

**GLOUCESTER RUGBY LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022**

GLOUCESTER RUGBY LIMITED

Contents

Company Information	<u>1</u>
Strategic Report	<u>2 to 4</u>
Directors' Report	<u>5 to 7</u>
Statement of Directors' Responsibilities	<u>8</u>
Independent Auditor's Report	<u>9 to 11</u>
Profit and Loss Account	<u>12</u>
Balance Sheet	<u>13</u>
Statement of Changes in Equity	<u>14</u>
Statement of Cash Flows	<u>15</u>
Notes to the Financial Statements	<u>16 to 30</u>

GLOUCESTER RUGBY LIMITED

Company Information

Directors	M G St Quinton A Hunt A T Brown L Bradley T Griffiths M Mulcahy
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 2022

The directors present their strategic report for the year ended 30 June 2022.

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.

Fair review of the business

The 2021/22 season was overall a positive one for Gloucester Rugby, with the team achieving a 5th place finish in the Gallagher Premiership, reaching the semi-final of the Premiership Rugby Club and the quarter final of the European Challenge Cup.

The 2021/22 season also marked the first financial year since the Covid Pandemic where crowds have been able return to the Kingsholm Stadium stands, with over 165,000 supporters attending fixtures during the season. The club also hosted the first ever England Red Roses women's six nations fixture at Kingsholm Stadium with a record attendance of 14,689 supporters watching an England Red Roses ticketed fixture.

During the season, the Club has moved to its new state-of-the art training facilities by redeveloping the warehouse building next door to Kingsholm Stadium. Furthermore, an artificial playing surface has also been installed at both Kingsholm Stadium and the training facility allowing for the same surface to be trained and played on as well as increasing the potential for additional fixtures to be held. The playing surface has been developed using the latest pitch development technology and has been considered the best artificial playing surface used in the Gallagher Premiership.

Financially, the results reflect the improved performance on the pitch with the results for the year, which are set out in the profit and loss account, showing turnover of £17,035,172 (2021 – £10,846,305). The company have reported a loss after tax of £628,917 (2021 - profit after tax of £141,529). During the season the Premiership Round 21 fixture against Worcester Warriors was postponed and later cancelled following the Worcester Warriors team not sending a team to complete the fixture. Following an independent panel review, Gloucester Rugby were awarded 5 league points for the fixture, however, due to the loss of matchday income from the fixture, the projected financial position of the club breaking-even for the year was not achieved. On 28th September, it was announced that administrators had been appointed at Worcester Warriors, which has meant that Gloucester Rugby has been unable to recover the financial loss from the fixture not taking place.

The Club continues to invest resource into the Gloucester Rugby Academy to develop a strong pathway for young players to advance into the first team. The 2021/22 season saw amongst others the emergence of Academy players George Barton, Jack Clement & Freddie Thomas join the first team ranks with a clear focus on more first team players joining them in future seasons. Gloucester Hartpury Women's team enjoyed a 6th place finish in 2021/22 Allianz Premier 15s with 16 players being called up to feature for their respective nations in the Women's Rugby World Cup. During the year Gloucester Hartpury and England Women's team player Zoe Aldcroft was also named World Rugby's player of the year. The profile of the Gloucester Hartpury Women's team continues to grow as more focus and resource is directed towards Women's team with more fixtures scheduled to be played in front of a growing audience at Kingsholm Stadium.

The club are reporting net assets of £8,207,804 (2021 - £8,836,721). During the prior year, a fair value gain of £3,828,320 was recognised on the investment in PRL. In the current year no adjustment to the fair value has been recognised and hence the value at year end is £17,551,779 (2021 - £17,551,779).

Off the pitch, following several years of sponsorship by Mitsubishi Motors, BiGDUG became main club partner and their support along with several other key sponsors have greatly contributed to the financial results reported. Hospitality and conferencing sales also returned to the stadium following the pandemic, with clients enjoying a new range of food offerings following the decision to bring the catering operation in-house. Community engagement also returned with the re-introduction of rugby camps held at Kingsholm and local clubs, as well as match-day activities for our junior supporters.

Our social media following continued to grow to a total audience of 338,000 followers, with a continued focus on growing our digital platforms to engage with a wider audience and the introduction of a more data based focused marketing plan. The club continues to monitor its fan engagement through net promoter scores and continues to strive to provide the highest level of experiences for all visitors to Kingsholm.

GLOUCESTER RUGBY LIMITED

Strategic Report for the Year Ended 30 June 2022

The club continues its focus on Environmental, Social and Sustainability initiatives aimed at reducing the Club's carbon emissions with a target of a reduction of 50% emissions by 2030. Energy contracts continue to be sourced using only green renewable sources and recycling bins are in place across the stadium. Equality, Diversity and Inclusion policies remain a strong interest of the Club and whilst working closely with Premiership Rugby and the RFU on this topic, the Club aims for this to remain at the heart of all activities.

The after-effects of the Covid Pandemic have resulted in an unprecedented environment to the club and Premiership Rugby as a whole, however, there is a clear financial plan to navigate the club to a profit-making basis through working closely with key stakeholders, whilst also remaining competitive in both domestic and European competitions.

The company's key financial performance indicators during the year were as follows:

Financial KPIs	Unit	2022	2021
Profit/(Loss) before tax	£	(694,537)	1,039,895
Growth/(reduction) in turnover	%	57	(31)
Cash inflow/(outflow)	£	(5,705,095)	5,575,223

The company measures its non-financial performance on the following KPIs:

- Gallagher Premiership league position;
- Number of wins and points per season;
- Progression in European and Domestic Cup;
- Match attendance;
- Fan Engagement;
- Community Engagement;
- Social Media impressions;
- Employee Engagement;
- Energy usage & carbon footprint

Future developments

The board of directors continue to seek opportunities to improve the club's position in the league and grow the club commercially and on the pitch.

Section 172(1) statement

The directors of the company must act in accordance with the duties detailed in section 172 of the Companies Act 2006 which is summarised as follows:

The directors of a company must act in the way they consider, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole, and in doing so have regard (amongst other matters) to:

a) The likely consequences of any decision in the long term.

The directors are committed to creating a sustainable business whilst delivering the best experience for our fans, colleagues, community and partners and compete at the highest level of English Rugby.

b) The interests of the company's employees.

Gloucester Rugby have a commitment to our employees and the directors recognise that our employees are fundamental to delivering the strategic ambitions. To do so Gloucester Rugby must attract and retain the right employees to achieve these goals.

c) The need to foster the company's business relationships with suppliers, customers and others.

The relationships between suppliers and customers is key to the success of Gloucester Rugby with regular dialogue to ensure that the relationships are working for all parties. Fan forums are held to ensure that improvements are continually made so the best experience is delivered to our suppliers and customers.

d) The impact of the company's operations on the community and the environment.

The community team are dedicated to delivering activities in the local area with ongoing support for schools, veteran support, wheelchair rugby and virtual walking groups, all activities that have been undertaken in the year. A sustainability working group has been established within the club to help identify and drive through change as the club looks to reduce its environmental impact.

e) The desirability of the company maintaining a reputation for high standards of business conduct.

Governance standards are closely monitored to ensure directors decisions are made to the highest standards of business conduct.

GLOUCESTER RUGBY LIMITED

Strategic Report for the Year Ended 30 June 2022

f) The need to act fairly between members of the company.

The directors take into consideration the impact on all stakeholder and in doing so act fairly between members of the company. Other major stakeholder group's include the company's insurers, suppliers, bankers, advisors, auditors, regulators and HMRC. With all these stakeholder group's the directors maintain regular and open dialogue to ensure that all parties are kept informed. The directors believe this is essential to building strong working relationships.

Principal risks and uncertainties

Relegation

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.

Health and wellbeing of players

This risk is managed through the employment of coaches and medical staff to ensure that players are in peak physical condition and adhere to protocols.

Approved by the Board on 23 March 2023 and signed on its behalf by:

M G St Quinton
Director

GLOUCESTER RUGBY LIMITED

Directors' Report for the Year Ended 30 June 2022

The directors present their report and the financial statements for the year ended 30 June 2022.

Directors of the company

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

M G St Quinton

A Hunt

A T Brown

R C Smith (resigned 28 February 2022)

L Bradley

T Griffiths

M Mulcahy (appointed 1 March 2022)

Matters covered in the Strategic Report

Information on the engagement with suppliers, customers and others is included in the Strategic Report in the s172(1) statement. The Strategic Report also covers future developments. The company's business environment and risks, together with details of monitoring undertaken by the directors and future developments are dealt with elsewhere in the Strategic Report.

Financial instruments

Objectives and policies

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.

Price risk, credit risk, liquidity risk and interest rate risk

Price risk

Price risk is the risk that price changes will cause financial losses for the company. Through careful monitoring of the company's market place and competitors the company's exposure to price risk is kept to a minimum.

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss to the other party by failing to discharge an obligation. 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.

The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

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 company 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.

Interest rate risk

The company's bank borrowings bear interest at rates linked to the Bank of England base rate. The directors consider the company is well placed to cope with any rise in interest rates. The company's other borrowings bear a fixed interest rate of 2% which is not repayable until September 2025 and therefore is not subject to interest rate increases.

GLOUCESTER RUGBY LIMITED

Directors' Report for the Year Ended 30 June 2022

Employment of disabled persons

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure their employment within the company continues and that the appropriate training is arranged. It is the policy of the company that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

Energy and Emissions Report

Under the Streamlined Energy and Carbon Reporting regulations the company must report annually on greenhouse gas emissions from scope 1 and scope 2 electricity, gas and transport.

		2022	2021
Energy consumption used to calculate emissions	GWH	1.119	0.830
Scope 1 emissions	tonnes CO2e	27.99	42.32
Scope 2 emissions	tonnes CO2e	234.81	234.96
Total greenhouse gas emissions	tonnes CO2e	262.8	277.28
<i>Greenhouse gas emissions per head of stadium capacity tonnes CO2e</i>		<i>0.02</i>	<i>0.02</i>

Data is provided as tonnes of carbon dioxide equivalent (CO2e) for all operations. Scope 1 and 2 emissions are from Kingsholm stadium. The company's chosen intensity measure is emissions per head of stadium capacity of 16,000.

The report data has been collated internally and CO2e have been calculated using average prices per kwh of energy and price per litre of fuel taken from supplier invoices. CO2e has been calculated using the National Energy Foundation Carbon Calculator. We do not consider refrigerant losses on our air conditioning units to be material and, as such, these are not reported in our emissions data.

We have reported on the emissions sources required under the Companies Act 2006 (Strategic Report and Directors' Reports) Regulations 2013 apart from the exclusions noted. The reported sources fall within our Financial Statements and are for emissions over which we have financial control. We do not have responsibility for any emissions sources that are not included in our financial statements.

The company considers the environmental impact of its operations and a full energy efficiency report had been completed during the financial year. This report identified a range of energy conservation measures that, if implemented, will have a positive impact on reducing the company's carbon emissions. The club continues to engage with specialists in energy reduction to assist with these targets.

Initiatives that have already been undertaken include

- Energy efficient lighting installed all areas of the stadium
- Air handling unit and air conditioning motion control units installed using energy reduction PIR motion sensors
- Partnering with an energy specialist firm with a clear objective to aim to reduce energy consumption across the entire stadium footprint

A sustainability working group has been established within the club and will help in driving through the agreed actions.

Going concern

The directors have prepared cash flow forecasts for the company for more than 12 months from the approval of these financial statements. After reviewing the company's forecasts, and on the assumption that the company's shareholders and bankers continue to support the company, which they have indicated to do, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. The company therefore continues to adopt the going concern basis in preparing its financial statements.

Disclosure of information to the auditors

Each director has taken 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 2022

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 23 March 2023 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 2022, which comprise the Profit and Loss Account, 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 2022 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 auditor 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 original financial statements were 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.

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.

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.

GLOUCESTER RUGBY LIMITED

Independent Auditor's Report to the Members of Gloucester Rugby Limited

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 8, 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.

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:

Owing to the inherent limitations of an audit, there is an unavoidable risk that material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in line accordance with the ISAs (UK).

In identifying and assessing risks of material misstatement in respect of fraud, including irregularities and non-compliance with laws and regulations, our procedures included the following:

- We obtained an understanding of the legal and regulatory requirements applicable to the company's financial statements or that had a fundamental effect on the operations of the company. We determined that the most significant laws and regulations included Premiership Rugby (PRL) Salary Cap, Employment legislation, UK GAAP, UK Companies Act 2006 and taxation laws;
- We understood how the company is complying with those legal and regulatory frameworks by making inquiries of management, and those responsible for legal and compliance procedures. We corroborated our enquiries through our review of board minutes.
- We assessed the susceptibility of the company's financial statements to material misstatement including how fraud might occur. Audit procedures performed by the engagement team included:
 - identifying and assessing the design effectiveness of controls management has in place to prevent and detect fraud;
 - understanding how those charged with governance considered and addressed the potential for override of controls or other inappropriate influence over the financial reporting process;
 - challenging assumptions and judgements made by management in its significant accounting estimates;
 - identifying and testing journal entries, in particular any journal entries with unusual characteristics; and
 - review of relevant correspondence, documentation and reports in respect of PRL Salary Cap rules.

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

GLOUCESTER RUGBY LIMITED

Independent Auditor's Report to the Members of Gloucester Rugby Limited

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.

Paul Fussell (Senior Statutory Auditor)

For and on behalf of Hazlewoods LLP, Statutory Auditor

Staverton Court

Staverton

Cheltenham

GL51 0UX

23 March 2023

GLOUCESTER RUGBY LIMITED**Profit and Loss Account for the Year Ended 30 June 2022**

	Note	2022 £	2021 £
Turnover	<u>3</u>	17,035,172	10,846,305
Cost of sales		<u>(11,693,899)</u>	<u>(9,764,635)</u>
Gross profit		5,341,273	1,081,670
Administrative expenses		(5,570,252)	(4,412,130)
Other operating income	<u>4</u>	<u>11,205</u>	<u>596,605</u>
Operating loss	<u>5</u>	(217,774)	(2,733,855)
Fair value (loss) / gain on fixed asset investments	<u>14</u>	(302,807)	3,828,230
Other interest receivable and similar income	<u>7</u>	146,437	83,113
Interest payable and similar charges	<u>8</u>	<u>(320,393)</u>	<u>(137,593)</u>
(Loss)/profit before tax		(694,537)	1,039,895
Taxation	<u>11</u>	<u>65,620</u>	<u>(898,366)</u>
(Loss)/profit for the financial year		<u><u>(628,917)</u></u>	<u><u>141,529</u></u>

The above results were derived from continuing operations.

The company has no other comprehensive income for the year.

GLOUCESTER RUGBY LIMITED

(Registration number: 00034603)
Balance Sheet as at 30 June 2022

	Note	2022 £	2021 £
Fixed assets			
Intangible assets	<u>12</u>	62,953	20,175
Tangible assets	<u>13</u>	10,534,035	8,573,926
Investments	<u>14</u>	19,523,577	19,826,384
		<u>30,120,565</u>	<u>28,420,485</u>
Current assets			
Stocks		10,627	-
Debtors	<u>15</u>	1,258,504	1,843,809
Cash at bank and in hand	<u>16</u>	3,065,123	8,770,218
		4,334,254	10,614,027
Creditors: Amounts falling due within one year	<u>17</u>	<u>(7,406,703)</u>	<u>(8,354,974)</u>
Net current (liabilities)/assets		<u>(3,072,449)</u>	<u>2,259,053</u>
Total assets less current liabilities		27,048,116	30,679,538
Creditors: Amounts falling due after more than one year	<u>17</u>	(15,644,811)	(18,798,459)
Provisions for liabilities	<u>11</u>	<u>(3,195,501)</u>	<u>(3,044,358)</u>
Net assets		<u>8,207,804</u>	<u>8,836,721</u>
Capital and reserves			
Called up share capital	<u>19, 20</u>	7,134,434	7,134,434
Share premium reserve	<u>20</u>	382,655	382,655
Retained earnings	<u>20</u>	690,715	1,319,632
Total equity		<u>8,207,804</u>	<u>8,836,721</u>

Approved and authorised by the Board on 23 March 2023 and signed on its behalf by:

M G St Quinton
Director

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

GLOUCESTER RUGBY LIMITED**Statement of Changes in Equity for the Year Ended 30 June 2022**

	Share capital £	Share premium £	Profit and loss account £	Total £
At 1 July 2021	7,134,434	382,655	1,319,632	8,836,721
Loss for the year	-	-	(628,917)	(628,917)
At 30 June 2022	7,134,434	382,655	690,715	8,207,804

	Share capital £	Share premium £	Profit and loss account £	Total £
At 1 July 2020	7,134,434	382,655	1,178,103	8,695,192
Profit for the year	-	-	141,529	141,529
At 30 June 2021	7,134,434	382,655	1,319,632	8,836,721

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

GLOUCESTER RUGBY LIMITED

Statement of Cash Flows for the Year Ended 30 June 2022

	Note	2022 £	2021 £
Cash flows from operating activities			
(Loss)/profit for the year		(628,917)	141,529
Adjustments to cash flows from non-cash items			
Depreciation and amortisation	<u>5</u>	817,497	612,176
(Profit)/loss on disposal of tangible and intangible assets	<u>5</u>	(10,000)	425,324
Finance income	<u>7</u>	(146,437)	(83,113)
Finance costs	<u>8</u>	320,393	137,593
Income tax expense	<u>11</u>	(65,620)	898,366
Movement in fair value of investments	<u>14</u>	302,807	(3,828,230)
		589,723	(1,696,355)
Working capital adjustments			
Increase in inventories		(10,627)	-
Decrease/(increase) in trade and other receivables		395,709	(778,795)
Decrease in trade and other payables		(3,999,368)	(2,870,586)
Cash generated from operations		(3,024,563)	(5,345,736)
Income taxes received		397,920	205,545
Net cash flow from operating activities		<u>(2,626,643)</u>	<u>(5,140,191)</u>
Cash flows from investing activities			
Interest received		(98,758)	2,042
Investment income		245,195	81,071
Acquisitions of property plant and equipment		(2,628,801)	(199,697)
Proceeds from sale of property plant and equipment		10,000	33,200
Acquisition of intangible assets		(75,063)	(23,000)
Net cash flows from investing activities		<u>(2,547,427)</u>	<u>(106,384)</u>
Cash flows from financing activities			
Interest paid		-	(32,507)
Proceeds from bank borrowing draw downs		4,350,000	2,000,000
Repayment of bank borrowing		(4,817,494)	(2,336,555)
Proceeds from other borrowing draw downs		-	11,223,037
Payments to finance lease creditors		(63,531)	(32,177)
Net cash flows from financing activities		<u>(531,025)</u>	<u>10,821,798</u>
Net (decrease)/increase in cash and cash equivalents		<u>(5,705,095)</u>	<u>5,575,223</u>
Cash and cash equivalents at 1 July		8,770,218	3,194,995
Cash and cash equivalents at 30 June	<u>16</u>	<u>3,065,123</u>	<u>8,770,218</u>

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

GLOUCESTER RUGBY LIMITED

Notes to the Financial Statements for the Year Ended 30 June 2022

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' (January 2022).

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 prepared cash flow forecasts for the company for more than 12 months from the approval of these financial statements. After reviewing the company's forecasts, and on the assumption that the company's shareholders and bankers continue to support the company, which they have indicated to do, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. The company therefore continues to adopt the going concern basis in preparing its financial statements.

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

Recognition of CVC transaction proceeds

An agreement to sell a minority interest in Premiership Rugby Limited (PRL) to certain funds advised or managed by CVC Capital Partners was signed on 29 March 2019. The club received a cash inflow of £12.8m as a result of this transaction. This income is effectively a prepayment against the first four years of income from the revised commercial agreement with CVC and is being recognised over a period of 48 months. Amounts relating to future periods have been recognised in deferred income.

GLOUCESTER RUGBY LIMITED

Notes to the Financial Statements for the Year Ended 30 June 2022

Investment carrying value

The company holds its investment in PRL Investor Limited and Coblato Co-Investment Limited at fair value. This is the accounting policy adopted in line with section 11 of FRS 102.

The company holds accrued and invested units in PRL Investor Limited. The accrued units are held at a fair value £nil as they cannot be independently sold. Judgement has been applied when determining the fair value of invested units which has been based on the present value of expected future cash flows. This involves the estimation of the discount rate to be used, as well as, the estimation of expected future distributions from PRL, based on historical and expected future cash inflows.

The initial valuation was provided by Premier Rugby Limited based on independent advice sought. This has since been amended to reflect an update to the License, Service and Commercial Rights Agreement ("LSCRA") which has increased the proportion of PRL revenue distributions.

At 30 June 2022, the carrying amount of the investment in PRL Investor Limited was £17,551,779 (2021 - £17,551,779).

The valuation of Coblato Co-Investment Limited is based on a valuation provided by the third party. Management have reviewed the valuation provided and agree with the impairment in fair value reported during the period.

The investment in Coblato Co-Investment Limited entitles the company to dividends.

At 30 June 2022, the carrying amount of the investment in Coblato Co-Investment Limited was £1,971,798 (2021 - £2,274,605).

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.

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.

Government grants

Government grants are recognised based on the accrual model and are measured at the fair value of the asset received or receivable. Grants relating to revenue are recognised in income in the period over which the income is receivable.

GLOUCESTER RUGBY LIMITED

Notes to the Financial Statements for the Year Ended 30 June 2022

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.

The current 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 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 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 balance sheet 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 land and buildings	2-15% straight line
Motor vehicles	20% straight line
Fixtures, fittings and equipment	15-33% straight line

Intangible assets

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

Amortisation

Amortisation is provided on intangible assets so as to write off the cost, less any estimated residual value, over their useful life as follows:

Asset class	Amortisation method and rate
Computer software	25-33% straight line
Player registrations	Over the period of the players contract

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.

At each reporting date, stocks are assessed for impairment. If stocks are 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.

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.

GLOUCESTER RUGBY LIMITED

Notes to the Financial Statements for the Year Ended 30 June 2022

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.

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.

Financial instruments

Classification

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.

GLOUCESTER RUGBY LIMITED

Notes to the Financial Statements for the Year Ended 30 June 2022

Recognition and measurement

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

Impairment

Assets, other than those measured at fair value, are assessed for indicators of impairment at each balance sheet date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss as described below.

A non financial asset is impaired where there is objective evidence that, as a result of one or more events that occurred after initial recognition, the estimated recoverable value of the asset has been reduced. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use.

Where indicators exist for a decrease in impairment loss, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

For financial assets carried at amortised cost, the amount of an impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets carried at cost less impairment, the impairment loss is the difference between the asset's carrying amount and the best estimate of the amount that would be received for the asset if it were to be sold at the reporting date.

Where indicators exist for a decrease in impairment loss, and the decrease can be related objectively to an event occurring after the impairment was recognised, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired financial asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

3 Turnover

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

	2022 £	2021 £
Central income	7,823,590	7,719,687
Ticket income	4,250,558	270,724
Hospitality, conferencing and events	1,412,280	133,134
Sponsorship and advertising	2,199,622	2,058,165
Community development	68,684	36,643
Commission on catering, bar and shop sales	135,950	57,386
Bar sales	312,265	55,267
Other mixed income	832,223	515,299
	<u>17,035,172</u>	<u>10,846,305</u>

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

GLOUCESTER RUGBY LIMITED

Notes to the Financial Statements for the Year Ended 30 June 2022

4 Other operating income

The analysis of the company's other operating income for the year is as follows:

	2022 £	2021 £
Government grants	11,205	496,605
Miscellaneous other operating income	-	100,000
	<u>11,205</u>	<u>596,605</u>

The company received grants in relation to the Coronavirus Job Retention Scheme (CJRS) which are accounted as a revenue grant. £11,205 (2021 - £496,605) was recognised in the profit and loss account in relation to this grant. The carrying value of accrued income at the year end was £nil (2021 - £nil).

5 Operating profit

Arrived at after charging/(crediting)

	Note	2022 £	2021 £
Depreciation expense	<u>13</u>	785,212	595,005
Amortisation expense	<u>12</u>	32,285	17,171
Operating lease expense - property	<u>21</u>	142,530	180,000
Operating lease expense - other	<u>21</u>	11,105	9,486
(Profit)/loss on disposal of property, plant and equipment		<u>(10,000)</u>	<u>425,324</u>

6 Auditors' remuneration

	2022 £	2021 £
Audit of the financial statements	<u>22,000</u>	<u>22,000</u>
Other fees to auditors		
Taxation compliance services	3,000	3,000
All other non-audit services	<u>2,000</u>	<u>2,000</u>
	<u>5,000</u>	<u>5,000</u>

7 Other interest receivable and similar income

	2022 £	2021 £
Interest income on bank deposits	1,242	2,042
Income from other fixed asset investments	<u>145,195</u>	<u>81,071</u>
	<u>146,437</u>	<u>83,113</u>

8 Interest payable and similar expenses

	2022 £	2021 £
Interest on bank overdrafts and borrowings	315,563	134,862
Interest on obligations under finance leases and hire purchase contracts	<u>4,830</u>	<u>2,731</u>
	<u>320,393</u>	<u>137,593</u>

GLOUCESTER RUGBY LIMITED

Notes to the Financial Statements for the Year Ended 30 June 2022

9 Staff costs

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

	2022 £	2021 £
Wages and salaries	10,590,677	8,687,457
Social security costs	1,212,551	952,104
Pension costs, defined contribution scheme	178,990	206,636
	<u>11,982,218</u>	<u>9,846,197</u>

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

	2022 No.	2021 No.
Players and training ground	106	100
Commercial, administration and support	220	248
	<u>326</u>	<u>348</u>

10 Directors' remuneration

The directors' remuneration for the year was as follows:

	2022 £	2021 £
Remuneration	513,436	268,633
Contributions paid to money purchase schemes	17,406	9,494
	<u>530,842</u>	<u>278,127</u>

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

	2022 No.	2021 No.
Accruing benefits under money purchase pension scheme	4	4

In respect of the highest paid director:

	2022 £	2021 £
Remuneration	249,679	165,709
Company contributions to money purchase pension schemes	7,708	2,022

GLOUCESTER RUGBY LIMITED

Notes to the Financial Statements for the Year Ended 30 June 2022

11 Taxation

Tax charged/(credited) in the profit and loss account

	2022 £	2021 £
Current taxation		
UK corporation tax adjustment to prior periods	(216,763)	(386,702)
Deferred taxation		
Arising from origination and reversal of timing differences	(155,169)	729,502
Arising from changes in tax rates and laws	-	555,566
Arising from previously unrecognised tax loss, tax credit or temporary difference of prior periods	306,312	-
Total deferred taxation	151,143	1,285,068
Tax (receipt)/expense in the profit and loss account	(65,620)	898,366

The tax on profit before tax for the year is higher than the standard rate of corporation tax in the UK (2021 - higher than the standard rate of corporation tax in the UK) of 19% (2021 - 19%).

The differences are reconciled below:

	2022 £	2021 £
(Loss)/profit before tax	(694,537)	1,039,895
Corporation tax at standard rate	(131,962)	197,580
Effect of revenues exempt from taxation	-	(727,402)
Effect of expense not deductible in determining taxable profit (tax loss)	20,350	1,438
Deferred tax (credit)/expense relating to changes in tax rates or laws	(22,220)	555,566
Deferred tax expense from unrecognised temporary difference from a prior period	306,312	-
Decrease in UK and foreign current tax from adjustment for prior periods	(216,763)	(386,702)
Tax increase from effect of capital allowances and depreciation	66,784	138,074
Tax (decrease)/increase from effect of indexation allowance on capital gains	(25,535)	727,364
Other tax effects for reconciliation between accounting profit and tax expense (income)	(62,586)	392,448
Total tax (credit)/charge	(65,620)	898,366

A UK corporation tax rate of 25% (effective 1 April 2023) was substantively enacted on 24 May 2021. This will increase the company's future current tax charge accordingly. The deferred tax liability at 30 June 2022 has been calculated at 25% (2021 - 25%).

GLOUCESTER RUGBY LIMITED

Notes to the Financial Statements for the Year Ended 30 June 2022

Deferred tax

Deferred tax assets and liabilities

	Liability £
2022	
Accelerated tax depreciation	844,391
Short term timing differences	(2,722)
Chargeable gains/(losses)	4,387,945
Tax losses available	<u>(2,034,113)</u>
	<u>3,195,501</u>
2021	
Accelerated tax depreciation	805,637
Short term timing differences	(10,548)
Chargeable gains/(losses)	4,423,345
Tax losses available	<u>(2,174,076)</u>
	<u>3,044,358</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 2022 the company has not recognised a further deferred tax asset of £564,606 (2021 - £485,767) as it is unclear when the tax losses associated with this asset will be utilised.

12 Intangible assets

	Goodwill £	Trademarks, patents and licenses £	Total £
Cost or valuation			
At 1 July 2021	38,352	53,339	91,691
Additions acquired separately	<u>10,000</u>	<u>65,063</u>	<u>75,063</u>
At 30 June 2022	<u>48,352</u>	<u>118,402</u>	<u>166,754</u>
Amortisation			
At 1 July 2021	21,927	49,589	71,516
Amortisation charge	<u>16,588</u>	<u>15,697</u>	<u>32,285</u>
At 30 June 2022	<u>38,515</u>	<u>65,286</u>	<u>103,801</u>
Carrying amount			
At 30 June 2022	<u>9,837</u>	<u>53,116</u>	<u>62,953</u>
At 30 June 2021	<u>16,425</u>	<u>3,750</u>	<u>20,175</u>

GLOUCESTER RUGBY LIMITED

Notes to the Financial Statements for the Year Ended 30 June 2022

13 Tangible assets

	Land and buildings £	Furniture, fittings and equipment £	Motor vehicles £	Total £
Cost				
At 1 July 2021	11,867,527	2,172,818	-	14,040,345
Additions	2,341,829	398,992	4,500	2,745,321
At 30 June 2022	14,209,356	2,571,810	4,500	16,785,666
Depreciation				
At 1 July 2021	4,024,943	1,441,476	-	5,466,419
Charge for the year	491,294	293,168	750	785,212
At 30 June 2022	4,516,237	1,734,644	750	6,251,631
Carrying amount				
At 30 June 2022	9,693,119	837,166	3,750	10,534,035
At 30 June 2021	7,842,584	731,342	-	8,573,926

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:

	2022 £	2021 £
Fixtures, fittings and equipment	99,612	21,148

Included in land and buildings is freehold land at a cost of £842,000 (2021 - £842,000) which is not subject to depreciation. The cost of the freehold land and buildings include capitalised finance costs of £404,766 (2021 - £404,766) of which an amount of £nil was capitalised during the year.

14 Fixed asset investments

	2022 £	2021 £
Fixed asset investments	19,523,577	19,826,384

Fixed asset investments

Fair value	
At 1 July 2021	19,826,384
Fair value loss	(302,807)
At 30 June 2022	19,523,577
Carrying amount	
At 30 June 2022	19,523,577
At 30 June 2021	19,826,384

GLOUCESTER RUGBY LIMITED

Notes to the Financial Statements for the Year Ended 30 June 2022

Financial assets at fair value represent the company's holding of invested units in PRL Investor Limited. The company has also co-invested in an additional minority shareholding in Premier Rugby Limited (PRL) which is held by Cobalto Co-Investment Limited.

The valuation of the investment is based on the income stream that the investment provides into perpetuity, discounted at a rate of 8%. In the year, a change to the Licence, Services and Commercial Rights Agreement ("LSCRA") between PRL and Premiership Rugby Clubs increased the proportion of overall PRL revenue distributions that is linked to these shares. The impact of this on the future income stream, and consequently, the discounted present value is reflected in the current valuation.

15 Debtors

	2022 £	2021 £
Trade debtors	336,445	944,494
Other debtors	701,923	389,583
Prepayments	157,750	293,796
Accrued income	62,386	34,779
Corporation tax asset	-	181,157
	<u>1,258,504</u>	<u>1,843,809</u>

16 Cash and cash equivalents

	2022 £	2021 £
Cash on hand	136	4,412
Cash at bank	<u>3,064,987</u>	<u>8,765,806</u>
	<u>3,065,123</u>	<u>8,770,218</u>

17 Creditors

	Note	2022 £	2021 £
Due within one year			
Loans and borrowings	<u>18</u>	530,696	409,214
Trade creditors		296,118	214,565
Social security and other taxes		1,062,252	585,295
Outstanding defined contribution pension costs	<u>22</u>	30,366	32,147
Other payables		79,028	68,914
Accrued expenses		557,100	257,568
Deferred income		<u>4,851,143</u>	<u>6,787,271</u>
		<u>7,406,703</u>	<u>8,354,974</u>
Due after one year			
Loans and borrowings	<u>18</u>	15,108,370	15,321,918
Deferred income		<u>536,441</u>	<u>3,476,541</u>
		<u>15,644,811</u>	<u>18,798,459</u>

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

GLOUCESTER RUGBY LIMITED

Notes to the Financial Statements for the Year Ended 30 June 2022

18 Loans and borrowings

	2022 £	2021 £
Current loans and borrowings		
Bank borrowings	486,248	391,219
Hire purchase and finance lease liabilities	44,448	17,995
	<u>530,696</u>	<u>409,214</u>
	2022 £	2021 £
Non-current loans and borrowings		
Bank borrowings	3,556,058	4,027,318
Hire purchase and finance lease liabilities	49,054	15,642
Other borrowings	11,503,258	11,278,958
	<u>15,108,370</u>	<u>15,321,918</u>
	2022 £	2021 £
After more than five years by instalments	<u>9,661,189</u>	<u>10,466,347</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 with a carrying amount of £nil (2021 - £3,132,869) 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 £27,282. The loan was refinanced in December 2021.
- A bank loan with a carrying amount of £nil (2021 - £1,285,668) 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 £10,113. The loan was refinanced in December 2021.
- A bank loan with a carrying amount of £4,042,306 (2021 - £nil) was advanced in December 2021. The loan is denominated in GBP and bears interest at a rate of 2.15% above the Bank of England base rate. The loan is repayable in monthly instalments of £40,521, with the final instalment falling due in January 2027.

Bank loans and borrowings 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.

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

Other borrowings

Other borrowings with a carrying amount of £11,503,258 (2021 - £11,278,958) comprises a loan advanced by the Department for Digital, Culture, Media and Sport under the Sports Winter Survival package. The loan is denominated in GBP and attracts interest at 2%. The loan is repayable in half yearly instalments of £400,571 commencing in September 2025, with the final instalment falling due in March 2039.

Finance lease liabilities

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

GLOUCESTER RUGBY LIMITED

Notes to the Financial Statements for the Year Ended 30 June 2022

19 Share capital

Allotted, called up and fully paid shares

	2022		2021	
	No.	£	No.	£
Ordinary shares of £1 each	7,134,434	7,134,434	7,134,434	7,134,434

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:

	2022 £	2021 £
Not later than one year	43,663	21,149
Later than one year and not later than five years	52,631	21,383
	<u>96,294</u>	<u>42,532</u>

Operating leases

The total of future minimum lease payments is as follows:

	2022 £	2021 £
Not later than one year	225,582	11,370
Later than one year and not later than five years	868,152	16,657
Later than five years	898,542	-
	<u>1,992,276</u>	<u>28,027</u>

The amount of non-cancellable operating lease payments recognised as an expense during the year was £153,635 (2021 - £189,486).

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 £178,990 (2021 - £206,636).

Contributions totalling £30,366 (2021 - £32,147) were payable to the scheme at the end of the year and are included in creditors.

GLOUCESTER RUGBY LIMITED

Notes to the Financial Statements for the Year Ended 30 June 2022

23 Commitments

Capital commitments

The total amount contracted for but not provided in the financial statements was £Nil (2021 - £699,360).

24 Related party transactions

Summary of transactions with other related parties

F3Group Limited

(a company in which M St Quinton is a director and shareholder)

During the year the company made sales of £nil (2021 - £90,000) to F3Group Limited in respect of sponsorship for the 2021/22 season. At the balance sheet date the amount due from F3Group Limited was £nil (2021 - £54,000) in respect of sponsorship invoiced in advance.

Gloucester Rugby Foundation

(a charity in which R Smith and M Mulcahy are registered trustees)

During the year the company recharged costs of £142,684 (2021 - £161,772) and income of £192,584 (2021 - £583) to Gloucester Rugby Foundation. At the balance sheet date the amount due from Gloucester Rugby Foundation was £60,132 (2021 - £22,783).

Directors of the company

During the year, certain directors advanced loans of £nil (2021 - £1,000,000) to the company. The loans were repaid in full during the prior year plus interest of £9,286.

25 Financial instruments

Categorisation of financial instruments

	2022 £	2021 £
Financial assets measured at fair value through profit or loss	19,523,577	19,826,384

Items of income, expense, gains or losses

	Income £	Expense £	Net gains £	Net losses £
2022				
Financial assets measured at fair value through profit or loss	-	-	-	302,807
Financial liabilities measured at amortised cost	-	315,563	-	-
	-	315,563	-	302,807
2021				
Financial assets measured at fair value through profit or loss	-	-	3,828,230	-
Financial liabilities measured at amortised cost	-	137,593	-	-
	-	137,593	3,828,230	-

The total interest income for financial assets not measured at fair value through profit or loss is £320,393 (2021 - £179,284).

GLOUCESTER RUGBY LIMITED

Notes to the Financial Statements for the Year Ended 30 June 2022

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 (note 14).

The fair value is £19,523,577 (2021 - £19,826,384) and the change in value included in profit or loss is £(302,807) (2021 - £3,828,230).

26 Analysis of net debt

	At 1 July 2021	Cash flow	Other non-cash changes	At 30 June 2022
	£	£	£	£
Cash at bank and in hand	8,770,218	(5,705,095)	-	3,065,123
	8,770,218	(5,705,095)	-	3,065,123
Bank borrowings	(4,418,538)	467,494	(91,263)	(4,042,306)
Other borrowings	(11,278,958)	-	(224,300)	(11,503,258)
Finance lease and hire purchase contract	(33,637)	(59,865)	-	(93,502)
Net debt	<u>(6,960,915)</u>	<u>(5,297,466)</u>	<u>(315,563)</u>	<u>(12,573,943)</u>

Other non-cash changes reflect accrued interest.

27 Parent and ultimate parent undertaking

The directors regard Martin St Quinton to be the ultimate 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.