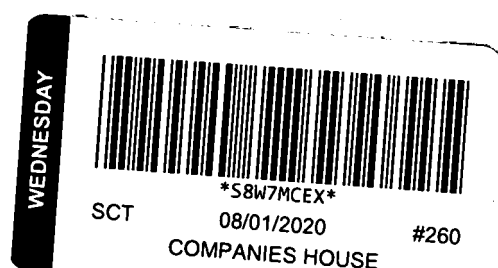




SCOTTISH RUGBY UNION LIMITED

Financial Statements

for the year ended 31 May 2019



SC132061

SCOTTISH RUGBY UNION LIMITED

Financial Statements for the year ended 31 May 2019

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SCOTTISH RUGBY UNION LIMITED – STRATEGIC REPORT

The Directors present their strategic report for the year ended 31 May 2019.

Principal Activities

The principal activity of the group is to promote the game of Rugby throughout Scotland.

Business Review

The Group continues to work towards key areas in its plan to 2019/20, including winning teams, revenue growth & sustainability, developing talent, growing the domestic game and sustainable clubs. Further detail is also outlined in the Annual Report.

The group has achieved a £0.3m surplus for the year (2018: £1.8m). Turnover increased from £57.2m to £61.1m largely as a result of having a third home Guinness 6 Nations match compared with the previous year's two. Broadcasting revenues rose slightly as a result of increased Guinness 6 Nations related sums. Conversely, Commercial income has fallen by £1.1m, predominantly as a result of lower sponsorship revenues from the Guinness 6 Nations this year, but also reflecting a continuing tougher global sponsorship environment. Professional rugby, grants and other operating income has increased by £1.2m mainly as a result of higher locally generated Pro team incomes.

Within the expenditure categories, the increase in International and Professional Rugby of £1.9m is mainly due to increased investment in respect of the professional teams, primarily covered by income increases across the professional game. Within Domestic and Performance rugby, expenditure is higher by £1.1m, with additional investment in the new Rugby Development team and additional investment across a number of other programmes, including coach training and education, and analysis. Total investment in domestic rugby during the year, through club support and rugby development direct and indirect expenditure was £7.4m, compared with £7.0m in the prior year. The Commercial and Operational spend increase of £2.2m relates to a number of factors – the increased the number of matches and events at BT Murrayfield outwith men's National Team games, together with the sales and servicing costs of higher crowds, increased security activity, costs of investigating further revenue streams, and other operational costs. The increase in Club Support relates mainly to the higher level of support during the year, through the Club Sustainability Awards. The slight increase in Depreciation is as a result of current and prior year asset additions.

The average cash position over the year amounted to £0.8m credit, which is £3.2m ahead of the prior year, generally as a result of the operating performance and the timing of cash flows related to ticket income and advance receipts in relation to the Rugby World Cup in 2019. The net bank position at 31 May 2019 of £1.5m credit was £3.0m better than the previous year level of borrowings of £1.5m. Similarly, this is due to the result for the year, and various favourable working capital movements including receipt of funds in relation to RWC 2019.

The Directors continue to monitor borrowing levels, income and expenditure against budget on a monthly basis. They also monitor other key business issues including Professional and National Team performance which are fundamental to the group's strategy of growing the game within a stable commercial environment.

On pages 3 to 27, the Directors present their report and audited consolidated financial statements for the year ended 31 May 2019. The financial statements comprise the consolidated financial statements of the company and its subsidiary.

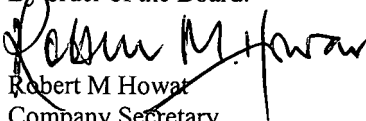
Financial Risk Management

The risk management framework of the group is well established with the ongoing identification, evaluation and status of business risks, including those around the terms on which the United Kingdom may withdraw from the European Union, being presented to the Audit Committee, Board and Council, periodically.

Financial Instruments

The group uses interest rate swaps to reduce its exposure to interest rate movements. Details of this are noted in the Accounting Policies and in Note 10 to the financial statements. The group also uses forward sale currency contracts to reduce its exposure to exchange rate movements. Details of this are also noted in the Accounting Policies and in Note 10 to the financial statements. Financial instruments are not used for speculative purposes.

By order of the Board.


Robert M Howat
Company Secretary
Edinburgh, 18 July 2019

SCOTTISH RUGBY UNION LIMITED – DIRECTORS’ REPORT

The directors present their report and the audited financial statements of the group for the year ended 31 May 2019.

An overview and review of the group can be found in the Business Review, within the Strategic Report on page 2.

Going Concern and Outlook

The Directors believe that the group has adequate resources to continue in operational existence for the foreseeable future and it therefore continues to adopt the going concern basis in preparing the financial statements. The Directors continue to budget for, and operate, the group on a cash flow positive and earnings positive basis in the short to medium term. Notwithstanding the challenging intra-industry and wider economic and market conditions, the Directors intend to continue to operate on this basis and, therefore, look forward to the year ahead and the challenges that this brings.

Employees

Scottish Rugby recognises the value and importance of promoting equal employment opportunities for its current and future staff and considers all forms of discrimination to be unacceptable in the workplace. We aim to be an inclusive organisation where everyone is treated with dignity and respect and where diversity is valued across all of the recognised equality strands detailed within the Equality Act 2010. The organisation is committed to providing equal opportunities throughout recruitment, employment, training and career development and has a comprehensive Equal Opportunities Employment Policy, Diversity and Inclusion Policy and several other related policies that support the nine protected characteristics within the Equality Act.

We are committed to adopting equitable employment practices and terms and conditions which are based on the merits, ability and potential of individuals, and to avoiding any conditions or requirements that cannot be justified by the needs of the job. As an example of this equitable approach, Scottish Rugby has been granted the Positive About Disabled People award by Job Centre Plus, recognising our commitment to diversity and confirming that applications from disabled people are always positively considered by the organisation.

In addition to our employment practices, Scottish Rugby has achieved the Intermediate Level of the Equality Standard: A Framework for Sport which is a collaborative effort between the four national Sports Councils, UK Sport and equality organisations to achieve measurable stands of equality. Scottish Rugby has also been awarded the Preliminary Level of the Equality Standard through our efforts and commitment to make rugby in Scotland open to all. A significant amount of work has been undertaken in producing our Diversity and Inclusion Plan, which can be located on our website, and we have appointed an Equality and Diversity Champion. In addition, diversity and inclusion is imbedded within the responsibilities of the roles throughout our Rugby Development Department. Further, a Safeguarding, Wellbeing, Diversity and Inclusion Committee has been established, chaired by our Non Executive Director and Equality and Diversity Champion ensuring equality and inclusion remains a focus. Scottish Rugby has also signed the Equality Network Scottish LGBTI Sports Charter.

Consultation with employees or their representatives has continued at all levels, with the aim of ensuring that their views are taken into account when decisions are made that are likely to affect their interests and that all employees are aware of the financial and economic performance of their business units and of the group as a whole. Communication with all employees continues through e-mail communication, group-wide Engage newsletter briefings, CEO employee briefings and the distribution of the Annual Report.

Statement of Directors’ responsibilities in respect of the financial statements

The Directors are responsible for preparing the Annual 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 prepared the group financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 “The Financial Reporting Standard applicable in the UK and Republic of Ireland”, and applicable law).

SCOTTISH RUGBY UNION LIMITED – DIRECTORS' REPORT

Statement of Directors' responsibilities in respect of the financial statements (cont.)

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 group and company and of the profit or loss of the group and company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and company will continue in business.

The directors are also responsible for safeguarding the assets of the group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and company and enable them to ensure that the financial statements comply with the Companies Act 2006.

The directors are responsible for the maintenance and integrity of the group's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

In the case of each director in office at the date the Directors' Report is approved:

- so far as the director is aware, there is no relevant audit information of which the group's auditors are unaware; and
- they have taken all 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 group's and company's auditors are aware of that information.

Auditors

PricewaterhouseCoopers LLP have indicated their willingness to be reappointed for another term.

Directors

The Directors of the group at 31 May 2019, and up to the date of signing the financial statements, are listed below.

Colin Grassie, Chairman
Dee Bradbury (appointed 5 August 2018)
Julia Bracewell (appointed 2 April 2019)
Mark Dodson, Chief Executive
William Gardner (appointed 5 August 2018)
Adam Gray (appointed 5 August 2018)

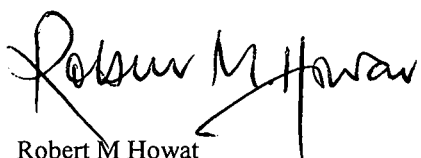
Andrew Healy, Finance Director
Robert M Howat, General Counsel
Dominic McKay, Chief Operating Officer
David McMillan
Graeme Scott
Lesley Thomson QC

Rob Flockhart, Jim Littlefair and Mike Munro retired as directors on 4 August 2018. Ian McLauchlan retired as a director on 1 April 2019.

Company Number and Registered Office

The company is registered in Scotland, with company number SC132061, and its registered office is Murrayfield, Edinburgh, EH12 5PJ.

By order of the Board.



Robert M Howat
Secretary
Edinburgh, 18 July 2019

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE SCOTTISH RUGBY UNION LIMITED

REPORT ON AUDIT OF THE FINANCIAL STATEMENTS

OPINION

In our opinion the Scottish Rugby Union Limited's group financial statements and company financial statements ("the financial statements"):

- give a true and fair view of the state of the group's and of the company's affairs as at 31 May 2019 and of the group's profit and cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Financial Statements (the "Annual Report"), which comprise: the group and company balance sheets as at 31 May 2019; the group profit and loss account, the group statement of comprehensive income, the group statement of cash flows, and the group and company statements of changes in equity for the year then ended; the accounting policies; and the notes to the financial statements.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

CONCLUSIONS RELATING TO GOING CONCERN

ISAs (UK) require us to report to you when:

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

We have nothing to report in respect of the above matters.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the group's and company's ability to continue as a going concern. For example, the terms on which the United Kingdom may withdraw from the European Union are not clear; and it is difficult to evaluate all of the potential implications on the group's trade, customers, suppliers and the wider economy.

REPORTING ON OTHER INFORMATION

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance 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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of 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 based on these responsibilities.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE SCOTTISH RUGBY UNION LIMITED

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Strategic Report and Directors' Report

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 year ended 31 May 2019 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the group and company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS AND THE AUDIT

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Directors' responsibilities set out on pages 3 and 4, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they 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 group's and 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 group or the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

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

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

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

OTHER REQUIRED REPORTING

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.


Paul Cheshire (Senior Statutory Auditor)

for and on behalf of PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors

Edinburgh

19 July 2019

SCOTTISH RUGBY UNION LIMITED

Principal accounting policies

The financial statements have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland ("FRS 102") and the Companies Act 2006.

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

These financial statements are prepared on the going concern basis, under the historical cost convention, as modified by the recognition of certain financial assets and liabilities measured at fair value.

Basis of Consolidation

The consolidated financial statements cover the year to 31 May 2019 and include the Scottish Rugby Union Limited, Edinburgh Rugby Limited, Glasgow Warriors Limited, Saltire Rugby Holdings Limited and The Murrayfield Experience Limited, all of which are companies registered in Scotland.

A subsidiary is an entity controlled by the Group. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. All intra-Group transactions, balances, income and expenses are eliminated on consolidation. Adjustments are made to eliminate the profit or loss arising on transactions with associates to the extent of the Group's interest in the entity.

Functional and Presentational Currency

Both the functional and presentational currency of the Group and Company is Pounds Sterling.

Turnover

Turnover represents ticket sales, broadcasting revenue, commercial income and all other income and is stated net of VAT. Revenue is recognised based on the relevant contractual terms or in accordance with the occurrence of the relevant event. Where consideration is received in kind, income and expenditure are grossed up on the basis of arm's length commercial rates.

Tangible Assets

The cost of tangible fixed assets is their purchase cost, together with any incidental costs of acquisition. Significant sums are spent on maintenance of the group's main asset, BT Murrayfield Stadium, therefore the de-minimus level for capitalisation of assets has been set at £10,000 for the first three asset categories below and at £5,000 for Other equipment. Depreciation is calculated so as to write off the cost of tangible fixed assets, less their estimated residual values, over the expected useful economic lives of the assets concerned. The straight line basis is used in respect of all assets and the principal annual depreciation rates are:

	<u>%</u>
Land	Nil
Stands and Heritable property	1-20
Fixtures and fittings	4-25
Other equipment	7-50

No depreciation is charged on Assets Under Construction.

Intangible Assets

Intangible assets comprise computer related software. The cost of intangible fixed assets is their purchase cost, together with any incidental costs of acquisition. The level for capitalisation of intangible fixed assets has been set at £5,000. Amortisation is calculated so as to write off the cost of intangible fixed assets, less their estimated residual values, over the expected useful economic lives of the assets concerned. The straight line basis is used in respect of all assets and the principal annual amortisation rates are:

	<u>%</u>
Intangible Fixed Assets	10-50

No amortisation is charged on Assets Under Construction.

SCOTTISH RUGBY UNION LIMITED

Principal accounting policies (cont.)

Deferred Income

Capital grants and debenture premiums are transferred to deferred income and amortised over the estimated useful life of the associated fixed assets or the life of the debenture, respectively.

Debenture issue costs

The costs associated with the issue of capital instruments are charged to the Profit and Loss Account on an annual basis over the minimum period remaining until the redemption of the associated instrument.

Pension costs

Contributions are made by the group to money purchase scheme pension arrangements for certain employees. Amounts due to assurance companies are charged against the profit and loss account in the period in which they become payable. The group provides no other post retirement benefits to its employees.

Finance and operating leases

Costs in respect of operating leases are charged on a straight line basis over the lease term.

Leasing and hire purchase agreements which transfer substantially all the benefits and risks of ownership of an asset are treated as if the asset had been purchased outright. The assets are included in fixed assets and the capital element of the leasing commitment is shown as an obligation under finance leases. The lease rentals are treated as consisting of capital and interest elements, with the capital element applied to reduce the outstanding obligation and the interest element charged against the profit or loss for the period on a straight line basis.

Assets held under finance leases are depreciated over the shorter of the lease term and the useful lives of equivalent owned assets.

Grants

Revenue grants are credited to the Profit and Loss Account in the same period as the related expenses.

Taxation

The group has mutual trading status for taxation purposes as regards its trading activities with the members of its parent body, the Scottish Rugby Union, and pays tax only on the profit derived from trading with non-members.

Deferred Taxation is recognised on all timing differences where the transaction or events that give rise to an obligation to pay more, or less, tax in the future have occurred by the Balance Sheet date. Deferred tax assets are recognised when it is probable that they will be recovered. The tax rates in force at the Balance Sheet date are used to calculate the need for any deferred tax provision or asset.

Long term incentive plan

The Group provides certain employees with a cash-settled long-term incentive plan. Amounts payable under the plan are currently discretionary over a 3-5 year period. There are performance conditions attached to this plan.

Financial Instruments

The group has chosen to adopt Sections 11 and 12 of FRS 102 in respect of financial instruments.

(i) Financial Assets

Basic financial assets, including trade and other debtors, cash and bank balances and loans, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Such assets are subsequently carried at amortised cost using the effective interest method.

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. They are first assessed individually for impairment, or collectively where the debtors are not individually significant. Where there is no objective evidence of impairment for an individual debtor, it is included in a group of debtors with similar credit risk characteristics and these are assessed collectively for impairment based on their ageing.

If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in the Profit and Loss Account.

SCOTTISH RUGBY UNION LIMITED

Principal accounting policies (cont.)

Financial Instruments (cont.)

(i) Financial Assets (cont.)

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised. The impairment reversal is recognised in the Profit and Loss Account.

Other financial assets, are initially measured at fair value, which is normally the transaction price.

Such assets are subsequently carried at fair value and the changes in fair value are recognised in the Profit and Loss Account, unless they are included in a hedging arrangement, and except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party, or (c) despite having retained some significant risks and rewards of ownership, control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

(ii) Financial liabilities

Basic financial liabilities, including trade and other payables, and bank loans, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest method.

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 payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

The derivative instruments utilised by the group are interest rate swaps and forward exchange forward contracts.

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their value on the market price date from relevant counterparties. Changes in the fair value of derivatives are recognised in the Profit and Loss Account in finance costs or finance income as appropriate, unless they are included in a hedging arrangement.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

(iii) Offsetting

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

(iv) Hedging arrangements

The group applies hedge accounting in respect of forward foreign exchange contracts held to manage the cash flow exposures of forecast transactions denominated in foreign currencies. These foreign exchange hedges have been designated as cash flow hedges.

The group also applies hedge accounting for transactions entered into to manage the cash flow exposures of borrowings. Interest rate swaps are held to manage the interest rate exposures and are designated as cash flow hedges of floating rate borrowings.

SCOTTISH RUGBY UNION LIMITED

Principal accounting policies (cont.)

Financial Instruments (cont.)

(iv) Hedging arrangements (cont.)

Changes in the fair values of derivatives designated as cash flow hedges, and which are effective, are recognised directly in equity. Any ineffectiveness in the hedging relationship (being the excess of the cumulative change in fair value of the hedging instrument since inception of the hedge over the cumulative change in the fair value of the hedged item since inception of the hedge) is recognised in the Profit and Loss Account. The gain or loss recognised in Other Comprehensive Income is reclassified to the Profit and Loss Account when the hedge relationship ends. Hedge accounting is discontinued when the hedging instrument expires, no longer meets the hedging criteria, the forecast transaction is no longer highly probable, the hedged debt instrument is derecognised or the hedging instrument is terminated.

Public benefit entity concessionary loans (including debentures)

Concessionary loans arrangements, when received for the purpose of furthering the primary objective of the group, which include any debentures or bank loans received below the prevailing market rate of interest are initially measured at the amount received. In subsequent years, the carrying amount of concessionary loans in the financial statements is adjusted to reflect any accrued interest payable or receivable.

Critical accounting judgements and estimation uncertainty

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The directors do not consider that there are any key accounting judgements and estimates in the preparation of these financial statements.

SCOTTISH RUGBY UNION LIMITED

Group Profit and Loss Account for the year ended 31 May 2019

	Notes	2019 £000	2018 £000
Turnover	1a	61,075	57,239
Expenditure	1b	(59,196)	(53,788)
Depreciation and amortisation	2	(1,341)	(1,281)
Operating Profit		<u>538</u>	<u>2,170</u>
Net interest	4	<u>(230)</u>	<u>(333)</u>
Profit on ordinary activities before taxation	2	308	1,837
Tax on profit on ordinary activities	5	<u>-</u>	<u>-</u>
Profit for the financial year	19	<u><u>308</u></u>	<u><u>1,837</u></u>

The turnover and operating profit shown above are derived from continuing operations within the UK.

SCOTTISH RUGBY UNION LIMITED**Group Statement of Comprehensive Income for
the year ended 31 May 2019**

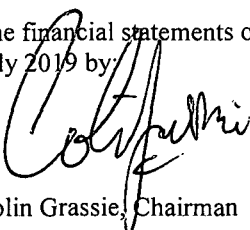
	2019	2018
	£000	£000
Profit for the financial year	308	1,837
Other Comprehensive Income:		
<u>Cash Flow hedges:</u>		
Change in value of interest rate hedging instruments	32	84
Change in value of foreign exchange hedging instruments	452	467
Other comprehensive income for the year	484	551
Total comprehensive income for the year	792	2,388


SCOTTISH RUGBY UNION LIMITED

Group Balance Sheet as at 31 May 2019

	Notes	2019 £000	2018 £000
Fixed Assets			
Tangible assets	6	38,622	37,903
Intangible assets	7	610	415
Investments	8	2	2
		<u>39,234</u>	<u>38,320</u>
Derivative financial instruments: falling due after more than one year	11	207	377
Current Assets			
Derivative financial instruments	11	152	118
Debtors	9	9,085	8,078
Cash at bank		4,495	1,945
Cash in hand		14	14
		<u>13,746</u>	<u>10,155</u>
Creditors: amounts falling due within one year	10	(20,519)	(15,768)
Derivative financial instruments	11	(82)	(487)
Net Current Liabilities		<u>(6,855)</u>	<u>(6,100)</u>
Provisions for liabilities	12	(99)	(151)
Total assets less current liabilities and provisions		<u>32,487</u>	<u>32,446</u>
Creditors: amounts falling due after more than one year	10	3,000	3,500
Derivative Financial Instruments	11	310	524
Deferred income	13	1,556	1,673
Ten Year Debentures	14	-	1
Murrayfield Debentures	15	31,868	31,787
Irredeemable Debentures	16	97	97
		<u>36,831</u>	<u>37,582</u>
Capital and Reserves			
Called up Share Capital	17	50	50
Capital reserve		2,781	2,781
Hedging reserve		(32)	(516)
Profit and Loss Account	19	(7,143)	(7,451)
Total Shareholder's Deficit		<u>(4,344)</u>	<u>(5,136)</u>
		<u>32,487</u>	<u>32,446</u>

The financial statements on pages 7 to 27 were approved by the Board of Directors and signed on its behalf on 18 July 2019 by:


Colin Grassie, Chairman

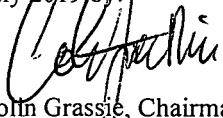

Mark Dodson, Chief Executive


SCOTTISH RUGBY UNION LIMITED

Company Balance Sheet as at 31 May 2019

	Notes	2019 £000	2018 £000
Fixed Assets			
Tangible assets	6	38,622	37,903
Intangible assets	7	610	415
Investments	8	2	2
		<u>39,234</u>	<u>38,320</u>
Derivative financial instruments	11	207	377
Current Assets			
Derivative financial instruments	11	152	118
Debtors	9	9,085	8,078
Cash at bank		4,495	1,945
Cash in hand		14	14
		<u>13,746</u>	<u>10,155</u>
Creditors: amounts falling due within one year	10	(20,519)	(15,768)
Derivative financial instruments	11	(82)	(487)
Net Current Liabilities		(6,855)	(6,100)
Provisions for liabilities	12	(99)	(151)
Total assets less current liabilities and provisions		<u>32,487</u>	<u>32,446</u>
Creditors: amounts falling due after more than one year	10	3,000	3,500
Derivative Financial Instruments	11	310	524
Deferred income	13	1,556	1,673
Ten Year Debentures	14	-	1
Murrayfield Debentures	15	31,868	31,787
Irredeemable Debentures	16	97	97
		<u>36,831</u>	<u>37,582</u>
Capital and Reserves			
Called up Share Capital	17	50	50
Capital reserve		2,781	2,781
Hedging reserve		(32)	(516)
Profit and Loss Account brought forward		(7,451)	(9,288)
Profit for the financial year		308	1,837
Profit and Loss Account		<u>(7,143)</u>	<u>(7,451)</u>
Total Shareholder's Deficit		<u>(4,344)</u>	<u>(5,136)</u>
		<u>32,487</u>	<u>32,446</u>

The financial statements on pages 7 to 27 were approved by the Board of Directors and signed on its behalf on 18 July 2019 by:


Colin Grassie, Chairman


Mark Dodson, Chief Executive

SCOTTISH RUGBY UNION LIMITED

**Group Statement of Changes in Equity for
the year ended 31 May 2019**

	Called Up Share Capital £000	Capital Reserve £000	Hedging Reserve £000	Profit and Loss Account £000	Total £000
Balance as at 1 June 2017	<u>50</u>	<u>2,781</u>	<u>(1,067)</u>	<u>(9,288)</u>	<u>(7,524)</u>
Profit for the year	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,837</u>	<u>1,837</u>
Other comprehensive income for the year:					
Fair value gain on interest rate derivative financial instrument	-	-	84	-	84
Fair value gain on foreign exchange derivative financial instrument	-	-	467	-	467
Total other comprehensive income for the year	<u>-</u>	<u>-</u>	<u>551</u>	<u>-</u>	<u>551</u>
Balance as at 31 May 2018	<u>50</u>	<u>2,781</u>	<u>(516)</u>	<u>(7,451)</u>	<u>(5,136)</u>
Balance as at 1 June 2018	<u>50</u>	<u>2,781</u>	<u>(516)</u>	<u>(7,451)</u>	<u>(5,136)</u>
Profit for the year				<u>308</u>	<u>308</u>
Other comprehensive income for the year:					
Fair value gain on interest rate derivative financial instrument	-	-	32	-	32
Fair value gain on foreign exchange derivative financial instrument	-	-	452	-	452
Total other comprehensive income for the year	<u>-</u>	<u>-</u>	<u>484</u>	<u>-</u>	<u>484</u>
Balance as at 31 May 2019	<u>50</u>	<u>2,781</u>	<u>(32)</u>	<u>(7,143)</u>	<u>(4,344)</u>

The hedging reserve is used to record transactions arising from the group's cash flow hedging arrangements.

SCOTTISH RUGBY UNION LIMITED

**Company Statement of Changes in Equity for
the year ended 31 May 2019**

	Called Up Share Capital £000	Capital Reserve £000	Hedging Reserve £000	Profit and Loss Account £000	Total £000
Balance as at 1 June 2017	50	2,781	(1,067)	(9,288)	(7,524)
Profit for the year	-	-	-	1,837	1,837
Other comprehensive income for the year:					
Fair value gain on interest rate derivative financial instrument	-	-	84	-	84
Fair value gain on foreign exchange derivative financial instrument	-	-	467	-	467
Total other comprehensive income for the year	-	-	551	-	551
Balance as at 31 May 2018	50	2,781	(516)	(7,451)	(5,136)
Balance as at 1 June 2018	50	2,781	(516)	(7,451)	(5,136)
Profit for the year	-	-	-	308	308
Other comprehensive income for the year:					
Fair value gain on interest rate derivative financial instrument	-	-	32	-	32
Fair value gain on foreign exchange derivative financial instrument	-	-	452	-	452
Total other comprehensive income for the year	-	-	484	-	484
Balance as at 31 May 2019	50	2,781	(32)	(7,143)	(4,344)

The hedging reserve is used to record transactions arising from the company's cash flow hedging arrangements.

SCOTTISH RUGBY UNION LIMITED

Group Statement of Cash Flows for the year ended 31 May 2019

	Notes	2019 £000	2018 £000
Net cash from operating activities	20	4,827	2,587
Cash Flow from investing activities			
Payments to acquire Tangible Assets		(1,534)	(639)
Payments to acquire Intangible Assets		(14)	(222)
Payments to acquire Fixed Assets		(1,548)	(861)
Cash flow from financing activities			
Repayment of bank loan		(500)	(1,500)
Finance lease		(4)	(4)
Interest paid on bank overdrafts and loans		(225)	(265)
Net cash used in financing activities		(729)	(1,769)
Net increase / (decrease) in cash at bank and in hand		2,550	(43)
Cash and cash equivalents at the beginning of the year		1,959	2,002
Cash and cash equivalents at the end of the year		4,509	1,959

SCOTTISH RUGBY UNION LIMITED

Notes to the Financial Statements for the year ended 31 May 2019

1. Business analysis

a) Turnover is as follows:

	2019	2018
	£000	£000
Ticket income	15,776	12,337
Broadcasting revenues	15,517	15,165
Commercial income	9,704	10,837
Professional rugby, grants and other operating income	20,078	18,900
	<u>61,075</u>	<u>57,239</u>

b) Total costs are as follows:

	2019	2018
	£000	£000
Operational costs (see note c below)	(59,196)	(53,788)
Depreciation and Amortisation	(1,341)	(1,281)
	<u>(60,537)</u>	<u>(55,069)</u>

c) Operational costs

	2019	2018
	£000	£000
International and Professional Rugby	(30,797)	(28,894)
Domestic and Performance Rugby	(9,854)	(8,731)
Commercial and Operational	(15,457)	(13,250)
Club Support and Development	(3,088)	(2,913)
	<u>(59,196)</u>	<u>(53,788)</u>

2. Profit on Ordinary Activities before Taxation

The profit on ordinary activities before taxation is stated after crediting:

	2019	2018
	£000	£000
Amortisation of deferred income	117	125
Barter transaction sponsorship income	1,092	1,198

And after charging:

	2019	2018
	£000	£000
Auditors' remuneration	33	30
Auditors' fees for non-audit services		
Tax compliance	9	9
Tax advisory	25	6
Other	79	10
Depreciation charge for the year:		
Owned fixed assets	1,301	1,268
Amortisation charge for the year:		
Owned intangible assets	40	13
Operating lease rentals		
Plant & Machinery	21	21
Other	409	374

	2019	2018
	£000	£000
Barter transaction sponsorship costs	1,092	1,198
Administrative and management expenses	4,058	3,234

SCOTTISH RUGBY UNION LIMITED

Notes to the Financial Statements for the year ended 31 May 2019

3. Staff Costs

The average monthly number of persons employed during the year who are involved in and support the Scottish game was:

	2019 No.	2019 No.	2018 No.	2018 No.
Rugby				
Professional Players	104		103	
Professional Teams – Coaching & Operations	35		31	
National Team – Coaching & Operations	11		10	
Elite Development Players & Coaches	34		34	
Domestic & Performance	79		77	
Strength & Conditioning	17		17	
Medical & Physiotherapy	19		18	
		299		290
Stadium Operations		40		38
Commercial, marketing & other corporate functions		62		59
TOTAL		<u>401</u>		<u>387</u>

Within these figures:

Domestic & Performance includes employees within the BT Academies, Domestic Rugby Support, Services, Participation and Development, Coach Development, Outreach & Equality, Schools & Youth, Domestic and Elite Refereeing, and Age Grade & Other Coaches.

Stadium Operations includes staff involved in Event Management, Ticketing and Stadium, Pitch & Grounds Maintenance.

Commercial, marketing & other corporate functions includes Commercial & Marketing, HR & Communications, Finance & IT, Governance and Business Services.

	2019 £000	2018 £000
Employment costs:		
Wages and salaries	27,323	24,360
Social security costs	3,386	2,887
Other pension costs	779	717
	<u>31,488</u>	<u>27,964</u>

At the year end the pension accrual was £331k (2018 - £273k).

4. Net Interest

	2019 £000	2018 £000
Interest payable on bank overdrafts	(149)	(251)
Amortisation of Debenture issue costs	(81)	(82)
	<u>(230)</u>	<u>(333)</u>

The rates of interest on the company's term loan borrowings are included in Note 11.

SCOTTISH RUGBY UNION LIMITED

Notes to the Financial Statements for the year ended 31 May 2019

5. Tax on profit on ordinary activities

	2019 £000	2018 £000
Current Tax :		
On profit arising from non-mutual trading	-	-
Deferred :		
Origination and reversal of timing differences	162	450
Movement in deferred tax unprovided	(162)	(450)
	<u>-</u>	<u>-</u>
Factors affecting the current tax charge for the year		
Profit on ordinary activities before taxation	<u>308</u>	<u>1,837</u>
Corporation Tax at 19% (2018 – 19%)	59	349
Effects of:		
Net expenses not deductible for tax purposes	180	161
Crystallisation of tax losses	(162)	(447)
Non-taxable mutual profits	(217)	(198)
Depreciation in excess of capital allowances	107	102
Capital transactions	16	16
Movement in other timing differences	17	17
	<u>-</u>	<u>-</u>

The company has gross taxable profits arising in the year of £nil (2018 - £nil).

6. Tangible fixed assets

Group and Company	Tangible Assets				Total £000
	Heritable Property £000	Fixtures and Fittings £000	Other Equipment £000	Assets Under Construction £000	
Cost					
As at 1 June 2018	47,459	14,841	5,191	187	67,678
Additions	90	473	521	936	2,020
Transfers	-	59	-	(59)	-
Disposals	(55)	(757)	(1,938)	-	(2,750)
As at 31 May 2019	47,494	14,616	3,774	1,064	66,948
Accumulated Depreciation					
As at 1 June 2018	12,706	13,116	3,953	-	29,775
Charge for year	704	233	364	-	1,301
Disposals	(55)	(757)	(1,938)	-	(2,750)
As at 31 May 2019	13,355	12,592	2,379	-	28,326
Net book value					
As at 31 May 2019	34,139	2,024	1,395	1,064	38,622
As at 31 May 2018	34,753	1,725	1,238	187	37,903

SCOTTISH RUGBY UNION LIMITED

Notes to the Financial Statements for the year ended 31 May 2019

7. Intangible Assets

Group and Company	Computer Software £000	Assets Under Construction £000	Total £000
Cost			
As at 1 June 2018	497	90	587
Additions	235	-	235
Transfers	90	(90)	-
Disposals	(146)	-	(146)
As at 31 May 2019	676	-	676
Accumulated Amortisation			
As at 1 June 2018	172	-	172
Charge for year	40	-	40
Disposals	(146)	-	(146)
As at 31 May 2019	66	-	66
Net book value			
As at 31 May 2019	610	-	610
As at 31 May 2018	325	90	415

8. Investments

Group and company	2019 £000	2018 £000
Investment in Subsidiaries	-	-
Other Investments	2	2
	<u>2</u>	<u>2</u>

	Country of Incorporation	Holding	Year End	Principal Activities
Investments in Subsidiaries				
Edinburgh Rugby Limited	Scotland	100%	31 July	Dormant
Glasgow Warriors Limited	Scotland	100%	31 July	Dormant
Saltire Rugby Holdings Limited	Scotland	100%	31 July	Dormant
The Murrayfield Experience Limited	Scotland	100%	31 May	Dormant
<i>The Registered address of the above companies is BT Murrayfield Stadium, Edinburgh EH12 5PJ.</i>				

Other investments

British & Irish Lions DAC	Ireland	25%	30 June	Rugby organisation
<i>First Floor, Simmonscourt House, Simmonscourt Road, Ballsbridge, Dublin 4</i>				
Celtic Rugby DAC	Ireland	33%	30 June	Competition management
<i>Millbank House, Arkle Road, Sandymount Industrial Estate, Dublin 18</i>				
European Rugby Cup Limited (in liquidation)	Ireland	16.67%	30 June	Competition management
<i>24/26 City Quay, Dublin 2</i>				

The company is one of three subscribers, the others being The Welsh Rugby Union Limited and Rugby Football Union, to Great Britain Rugby Sevens Limited, a company incorporated in England and Wales, and limited by guarantee.

Given the disposition of the other shareholdings in these companies, and the immateriality of their net surpluses and net assets, the Directors do not believe that these investments fall to be treated as associate companies.

In addition to the above, The Union is a member of European Professional Club Rugby, a Swiss association, whose principal activity is promoting and managing the European Champions Cup, Challenge Cup and Continental Shield.

Fixed asset investments are stated at the lower of cost and valuation.

SCOTTISH RUGBY UNION LIMITED

Notes to the Financial Statements for the year ended 31 May 2019

9. Debtors

	Group 2019 £000	Company 2019 £000	Group 2018 £000	Company 2018 £000
Amounts falling due within one year				
Trade debtors	8,272	8,272	6,880	6,880
Loan to parent body	50	50	50	50
Other debtors	8	8	294	294
Prepayments	755	755	854	854
	<u>9,085</u>	<u>9,085</u>	<u>8,078</u>	<u>8,078</u>

The loan to the parent body is unsecured, non-interest bearing and repayable on demand.

10. Creditors

	Group 2019 £000	Company 2019 £000	Group 2018 £000	Company 2018 £000
Amounts falling due within one year				
Advance receipts	8,762	8,762	5,343	5,343
Trade creditors	2,249	2,249	2,000	2,000
Other tax and social security	2,456	2,456	2,392	2,392
Accruals	7,052	7,052	6,033	6,033
	<u>20,519</u>	<u>20,519</u>	<u>15,768</u>	<u>15,768</u>
Amounts falling due after more than one year				
Bank loans	3,000	3,000	3,500	3,500
	<u>3,000</u>	<u>3,000</u>	<u>3,500</u>	<u>3,500</u>

Within Amounts falling due after more than one year, bank loans of £3.0m (2018 - £3.5m) are repayable in full by 30 June 2020. It is the company's intention to renew the funding facilities in advance of the date of repayment. Security was granted to the company's bankers by way of a Bond and Floating charge over the assets of Scottish Rugby Union Limited.

11. Financial instruments

Treasury policy

Treasury activity is focused on monitoring working capital, managing interest rate risk and managing currency rate risk. Treasury activity is not a profit centre and the group neither enters into transactions of a speculative nature nor trades in financial instruments.

SCOTTISH RUGBY UNION LIMITED

Notes to the Financial Statements for the year ended 31 May 2019

11. Financial instruments (cont.)

The group and company have the following financial instruments:

	Group 2019 £000	Company 2019 £000	Group 2018 £000	Company 2018 £000
Financial assets that are debt instruments measured at amortised cost due within one year:				
Cash at Bank and in Hand	4,509	4,509	1,959	1,959
Trade Debtors & loan to parent body	8,322	8,322	6,930	6,930
Other debtors	8	8	294	294
Financial assets measured at fair value through other comprehensive income due within one year:				
Derivative financial instruments:	152	152	118	118
Financial assets measured at fair value through other comprehensive income due after more than one year:				
Derivative financial instruments:	207	207	377	377
Financial liabilities measured at amortised cost due within one year:				
Trade creditors	2,249	2,249	2,000	2,000
Other creditors	15,814	15,814	11,376	11,376
Financial liabilities measured at amortised cost due after more than one year:				
Bank Loans & Overdraft	3,000	3,000	3,500	3,500
Financial liabilities measured at fair value through other comprehensive income due within one year:				
Derivative financial instruments	82	82	487	487
Financial liabilities measured at fair value through other comprehensive income due after more than one year:				
Derivative financial instruments	310	310	524	524

Derivative financial instruments – Forward Contracts

The group enters into forward foreign exchange contracts to mitigate the exchange rate risk for certain future foreign currency receivables. The forward foreign exchange contracts are measured at fair value, which is determined using valuation techniques that utilise observable inputs. The key inputs used in valuing the derivatives are the year end spot exchange rates. The fair value of the forward foreign exchange currency contracts at 31 May 2019 is (£20k) (2018: (£472k)).

Derivative financial instruments – Interest rate swaps

The group has a term loan with Bank of Scotland of £3.0m (2018: £3.5m), with the balance being repayable in full by 30 June 2020. The group has also entered into an interest rate swap with the Bank of Scotland, which is used to hedge the group's exposure to interest rate movements on the bank loan facility in relation to £2.5m (2018: £2.5m) of the term loan. This has fixed the interest rate on these borrowings over the period of the loan at an average rate of 3.491%.

SCOTTISH RUGBY UNION LIMITED

Notes to the Financial Statements for the year ended 31 May 2019

11. Financial instruments (continued)

The interest rate swap arrangement has a notional market value, being the net present value of future cash flows due under the swap compared to current interest rates. The market value of the interest rate swap on 31 May 2019 was (£12k). The market value of the interest rate swaps in place on 31 May 2018 relating to the £3.5m term loan was (£44k).

12. Provisions for Liabilities

Group and Company	Deferred Tax £000	Tenant Club Residual Fund £000	Other £000	Total £000
Opening	-	52	99	151
Utilisation during year	-	(52)	-	(52)
Closing	-	-	99	99

	Group and Company 2019 £000	Group and Company 2018 £000
Deferred taxation comprises:		
Accelerated capital allowances	1,116	1,185
Other timing differences	261	193
Trading losses carried forward	(1,616)	(1,723)
	(239)	(345)
Deferred tax asset not recognised	239	345
	-	-

Following due consideration of future anticipated taxable profits, the residual deferred tax assets on trading losses carried forward has not been recognised on the basis that it will take some time for them to be fully recovered. The deferred tax asset will be fully recoverable should there be appropriate future taxable profits.

13. Deferred Income

Group and Company	Heritable Property £000	Debenture Premium £000	2019 Total £000	2018 Total £000
Opening	1,486	187	1,673	1,798
Amortisation in year	(18)	(99)	(117)	(125)
Closing	1,468	88	1,556	1,673

14. Ten Year Debentures

Group and Company				2019 No. Issued	2018 No. Issued
Debenture Issue	Class of Debenture	Value Each	Max. No. Authorised		
2009 Debentures	J	£1	500	-	90
	K	£1	1,000	-	429
	L	£1	200	-	78
2012 Debentures	N	£1	1,000	14	14
	O	£1	1,000	180	180
Debentures issued				194	791

The 2009 Debentures were unsecured, interest free and repayable at par on 31 May 2019. The 2012 Debentures are unsecured, interest free and repayable at par on 31 May 2022. Holders of the 2009 and 2012 Debentures have the right to purchase a ticket for any event or match at the stadium for which the Union retains direct control over the allocation of all tickets. In respect of Six Nations matches, the ticket is for a specific seat.

SCOTTISH RUGBY UNION LIMITED

Notes to the Financial Statements for the year ended 31 May 2019

15. Murrayfield Debentures

Group and Company			2019		2018	
Class of Debenture	Value Each	No. Authorised	No. Issued	2019 £000	No. Issued	2018 £000
A	£1,200	9,100	9,092	10,910	9,092	10,910
B	£2,200	7,900	7,900	17,380	7,900	17,380
C	£3,500	1,000	1,000	3,500	1,000	3,500
Thistle	£9,900	500	188	1,861	188	1,861
Debentures issued			<u>18,180</u>	<u>33,651</u>	<u>18,180</u>	<u>33,651</u>
Issue Costs:						
Opening				1,864		1,946
Amortisation				(81)		(82)
Closing				<u>1,783</u>		<u>1,864</u>
Net Issue Proceeds less Amortisation				<u>31,868</u>		<u>31,787</u>

The Murrayfield Debentures are unsecured, rank pari passu and are interest free. Repayment, at par, is at the discretion of the Company on or after 1 January 2043 in respect of the A and C Debentures and 1 January 2044 with regard to the B and Thistle Debentures. Holders have the right to purchase a ticket for any event or match at the stadium for which the Company retains direct control over the allocation of all tickets. In respect of Six Nations matches the ticket is for a specific seat. Thistle and C Debenture holders also have a right to purchase certain matchday hospitality packages.

16. Irredeemable Debentures

Group and Company

The 972 (2018 - 972) Debentures of £100 each (the 1925 Debentures) entitle the holder to purchase two tickets at Murrayfield for each match directly controlled by the group and company. The debentures are interest free.

17. Called Up Share Capital

Group and Company

	2019 £000	2018 £000
Allotted, called up and fully paid :		
50,000 (2018 - 50,000) Ordinary Shares of £1 each	<u>50</u>	<u>50</u>

No reconciliation of movements in Shareholder's funds has been presented as the only movements in the year are noted in the Profit and Loss Account note below.

18. Leases

Operating Lease commitments	2019 £000	2018 £000
Land & Buildings; payable in		
1 year	409	374
2 to 5 years	608	912
	<u>1,017</u>	<u>1,286</u>

SCOTTISH RUGBY UNION LIMITED

Notes to the Financial Statements for the year ended 31 May 2019

19. Profit and Loss Account

	Group 2019 £000	Group 2018 £000
Opening	(7,451)	(9,288)
Profit for the financial year	308	1,837
Closing	<u>(7,143)</u>	<u>(7,451)</u>

20. Reconciliation of Operating Profit to Net Cashflow from Operating Activities

	2019 £000	2018 £000
Operating profit	538	2,170
Depreciation charge	1,301	1,268
Amortisation charge	40	13
Deferred income amortisation	(117)	(125)
Movement in other provisions	-	(10)
Tenant club residual fund	(52)	2
Increase in debtors	(1,007)	(2,119)
Increase in creditors	4,124	1,388
	<u>4,827</u>	<u>2,587</u>

21. Reconciliation of net cashflow to movement in net debt

	2019 £000	2018 £000
Increase / (decrease) in cash in the year	2,550	(43)
Amortisation of Murrayfield Debentures	(81)	(82)
Conclusion of 2009 Debenture Term	1	-
Finance Lease	4	4
Repayment of bank loan	500	1,500
Change in net debt during the year	2,974	1,379
Net debt at the beginning of the year	<u>(33,422)</u>	<u>(34,801)</u>
Net debt at the end of the year	<u>(30,448)</u>	<u>(33,422)</u>

22. Analysis of net debt

	31 May 2018 £000	Cash Flows £000	Other Changes £000	31 May 2019 £000
Cash in hand	14	-	-	14
Cash at bank	1,945	2,550	-	4,495
Bank loans	(3,500)	500	-	(3,000)
Finance lease due within one year	4	4	-	8
Irredeemable Debentures	(97)	-	-	(97)
Murrayfield Debentures	(31,787)	-	(81)	(31,868)
Ten Year Debentures	(1)	-	1	-
	<u>(33,422)</u>	<u>3,054</u>	<u>(80)</u>	<u>(30,448)</u>

Debentures have been treated as public benefit entity concessionary loans as they were received below the prevailing market rate of interest and for the purpose of furthering the primary objective of the Group.

SCOTTISH RUGBY UNION LIMITED

Notes to the Financial Statements for the year ended 31 May 2019

23. Transactions Involving Directors

The names of the Directors who served during the period are as set out on page 4. The aggregate emoluments payable to the Directors for the year comprised:

	2019 £000	2018 £000
Fees and salaries	2,246	1,130
Contributions to pension schemes	27	35
	<u>2,273</u>	<u>1,165</u>

The highest paid director received aggregate emoluments of £933k (2018 - £455k) during the period, comprising salary and benefits of £933k (2018 - £455k) and pension contributions of £nil (2018 - nil).

In addition to annual bonus schemes, the Company operates a Long Term Incentive Plan ("LTIP") to attract, retain and incentivise participating employees over longer term periods and achieve alignment with the organisation's medium and long term strategic initiatives and targets. The amounts shown for the year ended 31 May 2019 include the crystallisation and release of sums accumulated for the first 3 years (financial years 15/16, 16/17 and 17/18) of a 5-year plan for the participating directors, including the highest paid director, as well as annual bonus awards for financial years 2017/18 and 2018/19.

The Company's Remuneration Committee sets the parameters of those medium and long term initiatives and targets and assesses progress against them, before deciding whether any award should be made under the LTIP.

24. Related Party Transactions

Three of the directors of Scottish Rugby Union Limited, Rob Flockhart, Jim Littlefair and Mike Monro were also trustees of the Murrayfield Injured Players Foundation until 4 August 2018. Dee Bradbury has been a trustee of the Foundation during the year since 5 August 2018. Scottish Rugby Union Limited does not charge the charity for any administrative or other support that it provides and made a donation to it of £1,596 in the current year (2018: £1,596).

25. Post-Balance Sheet Event

In June 2019, the Group concluded the purchase of a 33.3% shareholding in Washington DC Professional Rugby LLC through a wholly owned subsidiary, Scottish Rugby (USA) LLC.

26. Ultimate Parent Body

The company is a wholly owned subsidiary of the Scottish Rugby Union which is the company's controlling body. The company is therefore exempt from the further disclosure requirements of FRS102 as regards the disclosure of intra group transactions. A copy of the consolidated financial statements of the Scottish Rugby Union can be obtained by writing to the Secretary, Scottish Rugby Union, Murrayfield, Edinburgh, EH12 5PJ.