaches, medical and conditioning staff possible to maintain players in peak physical condition, and ahdering strictly to injury protocols
- the need to retain the employment of key coaching and playing staff by the timely renewal of contracts.
- the requirement for Premier Rugby, the RFU and other clubs to play their part in maintaining compelling rugby competitions to ensure rugby is a successful and flourishing sport.
- 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
For the Year Ended 31 May 2017

Financial key performance indicators

The company measures its financial performance using the following measures:

- growth in turnover to £16.7m; total income was 1% up on last year.
- maintaining a profitable business
- maintaining a strong balance sheet; the company had net assets of £15.2m at 31 May 2017 (2016 - £16.2m).
- number of Season Ticket Holders and gate receipts per match.
- the ability to spend as much as allowed on player expenditure within the Premiership Rugby salary framework.

This report was approved by the board on 16 August 2017 and signed on its behalf.

A Hewitt
Director

Directors' Report
For the Year Ended 31 May 2017

Directors' report

The directors present their report and the financial statements for the year ended 31 May 2017.

Results and dividends

The loss for the year, after taxation, amounted to £905,274 (2016: profit £685,804).

The directors do not recommend the payment of a dividend.

Directors

The directors who served during the year were:

A Hewitt (Non-Executive from 1 June 2017, Chairman until 31 May 2017)
J White (Chairman from 1 June 2017, Deputy Chairman until 31 May 2017)
A Robson (Chief Executive Officer) (resigned 31 May 2017)
R Deane (Financial Director) (resigned 3 October 2016)
B Facer (Commercial Director)
K Barwell OBE (Non-executive)
N Beal (Non-executive)
E Bevan (Non-executive)
J Drown (Non-executive)
M Holmes (Non-executive) (resigned 31 August 2016)
C Povey (Deputy Chairman from 1 June 2017, Non-Executive until 31 May 2017)
J Raphael (Non-executive) (resigned 31 August 2016)
J Chapman (Financial Director) (appointed 3 October 2016)
S Cunningham (Non-executive) (appointed 7 November 2016)
M Smith (Non-Executive) (appointed 7 November 2016)

Directors' Report (continued)
For the Year Ended 31 May 2017

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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable laws, including FRS 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 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's financial statements and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- 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 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 21, 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.

Post balance sheet events

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

Directors' Report (continued)
For the Year Ended 31 May 2017

Disclosure of information to auditor

The directors confirm that:

- so far as each director is aware, there is no relevant audit information of which the company's auditor is unaware, and
- the directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Auditor

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

This report was approved by the board on 16 August 2017 and signed on its behalf.

J Chapman

J Chapman (Finance Director)
Director

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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 2017, 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 (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 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 2017 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.

Grant Thornton

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

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic report and Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and Directors' report have been prepared in accordance with applicable legal requirements.

Matter on which we are required to report under the Companies Act 2006

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the Strategic report and Directors' report.

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
Chartered Accountants
Statutory Auditor
Milton Keynes

16 August 2017

Profit and loss account

For the Year Ended 31 May 2017

	Note	2017 £	2016 £
Turnover	4	**16,740,929**	16,608,462
Cost of sales		**(11,399,988)**	(9,799,380)
Gross profit		**5,340,941**	6,809,082
Administrative expenses		**(7,126,826)**	(6,471,676)
Exceptional administrative expenses	12	**(647,711)**	-
Exceptional other operating income	12	**-**	500,259
Operating (loss)/profit	5	**(2,433,596)**	837,665
Profit on disposal of intangible assets		**1,489,867**	-
(Loss)/profit on ordinary activities before interest		**(943,729)**	837,665
Interest receivable and similar income	9	**31**	280
Interest payable and expenses	10	**(211,208)**	(110,084)
(Loss)/profit before tax		**(1,154,906)**	727,861
Tax on (loss)/profit	11	**249,632**	(42,057)
(Loss)/profit for the financial year		**(905,274)**	685,804

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 2017 or 2016 other than those included in the profit and loss account.

There was no other comprehensive income for 2017 (2016:£NIL).

The notes on pages 12 to 30 form part of these financial statements.

Balance Sheet
As at 31 May 2017

	Note		2017		2016
			£		£
Fixed assets					
Intangible assets	13		**126,427**		87,203
Tangible assets	14		**17,686,865**		17,964,329
Investments	15		**6,483,182**		6,483,182
			24,296,474		24,534,714
Current assets					
Stocks	16	**160,316**		221,576	
Debtors: amounts falling due within one year	17	**2,530,813**		2,993,744	
Cash at bank and in hand	18	**2,205,820**		1,690,871	
		4,896,949		4,906,191	
Creditors: amounts falling due within one year	19	**(7,057,769)**		(5,869,820)	
Net current liabilities			**(2,160,820)**		(963,629)
Total assets less current liabilities			**22,135,654**		23,571,085
Creditors: amounts falling due after more than one year	20		**(5,241,869)**		(5,527,144)
Provisions for liabilities					
Deferred tax	23	**(1,647,058)**		(1,891,940)	
			(1,647,058)		(1,891,940)
Net assets			**15,246,727**		16,152,001
Capital and reserves					
Called up share capital	24		**9,127,072**		9,127,072
Profit and loss account	25		**6,119,655**		7,024,929
			15,246,727		16,152,001

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 16 August 2017.

JChapman .

J Chapman (Finance Director)
Director
The notes on pages 12 to 30 form part of these financial statements.

Statement of Changes in Equity
For the Year Ended 31 May 2017

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 June 2016	9,127,072	7,024,929	16,152,001
Comprehensive income for the year			
Loss for the year	-	(905,274)	(905,274)
Total comprehensive income for the year	-	(905,274)	(905,274)
At 31 May 2017	9,127,072	6,119,655	15,246,727

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

	Called up share capital	Profit and loss account	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

The notes on pages 12 to 30 form part of these financial statements.

Notes to the Financial Statements
For the Year Ended 31 May 2017

1. General information

Northampton Rugby Football Club Limited is a private company limited by shares and registered in England and Wales. Its registered head office is located at Franklin's Gardens, Weedon Road, Northampton, Northamptonshire, NN5 5BG. The principal activity of the Northampton Rugby Football Club is that of promoting the playing and development of rugby football.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

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 judgement in applying the company's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 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 2017 and these financial statements are publicly available.

2.3 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.

Notes to the Financial Statements
For the Year Ended 31 May 2017

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:
- The amount of revenue can be reliably measured;
- it is probable that future economic benefits will flow to the entity; and
- specific criteria have been met for each of the company activities

Revenue received for specific events, including match day tickets, bar sales, conferences and courses is recognised when the relevant match or event takes place.

Revenue from seasonal sales, including season tickets, executive boxes and VIP packages, is recognised over the season to which it relates.

For income streams that relate to more than one season, such as sponsorship, advertising and branding, revenue is attributed to each season according to the terms of the contract.

Central income is recognised in the season to which it relates unless contingent upon specific criteria or a future event, in which case it is recognised when the criteria are achieved or the event takes place.

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.

Notes to the Financial Statements
For the Year Ended 31 May 2017

2. Accounting policies (continued)

2.5 Intangible assets

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

Software
Software is amortised on a straight-line basis over a 3 year useful economic life.

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.

Gains and losses on disposal of player registrations are determined by comparing the fair value of the consideration receivable, net of any transaction costs, with the carrying amount and are recognised separately in the profit and loss account within profit of disposal of players' registrations. Where a part of the consideration receivable is contingent on specified conditions, this amount is recognised in the profit and loss account on the date the conditions are met.

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.

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.

Notes to the Financial Statements
For the Year Ended 31 May 2017

2. Accounting policies (continued)

2.6 Tangible fixed assets (continued)

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

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.

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.

Notes to the Financial Statements
For the Year Ended 31 May 2017

2. Accounting policies (continued)

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.

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 payment 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.

Notes to the Financial Statements
For the Year Ended 31 May 2017

2. Accounting policies (continued)

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.

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 charge 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. Judgements in applying accounting policies and key sources of estimation uncertainty

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

Notes to the Financial Statements
For the Year Ended 31 May 2017

4. Turnover

	2017	2016
	£	£
Rugby income	**4,112,293**	4,250,140
Premier Rugby and RFU income	**5,060,983**	5,090,748
Commercial income	**7,567,653**	7,267,574
	16,740,929	16,608,462

All turnover arose in the United Kingdom.

5. (Loss)/Profit on ordinary activities before taxation

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

	2017	2016
	£	£
Depreciation of tangible fixed assets	**755,383**	568,257
Amortisation of intangible assets, including goodwill	**85,409**	108,974
Other operating lease rentals	**34,361**	55,307
Defined contribution pension cost	**136,045**	356,323

6. Auditor's remuneration

	2017	2016
	£	£
Fees payable to the company's auditor and its associates for the audit of the company's annual financial statements	**28,147**	23,460

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

	2017	2016
Other services	-	8,000
Other services relating to taxation	**3,480**	17,550
	3,480	25,550

Notes to the Financial Statements

For the Year Ended 31 May 2017

7. Employees

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

	2017	2016
	£	£
Wages and salaries	**9,483,257**	8,277,734
Social security costs	**1,077,471**	962,261
Cost of defined contribution scheme	**136,045**	356,323
	10,696,773	9,596,318

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

	2017	2016
	No.	No.
Sports and rugby players	**92**	88
Administration, commercial and match day only staff	**180**	184
	272	272

8. Directors' remuneration

	2017	2016
	£	£
Directors' emoluments	**451,699**	401,499
Company contributions to defined contribution pension schemes	**39,339**	60,737
Compensation for loss of office	**280,636**	-
	771,674	462,236

During the year retirement benefits were accruing to 4 directors (2016 - 3) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £486,018 (2016 - £212,804).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £26,014 (2016 - £43,100).

9. Interest receivable

	2017	2016
	£	£
Other interest receivable	**31**	280

Notes to the Financial Statements
For the Year Ended 31 May 2017

10. Interest payable and similar charges

	2017	2016
	£	£
Other loan interest payable	**195,948**	101,008
Finance leases and hire purchase contracts	**15,260**	9,076
	211,208	110,084

11. Taxation

	2017	2016
	£	£
Corporation tax		
Current tax on profits for the year	-	(110,506)
Adjustments in respect of previous periods	**(4,750)**	(32,367)
Total current tax	**(4,750)**	(142,873)
Deferred tax		
Origination and reversal of timing differences	**(143,672)**	355,630
Changes to tax rates	**(105,337)**	(170,700)
Adjustments in respect of prior periods	**4,127**	-
Total deferred tax	**(244,882)**	184,930
Taxation on (loss)/profit on ordinary activities	**(249,632)**	42,057

11. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2016 - lower than) the standard rate of corporation tax in the UK of 19.83% (2016 - 20%). The differences are explained below:

	2017	2016
	£	£
(Loss)/profit on ordinary activities before tax	**(1,154,906)**	727,861
(Loss)/profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.83% (2016 - 20%)	**(229,051)**	145,572
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	**-**	13
Capital allowances for year in excess of depreciation	**61,223**	55,312
Utilisation of tax losses	**-**	(4,417)
Adjustments to tax charge in respect of prior periods	**214**	1,771
Short term timing difference leading to a decrease in taxation	**(81,395)**	(210,216)
Non-taxable income less expenses not deductible for tax purposes, other than goodwill and impairment	**-**	(100,052)
Capital gains	**-**	156,025
Adjustments to tax charge in respect of previous periods	**(4,750)**	(32,367)
Adjustments to tax charge in respect of previous periods - deferred tax	**4,127**	-
Prior year deferred tax charge	**-**	30,416
Total tax (credit)/charge for the year	**(249,632)**	42,057

Factors that may affect future tax charges

A deferred tax liability of £1,647,058 (2016: £1,891,940) in respect of capital gains and fixed asset timing differences has been recognised at 31 May 2017. The amount of the net reversal of deferred tax expected to occur next year is £268,715 credit relating to the reversal of existing timing differences on tangible fixed assets.

During the year the UK corporation tax rate was decreased from 20% to 19%. Following Budget 2016 announcements, there will be a further reduction in the main rate of corporation tax to 17% from 1 April 2020.

Notes to the Financial Statements

For the Year Ended 31 May 2017

12. Exceptional items

	2017 £	2016 £
Exceptional donation received	-	500,259
Restructuring costs	(647,711)	-
	(647,711)	500,259

The exceptional donation received relates to a donation used towards the Sturtridge Pavilion redevelopment in the previous year.

The restructuring costs relate to a change of catering partner and restructure of the board.

13. Intangible assets

	Software £	Player registrations £	Goodwill £	Total £
Cost				
At 1 June 2016	45,393	70,010	121,257	236,660
Additions	2,176	122,457	-	124,633
Disposals	-	-	-	-
At 31 May 2017	47,569	192,467	121,257	361,293
Amortisation				
At 1 June 2016	9,867	18,333	121,257	149,457
Charge for the year	11,681	73,728	-	85,409
On disposals	-	-	-	-
At 31 May 2017	21,548	92,061	121,257	234,866
Net book value				
At 31 May 2017	26,021	100,406	-	126,427
At 31 May 2016	35,526	51,677	-	87,203

Amortisation of intangible fixed assets is included in administrative expenses.

Notes to the Financial Statements

For the Year Ended 31 May 2017

14. 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 2016	20,140,237	3,215,552	23,355,789
Additions	317,101	175,727	492,828
Disposals	-	(41,600)	(41,600)
At 31 May 2017	20,457,338	3,349,679	23,807,017
Depreciation			
At 1 June 2016	3,432,285	1,959,175	5,391,460
Charge for the period on owned assets	434,109	321,274	755,383
Disposals	-	(26,691)	(26,691)
At 31 May 2017	3,866,394	2,253,758	6,120,152
Net book value			
At 31 May 2017	16,590,944	1,095,921	17,686,865
At 31 May 2016	16,707,952	1,256,377	17,964,329

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

- land at cost of £1,417,857 (2016: £1,417,857) which is not depreciated.
- capitalised finance costs of £389,391 (2016: £389,391), which relates to the construction of the assets which were completed in 2016.

Notes to the Financial Statements
For the Year Ended 31 May 2017

14. Tangible fixed assets (continued)

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

	2017	2016
	£	£
Freehold	**16,590,944**	16,707,952

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

	2017	2016
	£	£
Fixtures and fittings	**214,488**	241,299

Depreciation charged on finance leases in the year totalled £53,622 (2016: £26,811).

15. Fixed asset investments

	Investments in other loans	Loans to subsidiaries	Total
	£	£	£
Cost or valuation			
At 1 June 2016	6,483,082	100	6,483,182
At 31 May 2017	6,483,082	100	6,483,182
Net book value			
At 31 May 2017	6,483,082	100	6,483,182
At 31 May 2016	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 2017

15. Fixed asset investments (continued)

Subsidiary undertakings

The following were subsidiary undertakings of the company:

Name	Class of shares	Holding	Principal activity
Saints Rugby Limited	Ordinary	100 %	Dormant

The aggregate of the share capital and reserves as at 31 May 2017 and of the profit or loss for the year ended on that date for the subsidiary undertakings were as follows:

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

No profit or loss was generated by the subsidiary in the year due to the company being dormant.

16. Stocks

	2017 £	2016 £
Shop stock	**160,316**	221,576

Stock recognised in cost of sales during the year as an expense was £728,403 (2016: £560,415).

An impairment loss of £159,430 (2016: £25,305) was recognised in cost of sales against stock during the year due to slow-moving and obsolete stock.

17. Debtors

	2017 £	2016 £
Trade debtors	**727,326**	741,209
Other debtors	**4,131**	15,045
Prepayments and accrued income	**1,799,356**	2,089,186
Corporation tax recoverable	-	148,304
	2,530,813	2,993,744

An impairment loss of £18,996 (2016: £NIL) was recognised against trade debtors.

Notes to the Financial Statements

For the Year Ended 31 May 2017

18. Cash and cash equivalents

	2017	2016
	£	£
Cash at bank and in hand	**2,205,820**	1,690,871

19. Creditors: Amounts falling due within one year

	2017	2016
	£	£
NBC Loan	**220,000**	220,000
Trade creditors	**636,503**	624,658
Amounts owed to group undertakings	**1,000,000**	-
Corporation tax	**1,471**	-
Social security and other taxation	**1,345,989**	1,236,845
Obligations under finance lease and hire purchase contracts	**51,694**	47,839
Other creditors	**33,779**	3,773
Accruals and deferred income	**3,768,333**	3,736,705
	7,057,769	5,869,820

Interest on bank overdraft is charged at 1.7% (2016: 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 Edge Mobbs Way and land South-West of St James Road, Northampton.

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

	2017	2016
	£	£
NBC loan	**4,620,000**	4,840,000
Net obligations under finance leases and hire purchase contracts	**146,103**	197,797
Accruals and deferred income	**475,766**	489,347
	5,241,869	5,527,144

Notes to the Financial Statements
For the Year Ended 31 May 2017

21. Loans

Analysis of the maturity of loans is given below:

	2017	2016
	£	£
Amounts falling due within one year		
NBC loan	**220,000**	220,000
Amounts falling due 1-2 years		
NBC loan	**220,000**	220,000
Amounts falling due 2-5 years		
NBC loan	**660,000**	660,000
Amounts falling due after more than 5 years		
NBC loan	**3,740,000**	3,960,000

22. Hire purchase and finance leases

Minimum lease payments under hire purchase fall due as follows:

	2017	2016
	£	£
Within one year	**51,694**	47,839
Between 1-2 years	**55,550**	51,695
Between 2-5 years	**90,553**	146,102
	197,797	245,636

Notes to the Financial Statements

For the Year Ended 31 May 2017

23. Deferred taxation

	2017
	£
At beginning of year	**(1,891,940)**
Charged to profit or loss	**244,882**
At end of year	**(1,647,058)**

The provision for deferred taxation is made up as follows:

	2017	2016
	£	£
Accelerated capital allowances	**(590,932)**	(585,463)
Tax losses carried forward	**176,254**	-
Short term timing differences	**1,515**	-
Capital gains	**(1,233,895)**	(1,306,477)
	(1,647,058)	(1,891,940)

24. Share capital

	2017	2016
Shares classified as equity	£	£
Authorised, allotted, called up and fully paid		
9,127,072 Ordinary shares of £1 each	**9,127,072**	9,127,072

25. 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.

26. Pension commitments

The company operates a defined contributions 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 £136,075 (2016 - £356,323). Contributions totalling £8,912 (2016 - £NIL) were payable to the fund at the balance sheet date and are included in other creditors.

Notes to the Financial Statements
For the Year Ended 31 May 2017

27. Commitments under operating leases

At 31 May 2017 the company had future minimum lease payments under non-cancellable operating leases as follows:

	2017 £	2016 £
Land and buildings		
Not later than 1 year	**47,040**	46,260

	2017 £	2016 £
Other operating leases		
Not later than 1 year	**37,337**	30,588
Later than 1 year and not later than 5 years	**106,697**	59,007
	144,034	89,595

28. 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 wholly owned members of the group headed by Northampton Saints PLC.

	2017 Value in the year £	2016 Value in the year £
N Beal (David Williams Independent Financial Advisors) - Sales made by the company	**13,098**	13,578
N Beal (David Williams Independent Financial Advisors) - Amounts owed to company	**216**	-
J White - Sales made by the company	**6,752**	-
J White - Amounts owed to company	**2,770**	-
J Drown (Porterhouse Developments) - Purchases made by the company	**94,988**	75,298
Key management personnel remuneration	**819,323**	514,861

Sales and purchases between the Group and the directors or companies associated with the directors were at arm's length. Sales were principally tickets, hospitality and advertising, and purchases were repairs and maintenance services.

Notes to the Financial Statements

For the Year Ended 31 May 2017

29. Controlling party

The directors consider that the ultimate parent undertaking and controlling 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.