

# **RB Sport & Leisure Holdings Plc**

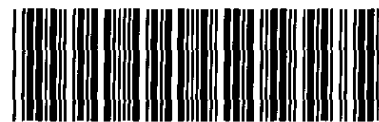
Report and Financial Statements

Year Ended

31 December 2016

Company Number 04368413

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# **RB Sport & Leisure Holdings Plc**

## **Company Information**

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<b>Directors</b>	R G Bransgrove P M Trant D Mann F Janmohamed A Williams B Smith S Robertson M W Lashmar J Nixon
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<b>Company secretary</b>	M W Lashmar
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<b>Registered number</b>	04368413
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<b>Registered office</b>	The Ageas Bowl Botley Road West End Southampton Hampshire SO30 3XH
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<b>Independent auditor</b>	BDO LLP Arcadia House Maritime Walk Ocean Village Southampton SO14 3TL
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# **RB Sport & Leisure Holdings Plc**

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# **RB Sport & Leisure Holdings Plc**

## **Chairman's Statement For the Year Ended 31 December 2016**

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I am delighted to report in 2016 the Group was able to grow profitably as the Hilton at the Ageas Bowl Hotel continues to develop. EBITDA was £2.5m compared with £1.4m in the previous year.

The Group reported a net loss of £1.7m in 2016 compared to a net profit of £0.5m in 2015 although 2016 does include exceptional pre-operating costs in relation to the hotel golf course. The hotel will take some years to reach full trading maturity and it is worth noting that the net profit reported in 2015 includes a one off benefit from waived interest costs amounting to £2.3m.

Turnover in 2016 grew to £16.7m, an increase of £4.5m over the previous year. The Hilton at the Ageas Bowl Hotel was a key reason for this increase and is recognised as a leading national venue which will be complemented by the Golf Course when it opens in July 2017.

The Group successfully hosted two International ODI's in 2016 and its first major concert in some years with Rod Stewart playing to a sell out crowd. In 2017 there are three international cricket matches and two concerts confirmed which will result in an enhanced trading performance compared to 2016. The programme of International fixtures is confirmed to 2019 and we shortly hope to have details of the allocation of Major Matches to 2023.

Our excellent relationships with our key strategic partners, Eastleigh Borough Council ("EBC") and Ageas (UK) Ltd continued to flourish through the year and we thank these partners for their continued invaluable support.

In domestic cricket, Hampshire retained its place in Division 1 of the LV Championship in what was a disappointing season. The team in 2017 is strengthened by new signings Kyle Abbott, Rilee Rossouw and George Bailey and the return from injury of several players. We hope that James Vince and Liam Dawson continue to represent England and we also hope that other members of the squad gain recognition in 2017.

Once again, our dedicated management and staff worked tirelessly throughout the year and the Board join me in thanking all our employees for their efforts throughout 2016. We look forward to welcoming you to the outstanding facilities here at the Ageas Bowl in 2017 and wish everyone a successful year.

**R G Bransgrove**  
**Group Chairman**



# **RB Sport & Leisure Holdings Plc**

## **Group Strategic Report For the Year Ended 31 December 2016**

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### **Introduction**

The Directors present their Strategic Report together with the audited financial statements for the year ended 31 December 2016.

### **Principal activity**

The Group's principal activities are the operation of an International cricket stadium, a hotel, a conference and events and catering business and a golf course (opening in 2017) from the 175 acre Ageas Bowl site.

### **Results and Dividends**

*The Group recorded a net loss of £1.7m for the year. No dividends were paid during the year.*

### **Business review**

2016 showed a significant growth in EBITDA, with earnings increasing by £1.1m to £2.5m as the hotel business continued to develop.

2016 also marked the return of major concerts to the venue when Rod Stewart played a sold out concert. Two further concerts are scheduled for 2017 and such events are representative of how we will look to expand upon the leisure activities the venue is capable of hosting.

The Group receives income from distributions from the England & Wales Cricket Board ("the ECB"), ticket sales for both domestic and International fixtures, memberships, sponsorship and advertising, retail activities, concerts and a conference and catering operation. In addition, the Group owns and operates a 171 bed Hilton Hotel with impressive conference and banqueting facilities and a luxurious spa.

The Ageas Bowl has secured International cricket fixtures for all seasons up to and including 2019, including an England v India Test Match in 2018 and five ICC World Cup fixtures in 2019. The strategic objectives of the Group in the medium term have therefore been met. A tender process will determine which venues will host International fixtures from 2020 to 2023 and the Directors consider that the venue is well placed to secure additional fixtures for that period.

Group Turnover in 2016 was £16.7m (2015: £12.2m), an increase of £4.5m. The hotel contributed revenue of £7.9m. There was a £0.2m increase in revenue in from the ECB and a £0.4m reduction in revenue from International tickets sales.

The hotel trading was encouraging and turnover was ahead of targets for the year.

Net membership income was slightly down at £602K (2015: £629K).

Costs of sales increased to £5.5m (2015: £4.4m), principally as a result of the growth in the hotel business. Efficiency improved with gross margin increasing from 64% to 67%.

Administrative expenses increased to £9.6m (2015: £7.7m) due to a full year impact of the hotel, although this figure included exceptional one-off pre-opening costs relating to the golf course which amounted to £0.2m.

# **RB Sport & Leisure Holdings Plc**

## **Group Strategic Report For the Year Ended 31 December 2016**

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### **Business review (continued)**

The depreciation charge increased to £0.8m (2015: £0.7m) again, mainly due to additional depreciation charged against the hotel for a full year.

Looking forward to 2017, the Group again has three days of International cricket. The hotel is performing well and is becoming established as a leading conference and event venue with the golf course opening in July 2017 the venue will further be recognised as a leading business and leisure venue.

### **Principal risks and uncertainties**

The Group has reduced bank borrowings and liquidity risk is now managed through long term finance and advanced income streams rather than bank borrowings.

The Group is in the process of renegotiating its financing arrangements with EBC and the new arrangement will give long term certainty of debt service costs. The Group have managed their borrowings with fixed rate loans with EBC, debenture holders and loan note holders to reduce exposure to rises in interest rates.

The liquidity risk arises from the Group's management of working capital and the finance charges and principal repayments on its debt instruments.

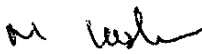
The Directors review rolling long term cash flow projections on a regular basis as well as information regarding cash balances. At the Year End the projections indicated that the Group expected to have sufficient liquid resources to meet its obligations under all reasonably expected circumstances.

The Group's credit risk is primarily attributable to its trade debtors, the majority of which relate to advance billings for hospitality and sponsorship packages and conferences and events. Credit risk is primarily managed by only releasing the relevant tickets or sponsorship benefits when they have been paid for.

Insurance cover is taken out to mitigate the financial risk of losing certain key fixtures to the weather.

The Directors consider that the Group has sufficient resources to continue as a going concern for the foreseeable future and have prepared accounts on this basis.

This report was approved by the board on 6 June 2017 and signed on its behalf.

  
**M W Lashmar**  
Director

# **RB Sport & Leisure Holdings Plc**

## **Directors' Report For the Year Ended 31 December 2016**

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The Directors present their report and the financial statements for the year ended 31 December 2016.

### **Directors**

The Directors who served during the year were:

R G Bransgrove  
P M Trant  
D Mann  
F Janmohamed  
A Williams  
B Smith  
S Robertson  
M W Lashmar (appointed 30 September 2016)

On 1 March 2017 J Nixon was appointed as a Director.

### **Matters covered in the strategic report**

The principal activity of the group, results and dividends, the principal risks and uncertainties and likely future developments of the group are detailed in the strategic report.

### **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 the director is aware, there is no relevant audit information of which the company and the group's auditor is unaware, and
- the 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 and the group's auditor is aware of that information.

### **Post Statement of Financial Position events**

On 20 January 2017 RB Lease Company Limited acquired land at Thorney Down Farm, West End, Southampton for £724,500 including stamp duty.

On 17 March 2017 the Group entered into a sale and leaseback transaction with Eastleigh Borough Council in respect of the land acquired at Thorney Down Farm, West End, Southampton. The land was transferred intra-group to RB Hotels Limited prior to a sale and leaseback transaction with Eastleigh Borough Council. The freehold land was sold to Eastleigh Borough Council for £724,500 and RB Hotels Limited entered into a 125 year lease with a rent charge of £34,060 per annum. RB Hotels Limited has the option to buy back the lease at nominal after 35 years or earlier at a premium.

On 2 June 2017 the group refinanced their existing deferred consideration and £3.5m of bank loans to rationalise the Group's debt financing arrangements. The group negotiated a new facility totalling £45.4m.

Of the £45.4m: .

- £38.9m has a fixed interest rate of 4.54% and is repayable after 35 years or earlier at a premium
- £6.5m has a fixed interest rate of 6.54% and is repayable after 10 years or earlier at a premium

## RB Sport & Leisure Holdings Plc

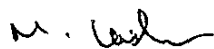
Directors' Report (continued)  
For the Year Ended 31 December 2016

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### Auditor

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

This report was approved by the board on 6 June 2017 and signed on its behalf.



**M W Lashmar**  
Director



## **RB Sport & Leisure Holdings Plc**

### **Directors' Responsibilities Statement For the Year Ended 31 December 2016**

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The directors are responsible for preparing the Group Strategic Report, the Directors' Report and the consolidated 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 the group and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies for the group's financial statements and then apply them consistently;
- make judgments 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 group 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 the group 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 the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

# **RB Sport & Leisure Holdings Plc**

## **Independent Auditor's Report to the Members of RB Sport & Leisure Holdings Plc**

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We have audited the financial statements of RB Sport & Leisure Holdings Plc for the year ended 31 December 2016 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated and Company Statement of Financial Position, the Consolidated and Company Statement of Changes in Equity, the Consolidated Statement of Cash Flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

### **Respective responsibilities of directors and auditors**

As explained more fully in the Directors' Responsibilities Statement, 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 Financial Reporting Council's (FRC'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 FRC's website at [www.frc.org.uk/auditscopeukprivate](http://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 group's and the parent company's affairs as at 31 December 2016 and of the group's 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 the audit:

- 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; and
- the strategic report and directors' report have been prepared in accordance with applicable legal requirements.

# RB Sport & Leisure Holdings Plc

## Independent Auditor's Report to the Members of RB Sport & Leisure Holdings Plc

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### Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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.



**Malcolm Thixton** (Senior statutory auditor)  
for and on behalf of BDO LLP, Statutory auditor  
Southampton  
United Kingdom

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

## RB Sport & Leisure Holdings Plc

### Consolidated Statement of Comprehensive Income For the Year Ended 31 December 2016

	Note	2016 £	2015 £
Turnover	4	16,688,966	12,233,318
Cost of sales		(5,528,778)	(4,426,882)
<b>Gross profit</b>		<b>11,160,188</b>	<b>7,806,436</b>
Administrative expenses		(9,645,658)	(7,740,239)
<b>Operating profit</b>	5	<b>1,514,530</b>	<b>66,197</b>
<b>EBITDA in Operating profit</b>			
EBITDA		2,541,125	1,411,857
Depreciation and amortisation		(798,039)	(662,631)
Exceptional item		(228,556)	(682,829)
<b>Total operating profit</b>		<b>1,514,530</b>	<b>66,197</b>
Income from fixed assets investments		-	52
Interest receivable and similar income		1,234	3,167
Interest payable and expenses	9	(3,251,344)	387,467
<b>(Loss)/profit before taxation</b>		<b>(1,735,580)</b>	<b>456,883</b>
Tax on (loss)/profit	10	-	-
<b>(Loss)/profit for the year</b>		<b>(1,735,580)</b>	<b>456,883</b>
<b>Profit and total comprehensive income for the year attributable to:</b>			
Owners of the parent company		<b>(1,735,580)</b>	<b>456,883</b>

All amounts relate to continuing activities.

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

The notes on pages 16 to 41 form part of these financial statements.

# RB Sport & Leisure Holdings Plc

Registered number:04368413

## Consolidated Statement of Financial Position As at 31 December 2016

	Note	2016 £	2015 £
<b>Fixed assets</b>			
Intangible assets	11	789,839	850,595
Tangible assets	12	69,548,365	69,594,367
Investments	13	3,656	3,656
		<u>70,341,860</u>	<u>70,448,618</u>
<b>Current assets</b>			
Stocks	14	86,970	97,310
Debtors: amounts falling due within one year	15	1,504,043	1,048,592
Cash at bank and in hand		1,205,225	638,429
		<u>2,796,238</u>	<u>1,784,331</u>
Creditors: amounts falling due within one year	16	(13,969,772)	(10,664,568)
<b>Net current liabilities</b>		<u>(11,173,534)</u>	<u>(8,880,237)</u>
<b>Total assets less current liabilities</b>		<u>59,168,326</u>	<u>61,568,381</u>
Creditors: amounts falling due after more than one year	17	(54,334,334)	(54,998,809)
<b>Provisions for liabilities</b>			
<b>Net assets</b>		<u><u>4,833,992</u></u>	<u><u>6,569,572</u></u>
<b>Capital and reserves</b>			
Called up share capital	21	7,722,833	7,722,833
Revaluation reserve	22	10,037,609	10,037,609
Profit and loss account	22	(12,926,450)	(11,190,870)
		<u><u>4,833,992</u></u>	<u><u>6,569,572</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 6/6/17



**M W Lashmar**  
Director

The notes on pages 16 to 41 form part of these financial statements.

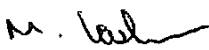
**RB Sport & Leisure Holdings Plc**  
Registered number: 04368413

**Company Statement of Financial Position**  
As at 31 December 2016

	Note	2016 £	2015 £
<b>Fixed assets</b>			
Investments	13	2,836,614	2,836,614
		<u>2,836,614</u>	<u>2,836,614</u>
<b>Current assets</b>			
Debtors: amounts falling due within one year	15	24,045,416	23,772,233
Cash at bank and in hand		105,783	275,510
		<u>24,151,199</u>	<u>24,047,743</u>
Creditors: amounts falling due within one year	16	(19,354,379)	(16,522,737)
<b>Net current assets</b>		<u>4,796,820</u>	<u>7,525,006</u>
<b>Total assets less current liabilities</b>		<u>7,633,434</u>	<u>10,361,620</u>
Creditors: amounts falling due after more than one year	17	(6,000,000)	(8,020,000)
<b>Net assets</b>		<u><u>1,633,434</u></u>	<u><u>2,341,620</u></u>
<b>Capital and reserves</b>			
Called up share capital	21	7,722,833	7,722,833
Profit and loss account	22	(6,089,399)	(5,381,213)
		<u><u>1,633,434</u></u>	<u><u>2,341,620</u></u>

The loss after tax of the parent company for the year was £708,186 (2015 - profit £1,041,041).

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

  
**M W Lashmar**  
Director

6/6/17

## RB Sport & Leisure Holdings Plc

### Consolidated Statement of Changes in Equity For the Year Ended 31 December 2016

	Called up share capital	Revaluation reserve	Profit and loss account	Equity attributable to owners of parent company	Total equity
	£	£	£	£	£
At 1 January 2016	7,722,833	10,037,609	(11,190,870)	6,569,572	6,569,572
<b>Comprehensive income for the year</b>					
Loss for the year	-	-	(1,735,580)	(1,735,580)	(1,735,580)
<b>Total comprehensive income for the year</b>	-	-	(1,735,580)	(1,735,580)	(1,735,580)
<b>At 31 December 2016</b>	<b>7,722,833</b>	<b>10,037,609</b>	<b>(12,926,450)</b>	<b>4,833,992</b>	<b>4,833,992</b>

### Consolidated Statement of Changes in Equity For the Year Ended 31 December 2015

	Called up share capital	Revaluation reserve	Profit and loss account	Equity attributable to owners of parent company	Total equity
	£	£	£	£	£
At 1 January 2015	7,722,833	10,037,609	(11,647,753)	6,112,689	6,112,689
<b>Comprehensive income for the year</b>					
Profit for the year	-	-	456,883	456,883	456,883
<b>Total comprehensive income for the year</b>	-	-	456,883	456,883	456,883
<b>Total transactions with owners</b>	-	-	-	-	-
<b>At 31 December 2015</b>	<b>7,722,833</b>	<b>10,037,609</b>	<b>(11,190,870)</b>	<b>6,569,572</b>	<b>6,569,572</b>

The notes on pages 16 to 41 form part of these financial statements.

## RB Sport & Leisure Holdings Plc

### Company Statement of Changes in Equity For the Year Ended 31 December 2016

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 January 2016	7,722,833	(5,381,213)	2,341,620
<b>Comprehensive income for the year</b>			
Loss for the year	-	(708,186)	(708,186)
<b>Total comprehensive income for the year</b>	-	(708,186)	(708,186)
<b>Total transactions with owners</b>	-	-	-
<b>At 31 December 2016</b>	<b>7,722,833</b>	<b>(6,089,399)</b>	<b>1,633,434</b>

### Company Statement of Changes in Equity For the Year Ended 31 December 2015

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 January 2015	7,722,833	(6,422,254)	1,300,579
<b>Comprehensive income for the year</b>			
Profit for the year	-	1,041,041	1,041,041
<b>Total comprehensive income for the year</b>	-	1,041,041	1,041,041
<b>Total transactions with owners</b>	-	-	-
<b>At 31 December 2015</b>	<b>7,722,833</b>	<b>(5,381,213)</b>	<b>2,341,620</b>

The notes on pages 16 to 41 form part of these financial statements.



# RB Sport & Leisure Holdings Plc

## Consolidated Statement of Cash Flows For the Year Ended 31 December 2016

	2016 £	2015 £
<b>Cash flows from operating activities</b>		
(Loss)/profit for the financial year	(1,735,580)	456,883
<b>Adjustments for:</b>		
Amortisation of intangible assets	60,756	60,756
Depreciation of tangible assets	737,283	601,875
Interest payable	3,251,344	(387,467)
Interest receivable	(1,234)	(3,219)
Decrease/(increase) in stocks	10,340	(53,563)
(Increase) in debtors	(455,451)	(161,713)
(Decrease) in creditors	(223,731)	(62,707)
<b>Net cash generated from operating activities</b>	<b>1,643,727</b>	<b>450,845</b>
<b>Cash flows from investing activities</b>		
Purchase of tangible fixed assets	(726,705)	(811,326)
Cash deposited with third party	-	1,129,397
Interest received	1,234	3,219
<b>Net cash from investing activities</b>	<b>(725,471)</b>	<b>321,290</b>
<b>Cash flows from financing activities</b>		
Debenture loans issued	941,000	60,000
New bank and other loans	1,000,000	400,000
Repayment of bank and other loans	(1,916,172)	(82,500)
Proceeds from finance leases	35,423	600,984
Capital repayment of finance leases	(198,746)	(146,093)
Increase in deferred consideration	2,892,480	-
Repayment of loan notes	(500,000)	-
Interest paid	(2,197,221)	(1,451,811)
<b>Net cash used in financing activities</b>	<b>56,764</b>	<b>(619,420)</b>
<b>Net increase in cash and cash equivalents</b>	<b>975,020</b>	<b>152,715</b>
Cash and cash equivalents at beginning of year	230,190	77,475
<b>Cash and cash equivalents at the end of year</b>	<b>1,205,210</b>	<b>230,190</b>

## RB Sport & Leisure Holdings Plc

### Consolidated Statement of Cash Flows (continued) For the Year Ended 31 December 2016

	2016 £	2015 £
Cash at bank and in hand	1,205,225	638,429
Bank overdrafts	(15)	(408,239)
	<u>1,205,210</u>	<u>230,190</u>

The notes on pages 16 to 41 form part of these financial statements.

# RB Sport & Leisure Holdings Plc

## Notes to the Financial Statements For the Year Ended 31 December 2016

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### 1. General Information

RB Sport & Leisure Holdings Plc is a public limited company, limited by shares, incorporated in England and Wales (registered number 04368413) under the Companies Act 2006. The address of the registered office is shown on the Company Information page. The nature of the company's operations and its principal activities are outlined in the Strategic Report.

### 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 UK and the Republic of Ireland and the Companies Act 2006.

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 presentation currency is Pounds Sterling.

#### 2.2 Parent company disclosure exemptions

In preparing the separate financial statements of the parent company, advantage has been taken of the following disclosure exemptions available in FRS 102:

- No cash flow statement has been presented for the parent company;
- No statement of comprehensive income has been presented for the parent company;
- No disclosure has been given for the aggregate remuneration of the key management personnel of the parent company as their remuneration is included in the totals for the group' as a whole; and
- No disclosure has been given for the parent company's financial instruments as equivalent disclosures have been provided for the group' as a whole.

The following principal accounting policies have been applied:

#### 2.3 Basis of consolidation

The consolidated financial statements present the results of the group and its own subsidiaries ("the group") as if they form a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the Statement of Financial Position, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the Consolidated Statement of Comprehensive Income from the date on which control is obtained. They are deconsolidated from the date control ceases.

# RB Sport & Leisure Holdings Plc

## Notes to the Financial Statements For the Year Ended 31 December 2016

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### 2. Accounting policies (continued)

#### 2.4 Going concern

During the year the group negotiated a £1 million loan facility with its new bankers Barclays Bank Plc and a re-finance was completed on 2 June 2017 (see note 29).

The Directors have prepared cash flow forecasts which demonstrate that the cash reserves of the group will be sufficient to meet the liabilities of the group as they fall due.

The Directors are confident that the group has sufficient resources to continue as a going concern and have prepared the financial statements on that basis.

#### 2.5 Revenue

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. Income is analysed between ECB distributions, memberships, gate receipts, sponsorship and advertising, hospitality and catering, hotel, golf and other income.

##### ECB distributions

ECB income relates to fees receivable in the current season, distributed from central funds in accordance with the First Class Counties Memorandum of Understanding. Performance Related Fee Payments (PRFP) that are earned and due at the year end are accounted for on an accruals basis and included as accrued income.

##### Memberships

Membership income relates to amounts receivable from members in respect of the current season, with membership income received relating to future seasons being treated as deferred income.

##### Gate receipts

Gate receipts relate to amounts received from ticket sales for domestic and international cricket matches held during the current season. Income received relating to future seasons is treated as deferred income.

##### Sponsorship and advertising

Sponsorship and advertising income relates to amounts receivable from customers in respect of the current year, with any amounts relating to future years being treated as deferred income.

##### Hospitality and catering

Hospitality and catering income relates to amounts received in respect of domestic and major match hospitality and catering during the year.

##### Hotel

Hotel room income relates to amounts received for accommodation, food and beverage sales and events that have occurred during the year.

##### Golf and other income

Other income relates to amounts received from the running of the golf course, as well as retail income and other sundry items.

# **RB Sport & Leisure Holdings Plc**

## **Notes to the Financial Statements For the Year Ended 31 December 2016**

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### **2. Accounting policies (continued)**

#### **2.6 Finance costs**

Finance costs are charged to the Consolidated Statement of Comprehensive Income 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.

#### **2.7 Interest income**

Interest income is recognised in the Consolidated Statement of Comprehensive Income using the effective interest method.

#### **2.8 Borrowing costs**

All borrowing costs are recognised in the Consolidated Statement of Comprehensive Income in the year in which they are incurred.

#### **2.9 Goodwill**

Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of the group's share of its identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, Goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight line basis to the Consolidated Statement of Comprehensive Income over its useful economic life.

The economic life of the Events and Promotions business is considered to be 20 years.

#### **2.10 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.

Under the transitional rules of FRS 102 the long leasehold buildings, previously revalued, are held at deemed cost being the valuation at 1 January 2014.

The group 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 group. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

# **RB Sport & Leisure Holdings Plc**

## **Notes to the Financial Statements For the Year Ended 31 December 2016**

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### **2. Accounting policies (continued)**

#### **2.10 Tangible fixed assets (continued)**

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Long-term leasehold property	- 50 -125 years
Fixtures and fittings	- 4 - 20 years

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.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Consolidated Statement of Comprehensive Income.

#### **2.11 Impairment of fixed assets and goodwill**

Assets that are subject to depreciation or amortisation are assessed at each reporting date to determine whether there is any indication that the assets are impaired. Where there is any indication that an asset may be impaired, the carrying value of the asset (or cash-generating unit to which the asset has been allocated) is tested for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

The recoverable amount is the higher of an asset's (or CGU's) fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs). Non-financial assets that have been previously impaired are reviewed at each reporting date to assess whether there is any indication that the impairment losses recognised in prior periods may no longer exist or may have decreased.

#### **2.12 Valuation of investments**

Investments in subsidiaries are measured at cost less accumulated impairment.

Investments in listed company shares are remeasured to market value at each Statement of Financial Position date. Gains and losses on remeasurement are recognised in profit or loss for the period.

#### **2.13 Stocks**

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

At each reporting 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 profit or loss.

# RB Sport & Leisure Holdings Plc

## Notes to the Financial Statements For the Year Ended 31 December 2016

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### 2. Accounting policies (continued)

#### 2.14 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

#### 2.15 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.

In the Consolidated Statement of Cash Flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the group's cash management.

#### 2.16 Financial Instruments

The group only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Consolidated Statement of Comprehensive Income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate, which is an approximation of the amount that the group would receive for the asset if it were to be sold at the reporting date.

Financial assets and liabilities are offset and the net amount reported in the Statement of Financial Position when there is an 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.

# RB Sport & Leisure Holdings Plc

## Notes to the Financial Statements For the Year Ended 31 December 2016

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### 2. Accounting policies (continued)

#### 2.17 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.

#### 2.18 Government grants

Grants are accounted under the accruals model as permitted by FRS 102. Grants relating to expenditure on tangible fixed assets are credited to the Consolidated Statement of Comprehensive Income at the same rate as the depreciation on the assets to which the grant relates. The deferred element of grants is included in creditors as deferred income.

Grants of a revenue nature are recognised in the Consolidated Statement of Comprehensive Income in the same period as the related expenditure.

#### 2.19 Share based payments

Where share options are awarded to employees, the fair value of the options at the date of grant is charged to the Consolidated Statement of Comprehensive Income over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each Statement of Financial Position date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Market vesting conditions are factored into the fair value of the options granted. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

The fair value of the award also takes into account non-vesting conditions. These are either factors beyond the control of either party (such as a target based on an index) or factors which are within the control of one or other of the parties (such as the group keeping the scheme open or the employee maintaining any contributions required by the scheme).

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to Consolidated Statement of Comprehensive Income over the remaining vesting period.

Where equity instruments are granted to persons other than employees, the Consolidated Statement of Comprehensive Income is charged with fair value of goods and services received.

#### 2.20 Operating leases: the group as lessee

Rentals paid under operating leases are charged to the Consolidated Statement of Comprehensive Income on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

The group has taken advantage of the optional exemption available on transition to FRS 102 which allows lease incentives on leases entered into before the date of transition to the standard 01 January 2015 to continue to be charged over the period to the first market rent review rather than the term of the lease.



# **RB Sport & Leisure Holdings Plc**

## **Notes to the Financial Statements For the Year Ended 31 December 2016**

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### **2. Accounting policies (continued)**

#### **2.21 Leased assets**

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 profit or loss 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 or loss 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.

The group has taken advantage of the optional exemption available on transition to FRS 102 which allows lease incentives on leases entered into before the date of transition to the standard (1 January 2014) to continue to be charged over the shorter period to the first market rent review rather than the term of lease.

For leases entered into on or after 1 January 2014, reverse premiums and similar incentives received to enter into operating lease agreements are released to profit or loss over the term of the lease.

#### **2.22 Sale and leaseback**

Where a sale and leaseback transaction results in a finance lease, no gain is immediately recognised for any excess of sales proceeds over the carrying amount of the asset. Instead, the proceeds are presented as a liability and subsequently measured at amortised cost using the effective interest method.

#### **2.23 Pensions**

##### **Defined contribution pension plan**

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

The contributions are recognised as an expense in the Consolidated Statement of Comprehensive Income when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of Financial Position. The assets of the plan are held separately from the group in independently administered funds.

# RB Sport & Leisure Holdings Plc

## Notes to the Financial Statements For the Year Ended 31 December 2016

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

In preparing these financial statements, the Directors have made the following judgements:

- Determine whether leases entered into by the group as lessee are operating or lease or finance leases. *These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease by lease basis.*
- Determine whether there are indicators of impairment of the group's tangible and intangible assets, including goodwill. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit.

Other key sources of estimation uncertainty

- Tangible fixed assets (see note 12)

Tangible fixed assets are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors.

Directors are mindful to determine whether there are indicators of impairment of the group's tangible assets. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the assets in question along with external valuations performed.

As in the prior year the Directors believe it still appropriate to follow depreciated replacement cost basis of valuation for the tangible fixed assets as this still more fairly reflects the service potential of the premises and specialised nature of the assets. The Directors obtained a desktop valuation in October 2016 of the whole site which supported the carrying value of £69,548,365. The valuation was produced by Savills, a qualified RICS chartered surveyor.

### 4. Turnover

An analysis of turnover by class of business is as follows:

	2016 £	2015 £
Cricket operations	7,010,829	6,964,055
Hotels, conferences and events	9,678,137	5,269,263
	<u>16,688,966</u>	<u>12,233,318</u>

All turnover arose within the United Kingdom.

# RB Sport & Leisure Holdings Plc

## Notes to the Financial Statements For the Year Ended 31 December 2016

### 5. Operating profit

The operating profit is stated after charging:

	2016 £	2015 £
Depreciation of tangible fixed assets	737,283	601,875
Amortisation of intangible assets, including goodwill	60,756	60,756
Fees payable to the group's auditor and its associates for the audit of the company's annual financial statements	6,250	6,075
<b>Fees payable to the group's auditors and its associates for other services to the group:</b>		
- The audit of the group's subsidiaries pursuant to legislation	16,400	13,825
- Taxation compliance services	10,950	7,750
- All other services	10,000	8,600
Defined contribution pension cost	<u>135,386</u>	<u>135,630</u>

In 2015 RB Hotels Limited, a subsidiary undertaking of RB Sport & Leisure Holdings Plc, opened a hotel in the year which incurred pre-operating costs of £682,829.

In 2017 RB Hotels Limited is scheduled to open an 18 hole golf course. Pre-opening costs incurred in respect of the golf course amounted to £228,556 in 2016 (2015 - £Nil).

# RB Sport & Leisure Holdings Plc

## Notes to the Financial Statements For the Year Ended 31 December 2016

### 6. Employees

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

	Group 2016 £	Group 2015 £
Wages and salaries	5,637,651	4,588,222
Social security costs	436,856	346,928
Cost of defined contribution scheme	135,386	135,630
	<u>6,209,893</u>	<u>5,070,780</u>

Wages and salaries includes hotel agency staff costs of £322,124 (2015 - £314,928).

There were no staff costs incurred by the company in the year to 31 December 2016 (2015 - £Nil).

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

	Group 2016 No.	Group 2015 No.
Players, coaching and other ground staff	53	43
Catering staff	8	8
Administration	20	13
Hotel staff	158	145
	<u>239</u>	<u>209</u>

### 7. Directors' remuneration

	2016 £	2015 £
Directors' emoluments	339,655	198,303
Company contributions to defined contribution pension schemes	7,188	6,807
	<u>346,843</u>	<u>205,110</u>

During the year retirement benefits were accruing to 4 Directors (2015 -3) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £121,260 (2015 -£109,025).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £6,000 (2015 -£6,000).

# **RB Sport & Leisure Holdings Plc**

## **Notes to the Financial Statements For the Year Ended 31 December 2016**

### **8. Interest receivable**

	2016 £	2015 £
Other interest receivable	1,234	3,167
	<u>1,234</u>	<u>3,167</u>

### **9. Interest payable and similar charges**

	2016 £	2015 £
Bank interest payable	95,210	68,353
Loan interest	151,288	(931,397)
Sale and leaseback interest	420,000	420,000
Loan note interest	275,000	(1,389,041)
Finance leases and hire purchase contracts	87,491	60,297
Debenture interest	276,438	263,200
Interest on deferred consideration	1,945,917	1,121,121
	<u>3,251,344</u>	<u>(387,467)</u>

Cumulative loan interest of £nil (2015 - £931,497) and £nil (2015 - £1,389,041) respectively were waived in the year.

### **10. Taxation**

	2016 £	2015 £
<b>Total current tax</b>	<u>-</u>	<u>-</u>
<b>Taxation on profit on ordinary activities</b>	<u>-</u>	<u>-</u>

# RB Sport & Leisure Holdings Plc

## Notes to the Financial Statements For the Year Ended 31 December 2016

### 10. Taxation (continued)

#### Factors affecting tax charge for the year

The tax assessed for the year is lower than (2015 -lower than) the standard rate of corporation tax in the UK of 20% (2015 -20.25%). The differences are explained below:

	2016 £	2015 £
(Loss)/profit on ordinary activities before tax	<u>(1,735,580)</u>	<u>456,883</u>
(Loss)/profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2015 -20.25%)	(347,116)	92,518
<b>Effects of:</b>		
Fixed asset differences	54,734	-
Expenses not deductible for tax purposes	54,104	12,303
Other differences leading to an increase (decrease) in the tax charge	456,892	-
Deferred tax not recognised	(218,614)	(104,821)
<b>Total tax charge for the year</b>	<u>-</u>	<u>-</u>

#### Factors that may affect future tax charges

The group has a deferred tax asset of £1.6m (2015 - £2.1m) which has not been recognised.

# RB Sport & Leisure Holdings Plc

## Notes to the Financial Statements For the Year Ended 31 December 2016

### 11. Intangible assets

#### Group and Company

	Goodwill £
<b>Cost</b>	
At 1 January 2016	2,064,223
At 31 December 2016	<u>2,064,223</u>
<b>Amortisation</b>	
At 1 January 2016	1,213,628
Charge for the year	60,756
At 31 December 2016	<u>1,274,384</u>
<b>Net book value</b>	
At 31 December 2016	<u>789,839</u>
At 31 December 2015	<u>850,595</u>

## RB Sport & Leisure Holdings Plc

### Notes to the Financial Statements For the Year Ended 31 December 2016

#### 12. Tangible fixed assets

##### Group

	Long-term leasehold property £	Fixtures and fittings £	Total £
<b>Cost or valuation</b>			
At 1 January 2016	69,521,344	4,190,222	73,711,566
Additions	387,028	304,254	691,282
At 31 December 2016	<u>69,908,372</u>	<u>4,494,476</u>	<u>74,402,848</u>
<b>Depreciation</b>			
At 1 January 2016	1,027,329	3,089,871	4,117,200
Charge for the period on owned assets	485,727	251,556	737,283
At 31 December 2016	<u>1,513,056</u>	<u>3,341,427</u>	<u>4,854,483</u>
<b>Net book value</b>			
At 31 December 2016	<u>68,395,316</u>	<u>1,153,049</u>	<u>69,548,365</u>
At 31 December 2015	<u>68,494,015</u>	<u>1,100,351</u>	<u>69,594,366</u>



# RB Sport & Leisure Holdings Plc

## Notes to the Financial Statements For the Year Ended 31 December 2016

### 12. Tangible fixed assets (continued)

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

	2016 £	2015 £
Property - deferred consideration	36,822,353	36,775,414
Property - sale and leaseback arrangements	32,284,407	31,718,601
Fixtures and fittings	214,390	247,480
	<u>69,321,150</u>	<u>68,741,495</u>

### 13. Fixed asset investments

#### Group

	Listed investments £	Other fixed asset investments £	Total £
<b>Cost or valuation</b>			
At 1 January 2016	3,556	100	3,656
At 31 December 2016	<u>3,556</u>	<u>100</u>	<u>3,656</u>
<b>Net book value</b>			
At 31 December 2016	<u>3,556</u>	<u>100</u>	<u>3,656</u>
At 31 December 2015	<u>3,556</u>	<u>100</u>	<u>3,656</u>

#### Listed investments

The fair value of the listed investments at 31 December 2016 was £3,556 (2015 -£3,556)

## RB Sport & Leisure Holdings Plc

### Notes to the Financial Statements For the Year Ended 31 December 2016

#### 13. Fixed asset investments (continued)

##### Subsidiary undertakings

The following were subsidiary undertakings of the company:

Name	Class of shares	Holding	Principal activity
Hampshire Cricket Limited	Ordinary	100% %	Cricket club
* RB Lease Company Limited	Ordinary	100% %	Investment company Holds outdoor events license
* RB Events & Promotions Limited	Ordinary	100% %	license
* Ageas Bowl Experience Limited	Ordinary	100% %	Hospitality and catering
RB Hotels Limited	Ordinary	100% %	Hotel
* Elite International Sports Academy Limited	Ordinary	100% %	Sports Academy
* Southern Vipers Limited	Ordinary	100% %	Cricket club

On 12 July 2016 RB Spa Limited was dissolved as a company.

\* For the year ended 31 December 2016 the above companies were entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies.

All the above companies were incorporated in England and Wales. The registered office of all subsidiary companies is The Ageas Bowl, Botley Road, West End, Southampton, Hampshire, SO30 3XH.

##### Company

	Investments in subsidiary companies £
<b>Cost or valuation</b>	
At 1 January 2016	2,836,614
At 31 December 2016	<u>2,836,614</u>
<b>Net book value</b>	
At 31 December 2016	<u>2,836,614</u>
At 31 December 2015	<u>2,836,614</u>

# RB Sport & Leisure Holdings Plc

## Notes to the Financial Statements For the Year Ended 31 December 2016

### 14. Stocks

	Group 2016 £	Group 2015 £	Company 2016 £	Company 2015 £
Raw materials and consumables	44,043	50,316	-	-
Finished goods and goods for resale	42,927	46,994	-	-
	<u>86,970</u>	<u>97,310</u>	<u>-</u>	<u>-</u>

The difference between purchase price or production cost of stocks and their replacement cost is not material.

Stock recognised in cost of sales during the year as an expense was £816,068 (2015 - £459,773).

### 15. Debtors

	Group 2016 £	Group 2015 £	Company 2016 £	Company 2015 £
Trade debtors	632,659	550,035	1,200	12,032
Amounts owed by group undertakings	-	-	23,796,452	23,659,613
Other debtors	584,157	224,958	12,432	12,225
Group relief debtor	-	-	235,332	88,363
Prepayments and accrued income	287,227	273,599	-	-
	<u>1,504,043</u>	<u>1,048,592</u>	<u>24,045,416</u>	<u>23,772,233</u>

The impairment loss recognised in the company profit or loss for the year in respect of bad and doubtful trade debtors was £928 (2015 - £nil).

## RB Sport & Leisure Holdings Plc

### Notes to the Financial Statements For the Year Ended 31 December 2016

#### 16. Creditors: Amounts falling due within one year

	Group 2016 £	Group 2015 £	Company 2016 £	Company 2015 £
Debenture loans	5,834,000	2,873,000	5,834,000	2,873,000
Bank overdrafts	15	408,239	15	-
Bank loans	333,333	-	333,333	-
Other loans	700,000	597,813	200,000	200,000
Trade creditors	2,371,221	2,848,088	73,645	88,910
Sport England	103,125	82,500	-	-
Amounts owed to group undertakings	-	-	11,997,653	12,928,757
Other taxation and social security	618,365	506,416	21,062	23,119
Obligations under finance lease and hire purchase contracts	217,690	230,701	-	-
Other creditors	596,534	439,929	-	-
Accruals and deferred income	3,195,489	2,677,882	894,671	408,951
	<u>13,969,772</u>	<u>10,664,568</u>	<u>19,354,379</u>	<u>16,522,737</u>

## RB Sport & Leisure Holdings Plc

### Notes to the Financial Statements For the Year Ended 31 December 2016

#### 17. Creditors: Amounts falling due after more than one year

	Group 2016 £	Group 2015 £	Company 2016 £	Company 2015 £
Debentures loans	-	2,020,000	-	2,020,000
Bank loans	500,000	-	500,000	-
Other loans	1,686,286	1,896,728	-	-
Loan notes	5,500,000	6,000,000	5,500,000	6,000,000
Sale and leaseback	6,500,000	6,500,000	-	-
Net obligations under finance leases and hire purchase contracts	313,534	499,269	-	-
Deferred consideration	35,789,089	32,896,609	-	-
Other finance	2,400,000	4,000,000	-	-
Sport England	-	61,875	-	-
Accruals and deferred income	1,645,425	1,124,328	-	-
	<u>54,334,334</u>	<u>54,998,809</u>	<u>6,000,000</u>	<u>8,020,000</u>

Debentures loans of £940,000 were issued in the year.

The Diamond debentures incur interest at a rate of 6% per annum, and the earliest repayment date is 31 December 2017. The Platinum, Gold and Silver Debentures incur interest at a rate of 5% per annum and the earliest repayment date was 31 December 2017.

Included in other loans is an amount of £1,100,000 (2015 -£1,100,000) owing to the ECB and a loan of £nil (2015 - £1,194,541) relating to the development of the ground. The latter incurred interest of £nil (2015 - £941,345) which was waived in 2015.

The loan notes are interest bearing at a rate of 5% per annum and are repayable in 2021.

The obligations under finance leases and hire purchase contracts are secured on the assets to which they relate.

Accruals and deferred income include:

£66,518 (2016 - £55,766) relating to life and millennium memberships, which are amortised over 15 years.

The Sport England grant of £103,125 (2016 - £112,704) is being amortised over the life of the asset to which it relates.

The sale and leaseback loan relates to the Wider Ageas Bowl site. The group has an option to repurchase the site subject to certain conditions throughout the period to September 2032. Interest is incurred on the sale and leaseback loan at an implicit rate of 6.5%.

Other creditors include amounts due in relation to the Hotel and Spa and are secured on the group's interest in those assets.

## RB Sport & Leisure Holdings Plc

### Notes to the Financial Statements For the Year Ended 31 December 2016

#### Creditors: Amounts falling due after more than one year (continued)

The group has entered into a deferred consideration agreement for the purchase of the hotel. The company has an option to purchase the hotel by 2036. The implicit rate of interest is 5.32% and is secured on the Hotel.

The deferred consideration agreement liability and £3.5m of bank loans were repaid on 2 June 2017 and a new long term lease finance facility was agreed and put in place from 2 June 2017. The new agreement is repayable after more than one year.

#### 18. Loans

The below analysis includes loan notes, other loans arising from the sale and leaseback agreements in respect of the wider Ageas Bowl site and a deferred consideration agreement on the hotel.

	Group 2016 £	Group 2015 £	Company 2016 £	Company 2015 £
<b>Amounts falling due within one year</b>				
Bank loans	333,333	-	333,333	-
Other loans	700,000	597,813	200,000	200,000
Debenture loans	5,834,000	2,873,000	5,834,000	2,873,000
	<u>6,867,333</u>	<u>3,470,813</u>	<u>6,367,333</u>	<u>3,073,000</u>
<b>Amounts falling due 1-2 years</b>				
Bank loans	500,000	-	500,000	-
Other loans	300,000	300,000	-	-
Loan notes	5,500,000	6,000,000	5,500,000	6,000,000
Debenture loans	-	2,020,000	-	2,020,000
	<u>6,300,000</u>	<u>8,320,000</u>	<u>6,000,000</u>	<u>8,020,000</u>
<b>Amounts falling due 2-5 years</b>				
Other loans	1,386,286	1,596,728	-	-
	<u>1,386,286</u>	<u>1,596,728</u>	<u>-</u>	<u>-</u>
<b>Amounts falling due after 5 years</b>				
Sale and leaseback	6,500,000	6,500,000	-	-
Deferred consideration	35,789,089	32,896,609	-	-
	<u>42,289,089</u>	<u>39,396,609</u>	<u>-</u>	<u>-</u>
	<u>56,842,708</u>	<u>52,784,150</u>	<u>12,367,333</u>	<u>11,093,000</u>

# RB Sport & Leisure Holdings Plc

## Notes to the Financial Statements For the Year Ended 31 December 2016

### 19. Hire purchase and finance leases

Minimum lease payments under hire purchase fall due as follows:

	Group 2016 £	Group 2015 £
Within one year	217,690	230,701
Between 1-2 years	177,913	205,951
Between 2-5 years	135,621	293,318
	<u>531,224</u>	<u>729,970</u>

### 20. Financial instruments

	2016 £	2015 £
Financial assets that are debt instruments measured at amortised cost	<u>2,422,041</u>	<u>774,994</u>
	2016 £	2015 £
Financial liabilities measured at amortised cost	<u>(63,980,304)</u>	<u>(60,624,781)</u>

Financial assets measured at amortised cost comprise cash at bank, trade and other debtors.

Financial liabilities measured at amortised cost comprise creditors (excluding tax).

### 21. Share capital

	2016 £	2015 £
<b>Shares classified as equity</b>		
<b>Allotted, called up and fully paid</b>		
7,722,482 Ordinary shares of £1 each	7,722,482	7,722,482
1 Non-participatory special deferred share of £1	1	1
350 B Ordinary shares of £1 each	350	350
	<u>7,722,833</u>	<u>7,722,833</u>

## **RB Sport & Leisure Holdings Plc**

### **Notes to the Financial Statements For the Year Ended 31 December 2016**

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#### **22. Reserves**

The group's capital and reserves are as follows:

##### **Share capital**

Called up share capital represents the nominal value of the shares issued.

##### **Revaluation reserve**

Gains/losses arising on the revaluation of the group's property.

##### **Profit and loss account**

Profit and loss account represents cumulative profits or losses net of dividends paid and other adjustments.



## RB Sport & Leisure Holdings Plc

### Notes to the Financial Statements For the Year Ended 31 December 2016

#### 23. Share based payments

The company grants options over the ordinary shares of the company at not less than the market value of the company's ordinary shares at the date of the grant. The vesting period is 3 years from the date of the grant.

The movement in the number of shares is set out below:

	Weighted average exercise price (pence) 2016	Number 2016	Weighted average exercise price (pence) 2015	Number 2015
Outstanding at the beginning of the year	100	480,000	100	480,000
<b>Outstanding at the end of the year</b>	<b>100</b>	<b>480,000</b>	<b>100</b>	<b>480,000</b>

As at 31 December 2016 there 480,000 share options capable of being exercised. The options outstanding at 31 December 2016 had an exercise price of £1 and a remaining life of 1 year and 6 months.

The following information is relevant in the determination of the fair value of options granted during the year under the equity-settled share based remuneration schemes operated by RB Sport & Leisure Holdings Plc.

	2016 Black- Scholes	2015 Black- Scholes
Option pricing model used		
Weighted average share price (pence)	100	100
Exercise price (pence)	100	100
Expected volatility	25%	25%
Risk-free interest rate	2.5%	2.5%

The volatility assumptions are derived from observation of the volatility of quoted shares in similar sectors to the company.

The group did not enter into any share based transactions with any parties other than group employees during the current or previous period.

## RB Sport & Leisure Holdings Plc

### Notes to the Financial Statements For the Year Ended 31 December 2016

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#### 24. Contingent liabilities

Sport England had advanced grants in 1997 and 2001 amounting to £7,926,728 to the former Cricket Club to assist in the construction and development of the community facilities at the Ageas Bowl. Sport England hold a second legal charge over the Ageas Bowl Property. The deed includes certain events of default, restricted to a period of 21 years from the date of the deed, where under the grant an element up to a maximum of £5million would be payable for which Hampshire Cricket Limited has assumed liability.

#### 25. Pension commitments

The group operates a defined contribution pension scheme. The pension charge amounted to £135,386 (2015 - £135,630). There were no outstanding or prepaid contributions at either the beginning or end of the financial year.

#### 26. Commitments under operating leases

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

	Group 2016 £	Group 2015 £
Not later than 1 year	16,029	16,029
Later than 1 year and not later than 5 years	15,660	15,660
Later than 5 years	11,075	11,075
	<u>42,764</u>	<u>42,764</u>

The group also holds an operating lease over the cricket ground site which has 980 years remaining as at 31 December 2016 incurring an annual charge of £60,000.

# RB Sport & Leisure Holdings Plc

## Notes to the Financial Statements For the Year Ended 31 December 2016

### 27. Related party transactions

The directors hold debentures of £12,000 (2015 - £94,000) in aggregate on which interest accrued in the year. They had loan notes of £5,300,000 (2015 - £5,800,000). Interest accrued on these loan notes in 2016 was £275,000 (2015 - £Nil).

*Loans and transactions concerning directors and officers of the company*

Interest on the loan notes accrues at 5% per annum.

Included within debentures held by A N Williams are 12,000 debentures held by his son which received interest in the year of £600 (2015 - £600).

A N Williams also advanced a loan of £200,000 in 2015. At 31 December 2016 amounts outstanding on this loan were £200,000 (2015 - £200,000). Interest of £20,000 (2015- £Nil) was paid on this loan.

Included in debtors is £Nil (2015 - £65,106) due from Southampton Developments Limited, a company in which R G Bransgrove and D Mann are both Directors. An impairment provision of £65,106 was made against the debtor in 2015.

The group also had the following transactions with the following companies, of which a group director is a member of the board.

	Sales to related parties 2016 £	Purchases from related parties 2015 £
Hampshire Cricket in the Community Limited	5,881	225
Beefy's Restaurants Limited	30,027	2,477

### 28. Controlling party

The directors consider R G Bransgrove to have ultimate control by virtue of his shareholding

## **RB Sport & Leisure Holdings Plc**

### **Notes to the Financial Statements For the Year Ended 31 December 2016**

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#### **29. Post Statement of Financial Position events**

On 20 January 2017 RB Lease Company Limited acquired land at Thorney Down Farm, West End, Southampton for £724,500 including stamp duty.

On 17 March 2017 the Group entered into a sale and leaseback transaction with Eastleigh Borough Council in respect of the land acquired at Thorney Down Farm, West End, Southampton. The land was transferred intra-group to RB Hotels Limited prior to a sale and leaseback transaction with Eastleigh Borough Council. The freehold land was sold to Eastleigh Borough Council for £724,500 and RB Hotels Limited entered into a 125 year lease with a rent charge of £34,060 per annum. RB Hotels Limited has the option to buy back the lease at nominal after 35 years or earlier at a premium.

On 2 June 2017 the group refinanced their existing deferred consideration and £3.5m of bank loans to rationalise the Group's debt financing arrangements. The group negotiated a refinanced position totalling £45.4m.

Of the £45.4m:

- £38.9m has a fixed interest rate of 4.54% and is repayable after 35 years or earlier at a premium
- £6.5m has a fixed interest rate of 6.54% and is repayable after 10 years or earlier at a premium