

Company Registration No. 03199030 (England and Wales)

**CARDIFF BLUES LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2020**

# CARDIFF BLUES LIMITED

## COMPANY INFORMATION

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<b>Directors</b>	Simon Down	
	Richard Holland	
	Alun Jones (Chairman)	
	Chris Nott OBE	
	Hayley Parsons OBE	(Appointed 18 July 2019)
	Martyn Ryan	
	Chris Sutton	
	Peter Thomas CBE	
	Simon Webber	
	Andrew Williams	(Appointed 18 July 2019)
<b>Secretary</b>	Martyn Ryan	
<b>Company number</b>	03199030	
<b>Registered office</b>	Cardiff Arms Park Westgate Street CARDIFF South Glamorgan UK CF10 1JA	
<b>Auditor</b>	Azets Audit Services Ty Derw Lime Tree Court Cardiff Gate Business Park Cardiff CF23 8AB	

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# **CARDIFF BLUES LIMITED**

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# CARDIFF BLUES LIMITED

## CHAIRMAN'S STATEMENT

### FOR THE YEAR ENDED 30 JUNE 2020

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I concluded my last statement with a reference to unveiling our new strategy for success at the Arms Park and expressing my optimism for the future. It is hard to comprehend that I am now writing this report against the background of continuing social and economic distress caused by the Covid-19 pandemic and that such a world-wide catastrophe could happen, let alone have an impact on our daily lives for so long.

The global pandemic has created a very challenging environment for us all and we have rightly focused on the well-being of everyone connected to Cardiff Blues and on our wider community responsibilities. I am immensely proud of the part we played in supporting our front-line carers during the initial lockdown period and of our staff who worked so hard to ensure the Arms Park was able to play its part supporting the Dragon's Heart Hospital.

I am also very grateful to our executive team and all our players and staff for their understanding, professionalism, and resilience in what at times have been difficult and upsetting circumstances. Great organisations are measured by the quality of their people and having seen first-hand how everyone dealt so well with the challenges we faced I have no doubt that we have a bright future to build upon as we now, hopefully, emerge from the pandemic.

It would be remiss of me not to extend my gratitude, on behalf of all our staff, players and directors, to our shareholders, supporters, sponsors, suppliers and our community clubs, all of whom have gone the extra mile to support and stand behind us. It is truly humbling to know that you are part of a fantastic community, all pulling together for the benefit of a shared passion for rugby football. I would also like to thank our governing body for their hard work.

I am grateful also for the unstinting support of our board of directors. During this period our new non-executive directors Hayley Parsons and Andrew Williams have joined and become fully integrated with the Cardiff Blues board and all matters in relation to the company. They have brought invaluable expertise and experience. They were initially joined by Martyn Williams and Sam Warburton as advisory members. Unfortunately, this was short-lived with both Martyn and Sam resigning due to conflicts of interest following their employment by the WRU. Subsequently, we were delighted to welcome Nigel Walker as a rugby advisor to the board. Nigel's advice and assistance has been and will be invaluable in shaping our future. We are fortunate to have a fully committed board group with a blend of rugby and business experience, that lead from the front both before and during the pandemic.

The suspension of rugby from the initial lockdown period to the end of the financial year 2020 had a significant impact on our commercial revenue and this has continued into 2021. I am confident in the quality and rigor of our financial oversight, but the economic and social conditions are challenging in the extreme. To this end, we have made use of government support schemes where they have been available to us and taken steps to restructure our cost base. We have received ongoing financial support from the WRU, including a CLBILS loan of £5M to help meet salaries and operating costs, and from the Welsh Government through a grant funding package. All these measures have allowed us to manage our cash flow and navigate through the period. The operating environment is still challenging and somewhat uncertain, but we are emerging from the pandemic much leaner and focused on building a sustainable and successful future.

Our work to shape the professional game in Wales continues with our colleagues at the WRU, the other regions and at the Professional Rugby Board. Despite the ongoing challenges the investment by CVC into the Pro14 is to be welcomed and provides the platform for the sustained success we crave.

I remain confident in our team, both on and off the park, my optimism has not diminished, and I urge you share my excitement for what I believe is a robust strategy and a bright future.

Thank you for your ongoing support.

Alun Jones  
Chairman

# **CARDIFF BLUES LIMITED**

## **DIRECTORS' REPORT**

**FOR THE YEAR ENDED 30 JUNE 2020**

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The directors present their annual report and financial statements for the year ended 30 June 2020.

### **Principal activities**

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

### **Results and dividends**

The results for the year are set out on page 10.

No ordinary dividends were paid. The directors do not recommend payment of a final dividend.

### **Directors**

Chris Nott, Chris Sutton and Simon Down are appointed by Cardiff Athletic Club, who hold 750,000 Heritage shares of £1 and 500,000 Ordinary shares of £1.

Simon Down

Richard Holland

Alun Jones (Chairman)

Chris Nott OBE

Hayley Parsons OBE

(Appointed 18 July 2019)

Martyn Ryan

Chris Sutton

Peter Thomas CBE

Simon Webber

Andrew Williams

(Appointed 18 July 2019)

### **Auditor**

On 7 September 2020 Group Audit Service Limited trading as Baldwins Audit Services changed its name to Azets Audit Services Limited. The name they practice under is Azets Audit Services and accordingly they have signed their report in their new name. In accordance with the company's articles, a resolution proposing that Azets Audit Services Limited be reappointed as auditor of the company will be put at a 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.

# CARDIFF BLUES LIMITED

## DIRECTORS' REPORT (CONTINUED)

**FOR THE YEAR ENDED 30 JUNE 2020**

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### Going Concern

During the year, the company's activities were disrupted due to Government restrictions imposed in response to the Covid-19 pandemic. Games were paused for the final months of the year, resuming post year end behind closed doors. This has resulted in a substantial decrease in core income for the 2020/21 season. At the date of approval of the financial statements, there remains uncertainty over when restrictions will be lifted and spectators and associated revenue will return.

As at the year ended 30 June 2020, the company suffered a loss of £456k, with net current liabilities of £3.4m and total liabilities of £4.6m and remains reliant upon the support of the WRU, its various funders and the ongoing support and goodwill of its fans, commercial sponsors, directors and shareholders

The directors recognise that these conditions indicate a significant uncertainty in relation to going concern and have taken steps to preserve liquidity. The entity has utilised Government initiatives including the Job Retention Scheme, HMRC liability deferrals and has acquired a CBILS loan.

In 2021, the WRU secured grant funding of £13.5m from the Welsh Government, £2.7m of which will be provided to Cardiff Blues to support the remainder of the 2020-21 season.

The Director's have prepared cash flow forecasts for a period of 12 months from the date of approval of these financial statements. The forecasts indicate the company will have sufficient funds to meet its liabilities as they fall due for a period of at least 12 months from the approval of the accounts. Accordingly, they continue to adopt the going concern basis of preparation.

### 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.

On behalf of the board

Richard Holland  
**Director**

Alun Jones (Chairman)  
**Director**

29 June 2021

## **CARDIFF BLUES LIMITED**

### **DIRECTORS' RESPONSIBILITIES STATEMENT**

***FOR THE YEAR ENDED 30 JUNE 2020***

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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;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

# CARDIFF BLUES LIMITED

## STRATEGIC REPORT

### FOR THE YEAR ENDED 30 JUNE 2020

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The directors present the strategic report for the year ended 30 June 2020.

It is unsurprising that the Covid-19 pandemic has had a significant effect on Cardiff Blues during the year ending 30 June 2020 and subsequently. Like all people and businesses, the pandemic and the consequent financial impact has had an unprecedented impact on the business both on and off the pitch. It has put an enormous strain on the company, which was in a good position, and there are now many further challenges to overcome

#### **On the pitch**

We began the 19/20 season without a host of key players due to their inclusion in the Rugby World Cup. Dillon Lewis, Josh Navidi, Tomos Williams, Josh Adams and Hallam Amos were all selected by Wales, Owen Lane was called up as an injury replacement and Rey Lee-Lo was included in the Samoa squad. Wales, and our participating players, all performed impressively and reached the semi-finals but their absence was felt at the Arms Park.

We went into the season with high hopes but following a convincing opening victory over Southern Kings, we went on a four match losing run. There was an upturn in results and we won seven of the next 11, largely due to progressively getting more of our internationals back, however inconsistency was again the theme of the season. While results were not what we would have liked there were many positives with the development of young players and our ever-growing representation in Wales squads. Disappointingly, we failed to progress from our European Challenge Cup pool due to back-to-back defeats to Leicester Tigers. Our PRO14 form was also not good enough to secure Heineken Champions Cup rugby and the Covid-19 pandemic ensured any faint hopes of a late surge up the table were undone.

All rugby within the United Kingdom, and indeed globally, was brought to a halt in March 2020, and at least for the next months there was no clear indication on when professional sport may have been able to return. This was a hugely difficult period of uncertainty for the club and all of our employees but we were also acutely aware of the greater difficulties faced by individuals directly affected by this awful virus.

In terms of Cardiff RFC, they got off to the perfect start to the season and remained unbeaten and at the top of the Indigo Group Premiership. The Blue and Blacks were on course for a league and cup double at the cessation of rugby, which would have been an incredible feat.

During this period, we also took the decision to fully realign Cardiff RFC with Cardiff Blues to ensure we were as efficient as possible in terms of finance and physical resource. From a rugby perspective it was the best direction to take and at a time of reduced funding for the Premiership, even before the pandemic, it made perfect sense. This would have come into fruition for the 2020-21 season had it not been for Covid.

Since the end of the 2020 Financial Year, professional rugby returned behind closed doors with a truncated finish to the 2019-20 season and a streamlined version of the 2020-21 Guinness PRO14 and a new Rainbow Cup. Unfortunately, the inconsistent nature of our results continued, and the challenges faced by all within Welsh rugby were further exacerbated by the length of the Covid-19 pandemic and its implications. In December, John Mulvihill took the decision to resign from his position as head coach due to personal reasons and he was replaced by Dai Young as our interim Director of Rugby. Dai has since agreed a long-term deal and is providing leadership and experience to our rugby programme, on which he continues to make his own mark.



## **CARDIFF BLUES LIMITED**

### **STRATEGIC REPORT (CONTINUED)**

***FOR THE YEAR ENDED 30 JUNE 2020***

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#### **Off the pitch**

In late 2019 we were approached by the FAW regarding our training ground at the Vale Resort. With Cardiff City due to leave the site in the coming years, we were not in a position to take on the entire facility and the FAW offered a very positive solution. We agreed a significant payment from the FAW to vacate the facility, which proved a major financial boost to the company. A number of options for a new training ground were explored in the following months and a new long-term agreement has since been struck with Cardiff Council to take over and run Pentwyn Leisure Centre as an Elite Performance Centre with community offerings.

Prior to the Covid-19 pandemic, the company was set to record a small profit, which would have been testament to the progress made. However, this was not to be due to the unforeseen and unprecedented challenges and we have found ourselves in an extremely difficult and challenging position, which is detailed in the finances.

We were forced to implement salary reductions up to 25% across the company, with minimum thresholds in place and utilised the Government's furlough scheme.

As a consequence of the pandemic, Cardiff Arms Park was utilised to support the Dragon's Heart Hospital at the Principality Stadium. Although we did not charge a fee for the use of CAP and its facilities, we were able to claim all our costs associated to the project, saving the company a substantial amount of money during this period of uncertainty.

#### **Finance**

Prior to the Covid-19 pandemic, the Company was set to record a small profit for 19/20, which would have been testament to the steady progress made. The collaborative work undertaken through the Professional Game Board continued and with a more stable financial position, the future was positive for Cardiff Blues. However, this was not to be due to the unforeseen impact of Coronavirus and we found ourselves seriously challenged, which is detailed in the financial statements.

With the season suspended indefinitely, match related revenue was adversely affected in the final quarter of the financial year. Due to this suspension, we ring fenced monies for potential refunds with regards to ticketing and commercial activity. Where possible we offered credit rather than a financial refund and encouragingly the vast majority of sponsors and supporters opted to either donate the remainder of the value they were owed or receive credit towards the following season. This has made a huge difference and we are extremely grateful.

For 20/21, we were forced to implement salary reductions of up to 25% across the company, with minimum thresholds in place and to utilise the Government's furlough scheme. As a consequence of the pandemic, Cardiff Arms Park was used to support the Dragon's Heart Hospital at the Principality Stadium.

# CARDIFF BLUES LIMITED

## STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2020

### Key performance indicators

KPIs for Year ended June	20/21 (Forecast)	19/20 (Actual)	18/19 (Actual)
	£000	£000	£000
WRU Income	750	5,017	4,790
Competition Income	2,800	2,977	3,223
Commercial Income	750	3,575	4,505
<b>Total Turnover</b>	<b>4,300</b>	<b>11,569</b>	<b>13,020</b>
<b>Gross (Loss)/Profit</b>	<b>(4,300)</b>	<b>1,712</b>	<b>2,444</b>
Government Support	3,800	836	
<b>(Loss)/Profit for the year</b>	<b>(2,200)</b>	<b>(380)</b>	<b>3</b>
<b>Net (Liabilities)</b>	<b>(6,743)</b>	<b>(4,543)</b>	<b>(4,163)</b>

In order to provide a more rounded view of the current financial position we have included our forecasts of the likely outcome for 20/21 in our KPI analysis and expanded the analysis disclosed. Inevitably, the Company's losses have accelerated as the pandemic has caused competition structures to be revised and matches have been played behind closed doors so much of the financial progress made post Operation Reset has been eroded. The Company has been forced into making a number of measures to reduce playing, staff and overhead costs but the speed and depth of the crisis was such that significant losses could not be avoided. Without significant Welsh and UK Government support the situation would have been much worse. Looking to the future only a broad ranging, long term strategic approach will ensure a full recovery to be made.

### Principal risks and uncertainties

#### Financial risk management objectives and policies

The company operates a number of risk management policies designed to minimise its exposure to financial risk.

#### Liquidity and cash flow risk

The company produces detailed management accounts and forecasts, which enable the directors to monitor the cash position and to ensure that there is sufficient liquidity and cash flow to minimise the risk of the company being unable to pay its debts as they fall due.

The company utilises a number of financial instruments including loans to finance its operations. The continued availability of these debt facilities is crucial to the future prospects of the company.

Borrowings at variable rates expose the company to interest rate risk, however the directors actively manage this risk by monitoring cash-flow to ensure such borrowings are minimised.

#### Credit risk

Given the nature of the business the company does not consider that it faces any significant credit risk.

#### Price risk

The company actively manages price risk by agreeing terms with suppliers prior to entering into any transactions with customers.

Richard Holland  
Chief Executive Officer  
29 June 2021

# CARDIFF BLUES LIMITED

## INDEPENDENT AUDITOR'S REPORT

### TO THE MEMBERS OF CARDIFF BLUES LIMITED

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#### Opinion

We have audited the financial statements of Cardiff Blues Limited (the 'company') for the year ended 30 June 2020 which comprise the statement of comprehensive income, the balance sheet, the statement of changes in equity, the statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 June 2020 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.

#### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

#### Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

#### Opinions 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 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 the directors' report have been prepared in accordance with applicable legal requirements.

# CARDIFF BLUES LIMITED

## INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF CARDIFF BLUES LIMITED

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

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 material misstatements in the strategic report and 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, 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.

### Responsibilities of directors

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, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

### Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

### Use of our report

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.

Ian Thomas BSc FCA DChA (Senior Statutory Auditor)  
For and on behalf of Azets Audit Services

30 June 2021

Chartered Accountants  
Statutory Auditor

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

## CARDIFF BLUES LIMITED

### STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2020

	Notes	2020 £	2019 £
Turnover	3	11,569,410	13,019,553
Cost of sales		(9,857,585)	(10,575,969)
<b>Gross profit</b>		<b>1,711,825</b>	<b>2,443,584</b>
Administrative expenses		(3,125,642)	(2,849,678)
Other operating income		1,096,578	-
<b>Operating loss</b>	<b>4</b>	<b>(317,239)</b>	<b>(406,094)</b>
Interest payable and similar expenses	8	(149,230)	(120,446)
<b>Loss before taxation</b>		<b>(466,469)</b>	<b>(526,540)</b>
Tax on loss	9	86,578	529,688
<b>(Loss)/profit for the financial year</b>		<b>(379,891)</b>	<b>3,148</b>

The profit and loss account has been prepared on the basis that all operations are continuing operations.

# CARDIFF BLUES LIMITED

## BALANCE SHEET

AS AT 30 JUNE 2020

	Notes	2020 £	£	2019 £	£
<b>Fixed assets</b>					
Tangible assets	10		391,479		445,813
<b>Current assets</b>					
Stocks	11	50,000		54,635	
Debtors	12	758,178		1,315,746	
Cash at bank and in hand		42,518		191,741	
		<u>850,696</u>		<u>1,562,122</u>	
<b>Creditors: amounts falling due within one year</b>	13	<u>(4,169,822)</u>		<u>(4,191,825)</u>	
<b>Net current liabilities</b>			<u>(3,319,126)</u>		<u>(2,629,703)</u>
<b>Total assets less current liabilities</b>			<u>(2,927,647)</u>		<u>(2,183,890)</u>
<b>Creditors: amounts falling due after more than one year</b>	14		<u>(1,615,694)</u>		<u>(1,979,560)</u>
<b>Net liabilities</b>			<u><u>(4,543,341)</u></u>		<u><u>(4,163,450)</u></u>
<b>Capital and reserves</b>					
Called up share capital	18		14,323,303		5,035,202
Other reserves			-		9,288,101
Profit and loss reserves			<u>(18,866,644)</u>		<u>(18,486,753)</u>
<b>Total equity</b>			<u><u>(4,543,341)</u></u>		<u><u>(4,163,450)</u></u>

The financial statements were approved by the board of directors and authorised for issue on 29 June 2021 and are signed on its behalf by:

Richard Holland  
Director

Alun Jones (Chairman)  
Director

Company Registration No. 03199030

# CARDIFF BLUES LIMITED

## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2020

		Share capital	Other reserves	Profit and loss reserves	Total
	Notes	£	£	£	£
<b>Balance at 1 July 2018</b>		5,035,202	9,288,101	(18,489,901)	(4,166,598)
<b>Year ended 30 June 2019:</b>					
Profit and total comprehensive income for the year		-	-	3,148	3,148
<b>Balance at 30 June 2019</b>		5,035,202	9,288,101	(18,486,753)	(4,163,450)
<b>Year ended 30 June 2020:</b>					
Loss and total comprehensive income for the year		-	-	(379,891)	(379,891)
Conversion of loan to shares	18	9,288,101	-	-	9,288,101
Other movements		-	(9,288,101)	-	(9,288,101)
<b>Balance at 30 June 2020</b>		14,323,303	-	(18,866,644)	(4,543,341)

# CARDIFF BLUES LIMITED

## STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2020

	Notes	2020 £	£	2019 £	£
<b>Cash flows from operating activities</b>					
Cash generated from/(absorbed by) operations	21		838,499		(698,390)
Interest paid			(149,230)		(120,446)
Income taxes refunded			10,043		529,688
<b>Net cash inflow/(outflow) from operating activities</b>			699,312		(289,148)
<b>Investing activities</b>					
Purchase of tangible fixed assets		(100,021)		(225,978)	
<b>Net cash used in investing activities</b>			(100,021)		(225,978)
<b>Financing activities</b>					
Repayment of borrowings		(540,979)		1,040,666	
Payment of finance leases obligations		(17,519)		64,405	
<b>Net cash (used in)/generated from financing activities</b>			(558,498)		1,105,071
<b>Net increase in cash and cash equivalents</b>			40,793		589,945
Cash and cash equivalents at beginning of year			(54,866)		(644,811)
<b>Cash and cash equivalents at end of year</b>			(14,073)		(54,866)
<b>Relating to:</b>					
Cash at bank and in hand			42,518		191,741
Bank overdrafts included in creditors payable within one year			(56,591)		(246,607)



# CARDIFF BLUES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

**FOR THE YEAR ENDED 30 JUNE 2020**

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### **1 Accounting policies**

#### **Company information**

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

#### **1.1 Accounting convention**

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

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 £.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

#### **1.2 Going concern**

During the year, the company's activities were disrupted due to Government restrictions imposed in response to the Covid-19 pandemic. Games were paused for the final months of the year, resuming post year end behind closed doors. This has resulted in a substantial decrease in core income for the 2020/21 season. At the date of approval of the financial statements, there remains uncertainty over when restrictions will be lifted and spectators and associated revenue will return.

As at the year ended 30 May 2020, the company suffered a loss of £456k, with net current liabilities of £3.4m and total liabilities of £4.6m and remains reliant upon the support of the WRU, its various funders and the ongoing support and goodwill of its fans, commercial sponsors, directors and shareholders

The directors recognise that these conditions indicate a significant uncertainty in relation to going concern and have taken steps to preserve liquidity. The entity has utilised Government initiatives including the Job Retention Scheme, HMRC liability deferrals and has acquired a CBILS loan.

In 2021, the WRU secured grant funding of £13.5m from the Welsh Government, £2.7m of which will be provided to Cardiff Blues to support the remainder of the 2020-21 season.

The Director's have prepared cash flow forecasts for a period of 12 months from the date of approval of these financial statements. The forecasts indicate the company will have sufficient funds to meet its liabilities as they fall due for a period of at least 12 months from the approval of the accounts. Accordingly, they continue to adopt the going concern basis of preparation.

#### **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.

# CARDIFF BLUES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2020

### 1 Accounting policies

(Continued)

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 - 6 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.

#### 1.5 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible 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 the lower of cost and replacement 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.

# CARDIFF BLUES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2020

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### 1 Accounting policies

(Continued)

#### 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.

##### **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.

##### **Other financial assets**

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

##### **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.

# CARDIFF BLUES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2020

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### 1 Accounting policies

(Continued)

#### **Basic financial liabilities**

Basic financial liabilities, including creditors and loans, 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 payments 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.

#### **Other financial liabilities**

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

#### **Derecognition of financial liabilities**

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

### 1.9 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

### 1.10 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

#### **Current tax**

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

#### **Deferred tax**

Deferred taxation is provided in full in respect of taxation deferred by timing differences that have originated but not reversed at the balance sheet date.

# CARDIFF BLUES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2020

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### 1 Accounting policies

(Continued)

#### 1.11 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.

#### 1.12 Retirement benefits

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

#### 1.13 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the balance sheet as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to profit or loss so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss 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 leases asset are consumed.

#### 1.14 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation in the period are included in profit or loss.

#### 1.15 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.

#### 1.16 Player's contracts

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

# CARDIFF BLUES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2020

### 2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

### 3 Turnover and other revenue

An analysis of the company's turnover is as follows:

	2020	2019
	£	£
<b>Turnover analysed by class of business</b>		
Match day income	846,039	1,176,293
Competitions income	2,977,288	3,211,548
WRU receipts	5,017,014	4,932,379
Sponsorship income	1,067,409	1,445,258
Hospitality and catering income	1,069,855	1,180,491
Other	591,805	1,073,584
	<u>11,569,410</u>	<u>13,019,553</u>

	2020	2019
	£	£
<b>Other significant revenue</b>		
Government grants	836,261	-
NHS income	260,317	-
	<u></u>	<u></u>

	2020	2019
	£	£
<b>Turnover analysed by geographical market</b>		
United Kingdom	<u>11,569,410</u>	<u>13,019,553</u>

### 4 Operating loss

	2020	2019
	£	£
Operating loss for the year is stated after charging:		
Fees payable to the company's auditor for the audit of the company's financial statements	8,350	8,350
Depreciation of owned tangible fixed assets	154,355	127,743
Operating lease charges	<u>128,468</u>	<u>433,529</u>

# CARDIFF BLUES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2020

### 5 Auditor's remuneration

	2020	2019
	£	£
Fees payable to the company's auditor and associates:		
<b>For audit services</b>		
Audit of the financial statements of the company	8,350	8,350

### 6 Employees

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

	2020	2019
	Number	Number
Executive directors	1	1
Coaching and playing staff	121	124
Operations and administration staff	68	62
Total	190	187

Their aggregate remuneration comprised:

	2020	2019
	£	£
Wages and salaries	8,490,977	8,516,928
Social security costs	813,216	791,528
Pension costs	95,636	92,620
	9,399,829	9,401,076

### 7 Directors' remuneration

	2020	2019
	£	£
Remuneration for qualifying services	167,450	159,875

### 8 Interest payable and similar expenses

	2020	2019
	£	£
<b>Interest on financial liabilities measured at amortised cost:</b>		
Interest on bank overdrafts and loans	10,459	18,333
<b>Other finance costs:</b>		
Other interest	138,771	102,113
	149,230	120,446

# CARDIFF BLUES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2020

### 9 Taxation

	2020 £	2019 £
<b>Current tax</b>		
Other taxes	(86,578)	(529,688)

The actual credit for the year can be reconciled to the expected credit for the year based on the profit or loss and the standard rate of tax as follows:

	2020 £	2019 £
Loss before taxation	(466,469)	(526,540)
Expected tax credit based on the standard rate of corporation tax in the UK of 19.00% (2019: 19.00%)	(88,629)	(100,043)
Tax effect of expenses that are not deductible in determining taxable profit	8,088	11,862
Unutilised tax losses carried forward	60,154	114,198
Permanent capital allowances in excess of depreciation	-	(26,017)
Depreciation on assets not qualifying for tax allowances	20,387	-
Research and development tax credit	(86,578)	(529,688)
Taxation credit for the year	(86,578)	(529,688)

### 10 Tangible fixed assets

	Land and buildings Leasehold £	Plant and machinery £	Fixtures, fittings & equipment £	Total £
<b>Cost</b>				
At 1 July 2019	2,062,941	792,637	676,789	3,532,367
Additions	-	78,581	21,440	100,021
At 30 June 2020	2,062,941	871,218	698,229	3,632,388
<b>Depreciation and impairment</b>				
At 1 July 2019	1,810,700	632,363	643,491	3,086,554
Depreciation charged in the year	55,730	77,434	21,191	154,355
At 30 June 2020	1,866,430	709,797	664,682	3,240,909
<b>Carrying amount</b>				
At 30 June 2020	196,511	161,421	33,547	391,479
At 30 June 2019	252,241	160,274	33,298	445,813



# CARDIFF BLUES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2020

### 11 Stocks

	2020 £	2019 £
Finished goods and goods for resale	50,000	54,635

### 12 Debtors

	2020 £	2019 £
<b>Amounts falling due within one year:</b>		
Trade debtors	257,923	309,221
Corporation tax recoverable	76,535	-
Other debtors	304,615	19,610
Prepayments and accrued income	119,105	986,915
	758,178	1,315,746

### 13 Creditors: amounts falling due within one year

	Notes	2020 £	2019 £
Bank loans and overdrafts	15	56,591	246,607
Obligations under finance leases	16	25,978	22,137
Other borrowings	15	267,089	465,562
Trade creditors		868,096	1,264,528
Taxation and social security		2,018,876	851,168
Other creditors		833,319	1,121,792
Accruals and deferred income		99,873	220,031
		4,169,822	4,191,825

### 14 Creditors: amounts falling due after more than one year

	Notes	2020 £	2019 £
Obligations under finance leases	16	20,908	42,268
Other borrowings	15	1,594,786	1,937,292
		1,615,694	1,979,560

# CARDIFF BLUES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2020

### 15 Loans and overdrafts

	2020 £	2019 £
Bank overdrafts	56,591	246,607
Other loans	1,861,875	2,402,854
	<u>1,918,466</u>	<u>2,649,461</u>
Payable within one year	323,680	712,169
Payable after one year	<u>1,594,786</u>	<u>1,937,292</u>

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

### 16 Finance lease obligations

	2020 £	2019 £
Future minimum lease payments due under finance leases:		
Within one year	25,978	30,890
In two to five years	20,908	33,515
	<u>46,886</u>	<u>64,405</u>

Finance lease payments represent rentals payable by the company for certain items of plant and machinery. Leases include purchase options at the end of the lease period, and no restrictions are placed on the use of the assets. The average lease term is 3 years. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

### 17 Retirement benefit schemes

	2020 £	2019 £
<b>Defined contribution schemes</b>		
Charge to profit or loss in respect of defined contribution schemes	<u>95,636</u>	<u>92,620</u>

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

### 18 Share capital

	2020 Number	2019 Number	2020 £	2019 £
<b>Ordinary share capital</b>				
<b>Issued and fully paid</b>				
Ordinary shares of £1 each	4,285,202	4,285,202	4,285,202	4,285,202
Heritage shares of £1 each	750,000	750,000	750,000	750,000
A shares of £1 each	9,288,101	-	9,288,101	-
	<u>14,323,303</u>	<u>5,035,202</u>	<u>14,323,303</u>	<u>5,035,202</u>

# CARDIFF BLUES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2020

### 18 Share capital

(Continued)

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, alter its articles of association, 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.

On 31 December 2019, the company allotted 9,288,101 A shares. The A shares are hold non voting and non participating rights but hold the right to conversion to ordinary shares under certain circumstances.

### 19 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:

	2020 £	2019 £
Cardiff Arms Park	182,996	298,473
Other	10,421	28,420
	<u>193,417</u>	<u>326,892</u>

### 20 Related party transactions

#### Transactions with related parties

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

	Purchases		Sales	
	2020 £	2019 £	2020 £	2019 £
Other related parties	<u>241,710</u>	<u>330,730</u>	<u>153,667</u>	<u>61,639</u>

	2020 £	2019 £
<b>Amounts owed to related parties</b>		
Key management personnel- Other Loans (see below)	1,771,606	1,975,314
Other related parties	<u>94,067</u>	<u>153,670</u>

# CARDIFF BLUES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2020

### 20 Related party transactions

(Continued)

#### Key Management Personnel - Other loans

1) A Director's loan account of £491,314 (2019 - £473,314) was due to Peter Thomas.

2) A loan totalling £796,292 (2019 - £1,000,000) was due to Atlantic Properties Developments PLC, a company under the control of Peter Thomas. The balance has been included in both short term and long term creditors in line with the terms of the agreements.

3) A loan of £484,000 (2019: £502,000) is due to Paul Bailey. The balance has been included in both short term and long term creditors in line with the terms of the agreements.

4) The non-executive directors did not receive any remuneration.

	2020 Balance £	2019 Balance £
<b>Amounts owed by related parties</b>		
Other related parties	59,298	275

#### Advances and guarantees

Personal guarantees have been provided by Martyn Ryan of £300,000 in respect of the bank overdraft held by the Company. A guarantee of £562,500 has also been provided by Martyn Ryan in respect of a loan received by the Company

### 21 Cash generated from/(absorbed by) operations

	2020 £	2019 £
(Loss)/profit for the year after tax	(379,891)	3,148
<b>Adjustments for:</b>		
Taxation credited	(86,578)	(529,688)
Finance costs	149,230	120,446
Depreciation and impairment of tangible fixed assets	154,355	127,743
<b>Movements in working capital:</b>		
Decrease/(increase) in stocks	4,635	(44,635)
Decrease/(increase) in debtors	634,103	(1,007,821)
Increase in creditors	362,645	632,417
<b>Cash generated from/(absorbed by) operations</b>	<b>838,499</b>	<b>(698,390)</b>

## CARDIFF BLUES LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

**FOR THE YEAR ENDED 30 JUNE 2020**

**22 Analysis of changes in net debt**

	<b>1 July 2019</b>	<b>Cash flows</b>	<b>30 June 2020</b>
	<b>£</b>	<b>£</b>	<b>£</b>
Cash at bank and in hand	191,741	(149,223)	42,518
Bank overdrafts	(246,607)	190,016	(56,591)
	<u>(54,866)</u>	<u>40,793</u>	<u>(14,073)</u>
Borrowings excluding overdrafts	(2,402,854)	540,979	(1,861,875)
Obligations under finance leases	(64,405)	17,519	(46,886)
	<u>(2,522,125)</u>	<u>599,291</u>	<u>(1,922,834)</u>

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.