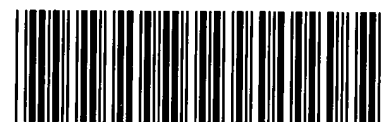


Registration number: 00034603

GLOUCESTER RUGBY LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

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GLOUCESTER RUGBY LIMITED

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GLOUCESTER RUGBY LIMITED

COMPANY INFORMATION

Directors	M G St Quinton
	A Hunt
	A T Brown
	R C Smith
	L Bradley
	T Griffiths
Company secretary	R C Smith
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 2021

The directors present their strategic report for the year ended 30 June 2021.

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 2020/21 season held further challenges for Gloucester Rugby with the continued impact of COVID-19 across the season. It was great to welcome fans back for two matches in December 2020 and again for a match in May 2021, although with restricted numbers. Unfortunately, for the majority of the season, fans were unable to attend Kingsholm in-person.

Financially, the results show the effects of COVID-19 that Gloucester Rugby have faced across the entire year. With the continued support of our club partners, club members, supporters, players and staff, we have managed to get through another difficult year for the Club. The results for the year which are set out in the profit and loss account show turnover of £10,846,305 (2020 – £15,621,025). The company have reported a profit before tax of £1,039,895 (2020 - loss before tax of £981,641).

We are showing a fair value gain on our investment in PRL of £3,686,632, the value of which has increased from £13,865,147 to £17,551,779. A fair value gain of £141,598 has also been reported on other investments held by the company. The balance sheet remains healthy with net assets of £8,836,721 (2020 - £8,695,192). During the year, the club was extended a loan facility of £11,216,000 by the Department for Digital, Culture, Media and Sport, under the Sports Winter Survival Package. This injection of funds has removed the short term risk to the business and allowed for the repayment of liabilities.

On the pitch, the team finished 11th during a COVID-19 impacted season which saw the last two fixtures having to be cancelled. George Skivington joined as Head Coach in July 2020 and we're building an exciting squad at the Club, featuring a mix of experience and an increasing number of players coming through the Academy.

Following the end of the season, the Club has moved the training facilities to Gloucester, redeveloping the warehouse next door to Kingsholm Stadium. Artificial turf has also been installed at Kingsholm enabling the players to train in a state-of-the-art training facility in the heart of the city, as well as allowing us to host additional matches at the stadium.

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

	Unit	2021	2020
Profit/(Loss) before tax	£	1,039,895	(981,641)
(Reduction)/growth in turnover	%	(31)	(6)
Cash inflow/(outflow)	£	5,575,223	(2,263,319)

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 Cup; and
- match attendance.

Future developments

The directors continue to seek opportunities to improve the club's position in the league and grow the company.

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 he considers, 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.

GLOUCESTER RUGBY LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 30 JUNE 2021

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.

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

COVID-19

COVID-19 put a strain on the business during FY20 and FY21. The directors have put in place policies and procedures to manage the pandemic, such as following Government guidelines, safeguarding staff, and where possible, adapting business operations. In the period post year end, business performance has improved. Although the UK's vaccine roll out is ahead of other areas of the world, the virus is continuing to mutate. Any further restrictions introduced by the Government could further impact the activities of the company.

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.

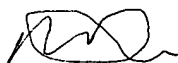
Health and well being of players

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. In response to COVID-19, the club ensure that Premiership Rugby and Public Health England protocols are adhered to.

Revenue generation

COVID-19 has negatively impacted the revenues generated by the company in the financial year. The ability to recover revenues to pre COVID-19 levels will impact on the level of investment the company can make. The directors seek to mitigate this risk by entering into contracts with sponsors and ensuring that ticket pricing remains competitive. Broadcasting and certain other revenues are currently negotiated centrally by Premier Rugby Limited, and the club alone do not have influence over the outcome of contract negotiations.

Approved by the Board on 21/2/2022 and signed on its behalf by:



.....
M G St Quinton
Director

GLOUCESTER RUGBY LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2021

The directors present their report and the financial statements for the year ended 30 June 2021.

Directors of the company

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

M G St Quinton

A Hunt

A T Brown

G Gleave (resigned 13 May 2021)

R C Smith (appointed 15 February 2021)

L Bradley

T Griffiths (appointed 13 May 2021)

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

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.

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.

Price risk

Through careful monitoring of the company's market place and competitors the company's exposure to price risk is kept to a minimum.

Interest rate risk

The most significant interest rate risk involves the interest rate fluctuations, which is managed by balancing interest rate risk between variable and fixed rates. The directors view short term base rate volatility to be low. The company is well placed to deal with any rise in interest rates.

GLOUCESTER RUGBY LIMITED**DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2021****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

		2021	2020
Scope 1 emissions	tonnes CO2e	42.32	37.95
Scope 2 emissions	tonnes CO2e	234.96	287.44
Total greenhouse gas emissions	tonnes CO2e	277.28	325.39
<i>Greenhouse gas emissions per head of stadium capacity</i>		<i>tonnes CO2e</i>	
		0.02	0.02

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.

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 was carried out at Kingsholm late in 2020. 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 COVID-19 lockdown measures have made it challenging to progress the identified measures.

As lockdown measures ease, and there is a return to normal operations, these identified measures and savings will be fed into the operational and business plan. Planned actions include:

- The hot water and heating boilers in the Main stand have been replaced with more efficient condensing units. The viability of further utilising these more efficient boilers to provide heating to the corporate boxes (replacing inefficient electric panel heaters) is being investigated.
- Insulation has been installed in many of the beer cellars, to reduce the energy used in cooling. It is planned to extend this work. Cellar cooling is now switched off between events / matches.
- Nearly all light fittings have been upgraded to LED, and it is planned to replace the remaining older fluorescent tube fittings across the stadium, as well as halogen spot lights in the hospitality suites. PIR sensors have been installed within storage areas to avoid unnecessary lighting use.

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 forecasts for the company for more than 12 months from the approval of these financial statements. The forecast information indicates that the company will remain within its existing facilities and have sufficient working capital for its operations. After reviewing these forecasts, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future and therefore consider it appropriate to prepare the financial statements on a going concern basis.

Important non adjusting events after the financial period

At the balance sheet date the company are committed to costs of £927,669 in connection with a new pitch at Kingsholm.

In January 2022, the company signed a lease agreement for the new training facility with annual rent of £172,520 for the first year, increasing to £215,650 thereafter.

Post year end, bank borrowings have been refinanced under a £4,350,000 facility. The loan is repayable in 60 equal instalments of £40,521 and the facility attracts interest at a rate of 2.15% plus the bank's base rate.

GLOUCESTER RUGBY LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2021

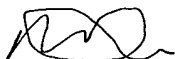
Disclosure of information to the auditors

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.

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 21/2/2022 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 2021, 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 2021 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

In auditing the financial statements, we have concluded that the director's 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.

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 7, 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 with the ISA's (UK).

- We obtained an understanding of the legal and regulatory requirements applicable to the company financial statements or that had a fundamental effect on the operations of the company. We determined that the most significant laws and regulations included 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; and
 - identifying and testing journal entries, in particular any journal entries with unusual characteristics.

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

Date: 21/02/2022.....

GLOUCESTER RUGBY LIMITED**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30 JUNE 2021**

	Note	2021 £	2020 £
Turnover	3	10,846,305	15,621,025
Cost of sales		<u>(9,764,635)</u>	<u>(12,178,784)</u>
Gross profit		1,081,670	3,442,241
Administrative expenses		(4,412,130)	(5,502,407)
Other operating income	4	<u>596,605</u>	<u>981,968</u>
Operating loss	5	(2,733,855)	(1,078,198)
Fair value gain on fixed asset investment		3,828,230	-
Other interest receivable and similar income	7	83,113	220,277
Interest payable and similar charges	8	<u>(137,593)</u>	<u>(123,720)</u>
Profit/(loss) before tax		1,039,895	(981,641)
Taxation	11	<u>(898,366)</u>	<u>336,278</u>
Profit/(loss) for the financial year		<u><u>141,529</u></u>	<u><u>(645,363)</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 2021

	Note	2021 £	2020 £
Fixed assets			
Intangible assets	12	20,175	14,346
Tangible assets	13	8,573,926	9,427,758
Investments	14	19,826,384	15,998,154
		<u>28,420,485</u>	<u>25,440,258</u>
Current assets			
Debtors	15	1,843,809	717,598
Cash at bank and in hand	16	8,770,218	3,194,995
		10,614,027	3,912,593
Creditors: Amounts falling due within one year	17	<u>(8,354,974)</u>	<u>(7,458,279)</u>
Net current assets/(liabilities)		<u>2,259,053</u>	<u>(3,545,686)</u>
Total assets less current liabilities		30,679,538	21,894,572
Creditors: Amounts falling due after more than one year	17	(18,798,459)	(11,440,090)
Provisions for liabilities	11	<u>(3,044,358)</u>	<u>-(1,759,290)</u>
Net assets		<u>8,836,721</u>	<u>8,695,192</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	1,319,632	1,178,103
Total equity		<u>8,836,721</u>	<u>8,695,192</u>

Approved and authorised by the Board on ^{21/2/2022} and signed on its behalf by:



.....
M G St Quinton
Director

GLOUCESTER RUGBY LIMITED**STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2021**

	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	<u>7,134,434</u>	<u>382,655</u>	<u>1,319,632</u>	<u>8,836,721</u>

	Share capital £	Share premium £	Profit and loss account £	Total £
At 1 July 2019	7,134,434	382,655	1,823,466	9,340,555
Loss for the year	-	-	(645,363)	(645,363)
At 30 June 2020	<u>7,134,434</u>	<u>382,655</u>	<u>1,178,103</u>	<u>8,695,192</u>

The notes on pages 15 to 29 form an integral part of these financial statements.

GLOUCESTER RUGBY LIMITED**STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2021**

	Note	2021 £	2020 £
Cash flows from operating activities			
Profit/(loss) for the year		141,529	(645,363)
Adjustments to cash flows from non-cash items			
Depreciation and amortisation	5	612,176	601,964
Loss on disposal of tangible and intangible assets		425,324	-
Finance income	7	(83,113)	(220,277)
Finance costs	8	137,593	123,720
Income tax expense	11	898,366	(336,278)
Movement in fair value of investments	14	(3,828,230)	-
		(1,696,355)	(476,234)
Working capital adjustments			
Decrease in inventories		-	42,090
(Increase)/decrease in trade and other receivables		(778,795)	1,778,407
Decrease in trade and other payables		(2,870,586)	(3,319,740)
Cash generated from operations		(5,345,736)	(1,975,477)
Income taxes received		205,545	96,992
Net cash flow from operating activities		(5,140,191)	(1,878,485)
Cash flows from investing activities			
Interest received	7	83,113	220,277
Acquisitions of property plant and equipment		(199,697)	(126,362)
Proceeds from sale of property plant and equipment		33,200	-
Acquisition of intangible assets	12	(23,000)	-
Net cash flows from investing activities		(106,384)	93,915
Cash flows from financing activities			
Interest paid		(32,507)	(123,720)
Proceeds from bank borrowing draw downs		2,000,000	-
Repayment of bank borrowing		(2,336,555)	(335,958)
Proceeds from other borrowing draw downs		11,223,037	-
Payments to finance lease creditors		(32,177)	(19,071)
Net cash flows from financing activities		10,821,798	(478,749)
Net increase/(decrease) in cash and cash equivalents		5,575,223	(2,263,319)
Cash and cash equivalents at 1 July		3,194,995	5,458,314
Cash and cash equivalents at 30 June	27	8,770,218	3,194,995

The notes on pages 15 to 29 form an integral part of these financial statements.

GLOUCESTER RUGBY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

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' (March 2018).

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 forecasts for the company for more than 12 months from the approval of these financial statements. The forecast information indicates that the company will remain within its existing facilities and have sufficient working capital for its operations. After reviewing these forecasts, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future and therefore consider it appropriate to prepare the financial statements on a going concern basis.

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 2021

Investment carrying value

The company holds its investment in PRL Investor Limited and Coblato Co-Investment Limited Partnership at fair value. This is the accounting policy adopted in line with section 11 of FRS 102. The company holds invested and accrued units in PRL Investor Limited. These different shares have contractual rights to income from Premier Rugby Limited through a licence, service and commercial rights agreement that allocates income to the different unit types. The investment in Coblato Co-Investment Limited Partnership entitles the company to dividends.

The initial valuation was provided by Premier Rugby Limited based on independent advice sought at the time of the restructuring. During the year, the distribution rate allocated to the invested units increased from 33% to 50% and the associated uplift in the value of the invested units has been reflected in these financial statements. At 30 June 2021, the invested units have been valued at their fair value of £17.6 million (2020 - £13.9 million). The current valuation is based on managements review of the annual valuation provided by Premier Rugby Limited.

Given the recent timing of the transaction with CVC and modelling assumptions made, management concur with the valuation attributed to the invested units. The accrued units have been held at £nil value as they cannot be independently sold, and therefore allocated a fair value. The ownership of the assets is highly restricted due to the terms of the shareholder agreement pertaining to the invested units.

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

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.

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.

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.

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 2021**

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 buildings	2-15% 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.

The cost of finished goods and work in progress comprises direct materials and those overheads that have been incurred in bringing the inventories to their present location and condition.

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 2021

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 2021****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.

The recoverable amount of goodwill is derived from measurement of the present value of the future cash flows of the cash-generating units ('CGUs') of which the goodwill is a part. Any impairment loss in respect of a CGU is allocated first to the goodwill attached to that CGU, and then to other assets within that CGU on a pro-rata basis.

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. Where a reversal of impairment occurs in respect of a CGU, the reversal is applied first to the assets (other than goodwill) of the CGU on a pro-rata basis and then to any goodwill allocated to that CGU.

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 Revenue

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

	2021 £	2020 £
Central income	7,719,687	6,898,888
Ticket income	270,724	2,974,797
Hospitality, conferencing and events	133,134	1,427,669
Sponsorship and advertising	2,058,165	2,485,465
Community development	36,643	19,599
Commission on catering, bar and shop sales	57,386	127,477
Bar sales	55,267	675,348
Other mixed income	515,299	489,755
Donations from refunded ticket sales	-	522,027
	<u>10,846,305</u>	<u>15,621,025</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 2021****4 Other operating income**

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

	2021	2020
	£	£
Government grants	496,605	956,968
Miscellaneous other operating income	100,000	25,000
	<u>596,605</u>	<u>981,968</u>

The company received grants in relation to the Coronavirus Job Retention Scheme (CJRS) which is accounted as a revenue grant. £496,605 (2020 - £956,968) was recognised in the profit and loss account in relation to this grant.

5 Operating profit

Arrived at after charging/(crediting)

	2021	2020
	£	£
Depreciation expense	595,005	591,368
Amortisation expense	17,171	10,596
Operating lease expense - property	180,000	180,000
Operating lease expense - other	9,486	17,484
Loss on disposal of property, plant and equipment	<u>425,324</u>	<u>-</u>

6 Auditors' remuneration

	2021	2020
	£	£
Audit of the financial statements	<u>22,000</u>	<u>16,000</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

	2021	2020
	£	£
Interest income on bank deposits	2,042	53,223
Investment income	<u>81,071</u>	<u>167,054</u>
	<u>83,113</u>	<u>220,277</u>

8 Interest payable and similar expenses

	2021	2020
	£	£
Interest on bank overdrafts and borrowings	134,862	121,128
Interest on obligations under finance leases and hire purchase contracts	<u>2,731</u>	<u>2,592</u>
	<u>137,593</u>	<u>123,720</u>

GLOUCESTER RUGBY LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021****9 Staff costs**

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

	2021	2020
	£	£
Wages and salaries	8,687,457	10,892,598
Social security costs	952,104	1,182,982
Pension costs, defined contribution scheme	206,636	142,625
	<u>9,846,197</u>	<u>12,218,205</u>

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

	2021	2020
	No.	No.
Players and training ground	100	99
Commercial, administration and support	248	275
	<u>348</u>	<u>374</u>

10 Directors' remuneration

The directors' remuneration for the year was as follows:

	2021	2020
	£	£
Remuneration	268,633	349,773
Contributions paid to money purchase schemes	9,494	5,362
	<u>278,127</u>	<u>355,135</u>

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

	2021	2020
	No.	No.
Accruing benefits under money purchase pension scheme	<u>4</u>	<u>2</u>

In respect of the highest paid director:

	2021	2020
	£	£
Remuneration	165,709	120,312
Company contributions to money purchase pension schemes	<u>2,022</u>	<u>-</u>

GLOUCESTER RUGBY LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021****11 Taxation**

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

	2021 £	2020 £
Current taxation		
UK corporation tax adjustment to prior periods	<u>(386,702)</u>	<u>(96,992)</u>
Deferred taxation		
Arising from origination and reversal of timing differences	729,502	(474,412)
Arising from changes in tax rates and laws	<u>555,566</u>	<u>235,126</u>
Total deferred taxation	<u>1,285,068</u>	<u>(239,286)</u>
Tax expense/(receipt) in the profit and loss account	<u>898,366</u>	<u>(336,278)</u>

The tax on profit before tax for the year is higher than the standard rate of corporation tax in the UK (2020 - lower than the standard rate of corporation tax in the UK) of 19% (2020 - 19%).

The differences are reconciled below:

	2021 £	2020 £
Profit/(loss) before tax	<u>1,039,895</u>	<u>(981,641)</u>
Corporation tax at standard rate	-197,580	(186,512)
Effect of revenues exempt from taxation	(727,402)	-
Effect of expense not deductible in determining taxable profit (tax loss)	1,438	1,407
Deferred tax expense relating to changes in tax rates or laws	555,566	235,126
Decrease in UK and foreign current tax from adjustment for prior periods	(386,702)	(96,992)
Tax increase from effect of capital allowances and depreciation	138,074	59,052
Tax increase from effect of indexation allowance on capital gains	727,364	-
Other tax effects for reconciliation between accounting profit and tax expense (income)	<u>392,448</u>	<u>(348,359)</u>
Total tax charge/(credit)	<u>898,366</u>	<u>(336,278)</u>

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 2021 has been calculated at 25% (2020 - 19%).

Deferred tax

Deferred tax assets and liabilities

2021	Liability £
Accelerated tax depreciation	805,637
Short term timing differences	(10,548)
Tax losses available	(2,174,076)
Chargeable gains/(losses)	<u>4,423,345</u>
	<u>3,044,358</u>

GLOUCESTER RUGBY LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021**

	Liability £
2020	
Accelerated tax depreciation	615,700
Short term timing differences	(5,470)
Tax losses available	(1,485,318)
Chargeable gains/(losses)	<u>2,634,378</u>
	<u>1,759,290</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 2021 the company has not recognised a further deferred tax asset of £485,767 (2020 - £289,703) as it is unclear when the tax losses associated with this asset will be utilised.

12 Intangible assets

	Player registrations £	Computer software £	Total £
Cost or valuation			
At 1 July 2020	15,352	53,339	68,691
Additions acquired separately	<u>23,000</u>	<u>-</u>	<u>23,000</u>
At 30 June 2021	<u>38,352</u>	<u>53,339</u>	<u>91,691</u>
Amortisation			
At 1 July 2020	15,352	38,993	54,345
Amortisation charge	<u>6,575</u>	<u>10,596</u>	<u>17,171</u>
At 30 June 2021	<u>21,927</u>	<u>49,589</u>	<u>71,516</u>
Carrying amount			
At 30 June 2021	<u>16,425</u>	<u>3,750</u>	<u>20,175</u>
At 30 June 2020	<u>-</u>	<u>14,346</u>	<u>14,346</u>

13 Tangible assets

	Freehold land and buildings £	Fixtures, fittings and equipment £	Total £
Cost or valuation			
At 1 July 2020	12,357,658	2,214,547	14,572,205
Additions	41,192	158,505	199,697
Disposals	<u>(531,323)</u>	<u>(200,234)</u>	<u>(731,557)</u>
At 30 June 2021	<u>11,867,527</u>	<u>2,172,818</u>	<u>14,040,345</u>
Depreciation			
At 1 July 2020	3,842,116	1,302,331	5,144,447
Charge for the year	345,191	249,814	595,005
Eliminated on disposal	<u>(162,364)</u>	<u>(110,669)</u>	<u>(273,033)</u>
At 30 June 2021	<u>4,024,943</u>	<u>1,441,476</u>	<u>5,466,419</u>
Carrying amount			
At 30 June 2021	<u>7,842,584</u>	<u>731,342</u>	<u>8,573,926</u>
At 30 June 2020	<u>8,515,542</u>	<u>912,216</u>	<u>9,427,758</u>

GLOUCESTER RUGBY LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021****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:

	2021 £	2020 £
Fixtures, fittings and equipment	<u>21,148</u>	<u>76,715</u>

Included in land and buildings is freehold land at a cost of £842,000 (2020 - £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.

14 Fixed asset investments

	2021 £	2020 £
Fixed asset investments	<u>19,826,384</u>	<u>15,998,154</u>
Fixed asset investments		£
Fair value		
At 1 July 2020		15,998,154
Fair value gain		<u>3,828,230</u>
At 30 June 2021		<u>19,826,384</u>
Carrying amount		
At 30 June 2021		<u>19,826,384</u>
At 30 June 2020		<u>15,998,154</u>

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 Partnership.

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

	2021 £	2020 £
Trade debtors	944,494	388,938
Other debtors	389,583	68,344
Prepayments	293,796	85,888
Accrued income	34,779	174,428
Corporation tax asset	<u>181,157</u>	<u>-</u>
	<u>1,843,809</u>	<u>717,598</u>

GLOUCESTER RUGBY LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021****16 Cash and cash equivalents**

	2021 £	2020 £
Cash on hand	4,412	4,589
Cash at bank	8,765,806	3,190,406
	<u>8,770,218</u>	<u>3,194,995</u>

17 Creditors

	Note	2021 £	2020 £
Due within one year			
Loans and borrowings	18	409,214	316,998
Trade creditors		214,565	450,430
Social security and other taxes		585,295	1,095,467
Outstanding defined contribution pension costs		32,147	35,392
Other payables		68,914	698,964
Accrued expenses		257,568	326,991
Deferred income		<u>6,787,271</u>	<u>4,534,037</u>
		<u>8,354,974</u>	<u>7,458,279</u>
Due after one year			
Loans and borrowings	18	15,321,918	4,454,743
Deferred income		<u>3,476,541</u>	<u>6,985,347</u>
		<u>18,798,459</u>	<u>11,440,090</u>

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

18 Loans and borrowings

	2021 £	2020 £
Current loans and borrowings		
Bank borrowings	391,219	290,971
HP and finance lease liabilities	<u>17,995</u>	<u>26,027</u>
	<u>409,214</u>	<u>316,998</u>
Non-current loans and borrowings		
Bank borrowings	4,027,318	4,414,956
HP and finance lease liabilities	15,642	39,787
Other borrowings	<u>11,278,958</u>	<u>-</u>
	<u>15,321,918</u>	<u>4,454,743</u>
After more than five years by instalments	<u>10,466,347</u>	<u>2,819,047</u>

GLOUCESTER RUGBY LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021****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 £3,132,869 (2020 - £3,350,091) 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, with the final instalment falling due in June 2031.
- A bank loan with a carrying amount of £1,285,668 (2020 - £1,355,876) 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, with the final instalment falling due in June 2033.

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.

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 of £11,278,958 (2020 - £nil) 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.

19 Share capital**Allotted, called up and fully paid shares**

	2021		2020	
	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.

GLOUCESTER RUGBY LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021****21 Obligations under leases and hire purchase contracts****Finance leases**

The total of future minimum lease payments is as follows:

	2021	2020
	£	£
Not later than one year	21,149	28,398
Later than one year and not later than five years	<u>21,383</u>	<u>42,532</u>
	<u><u>42,532</u></u>	<u><u>70,930</u></u>

Operating leases

The total of future minimum lease payments is as follows:

	2021	2020
	£	£
Not later than one year	11,370	184,735
Later than one year and not later than five years	<u>16,657</u>	<u>-</u>
	<u><u>28,027</u></u>	<u><u>184,735</u></u>

The amount of non-cancellable operating lease payments recognised as an expense during the year was £189,486 (2020 - £197,484).

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 £206,636 (2020 - £142,625).

Contributions totalling £32,147 (2020 - £35,392) were payable to the scheme at the end of the year and are included in creditors.

23 Commitments**Capital commitments**

The total amount contracted for but not provided in the financial statements was £699,360 (2020 - £Nil).

GLOUCESTER RUGBY LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021****24 Related party transactions****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 £90,000 (2020 - £125,000) to F3Group Limited in respect of sponsorship for the 2020/21 season. At the balance sheet date the amount due from F3Group Limited was £54,000 (2020 - £45,000) in respect of sponsorship invoiced in advance.

Gloucester Rugby Foundation**(a charity in which R Smith is a registered trustee)**

During the year the company recharged costs of £161,772 (2020 - £238,936) and income of £583 (2020 - £11,058) to Gloucester Rugby Community Charity. At the balance sheet date the amount due from Gloucester Community Charity was £22,783 (2020 - £25,720).

Directors of the company

During the year, certain directors advanced loans of £1,000,000 (2020 - £nil) to the company. The loans were repaid in full during the year plus interest of £9,286 (2020 - £nil).

25 Financial instruments**Categorisation of financial instruments**

	2021 £	2020 £
Financial assets measured at fair value through profit or loss	<u>19,826,384</u>	<u>15,998,154</u>

Items of income, expense, gains or losses

	Income £	Expense £	Net gains £	Net losses £
2021				
Financial assets measured at fair value through profit or loss	-	-	3,828,230	-
Financial liabilities measured at amortised cost	<u>-</u>	<u>137,593</u>	<u>-</u>	<u>-</u>
	<u>-</u>	<u>137,593</u>	<u>3,828,230</u>	<u>-</u>
2020				
Financial liabilities measured at amortised cost	<u>-</u>	<u>121,128</u>	<u>-</u>	<u>-</u>

The total interest income for financial assets not measured at fair value through profit or loss is £179,284 (2020 - £53,223).

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 £19,826,384 (2020 - £15,998,154) and the change in value included in profit or loss is £3,828,230 (2020 - £Nil).

GLOUCESTER RUGBY LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021****26 Non adjusting events after the financial period**

At the balance sheet date the company are committed to costs of £927,669 in connection with a new pitch at Kingsholm.

In January 2022, the company signed a lease agreement for the new training facility with annual rent of £172,520 for the first year, increasing to £215,650 thereafter.

Post year end, bank borrowings have been refinanced under a £4,350,000 facility. The loan is repayable in 60 equal instalments of £40,521 and the facility attracts interest at a rate of 2.15% plus the bank's base rate.

27 Analysis of net debt

	At 1 July 2020	Cash flow	Other non-cash changes	At 30 June 2021
	£	£	£	£
Cash at bank and in hand	3,194,995	5,575,223	-	8,770,218
	<u>3,194,995</u>	<u>5,575,223</u>	<u>-</u>	<u>8,770,218</u>
Bank borrowings	(4,705,927)	336,555	(49,166)	(4,418,538)
Other borrowings	-	(11,223,037)	(55,921)	(11,278,958)
Finance lease and hire purchase contract	(65,814)	32,177	-	(33,637)
Net debt	<u>(1,576,746)</u>	<u>(5,279,082)</u>	<u>(105,087)</u>	<u>(6,960,915)</u>

Other non-cash changes reflect accrued interest.

28 Parent and ultimate parent undertaking

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