

OSPREYS RUGBY LIMITED
REPORT OF THE DIRECTORS AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

Gerald Thomas
Chartered Accountants and Statutory Auditor
3 New Mill Court
Swansea Enterprise Park
Swansea
SA7 9FG

**CONTENTS OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020**

	Page
Company Information	1
Chairman's Report	2 to 3
Report of the Directors	4 to 5
Report of the Independent Auditors	6 to 8
Income Statement	9
Balance Sheet	10 to 11
Notes to the Financial Statements	12 to 20

OSPREYS RUGBY LIMITED

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

DIRECTORS: W R Blyth
C A Richards
A J Millward
M J James
J Davies-Yandle
D Tang

REGISTERED OFFICE: Liberty Stadium
Landore
Swansea
SA1 2FA

REGISTERED NUMBER: 04730479 (England and Wales)

SENIOR STATUTORY AUDITOR: Brian Garland

AUDITORS: Gerald Thomas
Chartered Accountants and Statutory Auditor
3 New Mill Court
Swansea Enterprise Park
Swansea
SA7 9FG

**CHAIRMAN'S REPORT
FOR THE YEAR ENDED 30 JUNE 2020**

At the time of writing last year's Chairman's Report, the world had changed radically with the arrival of the Covid pandemic. A year on and our society remains enormously challenged by the ongoing situation. So before discussing specific Osprey rugby and business matters, I would like to recognise and express my deep gratitude to everyone in the Ospreys Region whether associated directly with our club or more generally in our wider community, for the enormous efforts, dedication and sacrifices that have been made over the past year and which will continue to be made in the months ahead.

Despite these enormous challenges, there is now an increasing sense of optimism about the future. I am confident that as things recover and move towards the "new normal", our rugby club will prosper. We have real ambition and energy, as we build toward future success underpinned by our deep rooted community values. New and exciting opportunities will arise as professional rugby continues to evolve and I believe that the Ospreys are well positioned to take advantage and become a leading brand in the elite professional game.

As a club we just cannot afford to stand still, so very significantly, in May 2020, despite the complications and uncertainties associated with the pandemic, Y11 Sports & Media (Y11) committed to acquiring a controlling interest in Ospreys Rugby Limited. The Board and shareholders of Ospreys Rugby Limited fully supported this acquisition. Y11 is a company that has the experience and international networks necessary to realise the full potential of the Ospreys brand.

James Davies-Yandle, the founder and CEO of Y11, is a local Swansea man with a strong sporting background in the region and an understanding of the importance of community to the future of the Ospreys brand. Y11 is headquartered in the Far East from where it oversees its international sports businesses, however once Covid travel restrictions are eased, James will be a frequent presence in our region. As Chairman, I am delighted that Y11 are on board and looking to drive the Ospreys forward to the next level. The directors and advisors for the Ospreys in place prior to Y11's involvement, have agreed at Y11's request, to continue for the foreseeable future and we are all actively working together to support Y11 and the Ospreys management team as we move forward. With this in mind, a number of key appointments have been made to further strengthen our senior management team.

Nick Garcia was selected from a high quality group of potential candidates to become CEO of the Ospreys from April 2021. I am delighted that Nick has accepted the position of CEO, having previously held senior positions at The City Football Group (owners of Manchester City FC and other international sporting franchises), and until recently Nick has been CEO of Al Jazira FC, an elite professional football club based in Abu Dhabi. Following Nick's appointment Andrew Millward has taken on the key role of Chief Operating Officer for the business. Andrew will oversee day to day operations, and use all his rugby business knowledge and experience working closely with Nick.

I reported last year, that Toby Booth had been appointed as Head Coach from July 2020. We all accept that 2019/20 was a poor season on the pitch for the Ospreys and below the standards to which our club and our stakeholders aspire. This season under Toby's direction, results and performances on the pitch have improved significantly, although it continues to be "work in progress" and injuries and ongoing conflicts with international fixtures will provide their own challenges for the remainder of this disrupted season. Toby has since his arrival wasted no time in making key appointments to strengthen his coaching team further and shaping the playing squad for the future. Mike Ruddock is now well established in his role as Development Director, overseeing the hugely important development pathways for rugby. We all recognise that Identifying, nurturing and developing young local talent through to professional and international level is critical to our future success.

**CHAIRMAN'S REPORT
FOR THE YEAR ENDED 30 JUNE 2020**

Inevitably the suspension of rugby during the months of February 2020 through to the year end, had a significant adverse impact on commercial revenues and therefore the overall financial performance for the year. Ospreys Rugby Limited made a loss of £511,134 for the year to 30 June 2020. I am confident that the underlying financial governance for the business is strong, but although government furlough schemes did help to some extent offset staff costs, it was ultimately a challenging period financially, with all commercial revenues, including, ticketing hospitality and merchandising suffering in the latter part of the year. Subsequent to the year end, all delayed matches relating to 2019/20 season and all matches for the current season including internationals, have been played behind closed doors which has further compounded the financial challenges faced by the Ospreys and most other professional rugby clubs.

Unfortunately, as an ongoing consequence of the pandemic, the annual agreed funding due from WRU to the four professional regions in Wales for 2020/21 has been very significantly reduced, which has led to the Regions collectively having to take out long term loans from WRU of £20M in order to pay salaries and survive. The Ospreys loan is for £5M. Under current arrangements these loans are repayable over five years which in itself would be a major challenge. However I am delighted that the Welsh Government, the WRU and the Regions have recently been working closely and constructively together to put a package of grants and other measures in place that would enable the Regions to emerge from the pandemic on a firmer footing. I am confident that if these measures are put in place, the Ospreys we will be able to sustain in the short term and thrive commercially in the years ahead.

I want to conclude on a really important matter, that of player welfare. At the core of our game are the players. Since professionalism, players have become bigger, faster and stronger and are therefore subject to more intense collisions with the potential for concussive injury. It is critical that Rugby as a sport, takes positive steps to search for, develop and understand how best to look after player wellbeing during their playing days. This is a complex and rapidly evolving issue that is increasingly under public scrutiny. At the Ospreys we recognise that it has to be a top priority and we are actively working with a number of organisations to further develop our insight and understanding of how this issue can be properly addressed at our club going forward.

It is a very exciting time to be part of the Ospreys. Of course there are huge challenges ahead, but I believe that despite the impact of the pandemic, we have made great strides over the past year. We have not allowed 'the grass to grow under feet' during this difficult period. We have taken important, sometimes difficult decisions and as a result we are genuinely optimistic about the future. I look forward to the day very soon when we can all meet at the Liberty Stadium and once again enjoy the social experience of live professional rugby in our Region.

Rob Davies
Chairman

**REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 30 JUNE 2020**

The directors present their report with the financial statements of the company for the year ended 30 June 2020.

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of the operation of a professional rugby regional team, together with associated activities.

EVENTS SINCE THE END OF THE YEAR

Information relating to events since the end of the year is given in the notes to the financial statements.

DIRECTORS

The directors shown below have held office during the whole of the period from 1 July 2019 to the date of this report.

W R Blyth
C A Richards
A J Millward
M J James

Other changes in directors holding office are as follows:

J Davies-Yandle - appointed 1 May 2020
D Tang - appointed 1 May 2020

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Annual 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), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

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

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

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

**REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 30 JUNE 2020**

This report has been prepared in accordance with the provisions of Part 15 of the Companies Act 2006 relating to small companies.

ON BEHALF OF THE BOARD:

A J Millward - Director

26 March 2021

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF OSPREYS RUGBY LIMITED

Opinion

We have audited the financial statements of Ospreys Rugby Limited (the 'company') for the year ended 30 June 2020 which comprise the Income Statement, Balance Sheet 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 Financial Reporting Standard 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 Auditors' 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 directors are responsible for the other information. The other information comprises the information in the Annual Report, but does not include the financial statements and our Report of the Auditors thereon.

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 the audit:

- the information given in the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Report of the Directors has been prepared in accordance with applicable legal requirements.

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF OSPREYS RUGBY LIMITED

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 Report of the Directors.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemption from the requirement to prepare a Strategic Report or in preparing the Report of the Directors.

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities set out on page four, 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 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.

Auditors' 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 a Report of the Auditors 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 www.frc.org.uk/auditorsresponsibilities. This description forms part of our Report of the Auditors.

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF OSPREYS RUGBY LIMITED

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 a Report of the Auditors 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.

Brian Garland (Senior Statutory Auditor)
for and on behalf of Gerald Thomas
Chartered Accountants and Statutory Auditor
3 New Mill Court
Swansea Enterprise Park
Swansea
SA7 9FG

26 March 2021

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

	Notes	2020 £	2019 £
TURNOVER		10,090,478	10,957,735
Cost of sales		<u>9,316,099</u>	<u>9,467,585</u>
GROSS PROFIT		774,379	1,490,150
Administrative expenses		<u>2,059,977</u>	<u>1,765,001</u>
		(1,285,598)	(274,851)
Other operating income		<u>625,561</u>	<u>31,305</u>
OPERATING LOSS		(660,037)	(243,546)
Exceptional item	5	<u>59,747</u>	<u>143,711</u>
		(719,784)	(387,257)
Interest payable and similar expenses		<u>76,011</u>	<u>93,467</u>
LOSS BEFORE TAXATION		(795,795)	(480,724)
Tax on loss		<u>(284,561)</u>	<u>(329,891)</u>
LOSS FOR THE FINANCIAL YEAR		<u>(511,234)</u>	<u>(150,833)</u>

BALANCE SHEET
30 JUNE 2020

		2020	2019
	Notes	£	£
FIXED ASSETS			
Tangible assets	6	164,343	151,999
Investments	7	<u>151</u>	<u>251</u>
		164,494	152,250
CURRENT ASSETS			
Stocks		97,608	119,963
Debtors	8	611,026	890,927
Cash at bank and in hand		<u>850,344</u>	<u>194</u>
		1,558,978	1,011,084
CREDITORS			
Amounts falling due within one year	9	<u>3,203,993</u>	<u>2,763,368</u>
NET CURRENT LIABILITIES		<u>(1,645,015)</u>	<u>(1,752,284)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		(1,480,521)	(1,600,034)
CREDITORS			
Amounts falling due after more than one year	10	(447,507)	(571,305)
ACCRUALS AND DEFERRED INCOME		<u>(188,490)</u>	<u>(683,945)</u>
NET LIABILITIES		<u>(2,116,518)</u>	<u>(2,855,284)</u>
CAPITAL AND RESERVES			
Called up share capital	13	2,185,397	1,891,279
Share premium		514,706	308,824
Capital contribution reserve	14	1,450,000	700,000
Retained earnings		<u>(6,266,621)</u>	<u>(5,755,387)</u>
SHAREHOLDERS' FUNDS		<u>(2,116,518)</u>	<u>(2,855,284)</u>

The notes form part of these financial statements

BALANCE SHEET - continued
30 JUNE 2020

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

The financial statements were approved by the Board of Directors and authorised for issue on 26 March 2021 and were signed on its behalf by:

A J Millward - Director

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020**

1. STATUTORY INFORMATION

Ospreys Rugby Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

The presentation currency of the financial statements is the Pound Sterling (£).

2. STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" including the provisions of Section 1A "Small Entities" and the Companies Act 2006.

3. ACCOUNTING POLICIES

Basis of preparing the financial statements

The financial statements have been prepared under the historical cost convention.

Significant judgements and estimates

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amounts 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 which 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 if the revision only affects that period or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the critical judgements that the directors have made in the process of applying the company's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

Provisions and contingent liabilities

Provisions are recognised when the company has a present obligation as a result of a past event and a reliable estimate can be made of a probable adverse outcome. Otherwise, material contingent liabilities are disclosed unless the transfer of economic benefits is remote. Contingent assets are only disclosed if an inflow of economic benefits is probable.

Impairment of assets

Assets are assessed for indicators of impairment at each balance sheet date. If there is objective evidence of impairment, an impairment loss is recognised in the income statement.

Exceptional items

Where the company incurs costs or is entitled to income which the directors consider are either outside the scope of normal operating activities or unusually material to the accounts in terms of size or incidence, then such amounts are classified as exceptional items and disclosed separately on the face of the income statement and described further in a separate note to the accounts.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 30 JUNE 2020

3. ACCOUNTING POLICIES - continued

Turnover

Turnover is the amount derived from ordinary activities and stated after trade discounts, other sales taxes and net of VAT. Revenue in relation to the provision of services is recognised evenly over the period to which it relates. Revenue in relation to the sale of goods is recognised when the goods are despatched. Revenue in relation to player transfers is recognised on the transfer date.

Contra arrangements

Where arrangements are entered into to provide services in exchange for goods or services from the same party, the company recognises the income and related expenditure, where a commercial value can be attached to the transaction. Where services are exchanged for similar services, such as advertising, no income nor expenditure is recognised.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off the cost less estimated residual value of each asset over its estimated useful life.

Land and buildings	- 15% on cost and 10% on cost
Plant and machinery etc	- 33% on cost

Stocks

Stocks are stated at the lower of cost and net realisable value. Cost includes purchase price less discounts where applicable. Net realisable value is based on estimated selling price. Provision is made for obsolete and slow moving items where appropriate.

Joint ventures

Entities in which the company holds an interest and which are jointly controlled by the company and one or more other venturers under a contractual agreement are treated as joint ventures. Investments in joint ventures are stated at cost less impairment.

Equity instruments

Equity instruments issued by the company are recorded at the fair value of cash or other resources received or receivable, net of direct issue costs.

Financial instruments

Financial assets and financial liabilities are recognised when the company becomes a party to the contractual provisions of the instrument.

Financial assets and 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.

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a finance transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 30 JUNE 2020

3. ACCOUNTING POLICIES - continued

Financial assets and liabilities - continued

Debt instruments that are classified as payable or receivable within one year are measured at the undiscounted amount of the cash or other consideration expected to be paid or received, net of impairment.

Financial assets are derecognised when and only when the contractual rights to the cash flows from the financial asset expire or are settled, the company transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or the company, despite having retained some significant risks and rewards of ownership, has transferred control of the asset to another party and the other party has the practical ability to sell the asset in its entirety to an unrelated third party and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer.

Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

Taxation

Taxation for the year comprises current and deferred tax. Tax is recognised in the Income Statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current Tax

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

Pension costs and other post-retirement benefits

The company operates a defined contribution scheme for its employees. The amount charged to the profit and loss account in respect of pension contributions and other post retirement benefits is the contributions payable in the year. Differences between contributions payable in the year and those actually paid are shown as either accruals or prepayments at the balance sheet date.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 30 JUNE 2020

3. ACCOUNTING POLICIES - continued

Operating leases

Rentals paid under operating leases are charged to the profit and loss account on a straight line basis over the period of the lease.

Going concern

The directors recognise that there are significant uncertainties in relation to going concern as the company's activities continue to be adversely impacted by the pandemic.

There has been a substantial decrease in the level of core income for the 2020/21 season, due to the impact of the pandemic on the finances of the WRU. In addition the continued lack of crowds at matches has led to reduced ticketing and commercial income.

In response to the falling levels of turnover, the company has sought to reduce costs and conserve cash reserves, and has utilised the support available from the Welsh Government such as the furlough scheme.

Subsequent to the balance sheet date the company secured a loan of £5m from the WRU to cover the shortfall in core income.

In addition, the Welsh Government has recently agreed to provide grant funding of £13.5m to Welsh rugby in response to the economic impact of the pandemic. The funding is to be split equally between the WRU and the four regions, and the Ospreys are expecting to receive their £2.7m share of the grant before the end of March 2021.

The company is 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 have reviewed the current financial position and likely future cash flows and have a reasonable expectation that the company will have sufficient resources to operate for a period of at least twelve months from the approval of the accounts. Accordingly they continue to adopt the going concern basis of preparation.

Government grants

Government grants are recognised as assets at such time that there is reasonable assurance that the company will comply with the conditions attached to the grant and that the grant will be received.

Grants are measured at the fair value of the asset receivable.

Grants are recognised as income once any performance related conditions are met. Where grants are received in advance of the revenue recognition criteria being met, they are recognised as deferred income.

4. EMPLOYEES AND DIRECTORS

The average number of employees during the year was 129 (2019 - 114).

5. EXCEPTIONAL ITEMS

	2020	2019
	£	£
Exceptional item	<u>(59,747)</u>	<u>(143,711)</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 30 JUNE 2020

During the year the company provided against £59,747 (2019 - £143,711) in relation to balances due from related parties.

6. TANGIBLE FIXED ASSETS

	Land and buildings £	Plant and machinery etc £	Totals £
COST			
At 1 July 2019	68,523	374,079	442,602
Additions	37,146	10,352	47,498
At 30 June 2020	<u>105,669</u>	<u>384,431</u>	<u>490,100</u>
DEPRECIATION			
At 1 July 2019	46,857	243,746	290,603
Charge for year	4,392	30,762	35,154
At 30 June 2020	<u>51,249</u>	<u>274,508</u>	<u>325,757</u>
NET BOOK VALUE			
At 30 June 2020	<u>54,420</u>	<u>109,923</u>	<u>164,343</u>
At 30 June 2019	<u>21,666</u>	<u>130,333</u>	<u>151,999</u>

7. FIXED ASSET INVESTMENTS

	Interest in joint venture £
COST	
At 1 July 2019	251
Disposals	(100)
At 30 June 2020	<u>151</u>
NET BOOK VALUE	
At 30 June 2020	<u>151</u>
At 30 June 2019	<u>251</u>

During the year the company has disposed of 100% of its shareholding in Bridgend Ravens Rugby Club Limited.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 30 JUNE 2020

8. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2020	2019
	£	£
Trade debtors	226,253	244,877
Other debtors	384,773	646,050
	<u>611,026</u>	<u>890,927</u>

9. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2020	2019
	£	£
Bank loans and overdrafts	-	631,595
Hire purchase contracts	7,481	6,618
Trade creditors	355,911	861,898
Taxation and social security	1,884,597	968,105
Other creditors	956,004	295,152
	<u>3,203,993</u>	<u>2,763,368</u>

10. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2020	2019
	£	£
Hire purchase contracts	1,366	8,805
Other creditors	446,141	562,500
	<u>447,507</u>	<u>571,305</u>

Amounts falling due in more than five years:

Repayable by instalments		
Other loans	<u>-</u>	<u>112,500</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 30 JUNE 2020
11. SECURED DEBTS

The following secured debts are included within creditors:

	2020	2019
	£	£
Bank overdraft	-	631,595
Hire purchase contracts	8,847	15,423
Other loans	1,039,555	671,141
	<u>1,048,402</u>	<u>1,318,159</u>

Other loans and the bank overdraft are secured by:

- (1) Guarantees provided by the company's directors;
- (2) A debenture over the assets of the company;
- (3) A cross company guarantee with Llandarcy Limited.

Hire purchase liabilities are secured upon the assets to which they relate.

12. FINANCIAL INSTRUMENTS

The company has received loans which are not subject to interest. Adjustments have been made to reflect the fair value of these loans based on the estimated rate of interest that would be expected to be charged if the loans were on commercial terms.

The amount of notional interest charged to the income statement during the year in respect of loans owed by the company is £nil (2019 - £26,134).

13. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	2020	2019
			£	£
1,450,102	Ordinary	£1	1,450,102	1,450,102
7,352,941	A Ordinary	10p	735,295	441,177
			<u>2,185,397</u>	<u>1,891,279</u>

2,941,176 A Ordinary shares of 10p each were allotted as fully paid at a premium of 0.07 per share during the year.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 30 JUNE 2020

14. RESERVES

	Capital contribution reserve £
At 1 July 2019	700,000
Parent company loan	<u>750,000</u>
At 30 June 2020	<u>1,450,000</u>

The transfer to the capital contribution reserve is a fair value adjustment in relation to a loan received from the parent company during the year. The loan is not expected to be repaid.

15. CAPITAL COMMITMENTS

	2020 £	2019 £
Contracted but not provided for in the financial statements	<u>25,399</u>	<u>-</u>

The commitment relates to property improvements in progress at the balance sheet date.

16. OTHER FINANCIAL COMMITMENTS

The company has commitments in relation to non cancellable operating lease payments totalling £5,779,308 (2019 - £6,027,088). The operating leases are in relation to land and buildings.

17. RELATED PARTY DISCLOSURES

The company has taken advantage of exemption, under the terms of Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', not to disclose related party transactions with wholly owned companies within the group.

During the year the company received loans from directors amounting to £250,000 (2019 - £nil), and loans from shareholders amounting to £250,000 (2019 - £nil). These loans were exchanged for shares as described in note 13.

During the year the company advanced loans totalling £31,714 to a company which held a participating interest in Ospreys Rugby Limited. The amounts were written off during the year, and are included in the amounts disclosed per note 5.

A director has provided a personal guarantee in relation to a company loans as shown in note 11.

The key management personnel of the company are its directors, the directors received remuneration during the year totalling £97,004 (2019 - £110,000).

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 30 JUNE 2020

18. POST BALANCE SHEET EVENTS

Subsequent to the balance sheet date the company secured a loan of £5m from the WRU to cover the shortfall in core income in relation to the 20/21 season.

In addition the Welsh Assembly Government announced that it will be providing a grant of £13.5m to the WRU in response to the impact of the pandemic on Welsh rugby. The grant is expected to be distributed equally, with the WRU and each region receiving £2.7m.

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