

Registered number 3199030

Cardiff Rugby Football Club Limited

**Annual report
for the year ended 31 May 2000**



Cardiff Rugby Football Club Limited

Directors' report and financial statements

Contents	Page
Directors' report	1 - 2
Statement of directors' responsibilities	3
Auditors' report	4
Profit and loss account	5
Balance sheet	6
Cashflow statement	7
Notes to the financial statements	8 - 18

Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 May 2000.

Principal activity

The company's principal activity is the operation of a professional rugby football team together with related activities.

Business review

The loss for the period after taxation amounted to £499,627 (1999: £804,603), which has been taken to the profit and loss account.

The directors intend to continue the strategy to improve the performance of the business and are optimistic about the long term prospects.

Directors and directors' interests

The directors who held office during the year were as follows:

		Interests of the directors in the ordinary shares of the company at 31 May 1999 and 2000
P Thomas - Chairman		500,000
R B V Rees	(resigned 6 June 2000)	5,000
S Webber		20,000
P Bailey		500,000
G O Edwards MBE		-
P B Gore	(resigned 31 August 1999)	-
M John	(resigned 6 June 2000)	1,000
A E Peterson		20,000
J R Smart		500,000
R Lakin	(appointed 1 June 2000)	-
D Herbert	(appointed 1 June 2000)	15,000
A E M Doull	(appointed 1 June 2000)	-
D Jenkins	(appointed 1 June 1999)	-

Cardiff Rugby Football Club Limited

2

Directors' report (continued)

Directors' interest in contracts

The company incurred £32,630 in respect of professional services from Morgan Cole, a partnership, in which R B V Rees (a director of the company at the year end) is a partner. This transaction was at arm's length.

By order of the board

A handwritten signature in black ink, appearing to read 'AEM Doull', with a large circular flourish.

AEM Doull
Director

Cardiff Arms Park
Westgate Street
Cardiff
CF1 1JA

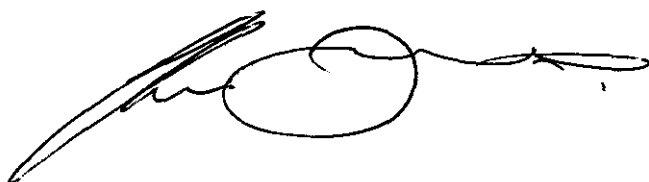
21 September 2000

Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the company and of the profit or loss for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



AEM Doull
Director

Cardiff Arms Park
Westgate Street
CARDIFF
CF1 1JA

21 September 2000

Report of the auditors' to the members of Cardiff Rugby Football Club Limited

We have audited the financial statements on pages 5 to 18, which have been prepared in accordance with the historical cost convention and the accounting policies set out on pages 8 to 10.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the Annual Report. As described on page 3, this includes responsibility for preparing the financial statements, in accordance with applicable United Kingdom accounting standards. Our responsibilities, as independent auditors, are established by statute, the Auditing Practices Board and our profession's ethical guidance.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the United Kingdom Companies Act. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions is not disclosed.

We read the other information contained in the Annual Report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

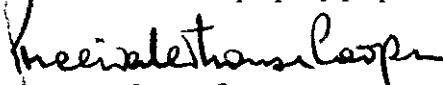
Basis of audit opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatements, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs at 31 May 2000 and of its loss, total recognised gains and losses and cash flows for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers

Chartered accountants and Registered Auditors

Cardiff

21 September 2000

**Profit and loss account
for the year to 31 May 2000**

	Note	2000 £	1999 £
Turnover - continuing operations	2	4,205,493	2,738,648
- exceptional income	3	302,928	524,063
Operating expenses		(4,954,983)	(3,920,792)
Legal costs	15	-	(108,426)
		<hr/>	<hr/>
Operating loss - continuing operations		(446,562)	(766,507)
Interest receivable		-	1,240
Interest payable and similar charges	4	(53,065)	(39,336)
		<hr/>	<hr/>
Loss on ordinary activities before taxation	5	(499,627)	(804,603)
Tax on loss on ordinary activities	8	-	-
		<hr/>	<hr/>
Loss for the financial year	18	(499,627)	(804,603)
		<hr/> <hr/>	<hr/> <hr/>

Statement of total recognised gains and losses

		2000 £	1999 £
Loss for the financial year		(499,627)	(804,603)
Surplus on initial valuation of intangible assets	18	1,807,500	-
		<hr/>	<hr/>
Total recognised gains/(losses) for year		1,307,873	(804,603)
		<hr/> <hr/>	<hr/> <hr/>

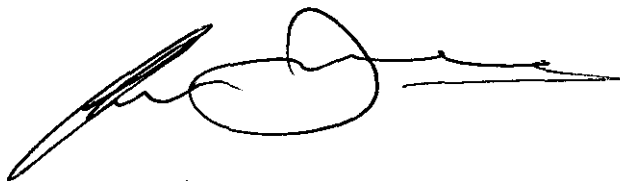
There is no difference between the loss on ordinary activities before taxation and the retained loss for the year stated above, and their historical cost equivalents.

Balance sheet at 31 May 2000

	Note	2000 £	1999 £
Fixed assets			
Intangible asset	9	2,911,300	1,169,044
Tangible assets	10	759,285	534,790
Investments	11	23,029	16,324
		<u>3,693,614</u>	<u>1,720,158</u>
Current assets			
Stocks - goods for resale		26,277	21,466
Debtors	12	673,810	363,779
- due within one year			
- due after more than one year	12	168,750	202,500
Cash in hand		500	-
		<u>869,337</u>	<u>587,745</u>
Creditors: amounts falling due within one year	13	<u>(2,039,751)</u>	<u>(1,706,559)</u>
Net current liabilities		<u>(1,170,414)</u>	<u>(1,118,814)</u>
Total assets less current liabilities		<u>2,523,200</u>	<u>601,344</u>
Creditors: amounts falling due after more than one year	14	<u>(1,027,755)</u>	<u>(213,772)</u>
Provisions for liabilities and charges	15	<u>-</u>	<u>(200,000)</u>
Net assets		<u>1,495,445</u>	<u>187,572</u>
Capital and reserves			
Called up share capital	16	3,718,202	3,718,202
Profit and loss account	18	(4,030,257)	(3,530,630)
Other reserves	18	1,807,500	-
Equity shareholders funds	17	<u>1,495,445</u>	<u>187,572</u>

These financial statements on pages 5 to 18 were approved by the board of Directors on 21 September 2000 and were signed on its behalf by:

AEM Doull
Director



D Jenkins
Director



Cash flow statement for the year ended 31 May 2000

	Note	2000 £	1999 £
Net cash outflow from continuing activities	19	(661,802)	(377,270)
Returns on investments and servicing of finance			
Interest received		-	1,240
Interest paid		(53,065)	(38,900)
Interest paid on finance lease		-	(436)
Net cash outflow from return on investments and servicing of finance		(53,065)	(38,096)
Capital expenditure			
Purchase of tangible fixed assets		(440,339)	(119,500)
Sale of tangible fixed assets		4,063	90,000
Net cash outflow from capital expenditure		(436,276)	(29,500)
Net cash outflow before financing		(1,151,143)	(444,866)
Financing			
New finance lease		-	3,445
Repayments of principal under finance lease		(1,388)	(2,057)
Repayment of loans		(148,061)	(115,752)
New long term loan		750,000	117,043
Net cash inflow from financing		600,551	2,679
Decrease in cash in the year		(550,592)	(442,187)
Reconciliation of net cash flow to movement in net debt			
		2000 £	1999 £
Decrease in cash in the year		(550,592)	(442,187)
Cash inflow from financing		(600,551)	(2,679)
Movement in net debt in the period		(1,151,143)	(444,866)
Opening net debt		(562,537)	(117,671)
Closing net debt	20	(1,713,680)	(562,537)

Notes to the financial statements

1 Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards and the historical cost convention as modified by the revaluation of certain fixed assets.

The directors have concluded it is appropriate to prepare the accounts on a going concern basis.

2 Principal accounting policies

The principal accounting policies are set out below, and have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

Intangible assets

Goodwill

Purchased goodwill which was created when the trade and net assets were purchased from Cardiff Athletic Club has been capitalised and treated as an intangible asset. The cost is written off over the estimated useful life, estimated at 20 years, in equal instalments, commencing in the year of acquisition.

In the opinion of the directors, 20 years represents a prudent estimate of the period over which the Company will derive economic benefit from the goodwill acquired. The period over which the goodwill is to be amortised and the carrying value of the goodwill is reviewed annually by the directors.

Ticket Rights

Following the completion of the Millennium Stadium, the directors have determined the value of the ticket rights held by the company by reference to their readily available market values. The ticket rights will be amortised over the period that the company has legal entitlement to them, (49 years remaining for the tickets and 11 years remaining for the box.)

Notes to the financial statements (continued)**2 Accounting policies (continued)****Fixed assets and depreciation**

Depreciation is provided to write off the cost less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows:

Fixtures, fittings and equipment	-	4 - 7 years
Leasehold improvements	-	6 years
Office equipment and computers	-	4 years
Plant, machinery and vehicles	-	4 years
Property investment	-	Nil

Leases

Where the company enters into a lease which entails taking substantially all the risks and rewards of ownership of an asset, the lease is treated as a 'finance lease'. The asset is recorded in the balance sheet as a tangible fixed asset and is depreciated over its estimated useful life or the term of the lease, whichever is shorter. Future instalments under such leases, net of finance charges, are included with creditors. Rentals payable are apportioned between the finance element, which is charged to the profit and loss account, and the capital element which reduces the outstanding obligation for future instalments.

All other leases are accounted for as 'operating leases' and the rental charges are charged to the profit and loss account on a straight line basis over the life of the lease.

Investments

Investments held under fixed assets are recorded in the balance sheet at the lower of mid market value and cost.

Stocks

Stocks are stated at the lower of cost and net realisable value. Provision is made for obsolete, or slow moving items.

Taxation

The charge for taxation is based on the result for the period and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Provision is made for deferred tax only to the extent that it is probable that an actual liability will crystallise.

Turnover

Turnover, which excludes Value Added Tax, represents all income arising from the activities of the company, excluding transfer fees received or receivable.

Notes to the financial statements (continued)

2 Accounting policies (continued)

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.

Deferred income

Deferred income is included in the balance sheet and released to the profit and loss account on a straight line basis over the period to which it relates.

Players' contracts

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

3 Turnover – exceptional income

In the prior year the company entered into various agreements in relation to the construction of the Millennium Stadium in Cardiff. The exceptional income represents compensation for the loss of income due to the construction and for allowing access to the ground to enable part of the construction of the Millennium Stadium to be completed.

4 Interest payable and similar charges

	2000 £	1999 £
On bank overdraft	53,065	38,900
Finance charges in respect of finance leases	-	436
	<hr/>	<hr/>
	53,065	39,336
	<hr/>	<hr/>

5 Loss on ordinary activities before taxation

The loss on ordinary activities before taxation is stated after charging:

	2000 £	1999 £
Auditors remuneration	7,250	7,000
Amortisation of intangible fixed assets	65,244	65,244
Depreciation of tangible fixed assets	210,142	98,798
Loss on sale of fixed assets	1,639	31,357
	<hr/>	<hr/>

Notes to the financial statements (continued)

6 Remuneration of directors

	2000 £	1999 £
Aggregate emoluments	82,745	159,703

7 Staff numbers and costs

The average number of persons (or full-time equivalents) employed by the company (including directors) during the period, analysed by category, was as follows:

	2000 Number	1999 Number
Executive directors	1	2
Coaching and playing staff	50	42
Operations and administration staff	24	23
	<hr/>	<hr/>
	75	67
	<hr/>	<hr/>

The aggregate payroll costs of these persons were as follows:

	2000 £	1999 £
Wages and salaries	2,570,419	1,704,436
Social security costs	256,950	300,503
Pension costs	13,410	12,000
	<hr/>	<hr/>
	2,840,779	2,016,939
	<hr/>	<hr/>

8 Taxation

No corporation tax charge has arisen in either period due to the trading losses incurred. There is also no requirement for a deferred tax provision.

Notes to the financial statements (continued)

9 Intangible fixed assets

	Ticket Rights £	Goodwill £	Total £
Cost or valuation			
At 1 June 1999	-	1,304,971	1,304,971
Initial valuation	1,807,500	-	1,807,500
At 31 May 2000	1,807,500	1,304,971	3,112,471
Amortisation			
At 1 June 1999	-	135,927	135,927
Charge for the year	-	65,244	65,244
At 31 May 2000	-	201,171	201,171
Net book value			
At 31 May 2000	1,807,500	1,103,800	2,911,300
At 1 June 1999	-	1,169,044	1,169,044

Following the completion of the Millennium Stadium, value has been attached by the directors to the various ticket rights held by the company by reference to their readily available market values.

10 Tangible fixed assets

	Leasehold Improvements £	Office Equipment and Computers £	Plant Machinery and Vehicles £	Property Investment £	Total £
Cost					
At 1 June 1999	297,517	180,263	100,474	101,659	679,913
Additions	333,213	91,658	15,468	-	440,339
Disposals	-	(15,000)	-	-	(15,000)
At 31 May 2000	630,730	256,921	115,942	101,659	1,105,252
Depreciation					
At 1 June 1999	39,086	62,707	43,330	-	145,123
Charge for the year	115,108	68,064	26,970	-	210,142
Disposals	-	(9,298)	-	-	(9,298)
At 31 May 2000	154,194	121,473	70,300	-	345,967
Net book value					
At 31 May 2000	476,536	135,448	45,642	101,659	759,285
At 1 June 1999	258,431	117,556	57,144	101,659	534,790

Notes to the financial statements (continued)

11 Fixed asset investment

	£
Cost	
At 1 June 1999 and 31 May 2000	60,049
Amounts written off	
At 1 June 1999	43,725
Written back in the year	(6,705)
At 31 May 2000	37,020
Net book value	
At 31 May 2000	23,029
At 1 June 1999	16,324

The fixed asset investment is listed on a recognised stock exchange. The aggregate market value of the listed investment is equal to its net book value.

12 Debtors

	2000 £	1999 £
Amounts falling due within one year		
Trade debtors	299,427	224,867
Prepayments and other debtors	543,133	341,412
	842,560	566,279
Falling due within one year	673,810	363,779
Falling due after one year	168,750	202,500
	842,560	566,279

Notes to the financial statements (continued)

13 Creditors: amounts falling due within one year

	2000 £	1999 £
Bank overdraft (secured)	747,642	196,550
Loans (see note 14)	28,783	150,827
Obligations under finance leases	-	1,388
Trade creditors	494,277	190,472
Other creditors including taxation and social security:		
Other taxes and social security	207,400	141,493
Other creditors	62,173	22,332
Accruals	167,358	191,976
Deferred income	256,743	786,460
Amounts due to related parties (see note 22)	75,375	25,061
	<u>2,039,751</u>	<u>1,706,559</u>

The bank overdraft is secured on the various ticket rights held by the company (see note 9).

14 Creditors: amounts falling due after more than one year

	2000 £	1999 £
Directors loans (unsecured)	750,000	-
Brewery loans (unsecured)	129,946	147,876
Property investment loan	57,809	65,896
Other creditors	90,000	-
	<u>1,027,755</u>	<u>213,772</u>

Loans: The maturing analysis of the company's loans are as follows:

Repayable 2 to 5 years	928,214	203,011
Repayable after 5 years	9,541	10,761
	<u>937,755</u>	<u>213,772</u>
Due within one year (note 13)	28,783	150,827
	<u>966,538</u>	<u>364,599</u>

- a) The brewery loan represents amounts advanced from the clubs' brewer. This loan is unsecured, and, dependent on the volume purchased from the brewer. If the appropriate volumes are not purchased from the brewer during the year, interest could be charged at various rates.
- b) The property investment loan is secured on the property investment shown in note 10. Interest is charged at 2% above bank base rates.
- c) The director's loan is unsecured and does not bear any interest.

Notes to the financial statements (continued)

15 Provisions for liabilities and charges

	2000 £	1999 £
Provision for legal costs		
As at 1 June	200,000	150,000
Charged during the year	-	108,426
Utilised during the year	(80,000)	(58,426)
Transfer to other creditors	(120,000)	-
	<hr/>	<hr/>
As at 31 May	-	200,000
	<hr/>	<hr/>

The above liability has been agreed with the Welsh Rugby Union. The provision has been reclassified as other creditors due within one year (£30,000) and other creditors due after more than one year (£90,000).

16 Called up share capital

	2000 £	1999 £
Authorised		
7,000,000 Ordinary shares of £1	7,000,000	7,000,000
750,000 Heritage shares of £1	750,000	750,000
	<hr/>	<hr/>
	7,750,000	7,750,000
	<hr/>	<hr/>
Allotted, called up and fully paid		
2,968,202 Ordinary shares of £1	2,968,202	2,968,202
750,000 Heritage shares of £1	750,000	750,000
	<hr/>	<hr/>
	3,718,202	3,718,202
	<hr/>	<hr/>

The Heritage shares rank equally with ordinary shares except for the right to appoint two directors to the Board and to remove any person appointed from time to time.

In addition the approval of the holders of the Heritage shares must be obtained before the company can, inter alia, dispose of its rugby activities, substantially alter the nature of the business, change the club's colours or move the home ground outside Cardiff.

Notes to the financial statements (continued)

17 Reconciliation of movements in shareholders' funds

	2000 £	1999 £
As at 1 June	187,572	992,175
Loss for the year	(499,627)	(804,603)
Surplus on initial valuation of intangible asset (see note 9)	1,807,500	-
	<hr/>	<hr/>
As at 31 May	1,495,445	187,572
	<hr/>	<hr/>

18 Reserves

	Other Reserves £	Profit and loss account £
As at 1 June 1999	-	(3,530,630)
Loss for the year	-	(499,627)
Surplus on initial valuation of intangible asset (see note 9)	1,807,500	-
	<hr/>	<hr/>
As at 31 May 2000	1,807,500	(4,030,257)
	<hr/>	<hr/>

19 Reconciliation of operating loss to net cash outflow from operating activities

	2000 £	1999 £
Continuing operating activities		
Operating loss	(446,562)	(766,507)
Depreciation on tangible fixed assets	210,142	98,798
Amortisation of intangible fixed asset – goodwill	65,244	65,244
Loss on sale of tangible fixed assets	1,639	31,357
Amounts written (back)/off investments	(6,705)	11,370
(Increase)/decrease in stock	(4,811)	7,963
(Increase)/decrease in debtors	(276,281)	(388,446)
Increase/(decrease) in trade creditors	303,805	(122,306)
Increase in other creditors	195,748	95,320
(Decrease)/increase in deferred income	(529,717)	686,673
(Decrease)/increase in provision for legal costs	(200,000)	50,000
Increase/(decrease) in amounts due from related parties	50,314	(15,535)
Decrease in accruals	(24,618)	(131,201)
	<hr/>	<hr/>
Net cash outflow from continuing operating activities	(661,802)	(377,270)
	<hr/>	<hr/>

Notes to the financial statements (continued)

20 Analysis of net debt

	31 May 1999	Cash Flows	Other non cash changes	31 May 2000
	£	£	£	£
Net Cash				
Bank overdraft	(196,550)	(551,092)	-	(747,642)
Cash in hand	-	500	-	500
	<u>(196,550)</u>	<u>(550,592)</u>	<u>-</u>	<u>(747,142)</u>
Debt				
Obligations under finance leases	(1,388)	1,388	-	-
Loans - due after one year	(213,772)	(723,983)	-	(937,755)
Loans - due within one year	(150,827)	122,044	-	(28,783)
Net Debt	<u>(562,537)</u>	<u>(1,151,143)</u>	<u>-</u>	<u>(1,713,680)</u>
Analysed in Balance sheet	£			£
Cash in hand	-			500
Bank overdraft	(196,550)			(747,642)
Obligations under finance leases	(1,388)			-
Loans - falling due after one year	(213,772)			(937,755)
Loans - falling due within one year	(150,827)			(28,783)
Net debt	<u>(562,537)</u>			<u>(1,713,680)</u>

21 Financial commitments

At 31 May 2000 the Company had an annual commitment under a non-cancellable operating lease as follows:-

	Land and Buildings £
Expiring in over five years	<u><u>75,000</u></u>

22 Related party transactions

At 31 May 2000, 500,000 ordinary shares of £1 each and 750,000 Heritage shares of £1 each, were held on trust for the members of Cardiff Athletic Club.

An amount of £75,375 (31 May 1999 - £25,061) included in the balance sheet within "Creditors - amounts due to related parties" represents amounts payable to Cardiff Athletic Club. In addition, the annual commitment under a non cancellable operating lease (see note 21) for the lease of the rugby ground is due to Cardiff Athletic Club.

The non-executive directors did not receive any remuneration and all hospitality boxes in Cardiff Arms Park leased by them were on an arms' length basis.

Notes to the financial statements (continued)

22 Related party transactions (continued)

The company incurred £32,630 in respect of professional services from Morgan Cole, a partnership, in which R B V Rees (a director of the company) is a partner. This transaction was at arm's length.

An amount of £750,000 included in the balance sheet within creditors falling due after more than one year is a directors loan from P Thomas. The loan is unsecured and does not bear any interest.