

**BRISTOL RUGBY CLUB LIMITED**  
**DIRECTORS REPORT AND FINANCIAL STATEMENTS**  
**YEAR ENDED 30 JUNE 2002**

WE CERTIFY THAT THIS IS A  
TRUE COPY OF THE ORIGINAL

.....

clarke

willmott

22nd Sept 2003

DATE .....

Registered Number: 3601031



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23/09/03

# **BRISTOL RUGBY CLUB LIMITED**

## **Directors, officers and advisers**

M V L Pearce

J R Newman

## **Company secretary**

D A Winnie

## **Auditors**

Monahans

Clarks Mill

Stallard Street

Trowbridge

BA14 8HH

## **Bankers**

HSBC plc

45 Milsom Street

Bath

BA1 1DU

## **Solicitors**

Withy King (incorporating Rushtons)

3 Gay Street

Bath

BA1 2PH

Osborne Clarke

50 Queen Charlotte Street

Bristol

BS1 4HE

## **Registered Office**

James Street West

Green Park

Bath

BA1 2BU

## **Registered Number**

3601031

# **BRISTOL RUGBY CLUB LIMITED**

## **DIRECTORS' REPORT AND FINANCIAL STATEMENTS**

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# BRISTOL RUGBY CLUB LIMITED

## DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 30 June 2002.

### Principal activities

The company's principal objectives are to promote, encourage and foster the game of Rugby Football Union.

### Business review

The financial results are summarised in the profit and loss account on page 5.

On 4<sup>th</sup> September 2002 the company demerged from The Johnsons Group Ltd group of companies and its shares were acquired by Bristol Rugby plc

On 23 January 2003 the company changed its name from Bristol Rugby Limited to Bristol Rugby Club Limited.

Subsequent to the year-end, Bristol Rugby Club has been relegated from the premier league. As a result of this there are various player and coaching staff contracts to be restructured. The directors are confident that the "parachute" payment to be received from the RFU as a result of the relegation will be more than sufficient to cover the cost of the contract settlements being negotiated. As a further consequence the company has recently had approaches from interested parties with a view to the acquisition of the entire share capital from the existing shareholders. The directors are considering their response.

### Proposed dividend

The directors do not recommend the payment of a dividend for the year ended 30 June 2002.

### Directors and directors' interests

The following were directors of the company during the year:

M V L Pearce	
G Dunford	(resigned 19 November 2001)
J R Newman	
J Rowell	(resigned 28 October 2002)
A J Rushton	(resigned 31 December 2001)


None of the directors who held office in the year has any disclosable interest in the shares of the company or its holding company apart from M V L Pearce who held one ordinary share in the company as nominee and is a director of the ultimate holding company. His interests in its share capital and debentures are included in the financial statements of that company.

### Auditors

During the year KPMG resigned as auditors and Monahans were appointed in their place. In accordance with Section 385 of the Companies Act 1985, a resolution for the re-appointment of Monahans as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

Approved by the Board of directors and signed on its behalf by:

John Newman  
Director



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clarke  
willmott

22nd Sept 2003

Date 30 July 2003

**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

Company law requires the directors to prepare financial statements for each financial year 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;
- state whether applicable 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 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.

## **BRISTOL RUGBY CLUB LIMITED**

### **REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF BRISTOL RUGBY CLUB LIMITED**

We have audited the financial statements of Bristol Rugby Limited for the year ended 30 June 2002 on pages 5 to 14. These financial statements have been prepared under the historical cost convention and the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. 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 auditors' 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 described on page 2 the company's directors are responsible for the preparation of financial statements in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

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 Companies Act 1985. We also report to you if, in our opinion, the Report of the Director 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 with the Company is not disclosed.

We read the Report of the Directors and consider the implications for our report if we become aware of any apparent misstatements within it.

#### **Basis of audit opinion**

We conducted our audit in accordance with United Kingdom 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 misstatement, 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.

#### **Going concern**

In forming our opinion we have considered the adequacy of the disclosures made in note 1 of the financial statements concerning the continuity of the financial support given to the company by The Johnsons Group Limited. In view of the significance of this uncertainty we consider that it should be drawn to your attention but our opinion is not qualified in this respect.

**BRISTOL RUGBY CLUB LIMITED**

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF  
BRISTOL RUGBY CLUB LIMITED (continued.....)**

**Opinion**

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 30 June 2002 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

**Monahans**

Chartered Accountants

Registered Auditor

Clarks Mill

Stallard Street

Trowbridge

BA14 8HH

*Monahans*

Date: 31 July 2003

# BRISTOL RUGBY CLUB LIMITED

## PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30 JUNE 2002

		30 June 2002	30 June 2001
	Notes	£000	£000
<b>Turnover</b>	1-2	2,817	1,797
		<hr/>	<hr/>
Ground and match expenses		(414)	(419)
Administrative expenses		(791)	(1,159)
Staff costs	5	(3,316)	(2,682)
Depreciation		(36)	(29)
Other operating income		59	46
		<hr/>	<hr/>
		(4,498)	(4,243)
		<hr/>	<hr/>
<b>Operating loss</b>		(1,681)	(2,446)
Interest payable and similar charges	6	(10)	(6)
Interest receivable and similar income	7	-	7
		<hr/>	<hr/>
<b>Loss on ordinary activities before taxation</b>	3	(1,691)	(2,445)
Tax on loss on ordinary activities	8	-	-
		<hr/>	<hr/>
<b>Loss on ordinary activities after taxation</b>		(1,691)	(2,445)
		<hr/>	<hr/>

There were no recognised gains or losses other than the loss for either year.

All activities are derived from continuing operations.

The notes on pages 8 to 14 form part of these financial statements



# BRISTOL RUGBY CLUB LIMITED

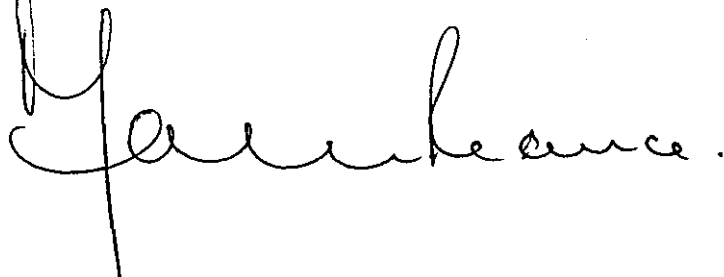
## BALANCE SHEET AT 30 JUNE 2002

	Notes	2002 £000	2001 £000
<b>Fixed assets</b>			
Tangible assets	9	110	87
		<hr/>	<hr/>
<b>Current assets</b>			
Stocks	10	28	12
Debtors	11	333	244
Cash at bank and in hand		-	4
		<hr/>	<hr/>
		361	260
<b>Creditors: amounts falling due within one year</b>	12	(9,893)	(8,078)
		<hr/>	<hr/>
<b>Net current liabilities</b>		(9,532)	(7,818)
		<hr/>	<hr/>
<b>Net liabilities</b>		(9,422)	(7,731)
		<hr/>	<hr/>
<b>Capital and reserves</b>			
Called up share capital	14	-	-
Profit and loss account	15	(9,422)	(7,731)
		<hr/>	<hr/>
<b>Equity shareholders' deficit</b>		(9,422)	(7,731)
		<hr/>	<hr/>

These financial statements were approved by the board of directors on 30 July 2003 and were signed on its behalf by:

M V L PEARCE

Director



The notes on pages 8 to 15 form part of these financial statements

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clarke  
willmott  
Date 22nd Sept 2003

**BRISTOL RUGBY CLUB LIMITED****RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS  
FOR THE YEAR ENDED 30 JUNE 2002**

	2002 £000	2001 £000
Loss for the financial year	(1,691)	(2,445)
Net reduction in equity shareholders' funds	(1,691)	(2,445)
Opening equity shareholders' deficit	(7,731)	(5,286)
Closing equity shareholders' deficit	(9,422)	(7,731)

# **BRISTOL RUGBY CLUB LIMITED**

## **NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30 JUNE 2002**

### **1. Accounting policies**

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

#### **Basis of preparation**

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules.

#### **Going concern**

The financial statements have been prepared on the going concern basis which assume that the company will continue in operational existence for the foreseeable future. The company suffered a loss for the year of £1,691,000 (2001 loss £2,445,000) and had net current liabilities at the year end of £9,532,000 (2001 £7,818,000). The company relies on the continued financial support of The Johnsons Group Limited who provide the security for the bank overdraft. The directors have received assurances from The Johnsons Group Limited that support will continue to be given for the foreseeable future.

The financial statements do not include any adjustments that would result from the withdrawal of this support.

#### **Cash flow statement**

The company has taken advantage of the exemption, conferred by Financial Reporting Standard 1, from presenting a cash flow statement as the ultimate parent company includes the company in its own published consolidated financial statements.

#### **Fixed assets and depreciation**

Depreciation is provided on all tangible fixed assets to write off the cost by equal instalments over their estimated useful economic lives as follows:

Computer Equipment	-	3 years
Fixtures & Fittings	-	10 years

#### **Leases**

Operating lease rentals are charged to the profit and loss account on a straight line basis over the period of the lease.

#### **Pension scheme**

The company contributes to a defined contribution non contributory personal pension scheme for various players. The assets of the scheme are held separately from those of the company in an independently administered fund. The amount charged against profits represents the contributions payable to the scheme in respect of the accounting period.

#### **Stocks**

Stocks are stated at the lower of cost and net realisable value.

#### **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 in respect of all timing differences that have originated but not reversed at the balance sheet date.

## NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30 JUNE 2002 (continued)

## 1. Accounting policies (continued)

**Turnover**

Turnover represents the amounts (excluding value added tax) derived from match tickets, executive boxes, sponsorship, Premier Rugby Limited income, gate takings and the provision of goods and services by the company. Income that is receivable under contracts relating to the playing season is recognised in full in the period.

**Related party transactions**

The company has taken advantage of the exemption conferred by Financial Reporting Standard 8 'Related party transactions' concerning transactions with entities that are part of The Johnsons Group Limited. As at the balance sheet date, The Johnsons Group Limited was the ultimate controlling parent undertaking, incorporated in England and Wales.

## 2. Analysis of turnover

	Year ended 30 June 2002 £000	Year ended 30 June 2001 £000
<b>Turnover comprises:</b>		
Rugby income	843	629
Premier Rugby income	1,697	925
Corporate income	277	243
	<hr/>	<hr/>
	2,817	1,797
	<hr/>	<hr/>

The profit or loss on each of the above activities is not separately identifiable.

## 3. Loss on ordinary activities before taxation

	Year ended 30 June 2002 £000	Period ended 30 June 2001 £000
<b>Loss on ordinary activities before taxation is stated after charging:</b>		
Auditors' remuneration:		
Audit	8	6
Depreciation and other amounts written off tangible fixed assets	36	29
Operating lease rentals – Plant & Machinery	46	63
Operating lease rentals – Land & Buildings	166	103
	<hr/>	<hr/>

**NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30 JUNE 2002 (continued)**

**4. Remuneration of directors**

	Year ended 30 June 2002 £000	Year ended 30 June 2001 £000
Directors' emoluments	112	66

None of the directors who served during the period had any retirement benefits accruing

**5. Staff numbers and costs**

The average number of persons employed by the company (including directors) during the year, analysed by category, was as follows:

	Number of employees	
	2002	2001
Playing and coaching staff	47	58
Administration and other support staff	20	16
	67	74

The aggregate payroll costs of these persons were as follows:

	Year ended 30 June 2002 £000	Year ended 30 June 2001 £000
Wages and salaries	3,004	2,410
Social security costs	244	228
Other pension costs	68	44
	3,316	2,682

**6. Interest payable and similar charges**

	Year ended 30 June 2002 £000	Year ended 30 June 2001 £000
Finance charges	10	6

## NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30 JUNE 2002 (continued)

## 7. Interest receivable and similar income

	Year ended 30 June 2002 £000	Year ended 30 June 2001 £000
Interest receivable	-	7

## 8. Taxation

No provision for corporation tax has been made due to the losses incurred in the year. The company has losses of £3,400,000 available to carry forward subject to group relief.

## 9. Tangible fixed assets

	Computer Equipment £000	Fixtures & Fittings £000	Total £000
Cost at beginning of the year	44	75	119
Additions	13	46	59
At end of year	57	121	178
Depreciation at beginning of the year	19	13	32
Charge for year	18	18	36
At end of year	37	31	68
Net book value At 30 June 2002	20	90	110
Net book value At 30 June 2001	25	62	87

There are no assets held under finance leases or hire purchase agreements.

**BRISTOL RUGBY CLUB LIMITED****NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30 JUNE 2002 (continued)****10. Stocks**

	<b>2002</b>	<b>2001</b>
	<b>£000</b>	<b>£000</b>
Goods for resale	28	12

**11. Debtors**

	<b>2002</b>	<b>2001</b>
	<b>£000</b>	<b>£000</b>
Trade debtors	192	86
Amounts owed by group companies	-	16
Other debtors	80	129
Prepayments and accrued income	61	13
	<u>333</u>	<u>244</u>

**12. Creditors: amounts falling due within one year**

	<b>2002</b>	<b>2001</b>
	<b>£000</b>	<b>£000</b>
Bank loans and overdrafts	1,306	7,384
Trade creditors	443	202
Taxation and social security	95	79
Other creditors	68	9
Accruals and deferred income	585	404
Amounts owed to group companies	7,396	-
	<u>9,893</u>	<u>8,078</u>

The company's bankers have granted overdraft facilities to companies within The Johnsons Group Limited group of companies which are secured by a fixed and floating charge on the assets of the companies in the group. Subsequent to the year end, this company demerged from The Johnsons Group Limited group of companies. However the charge on the assets of the companies in the group has remained in place.

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30 JUNE 2002 (continued)

13. Provisions for liabilities and charges

	2002 Unprovided £000	2001 Unprovided £000
Accelerated capital allowances	6	6
Tax losses available	(6)	(6)
	<u>          </u>	<u>          </u>
	-	-
	<u>          </u>	<u>          </u>

14. Called up share capital

	2002 £	2001 £
Allotted, called up and fully paid 2 ordinary shares of £1 each	2	2
	<u>          </u>	<u>          </u>
Authorised 1,000 ordinary shares of £1 each	1,000	1,000
	<u>          </u>	<u>          </u>

15. Reserves

	Profit & Loss Account £000
Retained loss brought forward	(7,731)
Retained loss for the year taken to reserves	(1,691)
	<u>          </u>
Retained loss carried forward	(9,422)
	<u>          </u>

16. Commitments

Annual commitments under non-cancellable operating leases are as follows:

	Land and buildings £000	Other £000	Total £000
Operating leases which expire:			
Within one year	21	-	21
In the second to fifth years inclusive	140	46	186
Over five years	15	-	15
	<u>          </u>	<u>          </u>	<u>          </u>
	176	46	222
	<u>          </u>	<u>          </u>	<u>          </u>



# BRISTOL RUGBY CLUB LIMITED

## NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30 JUNE 2002 (continued)

### 17. Pension scheme

The pension cost charge for the period represents contributions payable by the company to the fund and amounted to £67,559 (2001 £43,666) and the balance owing at the year end to the fund was £4,591 (2001 £4,567).

### 18. Contingent liabilities

The assets of the company are subject to a fixed and floating charge as security for the bank loan and overdraft facilities of The Johnsons Group Limited group of companies. The group overdraft facility at 30 June 2002 granted by HSBC plc was £2,250,000 (2001 £1,500,000) and the amount utilised by the group was £3,018,553 (2001 £798,494). The company is named in an unlimited multilateral cross guarantee required by the group's bankers.

### 19. Ultimate parent company

As at the balance sheet date, the company was a subsidiary undertaking of The Johnsons Group Limited incorporated in the United Kingdom and registered in England and Wales.

The largest and smallest group in which the results of the company are consolidated is that headed by The Johnsons Group Limited. The consolidated accounts of the company are available to the public and may be obtained from Companies House, Cardiff or the registered office at James Street West, Green Park, Bath BA1 2BU.

### 20. Related party transactions

G Dunford is a director of The Memorial Stadium Company Limited which manages the Memorial Stadium. The fees payable to The Memorial Stadium Company Limited, all of which were incurred on an arms length basis, were £339,696 (2001 £302,043) and the balance owing at the year end was £112,295 (2001 £51,028).

A J Rushton acts as an independent company solicitor representing Withy King. The fees payable to Withy King, all of which were incurred on an arms length basis, were £60,514 (2001 – £16,482) and the balance owing at the year end was £28,157 (2001 – £940).

Mr J Rowell a director during the period was employed on a consultancy basis representing Turleigh Limited. The fees payable to Turleigh Limited in the year were £112,000 (2001 – £73,684) and the balance owing at the year end was £28,000 (2001 – £8,505). All fees were paid on an arms length basis in line with the consultancy contract.

### 21. Post Balance Sheet Events

On 4<sup>th</sup> September 2002 Bristol Rugby Club Ltd demerged from The Johnsons Group Ltd group of companies and its shares were acquired by Bristol Rugby plc. As part of this demerger process £1.5 million of the money due from Bristol Rugby Club Limited to The Johnsons Group Limited was formalised into a loan. The terms of this loan are that it carries interest at 1% above base rate and is repayable two years after 4<sup>th</sup> September 2002 on demand. It is secured by a fixed and floating charge on the assets of the company. The balance of the money due from Bristol Rugby Club Ltd to The Johnsons Group Ltd as at 4<sup>th</sup> September 2002 has been capitalised as part of the demerger process.

Subsequent to the year-end, Bristol Rugby Club has been relegated from the premier league. As a result of this there are various player and coaching staff contracts to be restructured. The directors are confident that the "parachute" payment to be received from the RFU as a result of the relegation will be more than sufficient to cover the cost of the contract settlements being negotiated. As a further consequence the company has recently had approaches from interested parties with a view to the acquisition of the entire share capital from the existing shareholders. The directors are considering their response.