

Registration number: 00034603

GLOUCESTER RUGBY LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

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GLOUCESTER RUGBY LIMITED

CONTENTS

Company Information	1
Strategic Report	2 to 3
Directors' Report	4 to 5
Statement of Directors' Responsibilities	6
Independent Auditor's Report	7 to 8
Profit and Loss Account	9
Statement of Comprehensive Income	10
Balance Sheet	11
Statement of Changes in Equity	12
Statement of Cash Flows	13
Notes to the Financial Statements	14 to 28

GLOUCESTER RUGBY LIMITED

COMPANY INFORMATION

Directors	M G St Quinton G Gleave A Hunt L Bradley A T Brown L Ferraby
Company secretary	L Ferraby
Registered office	Kingsholm Stadium Kingsholm Road Gloucester GL1 3AX
Solicitors	BPE Solicitors LLP St James' House St James' Square Cheltenham GL50 3PR
Bankers	HSBC Bank plc The Cross Gloucester GL1 2AP
Auditors	Hazlewoods LLP Staverton Court Staverton Cheltenham GL51 0UX

GLOUCESTER RUGBY LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 30 JUNE 2019

The directors present their strategic report for the year ended 30 June 2019.

Principal activity

The principal activity of the company is the operation of a professional Rugby Club, the provision of sporting and social entertainment and as a conference and events venue.

Business review

The 2018/19 season was hugely eventful for Gloucester Rugby, both on and off the pitch.

On the pitch, Johan Ackermann led the team to an impressive third placed finish, amassing 68 points, before losing out on a place in the Gallagher Premiership final after defeat to an exceptionally strong Saracens team in the semi-final. This was the best result achieved by the club since finishing the 2007/08 regular season in 1st place. 'Play to Inspire' was firmly embedded within the playing squad and the developing brand of rugby exhibited during the season demonstrated continuing improvement under the coaching team.

A first appearance in the European Champions Cup since 2011/12 brought frustration having not progressed from the pool stage but reiterated the desire of all within the club to ensure that Champions Cup rugby is a minimum expectation moving forward.

The introduction of a new HERO hybrid grass pitch ahead of the 2018/19 season was a significant step forward. The pitch remained in very good condition throughout the season, helping the team produce some excellent performances in front of fantastic home support.

Off the pitch, an agreement to sell a significant minority interest in Premiership Rugby Limited (PRL) to certain funds advised or managed by CVC Capital Partners (CVC Funds) was signed on 29 March 2019 and the club received a cash inflow of £12.8 million as a result of this transaction. This injection of funds enabled investment in a new venture, the repayment of some short-term liabilities and, importantly, funds to become available for improvements at Kingsholm as well as to assist with the upcoming relocation of our training facility away from Hartpury College in the next two years.

Following the end of the year, there were changes at board level, with Lance Bradley replacing Stephen Vaughan as Chief Executive Officer and Alex Brown replacing Adam Benson as Commercial Director. Having previously served the board as Non-Executive Director, Lance is no stranger to the club and brings a wealth of experience from his time in the motor industry. Alex Brown has been a part of the Gloucester Rugby family since 2003, making 235 appearances as a player before moving into the rugby support department and becoming the Rugby Operations Manager.

Financially, results improved with turnover increasing by over 6% and operating loss reducing by 11%. The board are keen to reduce losses and move towards a breakeven position however remain committed to funding the playing squad up to the salary cap level and giving the team the best possible chance of success.

Following the conclusion of the 2018/19 season, Kingsholm hosted Olly Murs and Nile Rodgers for spectacular concerts. Despite horrendous amounts of rain falling throughout the day of the Olly Murs performance, the event was a huge success and was certainly memorable.

Results

The pre-tax profit for the year amounted to £5,353,138 (2018 - loss of £2,181,194).

Key Performance indicators

Financial

The company measures its financial performance using the following measures:

- Profitability
- Growth in turnover
- Cashflow performance
- Total receipts per match, and
- Monitoring senior and academy squad costs

GLOUCESTER RUGBY LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 30 JUNE 2019

Non-financial

The company measures its non-financial performance as follows:

Gallagher Premiership league position;
Number of wins and points per season;
Progression in European Cup;
Match attendance

Mission

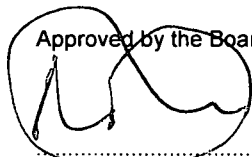
To deliver the best experience for our fans, colleagues, community and partners in a sustainable way.

Principal risks and uncertainties

The company generates cash from operations ahead of expenditure, and does not have a liquidity risk other than from repaying loans taken out to develop facilities.

In the event of the club being relegated the company would receive a 'parachute' payment and additional income from central funds. The directors believe that this income, in addition to receipts generated from ongoing activities, would ensure the club has sufficient funding to regain Premiership status in the following season, or enable the company to make alternative contingency plans to manage its liquidity exposure.

Approved by the Board on 21/02/2020. and signed on its behalf by:



M G St Quinton
Director

GLOUCESTER RUGBY LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2019

The directors present their report and the financial statements for the year ended 30 June 2019.

Directors of the company

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

M G St Quinton

G Gleave

A Hunt

L Bradley

L Ferraby - Company secretary and director (appointed 21 May 2019)

M Fairbrother - Company secretary and director (resigned 21 May 2019)

S Vaughan (resigned 9 August 2019)

A Benson (resigned 22 October 2019)

The following director was appointed after the year end:

A T Brown - Director (appointed 18 November 2019)

Financial instruments

The company's financial instruments comprise borrowings, cash and liquid resources and various other items such as trade debtors and trade creditors that arise directly from its operations.

The company is exposed through its operations to the following financial instruments risks: credit risk and liquidity risk. The policy for managing these risks is determined by the Board, with the overall objective being to reduce the company's exposure to these risks without unduly affecting the company's competitiveness and flexibility. The company's policy in respect of each of the identified risks is detailed below.

Credit risk

The company offers certain of its customers credit. Before credit terms are agreed, an assessment of the customers credit rating is undertaken to ensure the company is not exposed to a major credit risk. Credit limits are set accordingly.

Liquidity risk

Liquidity risk arises from the company's management of working capital and the finance charges on its borrowings. It is the risk that the group will encounter difficulty in meeting financial obligations as they fall due. The liquidity of the company is monitored by the board to ensure the company is able to meet its operational requirements. At the balance sheet date, cash flow projections were considered by the board and the company is forecast to have sufficient funding facilities to meet the company's obligations as they fall due, under all reasonably expected circumstances.

Future developments

Future developments are discussed within the Strategic Report.

Going concern

The directors have considered the basis of preparation of the financial statements and consider it appropriate to prepare the accounts on a going concern basis.

The company made a pre tax profit of £5,353,138 (2018 - loss of £2,181,194) during the period and at the balance sheet date had net assets of £9,340,555 (2018 - £5,239,242). The company has prepared detailed budgets and cash flow forecasts for the period to 30 June 2022. These forecasts show that the company will be able to operate within the level of its current debt facilities and with the continuing support of its bankers and shareholders. The directors therefore believe that the company has sufficient resources to continue its activities for the foreseeable future and as such, consider it appropriate to adopt the going concern basis of accounting in preparing the financial statements.

Disclosure of information to the auditors

Each director has taken the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information. The directors confirm that there is no relevant information that they know of and of which they know the auditors are unaware.

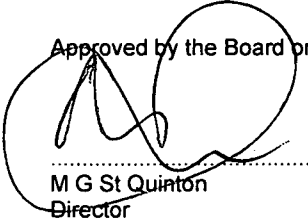
GLOUCESTER RUGBY LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2019

Reappointment of auditors

In accordance with section 485 of the Companies Act 2006, a resolution for the re-appointment of Hazlewoods LLP as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

Approved by the Board on ~~21/02/2020~~ and signed on its behalf by:



M G St Quinton
Director

GLOUCESTER RUGBY LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Directors' Report, Strategic Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards has been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping 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.

GLOUCESTER RUGBY LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GLOUCESTER RUGBY LIMITED

Opinion

We have audited the financial statements of Gloucester Rugby Limited (the 'company') for the year ended 30 June 2019, which comprise the Profit and Loss Account, Statement of Comprehensive Income, Balance Sheet, Statement of Changes in Equity, Statement of Cash Flows, and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including 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 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report 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.

Opinion on other matter 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.

GLOUCESTER RUGBY LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GLOUCESTER RUGBY LIMITED

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report and the Directors' Report.

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities set out on page 6, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

Use of this report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

.....
David Williams (Senior Statutory Auditor)
For and on behalf of Hazlewoods LLP, Statutory Auditor

Staverton Court
Staverton
Cheltenham
GL51 0UX

Date: 09/03/2020

GLOUCESTER RUGBY LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30 JUNE 2019

	Note	2019 £	2018 £
Turnover	3	16,813,761	15,766,281
Cost of sales		<u>(13,849,941)</u>	<u>(13,262,782)</u>
Gross profit		2,963,820	2,503,499
Administrative expenses		<u>(4,854,915)</u>	<u>(4,622,499)</u>
Operating loss	4	<u>(1,891,095)</u>	<u>(2,119,000)</u>
Fair value gain on fixed asset investment	13	7,382,065	-
Other interest receivable and similar income	6	10,821	441
Interest payable and similar charges	7	<u>(148,653)</u>	<u>(62,635)</u>
		<u>7,244,233</u>	<u>(62,194)</u>
Profit/(loss) before tax		5,353,138	(2,181,194)
Taxation	10	<u>(1,251,825)</u>	<u>(1,551)</u>
Profit/(loss) for the financial year		<u><u>4,101,313</u></u>	<u><u>(2,182,745)</u></u>

The above results were derived from continuing operations.

The notes on pages 14 to 28 form an integral part of these financial statements.

GLOUCESTER RUGBY LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2019

	2019	2018
	£	£
Profit/(loss) for the year	<u>4,101,313</u>	<u>(2,182,745)</u>
Total comprehensive income for the year	<u><u>4,101,313</u></u>	<u><u>(2,182,745)</u></u>

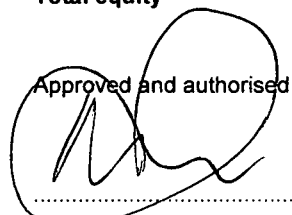
The notes on pages 14 to 28 form an integral part of these financial statements.

GLOUCESTER RUGBY LIMITED

**(REGISTRATION NUMBER: 00034603)
BALANCE SHEET AS AT 30 JUNE 2019**

	Note	2019 £	2018 £
Fixed assets			
Intangible assets	11	24,942	105,077
Tangible assets	12	9,830,234	10,184,504
Investments	13	15,998,154	6,483,082
		<u>25,853,330</u>	<u>16,772,663</u>
Current assets			
Stocks	14	42,090	25,905
Debtors	15	2,496,005	1,882,973
Cash at bank and in hand	16	5,458,314	276,080
		7,996,409	2,184,958
Creditors: Amounts falling due within one year	17	<u>(8,926,139)</u>	<u>(7,850,351)</u>
Net current liabilities		<u>(929,730)</u>	<u>(5,665,393)</u>
Total assets less current liabilities		24,923,600	11,107,270
Creditors: Amounts falling due after more than one year	17	(13,584,469)	(5,121,277)
Provisions for liabilities	10	<u>(1,998,576)</u>	<u>(746,751)</u>
Net assets		<u>9,340,555</u>	<u>5,239,242</u>
Capital and reserves			
Called up share capital	19, 20	7,134,434	7,134,434
Share premium reserve	20	382,655	382,655
Retained earnings	20	<u>1,823,466</u>	<u>(2,277,847)</u>
Total equity		<u>9,340,555</u>	<u>5,239,242</u>

Approved and authorised by the Board on 21/02/2020 and signed on its behalf by:


M G St Quinton
Director

The notes on pages 14 to 28 form an integral part of these financial statements.

GLOUCESTER RUGBY LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2019

	Share capital £	Share premium £	Profit and loss account £	Total £
At 1 July 2018	7,134,434	382,655	(2,277,847)	5,239,242
Profit for the year	-	-	4,101,313	4,101,313
Total comprehensive income	-	-	4,101,313	4,101,313
At 30 June 2019	7,134,434	382,655	1,823,466	9,340,555

	Share capital £	Share premium £	Profit and loss account £	Total £
At 1 July 2017	7,134,434	382,655	(95,102)	7,421,987
Loss for the year	-	-	(2,182,745)	(2,182,745)
Total comprehensive income	-	-	(2,182,745)	(2,182,745)
At 30 June 2018	7,134,434	382,655	(2,277,847)	5,239,242

The notes on pages 14 to 28 form an integral part of these financial statements.

GLOUCESTER RUGBY LIMITED

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2019

	Note	2019 £	2018 £
Cash flows from operating activities			
Profit/(loss) for the year		4,101,313	(2,182,745)
Adjustments to cash flows from non-cash items			
Depreciation and amortisation	4	633,953	606,487
Fair value gain on investment in PRL		(7,382,065)	-
Loss on disposal of tangible and intangible assets		73,901	23,402
Finance income	6	(10,821)	(441)
Finance costs	7	148,653	62,635
Income tax expense	10	1,251,825	1,551
		(1,183,241)	(1,489,111)
Working capital adjustments			
(Increase)/decrease in inventories	14	(16,185)	12,817
(Increase)/decrease in trade and other receivables	15	(613,032)	1,054
Increase in trade and other payables	17	11,185,365	1,151,148
Net cash flow from operating activities		9,372,907	(324,092)
Cash flows from investing activities			
Interest received	6	10,821	441
Acquisition of investment	13	(2,133,007)	-
Acquisitions of property plant and equipment		(253,372)	(1,159,981)
Proceeds from sale of property plant and equipment		4,000	-
Acquisition of intangible assets	11	-	(15,352)
Net cash flows from investing activities		(2,371,558)	(1,174,892)
Cash flows from financing activities			
Interest paid	7	(148,653)	(62,635)
Proceeds from bank borrowing draw downs		-	1,500,000
Repayment of bank borrowing		(341,798)	(451,336)
Proceeds from other borrowing draw downs		250,000	1,620,000
Repayment of other borrowing		(1,562,404)	(370,710)
Payments to finance lease creditors		(16,260)	(21,597)
Net cash flows from financing activities		(1,819,115)	2,213,722
Net increase in cash and cash equivalents		5,182,234	714,738
Cash and cash equivalents at 1 July		276,080	(438,658)
Cash and cash equivalents at 30 June		5,458,314	276,080

The notes on pages 14 to 28 form an integral part of these financial statements.

GLOUCESTER RUGBY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

1 General information

The company is a private company limited by share capital incorporated and domiciled in England and Wales.

The address of its registered office is:

Kingsholm Stadium
Kingsholm Road
Gloucester
GL1 3AX

2 Accounting policies

Summary of significant accounting policies and key accounting estimates

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Statement of compliance

These financial statements were prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

Basis of preparation

These financial statements have been prepared using the historical cost convention except for, where disclosed in these accounting policies, certain items that are shown at fair value.

The presentational currency of the financial statements is UK £, being the functional currency of the primary economic environment in which the company operates. Monetary amounts in these financial statements are rounded to the nearest £.

Going concern

The directors have considered the basis of preparation of the financial statements and consider it appropriate to prepare the accounts on a going concern basis.

The company made a pre tax profit of £5,353,138 (2018 - loss of £2,181,194) during the period and at the balance sheet date had net assets of £9,340,555 (2018 - £5,239,242). The company has prepared detailed budgets and cash flow forecasts for the period to 30 June 2022. These forecasts show that the company will be able to operate within the level of its current debt facilities and with the continuing support of its bankers and shareholders. The directors therefore believe that the company has sufficient resources to continue its activities for the foreseeable future and as such, consider it appropriate to adopt the going concern basis of accounting in preparing the financial statements.

Revenue recognition

Turnover comprises the fair value of the consideration received or receivable for the sale of goods and provision of services in the ordinary course of the company's activities. Turnover is shown net of sales/value added tax, returns, rebates and discounts and after eliminating sales within the company.

The company recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and it is probable that future benefits can be reliably measured.

Revenue is recognised in respect of match-day income, including season tickets, match-day tickets, executive boxes, hospitality packages and other match-day income, when the relevant match takes place.

For annual income streams such as central funding and sponsorship arrangements, revenue is recognised in equal instalments across the relevant period.

Sponsorship, rental and service charge income are recognised over the period that services are offered. Hospitality, catering and facilities management services income is recognised at the point that the services are rendered.

Income received relating to future periods is included as deferred income until the appropriate revenue recognition criteria are met.

GLOUCESTER RUGBY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

Revenue recognition (continued)

An agreement to sell a significant minority interest in Premiership Rugby Limited (PRL) to certain funds advised or managed by CVC Capital Partners (CVC Funds) was signed on 29 March 2019 and the club received a cash inflow of £12.8 million as a result of this transaction. This income is being recognised in the Profit and Loss over 48 months, with amounts relating to future periods being recognised as deferred income.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

Critical accounting judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying 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 that are considered to be relevant. Actual results may differ from these estimates.

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

Judgement and key sources of estimation uncertainty

Investment accounting

The company holds its investment in PRL at fair value as required under section 12 of FRS 102. The company has invested units and shares in PRL. The valuation of these was initially provided by PRL based on independent advice sought at the time of restructuring. The board has conducted its own review of the fair value of this investment based upon the expected future cash inflows due to the club from its investment in PRL.

The shares held in PRL have been held at nil value as, whilst they convey voting dividend rights, the company expects the future cash inflows from these to be nil as PRL is set up to break even with all income less cost being distributed to members through the invested units agreement.

The expected future cash flows resulting from the invested units has been modelled under different scenarios, based upon historical and expected future cash inflows. Whilst there is a belief that the investment by CVC will enable PRL to significantly enhance the value of commercial income, this is in the early stages of development and, therefore, in the judgement of the board, this has not been factored into the valuation. The expected cash inflows under each scenario has been discounted at an appropriate Weighted Average Cost of Capital ("WACC") to provide an expected value for each scenario. The company has assessed the probability of each scenario and multiplied the expected cash inflows under each scenario by its probability of occurrence to derive a weighted average value for the investment. As the ownership of the asset is highly restricted due to the terms of the shareholder agreement pertaining to the invested units, this valuation has been reduced by a minority interest deduction to arrive at an appropriate fair value.

Any changes to the expected cash inflows, estimates made relating to WACC/minority interest valuation deduction, or changes to the share structure/percentage of invested units held in the future could result in a materially different valuation compared to that recorded at 30 June 2019.

Commercial contracts/transactions

The judgement as to when to recognise income derived from commercial contracts, including amounts received from PRL, is an area of complexity and significant judgement. These contracts often have different elements to the agreement, the obligations of which could be settled at different times. In addition, the agreements can often span accounting periods with the timing of cash receipt often being in advance of the services provided. As these judgements are based upon historical trends and future expectations, any changes to these agreements or to the expected future events could result in material changes to the income that should be recognised under the company's accounting policies and FRS 102.

Tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the profit and loss account, except that a charge attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

GLOUCESTER RUGBY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company operates and generates taxable income.

Deferred income tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements and on unused tax losses or tax credits in the company. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

The carrying amount of deferred tax assets are reviewed at each reporting date and a valuation allowance is set up against deferred tax assets so that the net carrying amount equals the highest amount that is more likely than not to be recovered based on current or future taxable profit.

Tangible assets

Tangible assets are stated in the statement of financial position at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

The cost of tangible assets includes directly attributable incremental costs incurred in their acquisition and installation.

Depreciation

Land is not depreciated. Depreciation on other assets is charged so as to write off the cost of assets, other than land and properties under construction over their estimated useful lives, as follows:

Asset class	Depreciation method and rate
Freehold building and ground improvements	2-15% straight line
Fixtures, fittings and equipment	15-33% straight line

Subsequent costs, including major inspections, are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that economic benefits associated with the item will flow to the company and cost can be measured reliably.

The carrying amount of a replaced component is derecognised. Major components are treated as a separate asset where they have significantly different patterns of consumption of economic benefits and are depreciated separately over their useful lives.

Repairs, maintenance and minor inspection costs are expensed as they are incurred.

Assets under construction are stated at cost less accumulated impairment losses, with costs being capitalised throughout the period of construction. At the point of commissioning, the assets are transferred to their relevant asset categories and depreciated or revalued as appropriate.

Tangible assets are derecognised on disposal or when no future economic benefits are expected. On disposal, the difference between the disposal proceeds and the carrying amount is recognised in the profit or loss account.

Intangible assets

Intangible assets are measured at cost less accumulated amortisation and any accumulated impairment losses.

Software costs are amortised over a period of between 3 - 5 years which the Directors consider to be a reasonable assessment of the useful economic life of these assets.

The costs of acquired player registrations are capitalised as intangible assets and amortised over the period of the players' contracts, with appropriate adjustments for any impairments assessed to have taken place.

Investments

Fixed asset investments held by the company are measured at fair value at each balance sheet date using a valuation technique, with any gains or losses being reported in the Profit and Loss Account.

Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost is determined using the first-in, first-out (FIFO) method.

GLOUCESTER RUGBY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

Trade debtors

Trade debtors are amounts due from customers for merchandise sold or services performed in the ordinary course of business.

Trade debtors are recognised initially at the transaction price. All trade debtors are repayable within one year and hence are included at the undiscounted cost of cash expected to be received. A provision for the impairment of trade debtors is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the debtors.

Trade creditors

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if the company does not have an unconditional right, at the end of the reporting period, to defer settlement of the creditor for at least twelve months after the reporting date. If there is an unconditional right to defer settlement for at least twelve months after the reporting date, they are presented as non-current liabilities.

Trade creditors are recognised initially at the transaction price and all are repayable within one year and hence are included at the undiscounted amount of cash expected to be paid.

Defined contribution pension obligation

A defined contribution plan is a pension plan under which fixed contributions are paid into a pension fund and the company has no legal or constructive obligation to pay further contributions even if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

Contributions to defined contribution plans are recognised as employee benefit expense when they are due. If contribution payments exceed the contribution due for service, the excess is recognised as a prepayment.

Leases

Leases in which substantially all the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to profit or loss on a straight-line basis over the period of the lease. Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee.

Assets held under finance leases are recognised at the lower of their fair value at inception of the lease and the present value of the minimum lease payments. These assets are depreciated on a straight-line basis over the shorter of the useful life of the asset and the lease term. The corresponding liability to the lessor is included in the Balance Sheet as a finance lease obligation.

Lease payments are apportioned between finance costs in the Profit and Loss Account and reduction of the lease obligation so as to achieve a constant periodic rate of interest on the remaining balance of the liability.

Borrowings

Interest-bearing borrowings are initially recorded at fair value, net of transaction costs. Interest-bearing borrowings are subsequently carried at amortised cost, with the difference between the proceeds, net of transaction costs, and the amount due on redemption being recognised as a charge to the Profit and Loss Account over the period of the relevant borrowing.

Interest expense is recognised on the basis of the effective interest method and is included in interest payable and similar charges.

Borrowings are classified as current liabilities unless the company has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

Financial instruments

Classification

The company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities such as trade and other receivables and payables, loans from related parties and investments in non-puttable ordinary shares.

GLOUCESTER RUGBY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

Financial instruments are classified and accounted for according to the substance of the contractual arrangement, as financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities. Where shares are issued, any component that creates a financial liability of the company is presented as a liability on the balance sheet. The corresponding dividends relating to the liability component are charged as interest expenses in the profit and loss account.

Debt instruments like loans and other receivables and payable are initially measured at present value of the future payments and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade payables or receivables, are measured, initially and subsequently, at the undiscounted amount of cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms of financed at a rate of interest that is not a market rate or in case of an outright short-term loan not at market rate, the financial asset or liability is measured, initially and subsequently, at the present value of future payments discounted at a market rate of interest for a similar debt instrument.

Investments in non-puttable ordinary shares are measured at cost less impairment for all other investments.

Recognition and measurement

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in profit or loss. For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying value and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and the best estimate, which is an approximation, of the amount that the company would receive for the asset if it were to be sold at the reporting date.

Financial assets and liabilities are offset and the net amount recognised in the statement of financial position when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Impairment

At each reporting date non-financial assets not carried at fair value, such as property, plant and equipment are reviewed to determine whether there is an indication that an asset may be impaired. If there is an indication of possible impairment, the recoverable amount of any asset or group of related assets, which is the higher of value in use and the fair value less costs to sell, is estimated and compared with its carrying amount. If the recoverable amount is lower, the carrying amount of the asset is reduced to its recoverable amount and an impairment loss is recognised immediately in profit or loss.

Inventories are also assessed for impairment at each reporting date. The carrying amount of each item of inventory, or group of similar items, is compared with its selling price less costs to complete and sell. If an item is found to be impaired, its carrying amount is reduced to selling price less costs to complete and sell, and an impairment loss recognised immediately in profit or loss.

If an impairment loss is subsequently reversed, the carrying amount of the asset or group of related assets is increased to the revised estimate of its recoverable amount, but not to exceed the amount that would have been determined had no impairment loss been recognised for the asset or group of related assets in prior periods. A reversal of an impairment loss is recognised immediately in profit or loss.

Share capital

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

GLOUCESTER RUGBY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

3 Revenue

The analysis of the company's revenue for the year by class of business is as follows:

	2019 £	2018 £
Central income	6,353,455	5,661,494
Ticket income	4,474,543	3,863,894
Hospitality, conferencing and events	1,736,901	1,566,239
Sponsorship and advertising	2,296,217	2,404,040
Community development	263,954	208,420
Commission on catering, bar and shop sales	145,913	98,402
Bar sales	1,060,674	1,021,966
Other mixed income	482,104	941,826
	<u>16,813,761</u>	<u>15,766,281</u>

The total turnover of the company has been derived from activities wholly undertaken in the United Kingdom.

4 Operating profit

Arrived at after charging/(crediting)

	2019 £	2018 £
Depreciation expense	600,950	551,958
Amortisation expense	33,003	54,529
Operating lease expense - property	180,000	180,000
Operating lease expense - other	5,219	34,702
Loss on disposal of property, plant and equipment	30,214	23,402
Loss on disposal of intangible fixed assets	47,131	-

5 Auditors' remuneration

	2019 £	2018 £
Audit of the financial statements	<u>12,000</u>	<u>12,000</u>
Other fees to auditors		
Taxation compliance services	<u>3,000</u>	<u>3,000</u>

6 Other interest receivable and similar income

	2019 £	2018 £
Interest income on bank deposits	<u>10,821</u>	<u>441</u>

7 Interest payable and similar expenses

	2019 £	2018 £
Interest on bank overdrafts and borrowings	136,769	69,594
Interest on obligations under finance leases and hire purchase contracts	<u>11,884</u>	<u>(6,959)</u>
	<u>148,653</u>	<u>62,635</u>

GLOUCESTER RUGBY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

8 Staff costs

The aggregate payroll costs (including directors' remuneration) were as follows:

	2019 £	2018 £
Wages and salaries	10,893,342	10,524,049
Social security costs	1,244,179	1,113,859
Pension costs, defined contribution scheme	132,378	74,239
	<u>12,269,899</u>	<u>11,712,147</u>

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

	2019 No.	2018 No.
Players and training ground	90	87
Commercial, administration and support	226	197
	<u>316</u>	<u>284</u>

9 Directors' remuneration

The directors' remuneration for the year was as follows:

	2019 £	2018 £
Remuneration	395,354	275,607
Contributions paid to money purchase schemes	7,875	168
	<u>403,229</u>	<u>275,775</u>

During the year the number of directors who were receiving benefits and share incentives was as follows:

	2019 No.	2018 No.
Accruing benefits under money purchase pension scheme	4	1

In respect of the highest paid director:

	2019 £	2018 £
Remuneration	198,375	175,557
Company contributions to money purchase pension schemes	4,010	-

10 Taxation

Tax charged/(credited) in the income statement

	2019 £	2018 £
Deferred taxation		
Arising from origination and reversal of timing differences	<u>1,251,825</u>	<u>1,551</u>

The tax on profit before tax for the year is higher than the standard rate of corporation tax in the UK (2018 - lower than the standard rate of corporation tax in the UK) of 19% (2018 - 19%).

GLOUCESTER RUGBY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

	2019 £	2018 £
Profit/(loss) before tax	<u>5,353,138</u>	<u>(2,181,194)</u>
Corporation tax at standard rate	1,017,096	(414,427)
Effect of expenses not deductible in determining taxable profit (tax loss)	7,665	2,530
Deferred tax expense (credit) relating to changes in tax rates or laws	(113,989)	38,853
Tax increase (decrease) from effect of capital allowances and depreciation	52,511	41,281
Other tax adjustments, reliefs and transfers	(251)	-
Chargeable gains/(losses)	1,402,592	-
Income not taxable for tax purposes	(1,402,592)	-
Other permanent differences	132	1,520
Deferred tax not recognised	<u>288,661</u>	<u>331,794</u>
Total tax charge	<u>1,251,825</u>	<u>1,551</u>
The differences are reconciled below:		

Deferred tax

Deferred tax assets and liabilities

2019	£
Accelerated tax depreciation	(544,000)
Short term timing differences	2,181
Tax losses available	900,318
Chargeable gains/(losses)	<u>(2,357,075)</u>
	<u>(1,998,576)</u>

2018	£
Accelerated tax depreciation	(546,941)
Short term timing differences	1,996
Tax losses available	900,318
Chargeable gains/(losses)	<u>(1,102,124)</u>
	<u>(746,751)</u>

Deferred tax assets are not recognised where there is insufficient certainty over the availability of suitable taxable profits against which these losses can be utilised. At 30 June 2019 the company has not recognised a further deferred tax asset of £741,426 (2018 - £453,370) as it is unclear when the tax losses associated with this asset will be utilised.

GLOUCESTER RUGBY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

11 Intangible assets

	Player registrations £	Computer software £	Total £
Cost or valuation			
At 1 July 2018	206,234	142,248	348,482
Disposals	<u>(125,882)</u>	<u>(88,909)</u>	<u>(214,791)</u>
At 30 June 2019	<u>80,352</u>	<u>53,339</u>	<u>133,691</u>
Amortisation			
At 1 July 2018	198,224	45,181	243,405
Amortisation charge	8,010	24,993	33,003
Amortisation eliminated on disposals	<u>(125,882)</u>	<u>(41,777)</u>	<u>(167,659)</u>
At 30 June 2019	<u>80,352</u>	<u>28,397</u>	<u>108,749</u>
Carrying amount			
At 30 June 2019	<u>-</u>	<u>24,942</u>	<u>24,942</u>
At 30 June 2018	<u>8,010</u>	<u>97,067</u>	<u>105,077</u>

GLOUCESTER RUGBY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

12 Tangible assets

	Freehold land and buildings £	Fixtures, fittings and equipment £	Assets under construction £	Total £
Cost or valuation				
At 1 July 2018	11,968,296	2,302,098	479,215	14,749,609
Transfers	479,215	-	(479,215)	-
Additions	91,909	185,540	-	277,449
Disposals	(183,544)	(460,201)	-	(643,745)
At 30 June 2019	12,355,876	2,027,437	-	14,383,313
Depreciation				
At 1 July 2018	3,282,660	1,282,445	-	4,565,105
Charge for the year	375,064	225,886	-	600,950
Eliminated on disposal	(178,450)	(434,526)	-	(612,976)
At 30 June 2019	3,479,274	1,073,805	-	4,553,079
Carrying amount				
At 30 June 2019	8,876,602	953,632	-	9,830,234
At 30 June 2018	8,685,636	1,019,653	479,215	10,184,504

Assets held under finance leases and hire purchase contracts

The net carrying amount of tangible assets includes the following amounts in respect of assets held under finance leases and hire purchase contracts:

	2019 £	2018 £
Fixtures, fittings and equipment	27,062	11,284

Included in land and buildings is freehold land at a cost of £842,000 (2018 - £842,000) which is not subject to depreciation.

The cost of the freehold land and buildings include capitalised finance costs of £404,766 of which an amount of £nil was capitalised during the year.

GLOUCESTER RUGBY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

13 Fixed asset investments

	2019 £	2018 £
Fixed asset investments	<u>15,998,154</u>	<u>6,483,082</u>
		£
Fixed asset investments		Investments in PRL
Cost or Fair value		
At 1 July 2018		6,483,082
Revaluation		7,382,065
Additions		<u>2,133,007</u>
At 30 June 2019		<u>15,998,154</u>
Carrying amount		
At 30 June 2019		<u>15,998,154</u>
At 30 June 2018		<u>6,483,082</u>

Financial assets at fair value through profit or loss represent the company's holding of Invested Units (previously P shares). These have been presented at fair value following their revaluation in 2019. See note 2 for the basis of the valuation.

The company has also co-invested, along with the CVC Funds, in an additional minority shareholding in PRL. The value paid for this was £2,133,007.

14 Stocks

	2019 £	2018 £
Bar stock	<u>42,090</u>	<u>25,905</u>

The cost of stocks recognised as an expense in the year amounted to £714,264 (2018 - £589,252).

15 Debtors

	2019 £	2018 £
Trade debtors	1,910,026	1,192,997
Other debtors	168,486	147,281
Prepayments	306,286	333,017
Accrued income	<u>111,207</u>	<u>209,678</u>
Total current trade and other debtors	<u>2,496,005</u>	<u>1,882,973</u>

16 Cash and cash equivalents

	2019 £	2018 £
Cash on hand	10,156	11,776
Cash at bank	<u>5,448,158</u>	<u>264,304</u>
	<u>5,458,314</u>	<u>276,080</u>

GLOUCESTER RUGBY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

17 Creditors

	Note	2019 £	2018 £
Due within one year			
Loans and borrowings	18	355,259	1,632,820
Trade creditors		1,189,865	2,173,679
Social security and other taxes		867,997	1,182,719
Outstanding defined contribution pension costs		46,950	43,525
Other payables		11,729	69,495
Accrued expenses		357,386	361,773
Deferred income		6,096,953	2,386,340
		<u>8,926,139</u>	<u>7,850,351</u>
Due after one year			
Loans and borrowings	18	4,641,022	4,969,957
Deferred income		8,943,447	151,320
		<u>13,584,469</u>	<u>5,121,277</u>

Details of the security over the bank loans and overdraft are disclosed in note 18 to the financial statements.

18 Loans and borrowings

	2019 £	2018 £
Current loans and borrowings		
Bank borrowings	345,410	350,495
Finance lease liabilities	9,849	9,810
Directors loan account	-	1,272,515
	<u>355,259</u>	<u>1,632,820</u>
Non-current loans and borrowings		
Bank borrowings	4,628,516	4,965,229
Finance lease liabilities	12,506	4,728
	<u>4,641,022</u>	<u>4,969,957</u>

Bank borrowings

Bank borrowings in the current and prior year include the following liabilities, on which security has been given by the company:

- A bank loan of £3,554,962 (2018 - £3,815,724) which is denominated in GBP and bears interest at a rate of 0.95% above the Bank of England base rate. The loan is repayable in monthly instalments of £26,772, with the final instalment falling due in June 2031. The carrying amount of the loan at the year end is £3,554,962 (2018 - £3,815,724) with £261,724 falling due within one year.

- A bank loan of £1,418,964 (2018 - £1,500,000) which is denominated in GBP and bears interest at a rate of 2% above the Bank of England base rate. The loan is repayable in monthly instalments of £10,004, with the final instalment falling due in June 2033. The carrying amount of the loan at the year end is £1,418,964 (2018 - £1,500,000) with £83,686 falling due within one year.

The bank loans and borrowings of the company are secured by way of a fixed legal charge over the freehold property of the company and a fixed and floating charge all other property and assets of the company.

GLOUCESTER RUGBY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

The bank loans impose a negative pledge which prohibits the company from creating any security interests over the assets pledged as security.

Finance lease liabilities

Obligations under finance lease and hire purchase contracts are secured against the assets to which they relate.

Included in the loans and borrowings are the following amounts due after more than five years:

	2019	2018
	£	£
After more than five years by instalments	<u>3,167,999</u>	<u>3,501,696</u>

19 Share capital

Allotted, called up and fully paid shares

	2019		2018	
	No.	£	No.	£
Ordinary shares of £1 each	<u>7,134,434</u>	<u>7,134,434</u>	<u>7,134,434</u>	<u>7,134,434</u>

20 Reserves

Called up share capital

This represents the nominal value of the issued share capital of the company.

Share premium reserve

This reserve contains the premium arising on the issue of the share capital. Any transaction costs associated with the issuing of shares are deducted from the share premium.

Retained earnings

This reserve includes all current and prior period retained profits and losses, net of dividends paid and other adjustments.

21 Obligations under leases and hire purchase contracts

Finance leases

The total of future minimum lease payments is as follows:

	2019	2018
	£	£
Not later than one year	9,849	9,810
Later than one year and not later than five years	<u>12,506</u>	<u>4,728</u>
	<u>22,355</u>	<u>14,538</u>

Operating leases

The total of future minimum lease payments is as follows:

	2019	2018
	£	£
Not later than one year	183,060	185,220
Later than one year and not later than five years	<u>180,000</u>	<u>360,719</u>
	<u>363,060</u>	<u>545,939</u>

The amount of non-cancellable operating lease payments recognised as an expense during the year was £185,219 (2018 - £214,702).

GLOUCESTER RUGBY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

22 Pension and other schemes

Defined contribution pension scheme

The company operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the company to the scheme and amounted to £132,378 (2018 - £74,239).

Contributions totalling £46,950 (2018 - £43,525) were payable to the scheme at the end of the year and are included in creditors.

23 Related party transactions

Key management personnel

The directors who have the authority and responsibility for planning, directing and controlling the activities of the company are considered to be the key management personnel. Compensation in respect of these individuals is disclosed in note 9.

Summary of transactions with other related parties

F3Group Limited

(a company in which M St Quinton and G Gleave are directors and shareholders)

During the year the company made sales of £120,000 (2018 - £100,000) to F3Group Limited in respect of sponsorship for the 2018/19 season. At the balance sheet date the amount due from F3Group Limited was £nil (2018 - £60,000) in respect of sponsorship invoiced in advance.

Gloucester Rugby Foundation (formerly Gloucester Rugby Community Charity)

(a charity in which the director L Ferraby is a registered trustee)

During the year the company recharged costs of £267,896 (2018 - £158,000) and income of £73,613 (2018 - £16,058) to Gloucester Rugby Community Charity. At the balance sheet date the amount due from Gloucester Community Charity was £86,647 (2018 - £105,763).

Martin St Quinton

(company director and shareholder)

During the year the company was advanced further loan funding of £250,000 (2018 - £1,620,000) by Martin St Quinton, a director and shareholder of the company. Interest is charged on this loan at a rate of 3% above the Bank of England base rate, with £39,889 (2018 - £23,225) being charged in the current year. The loan, together with all accrued interest, was repaid in full during the year. At the balance sheet date the amount due to Martin St Quinton in respect of this loan and associated interest was £nil (2018 - £1,272,515).

24 Financial instruments

Categorisation of financial instruments

	2019	2018
	£	£
Financial assets measured at fair value through profit or loss	13,865,147	6,483,082
Financial assets that are debt instruments measured at amortised cost	2,189,719	1,549,956
Financial liabilities measured at amortised cost	<u>(6,532,906)</u>	<u>(9,193,186)</u>

GLOUCESTER RUGBY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

Financial assets measured at fair value

Fixed asset investments

Fixed asset investments held by the company are measured at fair value at each balance sheet date with any gains or losses being reported in the Profit and Loss Account.

The fair value is £13,865,147 (2018 - £6,483,082) and the change in value included in profit or loss is £7,382,065 (2018 - £Nil).

Items of income, expense, gains or losses

	Income £	Expense £	Net gains £	Net losses £
2019				
Financial assets measured at fair value through profit or loss	-	-	7,382,065	-
Financial liabilities measured at amortised cost	-	136,769	-	-
	<u>-</u>	<u>136,769</u>	<u>7,382,065</u>	<u>-</u>
2018				
Financial liabilities measured at amortised cost	-	69,594	-	-
	<u>-</u>	<u>69,594</u>	<u>-</u>	<u>-</u>

The total interest income for financial assets not measured at fair value through profit or loss is £10,821 (2018 - £441). The total interest expense for financial liabilities not measured at fair value through profit or loss is £136,769 (2018 - £69,594).

25 Parent and ultimate parent undertaking

The directors regard Martin St Quinton to be the ultimate controlling party.