

OSPREYS RUGBY LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

OSPREYS RUGBY LIMITED

COMPANY INFORMATION

Directors	William Roger Blyth James Davies-Yandle Robert Davies Nicolas Anglo-Morneau Donald Tang (resigned 11 January 2023) Nicholas Garcia (resigned 6 January 2023)
Registered number	04730479
Registered office	Swansea.Com Stadium Landore Swansea Wales SA1 2FA
Independent auditors	MHA Chartered Accountants and Statutory Auditor MHA House, Charter Court Swansea Enterprise Park Swansea SA7 9FS

CONTENTS

	Page
Strategic Report	1 - 2
Directors' Report	3 - 5
Independent Auditors' Report	6 - 9
Statement of Comprehensive Income	10
Balance Sheet	11
Statement of Changes in Equity	12 - 13
Statement of Cash Flows	14
Analysis of Net Debt	15
Notes to the Financial Statements	16 - 30

**STRATEGIC REPORT
FOR THE YEAR ENDED 30 JUNE 2023**

Introduction

The directors present the strategic report for the year ended 30 June 2023.

Business review

The 2022/2023 season provided positives and negatives, both on and off the field.

On the field, the team performed valiantly, but endured a difficult start to the season with one victory, two draws, and four defeats in our opening seven games, which included a number of narrow one score defeats.

In Europe, the Ospreys had qualified for the Champions Cup as a result of winning the Welsh Shield in the 2022 season. Having been drawn against the reigning champions of England and France in Leicester Tigers and Montpellier, the squad provided inspired performances, beating Montpellier home and away and beating Leicester away in dramatic fashion, scoring a converted try with the clock in red to win by one point.

The results in the group stage of the Champions Cup meant the Ospreys qualified for the knockout stages of the Champions Cup, the round of 16. This culminated in an away trip to Saracens where the team performed admirably, but were eventually defeated 35-20.

A successful festive derby period produced wins on Boxing Day and New Year's Day; unfortunately we were unable to build on the momentum in the league season, with the club finishing 13th in the URC and qualifying for the European Challenge Cup in 2023/2024.

During the season, the club provided 18 players to the Wales Senior Men's team as well as 9 players to the Wales Men's U20's team. The club continues to invest resources in its academy programme in order to develop a strong pathway for our young players to develop and progress in to the first team.

The 2022/2023 season saw Alun Wyn Jones play his last game for the Ospreys. We would like to thank him for his service to the club over the last 17 years. We would also like to congratulate Rhys Webb on making his 200th appearance for the club during the season, as well as both Tom Botha and Gareth Thomas for making their 100th appearances.

Looking ahead to 2023/2024 season, we have retained key players that will form the foundation of the team moving forward such as Jac Morgan, Dewi Lake, Keiran Williams and Owen Williams.

Off the field, a new professional rugby agreement was signed between the Regions and the Welsh Rugby Union in March 2023 which included a 6 year funding framework. This enables us to have more certainty and visibility over funding and cash flows. With reduced budgets, the upcoming seasons are set to be challenging albeit we hope that the new PRA will provide the basis for the long term survival of professional rugby in Wales.

STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2023

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 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.

Financial key performance indicators

	2022/23	2021/22
	£	£
WRU income	6,955,705	6,995,519
Competition income	2,308,750	2,800,000
Net (loss)/profit	(2,152,035)	(1,183,844)

Other key performance indicators

The business also monitors its performance through a number of non-financial KPIs including:

- URC league position
- Performance in European competition
- Match attendances
- Fan engagement
- Social media impressions

This report was approved by the board on 27 March 2024 and signed on its behalf.

Nicolas Angio-Morneau
Director

**DIRECTORS' REPORT
FOR THE YEAR ENDED 30 JUNE 2023**

The directors present their report and the financial statements for the year ended 30 June 2023.

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.

Results and dividends

The loss for the year, after taxation, amounted to £2,152,035 (2022 - loss £1,183,844).

The directors do not recommend the payment of a dividend (2022: £nil).

Directors

The directors who served during the year were:

William Roger Blyth
James Davies-Yandle
Robert Davies
Nicolas Angio-Morneau
Donald Tang (resigned 11 January 2023)
Nicholas Garcia (resigned 6 January 2023)

Going concern

At the year ended 30 June 2023, the Company suffered a loss of £2,152,035 (2022: £1,183,844) and a net current liability position of £155,997 (2022: £469,172). The Company remains reliant upon the support of the WRU, its various funders and the ongoing support and goodwill of fans, commercial sponsors, Directors & shareholders. The Directors have reviewed the current financial position and projected future cashflows and have a reasonable expectation that the company will have sufficient resources to operate for a period of at least 12 months from the approval of the accounts, due to the continued support of its investors. On this basis, the accounts are prepared on a going concern basis.

Matters covered in the strategic report

Included in the company's strategic report is a review of the business and a description of the principal risks and uncertainties facing the company.

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2023**

Directors' responsibilities statement

The directors are responsible for preparing the Strategic Report, 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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), 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 for the Company's financial statements 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 to 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.

Disclosure of information to auditors

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Post balance sheet events

There have been no significant events affecting the Company since the year end.

Auditors

Following a rebranding exercise on 15 May 2023, the trading name of the company's independent auditor changed from MHA MacIntyre Hudson to MHA.

The auditors, MHA, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2023

This report was approved by the board on 27 March 2024 and signed on its behalf.

Nicolas Angio-Morneau
Director

INDEPENDENT AUDITORS' REPORT 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 2023 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 2023 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

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF OSPREYS RUGBY LIMITED (CONTINUED)

Other information

The directors are responsible for the other information. The other information comprises the information in the Annual Report other than 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 this gives rise to a material misstatement in the financial statements themselves. 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 Strategic Report and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and Directors' Report have been prepared in accordance with applicable legal requirements.

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 or the Directors' Report.

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

- adequate accounting records have not been kept, 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 Statement of Directors' Responsibilities set out on page 3, 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF OSPREYS RUGBY LIMITED (CONTINUED)

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- Enquiry of management and those charged with governance around actual, potential or suspected litigation, claims, non-compliance with applicable laws and regulations and fraud.
- Review of legal and professional fees for evidence of legal work undertaken or fines/penalties incurred.
- Reviewing of financial statements disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations.
- Discussions amongst the engagement team in relation to how and where fraud might occur in the financial statements and any potential indicators of fraud;
- Discussions with management over any potential or suspected fraud.
- Performing audit work over the risk of management override, including testing of journal entries and other adjustments for appropriateness;
- Evaluating the business rationale of significant transactions outside the normal course of business; and
- Checking that those who post journals are authorised to do so.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF OSPREYS RUGBY LIMITED (CONTINUED)

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.

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 BA ACA (Senior Statutory Auditor)

for and on behalf of

MHA Chartered Accountants and Statutory Auditor

Swansea

United Kingdom

27 March 2024

MHA is the trading name of MacIntyre Hudson LLP, a limited liability partnership in England and Wales (registered number OC312313)

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2023**

	Note	2023 £	2022 £
Turnover	4	11,594,582	11,495,318
Cost of sales		(10,975,963)	(10,551,931)
Gross profit		618,619	943,387
Administrative expenses		(3,027,064)	(2,740,163)
Other operating income	5	500,992	846,732
Operating loss		(1,907,453)	(950,044)
Interest payable and similar expenses	9	(395,218)	(348,137)
Loss before tax		(2,302,671)	(1,298,181)
Tax on loss	10	150,636	114,337
Loss for the financial year		<u>(2,152,035)</u>	<u>(1,183,844)</u>
Total comprehensive income for the year		<u>(2,152,035)</u>	<u>(1,183,844)</u>

The notes on pages 16 to 30 form part of these financial statements.

BALANCE SHEET
AS AT 30 JUNE 2023

	Note	2023 £	2022 £
Fixed assets			
Tangible assets	11	242,306	287,814
Investments	12	1	1
		<u>242,307</u>	<u>287,815</u>
Current assets			
Stocks	13	42,414	129,644
Debtors: amounts falling due within one year	14	703,554	733,811
Cash at bank and in hand	15	1,572,784	855,424
		<u>2,318,752</u>	<u>1,718,879</u>
Creditors: amounts falling due within one year	16	(2,474,749)	(2,188,051)
Net current liabilities		<u>(155,997)</u>	<u>(469,172)</u>
Total assets less current liabilities		<u>86,310</u>	<u>(181,357)</u>
Creditors: amounts falling due after more than one year	17	(3,292,638)	(4,008,754)
Accruals and deferred income		(1,541,735)	(430,867)
Net liabilities		<u>(4,748,063)</u>	<u>(4,620,978)</u>
Capital and reserves			
Called up share capital		2,185,396	2,185,396
Share premium account	22	514,706	514,706
Other reserves	22	4,824,900	2,799,950
Profit and loss account	22	(12,273,065)	(10,121,030)
		<u>(4,748,063)</u>	<u>(4,620,978)</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 27 March 2024.

Nicolas Angio-Morneau
Director

The notes on pages 16 to 30 form part of these financial statements.

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2023**

	Called up share capital £	Share premium account £	Other reserves £	Profit and loss account £	Total equity £
At 1 July 2022	2,185,396	514,706	2,799,950	(10,121,030)	(4,620,978)
Comprehensive income for the year					
Loss for the year	-	-	-	(2,152,035)	(2,152,035)
Total comprehensive income for the year	-	-	-	(2,152,035)	(2,152,035)
Contributions by and distributions to owners					
Capital contribution	-	-	2,024,950	-	2,024,950
Total transactions with owners	-	-	2,024,950	-	2,024,950
At 30 June 2023	2,185,396	514,706	4,824,900	(12,273,065)	(4,748,063)

The notes on pages 16 to 30 form part of these financial statements.

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2022**

	Called up share capital £	Share premium account £	Other reserves £	Profit and loss account £	Total equity £
At 1 July 2021	2,185,396	514,706	1,800,000	(8,937,186)	(4,437,084)
Comprehensive income for the year					
Loss for the year	-	-	-	(1,183,844)	(1,183,844)
Total comprehensive income for the year	-	-	-	(1,183,844)	(1,183,844)
Contributions by and distributions to owners					
Capital contribution	-	-	999,950	-	999,950
Total transactions with owners	-	-	999,950	-	999,950
At 30 June 2022	2,185,396	514,706	2,799,950	(10,121,030)	(4,620,978)

The notes on pages 16 to 30 form part of these financial statements.

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2023**

	2023 £	2022 £
Cash flows from operating activities		
Loss for the financial year	(2,152,035)	(1,183,844)
Adjustments for:		
Depreciation of tangible assets	78,028	69,061
Loss on disposal of tangible assets	-	(150)
Interest charged	243,068	104,757
Taxation credit	(150,636)	(114,337)
Decrease/(increase) in stocks	87,230	(71,258)
Decrease in debtors	180,893	39,106
Increase/(decrease) in creditors	1,393,225	(122,193)
Net fair value (gains) recognised in P&L	(334,842)	(594,110)
Net cash generated from operating activities	(655,069)	(1,872,968)
Cash flows from investing activities		
Purchase of tangible fixed assets	(32,519)	(196,397)
Sale of tangible fixed assets	-	3,840
Net cash from investing activities	(32,519)	(192,557)
Cash flows from financing activities		
Repayment of loans	(376,935)	(270,120)
Repayment of/new finance leases	-	(1,445)
Interest paid	(243,068)	(104,757)
Capital contribution	2,024,950	999,950
Net cash used in financing activities	1,404,947	623,628
Net increase/(decrease) in cash and cash equivalents	717,359	(1,441,897)
Cash and cash equivalents at beginning of year	855,423	2,297,320
Cash and cash equivalents at the end of year	1,572,782	855,423
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	1,572,782	855,423
	1,572,782	855,423

The notes on pages 16 to 30 form part of these financial statements.

**ANALYSIS OF NET DEBT
FOR THE YEAR ENDED 30 JUNE 2023**

	At 1 July 2022	Cash flows	Other non-cash changes	At 30 June 2023
	£	£	£	£
Cash at bank and in hand	855,423	717,359	-	1,572,782
Debt due after 1 year	(4,008,754)	381,274	334,842	(3,292,638)
Debt due within 1 year	(230,209)	(4,339)	-	(234,548)
Finance leases	(2,690)	1,226	-	(1,464)
	<u>(3,386,230)</u>	<u>1,095,520</u>	<u>334,842</u>	<u>(1,955,868)</u>

The notes on pages 16 to 30 form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023**

1. General 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 and the Companies Act 2006.

3. Accounting policies

3.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The 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 following principal accounting policies have been applied:

3.2 Judgements in applying accounting policies 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 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 effects 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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023**

3. Accounting policies (continued)

3.3 Going concern

The financial position of the Company and its liquidity position is set out in the financial statements. Like many other businesses in the sector, the Company has been through a period of unprecedented challenges over recent years along with the cost of living crisis more recently. Match day crowds have remained low as a direct result of many customers reluctant to risk physical attendance on top of increased inflation rates hitting disposable income of supporters and corporate spending budgets. However, the newly introduced Project Light scheme will increase income in FY24 which will aid cashflow and performance to mitigate the impact of potential loss of income.

At the year ended 30 June 2023, the Company suffered a loss of £2,152,035 (2022: £1,183,844) and a net current liability position of £155,997 (2022: £469,172). The Company remains reliant upon the support of the WRU, its various funders and the ongoing support and goodwill of fans, commercial sponsors, Directors & shareholders. The Directors have reviewed the current financial position and projected future cashflows and have a reasonable expectation that the company will have sufficient resources to operate for a period of at least 12 months from the approval of the accounts, due to the continued support of its investors. On this basis, the accounts are prepared on a going concern basis.

3.4 Turnover

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

3.5 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023**

3. Accounting policies (continued)

3.5 Tangible fixed assets (continued)

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

Depreciation is provided on the following basis:

Freehold property	- Straight Line basis at 10% and 15%
Plant and machinery	- Straight Line basis at various rates between 12.5% and 33%

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

3.6 Borrowing costs

All borrowing costs are recognised in profit or loss in the year in which they are incurred.

3.7 Stock

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.

At each balance sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

3.8 Joint Ventures

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

3.9 Equity Instruments

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

3. Accounting policies (continued)

3.10 Financial Instruments

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

Financial assets & 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 the fair value (normally 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 the future payments discounted at a market rate of interest for a similar debt instrument.

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 the risks and rewards of the ownership of the financial asset, or 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 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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023**

3. Accounting policies (continued)

3.11 Taxation

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

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 period 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.

3.12 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Statement of Comprehensive Income within 'finance income or costs'. All other foreign exchange gains and losses are presented in profit or loss within 'other operating income'.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

3. Accounting policies (continued)

3.13 Hire purchase and leasing commitments

Assets obtained under hire purchase contracts or finance leases are capitalised in the balance sheet. Those held under hire purchase contracts are depreciated over their useful lives. Those held under finance leases are depreciated over their estimated useful lives or lease term, whichever is shorter.

The interest element of these obligations is charged to the income statement over the relevant period. The capital element of the future payments is treated as a liability.

Rentals paid under operating leases are charged to the income statement on a straight line basis over the period of the lease.

3.14 Government grants

Government grants are recognised as assets at such time that there is a 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. Turnover

	2023 £	2022 £
WRU receipts	6,955,705	6,910,586
Competition income	2,308,750	2,800,000
Sponsorship	1,009,403	876,407
Gate receipts	616,989	420,422
Other income	703,735	487,903
	<u>11,594,582</u>	<u>11,495,318</u>

All turnover arose within the United Kingdom.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023**

5. Other operating income

	2023 £	2022 £
Other operating income	500,992	837,490
Government grants receivable	-	9,242
	<u>500,992</u>	<u>846,732</u>

6. Auditors' remuneration

During the year, the Company obtained the following services from the Company's auditors:

	2023 £	2022 £
Fees payable to the Company's auditors for the audit of the Company's financial statements	13,600	12,400
Fees payable for non audit services - tax compliance	1,200	1,100
Fees payable for non audit services - other	<u>1,100</u>	<u>500</u>

7. Employees

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

	2023 £	2022 £
Wages and salaries	8,751,779	8,195,873
Social security costs	1,012,321	884,816
Cost of defined contribution scheme	109,065	103,443
	<u>9,873,165</u>	<u>9,184,132</u>

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

	2023 No.	2022 No.
Coaching and playing staff	104	100
Operations and administrative staff	27	21
	<u>131</u>	<u>121</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

8. Directors' remuneration

	2023 £	2022 £
Directors' emoluments	55,000	79,235
Company contributions to defined contribution pension schemes	660	550
	<u>55,660</u>	<u>79,785</u>

During the year retirement benefits were accruing to 1 director (2022 - 1) in respect of defined contribution pension schemes.

9. Interest payable and similar expenses

	2023 £	2022 £
Other loan interest payable	243,068	104,757
Other interest payable	152,150	243,380
	<u>395,218</u>	<u>348,137</u>

10. Taxation

	2023 £	2022 £
Corporation tax		
Current tax on profits for the year	(150,636)	(114,337)
	<u>(150,636)</u>	<u>(114,337)</u>
Total current tax	<u>(150,636)</u>	<u>(114,337)</u>
Deferred tax		
Total deferred tax	<u>-</u>	<u>-</u>
Tax on loss	<u>(150,636)</u>	<u>(114,337)</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

10. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2022 - lower than) the standard rate of corporation tax in the UK of 20.5% (2022 - 19%). The differences are explained below:

	2023 £	2022 £
Loss on ordinary activities before tax	<u>(2,302,671)</u>	<u>(1,298,181)</u>
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 20.5% (2022 - 19%)	(569,336)	(246,721)
Effects of:		
Fixed asset differences	6,497	(1,781)
Expenses not deductible for tax purposes	32,930	26
Remeasurement of deferred tax for changes in tax rates	(919,054)	-
Movement in deferred tax not recognised	1,448,963	173,858
R&D enhanced deduction	-	(97,002)
Loss surrendered for tax credit	-	171,620
Research and development credit	(150,636)	(114,337)
Total tax credit for the year	<u>(150,636)</u>	<u>(114,337)</u>

There is an unprovided deferred tax asset at 30 June 2023 of £3.89m (2022: £2.56m) which relates to fixed asset timing differences and losses carried forward. This deferred tax asset has not been recognised as there is uncertainty as to its recoverability.

An increase in the UK Corporation Tax rate for profits arising on or after 1 April 2023 as set out in the Finance Bill 2021 was substantively enacted on 24 May 2021. The calculation of the unrecognised deferred tax asset as at 30 June 2023 reflects this rate.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

11. Tangible fixed assets

	Short-term leasehold property £	Plant and machinery £	Fixtures and fittings £	Computer equipment £	Total £
Cost or valuation					
At 1 July 2022	43,907	314,326	53,679	95,365	507,277
Additions	-	9,178	12,449	10,892	32,519
At 30 June 2023	43,907	323,504	66,128	106,257	539,796
Depreciation					
At 1 July 2022	25,447	93,892	33,202	66,921	219,462
Charge for the year on owned assets	5,591	56,959	3,641	11,837	78,028
At 30 June 2023	31,038	150,851	36,843	78,758	297,490
Net book value					
At 30 June 2023	12,869	172,653	29,285	27,499	242,306
At 30 June 2022	18,461	220,433	20,477	28,443	287,814

12. Fixed asset investments

	Investment in joint ventures £
Cost or valuation	
At 1 July 2022	1
At 30 June 2023	1

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

13. Stocks

	2023 £	2022 £
Finished goods and goods for resale	42,414	129,644
	<u>42,414</u>	<u>129,644</u>

14. Debtors

	2023 £	2022 £
Trade debtors	334,589	229,374
Other debtors	39,411	276,681
Prepayments and accrued income	178,929	96,783
Tax recoverable	150,625	130,973
	<u>703,554</u>	<u>733,811</u>

15. Cash and cash equivalents

	2023 £	2022 £
Cash at bank and in hand	1,572,784	855,424
	<u>1,572,784</u>	<u>855,424</u>

16. Creditors: Amounts falling due within one year

	2023 £	2022 £
Other loans	234,548	230,209
Trade creditors	421,178	550,473
Other taxation and social security	1,348,104	1,145,966
Hire purchase contracts	1,463	2,690
Other creditors	6,885	42,675
Accruals and deferred income	462,571	216,038
	<u>2,474,749</u>	<u>2,188,051</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023**

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

	2023 £	2022 £
Other loans	3,292,638	4,008,754
	<u>3,292,638</u>	<u>4,008,754</u>

18. Secured debts

	2023 £	2022 £
Hire purchase contracts	1,464	2,690
Other loans	203,401	295,235
	<u>204,865</u>	<u>297,925</u>

Other loans are secured by:

- A personal guarantee limited to £225,000 from a company director;
- A debenture over the assets of the company;

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

19. Financial instruments

The company has received loans which are not subject to interest, or are subject to interest at below market rates. 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.

Other operating income includes 2023 - £486,992 (2022 - £837,490) relating to these fair value adjustments, interest payable also includes 2023 - £152,152 - £ (2022 - £243,380) relating to notional interest.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

20. Loans

Analysis of the maturity of loans is given below:

	2023 £	2022 £
Amounts falling due within one year		
Other loans	234,548	230,209
	<u>234,548</u>	<u>230,209</u>
Amounts falling due 1-2 years		
Other loans	253,342	234,981
	<u>253,342</u>	<u>234,981</u>
Amounts falling due 2-5 years		
Other loans	551,485	616,625
	<u>551,485</u>	<u>616,625</u>
Amounts falling due after more than 5 years		
Other loans	2,487,811	3,157,148
	<u>2,487,811</u>	<u>3,157,148</u>
	<u><u>3,527,186</u></u>	<u><u>4,238,963</u></u>

The loan balance consists of two loans. The first loan is secured by a personal guarantee from one of the directors and a debenture over the assets of the company. This interest-free loan is being repaid by instalments over 8 years. The second loan is unsecured and is being repaid by instalments over 19 years. This loan is charged interest at 3.25% over base rate to 30 June 2029 and 3% over base rate after this.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

21. Called up share capital

Allotted, issued and fully paid

	Number	Class	Nominal Value £	2023 £	2022 £
	1,450,101	Ordinary	1	1,450,101	1,450,101
	7,352,941	A Ordinary	0.10	735,295	735,295
Total	<u>8,803,042</u>			<u>2,185,396</u>	<u>2,185,396</u>

The ordinary shares carry an entitlement to one vote in any circumstances. The A ordinary shares carry full rights in the company with respect to voting, dividends and distributions.

22. Reserves

	Capital contribution reserve £
At 1 July 2022	2,799,950
Parent company capital contribution	2,024,950
At 30 June 2023	<u>4,824,900</u>

The transfer to the capital contribution reserve is a capital contribution received from the parent company during the year.

23. Pension commitments

The Company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Company, in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £109,065 (2022 - £103,443). Contributions totaling £16,394 (2022 - £15,751) were payable to the fund at the balance sheet date and are included in creditors.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023**

24. Commitments under operating leases

At 30 June 2023 the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2023	2022
	£	£
Not later than 1 year	150,000	236,957
Later than 1 year and not later than 5 years	450,000	691,356
Later than 5 years	575,000	2,373,677
	<u>1,175,000</u>	<u>3,301,990</u>

25. 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.

A director has provided a personal guarantee in relation to other loans as shown in note 18. Certain directors have also provided personal guarantees in relation to the company's bank overdraft facility.

26. Controlling Party

Ospreys International Group Limited is the controlling party

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.