

**GLOUCESTER RUGBY LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023**

GLOUCESTER RUGBY LIMITED

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GLOUCESTER RUGBY LIMITED

Company Information

Directors	M G St Quinton A T Brown A Hunt T Griffiths M Mulcahy S E Thorp N L McClelland
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 2023

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

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 2022/23 season resulted in the Club finishing in tenth position in the Gallagher Premiership after 20 fixtures played, 7 wins and 13 losses were recorded finishing with 41 points scored. The Club reached the Round of 16 in the Heineken European Champions Cup, narrowly losing out to the eventual champions, La Rochelle, in a tightly fought contest. The women's team, Gloucester-Hartpury, had a season to remember, culminating in being crowned league champions, winning the play-off final at Kingsholm against Exeter Chiefs Women in front of a record crowd of almost 10,000 spectators. In October 2023, the Club entered into a joint venture with Hartpury University and incorporated Gloucester Hartpury Rugby Ltd, as part of the Club's continued support of the women's team.

The Premiership season was impacted greatly by the loss of Worcester Warriors and Wasps, who both entered administration in the early part of the 2022/23 season, followed by London Irish at the end of the season. The demise of these three teams presented a significant challenge to the Club with the loss of match day revenue with fewer Premiership fixtures scheduled at Kingsholm. The Club relied heavily on the loyalty and support from all its members, box holders and partners, which proved to be invaluable; a true testament to the community which the Club is part of.

Despite these unforeseen setbacks, the Club performed well commercially, achieving a record level of commercial revenue. The ongoing relationship with principal partner, BiGDUG, continued to go from strength to strength as the partnership entered its third year, whilst Club Memberships increased by 4% from the previous season. Conferences & Events made a strong return with record levels of revenue reported following the loss of this income during the Coronavirus pandemic.

On the pitch, the Club welcomed new signings Mayco Vivas, George McGuigan, Albert Tuisue, Archie McArthur, Alex Hearle and Seb Atkinson and saw long serving players Ben Morgan and Billy Twelvetrees retire. The salary cap remained at the reduced level of £5m plus credits, as in the previous season, which helped to control the overall salary burden.

The Club was devastated to learn of Ed Slater's diagnosis with Motor Neurone Disease (MND) before the start of the season, which ended his rugby playing career. Following Ed's diagnosis a fundraising initiative, '4ED', was created raising over £320,000 by the end of the financial year. The campaign has now officially moved into the Gloucester Rugby Foundation, the Club's charity, as a restricted fund to support those effected by MND in the county.

The Academy continued to grow with 23 academy players making senior appearances within the season, along with five players being called up to the England U20's EPS squad. The development and pathway of academy players remains a key strategic objective for the Club as we look to progress more young players into the senior squad.

The work within the community and foundation continued to flourish throughout the year with several schools and clubs benefiting from various projects targeting promoting education, wellbeing and participation through rugby, engaging with thousands of young children and people within Gloucester and the surrounding county. The community and the Foundation remains committed to supporting communities across the county and to elevate individuals within it by using rugby as a platform to make a positive difference to people's lives.

The Club's engagement with fans continued to grow with over 400,000 followers on social media channels, up 18% from the previous season, with a continued focus on growing our digital platforms to engage with a wide audience of Gloucester Rugby supporters.

Financially, the results for the year, which are set out in the profit and loss account, show a turnover of £18,162,660 (2022 – £17,035,172) and a loss before tax of £543,881 (2022 - £694,537). The company has net assets of £7,814,725 (2022 - £8,207,804).

The turnover reports the final release of deferred income from the 27% acquisition by CVC of Premiership Rugby from 2019. The table below details the underlying turnover position:

GLOUCESTER RUGBY LIMITED

Strategic Report for the Year Ended 30 June 2023

	Unit	2019	2020	2021	2022	2023
Reported turnover	£m	16.60	15.60	10.80	17.00	18.20
CVC proceeds	£m	0.80	3.20	3.20	3.20	2.40
Underlying turnover	£m	15.80	12.40	7.60	13.80	15.80

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

Financial KPIs	Unit	2023	2022
Profit/(loss) before tax	£	(543,881)	(694,537)
Growth/(reduction) in turnover	%	7	57
Cash inflow/(outflow)	£	(2,329,017)	(5,705,095)

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.

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.

GLOUCESTER RUGBY LIMITED

Strategic Report for the Year Ended 30 June 2023

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 28 March 2024 and signed on its behalf by:

M G St Quinton
Director

GLOUCESTER RUGBY LIMITED

Directors' Report for the Year Ended 30 June 2023

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

Directors of the company

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

M G St Quinton

A T Brown

A Hunt

T Griffiths

M Mulcahy

L Bradley (resigned 5 July 2023)

S E Thorp (appointed 24 November 2022)

H W E Warren (appointed 24 November 2022 and ceased 6 November 2023)

The following director was appointed after the year end:

N L McClelland (appointed 1 December 2023)

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 2023

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.

		2023	2022
Energy consumption used to calculate emissions	GWH	1.119	1.119
Scope 1 emissions	tonnes CO2e	37.42	27.99
Scope 2 emissions	tonnes CO2e	216.62	234.81
Total greenhouse gas emissions	tonnes CO2e	254.04	262.80
<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 the period to 30 June 2025. After reviewing these forecasts, and on the assumption that the company's bankers and shareholders continue to support the company, which they have indicated to do, the directors consider it appropriate to prepare the financial statements on a going concern basis. The financial statements do not include any adjustments that would result from insufficient facilities being made available to the company.

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 2023

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 28 March 2024 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 2023, 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 2023 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the 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.

Material uncertainty related to going concern

We draw attention to note 2 of the financial statements which indicates that there are uncertainties as to whether the company will be able to trade within its committed financing facilities. These events or conditions indicate that a material uncertainty exists that may cast doubt on the company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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.

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:

GLOUCESTER RUGBY LIMITED

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

- 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.

Extent to which the audit was capable of detecting irregularities, including fraud

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:

We considered the nature of the company's industry and its control environment and reviewed the company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management about their own identification and assessment of the risks of irregularities.

We obtained an understanding of the legal and regulatory framework that the company operates in and identified the key laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements, including Premiership Rugby (PRL) Salary Cap, employment legislation, the UK Companies Act and tax legislation, and, those that do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty.

We discussed among the audit engagement team regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

In common with all audits conducted in accordance with ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override of controls. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatements due to fraud;
- enquiring of management concerning actual and potential litigation and claims and instances of non-compliance with laws and regulations; and

- reading minutes of meetings of those charged with governance¹⁰.

GLOUCESTER RUGBY LIMITED

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

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

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.

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

28 March 2024

GLOUCESTER RUGBY LIMITED**Profit and Loss Account for the Year Ended 30 June 2023**

	Note	2023 £	2022 £
Turnover	<u>3</u>	18,162,660	17,035,172
Cost of sales		<u>(11,944,866)</u>	<u>(11,693,899)</u>
Gross profit		6,217,794	5,341,273
Administrative expenses		(6,346,809)	(5,570,252)
Other operating income	<u>4</u>	<u>-</u>	<u>11,205</u>
Operating loss	<u>5</u>	(129,015)	(217,774)
Fair value (loss) / gain on fixed asset investments	<u>14</u>	(161,421)	(302,807)
Other interest receivable and similar income	<u>7</u>	180,828	146,437
Interest payable and similar charges	<u>8</u>	<u>(434,273)</u>	<u>(320,393)</u>
Loss before tax		(543,881)	(694,537)
Taxation	<u>11</u>	<u>150,802</u>	<u>65,620</u>
Loss for the financial year		<u><u>(393,079)</u></u>	<u><u>(628,917)</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 2023

	Note	2023 £	2022 £
Fixed assets			
Intangible assets	<u>12</u>	88,746	62,953
Tangible assets	<u>13</u>	9,948,034	10,534,035
Investments	<u>14</u>	19,362,156	19,523,577
		<u>29,398,936</u>	<u>30,120,565</u>
Current assets			
Stocks		23,305	10,627
Debtors	<u>15</u>	1,468,035	1,258,504
Cash at bank and in hand	<u>16</u>	736,106	3,065,123
		<u>2,227,446</u>	<u>4,334,254</u>
Creditors: Amounts falling due within one year	<u>17</u>	<u>(5,333,192)</u>	<u>(7,406,703)</u>
Net current liabilities		<u>(3,105,746)</u>	<u>(3,072,449)</u>
Total assets less current liabilities		26,293,190	27,048,116
Creditors: Amounts falling due after more than one year	<u>17</u>	(15,133,847)	(15,644,811)
Provisions for liabilities	<u>11</u>	<u>(3,344,618)</u>	<u>(3,195,501)</u>
Net assets		<u>7,814,725</u>	<u>8,207,804</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>	297,636	690,715
Total equity		<u>7,814,725</u>	<u>8,207,804</u>

Approved and authorised by the Board on 28 March 2024 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 2023**

	Share capital £	Share premium £	Profit and loss account £	Total £
At 1 July 2022	7,134,434	382,655	690,715	8,207,804
Loss for the year	-	-	(393,079)	(393,079)
At 30 June 2023	<u>7,134,434</u>	<u>382,655</u>	<u>297,636</u>	<u>7,814,725</u>

	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	<u>7,134,434</u>	<u>382,655</u>	<u>690,715</u>	<u>8,207,804</u>

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 2023

	Note	2023 £	2022 £
Cash flows from operating activities			
Loss for the year		(393,079)	(628,917)
Adjustments to cash flows from non-cash items			
Depreciation and amortisation	5	869,039	817,497
Profit on disposal of tangible and intangible assets	5	-	(10,000)
Finance income	7	(180,828)	(146,437)
Finance costs	8	434,273	320,393
Income tax expense	11	(150,802)	(65,620)
Movement in fair value of investments	14	161,421	302,807
		740,024	589,723
Working capital adjustments			
Increase in inventories		(12,678)	(10,627)
(Increase)/decrease in trade and other receivables		(79,195)	395,709
Decrease in trade and other payables		(2,493,648)	(3,999,368)
Cash generated from operations		(1,845,497)	(3,024,563)
Income taxes received		192,050	397,920
Net cash flow from operating activities		(1,653,447)	(2,626,643)
Cash flows from investing activities			
Interest received		180,828	(98,758)
Investment income		-	245,195
Acquisitions of property plant and equipment		(246,553)	(2,628,801)
Proceeds from sale of property plant and equipment		-	10,000
Acquisition of intangible assets		(62,278)	(75,063)
Net cash flows from investing activities		(128,003)	(2,547,427)
Cash flows from financing activities			
Proceeds from bank borrowing draw downs		-	4,350,000
Repayment of bank borrowing		(497,773)	(4,817,494)
Payments to finance lease creditors		(49,794)	(63,531)
Net cash flows from financing activities		(547,567)	(531,025)
Net decrease in cash and cash equivalents		(2,329,017)	(5,705,095)
Cash and cash equivalents at 1 July		3,065,123	8,770,218
Cash and cash equivalents at 30 June	16	736,106	3,065,123

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 2023

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 forecasts for the period to 30 June 2025 which indicate that subject to securing additional funding, which the directors are confident in obtaining, and the continued support of the club's sponsorship partners, bankers and shareholders, none of which is guaranteed, the company will have sufficient resources to enable it to continue trading until the end of the forecast period, 30 June 2025.

The forecasts assume a level of sales which are in part dependent on 1) the club's commercial performance, 2) the level of central distributions, to include the media broadcast deal that funds the Premiership, and 3) the continuation of other Premiership clubs, which following the recent demise of Wasps, Worcester and London Irish is not guaranteed. It has been widely reported that several of the Premiership clubs are only secure because of financial support from wealthy benefactors, the withdrawal of which could adversely impact the financial stability of those clubs. The Premiership's broadcast partners have indicated that further financial failures of Premiership clubs could lead to a reduction in the level of broadcasting rights. Consequently, it is difficult to forecast the company's cash flows with any degree of certainty.

The company along with other Premiership clubs are currently in negotiation with the Department of Culture, Media and Sport in relation to the repayment profile of the loan received from Sport England during the COVID lockdown. Interest and capital repayments are currently scheduled to commence in September 2025. At the time of approving the financial statements there are no guarantees that the repayment profile will be adjusted.

It is also unclear what effect the general economic environment and, in particular, the ongoing cost-of-living crisis could have on attendance levels across the premiership over the next 12 months.

The financial statements do not include any adjustments that would result from insufficient facilities being made available to the company.

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.

GLOUCESTER RUGBY LIMITED

Notes to the Financial Statements for the Year Ended 30 June 2023

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.

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 2023, the carrying amount of the investment in PRL Investor Limited was £17,551,779 (2022 - £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 2023, the carrying amount of the investment in Coblato Co-Investment Limited was £1,810,376 (2022 - £1,971,797).

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 2023

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 goods 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 2023

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 2023

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:

	2023 £	2022 £
Central income	7,622,726	7,823,590
Ticket income	4,538,922	4,250,558
Hospitality, conferencing and events	1,712,719	1,412,280
Sponsorship and advertising	2,880,579	2,199,622
Community development	121,857	68,684
Commission on catering, bar and shop sales	150,175	135,950
Bar sales	366,927	312,265
Other mixed income	768,755	832,223
	<u>18,162,660</u>	<u>17,035,172</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 2023

4 Other operating income

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

	2023 £	2022 £
Government grants	-	11,205

The company received grants in relation to the Coronavirus Job Retention Scheme (CJRS) which are accounted as a revenue grant. £nil (2022 - £11,205) 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 (2022 - £nil).

5 Operating profit

Arrived at after charging/(crediting)

	Note	2023 £	2022 £
Depreciation expense	13	832,554	785,212
Amortisation expense	12	36,485	32,285
Operating lease expense - property	21	229,962	142,530
Operating lease expense - other	21	11,105	11,105
Profit on disposal of property, plant and equipment		-	(10,000)

6 Auditors' remuneration

	2023 £	2022 £
Audit of the financial statements	22,000	22,000
Other fees to auditors		
Taxation compliance services	3,000	3,000
All other non-audit services	2,000	2,000
	5,000	5,000

7 Other interest receivable and similar income

	2023 £	2022 £
Interest income on bank deposits	11,715	1,242
Income from other fixed asset investments	169,113	145,195
	180,828	146,437

8 Interest payable and similar expenses

	2023 £	2022 £
Interest on bank overdrafts and borrowings	429,815	315,563
Interest on obligations under finance leases and hire purchase contracts	4,458	4,830
	434,273	320,393

GLOUCESTER RUGBY LIMITED

Notes to the Financial Statements for the Year Ended 30 June 2023

9 Staff costs

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

	2023 £	2022 £
Wages and salaries	10,746,350	10,590,677
Social security costs	1,193,901	1,212,551
Pension costs, defined contribution scheme	171,510	178,990
	<u>12,111,761</u>	<u>11,982,218</u>

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

	2023 No.	2022 No.
Players and training ground	112	106
Commercial, administration and support	170	220
	<u>282</u>	<u>326</u>

10 Directors' remuneration

The directors' remuneration for the year was as follows:

	2023 £	2022 £
Remuneration	621,696	513,436
Contributions paid to money purchase schemes	14,681	17,406
	<u>636,377</u>	<u>530,842</u>

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

	2023 No.	2022 No.
Accruing benefits under money purchase pension scheme	<u>3</u>	<u>3</u>

In respect of the highest paid director:

	2023 £	2022 £
Remuneration	191,473	249,679
Company contributions to money purchase pension schemes	<u>-</u>	<u>7,708</u>

GLOUCESTER RUGBY LIMITED

Notes to the Financial Statements for the Year Ended 30 June 2023

11 Taxation

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

	2023 £	2022 £
Current taxation		
UK corporation tax adjustment to prior periods	(299,919)	(216,763)
Deferred taxation		
Arising from origination and reversal of timing differences	-	(155,169)
Arising from previously unrecognised tax loss, tax credit or temporary difference of prior periods	149,117	306,312
Total deferred taxation	149,117	151,143
Tax receipt in the profit and loss account	<u>(150,802)</u>	<u>(65,620)</u>

The tax on profit before tax for the year is higher than the standard rate of corporation tax in the UK (2022 - higher than the standard rate of corporation tax in the UK) of 20.5% (2022 - 19%).

The differences are reconciled below:

	2023 £	2022 £
Loss before tax	(543,881)	(694,537)
Corporation tax at standard rate	(111,496)	(131,962)
Effect of expense not deductible in determining taxable profit (tax loss)	41,553	20,350
Deferred tax expense/(credit) relating to changes in tax rates or laws	7,576	(22,220)
Deferred tax expense from unrecognised temporary difference from a prior period	145,162	306,312
Decrease in UK and foreign current tax from adjustment for prior periods	(299,919)	(216,763)
Tax increase from effect of capital allowances and depreciation	104,417	66,784
Tax decrease from effect of indexation allowance on capital gains	-	(25,535)
Other tax effects for reconciliation between accounting profit and tax expense (income)	(38,095)	(62,586)
Total tax credit	<u>(150,802)</u>	<u>(65,620)</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 2022 has been calculated at 25% (2021 - 25%).

GLOUCESTER RUGBY LIMITED

Notes to the Financial Statements for the Year Ended 30 June 2023

Deferred tax

Deferred tax assets and liabilities

	Liability £
2023	
Accelerated tax depreciation	825,187
Short term timing differences	(3,586)
Chargeable gains/(losses)	4,387,945
Tax losses available	<u>(1,864,928)</u>
	<u>3,344,618</u>
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>

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 2023 the company has not recognised a further deferred tax asset of £526,511 (2022 - £564,606) 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 2022	48,352	118,402	166,754
Additions acquired separately	<u>25,000</u>	<u>37,278</u>	<u>62,278</u>
At 30 June 2023	<u>73,352</u>	<u>155,680</u>	<u>229,032</u>
Amortisation			
At 1 July 2022	38,515	65,286	103,801
Amortisation charge	<u>16,669</u>	<u>19,816</u>	<u>36,485</u>
At 30 June 2023	<u>55,184</u>	<u>85,102</u>	<u>140,286</u>
Carrying amount			
At 30 June 2023	<u>18,168</u>	<u>70,578</u>	<u>88,746</u>
At 30 June 2022	<u>9,837</u>	<u>53,116</u>	<u>62,953</u>

GLOUCESTER RUGBY LIMITED

Notes to the Financial Statements for the Year Ended 30 June 2023

13 Tangible assets

	Land and buildings £	Furniture, fittings and equipment £	Motor vehicles £	Total £
Cost				
At 1 July 2022	14,209,356	2,571,810	4,500	16,785,666
Additions	96,960	149,593	-	246,553
At 30 June 2023	14,306,316	2,721,403	4,500	17,032,219
Depreciation				
At 1 July 2022	4,516,237	1,734,644	750	6,251,631
Charge for the year	529,557	302,097	900	832,554
At 30 June 2023	5,045,794	2,036,741	1,650	7,084,185
Carrying amount				
At 30 June 2023	9,260,522	684,662	2,850	9,948,034
At 30 June 2022	9,693,119	837,166	3,750	10,534,035

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:

	2023 £	2022 £
Fixtures, fittings and equipment	70,359	99,612

Included in land and buildings is freehold land at a cost of £842,000 (2022 - £842,000) which is not subject to depreciation. The cost of the freehold land and buildings include capitalised finance costs of £404,766 (2022 - £404,766) of which an amount of £nil was capitalised during the year.

14 Fixed asset investments

	2023 £	2022 £
Fixed asset investments	19,362,156	19,523,577
Fixed asset investments		£
Fair value		
At 1 July 2022		19,523,577
Fair value loss		(161,421)
At 30 June 2023		19,362,156
Carrying amount		
At 30 June 2023		19,362,156
At 30 June 2022		19,523,577

GLOUCESTER RUGBY LIMITED

Notes to the Financial Statements for the Year Ended 30 June 2023

Financial assets at fair value represent the company's holding of invested units in PRL Investor Limited ('PRL') and Cobalto Co-Investment Limited.

£17,551,780 (2022 - £17,551,780) of the above unlisted investments relates to an investment in PRL. In line with other shareholding clubs, the valuation of the investment is held at the most recent valuation which is based on the income stream that the investment provides into perpetuity, discounted at a rate of 8%. There is a fixed charge registered in relation to these shares.

£1,810,376 (2022 - £1,971,797) of the above unlisted investments relates to the co-investment in an additional minority shareholding in PRL which is held by Cobalto Co-Investment Limited. The valuation of the investment is held based on the valuation provided by a third party.

15 Debtors

	2023 £	2022 £
Trade debtors	825,169	336,445
Other debtors	292,394	701,923
Prepayments	227,356	157,750
Accrued income	15,247	62,386
Corporation tax asset	107,869	-
	<u>1,468,035</u>	<u>1,258,504</u>

16 Cash and cash equivalents

	2023 £	2022 £
Cash on hand	138	136
Cash at bank	735,968	3,064,987
	<u>736,106</u>	<u>3,065,123</u>

17 Creditors

	Note	2023 £	2022 £
Due within one year			
Loans and borrowings	18	541,954	530,696
Trade creditors		620,817	296,118
Social security and other taxes		1,249,384	1,062,252
Outstanding defined contribution pension costs	22	33,428	30,366
Other payables		44,466	79,028
Accrued expenses		229,515	557,100
Deferred income		2,613,628	4,851,143
		<u>5,333,192</u>	<u>7,406,703</u>
Due after one year			
Loans and borrowings	18	14,994,351	15,108,370
Deferred income		139,496	536,441
		<u>15,133,847</u>	<u>15,644,811</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 2023

18 Loans and borrowings

	2023 £	2022 £
Current loans and borrowings		
Bank borrowings	498,822	486,248
Hire purchase and finance lease liabilities	43,132	44,448
	<u>541,954</u>	<u>530,696</u>
	2023 £	2022 £
Non-current loans and borrowings		
Bank borrowings	3,251,864	3,556,058
Hire purchase and finance lease liabilities	15,567	49,054
Other borrowings	11,726,920	11,503,258
	<u>14,994,351</u>	<u>15,108,370</u>
	2023 £	2022 £
After more than five years by instalments	<u>9,324,141</u>	<u>9,661,189</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 £3,750,686 (2022 - £4,042,306) 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 £11,726,920 (2022 - £11,503,258) 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 £384,572 commencing in September 2025, with the final instalment falling due in March 2039. The first payment due on 30 September 2025 will also include a repayment of interest accrued to date of £769,342. The loan is secured by way of a fixed charge over the investment held in the 'P Shares' of PRL Investor Limited, as detailed in Note 14.

Finance lease liabilities

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

Bank overdraft

After the balance sheet date, the company secured an overdraft facility of £1.2million, which is scheduled to reduce to £800k when the facility falls due for renewal on 31 July 2024.

GLOUCESTER RUGBY LIMITED

Notes to the Financial Statements for the Year Ended 30 June 2023

19 Share capital

Allotted, called up and fully paid shares

	2023		2022	
	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:

	2023 £	2022 £
Not later than one year	44,593	43,663
Later than one year and not later than five years	21,582	52,631
	<u>66,175</u>	<u>96,294</u>

Operating leases

The total of future minimum lease payments is as follows:

	2023 £	2022 £
Not later than one year	219,765	225,582
Later than one year and not later than five years	862,600	868,152
Later than five years	682,892	898,542
	<u>1,765,257</u>	<u>1,992,276</u>

The amount of non-cancellable operating lease payments recognised as an expense during the year was £241,067 (2022 - £153,635).

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 £171,510 (2022 - £178,990).

Contributions totalling £33,428 (2022 - £30,366) 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 2023

23 Related party transactions

Summary of transactions with other related parties

Gloucester Rugby Foundation

(a charity in which M Mulcahy is a registered trustee)

During the year the company recharged costs of £123,660 (2022 - £142,684) and income of £229,027 (2022 - £192,584) to Gloucester Rugby Foundation. At the balance sheet date the amount due from Gloucester Rugby Foundation was £10,306 (2022 - £60,132).

24 Financial instruments

Categorisation of financial instruments

	2023 £	2022 £
Financial assets measured at fair value through profit or loss	19,362,156	19,523,577

Items of income, expense, gains or losses

	Income £	Expense £	Net gains £	Net losses £
2023				
Financial assets measured at fair value through profit or loss	169,113	-	-	161,421
Financial liabilities measured at amortised cost	-	429,815	-	-
	169,113	429,815	-	161,421
2022				
Financial assets measured at fair value through profit or loss	145,195	-	-	302,807
Financial liabilities measured at amortised cost	-	315,563	-	-
	145,195	315,563	-	302,807

The total interest income for financial assets not measured at fair value through profit or loss is £11,715 (2022 - £1,242). The total interest expense for financial liabilities not measured at fair value through profit or loss is £434,273 (2022 - £320,393).

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 £19,362,156 (2022 - £19,523,577) and the change in value included in profit or loss is £(161,421) (2022 - £(302,807)).

GLOUCESTER RUGBY LIMITED

Notes to the Financial Statements for the Year Ended 30 June 2023

25 Analysis of changes in net debt

	At 1 July 2022 £	Financing cash flows £	Other non-cash changes £	At 30 June 2023 £
Cash and cash equivalents				
Cash	3,065,123	(2,329,017)	-	736,106
Borrowings				
Bank borrowings	(4,042,306)	497,773	(205,245)	(3,749,778)
Other borrowings	(11,503,258)	-	(224,570)	(11,727,828)
Hire purchase lease liabilities	(93,502)	49,794	(14,990)	(58,698)
	(15,639,066)	547,567	(444,805)	(15,536,304)
	(12,573,943)	(1,781,450)	(444,805)	(14,800,198)

Other non-cash changes reflect accrued interest.

26 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.