

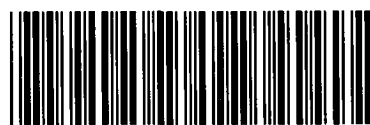
Company Registration No. 03199030 (England and Wales)

CARDIFF BLUES LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

FRIDAY



A63C9MNN

A11

31/03/2017

#135

COMPANIES HOUSE

CARDIFF BLUES LIMITED

COMPANY INFORMATION

Directors	Peter Thomas CBE Simon Webber Paul Bailey Sir Gareth Edwards CBE John Smart Christopher Nott Richard Holland John Williams Martyn Ryan Christopher Sutton	(Appointed 21 September 2016)
Secretary	Martyn Ryan	
Company number	03199030	
Registered office	BT Sport Cardiff Arms Park Westgate Street CARDIFF South Glamorgan UK CF10 1JA	
Auditor	Broomfield & Alexander Limited Ty Derw Lime Tree Court Cardiff Gate Business Park CARDIFF UK CF23 8AB	

CARDIFF BLUES LIMITED

CONTENTS

	Page
Strategic report	1 - 3
Directors' report	4
Directors' responsibilities statement	5
Independent auditor's report	6 - 7
Profit and loss account	8
Balance sheet	9
Notes to the financial statements	10 - 17

CARDIFF BLUES LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 30 JUNE 2016

The directors present the strategic report for the year ended 30 June 2016.

On the pitch

It was another difficult season on the pitch as Cardiff Blues finished seventh in the Guinness PRO12 and were knocked out of the European Challenge Cup during the pool stages.

New head coach Danny Wilson took the reins of the rugby department and immediately implemented a new coaching structure. Wilson took charge of the forwards, and overall responsibility, assisted by Paul John (backs), Graham Steadman (defence) and Richard Hodges. Danny, along with Billy Millard (General Manager, Rugby), firmly believed it would take an extended period to restore Cardiff Blues to the right half of the table and they formulated a three-year plan, which would see the team stabilise, build and progress.

There were some encouraging signs through the season, which proved to be the proverbial season of two halves. After winning just one of eight PRO12 matches at the beginning of the season – with the majority on the road due to the 2015 World Cup – Cardiff Blues then won 10 of their last 14 and qualification for the Champions Cup was a possibility until the penultimate game of the season. Since this period, we have extended the contract of Danny Wilson by one-year and Matt Sherratt has now joined the coaching staff as backs coach.

On the international stage, there was plenty of recognition in the 2015 World Cup with no fewer than six players representing Wales during the tournament. With a larger squad chosen for the 2016 Six Nations, this number rose to nine.

Cardiff Blues were also well represented at age-group level with nine players selected for the Under 20 squad for the 2016 Junior World Championship. Several of those players have already broken into the Region's first-team squad, most notably Corey Domachowski, Dillon Lewis, Seb Davies, Shane Lewis-Hughes and Jarrod Evans. Even more encouraging is the fact that at the time of writing, Cardiff Blues have 14 players in the current Wales Under-20s squad, including some real gems. A number of the young players featured for Cardiff RFC and Pontypridd RFC, as well as for Cardiff Blues Premiership Select XV.

At the beginning of this period the decision was made to restructure the management of Cardiff RFC with Duane Goodfield becoming the Blue and Blacks new head coach, replacing Simon King, who we thank for his efforts. The growing challenge with Cardiff RFC is the financial backing other Premiership clubs now receive from benefactors. I believe the future for Cardiff RFC is greater independence from Cardiff Blues in terms of playing and coaching resources. Should a lease agreement be reached with Cardiff Athletic Club, we have committed an extra £100,000 annually in support of Cardiff RFC.

CARDIFF BLUES LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2016

Off the pitch

Our relationship with the Welsh Rugby Union continued to strengthen and we began to work with a much more collaborative approach between the WRU and the four Regions. To date, this has predominantly been through a "cost-down" project, which has seen substantial savings in combining the five entities purchasing programmes. An example of this is that all insurance policies for the five entities have been combined.

During this period Keith Morgan stepped down from his role as a Cardiff Blues director and Chris Sutton took his place. We thank Keith for his services in this role and particularly as chairman of Cardiff RFC.

Expenditure on the playing squad was increased but performances on the pitch have yet to reflect the investment. The squad continued to evolve with six new players arriving for 2016/17, including Tom James, who returned to the region following three seasons with Exeter Chiefs. There were also a number of re-signings, notably the experienced and seemingly ageless forwards Matthew Rees and Taufa'ao Filise. During this period the Board made the decision to further invest in both the playing and coaching departments, and this again came at a cost. The investment drove the decision to cut the size of the squad to increase overall quality. A number of fringe players were released at the end of the season and to achieve this we had to bite the financial bullet. Sat here in 2017, we can confidently say it was absolutely the right decision despite the financial pain.

In the commercial department Rhys Williams joined as commercial director. Airbus wound down their global sponsorship programme bringing an end to a highly successful 10-year partnership as our lead sponsor. We thank them for their enormous contribution. We were delighted to secure Land Rover for the 2016-17 season. Land Rover have already proved to be a very good partner and the relationship continues to strengthen and grow.

Despite disappointments on the pitch, we are hugely grateful to all of our partners and sponsors for their continued, loyal support.

#SSFO

Following the catastrophic injury sustained by Owen Williams in 2014, the region and wider rugby community have continued to stand beside Ows. The #StayStrongForOws fundraising and awareness campaign has gone from strength to strength with both groups and individuals achieving remarkable feats in their efforts for the cause. We have now had two successful bike rides from Cardiff, first to Paris and most recently Amsterdam, and three hugely successful Six Nations lunches, each of which have raised substantial funds. I am delighted to say Owen is now in his purpose-built new home, close to family in Aberdare.

A new era for rugby in Cardiff?

The negotiations with Cardiff Athletic Club are yet to conclude. Draft legal contracts on both an option agreement and a new lease have been issued and negotiations continue between the parties. Final agreement will see Cardiff Blues Limited granted a new 150-year lease, with the ability to develop a new home for both Cardiff Blues and Cardiff RFC on the current Cardiff Arms Park site. We are eager to discuss fuller details of the transaction and the potential plans with our shareholders but until an agreement with the Athletic Club is finalised all parties are restricted in what can be said in public, for obvious reasons. However I must state that any deal, and subsequent developments will only strive to protect the heritage of Cardiff Rugby and be of benefit to both Cardiff Blues, Cardiff RFC and rugby in the city generally.

CARDIFF BLUES LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2016

Financial Review

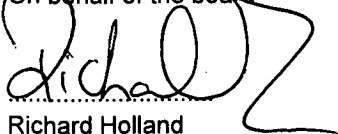
The Company's financial performance for the 2016 financial year is again best understood by adjusting the figures reported in the 2016 Profit and Loss account for the impact of the change in year-end and accounting policies adopted in 2015, so as to provide true comparables. This exercise is detailed in the table below.

	12 Months to 30 June 2016	Pro Forma 12 Months to 30 June 2015	Revaluation of intangible assets	Estimated May 2014 Movements	13 Months to 30 June 2015
	£	£	£	£	£
Income	8,415,033	9,236,617			9,236,617
Expenditure	(9,695,062)	(9,675,935)	1,135,384	616,810	(11,428,129)
Operating loss before interest, tax, depreciation and amortization – (LBITDA)	(1,148,623)	(285,733)		596,211	(881,944)
Amortization/ Revaluation of intangible assets			1,135,384		(1,135,384)
Depreciation	(131,406)	(153,585)		20,599	(174,184)
Operating loss	(1,280,029)	(439,318)			(2,191,512)
Interest payable and similar charges	(209,997)	(218,632)		18,263	(236,895)
Loss on ordinary activities before taxation	(1,490,026)	(657,950)			(2,428,407)

Other performance indicators

Once again it is disappointing to have to report on the Company's poor financial performance. Income for 2016 fell by some £800,000 to £8,415,000, compared to the pro forma 2015 figures, resulting from the absence of the £500,000 signing fee received in 2015 for entering into the Rugby Services Agreement with the Welsh Rugby Union and a decline of £300,000 in ticket and retail income. This decline was to be expected following the difficult 2014/15 season and was only partly offset by stronger revenues resulting from better performances after Christmas. Expenditure levels were similar in both periods, a number of one off costs in 2015 were not repeated but the increased squad investment offset this. The Board has kept investing in the side despite the need for fresh funding to sustain playing standards. As a result LBITDA fell from £285,000 (adjusted) to £1,149,000. The trading loss resulted in turn in the deterioration in the balance sheet footings, in particular net current liabilities. As reported in Note 7 to the Accounts, Other Creditors have risen to over £13, 000,000. The largest part of this figure is Amounts owed to related parties, the movement in which is set out in Note 11.

On behalf of the board



Richard Holland

Director

31.3.17

CARDIFF BLUES LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2016

Principal activities

The principal activity of the Company continued to be that of professional rugby together with related activities.

Directors

Christopher Nott, Christopher Sutton and John Huw Williams are appointed by Cardiff Athletic Club, who hold 750,000 Heritage shares of £1 and 500,000 Ordinary shares of £1.

Peter Thomas CBE

Simon Webber

Paul Bailey

Sir Gareth Edwards CBE

John Smart

Christopher Nott

Keith Morgan

(Resigned 21 September 2016)

Richard Holland

John Huw Williams

Martyn Ryan

Christopher Sutton

(Appointed 21 Septemeber 2016)

Auditor

In accordance with the Company's Articles, a resolution proposing that Broomfield & Alexander Limited be reappointed as auditor of the Company will be put at the Annual General Meeting.

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

Going Concern

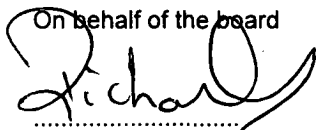
The directors have a reasonable expectation that the Company has adequate resources to continue in operation for the foreseeable future and therefore continue to adopt the going concern basis in preparing the accounts.

Employment Policy

It is the Company's policy to treat all its employees fairly and ensure equal opportunity for all regardless of gender, ethnic origin, age, disability or religion.

This report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption.

On behalf of the board



Richard Holland

Director 31.3.17

CARDIFF BLUES LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 30 JUNE 2016

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

- select suitable accounting policies 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.

CARDIFF BLUES LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF CARDIFF BLUES LIMITED

We have audited the financial statements of Cardiff Blues Limited for the year ended 30 June 2016 set out on pages 8 to 17. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

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

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out 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

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 June 2016 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of our audit, the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements, and the Directors' Report has been prepared in accordance with applicable legal requirements.

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 Directors' Report.

CARDIFF BLUES LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF CARDIFF BLUES 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; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemption in preparing the directors' report and take advantage of the small companies exemption from the requirement to prepare a strategic report.



Ian Thomas BSc FCA DChA (Senior Statutory Auditor)
for and on behalf of Broomfield & Alexander Limited

Chartered Accountants
Statutory Auditor

31 MARCH 2017

Ty Derw
Lime Tree Court
Cardiff Gate Business Park
CARDIFF
UK
CF23 8AB

CARDIFF BLUES LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 30 JUNE 2016

			13 Month period ended
	Notes	30 June 2016 £	30 June 2015 £
Income		8,415,033	9,236,617
Expenditure		(9,695,062)	(11,428,129)
Operating loss before interest, tax, depreciation & amortisation - EBITDA		(1,148,623)	(881,944)
Depreciation & amortisation		(131,406)	(1,309,568)
Operating loss	2	(1,280,029)	(2,191,512)
Interest payable and similar expenses		(209,997)	(236,895)
Loss before taxation		(1,490,026)	(2,428,407)
Taxation		-	-
Loss for the financial year		(1,490,026)	(2,428,407)

CARDIFF BLUES LIMITED

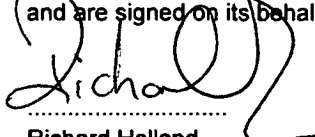
BALANCE SHEET

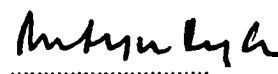
AS AT 30 JUNE 2016

		2016		2015 as restated	
	Notes	£	£	£	£
Fixed assets					
Tangible assets	5		548,260		610,643
Current assets					
Stocks		67,429		134,962	
Debtors	6	640,890		1,121,160	
Cash at bank and in hand		8,986		58,019	
		<u>717,305</u>		<u>1,314,141</u>	
Creditors: amounts falling due within one year	7	(14,911,037)		(14,005,230)	
Net current liabilities			(14,193,732)		(12,691,089)
Total assets less current liabilities			(13,645,472)		(12,080,446)
Creditors: amounts falling due after more than one year	8		(650,000)		(975,000)
Net liabilities			<u>(14,295,472)</u>		<u>(13,055,446)</u>
Capital and reserves					
Called up share capital	9	5,035,202		4,785,202	
Profit and loss reserves		(19,330,674)		(17,840,648)	
Total equity		<u>(14,295,472)</u>		<u>(13,055,446)</u>	

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime.

The financial statements were approved by the board of directors and authorised for issue on 31.3.17 and are signed on its behalf by:


Richard Holland
Director


Martyn Ryan
Director

Company Registration No. 03199030

CARDIFF BLUES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

1 Accounting policies

Company information

Cardiff Blues Limited is a private company limited by shares incorporated in England and Wales. The registered office is BT Sport Cardiff Arms Park, Westgate Street, CARDIFF, South Glamorgan, UK, CF10 1JA.

1.1 Accounting convention

The financial statements have been prepared under the historical cost convention, modified to include certain financial instruments at fair value. The principal accounting policies adopted are set out below.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

These financial statements for the year ended 30 June 2016 are the first financial statements of Cardiff Blues Limited prepared in accordance with FRS 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland. The date of transition to FRS 102 was 1 June 2014. The reported financial position and financial performance for the previous period are not affected by the transition to FRS 102.

1.2 Going concern

During the year the Company has reported a pre tax loss of £1,490,026 and the balance sheet has net current liabilities of £14,193,732 and net liabilities of £14,295,472.

Cash flow forecasts prepared for a period of 12 months from the date of approval of the financial statements indicate that the Company can continue to operate within its available working capital facilities. These forecasts have been prepared on the assumption that the directors will continue to support the company and that further cash facilities will be introduced as required.

1.3 Turnover

Turnover represents amounts invoiced, excluding value added tax, in respect of the sale of goods and services. Ticket income, hospitality income and income from competitions are recognised as revenue when the respective event takes place. Revenue from commercial contracts - including broadcasting revenue, sponsorship and the lease of hospitality boxes is recognised based on the terms of the contract.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on dispatch of the goods), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

1.4 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Land and buildings Leasehold	6-10 years
Plant and machinery	4 years
Fixtures, fittings & equipment	4 years

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

CARDIFF BLUES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2016

1 Accounting policies (Continued)

1.5 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.6 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

Stocks held for distribution at no or nominal consideration are measured at cost, adjusted where applicable for any loss of service potential.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

1.7 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.8 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's statement of financial position when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

CARDIFF BLUES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2016

1 Accounting policies (Continued)

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

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

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Derecognition of financial liabilities

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

CARDIFF BLUES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2016

1 Accounting policies (Continued)

1.9 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.10 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.11 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to income on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed.

1.12 Transfer fees

Fees payable to and receivable from other rugby football clubs on the transfer of a player's registration, together with associated costs, are dealt with through the profit and loss account in the accounting year in which the transfer of the player's registration takes place.

1.13 Player's contracts

No value has been attributed to player's contracts in the balance sheet.

2 Operating loss

	2016	2015
	£	£
Operating loss for the year is stated after charging/(crediting):		
Fees payable to the Company's auditor for the audit of the Company's financial statements:	7,950	7,500
	<u>7,950</u>	<u>7,500</u>

3 Employees

The average monthly number of persons (including directors) employed by the Company during the year was:

	2016 Number	2015 Number
Executive directors	1	1
Coaching and playing staff	113	114
Operations and administration staff	28	27
	<u>142</u>	<u>142</u>

CARDIFF BLUES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2016

4 Intangible fixed assets

	Goodwill £	Other £	Total £
Cost			
At 1 July 2015 and 30 June 2016	1,304,971	1,807,500	3,112,471
Amortisation and impairment			
At 1 July 2015 and 30 June 2016	1,304,971	1,807,500	3,112,471
Carrying amount			
At 30 June 2016	-	-	-
At 30 June 2015	-	-	-

5 Tangible fixed assets

	Land and buildings £	Plant and machinery etc £	Total £
Cost			
At 1 July 2015	2,186,936	1,144,700	3,331,636
Additions	-	69,023	69,023
At 30 June 2016	2,186,936	1,213,723	3,400,659
Depreciation and impairment			
At 1 July 2015	1,630,666	1,090,327	2,720,993
Depreciation charged in the year	71,788	59,618	131,406
At 30 June 2016	1,702,454	1,149,945	2,852,399
Carrying amount			
At 30 June 2016	484,482	63,778	548,260
At 30 June 2015	556,270	54,373	610,643

6 Debtors

	2016 £	2015 £
Amounts falling due within one year:		
Trade debtors	184,572	373,575
Other debtors	456,318	747,585
	640,890	1,121,160

CARDIFF BLUES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2016

7 Creditors: amounts falling due within one year

	2016 £	2015 £
Bank loans and overdrafts	513,038	1,542,497
Trade creditors	897,659	982,520
Other taxation and social security	444,499	772,728
Other creditors	13,055,841	10,707,485
	<u>14,911,037</u>	<u>14,005,230</u>

The bank overdraft is secured by directors guarantees of £500,000.

8 Creditors: amounts falling due after more than one year

	2016 £	2015 £
Other creditors	<u>650,000</u>	<u>975,000</u>

The long-term creditors are secured by a directors guarantee.

9 Called up share capital

	2016 £	2015 £
Ordinary share capital		
Issued and fully paid		
Ordinary shares of £1 each	4,285,202	4,035,202
Heritage shares of £1 each	750,000	750,000
	<u>5,035,202</u>	<u>4,785,202</u>

The Heritage shares rank equally with Ordinary shares except for the right to appoint two directors to the Board and to remove any person so appointed from time to time. Also the approval of the holders of the Heritage shares must be obtained before the company can, inter alia, dispose of its rugby activities, substantially alter the nature of the business, change the club's colours or move the home ground outside of Cardiff.

Reconciliation of movements during the year:

	Ordinary Number
At 1 July 2015	4,035,202
New issue of shares for cash	250,000
	<u>4,285,202</u>
At 30 June 2016	<u>4,285,202</u>

CARDIFF BLUES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2016

10 Operating lease commitments

Lessee

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2016 £	2015 £
Within one year	412,969	380,241
Between two and five years	1,513,090	1,408,417
In over five years	930,557	1,194,225
	<u>2,856,616</u>	<u>2,982,883</u>

11 Related party transactions

Transactions with related parties

During the year the company entered into the following transactions with related parties:

	Purchases		Sales	
	2016 £	2015 £	2016 £	2015 £
Other related parties	<u>170,270</u>	<u>155,052</u>	<u>35,750</u>	<u>35,000</u>

The following amounts were outstanding at the reporting end date:

	Amounts owed to related parties	
	2016 £	2015 £
Key management personnel	8,572,659	7,016,566
Other related parties	2,383,001	2,383,001
	<u>10,955,660</u>	<u>9,399,567</u>

CARDIFF BLUES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2016

11 Related party transactions (Continued)

The following amounts were outstanding at the reporting end date:

	Amounts owed by related parties	
	2016	2015
	£	£
Other related parties	2,000	-
	<u>2,000</u>	<u>-</u>

12 Re-statement of balance sheet

An amount of £9,251,748 disclosed as long term liabilities in the final 2015 financial statements has been re-analysed to current liabilities. The directors consider this presentation to be consistent with that adopted in 2016, which is in accordance with FRS 102 for the first time as set out in Note 1.1. This balance represents loans payable to related parties who have confirmed in the current year that these balances will not be called for repayment for a period of at least 12 months from approval of the balance sheet or until such time that the Company has sufficient funds to repay.