



**SCOTTISH RUGBY UNION LIMITED**

**Financial Statements**

**for the year ended 31 May 2018**



THURSDAY



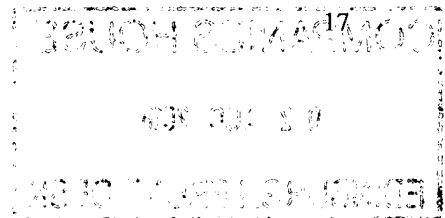
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SC132061

# SCOTTISH RUGBY UNION LIMITED

## Financial Statements for the year ended 31 May 2018

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## SCOTTISH RUGBY UNION LIMITED – STRATEGIC REPORT

The Directors present their strategic report for the year ended 31 May 2018.

### 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 the objectives outlined in its Policy Initiatives, specifically in the areas of academies, coaching, the women's game, schools, clubs, and refereeing. The implementation of these initiatives has continued in the course of the year. Further detail is in the Business Strategy section of the Annual Report.

The group has achieved a £1.8m surplus for the year (2017: £1.7m). Turnover increased from £51.4m to £57.2m largely as a result of an increase in Broadcast revenues relating to the Natwest 6 Nations, an increase in Other operating income in relation to the increased commercialisation of the Guinness Pro14 league, higher match day hospitality and other game day related sales volumes at BT Murrayfield, additional events on non-matchdays, and income from the British & Irish Lions. In spite of having one less game in the 6 Nations Championship this season, Ticket income dropped only £0.3m, mainly as a result of higher average per game attendances. Commercial income dropped £0.2m from £11.0m to £10.8m, reflecting a slightly tougher global sponsorship market.

Within the expenditure categories, the increase in International and Professional Rugby of £3.9m is due to increased reward to national team players and coaches as a result of improving performance and results, and increased professional game costs, mainly covered by specific professional game income increases, in which the introduction of South African teams to the Guinness Pro14 has been a main factor. Domestic and Performance rugby expenditure is higher by £1.1m, with additional spend on the Scottish qualified programme, BT Academies, coach training and education programmes including Technical Blueprint development, schools and youth programmes and changing the rugby development support model. The Commercial and Operational spend increase of £0.8m relates to the number of matches and events at BT Murrayfield outwith men's National Team games, together with increased security activity. The increase in Club Support relates mainly to the higher level of award from the Club Sustainability Fund, bringing the balance issued over the last 4 years to £1.6m. The slight increase in Depreciation is as a result of current and prior year asset additions.

Average bank borrowings over the year amounted to £2.4m, which is £2.8m below the prior year, generally as a result of the operating performance and the timing of cash flows related to ticket income. Net bank borrowings at 31 May 2018 of £1.5m were £1.5m below the previous year level, principally as a result of working capital movements just prior to the year end, in particular receipts from Scotland Season Tickets Sales for 2018/19. Interest charges fell to £0.3m, mainly through the lower average debt balance throughout the year.

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 25, the Directors present their report and audited consolidated financial statements for the year ended 31 May 2018. The financial statements comprise the consolidated financial statements of the company and its subsidiary.

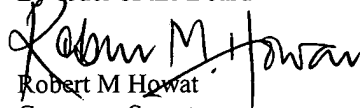
### Financial Risk Management

The risk management framework of the group is well established with the ongoing identification, evaluation and status of business risks 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, 19 July 2018

## **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 2018.

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. 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, Equality 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 equality 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 Equality and Inclusion Plan, which can be located on our website, and we have appointed an Equality Champion. In addition, equality and inclusion is imbedded within the responsibilities of the roles throughout our Rugby Development Department. Further, a Safeguarding, Wellbeing and Inclusion Committee has been established, chaired by our Non Executive Director and Equality 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**

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 (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 of the profit or loss of the group for that period. In preparing these 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 will continue in business.

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

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

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 auditors are aware of that information.

### Directors

The Directors of the group at 31 May 2018, and up to the date of signing the financial statements, are listed below.

Colin Grassie, Chairman  
Mark Dodson, Chief Executive  
Rob Flockhart  
Andrew Healy, Finance Director  
Robert M Howat, General Counsel  
Jim Littlefair

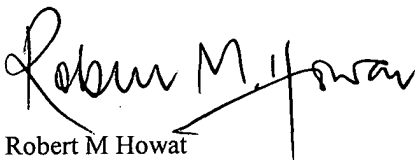
Dominic McKay, Chief Operating Officer  
Ian McLauchlan  
David McMillan  
Mike Monro  
Graeme Scott (appointed 19 January 2018)  
Lesley Thomson QC

Peter Laverie retired as a director on 31 December 2017.

### Company Number

The company’s Registered Number is SC132061.

By order of the Board



Robert M Howat  
Secretary  
Edinburgh, 19 July 2018

# **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 2018 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 2018; the group profit and loss account and 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**

We have nothing to report in respect of the following matters in relation to which 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.

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.

### **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.

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.

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

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 2018 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](http://www.frc.org.uk/auditorsresponsibilities). The 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.



**Kenneth Wilson (Senior Statutory Auditor)**  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Edinburgh  
19 July 2018

## 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 2018 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.

### Turnover

Turnover represents ticket sales, broadcasting revenue 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	7-50

No amortisation is charged on Assets Under Construction.

### 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.



## **SCOTTISH RUGBY UNION LIMITED**

### **Principal accounting policies (cont.)**

#### **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.

#### **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.

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.

## SCOTTISH RUGBY UNION LIMITED

### Principal accounting policies (cont.)

#### Financial Instruments (cont.)

##### *(i) Financial Assets (cont.)*

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.

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.

# SCOTTISH RUGBY UNION LIMITED

## Group Profit and Loss Account for the year ended 31 May 2018

	Notes	2018 £000	2017 £000
<b>Turnover</b>			
Ticket income		12,337	12,636
Broadcasting revenues		15,165	13,270
Commercial income		10,837	11,013
Other operating income		<u>18,900</u>	<u>14,528</u>
		<u>57,239</u>	<u>51,447</u>
<b>Costs</b>			
International and Professional Rugby		(28,894)	(24,967)
Domestic and Performance Rugby		(8,731)	(7,623)
Commercial and Operational		(13,250)	(12,458)
Club Support and Development		(2,913)	(2,766)
Depreciation		<u>(1,281)</u>	<u>(1,231)</u>
		<u>(55,069)</u>	<u>(49,045)</u>
<b>Operating Profit</b>		<b>2,170</b>	<b>2,402</b>
Loss on disposal of Fixed Asset		<u>-</u>	<u>(331)</u>
Profit on ordinary activities before interest		<u>2,170</u>	<u>2,071</u>
Net interest	3	<u>(333)</u>	<u>(356)</u>
Profit on ordinary activities before taxation	1	<b>1,837</b>	<b>1,715</b>
Tax on profit on ordinary activities	4	<u>-</u>	<u>-</u>
<b>Profit for the financial year</b>	<b>18</b>	<u><b>1,837</b></u>	<u><b>1,715</b></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 2018**

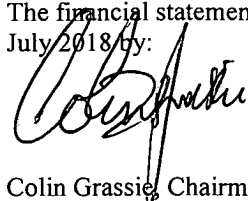
	<b>2018</b>	2017
	<b>£000</b>	£000
Profit for the financial year	<b>1,837</b>	1,715
Other Comprehensive Income/(Expense):		
<u>Cash Flow hedges:</u>		
Change in value of interest rate hedging instruments	<b>84</b>	(10)
Change in value of foreign exchange hedging instruments	<b>467</b>	(737)
<b>Other comprehensive income / (expense) for the year</b>	<b>551</b>	(747)
<b>Total comprehensive income for the year</b>	<b>2,388</b>	968

# SCOTTISH RUGBY UNION LIMITED

## Group Balance Sheet as at 31 May 2018

	Notes	2018 £000	2017 £000
<b>Fixed Assets</b>			
Tangible assets	5	37,903	38,289
Intangible assets	6	415	206
Investments	7	2	2
		<u>38,320</u>	<u>38,497</u>
Derivative financial instruments: falling due after more than one year	10	377	225
<b>Current Assets</b>			
Derivative financial instruments	10	118	415
Debtors	8	8,078	5,959
Cash at bank		1,945	1,987
Cash in hand		14	15
		<u>10,155</u>	<u>8,376</u>
<b>Creditors: amounts falling due within one year</b>	9	<b>(15,768)</b>	<b>(14,108)</b>
Derivative financial instruments	10	<u>(487)</u>	<u>(1,090)</u>
<b>Net Current Liabilities</b>		<b><u>(6,100)</u></b>	<b><u>(6,822)</u></b>
Provisions for liabilities	11	(151)	(159)
<b>Total assets less current liabilities and provisions</b>		<b><u>32,446</u></b>	<b><u>31,741</u></b>
Creditors: amounts falling due after more than one year	9	3,500	5,047
Financial Liabilities	10	524	617
Deferred income	12	1,673	1,798
Ten Year Debentures	13	1	1
Murrayfield Debentures	14	31,787	31,705
Irredeemable Debentures	15	97	97
		<u>37,582</u>	<u>39,265</u>
<b>Capital and Reserves</b>			
Called up Share Capital	16	50	50
Capital reserve		2,781	2,781
Hedging reserve		(516)	(1,067)
Profit and Loss Account	18	<u>(7,451)</u>	<u>(9,288)</u>
Total Shareholder's Deficit		<u>(5,136)</u>	<u>(7,524)</u>
		<u>32,446</u>	<u>31,741</u>

The financial statements on pages 7 to 25 were approved by the Board of Directors and signed on its behalf on 19 July 2018 by:



Colin Grassie, Chairman



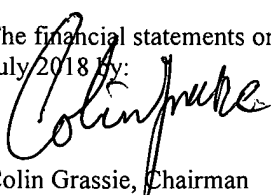
Mark Dodson, Chief Executive


# SCOTTISH RUGBY UNION LIMITED

## Company Balance Sheet as at 31 May 2018

	Notes	2018 £000	2017 £000
<b>Fixed Assets</b>			
Tangible assets	5	37,903	38,289
Intangible assets	6	415	206
Investments	7	2	2
		<u>38,320</u>	<u>38,497</u>
Derivative financial instruments	10	377	225
<b>Current Assets</b>			
Derivative financial instruments	10	118	415
Debtors	8	8,078	5,959
Cash at bank		1,945	1,987
Cash in hand		14	15
		<u>10,155</u>	<u>8,376</u>
<b>Creditors: amounts falling due within one year</b>	9	<b>(15,768)</b>	<b>(14,108)</b>
Derivative financial instruments	10	<u>(487)</u>	<u>(1,090)</u>
<b>Net Current Liabilities</b>		<b><u>(6,100)</u></b>	<b><u>(6,822)</u></b>
Provisions for liabilities	11	(151)	(159)
<b>Total assets less current liabilities and provisions</b>		<b><u>32,446</u></b>	<b><u>31,741</u></b>
Creditors: amounts falling due after more than one year	9	3,500	5,047
Financial Liabilities	10	524	617
Deferred income	12	1,673	1,798
Ten Year Debentures	13	1	1
Murrayfield Debentures	14	31,787	31,705
Irredeemable Debentures	15	97	97
		<u>37,582</u>	<u>39,265</u>
<b>Capital and Reserves</b>			
Called up Share Capital	16	50	50
Capital reserve		2,781	2,781
Hedging reserve		(516)	(1,067)
Profit and Loss Account brought forward		(9,288)	(11,003)
Profit for the financial year		1,837	1,715
Profit and Loss Account		<u>(7,451)</u>	<u>(9,288)</u>
Total Shareholder's Deficit		<u>(5,136)</u>	<u>(7,524)</u>
		<u>32,446</u>	<u>31,741</u>

The financial statements on pages 7 to 25 were approved by the Board of Directors and signed on its behalf on 19 July 2018 by:

  
Colin Grassie, Chairman

  
Mark Dodson, Chief Executive

**SCOTTISH RUGBY UNION LIMITED**

**Group Statement of Changes in Equity for  
the year ended 31 May 2018**

	<b>Called Up Share Capital £000</b>	<b>Capital Reserve £000</b>	<b>Hedging Reserve £000</b>	<b>Profit and Loss Account £000</b>	<b>Total £000</b>
<b>Balance as at 1 June 2016</b>	<b>50</b>	<b>2,781</b>	<b>(320)</b>	<b>(11,003)</b>	<b>(8,492)</b>
<b>Profit for the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,715</b>	<b>1,715</b>
Other comprehensive expense for the year:					
Fair value loss on interest rate derivative financial instrument	-	-	(10)	-	(10)
Fair value loss on foreign exchange derivative financial instrument	-	-	(737)	-	(737)
<b>Total other comprehensive expense for the year</b>	<b>-</b>	<b>-</b>	<b>(747)</b>	<b>-</b>	<b>(747)</b>
<b>Balance as at 31 May 2017</b>	<b>50</b>	<b>2,781</b>	<b>(1,067)</b>	<b>(9,288)</b>	<b>(7,524)</b>
<b>Balance as at 1 June 2017</b>	<b>50</b>	<b>2,781</b>	<b>(1,067)</b>	<b>(9,288)</b>	<b>(7,524)</b>
<b>Profit for the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,837</b>	<b>1,837</b>
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
<b>Total other comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>551</b>	<b>-</b>	<b>551</b>
<b>Balance as at 31 May 2018</b>	<b>50</b>	<b>2,781</b>	<b>(516)</b>	<b>(7,451)</b>	<b>(5,136)</b>

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 2018**

	<b>Called Up Share Capital £000</b>	<b>Capital Reserve £000</b>	<b>Hedging Reserve £000</b>	<b>Profit and Loss Account £000</b>	<b>Total £000</b>
<b>Balance as at 1 June 2016</b>	<u>50</u>	<u>2,781</u>	<u>(320)</u>	<u>(11,003)</u>	<u>(8,492)</u>
<b>Profit for the year</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,715</u>	<u>1,715</u>
Other comprehensive expense for the year:					
Fair value loss on interest rate derivative financial instrument	-	-	(10)	-	(10)
Fair value loss on foreign exchange derivative financial instrument	-	-	(737)	-	(737)
<b>Total other comprehensive expense for the year</b>	<u>-</u>	<u>-</u>	<u>(747)</u>	<u>-</u>	<u>(747)</u>
<b>Balance as at 31 May 2017</b>	<u>50</u>	<u>2,781</u>	<u>(1,067)</u>	<u>(9,288)</u>	<u>(7,524)</u>
<b>Balance as at 1 June 2017</b>	<u>50</u>	<u>2,781</u>	<u>(1,067)</u>	<u>(9,288)</u>	<u>(7,524)</u>
<b>Profit for the year</b>	<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
<b>Total other comprehensive income for the year</b>	<u>-</u>	<u>-</u>	<u>551</u>	<u>-</u>	<u>551</u>
<b>Balance as at 31 May 2018</b>	<u>50</u>	<u>2,781</u>	<u>(516)</u>	<u>(7,451)</u>	<u>(5,136)</u>

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 2018

	Notes	2018 £000	2017 £000
<b>Net cash from operating activities</b>	19	<b>2,587</b>	3,851
<b>Cash Flow from investing activities</b>			
Payments to acquire Tangible Assets		(639)	(760)
Payments to acquire Intangible Assets		(222)	(151)
<b>Payments to acquire Fixed Assets</b>		<b>(861)</b>	(911)
<b>Cash flow from financing activities</b>			
Repayment of bank loan		(1,500)	(500)
Finance lease		(4)	(3)
Interest paid on bank overdrafts and loans		(265)	(276)
<b>Net cash used in financing activities</b>		<b>(1,769)</b>	(779)
Net (decrease) / increase in cash at bank and in hand		(43)	2,161
Cash and cash equivalents at the beginning of the year		2,002	(159)
Cash and cash equivalents at the end of the year		<b>1,959</b>	2,002

# SCOTTISH RUGBY UNION LIMITED

## Notes to the Financial Statements for the year ended 31 May 2018

### 1. Profit on Ordinary Activities before Taxation

The profit on ordinary activities before taxation is stated after crediting:	<b>2018</b>	<b>2017</b>
	<b>£000</b>	<b>£000</b>
Amortisation of deferred income	125	135
Barter transaction sponsorship income	<u>1,198</u>	<u>1,075</u>
And after charging:		
Auditors' remuneration	30	27
Auditors' fees for non-audit services		
Tax compliance	9	8
Tax advisory	6	20
Other	10	22
Depreciation charge for the year:		
Owned fixed assets	1,268	1,215
Amortisation charge for the year:		
Owned intangible assets	13	16
Operating lease rentals		
Plant & Machinery	21	132
Other	374	305
Barter transaction sponsorship costs	1,198	1,075
Administrative and management expenses	<u>3,234</u>	<u>2,992</u>

### 2. Staff Costs

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

	<b>2018</b>	<b>2018</b>	<b>2017</b>	<b>2017</b>
	<b>No.</b>	<b>No.</b>	<b>No.</b>	<b>No.</b>
<b>Rugby</b>				
Professional Players	103		99	
Professional Teams – Coaching & Operations	31		27	
National Team – Coaching & Operations	10		10	
Elite Development Players & Coaches	34		30	
Domestic & Performance	77		76	
Strength & Conditioning	17		15	
Medical & Physiotherapy	<u>18</u>		<u>17</u>	
		<b>290</b>		<b>274</b>
<b>Stadium Operations</b>		<b>38</b>		<b>31</b>
<b>Commercial, marketing &amp; other corporate functions</b>		<b>59</b>		<b>53</b>
<b>TOTAL</b>		<u><b>387</b></u>		<u><b>358</b></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.

# SCOTTISH RUGBY UNION LIMITED

## Notes to the Financial Statements for the year ended 31 May 2018

### 2. Staff Costs (cont.)

	2018 £000	2017 £000
<b>Employment costs:</b>		
Wages and salaries	24,360	21,849
Social security costs	2,887	2,454
Other pension costs	717	628
	<u>27,964</u>	<u>24,931</u>

At the year end the pension accrual was £273k (2017 - £390k).

### 3. Net Interest

	2018 £000	2017 £000
Interest payable on bank overdrafts	(251)	(274)
Amortisation of Debenture issue costs	(82)	(82)
	<u>(333)</u>	<u>(356)</u>

The rates of interest on the company's term loan borrowings are included in Note 10.

### 4. Tax on profit on ordinary activities

	2018 £000	2017 £000
<b>Current Tax :</b>		
On profit arising from non-mutual trading	-	-
<b>Deferred :</b>		
Origination and reversal of timing differences	450	292
Movement in deferred tax unprovided	(450)	(292)
	<u>-</u>	<u>-</u>
<b>Factors affecting the current tax charge for the year</b>		
Profit on ordinary activities before taxation	<u>1,837</u>	<u>1,715</u>
Corporation Tax at 19% (2017 – 20%)	349	343
<b>Effects of:</b>		
Net expenses not deductible for tax purposes	161	163
Crystallisation of tax losses	(447)	(573)
Non-taxable mutual profits	(198)	(150)
Depreciation in excess of capital allowances	102	103
Capital transactions	16	83
Movement in other timing differences	17	31
	<u>-</u>	<u>-</u>

The company has gross taxable profits arising in the year of £nil (2017 - £nil).

# SCOTTISH RUGBY UNION LIMITED

## Notes to the Financial Statements for the year ended 31 May 2018

### 5. Tangible Assets

Group and Company	Heritable Property £000	Fixtures and Fittings £000	Other Equipment £000	Assets Under Construction £000	Total £000
<b>Cost</b>					
As at 1 June 2017	47,290	14,651	4,820	35	66,796
Additions	169	190	371	152	882
<b>As at 31 May 2018</b>	<b>47,459</b>	<b>14,841</b>	<b>5,191</b>	<b>187</b>	<b>67,678</b>
<b>Accumulated Depreciation</b>					
As at 1 June 2017	12,007	12,862	3,638	-	28,507
Charge for year	699	254	315	-	1,268
<b>As at 31 May 2018</b>	<b>12,706</b>	<b>13,116</b>	<b>3,953</b>	<b>-</b>	<b>29,775</b>
<b>Net book value</b>					
<b>As at 31 May 2018</b>	<b>34,753</b>	<b>1,725</b>	<b>1,238</b>	<b>187</b>	<b>37,903</b>
As at 31 May 2017	35,283	1,789	1,182	35	38,289

### 6. Intangible Assets

Group and Company	Computer Software £000	Assets Under Construction £000	Total £000
<b>Cost</b>			
As at 1 June 2017	203	162	365
Transfers	72	(72)	-
Additions	222	-	222
<b>As at 31 May 2018</b>	<b>497</b>	<b>90</b>	<b>587</b>
<b>Accumulated Amortisation</b>			
As at 1 June 2017	159	-	159
Charge for year	13	-	13
<b>As at 31 May 2018</b>	<b>172</b>	<b>-</b>	<b>172</b>
<b>Net book value</b>			
<b>As at 31 May 2018</b>	<b>325</b>	<b>90</b>	<b>415</b>
As at 31 May 2017	44	162	206

# SCOTTISH RUGBY UNION LIMITED

## Notes to the Financial Statements for the year ended 31 May 2018

### 7. Investments

Group and company	2018 £000	2017 £000
Investment in Subsidiaries	-	-
Other Investments	<u>2</u>	<u>2</u>
	<u>2</u>	<u>2</u>

	Country of Incorporation	Holding	Year End	Principal Activities
<b>Investments in Subsidiaries</b>				
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

*The Registered address of the above companies is BT Murrayfield Stadium, Edinburgh EH12 5PJ.*

#### 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, Sandyford 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.

### 8. Debtors

	Group 2018 £000	Company 2018 £000	Group 2017 £000	Company 2017 £000
<b>Amounts falling due within one year</b>				
Trade debtors	6,880	6,880	4,760	4,760
Loan to parent body	50	50	50	50
Other debtors	294	294	293	293
Prepayments	854	854	856	856
	<u>8,078</u>	<u>8,078</u>	<u>5,959</u>	<u>5,959</u>

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

# SCOTTISH RUGBY UNION LIMITED

## Notes to the Financial Statements for the year ended 31 May 2018

### 9. Creditors

	Group 2018 £000	Company 2018 £000	Group 2017 £000	Company 2017 £000
<b>Amounts falling due within one year</b>				
Advance receipts	5,343	5,343	4,582	4,582
Trade creditors	2,000	2,000	1,594	1,594
Other tax and social security	2,392	2,392	2,538	2,538
Accruals	6,033	6,033	5,394	5,394
	<b>15,768</b>	<b>15,768</b>	<b>14,108</b>	<b>14,108</b>
	Group 2018 £000	Company 2018 £000	Group 2017 £000	Company 2017 £000
<b>Amounts falling due after more than one year</b>				
Bank loans	3,500	3,500	5,000	5,000
Other creditors	-	-	47	47
	<b>3,500</b>	<b>3,500</b>	<b>5,047</b>	<b>5,047</b>

Within Amounts falling due after more than one year, bank loans of £3.5m (2017 - £5m) are repayable in full by 30 June 2020. Security was granted to the company's bankers by way of a Bond and Floating charge over the assets of Scottish Rugby Union Limited.

### 10. 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.

The group and company have the following financial instruments:

	Group 2018 £000	Company 2018 £000	Group 2017 £000	Company 2017 £000
<b>Financial assets that are debt instruments measured at amortised cost:</b>				
Trade Debtors & loan to parent body	6,930	6,930	4,810	4,810
Other debtors	1,148	1,148	1,149	1,149
<b>Financial assets measured at fair value through other comprehensive income:</b>				
Derivative financial instruments	495	495	640	640
<b>Financial liabilities measured at amortised cost:</b>				
Bank Loans & Overdraft	3,500	3,500	5,000	5,000
Trade creditors	2,000	2,000	1,594	1,594
Other creditors	13,768	13,768	12,561	12,561
<b>Financial liabilities measured at fair value through other comprehensive income:</b>				
Derivative financial instruments	1,011	1,011	1,707	1,707

# SCOTTISH RUGBY UNION LIMITED

## Notes to the Financial Statements for the year ended 31 May 2018

### 10. Financial instruments (cont.)

#### 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 2018 is (£472k) (2017: (£939k)).

#### Derivative financial instruments – Interest rate swaps

The group has a term loan with Bank of Scotland of £3.5m (2017: £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 (2017: £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%.

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 2018 was (£44k). The market value of the interest rate swaps in place on 31 May 2017 relating to the £5m term loan was (£128k).

### 11. Provisions for Liabilities Group and Company

	Deferred Tax £000	Tenant Club Residual Fund £000	Other £000	Total £000
Opening	-	50	109	159
Transfer during year	-	2	(10)	(8)
Closing	-	52	99	151

#### Deferred taxation comprises:

	Group and Company 2018 £000	Group and Company 2017 £000
Accelerated capital allowances	1,185	1,231
Other timing differences	193	116
Trading losses carried forward	(1,723)	(2,142)
	(345)	(795)
Deferred tax asset not recognised	345	795
	-	-

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.

### 12. Deferred Income Group and Company

	Heritable Property £000	Debenture Premium £000	2018 Total £000	2017 Total £000
Opening	1,506	292	1,798	1,933
Amortisation in year	(20)	(105)	(125)	(135)
Closing	1,486	187	1,673	1,798

# SCOTTISH RUGBY UNION LIMITED

## Notes to the Financial Statements for the year ended 31 May 2018

### 13. Ten Year Debentures Group and Company

Debenture Issue	Class of Debenture	Value Each	Max. No. Authorised	2018 No. Issued	2017 No. Issued
2009 Debentures	J	£1	500	90	90
	K	£1	1,000	429	429
	L	£1	200	78	78
2012 Debentures	N	£1	1,000	14	14
	O	£1	1,000	180	180
Debentures issued				<u>791</u>	<u>791</u>

The 2009 Debentures are 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.

### 14. Murrayfield Debentures Group and Company

Class of Debenture	Value Each	No. Authorised	2018 No. Issued	2018 £000	2017 No. Issued	2017 £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				1,946		2,028
Amortisation				<u>(82)</u>		<u>(82)</u>
Closing				<u>1,864</u>		<u>1,946</u>
Net Issue Proceeds less Amortisation				<u>31,787</u>		<u>31,705</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.

### 15. Irredeemable Debentures Group and Company

The 972 (2017 - 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.



# SCOTTISH RUGBY UNION LIMITED

## Notes to the Financial Statements for the year ended 31 May 2018

### 16. Called Up Share Capital Group and Company

<b>2018</b>	<b>2017</b>
<b>£000</b>	<b>£000</b>

Allotted, called up and fully paid :

50,000 (2017 - £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.

### 17. Leases

#### Operating Lease commitments

<b>2018</b>	<b>2017</b>
<b>£000</b>	<b>£000</b>

#### Land & Buildings; payable in

1 year

2 to 5 years

<b>374</b>	<b>374</b>
<b>912</b>	<b>1,285</b>
<u><b>1,286</b></u>	<u><b>1,659</b></u>

### 18. Profit and Loss Account

<b>Group</b>	<b>Group</b>
<b>2018</b>	<b>2017</b>
<b>£000</b>	<b>£000</b>
<b>(9,288)</b>	<b>(11,003)</b>
<b>1,837</b>	<b>1,715</b>
<u><b>(7,451)</b></u>	<u><b>(9,288)</b></u>

Opening

Profit for the financial year

Closing

### 19. Reconciliation of Operating Profit to Net Cashflow from Operating Activities

<b>2018</b>	<b>2017</b>
<b>£000</b>	<b>£000</b>
<b>2,170</b>	<b>2,402</b>
<b>1,268</b>	<b>1,215</b>
<b>13</b>	<b>16</b>
<b>(125)</b>	<b>(135)</b>
<b>(10)</b>	<b>-</b>
<b>2</b>	<b>2</b>
<b>(2,119)</b>	<b>575</b>
<u><b>1,388</b></u>	<u><b>(224)</b></u>
<u><b>2,587</b></u>	<u><b>3,851</b></u>

Operating profit

Depreciation charge

Amortisation charge

Deferred income amortisation

Movement in other provisions

Tenant club residual fund

(Increase) / decrease in debtors

Increase / (decrease) in creditors

### 20. Reconciliation of net cashflow to movement in net debt

<b>2018</b>	<b>2017</b>
<b>£000</b>	<b>£000</b>
<b>(43)</b>	<b>2,161</b>
<b>(82)</b>	<b>(82)</b>
<b>4</b>	<b>3</b>
<b>1,500</b>	<b>500</b>
<u><b>1,379</b></u>	<u><b>2,582</b></u>
<u><b>(34,801)</b></u>	<u><b>(37,383)</b></u>
<u><b>(33,422)</b></u>	<u><b>(34,801)</b></u>

(Decrease) / increase in cash in the year

Amortisation of Murrayfield Debentures

Finance Lease

Repayment of bank loan

Change in net debt during the year

Net debt at the beginning of the year

Net debt at the end of the year

# SCOTTISH RUGBY UNION LIMITED

## Notes to the Financial Statements for the year ended 31 May 2018

### 21. Analysis of net debt

	31 May 2017 £000	Cash Flows £000	Other Changes £000	31 May 2018 £000
Cash in hand	15	(1)	-	14
Cash at bank	1,987	(42)	-	1,937
Bank loans	(5,000)	1,500	-	(3,500)
Finance lease due within one year	-	4	-	4
Irredeemable Debentures	(97)	-	-	(97)
Murrayfield Debentures	(31,705)	-	(82)	(31,787)
Ten Year Debentures	(1)	-	-	(1)
	<u>(34,801)</u>	<u>1,461</u>	<u>(82)</u>	<u>(33,422)</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.

### 22. 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:

	2018 £000	2017 £000
Fees and salaries	1,130	1,273
Contributions to pension schemes	35	31
	<u>1,165</u>	<u>1,304</u>

The highest paid director received aggregate emoluments of £455k (2017 - £563k) during the period, comprising salary and benefits of £455k (2017 - £563k) and pension contributions of £nil (2017 - nil).

### 23. 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 during the year. 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 (2017: £1,560).

### 24. 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.