



The Welsh Rugby Union Limited

Annual Report and Financial Statements 2023
Company Number 03419514



Dewrder | Hiwmor | Cywirdeb | Rhagoriaeth | Teulu | Llwyddiant
Courage | Humour | Integrity | Excellence | Family | Success





THE WELSH RUGBY UNION LIMITED

ANNUAL REPORT AND CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

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Group Chief Executive's Summary

I am pleased to publish the Welsh Rugby Union Group's annual report and financial statements for the 2023 financial year.

We published a draft version of these accounts in November 2023 and have taken the time since to make several corrections to the accounting of certain transactions.

We have also included an unaudited alternative income statement at the end of the report for ease of understanding.

I would encourage all interested parties to read the following pages with this in mind and to also note that, in most cases, the changes that have been made are to non-cash items. These adjustments are historical and there is little effect on our on-going business due to restatements made.

These financial statements will supersede the draft version previously published but, for those who may wish to compare both documents, I would like to point out some key areas of difference, which will be illustrated in more detail in the pages which follow.

Firstly, we describe the same turnover for the company during Year Ending (YE) 23 (£101.3m). However, the Group's loss in the current year and profit in the previous year have been materially impacted by fair value movements in the options and investments associated with CVC Capital Partners transaction with the Six Nations, where the Group is a shareholder.

These fair value movements mean our accounts now result in a loss of £14.0m for YE23 (previously stated as a £4.9m



Abi Tierney

loss in November 2023) and a profit in the previous year, YE22, of £37.3m (previously stated as £2.9m profit in November 2023).

As a result of the changes above and other matters that have arisen, we have recognised certain prior period comparative restatements that have also led to changes in the financial statements for the 2022 financial year. Further information on these restatements can be found in note 1.e. of the financial statements.

I would like to reiterate that these fair value movements are highly technical, non-cash transactions. They are set firmly in the past and do not impact the trading performance of the Group. We are also not alone as a rugby union in addressing this issue in this way, with other unions around the UK and overseas in similar positions.

To illustrate the point on our trading performance, we have a stated policy of maximum reinvestment into the game annually, rather than retaining profits. During YE23 despite the tough financial climate our game faced, we were able to increase our investment in Welsh rugby to £65.3m, up £2.4m or 3.8%





In June 2024, we launched our new headline 'One Wales' strategy for Welsh rugby. The headline five-year plan begins with a vision to 'unite people and inspire passion in our Welsh rugby nation.'

on the previous year. This same description of re-investment in the game can be found in draft accounts we published.

Since the closing of the financial year in June 2023, we have continued to face challenging financial circumstances, performing below the forecasts set for the 2024 financial year.

We are implementing a number of cost savings for the 2025 financial year and beyond, in order to ensure a sustainable financial performance in the short and long term, while also maximising our investment in rugby.

In June 2024, we launched our new headline 'One Wales' strategy for Welsh rugby. The headline five-year plan begins with a vision to 'unite people and inspire passion in our Welsh rugby nation.'

The benefits of playing rugby are far reaching. The game helps to create inclusive and strong communities, as well as physical benefits from improved mental health to reductions in obesity in children, increased confidence and achieving a greater sense of wellbeing. Therefore, the vision is underpinned by a mission and commitment to 'work together to create exceptional experiences and opportunities for everyone through our game.' We aim to safeguard our national sport and contribute to a more prosperous, resilient, and healthier Wales for future generations.

The overarching mission is supported by four strategic pillars:

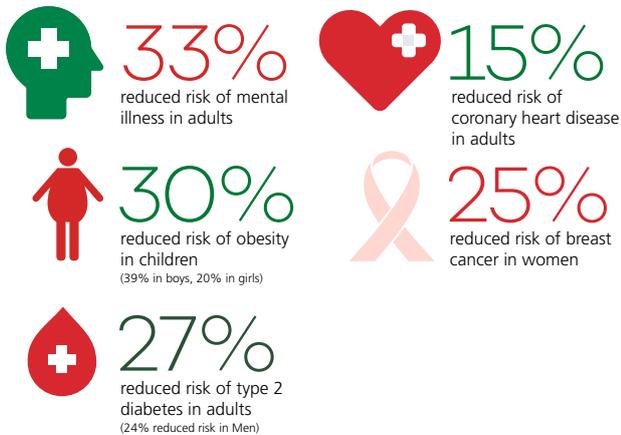
- 1. Develop inspiring competitive clubs and national teams**
- 2. Foster a thriving and sustainable community game**
- 3. Accelerate development of the women and girls' rugby ecosystem**
- 4. Capture, engage and grow our Welsh rugby audience through positive brands, experiences, and narrative**



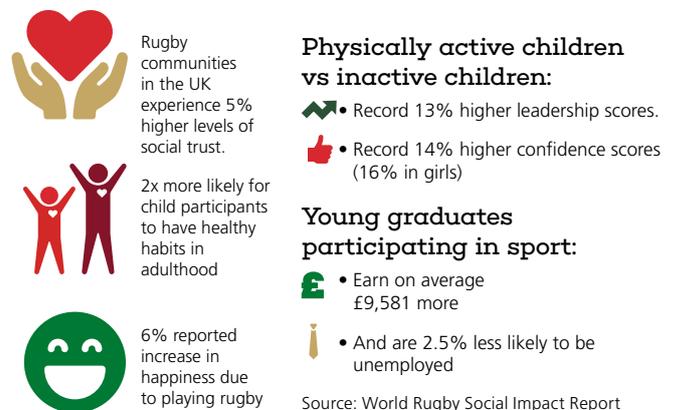
HEALTH AND SOCIAL IMPACTS OF RUGBY PARTICIPATION 2024

How we can have a healthier Wales?

HEALTH OUTCOMES



SOCIAL OUTCOMES



We will measure the success of these pillars against five key goals for 2029:

1. Wales' national men's and women's teams consistently ranked in the top five sides in the world game
2. Welsh regional clubs to be consistently challenging in the knock-out stages of their domestic competitions
3. Increase active participants in the game
4. Secure financial sustainability for all levels of the game
5. Grow the percentage share of positive sentiment around Welsh rugby in general

As part of our wide-ranging plan, we will assess options to grow our income through a review of every facet of the professional game and other revenue streams, with the ambition to make progressive choices which will reimagine what has gone before. We will share wider details and decisions in autumn 2024.

We are in the process of agreeing a capital repayment holiday on the repayment terms of certain loan

agreements, the terms of which we would mirror in the related onward lends to the regional clubs.

Finally, when I reflect on my first six months as CEO of the WRU Group I feel immense gratitude to Nigel Walker who led the Group as interim CEO between February and December 2023. To Ieuan Evans who was the incumbent chair and led the cultural change at Board level at the WRU, which has brought our current more diverse and dynamic Board together, led by the first independently appointed chair, Richard Collier-Keywood.

Alison Thorne, Jennifer Mathias, Jamie Roberts, Amanda Bennett and Andrew Williams have been appointed alongside Professional Rugby Board chair Malcolm Wall and Claire Donovan, John Manders, Chris Jones and Colin Wilks who all won elections in the year to complete our Board.

We have also welcomed Terry Cobner as our President and thanked Gerald Davies for his distinguished service in the role.

Our Executive Board is also taking on a new shape, with Nigel appointed as Executive Director of Rugby and Leighton Davies as our new Chief Financial Officer.

There will be much more to say on the year ahead and the 2023-24 rugby season in our 2024 annual report which, alongside our full 'One Wales' strategy, is due to be published in the autumn.

Abi Tierney
WRU Group CEO





Participation & Performance Report

PARTICIPATION

The year began with a restructuring of the Community department which allowed the Group to streamline its approach, and gather data and insights to make informed decisions and be laser-focused on its goals.

The community strategy is underpinned by five pillars which are People, Places, Promote, Playing and Partners; each key drivers in safeguarding and growing rugby participation in Wales.

One of the cornerstone events of the community rugby calendar, Road to Principality 2023, was one of the most successful to date with 38 matches taking place over 11 days and with circa 800,000 streaming views of the live matches and highlights online.

In a strategic move to grow the women's and girls' game in Wales, the age permitted for playing mixed rugby was lowered to U11s. This was largely driven to combat the drop off in numbers of girls playing rugby once they enter secondary education, as well as health and safety data and differing maturity level in boys and girls as they reach puberty.



The Group identified the need and actioned a fit for purpose pathway for aspiring young women and girls, that creates more opportunities to engage in rugby through the HUB Education programme and to create more strategically placed female HUBs across Wales, resulting in more female fixtures and competitions.

The more established male game focused on maintaining participation levels using a period of consultation and feedback to develop and improve competitions, club facilities and support. An emerging player programme was created for ages 14-16 with collaboration from key stakeholders, sharing information on future talent spotted at U15s skills centres and the U16s Dewar Shield competition via district forums and regional academy meetings.

Following feedback, there was an extensive review of the National Schools and Colleges programme which was subsequently revamped and launched as the WRU Schools and Colleges Competition which included an update to the license criteria and new establishments joining the programme.

“The Group’s HUB programme continues to thrive and is essential to delivering the successful implementation of the community strategy and helping to drive rugby participation across Wales”

This season the Group have seen the highest player registrations since digital registrations began.

The Group’s HUB programme continues to thrive and is essential to delivering the successful implementation of the community strategy and helping to drive rugby participation across Wales, as well as creating the space and opportunities for rugby to be a game ‘for all’; from the annual We Soda Fit, Fed and Fun programme, working with Additional Learning Needs/Special Educational Needs establishments, supporting communities in areas of deprivation in Wales, creating coaching and refereeing courses and opportunities and the introduction of regional foundations in Wales.



PERFORMANCE

Under the stewardship of head coach Ioan Cunningham, the Wales women's side rose to their highest position in the world rankings, 6th, after finishing third in the Six Nations and qualified for WXV1, the new World Rugby Global Tier 1 tournament.

The women's side surpassed previous home crowd records at the Six Nations with a record crowd for their 31-5 victory over Ireland at Cardiff Arms Park and then a sold-out crowd for their final match of tournament against England at the same venue.

Three Player Development Centres (PDCs) were created in Cardiff Met, Swansea University and RGC to discover and nurture the next generation of female talent with legendary ex-international, Elinor Snowsill acting as lead coach at Cardiff PDC.

Former Wales internationals Liza Burgess and Siwan Lillicrap coached the women's U20s side to victory in Canada and Wales' U18s Sevens side went on to win the Rugby Europe Sevens trophy in Poland. Welsh players also played a key role in Gloucester lifting the Prem15 title across the border in England, with fly-half Lleucu George and wing Lisa Neumann both contributing important scores.

The long-term goal is being one of the teams to watch at the biggest and most high-profile rugby event, the Women's Rugby World Cup in England in 2025.

Wales senior men's team played 12 rugby internationals between July 22 and March 23, including an historic first win against the Springboks on South African soil since 1964 as part of a three-match Test series in 2022.

The Autumn Nations Series saw Wales host New Zealand, Argentina, Georgia and Australia at the home of Welsh rugby and Rio Dyer and Sam Costelow made their international debuts at that first game against the All Blacks. Despite a sterling effort, New Zealand made it 33 wins in a row over Wales with the final score, 55-23.

Wales secured a 20 – 13 win for Wales against Argentina followed by a close match against Georgia that was lost by one point 13-12 in the 78th minute the weekend after.

The Autumn Nations Series ended with a 39-34 defeat to 2023 World Cup rivals Australia, with Taulupe Faletau reaching a landmark moment on his 100th Test caps during the game (95 for Wales and five for British & Irish Lions) whilst Joe Hawkins made his Wales debut.



Despite losing to Italy and Ireland early in the day, Wales achieved a significant 35-19 win over Scotland.

The BKT United Rugby Championship title was won by Munster, who beat the Stormers 19-14 at the DHL Stadium in Cape Town in front of a crowd of 56,344. Cardiff Rugby beat both finalists at the Arms Park in the regular season and also notched a famous 35-0 victory over the Sharks in Durban in November 2022 to become the first Welsh regional club to win a game on South African soil in the URC.

However, there would be no Welsh representation in the play-offs for the title. Cardiff ended up as the top Welsh region, securing the Welsh Shield in the final game of the campaign against the Ospreys as Judgement Day returned to Principality Stadium.

There was a crowd of 41,139 at the home of Welsh rugby to see Dragons beat Scarlets 31-14 and Cardiff overcome Ospreys 38-21 to ensure they claimed a spot in the Heineken Champions Cup in the 2023-24 campaign.

The results of the Autumn Nations Series meant that Wales had achieved two wins in 2022 but lost nine matches, and in December it was announced that a new national coaching set up would be appointed, with incumbent head coach Wayne Pivac leaving his post.

Six Nations 2023 marked the start of a new era and the return of Warren Gatland at the helm.

The tournament kicked-off with defeats against Ireland, Scotland and England.

A 29-17 win over Italy in Rome followed but the tournament ended with a loss against France in Paris.

Warren Gatland selected a 54 player training squad for the Rugby World Cup ("RWC") and a 47-man squad was selected to go to the overseas training camps ahead of the Vodafone Summer Series against England (home and away) and South Africa.

The rest of this campaign will be covered in the next Annual Report, but post RWC 2023 the primary focus of the men's senior team will be to develop a stable squad capable of competing in the semi-finals and final of RWC 2027.

Wales U20s turned a disappointing Six Nations campaign on its head with some stellar performances in the World Rugby U20 Championship, with a narrow defeat against New Zealand that had seen Wales in the lead at the break. Despite the defeat, Wales earned positive reviews and went onto secure a 41-19 victory over Japan in Stellenbosch.

A loss against France followed but Wales then beat Georgia 40-21 in the 5th – 8th play off finals, finishing sixth overall after missing out on fifth place following a defeat to Australia.

Wales' U18s side competed under guidance of coach Richie Pugh at the U18s Six Nations Festival in Cardiff.



Strategic Report

THE GROUP'S BUSINESS AND OBJECTIVES

Group activities

The Welsh Rugby Union Limited's ("Company") purpose and principal activity is to promote rugby in Wales and create exceptional experiences and opportunities for everyone throughout rugby. The Company is the majority owner of Millennium Stadium plc ("MS"), Millennium Stadium Experience Limited ("MSEL"), WRU National Centre of Excellence Limited ("WRUNCE"), Dragons RFC Limited (previously WRU Gwent Region Limited) (and its subsidiaries), WRU Supporters Club Limited ("WRUSC"), WRU Properties Limited ("WPL"), Parkgate Hotel Cardiff Limited ("PHCL"), WRU Six Nations Limited ("WRU6N") and Millennium Stadium Adventure Experience Limited ("MSAEL"). Collectively, the Company and these subsidiaries are referred to in this Annual Report as the "Group".

Dragons RFC Limited and its subsidiaries: Dragons Rugby Limited (previously WRU Gwent Rugby Limited) and Dragons Stadium Limited (previously WRU Gwent Stadium Limited) own and manage the professional rugby team known as the Dragons and the land and other assets at Rodney Parade (collectively, the "Dragons").



On 16 October 2023, the Dragons were sold to Dragons International RFC Limited and were divested from the Group.

MSAEL was incorporated as a wholly owned subsidiary of the Company on 4 October 2023. The purpose of the subsidiary is to operate a rooftop adventure experience at the Principality Stadium. The company began trading on 29 April 2024.

Key performance indicators (“KPIs”)

The Group’s KPIs are:

- Generation of sufficient earnings before interest, depreciation, amortisation, allocations and exceptional items (“EBITDA”), over the medium term, to fulfil the Group’s principal activity and primary objective
- Number of and attendances at international rugby matches featuring the Welsh team at Principality Stadium
- Provision of consistent and affordable levels of funding to clubs and affiliated organisations to allow them to implement long term sustainable plans to fulfil their objectives

An analysis of the Group’s performance against these financial measures is set out below.

FINANCIAL STRATEGY

Given the existing net asset base of the Group, the Group’s strategy is to seek to maximise re-investment into the game annually rather than retaining any profits to enhance net assets. Furthermore, the Group is prepared to adjust its short-term re-investment, which may create retained profits or losses, provided there is no material change, in the aggregate, to the net asset base over the medium term.

During the previous year, CVC Capital Partners (“CVC”) acquired an interest in the Six Nations, further details of which are given below. As a result of this transaction, the Group received some £8.5m (YE22: £6.1m, net of costs associated with the transaction) in the year. The Group’s previous strategy for these receipts was to reinvest the majority in projects that will generate a financial return and therefore help to alleviate the dilution that will occur on the Group’s Six Nations’ revenues as a result of this transaction. In the current year, this strategy has changed so that a greater percentage has been invested into rugby, with part still retained to invest in projects that generate a return. An example of one of these projects is the rooftop adventure experience at Principality Stadium (known as “SCALE”), which is an asset under construction at the year end.

NEW PROFESSIONAL RUGBY AGREEMENT

In March 2023, a new Professional Rugby Agreement (“PRA”) was signed between the Company and the four professional rugby teams: Cardiff Rugby, Dragons RFC, Ospreys and Scarlets. The new agreement provides a six-year financial framework to the four Regional clubs, designed to enable sustainability, growth and certainty over the coming periods.

REFINANCING

In June 2023, the Group completed a refinancing process with both NatWest and Welsh Government. Facilities with NatWest were renewed until 2027 and the term of the Welsh Government loan was moved to 2029. The previous agreement with NatWest was due to expire in February 2024. The refinancing process provides the Group with adequate facilities to meet the requirements of the business over the coming years, and also to facilitate further onward lending to the Regional clubs. Completion of the refinancing was a condition of the new PRA being implemented. Further information on the facilities available is included later in this report and in note 14 to the financial statements.

OUR GOALS FOR 2029 AMCANION CLIR

<p>1</p> <p>Men's and Women's national teams consistently ranked in the Top 5</p>	<p>2</p> <p>Club teams challenging in the play-offs of URC / Celtic Challenge</p>	<p>3</p> <p>Retain and grow the number of active participants</p>	<p>4</p> <p>Financial sustainability at all levels of the game</p>	<p>5</p> <p>Increase the percentage of the Welsh public positive about Welsh rugby</p>

SUPPORTED BY THE FOLLOWING 4 PILLARS PEDAIR CONGLFAEN

<p></p> <p>Develop inspiring, competitive clubs and national teams</p>	<p></p> <p>Foster a thriving and sustainable community game</p>	<p></p> <p>Accelerate the development of the women's and girl's rugby ecosystem</p>	<p></p> <p>Capture, engage and grow our Welsh rugby audience through positive brands, experiences and narratives</p>

ENABLERS

- Create a **sustainable financial** foundation and growth
- Provide inclusive, collaborative and action-oriented **governance and culture**
- Become a "smart" **data and insight-driven** rugby nation
- Build and nurture **diverse, high-performing and engaged teams and people** across Welsh rugby

NEW STRATEGY

In June 2024, the Group announced a new strategy for Welsh rugby. The strategy is underpinned by the vision of “uniting people and inspiring passion in our Welsh rugby nation” and mission of “working together to create exceptional experiences and opportunities for everyone throughout our game”.

The goals for 2029 are:

1. Men’s and Women’s national teams consistently ranked in the Top 5
2. Club teams challenging in the play-offs of URC / Celtic Challenge
3. Retain and grow the number of active participants
4. Financial sustainability at all levels of the game
5. Increase the percentage of the Welsh public positive about Welsh rugby

These goals are supported by four strategic pillars:

1. Develop inspiring, competitive clubs and national teams
2. Foster a thriving and sustainable community game
3. Accelerate the development of the women’s and girl’s rugby ecosystem
4. Capture, engage and grow our Welsh rugby audience through positive brands, experiences and narratives

Further detail and decisions around the strategy are being developed and will be announced later in 2024.

HEADLINE FINANCIAL PERFORMANCE – YE23 V YE22

The Group’s underlying performance for 2023 was an improvement over 2022 as it continued to recover from the disruption caused by the Covid-19 pandemic. The increased turnover of the Group enabled a £2.4m increase in the investment in Welsh rugby compared to the prior year. The Group hosted two Six Nations and four Autumn Series matches and had a successful year in regard to third party events, including hosting five nights of concerts across May and July, the Supercross World Championship and a major WWE event. However, the Group incurred exceptional costs that are detailed later in this report.

The Group’s loss in the current year and profit in the previous year have also been heavily impacted by fair value movements in the options and investments associated with the CVC transactions described above.

These fair value movements are non-cash and do not reflect or impact the trading performance of the Group.

	2023	2022
	£’m	As restated £’m
Turnover	101.3	94.2
Surplus for investment in rugby	54.4	55.1
Investment in rugby	65.3	62.9
EBITDA	21.5	24.1
Company share of (loss)/profit for the year	(14.2)	37.2
Net bank debt	21.6	13.9

DYNAMICS OF THE BUSINESS

The activities, both operational and financial, of each company in the Group are linked together and in this period there was thought to be little merit in assessing individual performance. Whilst they are all separate legal entities and are obliged to prepare separate financial statements, it is the Group’s performance that is the most meaningful measure.

The Group must deliver on its commercial activities to allow continual re-investment in community rugby, performance rugby and Principality Stadium.

Accordingly, the Group’s income generation is paramount to delivering on its principal activity and primary objective. The key economic income driver of the Group’s business is the hosting of events at Principality Stadium; particularly, the hosting of international rugby events featuring the senior men’s Welsh team and especially a winning Welsh team. The more matches that are played, the greater the Group’s revenues that are available for re-investment in Welsh rugby.

	2023	2023	2022	2022
	No. of home matches	Attendance ‘000	No. of home matches	Attendance ‘000
Autumn Nations Series	4	259	4	268
Guinness Six Nations	2	147	3	197
	6	406	7	465



In the 2023 financial year, the average attendance per match was 68,000 (2022: 66,000) which equated to an average of 92% of capacity (2022: 90%).

The average ticket income per attendee at matches held at Principality Stadium in 2023 was £53 (2022: £52).

Whilst a significant part of the Group's operational costs are fixed, there are a number of areas that are incremental dependent on staging of the Group's controlled events. These incremental events give rise to incremental revenue, costs and ultimately incremental profits which can be re-invested into the game across all levels.

PARKGATE HOTEL

The Parkgate Hotel was opened at the end of October 2021, with 2023 being the first full year of trading for the Hotel.

The Parkgate Hotel allows the Group to generate further revenue from event days at Principality Stadium by hosting visitors for those events. In addition, the non-event day trading in the Hotel gives the Group a more diversified revenue stream. The Parkgate Hotel has traded well during the year, recognising revenues of £11.1m (2022: £5.7m).

The Parkgate Hotel is held in PHCL, which is 75% owned by the Group and is therefore deemed a subsidiary company of the Group.

The Parkgate Hotel is operated on behalf of PHCL by Celtic Manor Resorts ("CMR").

This relationship allows the Parkgate Hotel to benefit from CMR's considerable sector expertise and marketing reach. It also allows the Parkgate Hotel to access a wider pool of resource from across CMR's portfolio.

SALE OF INTANGIBLE RIGHTS IN THE UNITED RUGBY CHAMPIONSHIP ("URC") AND EUROPEAN PROFESSIONAL CLUB RUGBY ("EPCR")

During the 2020 financial year, Celtic Rugby Designated Activity Company ("CRDAC"), in which the Company is a shareholder, transferred the business of the PRO14 tournament (now known as URC) to a separate Limited Partnership ("LP") in which CVC acquired a partnership interest. In addition, the LP held an option to purchase the WRU's rights to the EPCR tournaments (being the European Champions Cup and the European Challenge Cup) that was exercised during the year. The Group have determined that the substance of this transaction is the part disposal of internally generated intangible rights in the tournaments, created through the Group's previous and ongoing investment in rugby and the collaboration with the other Unions to create the tournaments in which the professional clubs compete. In the current year, the Group received £6.3m (2022: £7.5m) for a partial disposal of their URC interest and £4.1m for EPCR.

The final partial disposal of the URC interest was completed in July 2024. As a result of these transactions the Group has received £23.6m in respect of the URC, with CVC acquiring 28% of the intangible rights.

SALE OF OWNERSHIP INTEREST IN SIX NATIONS RUGBY

During the previous financial year, a significant restructuring of the Six Nations organisation was carried out to accommodate investment from CVC. The transaction involved the creation of new corporate entities within the Six Nations structure, with Six Nations Rugby Limited acting as agent for the sale of media rights and other partnerships and is remunerated at a commercial rate by the participating Unions. Substantially all of the economic value attaching to these commercial fees was sold to CVC. The Group's total potential share of the non-contingent consideration for the transaction is £42.8m gross. The overall divestment alongside the payment of this amount is to be carried out over five years (subject to put and call options as outlined below). The second tranche of this consideration was received in 2023, with £8.5m recognised as a receipt against the investment on the balance sheet, plus a gain on disposal in the income statement that is offset by a matching movement in the value of the options (2022: £6.1m, net of £2.5m deducted in respect of the WRU's share of the transaction costs, through profit on sale of shares in investment).

The Group has entered into put and call options for the remaining three potential payments. Two of these options were exercised post year end by Six Nations Rugby Limited, in July 2023 and July 2024, with the final option expected to be exercised in July 2025. Assuming all options are exercised, the total return to WRU, net of costs, will be £40.3m.

As part of the Six Nations investment transaction, a new entity, WRU6N, was created. The Group's shares in Six Nations Rugby Limited, which were previously held by the Company, were sold to WRU6N in the previous financial year. These shares now held by WRU6N are subject to the put and call options outlined above.

FINANCIAL PERFORMANCE

The Group generates income from its international matches (including sponsorship and broadcast rights) and incremental revenue from the use of Principality Stadium. This income meets the operating costs of the Group to allow the majority of the surplus to be "invested" in "Welsh rugby", as follows:

	2023 £'m	2022 As restated £'m
Group income		
Match income	39.5	43.0
Commercial income	16.4	14.5
Hotel income	11.1	5.7
Hospitality and catering income	18.7	15.9
Other event income	5.3	3.2
Other income	2.6	2.2
	93.6	84.5
Competition income	7.7	9.7
	101.3	94.2
Less: operational business costs		
Business and administration	(9.9)	(8.9)
Hospitality and catering costs	(8.2)	(7.6)
Direct costs	(12.9)	(12.1)
Stadia costs	(7.7)	(6.3)
Hotel costs	(8.2)	(4.2)
	(46.9)	(39.1)
Surplus for investment in rugby	54.4	55.1

INCOME

The Group earned £101.3m (2022: £94.2m), of which 65% (2022: 72%) is derived from staging international matches featuring senior Welsh teams and the commercial activities associated with these.

Match income, which includes income from ticket sales and broadcasting, was £39.5m (2022: £43.0m), reducing primarily as a result of different opposition in the Autumn Nations Series and one fewer home fixture in the Six Nations.

Commercial income increased to £16.4m (2022: £14.5m), contributing 16% (2022: 15%) in 2023 of the Group's overall income.

Hospitality and catering income was £18.7m (2022: £15.9m), driven by a strong WRU and third party event schedule at Principality Stadium. Hospitality and catering income contributed 18% (2022: 17%) of overall income.

Income from the Parkgate Hotel was £11.1m (2022: £5.7m), representing 11% (2022: 6%) of the Group's income. The financial year 2023 was the first full year of the Hotel's operations.

Other event income increased to £5.3m (2022: £3.2m) due to a number of successful third-party events being hosted at Principality Stadium. Other event income represents events staged at the Group's stadia apart from rugby matches featuring the senior men's National Squad or the Dragons – including, in the two years indicated above, music concerts and motorsport.

Competition income represents the income from competitions including the United Rugby Championship, European Champions Cup and the European Challenge Cup.

The remaining other income arises from ancillary activities and various grant sources. During 2023, the Group received £0.8m (2022: £0.8m) of grant funding from Sport Wales.

OPERATIONAL BUSINESS COSTS

The business and administration costs represent the costs of managing the Group; the direct costs represent the costs of staging both international rugby matches (but excluding the costs of the Senior Men team) and other events held at Principality Stadium and Rodney Parade; the stadia costs represent the costs of managing the stadia other than those directly attributable to events.

The Group's operational business costs have increased during the year to £46.9m (2022: £39.1m). The majority of the increase in costs correlates with the increase in the turnover of the Group.

Business and administration costs have increased by 11% to £9.9m (2022: £8.9m). The increase is primarily as a result of professional fees, and similar, incurred in respect of Regional clubs and the new Professional Rugby Agreement.

Hospitality and catering costs increased to £8.2m (2022: £7.6m). The increase of 8% on the previous year correlates with hospitality and catering revenues increasing by 18%, with the number of events at Principality Stadium increasing on the previous year, with some at higher margins.

Direct costs are those incurred directly in relation to attracting revenues and include third-party costs incurred in delivering events at Principality Stadium and Rodney Parade. These costs have increased to £12.9m mainly as a result of an increase in events at Principality Stadium.

Stadia costs have increased by £1.4m to £7.7m (2022: £6.3m). The increase is primarily due to the loss of rates relief afforded to the Group's stadia during the prior year to alleviate the challenges of the Covid-19 pandemic. By way of reference, Stadia costs were £7.3m in 2020.

Hotel costs of £8.2m (2022: £4.2m) reflect a full year of trading compared to the costs incurred in the eight-month period that the hotel was open in 2022 and correlate with the increase in Hotel income.

INVESTMENT IN RUGBY

The surplus of £54.4m (restated 2022: £55.1m) made by the Group, in combination with the proceeds from the sale of intangible rights in URC and EPCR and the proceeds from the sale of the investment in Six Nations, has been invested in “Welsh rugby” as follows:

	2023	2022
	£'m	As restated £'m
Operational costs		
• Performance rugby	16.1	16.3
• Community rugby	7.1	5.6
• Dragons – regional rugby	9.7	9.1
	32.9	31.0
Allocations to affiliates		
• Regions (professional) – excluding Dragons	27.9	26.9
• Clubs (semi – professional)	0.8	0.8
• Community rugby	3.7	4.2
	32.4	31.9
Total investment in “Welsh rugby”	65.3	62.9

The Group’s investment in “Welsh rugby” has increased during the year to £65.3m (2022: £62.9m). The increase is largely due to the increased allocations to the Regional clubs, in accordance with the Professional Rugby Agreement (“PRA”) and to increased costs incurred in Community Rugby, following the first full year of community activity following the Covid-19 pandemic.

The costs in respect of performance rugby reduced slightly to £16.1m (2022: £16.3m) due to changes in rugby activity, resulting in reduced costs, being offset by a full year of increased investment in the Women’s game. These costs now include managing all costs associated with the Senior Men’s and Women’s Teams, the age-grade structures, the national 7s sides, player development, referee costs, the National Centre of Excellence and insurance which collectively amount to some 61% (2022: 67%) of the total with the balance of 39% (2022: 33%) comprising staff costs.

The allocations to the three Regional clubs not within the Group are £27.9m (2022: £26.9m). The allocations in 2023 and 2022 are made pursuant to the PRA, which was originally signed in November 2018 and then renewed in March 2023.

The PRA payments cover all international player release and provide financial support for the four Regional clubs in accordance with the agreement.

The total investment in performance rugby and the professional game is as follows:

	2023	2022
	£'m	As restated £'m
Performance rugby	16.1	16.3
Allocations to Regional clubs from the Company	35.5	34.3
Company investment in performance rugby	51.6	50.6
Company allocations due to Dragons	(7.6)	(7.4)
Dragons expenditure	9.7	9.1
Group investment in performance rugby	53.7	52.3

The costs in respect of community rugby have increased to £7.1m. The increase reflects both the first full year of community rugby activities and programmes following the lifting of COVID-19 restrictions, along with movement in expenditure between community allocations and community operational costs. Community rugby costs include coach development, referee costs, school club hub costs, digital strategy investment and insurance which amount to some 57% (2022: 56%) of the total with the balance of 43% (2022: 44%) comprising staff costs.

The allocation to the Group's semi-professional league has remained at £0.8m (2022: £0.8m).

The allocations to the Group's community clubs have, as explained above, reduced to £3.7m. The reduction arises due to movement in expenditure between community allocations and community operational costs. However, the total investment in the community game has increased by £1m.

	2023 £'m	2022 £'m
Operational costs – community rugby	7.1	5.6
Allocations to affiliated organisations – community rugby	3.7	4.2
Allocations to affiliated organisations – Premiership	0.8	0.8
	11.6	10.6

EBITDA

One of the key measures of the Group is the earnings before interest, tax, depreciation, amortisation, exceptional items and allocations to affiliates ("EBITDA"). This is a key measure as it is the best proxy for cash generated from the Group's operational activities. This provides the cash to fund the Group's primary objective. The Group's EBITDA was £21.5m (2022: £24.1m):

	2023 £'m	2022 £'m
Turnover	101.3	94.2
Operating costs	(79.8)	(70.1)
	21.5	24.1

Result for the year

	2023 £'m	2022 £'m
Surplus for investment in rugby	54.4	55.1
Total investment in "Welsh rugby"	(65.3)	(62.9)
	(10.9)	(7.8)
Depreciation, amortisation and gains/losses on disposal (net of grants)	(5.7)	(3.8)
Exceptional items (see note 5)	(1.9)	-
Profit on sale of fixed assets	12.4	13.6
Net interest expense	(1.9)	(1.3)
Fair value movements in investments and derivatives	(2.2)	34.0
Tax (charge)/credit	(3.8)	2.6
(Loss)/profit after tax for the year	(14.0)	37.3
Attributable to		
Company	(14.2)	37.2
Non-controlling interests	0.2	0.1
	(14.0)	37.3

Profit on sale of fixed assets of £12.4m (2022: £13.6m) is the profit arising from the Group's sale of its investment in Six Nations Rugby Limited and of the intangible rights in the URC and EPCR tournaments.

The Group's loss in the current year and profit in the previous year have been heavily impacted by fair value movements in the investments and derivatives associated with the Six Nations CVC transaction described above. These fair value movements are non-cash and do not reflect or impact the trading performance of the Group.

The tax expense for the year primarily arises from the derecognition of deferred tax losses carried forward, to the extent that they are not forecast to be recovered against future taxable profits over the medium term.

Net interest expense

The Group's net interest expense is analysed as follows:

	2023 £'m	2022 £'m
Bank interest payable	1.5	0.7
Interest on finance leases	1.0	0.7
Bank charges	0.2	0.3
Total interest payable	2.7	1.7
Interest receivable	(0.8)	(0.4)
Net interest expense	1.9	1.3

The net interest expense has increased, driven by increases in interest rates on both NatWest and Welsh Government loans onward lent to the Regional clubs, along with a full year of interest on the finance lease associated with the Parkgate Hotel. The interest on the NatWest loans and Welsh Government loans onwards lent to the Regional clubs has been onward charged as ultimate beneficiaries of these loans. This onward charge of interest is the majority of the interest receivable amounts shown above.

Exceptional items

During 2023, the Group incurred charges that due to their size and nature were considered "exceptional". The Group's definition of exceptional items includes the identification of significant non-recurring items that enable the "normal" financial performance of the Group to be better understood. As shown in note 5, the exceptional items in 2023 arose from exceptional restructuring costs.

	2023 £'m	2022 £'m
Restructuring Costs	1.9	-
	1.9	-

Staff Numbers

Staff numbers have increased by 53, from 376 to 429, between 2022 and 2023, primarily driven by a full year of investment in the Women's game, including full time players and additional staff. A further 16 of the increase have been allocated to Community rugby, funded partly via a reallocation of community expenditure from other areas.

Cash flows

The Group's net cash (outflows) / inflows from operating activities were as follows:

	2023 £'m	2022 As restated £'m
EBITDA	21.5	24.1
Allocations to affiliated organisations	(32.4)	(31.9)
Exceptional items	(1.9)	-
Disposal of tangible fixed assets	-	0.5
Working capital movements	(4.7)	7.4
Net cash (outflows) / inflows from operating activities	(17.5)	0.1

Net debt

Net debt, which is defined as bank loans, debenture loans, finance lease obligations less cash balances, as at 30 June 2023 was £117.5m (2022: £108.9m). The net debt position of the Group is as follows:

	2023 £'m	2022 As restated £'m
Debt:		
Bank and Other loans	24.1	25.1
Debenture loans	50.9	49.3
Finance lease	45.7	46.1
	120.7	120.5
Cash	(2.5)	(11.2)
Net debt	118.8	109.3

The finance lease creditor primarily relates to funding received towards the Parkgate Hotel development.

Net bank debt, which is bank loans less cash balances, was £21.6m (2022: £13.9m). The net bank debt position of the Group is as follows:

	30 June 2023 £'m	30 June 2022 £'m
NatWest Facility A	-	5.0
NatWest Facility B – revolving credit facility (“RCF”)	5.0	-
NatWest Facility C	0.7	1.0
NatWest Facility E	4.9	
Welsh Government loan	13.8	17.5
World Rugby loan	-	2.0
Accrued interest	0.5	-
Unamortised issue costs	(0.8)	(0.4)
	24.1	25.1
Cash	(2.5)	(11.2)
Net bank debt	21.6	13.9

During 2023, the Group completed a refinancing with both NatWest and Welsh Government. Facility E was created to refinance the World Rugby loan in full and partially refinance the Welsh Government loan. Further details of these loans are set out in note 14.

NatWest Facility E, the Welsh Government loan and previously the World Rugby loan are onward lent to the Regional clubs to support their recovery from the Covid-19 pandemic. Further details of the amounts due from the Regional clubs are set out in note 12.

During 2023, the Group has raised some £1.2m (2022: £0.1m) from debentures, by way of new issues.

The RCF was £5.0m drawn as at 30 June 2023 and this was the largest drawdown in the year.

As at 30 June 2023, the Group had unutilised facilities of £27.5m (2022: £30.0m). £7.5m relates to NatWest Facility D, which was drawn after the year end and onward lent to some of the Regional clubs.

As part of its banking agreements with both NatWest and Welsh Government, the Group has to comply with bank covenants which require the Group to, inter alia, meet certain levels of cashflows and surpluses. In addition, the banking agreements require lender consent on a number of matters, including the Group’s ability to: lend outside the Group; offer financial guarantees; vary certain commercial contracts; and invest receipts from the Group’s sale of ownership interest in Six Nations. This enforces normal business practices on the Group but limits the extent to which the Group can invest, make allocations to affiliated organisations and access the facilities above.

These bank covenants are typical of those applying to commercial businesses. It is in the Group’s best interests to comply with these covenants as a breach would be a default of the loan agreements. In July 2024, the Group received waivers for these covenants at 31 December 2023 and a covenant reset at 30 June 2024.

Capital expenditure

During 2023, the Group invested £3.1m of capital expenditure, including redevelopment of the Riverside Terrace hospitality lounge and certain retail outlets at Principality Stadium.

Balance sheet and reserves

The Group’s reserves attributable to the Company have decreased by £14.2m to £44.4m.

The tangible fixed assets of the Group decreased by some £3.5m, reflecting the capital expenditure of £3.1m offset by the depreciation charged in the year of £6.6m.

Operating working capital fluctuates from year to year depending upon the timing of events arising around the year end and receipts relating to future events.

Welsh Language

The Group continues to work in accordance with its Welsh Language Policy. Where possible, the Group ensures that the Welsh language is widely used in its operations and continually considers whether it can do more through the medium of Welsh.



Post balance sheet events

On 16 October 2023 Dragons RFC Limited (formerly WRU Gwent Region Limited), and its subsidiaries Dragons Rugby Limited (formerly WRU Gwent Rugby Limited) and Dragons Stadium Limited (formerly WRU Gwent Stadium Limited) were sold to Dragons International RFC Limited and were divested from the Group.

The NatWest Facility B balance of £5m was fully repaid in July 2023. The balance is included in these financial statements within creditors due after one year. Facility B is available until March 2027 for further drawdown. It is expected that during the next financial year the Group and Company shall utilise this facility as and when required. At the point of signing these accounts the drawn balance was £8.3m.

The NatWest Facility D is a commitment of £7.5m. This was fully utilised and drawn down in July 2023 for onward lending to the Regional clubs. This facility matures in March 2027.

Millennium Stadium Adventure Experience Limited was incorporated as a wholly owned subsidiary of the Company on 4 October 2023. The purpose of the subsidiary is to operate an rooftop adventure experience at the Principality Stadium. The company began trading on 29 April 2024.

On 28 June 2024, the Group and Compass Contract Services (UK) Limited agreed an extension of the Group's catering agreement until 30 June 2025.

On 9 July 2024, the Group received waivers for covenants attached to external loan facilities in place at 31 December 2023 and a covenant reset at 30 June 2024.

On 3 July 2023, a call option was exercised in relation to the Group's investment in Six Nations Rugby Limited. The Group received £8.6m as the third of five tranches of payments in exchange for the partial sale of its investment in Six Nations Rugby Limited.



On 1 July 2024, a further call option was exercised in relation to the Group's investment in Six Nations Rugby Limited. The Group received £8.6m as the fourth of five tranches of payments in exchange for the partial sale of its investment in Six Nations Rugby Limited.

In July 2023, the final tranche of the Group's intangible rights in the United Rugby Championship were sold, for which the Group received £2.8m in August 2023.

Future developments and outlook

The Group has faced a challenging 2024 financial year, performing below the financial forecasts set for the period. The Group has faced challenges arising from high inflation; through both increases in costs and reductions in discretionary spending from consumers. This has had an impact on consumers' disposable incomes and has impacted the Group's revenues, particularly with respect to Match Income. Whilst the Group had fixed its energy prices until September 2023, it will face substantial increases after this date. An energy hedging strategy was undertaken to mitigate this, where possible.

The Group is implementing a number of cost savings for the 2025 financial year and beyond, in order to ensure the Group's financial performance is sustainable in the short and long term, while also maximising its investment in rugby.

The Group has undertaken various sensitivities around certain income assumptions included within the Group's budgets and cash flow forecasts. These sensitivities include attendance levels at Welsh rugby events and the number of third-party events held at Principality Stadium. Under these sensitised scenarios the credit facilities the Group has in place remain sufficient to allow the Group to meet its liabilities as they fall due. As stated earlier in this report, the Group received waivers for its loan covenants at 31 December 2023 and a covenant reset at 30 June 2024. However, it expects to remain compliant with banking covenants beyond this point.

Principal risks and mitigation strategies

The Group's primary is to promote rugby in Wales and create exceptional experiences and opportunities for everyone throughout rugby, which is achieved by re-investment in community rugby, performance rugby and Principality Stadium.

The Directors' assessment of the principal risks to delivering this objective, their potential effects and the steps taken by the Group to mitigate them are set out below:

Income generation – the ability to generate income dictates the level of re-investment the Group is able to make in all forms of rugby. A sustained fall in income would lead to a reduction in financial resource available for re-investment in rugby.

Some 65% (2022: 72%) of the Group's income is derived from staging international matches featuring senior Welsh teams and the commercial activities associated with these teams. The movement in the year is primarily the result of lower match income, due to different opposition in the Autumn Nations Series and one fewer home fixture in the Six Nations, and increased Hotel income from its first full year of trading. Given its significance, the mitigation of income risk is therefore focused on match and commercial incomes.

The Group seeks to mitigate risk to income by, where possible, entering long term arrangements with its broadcasters, sponsors and other commercial partners. The Group's ticket pricing strategy is focused on maintaining a balance between the highest possible attendances and strong financial returns. The Group's ticket prices are reviewed annually with reference to market conditions and the opposition faced.

As noted above, 65% (2022: 72%) of the Group's income is derived from staging international matches featuring with senior Welsh teams and the commercial activities associated with these teams. The performance of these teams will have an impact on the Group's ability to generate income, particularly over the medium to long term. The Group aims to ensure the success of the teams by recruiting world class coaching and medical teams to provide the best possible support to its international players, securing additional preparation time for the team and extensive investment in training facilities, to ensure these teams have the best possible environment in which to train.

The availability of adequate banking facilities – the Group is financed by a mixture of bank, debenture debt and a finance lease on the Parkgate Hotel. The continued availability of the bank debt facilities, at competitive rates, is crucial to the prospects of the Group. The Group's banking facilities are subject to compliance with financial covenants and non-compliance could significantly impact the Group's banking facilities. The Group reviews performance against this budget throughout the year in order to identify any potential risks to compliance. The Group continually communicates with its bankers, in respect of the Group's activities and performance.

The maintenance, physical security, and insurance of its main assets, primarily Principality Stadium – the majority of the Group's income is derived from the staging of international matches at Principality Stadium and should Principality Stadium not be available to host matches the Group would have to seek alternative venues, which would likely incur significant costs and may not have similar capacity. Loss of or restricted access to the Group's other assets, such as the National Centre of Excellence ("NCE"), would also have a severely detrimental impact on the Group. The training facilities at the NCE are amongst the best in the world and performance may suffer as a result of loss of access to those facilities. The Group takes extensive measures to safeguard its assets. The Group employs a team of maintenance and facility management personnel who undertake a thorough preventative maintenance programme at all of the Group's relevant facilities. The Group procures comprehensive insurance policies that, in the event of damage to assets, provide recompense for rectification of damage and for loss of earnings due to business interruption.

COMPANIES ACT 2006 – SECTION 172

When considering and making decisions, the Directors are mindful of and balance the impact on stakeholders, including members, employees, supporters, suppliers and other stakeholders (such as Government). The Directors have sought, collectively and individually, to conduct themselves at all times honestly, fairly, impartially and in accordance with the highest ethical standards. These behaviours are considered central to promoting the success of the Group, and in exhibiting them, the Board has carefully considered the matters set out in section 172(1) (a-f) of the Companies Act 2006. Examples of how the Directors have had regard to each of those matters is set out below:

a) Making decisions in the long term

Securing the long-term health of rugby union in Wales, at all levels, is vital to the success of the Group and is therefore central to the decision-making processes of the Board. As a result, consideration of the likely consequences of a decision in the long-term is central to the Board's deliberations and decision-making process. Whilst day-to-day management is delegated to the Executive Board in accordance with the Group's delegation of authority, the Board retains oversight of matters of strategic importance, including the long-term objectives and overall strategic policy of the Group.

During the year, a long-term Professional Rugby Agreement was entered into with each of the four Regional entities. This provides a six-year funding arrangement and a framework enabling professional rugby to plan on a long-term basis.

b) Considering employees

Engagement with employees is a key element of the Group's planning. Throughout the year, all-employee meetings were held where updates on business and other matters were provided and there were regular internal updates on developments within the organisation provided to employees. Employees are encouraged to provide feedback to the Executive Board via such forums.

Business updates and financial information is shared through our internal communications and various regular forums are held to communicate and cascade information throughout the organisation. An update on employee matters is provided to the Directors at Board meetings which allows the Directors to input into any such matters and consider the same when making decisions.

A number of specific wellbeing and mental health initiatives are in place and employee questionnaires are regularly circulated so that employees can provide specific feedback on relevant matters. The feedback received from employees during the year helped inform the Group's policy on the Group's non-monetary benefits. During the year, Senior Leadership Group – consisting of senior employees from across the organisation – was established to provide input and feedback in respect of relevant Group matters.

c) Fostering relationships with stakeholders

The Directors believe it is important to continue to foster good relationships with all key stakeholders.

The Board remains mindful of the importance of lasting relationships with participants, players, volunteers, supporters, debenture holders and other important stakeholder groups, such as broadcasters, commercial partners and hospitality clients. The Directors discuss the feedback received from supporters and other stakeholders and receive regular updates on the same. This enables the Board to consider that information when making decisions.

By way of example, a comprehensive 'National Representative Survey' is conducted annually that covers sentiment towards rugby at a professional and community level. The insights derived from this shape strategy for marketing, communications and product offering for the Group.

Stakeholders

The Group regularly engages with stakeholders through a variety of means. This includes various departments and key personnel throughout the

Group to ensure strong relationships are being built and deliver on stakeholder expectations. Key areas affecting stakeholders are communicated to the Board for consideration, input and decision.

Externally, the Group actively engages with a wide range of stakeholders including, but not limited to:

Wales specific

- Welsh Government
- The education sector including schools, further education and higher education institutions
- Local councils and unitary authorities
- Sport Wales
- Welsh Sports Association

Rugby specific

- British and Irish Lions
- Six Nations
- World Rugby
- Rugby World Cup
- European Professional Club Rugby
- United Rugby Championship
- GB 7s

Participants and supporters

Growing the game and providing an enjoyable and safe rugby environment is one of the Group's key priorities and there is regular engagement with participants and supporters to help achieve this. Annual club and player surveys take place and feedback relating to players is raised at meetings of both the Community Rugby Board and the Professional Rugby Board. This feedback influences planning and strategic matters, such as playing formats and competition structures. A supporter survey is sent to spectators attending international matches and the feedback received helps the Group to improve the experience both at the matches and on its digital channels. The Group organises various events and opportunities for supporters outside of match days to help strengthen its relationship with this key group and also holds customer engagement events, including a variety of events for debenture holders and events for members of the Group's Supporters' Club.

Suppliers

Where appropriate, the Group runs tender processes for the provision of certain goods and services. During those processes, meetings are held with prospective suppliers to provide them with more information but also for the Group to understand more about what can be offered. This can help shape the tender process, commercial terms and improve the service which is then provided. Regular meetings take place with certain existing suppliers and with prospective suppliers to ensure that they are able to meet the requirements of the Group and for the Group to understand any challenges facing the suppliers in their industry. This includes compliance matters such as in relation to modern slavery and forced labour matters. Such feedback and good relations enable the Group to make decisions that take into account relevant supplier related risks and to implement relevant mitigation plans.

d) Community and environment

The playing of rugby union and contributing to the community is a key part of the Group's activities, especially for rugby at community and grassroots levels. The Group runs various projects and initiatives to support the community game and provides funding in support of these measures. A number of commercial partners also support specific community and grassroots rugby initiatives, including the 'Fit, Fun and Fed' initiative which this year has seen children attend rugby camps during school holidays where they also learn about eating healthy and environmental issues.

The Group works with its members to mitigate the impact of rugby on the environment. The Group also continues to have regard to and regularly considers the impact of the Stadium's operations on the environment and how it can leverage its position in order to mitigate the impact of the same. This includes consideration of the utilisation of energy-efficient initiatives.

e) Maintaining a reputation for high standards of conduct

The Board aspires to the highest ethical standards in its management of the Group. The Board has in place codes of conduct, conflict of interest and anti-bribery policies and prioritises the integrity of the Group in its decision-making. The Board considers that the reputation of the Group and operating it in accordance with high standards of conduct is of paramount importance to safeguarding rugby union in the long-term in Wales.

The Group's corporate policies (including on anti-corruption and anti-bribery matters) are reviewed regularly and are carefully considered in the context of the location of the Group's activities and those of the Group's suppliers. Relevant training is also provided. All employees who engage in procurement activity are expected to protect and enhance the Group's standing and maintain the highest standards of conduct and integrity in business relationships, whilst ensuring full compliance with laws and regulations. The Group has an independent whistle-blowing hotline that employees can use to raise concerns confidentially and anonymously.

The Directors are aware of the Group's position and ability to influence in relevant areas of its operations in respect of matters relating to respecting human rights. In accordance with the Modern Slavery Act 2015, the Group publishes an annual Modern Slavery Act Statement and the Board remains committed to having systems in place to safeguard against forced labour in the Group's business and supply chain and to protect respect for human rights. The Directors expect the Group's supply chain (whether direct suppliers or those that directly or indirectly supply our direct suppliers) to share the same values.

The Group incorporates relevant contractual obligations into its supplier contracts in respect of forced labour and related matters, which also permits the Group and third parties acting for us to inspect facilities, records and practices to audit a supplier's business for the purposes of ensuring that such obligations are being complied with. The effectiveness of our systems and processes will continue to be monitored to ensure that they are appropriate.

f) Acting fairly between Members

The Board is aware of the importance of acting fairly between its members and this is considered whenever a decision is being taken which affects one or more of the members. The Board, the Board's various sub-boards and sub-committees and the WRU Council all engage with members to ensure that it is aware of members' views and to assist the Board in complying with its duty to act fairly between members.

By Order of the Board



RICHARD COLLIER-KEYWOOD

Chair
24 July 2024





Directors' Report

FOR THE YEAR ENDED 30 JUNE 2023



The Group has made a loss (2022: profit) for the year and the Directors present their directors report, strategic report and the Group and the Company's audited financial statements for the year ended 30 June 2023.

Principal activity and review of the business

The principal activity of the Group is to promote rugby in Wales and create exceptional experiences and opportunities for everyone throughout rugby. This activity, together with the primary objective and the likely future development of the Group are reviewed in the Group Chief Executive's Summary and the Strategic Report of this Annual Report.

Information provided in the Strategic report

In accordance with section 414C of the Companies Act 2006 the Directors have chosen to disclose the following information in the strategic report:

- Principal risks and uncertainties (see page 24);
- Business review (see page 15);
- Factors likely to affect the Group's future development, performance and position (see page 24);
- Particulars of any events affecting the Company (or any of its subsidiary undertakings) which have occurred since the end of the financial year (see page 23); and
- Engagement with suppliers, customers and others (see page 26)

Financial risk factors

The Group is exposed to financial risks from interest bearing assets and liabilities and interests in overseas companies. These expose the Group to financial risks including foreign currency risk, interest rate risk, credit risk and liquidity risk.

- **Foreign exchange risk**

Where applicable, the Group mitigates foreign exchange risk with the use of forward contracts. As at 30 June 2023, the Group has no material foreign exchange risk (2022: £nil).

- **Interest rate risk**

The Group currently borrows in floating rates of interest. The Group continues to monitor the risk, including consideration of the use of derivative financial instruments where appropriate.

- **Credit risk**

The Group has no significant exposure of credit risk. The Group has implemented policies that require appropriate credit checks on potential credit customers before sales commence. Interest bearing assets are only invested with financial institutions that have excellent credit ratings.

- **Liquidity risk**

The Group maintains a balance between continuity of funding and flexibility. As at 30 June 2023, 26% (2022: 24%) of the borrowings were due to expire within five years.

Directors

The Directors benefited from qualifying third party indemnity provision in place during the financial year and at the signing date of this Directors' report.

The Directors who held office during the year and up to the date of signing the financial statements are as follows:

Non-executive Chair:

Robert Butcher (resigned on 10 November 2022)

Ieuan Evans MBE (appointed on 10 November 2022, resigned on 17 July 2023)

Richard Collier-Keywood (appointed on 17 July 2023)

Executive:

Steve Phillips (Group Chief Executive, resigned on 31 January 2023)

Nigel Walker (appointed on 29 January 2023 as Interim Group Chief Executive, resigned 8 January 2024)

Abi Tierney (Group Chief Executive, appointed 8 January 2024)

Non-executive:

Amanda Bennett (appointed on 23 October 2023)

Anthony Buchanan (resigned on 23 October 2023)

Claire Donovan (appointed 23 November 2023)

Henry Engelhardt CBE (resigned on 19 November 2023)

Chris Jones

John Manders (appointed on 10 November 2022)

Jennifer Mathias (appointed 19 November 2023)

Chris Morgan (resigned on 31 July 2023)

Catherine Read (resigned on 31 December 2023)

Jamie Roberts (appointed 19 November 2023)

Phil Thomas (resigned on 23 November 2023)

Alison Thorne (appointed on 1 August 2023)

Colin Wilks

Malcolm Wall

Andrew Williams (appointed 31 December 2023)

David Young (resigned on 19 November 2023)

Dividends

As a company limited by guarantee, no dividends have been declared or paid in either year.

Donations

The Group's primary charitable donation was £218,000 (2022: £86,000) to the Welsh Rugby Charitable Trust. This charity, which is independent from the Group, was set up to provide support to players who were injured whilst playing rugby in Wales. There were no political donations (2022: £nil).

Corporate social responsibility

The Group is aware of its responsibilities to local communities and its contribution to society. The Group also recognises its responsibilities to the communities which are affected by its businesses and reviews its policies with regard to social, ethical and environmental matters as necessary. Any matters in any of these categories which may materially affect the business of the Group are reviewed as required by the Board.

Employee Involvement

The Group involves its employees in its objectives, plans and performance and on other relevant matters of interest to employees through various communication methods and regular meetings. The Group is an equal opportunities employer and does not discriminate in the recruitment or promotion of personnel.

Disabled Employees

The Group's policy is to recruit disabled employees for those vacancies that they are suitable to fill. Arrangements are made, where possible, for retraining employees who become disabled, to enable them to perform the duties identified as appropriate to their aptitudes and abilities. It continues to be the policy of the Group that the training, career development and promotion of disabled persons should as far as is feasible be identical to that of other employees.

Going concern

In adopting the going concern basis of preparation for the financial statements the Directors have reviewed the sources of revenue, on-going running costs and the head room on available bank facilities, as well as the Group's principal risks and uncertainties. The Group's financial strategy is to maximise re-investment into the game annually, rather than retaining any profits to enhance net assets. The Group is prepared to adjust its short-term re-investment, which may create retained profits or losses provided there is no material change, in the aggregate, to the net asset base over the medium term.

In June 2023, the Group completed a refinancing process that provides a £25m revolving credit facility until 2027. This facility, and other loan facilities in place, are subject to financial covenants. The refinancing process provides the Group with adequate facilities to meet the requirements of the business over the coming years, with sufficient headroom in the revolving credit facility to manage reasonable sensitivities in the Group's forecasts.

The Directors have prepared detailed income statement, balance sheet and cash flow forecasts covering a going concern assessment period of 12 months from the date of signing these financial statements, which indicate that the Group will have sufficient funds to meet its liabilities as they fall due for that period. The Directors have considered reasonable sensitivities to these forecasts, including attendance levels at Welsh rugby events and the number of third-party events held at Principality Stadium, as well as considering the impact of the current high inflation environment on costs.

The Group has received waivers for covenants attached to external loan facilities in place at 31 December 2023 and a covenant reset at 30 June 2024, which the Group will meet the requirements of. Beyond these points, in all but remote scenarios, the Group will meet its bank covenants and will have the required headroom in its facilities to meet its liabilities as they fall due. The Group is in discussions with the associated external lenders as to its future facility requirements. For this reason, the Group continues to adopt the going concern basis in preparing its financial statements.

STREAMLINED ENERGY AND CARBON REPORT (SECR)

UK Energy Use and GHG Emissions

The tables and graphs below detail the energy used by The Welsh Rugby Union Limited in their business activities involving the purchase of electricity, natural gas, company travel, LPG and business mileage in both kWh and tCO₂e. They also detail the total energy and emissions by scope and as a total.

Type of activity	Energy Consumption (kWh)		GHG Emissions (tCO ₂ e)		Scope
	Jul 22 – Jun 23	Jul 21 – Jun 22	Jul 22 – Jun 23	Jul 21 – Jun 22	
Grid Electricity	10,775,961	8,629,930	2,083.86	1,994.55	2
Natural Gas	14,062,247	5,158,954	2,566.92	1,047.11	1
Company Travel	331,271	183,522	9.56	45.32	1
Propane/ LPG	299,488	298,004	64.12	68.63	1
Grey Fleet	1,004,739	589,238	247.89	145.52	3
Total	26,473,705	14,859,648	4,972.35	3,301.14	



Scope	Gross GHG Emissions (tCO ₂ e)	
	Jul 22 – Jun 23	Jul 21 – Jun 22
Scope 1	2,640.61	1,161.07
Scope 2	2,083.86	1,994.55
Scope 3	247.89	145.52
Total gross emissions	4,972.35	3,301.14

Scope	Gross GHG Consumption (kWh)	
	Jul 22 – Jun 23	Jul 21 – Jun 22
Scope 1	14,693,006	5,640,480
Scope 2	10,775,961	8,629,930
Scope 3	1,004,739	589,238
Total consumption kWh	26,473,705	14,859,648

Intensity Ratio

To convert absolute emissions to an emissions intensity metric, companies should calculate emissions per a relevant unit of measure.

An intensity ratio is a way of defining your emissions data in relation to an appropriate business metric, such as tonnes of CO₂e per sales revenue, or tonnes of CO₂e per total square metres of floor space. This allows comparison of energy efficiency performance over time and with other similar types of organisations.

SECR intensity ratios are calculated by dividing your emissions by your organisation-specific metric. In the case of The Welsh Rugby Union Limited, the metric chosen to normalise their emissions was based on £m turnover and the intensity ratio is detailed below.

Normalising Metric – turnover (£m)	101.3	Intensity Ratio FY 22 - 23	49.1	tCO₂e/£m
Normalising Metric – turnover (£m)	94.2	Intensity Ratio FY 21 - 22	35.0	tCO₂e/£m

Principle Energy Efficiency Actions

The Welsh Rugby Union Limited continue to strive for energy and carbon reduction arising from their activities. during this reporting period The Welsh Rugby Union Ltd have:

- Commenced a capital project to replace existing lighting with LED lighting at Principality Stadium. The work commenced in May 2023 and completed in September 2023. The new lighting is expected provide an annual carbon saving of 100 tonnes of CO₂ and energy savings of 440,000kWh per annum.
- Begun a feasibility assessment for the installation of solar panels on the roof of Principality Stadium. The first phase of the project could generate over 900,000kWh of energy per year from a renewable source.

Methodology

The 2019 HM Government environmental reporting guidelines have been followed to ensure compliance with the SECR requirements. The UK government issued "Greenhouse gas reporting: conversion factors 2022" conversion figures for CO₂e were used along with the fuel property figures to determine the kWh content for reclaimed mileage.

Statement of Directors' responsibilities

The Directors are responsible for preparing the Strategic Report and Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law, including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'). 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 and profit or loss of the Company and Group for that period. In preparing these financial statements, the Directors are required to:

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

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

The Directors confirm that:

- so far as each Director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- the Directors have taken all the steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Independent auditors

A resolution to reappoint Grant Thornton UK LLP as the Group's auditors was passed at the Annual General Meeting held on 19 November 2023.

By Order of the Board



RICHARD COLLIER-KEYWOOD

Chair
24 July 2024

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

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of The Welsh Rugby Union Limited (the 'Company') and its subsidiaries (the 'Group') for the year ended 30 June 2023, which comprise the Consolidated and Company Balance Sheets as at 30 June 2023; the Consolidated Income Statement, the Consolidated Statement of Cash Flows, and the Consolidated and Company Statements of Changes in Equity for the year then ended; and the notes to the financial statements, including a summary of significant accounting policies.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and the Company's affairs as at 30 June 2023 and of the Group's and the Company's loss for the year then ended;
- the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the Group and the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We are responsible for concluding on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.

In our evaluation of the directors' conclusions, we considered the inherent risks associated with the Group's and the Company's business model including effects arising from the inflationary pressures of the current economic environment, we assessed and challenged the reasonableness of estimates made by the directors and the related disclosures and analysed how those risks might affect the Group's and the Company's financial resources or ability to continue operations over the going concern period.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's and the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the Annual Report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the Annual Report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matter on which we are required to report under the Companies Act 2006

In the light of the knowledge and understanding of the Group and the Company and their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- 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
- the Company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



Responsibilities of directors

As explained more fully in the statement of directors' responsibilities set out on page 35, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the 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.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- The Group and Company is subject to many laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements. We identified Financial Reporting Standard 102 and the Companies Act 2006, as those most likely to have a material effect if non-compliance were to occur;

- We communicated relevant laws and potential fraud risks to all engagement team members and remained alert to any indicators of fraud or non-compliance with laws and regulations throughout the audit;
- We assessed the susceptibility of the Group and Company's financial statements to material misstatement, including how fraud might occur. We considered the opportunity and incentives for management to perpetrate fraud, and the potential impact on the financial statements;
- Audit procedures performed by the engagement team included:
 - identifying the significant risk of fraud within revenue recognition and undertaking substantive testing to obtain sufficient and appropriate audit evidence;
 - testing manual journal entries, in particular journal entries relating to management estimates and entries determined to be large or relating to unusual transactions; and
 - identifying and testing related party transactions.
- We obtained an understanding of how the Group and Company is complying with significant legal and regulatory frameworks through inquiries of management;
- These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error and detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed noncompliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it;
- The engagement partner's assessment of the appropriateness of the collective competence and capabilities of the engagement team included:
 - consideration of the engagement team's understanding of, and practical experience with, audit engagements of a similar nature and complexity;
 - appropriate training, knowledge of the industry in which the Group and Company operates; and
 - understanding of the legal and regulatory requirements specific to the Group and Company.

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

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.



RHIAN OWEN BSC FCA

Senior Statutory Auditor

for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Cardiff

24 July 2024

Consolidated Financial Statements

FOR THE YEAR ENDED 30 JUNE 2023
COMPANY NUMBER 03419514



CONSOLIDATED INCOME STATEMENT

for the year ended 30 June 2023

	Note	Total 2023 £'m	Total As Restated 2022 £'m
Match, commercial, hospitality and other income		93.6	84.5
Competition income		7.7	9.7
Turnover	2 (a)	101.3	94.2
Operating expenses	2 (b)	(119.8)	(105.8)
Operating profit before depreciation, exceptional items and allocations to affiliated organisations ("EBITDA")		21.5	24.1
Allocations to affiliated organisations	2 (d)	(32.4)	(31.9)
Exceptional items	5	(1.9)	-
Depreciation and amortisation (net of grant release)	5	(5.4)	(4.1)
(Loss)/gain on fixed asset disposal	5	(0.3)	0.3
Operating loss		(18.5)	(11.6)
Profit on sale of fixed assets	3	12.4	13.6
Interest receivable and similar income	4	2.8	43.6
Interest payable and similar charges	4	(6.9)	(10.9)
(Loss) / profit on ordinary activities before tax		(10.2)	34.7
Taxation on (loss)/profit	7	(3.8)	2.6
(Loss) / profit for the financial year		(14.0)	37.3
(Loss) / profit attributable to:			
Company		(14.2)	37.2
Non-controlling interest	19	0.2	0.1
		(14.0)	37.3

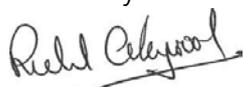
The turnover and operating loss shown above are derived from continuing operations. The Group has no other recognised gains or losses in the year (2022: £nil) and accordingly a statement of comprehensive income has not been presented.

CONSOLIDATED AND COMPANY BALANCE SHEETS

as at 30 June 2023

		2023	2022	2023	2022
		Group	As restated	Company	As restated
	Note	£'m	Group	£'m	Company
			£'m		£'m
Fixed assets					
Intangible asset	8	0.3	0.7	-	-
Tangible fixed assets	9	155.3	158.8	37.5	37.7
Investments	10	17.5	26.2	16.5	22.9
		173.1	185.7	54.0	60.6
Current assets					
Stock	11	0.8	0.6	-	-
Deferred tax	17	-	3.9	1.1	5.2
Debtors – amounts due within one year	12	18.7	17.8	95.8	102.8
Debtors – amounts due after more than one year	12	22.4	20.7	22.3	19.2
Cash at bank and in hand	13	2.5	11.2	2.1	5.1
		44.4	54.2	121.3	132.3
Current liabilities					
Creditors – amounts falling due within one year	14	(32.3)	(37.4)	(24.8)	(24.8)
Net current assets		12.1	16.8	96.5	107.5
Total assets less current liabilities					
		185.2	202.5	150.5	168.1
Creditors – amounts falling due after more than one year	14	(118.7)	(119.3)	(73.8)	(73.1)
Accruals and deferred income	16	(22.3)	(24.2)	-	-
Net assets		44.2	59.0	77.7	95.0
Capital and reserves					
Profit and loss reserve brought forward		58.6	21.4	95.0	59.0
(Loss) / Profit for the year attributable to the Group / Company		(14.2)	37.2	(17.3)	36.0
Profit and loss reserve		44.4	58.6	77.7	95.0
Capital and reserves attributable to the Group / Company		44.4	58.6	77.7	95.0
Capital and reserves attributable to non-controlling interests		(0.2)	0.4	-	-
Total capital and reserves		44.2	59.0	77.7	95.0

These financial statements were approved by the Board of Directors on 24 July 2024 and signed on its behalf by:



Richard Collier-Keywood
Chair



Rhodri Lewis
Company Secretary

The notes on pages 45 to 91 form an integral part of these financial statements.

The Welsh Rugby Union Limited Company Number 03419514

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 30 June 2023

	Profit and loss reserve As restated £'m	Non- controlling interest £'m	Total capital and reserves As restated £'m
Balance at 1 July 2021 (as previously reported)	19.4	1.1	20.5
Prior period restatements (note 1(e))	2.0	(0.8)	1.2
Balance as at 1 July 2021 (restated)	21.4	0.3	21.7
Profit and total comprehensive income for the year (restated)	37.2	0.1	37.3
Balance as at 30 June 2022 (restated)	58.6	0.4	59.0
Balance as at 1 July 2022 (restated)	58.6	0.4	59.0
(Loss)/profit and total comprehensive income for the year	(14.2)	0.2	(14.0)
Dividends paid (note 19)	-	(0.8)	(0.8)
Balance as at 30 June 2023	44.4	(0.2)	44.2

COMPANY STATEMENT OF CHANGES IN EQUITY

for the year ended 30 June 2023

	Profit and loss reserve As restated £'m	Total capital and reserves As restated £'m
Balance at 1 July 2021 (as previously reported)	57.8	57.8
Prior period restatements (note 1(e))	1.2	1.2
Balance as at 1 July 2021 (restated)	59.0	59.0
Profit and total comprehensive income for the year	36.0	36.0
Balance as at 30 June 2022 (restated)	95.0	95.0
Balance as at 1 July 2022 (restated)	95.0	95.0
(Loss) and total comprehensive expense for the year	(17.3)	(17.3)
Balance as at 30 June 2023	77.7	77.7

CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 30 June 2023

	Note	2023 £'m	2023 £'m	2022 As restated £'m	2022 As restated £'m
Net cash (outflow)/inflow from operating activities	23	(17.5)		0.1	
Taxation received		0.1		0.2	
Net cash (used)/generated from operating activities			(17.4)		0.3
Cash (outflow)/inflow from investing activities					
Purchase of tangible fixed assets		(3.1)		(8.8)	
Advances issued to the Regional clubs	12	(4.4)		-	
Repayment of loans from the Regional clubs	12	1.1		0.7	
Interest received	4	0.8		0.4	
Proceeds from sale of intangible rights – URC	3	6.3		7.5	
Proceeds from sale of intangible rights – EPCR	3	4.1		-	
Proceeds of sale of fixed asset investments – shares in Six Nations Rugby Limited	3	8.5		6.1	
Net cash generated from investing activities			13.3		5.9
Cash (outflow)/inflow from financing activities					
Dividends paid to non-controlling interests	19	(0.8)		-	
Interest paid	4	(1.6)		(0.8)	
Grant repaid	16	(0.1)		(0.1)	
Drawdown of bank loans	14	10.0		7.2	
Repayment of bank loans	14	(5.4)		(25.5)	
Drawdown of other loans	14	-		18.0	
Repayment of other loans	14	(5.7)		(0.5)	
Payment of arrangement fees	14	(0.5)		(0.3)	
Repayment of finance lease	14	(1.7)		(1.6)	
Drawdown of finance lease	14	-		5.2	
Debentures issued	14	1.2		0.1	
Net cash (used in)/generated from financing activities			(4.6)		1.7
Net (decrease)/increase in cash and cash equivalents	24		(8.7)		7.9
Cash and cash equivalents at the beginning of the year			11.2		3.3
Cash and cash equivalents at the end of the year			2.5		11.2

1. ACCOUNTING POLICIES

a. General information

The Welsh Rugby Union Limited (“the Company”) is a private company limited by guarantee and is incorporated in England and Wales and domiciled in the United Kingdom together with its subsidiaries (collectively, “the Group”). The address of its registered office is Principality Stadium, Westgate Street, Cardiff, CF10 1NS. The financial statements are prepared in sterling (£), which is the functional currency of the Group and Company. Monetary amounts in these Consolidated and Company financial statements are rounded to the nearest million (£m).

b. Statement of compliance

The Group 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 Company is considered by the Directors to be a Public Benefit Entity under the definition in FRS 102 with the accounts produced to these provisions. Where relevant, the accounting policies of the Company are the same as those of the Group set out in this note.

c. Summary of principal accounting policies

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.

d. Basis of preparation

These consolidated and separate 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.

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group and Company accounting policies. The areas including a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 1(bb).

The Company has not presented its own income statement, as permitted by section 408 of the Companies Act 2006. The loss after tax of the Company for the year was £17.5m (2022 restated: profit £35.9m).

e. Prior period restatements

Prior period comparative restatements have led to the changes in the financial statements stated below. The effect of these changes on the primary statements is reflected in the following schedules:

IMPACT ON THE CONSOLIDATED INCOME STATEMENT

	Reference	Previously presented 2022 £'m	Effect of restatements 2022 £'m	As restated 2022 £'m
Match, commercial, hospitality and other income	(4)	84.6	(0.1)	84.5
Competition income		9.7	-	9.7
Turnover		94.3	(0.1)	94.2
Operating expenses		(105.2)	(0.6)	(105.8)
Operating profit before depreciation, exceptional items and allocations to affiliated organisations ("EBITDA")		24.2	(0.1)	24.1
Allocations to affiliated organisations		(31.9)	-	(31.9)
Depreciation and amortisation (net of grant release)	(3)	(3.5)	(0.6)	(4.1)
Gain on fixed asset disposal		0.3	-	0.3
Operating loss		(10.9)	(0.7)	(11.6)
Profit on sale of fixed assets	(8)	-	13.6	13.6
Investment income	(8)	13.6	(13.6)	-
Interest receivable and similar income	(1)	0.4	43.2	43.6
Interest payable and similar charges	(1) (2)	(2.1)	(8.8)	(10.9)
Profit for the financial year before tax		1.0	33.7	34.7
Taxation on profit		2.6	-	2.6
Profit for the financial year		3.6	33.7	37.3
Profit/(loss) attributable to:				
Company		3.2	34.0	37.2
Non-controlling interest	(10)	0.4	(0.3)	0.1
		3.6	33.7	37.6

IMPACT ON THE CONSOLIDATED BALANCE SHEET

	Reference	Previously presented 2022 £'m	Effect of restatements 2022 £'m	As restated 2022 £'m
Fixed assets				
Intangible assets		0.7	-	0.7
Tangible fixed assets	(2) (3)	160.2	(1.4)	158.8
Investments	(1)	-	26.2	26.2
		160.9	24.8	185.7
Current assets				
Stock		0.6	-	0.6
Deferred tax	(9)	3.8	0.1	3.9
Debtors – amounts due within one year	(1) (6)	17.4	0.4	17.8
Debtors – amounts due after more than one year		15.0	5.7	20.7
Cash at bank and in hand		11.2	-	11.2
		48.0	6.2	54.2
Current liabilities				
Creditors – amounts falling due within one year	(2) (4) (7) (9)	(41.2)	3.8	(37.4)
Net current assets		6.8	10.0	16.8
Total assets less current liabilities		167.7	34.8	202.5
Creditors – amounts falling due after more than one year	(2)	(119.4)	0.1	(119.3)
Accruals and deferred income		(24.2)	-	(24.2)
Net assets		24.1	34.9	59.0
Capital and reserves				
Profit and loss reserve brought forward	(2) (4) (9) (10)	19.4	2.0	21.4
Profit for the year attributable to the Group		3.2	34.0	37.2
Profit and loss reserve		22.6	36.0	58.6
Capital and reserves attributable to Group		22.6	36.0	58.6
Capital and reserves attributable to non-controlling interests	(10)	1.5	(1.1)	0.4
Total capital and reserves		24.1	34.9	59.0

Group

Prior period comparative restatements have led to the prior period comparative consolidated profit after tax presented in the comparative consolidated income statement increasing by £33.7m, and in the consolidated balance sheet the profit and loss reserve brought forward increasing by £2.0m, the profit and loss for the year attributable to the Company increasing by £34.0m, the capital and reserves attributable to non-controlling interests decreasing by £1.1m and the net assets increasing by £34.9m. The impact of each restatement is detailed below.

IMPACT ON THE COMPANY BALANCE SHEET

	Reference	Previously presented 2022 £'m	Effect of restatements 2022 £'m	As restated 2022 £'m
Fixed assets				
Intangible assets		-	-	-
Tangible fixed assets		37.7	-	37.7
Investments		22.9	-	22.9
		<u>60.6</u>	<u>-</u>	<u>60.6</u>
Current assets				
Deferred tax		5.2	-	5.2
Debtors – amounts due within one year	(5) (6)	12.0	90.8	102.8
Debtors – amounts due after more than one year	(5)	110.2	(91.0)	19.2
Cash at bank and in hand		5.1	-	5.1
		<u>132.5</u>	<u>(0.2)</u>	<u>132.3</u>
Current liabilities				
Creditors – amounts falling due within one year	(4) (6) (9)	(27.6)	2.8	(24.8)
Net current assets		<u>104.9</u>	<u>2.6</u>	<u>107.5</u>
Total assets less current liabilities		165.5	2.6	168.1
Creditors – amounts falling due after more than one year		(73.1)	-	(73.1)
Net assets		<u>92.4</u>	<u>2.6</u>	<u>95.0</u>
Capital and reserves				
Profit and loss reserve brought forward	(4) (9)	57.8	1.2	59.0
Profit for the year attributable to the Company	(4)	34.6	1.4	36.0
Profit and loss reserve		92.4	2.6	95.0
Capital and reserves attributable to Company		92.4	2.6	95.0
Capital and reserves attributable to non-controlling interests		-	-	-
Total capital and reserves		<u>92.4</u>	<u>2.6</u>	<u>95.0</u>

Company

Prior period comparative restatements have led to the prior period comparative Company profit after tax increasing by £1.4m, the profit and loss reserve brought forward increasing by £1.2m and the net assets increasing by £2.6m in the Company balance sheet. The impact of each restatement is detailed below.

IMPACT ON CONSOLIDATED STATEMENT OF CASH FLOWS

	Reference	Previously presented 2022 £'m	Effect of restatements 2022 £'m	As restated 2022 £'m
Net cash inflow from operating activities		0.4	(0.3)	0.1
Taxation received		0.2	-	0.2
Net cash generated from operating activities		0.6	(0.3)	0.3
Cash (outflow)/inflow from investing activities				
Purchase of tangible fixed assets		(8.8)	-	(8.8)
Repayment of loans from the Regional clubs		-	0.7	0.7
Interest received		-	0.4	0.4
Proceeds of sale of intangible rights - URC		-	7.5	7.5
Proceeds of sale of fixed asset investments – shares in Six Nations Rugby Limited		-	6.1	6.1
Investment income		13.6	(13.6)	-
Net cash generated from investing activities		4.8	1.1	5.9
Cash (outflow)/inflow from financing activities				
Interest paid		(2.1)	1.3	(0.8)
Interest received		0.4	(0.4)	-
Grant repaid		(0.1)	-	(0.1)
Drawdown of bank loans		18.0	(10.8)	7.2
Repayment of bank loans		(19.1)	(6.4)	(25.5)
Drawdown of other loans		-	18.0	18.0
Repayment of other loans		-	(0.5)	(0.5)
Payment of arrangement fees		-	(0.3)	(0.3)
Repayment of finance lease		-	(1.6)	(1.6)
Drawdown of finance lease		5.3	(0.1)	5.2
Debentures issued		0.1	-	0.1
Net cash generated from financing activities		2.5	(0.8)	1.7
Net (decrease)/increase in cash and cash equivalents		7.9	-	7.9
Cash and cash equivalents at the beginning of the year		3.3	-	3.3
Cash and cash equivalents at the end of the year		11.2	-	11.2

(1) Put and call options and investment in Six Nations Rugby Limited (Group)

The Group's financial statements have been restated for the year ended 30 June 2022 as a result of incorrect fair values being attributed to financial instruments.

The Group has a shareholding in Six Nations Rugby Limited, which manages the Six Nations, Autumn Series and Summer Series competitions. During the prior year, the Group granted an option that provides the holder the right to purchase the Group's interest in Six Nations Rugby Limited in four instalments ending in July 2025.

In 2022, the fair value of the Put and Call options associated with the sale of ownership interest in the Six Nations were incorrectly recognised as having £nil value. The fair value of these options has been reassessed in line with the requirements of Section 12 – Other Financial instruments of FRS 102 and have been determined as an asset of £7.8m at 30 June 2022. Fair value was determined through a discounted cash flow model, with further information per note 15.

The Group's remaining investment in Six Nations Rugby Limited had not been fair valued in line with the requirements of Section 11 – Basic Financial instruments of FRS 102. On execution of the transaction, the fair value of this investment has been reassessed as £35.4m and at 30 June 2022 it has been fair valued at £26.2m. Fair value was determined through a discounted cash flow model, with further information per note 10.

The restatement has resulted in interest receivable and similar income increasing by £43.2m (of which £35.4m is a gain on fair value of fixed assets investments and £7.8m is a gain on fair value of derivative financial instruments) and interest payable and similar expenses increasing by £9.2m (the fair value movement in the fixed asset investment at year end) in the consolidated income statement, and the fair value of fixed asset investments increasing by £26.2m and a fair value asset of £7.8m being recognised for the derivative financial instrument on the consolidated balance sheet

for the year ended 30 June 2022.

(2) Accounting for the Parkgate Hotel Finance Lease (Group)

The consolidated financial statements comparatives have been restated for the year ending 30 June 2022 because of an error in accounting for the finance lease that funded the development of the Parkgate Hotel. The liability of the finance lease obligation had previously been miscalculated by including an assumption of increases in future lease repayments based on RPI, for the years ending 30 June 2020 to 30 June 2022. These potential future increases should have been accounted for as contingent rentals as per Section 20 – Leases of FRS 102. The change has resulted in the interest payable decreasing by £0.4m in the consolidated income statement in the year ending 30 June 2022. In the consolidated balance sheet, the finance lease liability has decreased by £1.5m, fixed assets have decreased by £0.8m and other creditors have increased by £0.4m. The decrease in the profit and loss account brought forward of £0.1m in the consolidated balance sheet is the result of a modification to the lease in the year ending 30 June 2021.

	2022 £'m
Decrease in finance lease liability	1.5
Decrease in fixed assets	(0.8)
Increase in other creditors	(0.4)
	0.3
Decrease in interest payable in the year	0.4
Decrease in profit and loss account brought forward	(0.1)
	0.3

(3) Useful lives and residual values of the Parkgate assets (Group)

The consolidated financial statements comparatives have been restated for the year ending 30 June 2022 as a result of inappropriate useful economic lives being attributed to the fixed assets of Parkgate Hotel Cardiff Limited, resulting in an understatement of the depreciation charge. Mechanical & Electrical assets were previously determined to have a useful economic life of 50 years, which has now been reduced to 20 years. Fixtures & fittings were previously determined to have a useful economic life of 25 years, which has now been reduced to 8 years. In addition, the residual value of the Parkgate Hotel building used in the prior year has been reviewed and deemed to be inappropriate and has consequently been changed. The collective impact of correcting the useful economic lives and residual value has resulted in the depreciation expense increasing by £0.6m in the consolidated income statement and fixed assets in the consolidated balance sheet decreasing by £0.6m in the year ending 30 June 2022.

	2022 £'m
Decrease in fixed assets	0.6
Increase in depreciation expense	0.6

(4) Government grant income (Group and Company)

The consolidated and Company financial statements comparatives have been restated for the year ending 30 June 2022 as a result of incorrect accounting for government grant income earned in previous periods. In these periods, the amount of income recognised was understated as per the revenue recognition requirements of Section 24 - Government Grants of FRS 102 and the accounting policy set out in note 1(v). As a result, deferred income recognised within Creditors on the balance sheet was also overstated. The restatement has resulted in other income in the consolidated income statement decreasing by £0.1m, accruals and deferred income decreasing by £1.7m and the profit and loss reserve brought

forward increasing by £1.8m in the Company and consolidated balance sheets for the year ending 30 June 2022.

	2022 £'m
Increase in Profit and loss reserve brought forward	(1.6)
Decrease in accruals and deferred income	1.5
Decrease in Other income	(0.1)

(5) Classification of amounts owed by Group undertakings (Company)

The Company financial statements comparatives have been restated for the year ending 30 June 2022 as a result of incorrect accounting for amounts owed by Group undertakings. Amounts owed to the Company by Group undertakings totalling £91.0m were treated as being due after one year. These balances are repayable on demand and as such should have been recognised as being due within one year. This restatement has resulted in Debtors – amounts due within one year increasing by £91.0m and Debtors – amounts due after more than one year decreasing by £91.0m in the comparative Company balance sheet for the year ending 30 June 2022. There is no impact on the Company's comparative profit or loss account.

(6) Deferred income (Group and Company)

The consolidated and Company financial statements comparatives have been restated for the year ending 30 June 2022 as a result of an overstatement of the accruals and deferred income and trade debtor balances. Invoices were raised prior to the balance sheet date for amounts due after the balance sheet date and payment was not received until after the balance sheet date. The restatement to the consolidated and Company balance sheet has resulted in accruals and deferred income decreasing by £1.7m and trade debtors reducing by £1.7m in the Company and consolidated balance sheets. There is no impact on the consolidated or Company comparative profit and loss account.

(7) Classification of debtors (Group and Company)

The consolidated and Company financial statements comparatives have been restated for the year ending 30 June 2022 as a result of incorrect classification of balances within debtors, which were not in line with the statutory headings per the Companies Act. The restatement to the consolidated balance sheet has increased other debtors by £1.3m and decreased prepayments and accrued income (previously prepayments and other debtors) by £1.3m. The restatement to the Company balance sheet has increased other debtors by £1.9m and decreased prepayments and accrued income (previously prepayments and other debtors) by £1.9m. There is no impact on the consolidated and Company total debtor balances, nor is there an impact on the consolidated and Company comparative profit and loss account.

(8) Reclassification of profit on sale of fixed assets (Group)

The consolidated financial statements comparatives have been restated for the year end 30 June 2022 as a result of incorrect classification of the Group's partial sale of its interests in the Six Nations and United Rugby Championship tournaments. These gains were previously recognised as investment income but have now been reclassified as profit on sale of fixed assets. The nature of these transactions, being the sale of shares in Six Nations Rugby Limited and the sale of intangible rights in the United Rugby Championship mean that the previous classification was not appropriate. The restatement to the Group consolidated income statement is a decrease in investment income of £13.6m and an increase in profit on sale of fixed assets of £13.6m.

(9) Impact on corporation tax (Group and Company)

The prior period restatements detailed above have resulted in restatements to the comparative period corporation tax charges, balances and deferred tax for the year ending 30 June 2022. This includes a £1.5m corporation tax credit in the Company income statement, with a corresponding increase in the amounts

owed by group undertakings, arising from group relief being applied to a subsidiary of the Company that has incurred a tax expense through a prior period restatement. The Group has sufficient brought forward tax losses at this time to achieve this. As these tax changes are the direct result of other prior period restatements and are material, they are also being treated as a prior period restatement. The corporation tax creditor presented in the comparative consolidated balance sheet has increased by £0.4m, the profit and loss reserve brought forward presented in the comparative consolidated statement of changes in equity has decreased by £0.3m and the deferred tax asset has increased by £0.1m. The corporation tax credit in the Company income statement has increased by £1.5m, the corporation tax creditor has increased by £0.4m and the amounts owed by group undertakings has increased by £1.5m in the Company balance sheet, and the profit and loss reserve brought forward presented in the Company statement of changes in equity has decreased by £0.4m.

(10) Non-Controlling Interest in Dragons RFC Limited and its subsidiaries (Group)

The consolidated financial statements have been restated for the year ending 30 June 2022 as a result of incorrect accounting for the non-controlling interests in certain subsidiaries. In previous periods, the losses attributable to the non-controlling interest in the subsidiaries had not been disclosed in the consolidated income statement, the consolidated balance sheet, or consolidated statement of changes in equity, in accordance with Sections 4.2A(q), 5.6, 6.3 and 9.22 of FRS 102. As a result, the profits attributable to non-controlling interests had been overstated and those attributable to the Group had been understated in the financial statements.

	2022 £'m
Increase in Capital and reserves brought forward attributable to the Group	0.8
Decrease in Capital and reserves brought forward attributable to non-controlling interests	(0.8)
<hr/>	
Increase in profit attributable to the Group in the year	0.3
Decrease in profit attributable to non-controlling interests in the year	(0.3)

(11) Restatement of consolidated statement of cash flows (Group)

The consolidated statement of cash flows has been restated for the year ending 30 June 2022 as a result of:

Impact of incorrect classification

£13.6m was previously presented within cash flows from investing activities as investment income. This has been reclassified into £7.5m of proceeds from sale of intangible rights - URC and £6.1m of proceeds of sale of fixed asset investments – shares in Six Nations Rugby Limited, to reflect the correct nature of these receipts. Also within cash flows from investing activities, no amount was previously presented for repayments of loans from the Regional clubs, which has now been corrected to £0.7m to reflect the actual repayments received. £0.8m of repayments had previously been recognised as a decrease in debtors, through the working capital movement in net cash flows from operating activities.

Within cash flows from financing activities, the drawdowns and repayments of bank loans and other loans were previously presented as £18.0m of bank loan drawdowns and £19.1m of repayments of bank loans. Within these amounts, the loans from Welsh Government and World Rugby were previously incorrectly classified as bank loans when they should have been classified as other loans. In addition, drawdowns and repayments of these loans had previously been presented net instead of gross, as required per FRS 102 section 7.10. As a result of these corrections, drawdown of bank loans have decreased by £10.8m, repayment of bank loans has increased by £6.4m, drawdown of other loans has increased by £18.0m, repayment of other loans has increased by £0.5m and payment of arrangement fees has increased by £0.3m.

Also within cash flows from financing activities, interest paid, repayment of finance lease and drawdown of finance lease did not reflect the actual cash movements during the year. To correct this, interest paid has reduced from £2.1m to £0.8m, repayment of finance lease has increased from £nil to £1.6m and drawdown of finance lease has decreased from £5.3m to £5.2m. A further cash inflow of £0.4m has now been recognised as an increase in creditors, through the working capital movement in net cashflows from operating activities.

These changes to investment activities and financing activities have been made to ensure that the nature of these transactions are correctly presented and are necessary to ensure that the cash flows are understood by the users of these financial statements.

Impact of prior period adjustments

Further changes to the consolidated statement of cash flows have occurred as a consequence of the other prior period adjustments that have been disclosed. Within note 23, the reconciliation of operating loss to net cash outflow from operating activities, EBITDA has decreased by £0.1m as a result of the correction to the accounting for government grant income. The depreciation and amortisation expense has increased by £0.6m as a result of changes to the useful lives and residual values of the Parkgate Hotel assets.

Working capital movements in creditors have decreased by £1.1m, as a result of an increase in accruals and deferred income of £0.2m as a result of the correction to the accounting for government grant income, a decrease in accruals and deferred income of £1.7m arising from correcting an overstatement of deferred income and increase of £0.4m in accruals and deferred income from the corrections made to cash flows from financing activities.

Working capital movements in debtors have decreased by £0.9m, as a result of a decrease in trade debtors of £1.7m arising from correcting an overstatement of deferred income offset by £0.8m repayment of loans from the Regional clubs being reclassified as cash inflow from investing activities.

There is no change in the opening or closing cash and cash equivalents positions of the Group.

f. Going concern

In adopting the going concern basis of preparation for the financial statements the Directors have reviewed the sources of revenue, on-going running costs and the head room on available bank facilities, as well as the Group's principal risks and uncertainties. The Group's financial strategy is to maximise re-investment into the game annually, rather than retaining any profits to enhance net assets. The Group is prepared to adjust its short-term re-investment, which may create retained profits or losses provided there is no material change, in the aggregate, to the net asset base over the medium term.

In June 2023, the Group completed a refinancing process that provides a £25m revolving credit facility until 2027. This facility, and other loan facilities, are subject to financial covenants. The refinancing process provides the Group with adequate facilities to meet the requirements of the business over the coming years, with sufficient headroom in the revolving credit facility to manage reasonable sensitivities in the Group's forecasts.

The Directors have prepared detailed income statement, balance sheet and cash flow forecasts covering a going concern assessment period of 12 months from the date of signing these financial statements, which indicate that the Group will have sufficient funds to meet its liabilities as they fall due for that period. The Directors have considered reasonable sensitivities to these forecasts, including attendance levels at Welsh rugby events and the number of third-party events held at Principality Stadium, as well as considering the impact of the current high inflation environment on costs.

The Group has received waivers for covenants attached to external loan facilities in place at 31 December 2023 and a covenant reset at 30 June 2024, which the Group will meet the requirements of. Beyond these points, in all but remote scenarios, the Group will meet its bank covenants and will have the required headroom in its facilities to meet its liabilities as they fall due. The Group is in discussions with the associated external lenders as to its future facility requirements. For this reason, the Group continues to adopt the going concern basis in preparing its financial statements.

g. Exemptions for qualifying entities under FRS 102 for the separate financial statements

FRS 102 allows a qualifying entity certain, disclosure exemptions, subject to certain conditions, which have been complied with, including notification of, and no objection to, the use of exemptions by the Company's board members.

The Company has taken advantage of the following exemptions allowed under section 408 of the Companies Act 2006 for the separate financial statements:

- (i) from preparing a statement of cash flows, on the basis that it is a qualifying entity and the consolidated statement of cash flows, included in these financial statements, includes the Company's cash flows.
- (ii) Requirement to present its own Company income statement as this is included in the consolidated statement.
- (iii) from the financial instrument disclosures, required under FRS 102 paragraphs 11.41 to 11.48 and paragraphs 12.26 to 12.29, as the information is provided in the consolidated financial statement disclosures; and
- (iv) from disclosing the Company key management personnel compensation, as required by FRS 102 paragraph 33.7.

h. Basis of consolidation

The consolidated financial statements include the financial statements of The Welsh Rugby Union Limited and all of its subsidiary undertakings, together with the Group's share of the results of associates, all of which are made up to 30 June 2023 and prepared using consistent accounting policies. All intergroup transactions are eliminated on consolidation. The results of associates are accounted for using the equity method of accounting.

i. Foreign currency

The Group's financial statements are presented in pounds sterling and rounded to the nearest hundred thousand. The Group's functional and presentational currency is pounds sterling.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation. Where items are re-measured, foreign exchange

gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies, are recognised in the income statement.

j. Turnover

The Group, when acting as principal, recognises revenue when (a) the significant risks and rewards of ownership have been transferred to the buyer; (b) it retains no continuing involvement or control over the goods; (c) the amount of revenue can be measured reliably; (d) it is probable that future economic benefits will flow to it and (e) when the specific criteria relating to each of its sales channels have been met, as described below.

Turnover represents amounts invoiced, net of returns, discounts and rebates allowed by the Group and value added taxes, in respect of the sale of goods and services. Recognition of revenue is as follows:

- Ticketing income, sale of hospitality & catering packages and other event income are recognised as revenue when the related event is staged.
- Competition income is recognised on a straight-line basis in the financial year the event takes places.
- Revenue determined by commercial agreements, which makes up the majority of broadcasting revenue, sponsorship and royalty revenue and lease of hospitality boxes is recognised based on the relevant contractual terms.
- Hotel income is recognised as services are provided (for example room occupation).
- Other event income represents amounts receivable in respect of staging fees and other similar income arising within the stadium for events which are not promoted by the Company.
- Other income includes grants from government organisations and is credited to revenue in line with the relevant performance conditions which usually have a link to associated expenditure.
- Where consideration is received in kind, income and expenditure are grossed up based on arms' length commercial rates.

Incoming resources from non-exchange transactions, except for grant income (see note 1.v.), being recognised as follows:

- (a) transactions that do not impose specified future performance-related conditions on the recipient are recognised in income when the resources are received or receivable.
- (b) transactions that do impose specified future performance-related conditions on the recipient are recognised in income only when the performance-related conditions are met; and
- (c) where resources are received before the revenue recognition criteria are satisfied, a liability is recognised.

Incoming resources from non-exchange transactions are measured as follows:

- (a) donated services and facilities that would otherwise have been purchased are measured at the value to the entity; and
- (b) all other incoming resources from non-exchange transactions are measured at the fair value of the resources received or receivable.

k. Interest payable

All borrowing costs are recognised in the income statement in the financial year they are incurred.

l. Interest receivable

Interest on cash balances is recognised in the income statement when received and for loans to clubs and Regional clubs on an accruals basis.

m. Exceptional items

In order to improve the understanding of the financial statements, the Directors have identified separately, on the face of the income statement, those items of income or expense which by their materiality and one-off nature, are exceptional to the financial statements for the year. These are shown as exceptional within the categories of expenditure to which they relate.

n. Intangible fixed assets

Intangible assets comprise Hospitality Catering Rights. These were initially recognised at cost and then amortised on a straight-line basis over the contracted period of 10 years. The carrying value of intangible assets is cost less accumulated amortisation. Assets are reviewed regularly for impairment based on their expected useful economic life.

Amortisation is included in depreciation and amortisation in the consolidated income statement and in note 5 to the financial statements.

o. Tangible fixed assets

Tangible fixed assets are stated at historic cost less accumulated depreciation and accumulated impairment losses. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use. Borrowing costs directly attributable to the creation of an asset are capitalised as part of that asset.

The tangible fixed assets of the Group, excluding land, are depreciated on a straight-line basis calculated to write down their cost to estimated residual values over their estimated useful economic life as follows:

Stadium	Up to 50 years
Other buildings, including Parkgate Hotel	Up to 50 years
Centre of Excellence	Up to 10 years
Other fixed assets	Up to 20 years

Other fixed assets include plant, fixtures & fittings and electronic equipment located at the Stadium and other Group locations.

The residual values and estimated useful lives are reviewed annually.

No depreciation is charged on assets under construction. Depreciation charges commence once the asset is completed and brought into use and recognised within depreciation and amortisation in the income statement and the operating expense note to the accounts. The depreciation rate charged is then based on the asset class as per the above table.

Profits or losses on disposal of tangible fixed assets reflect the difference between sale price and carrying amount at the date of disposal and are recognised in the consolidated income statement.

p. Investments in subsidiaries, associates and joint ventures

Investments in subsidiaries, associates and joint ventures are included at cost less any accumulated impairment losses. Investments in equity instruments are measured initially at fair value, which is normally the transaction price. Transaction costs are excluded if the investments are subsequently measured at fair value through profit and loss. Subsequent to initial recognition, investments that can be measured reliably are measured at fair value with changes recognised in profit or loss.

Dividends received are recognised when the right to receive payment is established and are included in "Investment income" in the consolidated income statement.

Disposal of investments are recognised at point of contractual completion.

In accordance with the Companies Act 2006, the Group has taken advantage of the exemption afforded to certain subsidiary companies to be audited. The Welsh Rugby Union Limited has given a guarantee to its subsidiaries WRU Supporters Club Limited and WRU National Centre of Excellence Limited under section 479A of the Companies Act 2006.

q. Leased assets

Where the Group enters into a lease which entails taking substantially all the risks and rewards of an asset, the lease is treated as a finance lease arrangement. The present value of the minimum lease payments is recorded in the balance sheet as a tangible fixed asset. Future instalments under such leases, net of finance charges, are included within creditors.

Rentals payables are apportioned between the finance element, which is charged to the income statement, and the capital element which reduces the outstanding lease liability.

All other leases are accounted for as operating leases and their rentals are charged to the income statement as an operating expense on a straight-line basis over the life of the lease.

r. Stock

Stock is valued at the lower of cost and estimated selling price less costs to sell. Stock consists of finished goods purchased for resale and raw materials for use in the supply of catering services. Where necessary, provision is made for obsolete, slow moving, and defective stock. Cost is determined on a first in first out basis.

s. Current and deferred tax

The tax expense comprises current and deferred tax. The current tax charge is calculated on the basis of tax laws enacted or substantively enacted at the balance sheet date.

Deferred tax arises from timing differences that are differences between taxable profits and total comprehensive income as stated in the financial statements. These timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements.

Deferred tax is recognised on all timing differences at the reporting date with certain exceptions. Unrelieved tax losses and other deferred tax assets are only recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the period end and that are expected to apply to the reversal of the timing difference.

t. Pension costs

For defined contribution schemes the amount charged to the income statement in respect of pension costs and other post-retirement benefits is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

u. Allocations to affiliated organisations

Allocations to affiliated organisations consists of funding under the Professional Rugby Agreement and competition income that is paid to the Regional clubs, as well as grants and value in kind that are paid to the Community game, across member clubs in the Premiership and Community leagues, cup competitions and affiliated organisations within the Community game. Costs are recognised in the period to which they relate.

v. Grants

The Group receives revenue grants that are deemed to be government grants under FRS 102. In accounting for these grants, the Group uses the accruals model and recognises the grant on a systematic basis in line with the costs to which the grant relates. Government grants are recognised as part of turnover within 'other income' where they are deemed to be contributing to the principal activity of the Group.

Grants receivable in respect of tangible fixed assets are credited to the income statement over the expected useful economic life of the relevant assets to which they relate. Grants received but not yet released to the profit and loss are included as deferred income in the balance sheet. Revenue grants are released to the Income Statement as income in the same year as the related expense is incurred and other respective grant conditions have been satisfied.

w. Capitalisation of interest

Interest is capitalised on major development projects and capital works in progress where appropriate. Capitalisation ceases when substantially all the activities necessary to get the asset ready for use are completed. Capitalised interest is amortised to the income statement over the useful economic life of the asset to which it relates.

x. 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 due from Regional clubs (the four professional teams participating in the United Rugby Championship) and clubs (community rugby clubs participating in the Welsh leagues), 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 income statement.

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 income statement.

Other financial assets, including investments in equity instruments which are not subsidiaries, associates, or joint ventures, 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 profit or loss, 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, bank loans and loans from fellow Group companies that are classified as debt, 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 payments discounted at a market rate of interest.

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

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

(iii) Derivative financial instruments

The derivative financial instruments utilised by the Group are foreign exchange forward contracts and put and call options.

Foreign exchange forward contract derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value on the market price data from relevant counterparties. Such arrangements were in place during 2022, but not at the current or prior year end.

Put and call options are initially recognised at fair value on the date the contract is entered into and are subsequently remeasured at their fair value based on a discounted cash flow model.

Changes in the fair value of all derivatives are recognised in profit or loss in interest receivable and similar income or interest payable and

similar expenses as appropriate unless they are included in a hedging arrangement.

(iv) **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.

y. Public Benefit Entity concessionary loan

Concessionary loan arrangements, when received or paid for the purpose of furthering the primary objective of the Group, which include any debentures received or advances to Regional clubs paid below the prevailing market rate of interest or with a zero rate, are initially measured at the amount received or paid. In subsequent years, the carrying amount of concessionary loans in the financial statements is adjusted to reflect any accrued interest payable or receivable and repayments.

To the extent that a loan that has been made is irrecoverable, an impairment loss shall be recognised in the income statement.

z. Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. As there is a legally enforceable right to offset against cash in hand per financing agreements in place bank overdrafts are shown within cash in hand.

aa. Recognition of constructive liabilities

Where an event occurs that creates a constructive or legal obligation on the Group and it is probable that an outflow of resources, which can be reliably estimated, will be required to settle the obligation, a liability is recognised in full in the period when the event occurred.

Constructive liabilities are measured at the present value of expenditures expected to be required to settle the obligation. In certain circumstances the transfer of cash to settle the liability may occur in subsequent periods.

bb. Critical judgements

The preparation of financial statements requires the Group and Company to make judgements that affect the application of accounting policies and the reported results and financial position.

In the reporting period, the areas involving the most complex and subjective judgements are set out below:

(i) Control of Parkgate Hotel Cardiff Limited (PHCL) (note 10)

Assessing whether the Group controls PHCL requires judgment. The Group holds 75% of the voting rights of PHCL and has a 75% majority representation on the board but through the shareholders' agreement there are several decisions that require the unanimous consent of all the shareholders. The Directors have assessed that the decisions that require unanimous consent give protective rights only and that the control of the day-to-day operating decisions and strategic financial decisions is retained by the Group. Therefore, the Directors consider that PHCL is a subsidiary of the Company and the results of PHCL are included in the Group consolidated financial statements.

(ii) The Parkgate Hotel Residual Value

The assessment of the Parkgate Hotel residual value included the building and associated developments. This confirmed a high residual value due to the expectation that it will retain significant value over its life. A 10% adverse movement in the residual value of the related assets would result in an additional depreciation charge of £56k per year, or £2.8m across the expected useful economic life of the building. Residual values are re-assessed annually to identify any circumstances that may cause a change in the assessment. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation, and the physical condition of the assets.

(iii) Control of Millennium Stadium Experience Limited (MSEL) (note 10)

Assessing whether the Group controls MSEL requires judgment. The Group holds 83.5% of the voting rights of MSEL and has a 75% majority representation on the board but through the shareholders' agreement there are a number of decisions that require the unanimous consent of all the shareholders. The Directors have assessed that the decisions that require unanimous consent give protective rights only and that the control of the day-to-day operating decisions and strategic financial decisions is retained by the Group. Therefore, the Directors consider that MSEL is a subsidiary of the Company and the results of MSEL are included in the Group consolidated financial statements.

(iv) Recoverability of Loans and Advances to Regional clubs

As at the 30 June 2023 the Group had £15.0m of loans and £4.4m of advances to the Regional clubs which are repayable in future periods, as detailed in note 12. A further £7.5m has been loaned to the Regional clubs subsequent to the year end. Economic conditions for professional Rugby continue to be challenging and the recoverability of these loans and advances is subject to regular review by management, the Professional Rugby Board, and the Directors. Investors are obligated to underwrite the financial performance of their Regional club over the medium term. There are also contractual agreements in place under the Professional Rugby Agreement (PRA) if one Regional club were to default, with a defined mechanism for recovery.

The maturity of some of these loans goes beyond the life of the current PRA and it is the Directors intention that this would be replaced by a similar agreement with the Regional clubs. As at the balance sheet date there are no specific indicators that an identified Regional club will default on its loans or advances, accordingly no provision has been booked.

Subsequent to the balance sheet date, two Regional clubs have had a change of ownership, with the same obligations on investors to

underwrite financial performance in place. Repayments of loans and advances have been made in line with the underlying agreements. The Group is working closely with the Regional clubs through the Professional Rugby Board (PRB) in order to ensure that the Regional clubs are financially sustainable going forwards.

(v) Recoverability of amounts owed by Group undertakings

The Company has significant amounts owed by Group undertakings at the balance sheet date. There is judgement required in determining whether these balances are wholly or partially recoverable by the Company in future periods. The Company periodically considers the cashflows of its subsidiaries and the values attributed to services supplied between Group companies to ensure the balances are recoverable on an ongoing basis over the long term. If this review identifies that amounts owed by Group undertakings are not recoverable, then a provision is taken against it.

(vi) Recoverability of investment in MSEL

The Company has recognised an investment in MSEL of £16.5m at the balance sheet date, at cost. The catering agreement that allows MSEL to operate was extended to 30 June 2025 in June 2024. In considering whether the value of the investment is recoverable, the Directors have assessed the likelihood of the catering agreement being extended beyond 2025 and have concluded that it would most likely be extended on comparable terms to those currently in place. As such, the Directors have considered the cashflows arising from the expected extension and determined that forecast value of the future cashflows is greater than the carrying amount of the investment. As such, the Directors have concluded that the investment is recoverable and not impaired at the balance sheet date.

(vii) Sale of shares in Six Nations Rugby Limited

Assessing whether the sale of shares in Six Nations Rugby Limited constitutes a sale of an investment or a financing transaction requires judgement. Six Nations Rugby Limited carries out commercial transactions and operates

the tournaments on behalf of the Unions. The Group receives its share of the overall commercial revenues and costs incurred based on a commercial arrangement between Six Nations and the Unions. Six Nations Rugby Limited is a substantive business that receives a management fee in exchange for providing its services to the Unions. As such, the transaction has been determined to be the Group selling its investment in Six Nations Rugby Limited.

The transaction also has a contingent element, where further payments may be due to the Group if the financial performance of Six Nations Rugby Limited exceeds targets that are set as part of the transaction. The Group has considered different scenarios for the financial performance of the company based on forecasts available and has determined that no amount should currently be recognised in relation to these contingent elements.

(viii) Sale of interests in the United Rugby Championship and European Professional Club Rugby tournaments

Determining the accounting treatment of the sale of the Group's interests in the United Rugby Championship and European Professional Club Rugby tournaments requires judgement. The Group receives a participation fee, distributed from the profits of the tournaments, in exchange for procuring four teams, the Regional clubs, to participate in the tournaments. The Group has made investments into the Regional clubs and player development pathways to create professional clubs and players that are capable of being competitive. This, in combination with similar investments from the other rugby Unions, has allowed the Unions to create the tournaments in which the professional clubs compete. In CVC acquiring rights in these tournaments to allow them to participate in the profits, it has been determined that the Group has partially sold the internally generated intangible rights in these tournaments, arising from the Group's investment in rugby.

The transaction has been determined to not be a financing transaction, given that income from the tournaments is conditional on the

Group arranging four teams to participate and the Group's commitment to do is until June 2028. The transaction has also been determined to not be the sale of an investment, as the tournaments effectively operate full distribution models through the participation fees paid, leaving no material retained value within the tournament companies.

The transaction also has a contingent element, where further payments may be due to the Group if the financial performance of the competitions exceeds targets that are set as part of the transaction. The Group has considered different scenarios for the financial performance of the competitions based on forecasts available and has determined that no amount should currently be recognised in relation to these contingent elements.

(ix) Qualification of Group as a Public Benefit Entity

Assessing whether the Group qualifies as a Public Benefit Entity requires judgment. The Directors have reviewed the definition of a Public Benefit Entity, as provided by the FRS 102 Glossary of Terms, and consider that this has been met. The primary objective of the Group is to promote, foster, encourage, control, and improve rugby football throughout Wales with any wealth created by the Group, given its legal status, being re-invested back into Welsh Rugby rather than providing a financial return to its members. Therefore, the Directors have adopted the FRS 102 public benefit entity standards when preparing the Group consolidated financial statements.

(x) Acting as principal in respect of competition income

Assessing whether the Group acts as agent or principal in the receipt of competition incomes requires judgment. The Group receives revenue from the organisers of competitions in which the Regional clubs participate, namely the United Rugby Championship, the European Champions Cup, and the European Challenge Cup. The net revenue after WRU expenses, is passed on to the Regional clubs. The Group has assessed the factors presented in the respective agreements with the Regional clubs and the

competition providers and concluded that its ability to establish the commercial returns and to perform its contractual commitment to determine the competition participants, provides sufficient evidence that it is the principal in the transaction with the relevant competition provider.

(xi) **Income from Six Nations Rugby Limited**

The Group has an 8.4% holding in Six Nations Rugby Limited and the Company has a 17% holding in New Six Nations Union Limited, which manage the Six Nations, Autumn Series and Summer Series competitions. The Company recognises its share of income, through match income, and expenses from Six Nations Rugby Limited, given that the Company has been determined to be the principal in the transactions. This income is recognised as turnover on the basis that these tournaments are part of the principal business activities of the entity and the income is earned in exchange for providing teams to participate, as opposed to being a return on investment.

cc. **Accounting estimates and assumptions**

The Group and Company make estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results.

Significant accounting estimates and assumptions:

The estimates and assumptions that have a significant risk of causing a material adjustment in the carrying amounts of assets and liabilities within the next financial year affecting the financial statements of the Group and Company are as follows:

(i) **Valuation of investments**

The Group makes estimates in relation to the valuation of its investments in Six Nations Rugby Limited, which are based on a discounted cash flow model. The key assumptions within the models are determined to be the probability of future financial performance, the pre-tax discount rate and the terminal growth rate. The investment has a fair value of £17.5m (2022 restated: £26.2m) at the year-end.

Further details on these assumptions including the impact of possible changes are set out further in note 10.

(ii) **Valuation of derivative financial instruments**

The Group makes estimates in relation to the valuation of the options relating to its investment Six Nations Rugby Limited, which are based on a discounted cash flow model. The key assumptions within the models are determined to be the probability of future financial performance, the pre-tax discount rate and the terminal growth rate. The derivative financial instruments have a fair value of a £7.8m asset (2022 restated: £7.8m asset) at the year-end. Further details on these assumptions including the impact of possible changes are set out further in note 15.

Other accounting estimates and assumptions:

Other estimates and assumptions that may affect the carrying amounts of assets and liabilities within the next financial year are as follows:

(iii) **Useful economic life of tangible assets**

The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The remaining useful economic life and residual values of the key assets of the Group are considered a source of significant estimation uncertainty. See note 9 for the carrying amount of these assets and note 1(o) for the economic useful lives for each class of assets.

(iv) **Deferred tax**

The deferred tax asset of the Group and Company arises due to tax losses being carried forward, to be offset against future profits. The recoverability of the asset is dependent on future taxable profits being generated by the Group and, as such, is considered to be a key judgement.

In considering the recoverability, the Group and Company has considered the asset against its short and medium-term business plans along with any uncertainties around the current economic environment and market conditions in assessing the future utilisation of the asset.

At 30 June 2022, the deferred tax asset was expected to be recoverable in the medium term based on the financial strategy and forecasts of the Group at that time showing taxable profits on which the tax losses carried forward could be utilised. In the year ending 30 June 2023, the financial strategy of the Group changed and as consequence taxable profits are not forecast over the medium term. As such, tax losses carried forwards have only been included to the extent they can be recovered against the reversal of deferred tax liabilities.

The Company has retained a deferred tax asset of £1.1m as the latest forecasts indicate recoverability against other Group entities in the short-term. This has no impact on the Group's tax position.

(v) Impairment of debtors

The Group makes estimates of the recoverable value of trade and other debtors. When assessing impairment of trade and other debtors, management considers factors including the current credit rating of the debtor, the aged profile of debtors and historical experience. See note 12 for the net carrying amount of the debtors.

(vi) Impairment of non-current assets

The Group reviews at least once a year all non-current assets for any indication that an asset may be impaired, this includes both external and internal sources of information. If the evidence indicates an impairment, the carrying value will be reduced to the recoverable amount and a loss taken through the consolidated income statement.

2. BUSINESS ANALYSIS

The information below is provided as additional information.

(a) Turnover

	2023	2022
	£'m	As restated £'m
Turnover is analysed as follows:		
Match income	39.5	43.0
Commercial income	16.4	14.5
Hospitality and catering income	18.7	15.9
Other event income	5.3	3.2
Hotel income	11.1	5.7
Other income	2.6	2.2
	93.6	84.5
Competition income	7.7	9.7
	101.3	94.2

Match income includes an immaterial value of dividends from Six Nations Rugby Limited, arising from the sale of commercial rights in that company. Further information on the investment in Six Nations Rugby Limited can be found in note 10.

Competition income represents amounts received from European Professional Club Rugby and Celtic Rugby Designated Activity Company in consideration for the participation of Regional clubs nominated by the Group in the respective tournaments of those entities. To the extent that the nominated teams have participated in those tournaments the Group remits to them any competition income, less costs incurred by the Group.

The Group has recognised £0.8m (2022 restated: £0.8m) of government grant income which has been spent on Community and Performance rugby. Government grant income has been included within other income in the above analysis.

Revenue predominantly originates from home international match tickets, broadcasting rights, and hospitality. Accordingly, revenue in the main originates from the UK and only limited amounts originate from overseas.

(b) Operating expenses

	2023	2022
	£'m	As restated £'m
Operational costs (see (c) below)	79.8	70.1
Exceptional items (see note 5)	1.9	-
Depreciation and amortisation – net of grant release (see note 5)	5.7	3.8
Allocations to affiliated organisations (see (d) below)	32.4	31.9
	119.8	105.8

2. BUSINESS ANALYSIS (CONTINUED)

(c) Operational costs

	2023 £'m	2022 £'m
Business and administration	9.9	8.9
Direct	12.9	12.1
Hospitality and catering costs	8.2	7.6
Hotel costs	8.2	4.2
Stadia	7.7	6.3
Performance rugby	16.1	16.3
Community rugby	7.1	5.6
Dragons	9.7	9.1
	79.8	70.1

The Group includes within its operational costs those originating from the "Dragons" Regional club (formerly named WRU Gwent Rugby Limited, WRU Gwent Stadium Limited and WRU Gwent Region Limited) that was a subsidiary in both financial years.

(d) Allocations to affiliated organisations

These are analysed as follows:	2023 £'m	2022 £'m
Competition income (see note 2(a))	7.7	9.7
Competition income due to Dragons	(2.0)	(2.4)
Competition income payable external to WRU Group	5.7	7.3
Directly from Company	22.2	19.6
Regional clubs – professional rugby	27.9	26.9
Clubs – semi-professional rugby	0.8	0.8
Clubs – community rugby and affiliates	3.7	4.2
	32.4	31.9

(e) Additional Cost disclosure

Operating lease expense for the year totals £0.5m (2022: £0.4m). The operating leases in the main cover land and buildings used by the WRU Group (note 21).

The WRU has limited exposure to risk relating movements in foreign exchange rates. As such foreign exchanges gain or losses are immaterial and limited.

Included in hospitality and catering costs are £5.1m (2022: £4.0m) for inventories recognised as an expense.

3. PROFIT ON SALE OF FIXED ASSETS

	2023	2022
	£'m	As restated £'m
Profit on sale of intangible rights:		
Gain on disposal of intangible rights – URC	6.3	7.5
Gain on disposal of intangible rights – EPCR	4.1	-
Profit on sale of fixed asset investments:		
Gain on disposal of fixed asset investments - shares in Six Nations Rugby Limited (note 10)	2.0	6.1
Total profit on sale of fixed assets	12.4	13.6

Profit on sale of intangible rights arises from a partial sale of internally generated intangible rights in the United Rugby Championship, in the current and prior year, and in European Professional Club Rugby in the current year to CVC. See note 27 for more information on post balance sheet events.

Profit on sale of fixed asset investments arises from both a capital gain on a partial sale of the Group's shareholding in the Six Nations Rugby Limited in the current and prior year, with further details per note 10. See note 27 for more information on post balance sheet events.

Further information on these transactions can be found in the strategic report. The accounting treatment of these transactions is a critical judgement in the preparation of the financial statements, with further detail provided in vii and viii of note 1.bb.

4. INTEREST RECEIVABLE AND PAYABLE

	2023	2022
	£'m	As restated £'m
Interest receivable and similar income		
Interest receivable (note 12)	0.8	0.4
Gain on fair value of fixed asset investments (note 10)	-	35.4
Gain on fair value of derivative financial instruments (note 15)	2.0	7.8
	2.8	43.6
Interest payable and similar charges		
Interest payable on bank and other loans (note 14)	1.5	0.7
Interest on finance leases (note 14)	1.0	0.7
Bank charges	0.2	0.3
Loss on fair value of fixed asset investments (note 10)	2.2	9.2
Loss on exercise of derivative financial instruments (note 15)	2.0	-
	6.9	10.9

5. (LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAX

(Loss)/Profit on ordinary activities before tax is arrived at after charging/(crediting):

	Note	2023 £'m	2022 As restated £'m
Depreciation on owned assets (as restated)	9	6.6	5.4
Amortisation of intangible assets	8	0.4	0.3
Gain on fixed asset disposal		0.3	(0.3)
Release of deferred income (grant release)	16	(1.6)	(1.6)
Net charge to the income statement		5.7	3.8

Exceptional items

Restructuring costs		1.9	-
Total exceptional items		1.9	-

During the year, the Group incurred restructuring costs resulting from the departure of senior personnel. Due to their size, and being one-off in nature, these are considered "exceptional" by the Directors. To assist in understanding the Group's results, the Directors believe that it is appropriate to show separately the operating profit of the Group before exceptional items on the face of the income statement as additional information.

During the year, the Group received the following services from the Group's auditors:

	2023 £'000	2022 £'000
Fees payable to the Company auditors for the audit of the parent company and consolidated financial statements	208	29
Fees payable to the Company's auditors for other services:		
The audit of the Company's subsidiaries pursuant to legislation	73	70
Taxation compliance services	-	32
Other non-audit services	11	38

6. STAFF NUMBERS AND COSTS

Staff numbers	2023 Group	2022 Group	2023 Company	2022 Company
The average monthly number of direct employees, including directors with a service contract, during the year was:				
Management and administration	76	76	60	59
Direct	16	12	14	10
Stadia	51	51	-	-
Performance rugby	104	70	101	70
Community rugby	88	72	83	69
Dragons	94	95	-	-
	429	376	258	208

The Dragons were part of the WRU Group until 16 October 2023, with further details per note 27.

The Company staff numbers excludes 8 (2022:7) employees internally recharged out to other Group subsidiaries (Millennium Stadium plc and Millennium Stadium Experience Limited). It includes 27 (2022: 21) staff recharged to the Company from, Millennium Stadium plc, for activities which are for the benefit of the Company.

The above staff numbers exclude: any players engaged on a short-term basis for specific matches, players on National Dual Contracts 2023: 2 (2022: 2), and players seconded to Great Britain Rugby Sevens Limited 2023: 4 (2022: nil) and seconded non-playing staff 2023: 2 (2022: nil). Stewards engaged for events and the non-executive Directors of the Company are not included in the table above.

Staff costs	2023 Group £'m	2022 Group £'m	2023 Company £'m	2022 Company £'m
The staff costs during the year were as follows:				
Wages and salaries	19.3	17.2	10.0	9.0
Social security costs	2.3	2.0	1.2	1.0
Pension costs – defined contribution schemes	1.5	1.3	1.2	1.0
	23.1	20.5	12.4	11.0

The Company staff costs excludes £0.4m (2022: £0.3m) for employees internally recharged out to other Group subsidiaries (Millennium Stadium plc and Millennium Stadium Experience Limited). It includes £0.9m (2022: £0.7m) of staff costs which are recharged to the Company from a Group subsidiary, Millennium Stadium plc, for activities which are for the benefit of the Company.

The above numbers do not include costs in respect of National Dual Contracted players. The total costs of these players for the provision of their services (including commercial obligations) amounted to £0.9m (2022: £0.9m), for which a matching amount was received from the Regional clubs for the current and prior period.

Players and support staff seconded to Great Britain Rugby Sevens Limited (representative Sevens team of Great Britain) are recharged to that company at a cost in the year of £0.1m (2022: nil).

A sum of £3.3m (2022: £3.5m) was paid as remuneration to players whilst representing the senior men's national team. These costs are included in performance rugby costs within operational costs (see note 2 (c)) and do not form part of staff costs reported above.

6. STAFF NUMBERS AND COSTS (CONTINUED)

	2023 £'000	2022 £'000
Directors' emoluments		
The directors' emoluments, during the year, were as follows:		
• Aggregate emoluments	432	414
• Compensation for loss of office	480	-
• Benefits	17	26
• Company contributions to defined contribution pension scheme	12	4
	941	444

One director's employment contract was terminated by mutual agreement with compensation for loss of office of £480,000 (2022: £nil). The two chairs (2022: two) who served during the period received fees of £62,000 (2022: £73,000) of which £14,000 (2022: £23,000) was reimbursed by World Rugby for services provided to them.

Two directors during the year have accrued benefits under a defined contribution pension scheme (2022: one director).

Emoluments of the highest paid Director

The emoluments of the highest paid director, during the year, were as follows:

	2023 £'000	2022 £'000
Aggregate emoluments	201	329
Compensation for loss of office	480	-
Benefits	16	26
Company contributions to a defined contribution pension scheme	3	4
	700	359

Key management compensation

Key management are the directors on the Board, members of the Executive Board, which is chaired by the Group Chief Executive, and other staff who have authority and responsibility for planning, and controlling the activities in the Group:

	2023 £'000	2022 £'000
Salaries and other short-term benefits	1,830	1,264
Company contributions to defined contribution pension scheme	203	213
	2,033	1,477

Salaries and other short-term benefits for key management for 2023 includes compensation for loss of office, with details provided in the directors' emoluments note.

7. TAX ON (LOSS)/PROFIT ON ORDINARY ACTIVITIES

(a) Tax charge/(credit) included in the income statement

	2023	2022
	£'m	As restated £'m
Current tax		
UK corporation tax on loss for the period	-	-
Adjustment in respect of prior periods	0.2	0.1
Total current tax credit	0.2	0.1
Deferred tax		
Origination and reversal of timing differences	(3.4)	1.9
Changes in tax rates and laws	(0.4)	0.5
Adjustment in respect of previous periods	(0.2)	0.1
Total deferred tax (charge)/credit for period	(4.0)	2.5
Total tax on (loss)/profit on ordinary activities (Note 7(b))	(3.8)	2.6

(b) Reconciliation of tax charge/(credit)

The current tax assessed for the year differs from the standard hybrid rate of corporation tax in the UK of 20.5% (2022: 19%). The differences are explained below:

	2023	2022
	£'m	As restated £'m
(Loss)/profit on ordinary activities before tax	(10.2)	34.7
(Loss)/profit multiplied by standard rate of corporation tax in the UK of 20.5% (2022: 19%)	2.1	(6.6)
Effects of:		
Deferred tax not provided	(3.5)	1.5
Expenses not deductible for tax purposes and income not taxable	0.2	7.0
Taxable gain	(2.2)	-
Tax rate changes	(0.4)	0.5
Adjustments to tax charge in respect of previous period – CT	0.2	0.1
Adjustments to tax charge in respect of previous period – DT	(0.2)	0.1
Total tax on loss/profit on ordinary activities for the year (Note 7(a))	(3.8)	2.6

the Finance Bill 2021 the corporate tax rate increased from 19% to 25% from 1 April 2023. As these accounts are produced to 30 June a hybrid rate for corporation tax has been used of 20.5%. The closing deferred tax assets and liabilities have been calculated at the legislated rate of 25% the rate expected to apply to the unwinding of any assets.

8. INTANGIBLE ASSETS

	Hospitality Catering Rights £'m	Group Total £'m
Cost		
At 1 July 2022 and 30 June 2023	3.3	3.3
Accumulated amortisation		
At 1 July 2022	2.6	2.6
Charge for the year	0.4	0.4
At 30 June 2023	3.0	3.0
Net book value		
At 30 June 2023	0.3	0.3
At 30 June 2022	0.7	0.7

The amortisation charge is recognised within depreciation and amortisation in the income statement and the operating expense note 2(b) to the accounts.

9. TANGIBLE FIXED ASSETS

	Stadium £'m	Centre of Excellence £'m	Other buildings As restated £'m	Land £'m	Other fixed assets £'m	Group Total As restated £'m	Company Total £'m
Cost							
At 1 July 2022 (restated)	140.5	4.8	50.9	41.8	16.6	254.6	40.2
Additions	-	-	-	-	3.1	3.1	-
Disposals	-	-	-	-	(1.7)	(1.7)	(0.1)
Transfers	0.1	0.1	-	-	-	0.2	-
At 30 June 2023	140.6	4.9	50.9	41.8	18.0	256.2	40.1
Accumulated depreciation							
At 1 July 2022 (restated)	79.6	3.0	2.9	-	10.3	95.8	2.5
Charge for the year	2.9	0.2	2.0	-	1.5	6.6	0.2
Disposals	-	-	-	-	(1.7)	(1.7)	(0.1)
Transfers	0.1	0.2	(0.2)	0.4	(0.3)	0.2	-
At 30 June 2023	82.6	3.4	4.7	0.4	9.8	100.9	2.6
Net book value							
At 30 June 2023	58.0	1.5	46.2	41.8	8.2	155.3	37.5
At 30 June 2022	60.9	1.8	48.0	41.8	6.3	158.8	37.7

Transfers are non-cash movements between categories to ensure that costs and accumulated depreciation are appropriately capitalised.

9. TANGIBLE FIXED ASSETS (CONTINUED)

Included in the cost of the stadium are cumulative capitalised interest costs of £4.6m (2022: £4.6m). The depreciation charge includes an amount of £0.1m (2022: £0.1m) representing the depreciation of interest previously capitalised. A net book value of £2.5m (2022: £2.6m) of unamortised interest is to be expensed to the income statement in future periods.

Included in the cost of the land are cumulative capitalised interest costs of £1.1m (2022: £1.1m). The depreciation charge includes an amount of less than £0.1m (2022: less than £0.1m) representing the depreciation of interest previously capitalised. A net book value of £0.7m (2022: £0.7m) of unamortised interest is to be expensed to the income statement in future periods.

Other fixed assets comprise plant and machinery and fixtures and fittings.

The Group owns certain buildings bordering the stadium which it refurbished and are now utilised as The Parkgate Hotel, which opened in October 2021. Included in the cost of the Parkgate Hotel are cumulative capitalised interest costs of £1.2m (2022: £1.2m) which is being amortised in line with the associated fixed asset to which it is allocated. A net book value of £1.1m (2022: £1.2m) of unamortised interest is to be expensed to the income statement in future periods.

The current net book value of the Parkgate Hotel is £46.0m (2022: £48.0m), which is recognised through other buildings and is broken down as follows:

Breakdown of Parkgate Hotel Net book value	2023 £'m	2022 £'m
Land and buildings	31.0	31.3
Plant and machinery	6.9	7.2
Fixtures and fittings	7.8	9.1
Computer equipment	0.3	0.4
At 30 June	46.0	48.0

The above categories include the associated capitalised interest, which is being amortised in line with the associated fixed asset it is allocated to.

The cost of the buildings and subsequent development costs for the hotel, as per the table above, were funded through a finance lease agreement. There are further finance leases for IT and communication equipment of £0.2m (2022: £0.4m) utilised by the Group, which are recognised in other fixed assets.

With the exception of the hotel buildings mentioned above, which are on a 999-year lease, all land and buildings held by the Group within tangible fixed assets are freehold assets.

The tangible fixed assets of the Company predominantly relate to land.

10. INVESTMENTS

The Company held a £50,000 equity investment in Millennium Stadium plc, a £10,000 equity investment in WRU National Centre of Excellence Limited, a £6,400,000 equity investment in Dragons RFC Limited and a £16,500,000 equity investment in Millennium Stadium Experience Limited at both 30 June 2023 and 30 June 2022. All investments are held at historical cost, apart from Dragons RFC Limited which has been impaired down to its net realisable value of £1, equal to its sale price subsequent to the year-end. Dragons RFC Limited, and its subsidiaries Dragons Rugby Limited and Dragons Stadium Limited, have been divested into private ownership after year-end, as described as part of the post balance sheet events in note 27.

10. INVESTMENTS (CONTINUED)

Subsidiary and other investments held directly and indirectly by the Company and in which the Company has a beneficial interest as at 30 June 2023 were:

Company	Principal activity	Country of incorporation	% holding of ordinary shares
Subsidiaries - Direct			
Millennium Stadium plc	Stadium operation	United Kingdom	100%*
Millennium Stadium Experience Limited	Hospitality and catering provision	United Kingdom	83.5%
WRU Supporters Club Limited	Marketing	United Kingdom	100%
WRU National Centre of Excellence Limited	Provision of training facilities	United Kingdom	100%
Dragons RFC Limited (formerly WRU Gwent Region Limited)	Holding company	United Kingdom	80%
WRU Properties Limited	Holding company	United Kingdom	100%
Welsh Rugby Players Limited	Dormant	United Kingdom	100%
WRU Six Nations Limited	Holding company	United Kingdom	100%
Subsidiaries – Indirect			
Dragons Rugby Limited (formerly WRU Gwent Rugby Limited)	Regional club franchise	United Kingdom	80%
Dragons Stadium Limited (formerly WRU Gwent Stadium Limited)	Stadium operation	United Kingdom	80%
Parkgate Hotel Cardiff Limited	Hotel operator	United Kingdom	75%

At 30 June 2023 the above subsidiaries all had their registered address at: Principality Stadium, Westgate Street, Cardiff, CF10 1NS. Subsequently, the registered offices of the Dragons RFC Limited, Dragons Rugby Limited, Dragons Stadium Limited have changed to Rodney Parade, Rodney Road, Newport, Wales NP19 0UU.

* Barclays Converted Investments (No.2) Limited (Barclays) held one share in Millennium Stadium plc (2022: one share) and this share has the same rights as the shares held by the Company. On 25 August 2023, Barclays sold its one and only share in the company to The Welsh Rugby Union Limited for the consideration of £1. In addition, Cardiff County Council ("CCC") holds one share in Millennium Stadium plc (2022: one share); this share grants only certain rights and does not grant CCC any dividends nor any rights to amounts receivable upon winding up.

Associates and other investments	Principal activity	Country of incorporation	% holding of ordinary shares
Six Nations Rugby Limited: First Floor, Simonscourt House, Simonscourt Road, Ballsbridge, Dublin 4, Ireland. (See note below) – other equity investment	Competition management	Republic of Ireland	8%
New Six Nations Union Limited: First Floor, Simonscourt House, Simonscourt Road, Ballsbridge, Dublin 4, Ireland. (See note below) – other equity investment	Competition management	Republic of Ireland	17%
Celtic Rugby Designated Activity Company: Suite 208 Alexandra House, The Sweepstakes, Ballsbridge, Dublin 4, Ireland – associate	Competition management	Republic of Ireland	25%
British & Irish Lions Designated Activity Company: First Floor, Simonscourt House, Simonscourt Road, Ballsbridge, Dublin 4, Ireland – associate	Overseas rugby tours	Republic of Ireland	25%

10. INVESTMENTS (CONTINUED)

Associates and other investments	Principal activity	Country of incorporation	% holding of ordinary shares
Great Britain Rugby Sevens Limited: Rugby House, 200 Whitton Road, Twickenham, London, UK. TW2 7BA – joint venture	Olympic Sevens competition	United Kingdom	33%

The investments above were the same as at 30 June 2022, save for Six Nations Rugby Limited, of which the Group previously held 11%.

Investment in Six Nations Rugby Limited

The Group holds an investment of £17.5m (2022 restated: £26.2m) in Six Nations Rugby Limited, being 840 (2022: 1,120) ordinary shares. The investment was acquired from its parent company in 2022. During the year, 280 shares were sold for £8.5m.

This other equity investment is recognised initially at fair value and subsequently remeasured at fair value. The fair values have been determined based on discounted cash flow (DCF) models. The discounted cash flow models calculate the present value of forecast future profits associated with the Company's stake in the entity to determine the fair value of the investment.

The discounted cash flow models are based on cash flow forecasts developed from the most recently approved financial budget and strategic forecasts, which cover a period of 8 years, and future projections taking the analysis out to perpetuity based on a steady state, sustainable cash flow. These models are updated at each year end date to reflect the latest forecasts.

Key assumptions for the discounted cash flow models are:

	2023	2022
Probability of future financial performance	15%, 65%, 15% and 5% across business cases	70%, 20% and 10% across business cases
Pre-tax discount rate	9.6%	9.1%
Terminal growth rate	2%	2%

- Probability of future financial performance: Future financial performance has been taken from the business plans produced, considering the lower, low, middle and high case of performance (2022: low, middle and high). A probability weighting has been applied to each scenario based on the likelihood of each business case being achieved.
- Discount rates: a pre-tax cost of debt rate of 5.8% (2022: 5.3%) has been used as the base discount rate. A further premium of 3.8% (2022: 3.8%) has been added to account for uncertainty in future earnings.
- Terminal growth rate: an assumption of 2% (2022: 2%) has been used beyond the current business plans provided by Six Nations, on the assumption that the growth is in line with long term inflation targets.

The sensitivities to reasonably possible changes to key assumptions are as follows:

	2023	2022
Probability of future financial performance	A change to 25% 60%, 10%, 5%, would decrease the fair value asset by £0.4m	A change to 80%, 15%, 5% would decrease the fair value asset by £1.1m
Pre-tax discount rate	A 1% reduction in the discount rate increases fair value by £2.6m	A 1% reduction in the discount rate increases the fair value by £4.2m
Terminal growth rate	A 1% reduction in the terminal growth rate decreases fair value by £1.3m	A 1% reduction in the terminal growth rate decreases fair value by £1.9m

10. INVESTMENTS (CONTINUED)

Other investments

As above, the Group has a 25% shareholding in Celtic Rugby Designated Activity Company, that has been determined to be an investment in an associate. The Group's share of the results is included within the consolidated income statement, to the extent that any losses are not in excess of the carrying amount of its investment. The investment has been recognised at nil value in both years. The investment is accounted for at cost less impairment in the Company financial statements, being nil in both years.

Given the disposition of the other investments and the immateriality of their net surpluses and net assets after receipt of income by the Group, the Directors assess that the carrying value of the Group's investments in the other associates, joint venture and other equity investments listed above are equal to their original cost.

11. STOCK

	Group 2023 £'m	Group 2022 £'m	Company 2023 £'m	Company 2022 £'m
Goods for resale	0.8	0.6	-	-
	0.8	0.6	-	-

Stocks are stated after provisions for impairments of £nil (2022:nil).

12. DEBTORS

	Group 2023 £'m	Group 2022 As restated £'m	Company 2023 £'m	Company 2022 As restated £'m
Amounts due within one year:				
Trade debtors	5.2	7.7	2.0	2.9
Loans due from clubs	0.5	0.6	0.5	0.6
Less: provision for impairment of receivables	(0.6)	(0.9)	(0.4)	(0.8)
Loans due from Regional clubs	1.1	1.1	1.4	1.3
Amounts owed by Group undertakings	-	-	83.5	92.5
Advances to Regional clubs	1.0	-	1.3	-
	7.2	8.5	88.3	96.5
Other debtors	2.4	1.3	2.8	1.9
Prepayments and accrued income	6.4	5.8	4.7	4.4
Corporation tax	-	0.1	-	-
Derivative financial instruments (note 15)	2.7	2.1	-	-
	18.7	17.8	95.8	102.8

12. DEBTORS (CONTINUED)

	Group 2023 £'m	Group 2022 As restated £'m	Company 2023 £'m	Company 2022 As restated £'m
Amounts due after more than one year:				
Advances to Regional clubs	3.4	-	4.5	-
Loans due from Regional clubs	13.9	15.0	17.8	19.2
Derivative financial instruments (note 15)	5.1	5.7	-	-
	22.4	20.7	22.3	19.2
Total debtors	41.1	38.5	118.1	122.0

The amounts owed by Group undertakings are unsecured and have no fixed dates of repayment. The majority of the amounts owed by Group undertakings are interest bearing, except for £0.7m (2022: £1.6m). The interest rate applied to amounts owed by Group undertakings is equivalent to the associated bank loan arrangements charged to the Group by its bankers.

The Advances to Regional clubs are the provision of upfront cash-flows to the Regional clubs that will be recovered by reductions in funding in future periods. These advances are interest free and determined under FRS 102 to be public benefit entity concessionary loans. These advances are repayable over a five-year period with the final repayment due in June 2028.

The loans due from Regional clubs of £15.0m (2022: £16.1m) are on consistent terms with the Group's borrowings used to finance the amount loaned (NatWest: £4.5m (2022: £1.0m), World Rugby: £nil (2022: £2.0m) and Welsh Government: £10.5m (2022: £13.1m). Note 14 provides further information on the NatWest and Welsh Government loans and facilities.

Included within prepayments and other debtors is a balance of £0.9m (2022: £0.9m) due from Rightacres Property Co. Limited. The balance is non-interest bearing and will be repaid via future dividends from Parkgate Hotel Cardiff Limited.

Derivative financial instruments are the fair value of the Group's options to sell its investments in Six Nations Rugby Limited in the future. These derivatives are exercisable in separate tranches and at different dates, and therefore the value has been split between amounts within one year and amounts after one year in line with when the options will be exercised.

In the opinion of the directors the carrying amount of debtors is a reasonable approximation of the recoverable value.

The carrying amounts of the Group's debtors are all denominated in pounds sterling ("GBP").

13. CASH AT BANK AND IN HAND

	Group 2023 £'m	Group 2022 £'m	Company 2023 £'m	Company 2022 £'m
Cash balance at bank	2.5	11.2	2.1	5.1
	2.5	11.2	2.1	5.1

14. CREDITORS

	Group 2023	Group 2022 As restated	Company 2023	Company 2022 As restated
	£'m	£'m	£'m	£'m
Amounts falling due within one year:				
Bank loans	0.4	0.3	0.4	0.3
Other loans	1.7	1.0	1.7	1.0
Finance lease	0.5	0.3	-	-
Trade creditors	5.4	4.3	1.4	0.7
Amounts owed to Group undertakings	-	-	8.8	6.3
Corporation tax	0.1	0.4	0.3	0.7
Other tax and social security	1.0	1.1	0.5	0.6
Other creditors	-	1.6	-	0.2
Accruals and deferred income	23.2	28.4	11.7	15.0
	32.3	37.4	24.8	24.8

The amounts owed to Group undertakings are unsecured and split £2.4m (2022: £2.4m) non-interest bearing and £6.4m (2022: £3.9m) interest bearing (rate aligns with the Group's NatWest loans) both with no fixed dates of repayment. Interest accrued is included within amounts owed to Group undertakings.

Included within accruals and deferred income is an interest free loan from Compass Contract Services (U.K.) Limited of £0.4m (2022: £0.4m), which will be repaid in the 2024 financial year.

Within accruals and deferred income is £0.5m (2022: £0.7m) of funding commitments made to community rugby clubs under the Group's facilities grant schemes. Payment of these commitments will be made in-line with terms of the grants and are only payable if the club completes the agreed project.

	Group 2023	Group 2022 As restated	Company 2023	Company 2022
	£'m	£'m	£'m	£'m
Amounts falling due after more than one year:				
Bank loans	9.8	5.3	9.8	5.3
Other loans	12.2	18.5	12.2	18.5
Debentures	50.8	49.3	50.8	49.3
Finance lease	45.2	45.8	-	-
Accruals and deferred income	0.7	0.4	-	-
	118.7	119.3	72.8	73.1

14. CREDITORS (CONTINUED)**Maturity analysis**

	Group 2023 £'m	Group 2022 £'m	Company 2023 £'m	Company 2022 £'m
Combined Bank and Other loans maturity:				
Within one year	2.2	1.3	2.2	1.3
Between one and two years	1.8	8.7	1.8	8.7
Between two and five years	12.4	3.0	12.4	3.0
After five years	8.5	12.5	8.5	12.5
	24.9	25.5	24.9	25.5
Unamortised arrangement fees	(0.8)	(0.4)	(0.8)	(0.4)
	24.1	25.1	24.1	25.1

Bank and other loans for 2023, before unamortised fees, total £24.9m and include £0.5m of accrued interest.

The two tables below provide an analysis, of 'Bank and Other Loans' (shown above) for further transparency. They are managed and the risk monitored as shown on a combined basis. The amounts presented are the gross repayments of the loans, before deduction of the unamortised arrangement fees.

	Group 2023 £'m	Group 2022 £'m	Company 2023 £'m	Company 2022 £'m
Bank loans are due:				
Within one year	0.5	0.3	0.5	0.3
Between one and two years	0.8	5.7	0.8	5.7
Between two and five years	9.4	-	9.4	-
	10.7	6.0	10.7	6.0

	Group 2023 £'m	Group 2022 £'m	Company 2023 £'m	Company 2022 £'m
Other loans are due:				
Within one year	1.7	1.0	1.7	1.0
Between one and two years	1.0	3.0	1.0	3.0
Between two and five years	3.0	3.0	3.0	3.0
After five years	8.5	12.5	8.5	12.5
	14.2	19.5	14.2	19.5

14. CREDITORS (CONTINUED)

The principal terms of these loans are set out below:

Bank loans and Other Loans	Interest and capital repayment terms	2023 £'m	2022 £'m
NatWest Facilities			
Revolving credit facility A	SONIA plus margin, loan repayable on maturity date	-	5.0
Revolving credit facility B	SONIA plus margin, loan repayable on maturity date	5.0	-
Facility C – Loans to Regions	SONIA plus margin, loan repayment in instalments by 2025	0.7	1.0
Facility E	SONIA plus margin, loan repayment in instalments by 2026	4.9	-
Other Facilities			
World Rugby	BoE base rate plus 1%, loan repayment in instalments by 2024	-	2.0
Welsh Government	BoE base rate plus margin, loan repayment in instalments by 2040	13.8	17.5
		24.4	25.5

The above are the principal amounts of loans and exclude accrued interest of £0.5m (2022: £nil) which had not been settled with the lender at the year-end date.

Interest on amounts drawn on the revolving NatWest credit facilities are referenced to the SONIA rate plus a margin applicable to the draw period.

The Facility B revolving credit facility balance was fully repaid in July 2023 but is available for further drawdown until the maturity date of March 2027.

In June 2023 the WRU refinanced the NatWest and Welsh Government facilities as follows:

NatWest

- Facility A was repaid in full.
- Facility B commitment was increased from £20m to £25m.
- Facility C was renewed on comparable terms with the repayment date extended to February 2025.
- A new Facility D commitment of £7.5m was created, for onward loans to the Regional clubs.
- A new Facility E commitment of £5m was created and drawn down, with £2m used to fully repay the World Rugby advance and £3m repayment to partially refinance the Welsh Government loan.
- All facilities mature on 31 March 2027 with the exception of Facility C which matures 28 February 2025.
- The margin added to SONIA increased from 1.4% to 2.25%.

Welsh Government

- £3m of the loan was refinanced via NatWest Facility E.
- The margin added to the Bank of England base rate was increased from 2.25% to 3.25%.
- The term of the loan was shortened from 2040 to 2029.

14. CREDITORS (CONTINUED)

The future minimum finance lease payments on the Parkgate Hotel are as follows:

	Group 2023	Group 2022 As restated	Company 2023	Company 2022
	£'m	£'m	£'m	£'m
Within one year	1.6	1.6	-	-
Between one and five years	7.3	7.3	-	-
Later than five years	56.3	57.4	-	-
Total gross payments	65.2	66.3	-	-
Less finance charges	(19.8)	(20.7)	-	-
Carrying amount of liability	45.4	45.6	-	-

The liability of the finance lease on the Parkgate Hotel is calculated based on the minimum finance lease payments due. The lease payments are subject to contingent rentals that are reviewed annually and are based upon RPI. Where contingent rentals are payable, the additional payments are recognised as interest expense in the period in which they are paid. In the year £0.1m (2022: £0.1m) of contingent rentals were recognised as an expense.

Other immaterial finance leases in the Group, relating to IT and communication equipment have a carrying amount of £0.3m (2022: £0.5m).

The carrying amounts of the Group's borrowings, which include bank loans and debenture loans, is transaction value (par value less any transaction costs) adjusted for any payments, drawdowns and cost amortisation. The carrying amounts of the Group's borrowings are all denominated in GBP.

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.

Charges provided on bank and other loans

Bank and other loans totalling £24.9m (2022: £25.5m) are secured by fixed and floating charges over the assets of the Company and its subsidiaries Millennium Stadium plc and WRU National Centre of Excellence Limited.

Charges provided on grant award

The grants issued by the Big Lottery Fund (formerly the Millennium Commission) to Millennium Stadium plc, as per note 16, are secured by charges against the assets of the Company and Millennium Stadium plc.

Borrowing facilities

The Group had £27.5m (2022: £30.0m) of undrawn committed borrowing facilities available at 30 June 2023, of which £27.5m (2022: £20.0m) has all conditions precedent met at that date.

14. CREDITORS (CONTINUED)

Borrowing facilities

The Group had £27.5m (2022: £30.0m) of undrawn committed borrowing facilities available at 30 June 2023, of which £27.5m (2022: £20.0m) has all conditions precedent met at that date.

Debenture Loans by Maturity:

Debentures are repayable in:	Group 2023 £'m	Group 2022 £'m
2024	8.9	8.9
2026	0.3	0.3
2027	1.6	1.6
2028	0.3	0.3
2030	2.7	2.7
2035	7.2	7.2
2050	29.9	28.4
	50.9	49.4
Unamortised issue costs	(0.1)	(0.1)
	50.8	49.3

All debenture loans are unsecured and bear no interest. They provide the holder with the right to buy a ticket to each of the Wales international home games at Principality Stadium over the term of the debenture.

The carrying value of the debenture loans increased during the year following a further debenture issue with a maturity date of 2050 totalling £1.2m and reclassification of a debenture provision totalling £0.3m (2022: maturity date 2035 totalling £0.1m).

Bank and other loans, finance lease and debenture loans repayable by instalments wholly or partly after 5 years

Bank and other loans, with a total value of £24.9m (2022: £25.5m), are repayable wholly or partly from the balance sheet date by instalments. Of these amounts, £8.5m (2022: £12.5m) is repayable after five years.

Finance leases, with a total value of £45.7m (2022 restated: £46.2m), is repayable wholly or partly from the balance sheet date by instalments. Of these amounts, £40.7m (2022 restated: £41.5m) is repayable after five years.

Concessionary debenture loans, with a total value of £50.8m (2022: £49.3m), are repayable wholly from the balance sheet date. Of this amount, £40.0m (2022: £38.6m) is repayable after five years.

15. FINANCIAL INSTRUMENTS

Treasury policy

Treasury activity is focused on monitoring working capital, managing external funding, and managing interest 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. Treasury risk management policies are summarised below:

- **Foreign exchange risk** – Where applicable, the Group can mitigate foreign exchange risk with the use of forward contracts. As at 30 June 2023 and 30 June 2022 the Group had no material foreign exchange risk.
- **Interest rate risk** – The Group has borrowings from NatWest and the Welsh Government which include term loans and revolving facilities. The tenure of any interest period shall not be longer than six months when it shall then be reset based on either SONIA or the Bank of England base rate. The Group continues to monitor the risk, including consideration of the use of derivative financial instruments where appropriate to hedge any forward risk.

15. FINANCIAL INSTRUMENTS (CONTINUED)

- **Liquidity risk** – the Group’s policy is to maintain a balance between continuity of funding and flexibility. As at 30 June 2023, 26% (2022: 24%) of borrowings were due to mature within five years, some 23% (2022: 30%) were due to mature between five years and fifteen years and some 51% (2022: 46%) were due to mature after fifteen years.

Financial instruments

Financial assets measured at fair value	Group 2023 £'m	Group 2022 £'m	Company 2023 £'m	Company 2022 £'m
Other equity investments (Six Nations Rugby Limited)	17.5	26.2	-	-
Derivative financial instruments (Six Nations)	7.8	7.8	-	-
	25.3	34.0	-	-

Financial assets measured at fair value represent an other equity investment in Six Nations Rugby Limited and the derivative financial instruments relating to put and call options associated with this investment that are held by the Group. Details regarding the other equity investment are provided in note 10, with details regarding the put and call options provided below.

Derivative financial instruments (Six Nations)

During the prior year, the Group granted options that provide the holder the right to purchase the Company’s interest in Six Nations Rugby Limited in four instalments ending in July 2025. During the current year, the first option was exercised with the Company receiving proceeds of £8.5m for the disposal of 280 shares.

The options have been recorded initially at fair value and subsequently remeasured at fair value. The fair values have been determined based on discounted cash flow models. The discounted cash flow models separately compare the present value of forecast future profits associated with the Group’s stake in the Six Nations Rugby Limited that it will sell to the present value of the proceeds that the Group will receive from selling its investment interest.

The discounted cash flow models are based on cash flow forecasts developed from the most recently approved financial budget and strategic forecasts, which cover a period of 8 years, and future projections taking the analysis out to perpetuity based on a steady state, sustainable cash flow. These models are updated at each year end date to reflect the latest forecasts.

The key assumptions used in the discounted cash flow models are consistent with those used in determining the fair value of the investment, as per note 10.

The sensitivities to reasonably possible changes to key assumptions are as follows:

	2023	2022
Probability of future financial performance	A change to 25% 60%, 10%, 5%, increases fair value by £0.4m	A change to 80%, 15%, 5% increases the fair value by £1.1m
Pre-tax discount rate	A 1% reduction in the discount rate decreases fair value by £2.4m	A 1% reduction in the discount rate decreases fair value by £3.7m
Terminal growth rate	A 1% reduction in the terminal growth rate increases fair value by £1.3m	A 1% reduction in the terminal growth rate increases fair value by £1.9m

16. ACCRUALS AND DEFERRED INCOME

Grants	Group 2023 £'m	Group 2022 £'m	Company 2023 £'m	Company 2022 £'m
At start of year	24.2	25.9	-	-
Amounts repaid	(0.1)	(0.1)	-	-
Transferred to creditors	(0.2)	-	-	-
Released to the income statement	(1.6)	(1.6)	-	-
At end of year	22.3	24.2	-	-

During the year, £1.6m (2022: £1.6m) was released to the income statement from the grants amount shown above.

Included within the grants amount above is an amount received from the Big Lottery Fund (formerly the Millennium Commission) with an unamortised balance of £17.6m (2022: £18.8m). This grant will be released to the income statement as follows:

	Company 2023 £'m	Company 2022 £'m	Company 2023 £'m	Company 2022 £'m
Within one year	1.2	1.2	-	-
Between one and two years	1.2	1.2	-	-
Between two and five years	3.6	3.6	-	-
In more than five years	11.6	12.8	-	-
	17.6	18.8	-	-

In certain circumstances, the above grant can become repayable if the Group fails to meet the monitoring requirements. The Group is currently in full compliance with the monitoring requirements such that no monies are repayable under the terms of the grant.

17. DEFERRED TAX

The movement on deferred tax is as follows:

	Group 2023 £'m	Group 2022 As restated £'m	Company 2023 £'m	Company 2022 As restated £'m
Asset at start of the year	4.0	1.3	5.2	1.9
(Debited) / credited to the profit and loss account	(3.9)	2.5	(3.9)	3.3
Adjustments in respect of previous years	(0.1)	0.1	(0.2)	-
At end of the year	-	3.9	1.1	5.2
Deferred tax provided is made up as follows:				
Accelerated capital allowances	(2.5)	(2.5)	-	-
Tax losses	2.5	6.4	1.1	5.2
	-	3.9	1.1	5.2

17. DEFERRED TAX (CONTINUED)

For the Group, there are £19.1m (2022: £27.1m) unused tax losses, of which £9.0m (2022: £nil) are not recognised leading to an unrecognised deferred tax asset of £2.3m (2022: £nil). For the Company, there are £13.5m (2022: £21.7m) of unused tax losses, of which £16.5m (2022: £nil) are not recognised leading to an unrecognised deferred tax asset of £2.3m (2022: £nil). The remaining tax losses have been reflected in the above deferred tax figures.

The deferred tax asset expected to reverse in the next 12 months is £nil (2022: £1.5m) for the Group and £nil (2022: £1.2m) for the Company. However, £0.2m (2022: £0.1m) of the Group's deferred tax liability is expected to reverse in the next 12 months, in relation to fixed asset timing differences.

18. COMPANY LIMITED BY GUARANTEE

The liability of the members is limited by guarantee. Every member of the Company undertakes to contribute such amounts as may be required (not exceeding £1) to the Company's assets if it should be wound up while the member is a member, or within one year after a member ceases to be a member, for payment of the Company's liabilities contracted before a member ceased to be a member. At the balance sheet date, the number of members was 329 (2022: 329). In the opinion of the directors, there was no single member or party with a controlling interest in the Welsh Rugby Union Limited as at 30 June 2023.

19. RESERVES

Reserves attributable to the Group and Company consist only of the profit and loss reserve. As at 30 June 2023 the Group balance stood at £44.4m (2022 restated: £58.6m) and the Company £77.7m (2022 restated: £95.0m). The profit and loss reserve records the accumulated gains and losses to date through the statement of comprehensive income.

The non-controlling interests relate to Compass Contract Services (U.K.) Limited owning 16.5% of Millennium Stadium Experience Limited's ordinary shares, Rightacres Property Co. Limited owning 25% of Parkgate Hotel Cardiff Limited's ordinary shares and David Buttress owning 20% of Dragons RFC Limited's (formerly WRU Gwent Region Limited) ordinary shares. Millennium Stadium Experience Limited paid a dividend during the year to Compass Contract Services Limited of £0.8m (2022: nil) and £4.2m (2022: nil) to the Company.

20. CONTINGENT LIABILITIES

Group

The Group had the following contingent liabilities as at 30 June 2023:

- The Group has guaranteed the performance of some member clubs in respect of loans that these member clubs have received from Barclays and from NatWest. The amounts due are £0.3m (2022: £0.4m) and £0.2m (2022: £0.3m), respectively.

Company

The Company has the following contingent liabilities as at 30 June 2023:

- The Company has guaranteed the performance of one of its subsidiaries under the terms of grant arrangements amounting to £17.6m (2022 restated: £18.8m).
- The Company has guaranteed the performance of some member clubs in respect of loans that the member clubs have received from Barclays and from NatWest. The amounts guaranteed are £0.3m (2022: £0.4m) and £0.2m (2022: £0.3m), respectively.
- The Company has guaranteed lease payments due by one of its subsidiaries. At 30 June 2023, the minimum lease payments due amount to £65.2m (2022 restated: £66.4m)

In December 2020, the Company, The Rugby Football Union and World Rugby received a letter from the law firm acting for former rugby union players, alleging breaches of duty which has caused injury to those players. The Company continues to work with its insurers and brokers, and with The Rugby Football Union and World Rugby to respond to the claim.

20. CONTINGENT LIABILITIES (CONTINUED)

The legal process has commenced, with an initial case management hearing having taken place in June 2023, a second case management hearing held on 1 December 2023 and a third case management hearing on 21 May 2024. The Board has determined that no provision needs to be recognised at this time, given that the legal proceedings are at an early stage, the complexities of any such litigation means that the outcome of any legal process is currently uncertain and the fact that any potential financial liability of the WRU (particularly where there may be insurance cover) cannot currently be reliably estimated. This position will continue to be reviewed, with our insurers and brokers and other external advisers, as and when the legal proceedings develop.

The Group's financial statements have been restated for the year ended 30 June 2022 as a result of incorrect fair values being attributed to financial instruments. The restatement has resulted in a £7.8m gain on fair value of financial instruments, which has been recognised through interest receivable and similar income. This restatement will be covered by group relief in the 2022 financial year for which a payment of £1.5m has been recognised in the income statement of WRU Six Nations Limited, a subsidiary of the Company. Due to the timing of completion of these financial statements, the amended tax computations could not be submitted by the normal amendment deadline of 30 June 2024. The Group will work with its advisors to engage with HMRC to resolve the matter promptly and expects that the group relief claim is likely to be successful.

21. COMMITMENTS

Capital commitments of the Group:

	2023 £'m	2022 £'m
Authorised and contracted:		
Hospitality lounge at the Principality Stadium	-	0.3
Roofwalk experience	3.0	-
LED lighting	0.1	-
Middle tier LED system	0.6	-
Public address system	1.5	-
	5.2	0.3

These capital commitments totalling £5.2m (2022: £0.3m) relate to stadium improvements and the provision of a new revenue generating visitor attraction at Principality Stadium.

The Company had no capital commitments at 30 June 2023 or 30 June 2022.

Operating lease commitments:

At the balance sheet date, the Group and Company had the following future minimum lease payments under non-cancellable operating leases for each of the following periods:

	Group 2023 £'m	Group 2022 £'m	Company 2023 £'m	Company 2022 £'m
Land and buildings; within				
One year	0.5	0.4	0.1	0.1
One to two years	0.5	0.4	0.1	0.1
Two to five years	1.4	1.3	0.4	0.3
More than five years	2.5	2.7	0.7	0.8
	4.9	4.8	1.3	1.3

22. PENSION COSTS

The Group operates defined contribution schemes. The assets of these pension schemes are held separately from those of the Group, under independent administration. The pension cost charge for these represents contributions payable by the Group in the year, amounting to £1.4m (2022: £1.3m). Included in creditors at 30 June 2023 are pension costs payable of £0.1m (2022: £0.1m).

23. RECONCILIATION OF OPERATING LOSS TO NET CASH OUTFLOW FROM OPERATING ACTIVITIES

	2023	2022
	£'m	As restated £'m
EBITDA	21.5	24.1
Allocations to affiliated organisations	(32.4)	(31.9)
Exceptional items	(1.9)	-
Depreciation and amortisation	(7.0)	(5.7)
(Loss)/gain on fixed asset disposal	(0.3)	0.3
Release of deferred grant income	1.6	1.6
Operating loss	(18.5)	(11.6)
Non-cash items:		
Depreciation and amortisation	7.0	5.7
Loss/(gain) on fixed asset disposal	0.3	(0.3)
Disposal of tangible fixed assets	-	0.5
Release of deferred grant income	(1.6)	(1.6)
	5.7	4.3
Working capital adjustments:		
Increase in stock	(0.2)	(0.4)
Decrease/(increase) in debtors	0.6	(0.7)
(Decrease)/increase in creditors	(5.1)	8.5
	(4.7)	7.4
Net cash (outflow)/inflow from operating activities	(17.5)	0.1

24. RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

	2023 £'m	2022 As restated £'m
(Decrease) / increase in cash in the year	(8.7)	7.9
Cash outflow – bank debt less than one year	0.1	5.3
Cash (inflow)/outflow - bank debt more than one year	(4.2)	13.3
Cash outflow/(inflow) – other loans less than one year	0.7	(1.0)
Cash outflow/(inflow) – other loans more than one year	5.0	(16.5)
Cash outflow/(inflow) – finance lease	1.7	(3.6)
Cash inflow - debentures	(1.2)	(0.1)
Non cash movement	(2.2)	(1.0)
Decrease/(increase) in net debt during the year	(8.8)	4.3
Net debt at the beginning of the year	(109.4)	(113.7)
Net debt at the end of the year	(118.2)	(109.4)

25. ANALYSIS OF NET DEBT

	Cash £'m	Bank debt due within one year £'m	Bank debt due after one year £'m	Other Loans due within one year £'m	Other Loans due after one year £'m	Finance lease As restated £'m	Debentures £'m	Total £'m
At 1 July 2022	11.2	(0.3)	(5.3)	(1.0)	(18.5)	(46.1)	(49.3)	(109.3)
Cash flow	(8.7)	0.1	(4.2)	0.7	5.0	1.7	(1.2)	(6.6)
Non-cash changes	-	(0.2)	(0.3)	(1.4)	1.3	(1.1)	(0.4)	(2.1)
At 30 June 2023	2.5	(0.5)	(9.4)	(1.7)	(12.5)	(45.7)	(50.9)	(118.2)
At 1 July 2021	3.3	(5.3)	(18.9)	-	(2.0)	(41.6)	(49.2)	(113.7)
Cash flow	7.9	5.3	13.3	-	(17.5)	(3.6)	(0.1)	5.3
Non-cash changes	-	(0.3)	0.3	(1.0)	1.0	(0.9)	-	(0.9)
At 30 June 2022	11.2	(0.3)	(5.3)	(1.0)	(18.5)	(46.1)	(49.3)	(109.3)

Non-cash changes are the movement of prior year long-term debt to current year short-term debt and accrued interest not yet paid.

26. RELATED PARTY TRANSACTIONS

The Company has taken advantage of the exemption permitted under FRS 102 Section 33 from disclosing transactions with wholly owned group companies that form part of the Group.

The tables below show the transactions and balances between Group companies where one or more party is not 100% owned (directly or indirectly) by the Company.

In addition, during the year MSEL paid a dividend of £5m (2022: £nil), of which £4.2m (2022: £nil) was paid to the Company and £0.8m (2022: £nil) to Compass Contract Services (U.K.) Limited.

26. RELATED PARTY TRANSACTIONS(CONTINUED)

During the year, the Company recognised an impairment charge of £0.1m (2022: £nil) in respect of a balance owned by Dragons RFC Limited.

At the year-end, the Company has an interest bearing loan of £4.2m (2022: £4.4m) and a non-interest bearing advance of £1.4m (2022: nil) with Dragons Rugby Limited. This loan and advance have been made on a consistent basis with the loans and advances provided to the other three Regional clubs and are presented as part of Loans due from Regional clubs and Advances to Regional clubs in note 12 for the Company.

Key management personnel, as defined by FRS 102, is considered to be the Board, Executive Board and certain other members of senior management who have authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly. See note 6 for disclosure of the Directors' remuneration and key management personnel compensation.

During the year, key management personnel purchased £27,802 (2022: £46,226) of tickets from the Company and received tickets valued at £29,455 (2022: £33,280) at full price on a complimentary basis, in line with the entitlements of their position.

During the year, key management personnel purchased £369 of hospitality services from a subsidiary of the Company. As at year-end, £221 was outstanding and recognised as a trade debtor. This balance has now been paid in full.

The tables below show the transactions and balances between Group companies where one or more party is not 100% owned (directly or indirectly) by the Company.

The following abbreviations are used in the tables:

"MS" – Millennium Stadium plc

"MSEL" – Millennium Stadium Experience Limited

"WRUGRE" – Dragons RFC Limited (formerly WRU Gwent Region Limited)

"WRUGR" – Dragons Rugby Limited (formerly WRU Gwent Rugby Limited)

"PHCL" – Parkgate Hotel Cardiff Limited (previously Westgate Hotel Cardiff Limited)

"RAP" – Rightacres Property Company Limited

"Compass" – Compass Contract Services (UK) Limited

2023 COMPANY

Group company	Services acquired from £'m	Services provided to £'m	Trade Debtor at year-end £'m	Trade Creditor at year-end £'m	Interest payment £'m	Interest receipt £'m	Financing creditor £'m	Financing debtor £'m
MS	5.4	-	-	-	-	2.5	-	55.8
MSEL	1.9	1.5	-	-	0.3	-	5.9	-
WRUGRE	-	-	-	-	-	0.2	-	-
WRUGR	9.2	1.4	-	0.1	-	0.2	0.3	-
PHCL	0.1	-	-	-	-	-	-	0.7

MS

Group company	Services acquired from £'m	Services provided to £'m	Trade Debtor at year-end £'m	Trade Creditor at year-end £'m	Interest payment £'m	Interest receipt £'m	Financing creditor £'m	Financing debtor £'m
Company	-	-	5.4	-	-	2.5	-	55.8
MSEL	-	-	0.8	-	-	-	-	3.9

26. RELATED PARTY TRANSACTIONS (CONTINUED)

MSEL

Group company	Services acquired from £'m	Services provided to £'m	Trade Debtor at year-end £'m	Trade Creditor at year-end £'m	Interest payment £'m	Interest receipt £'m	Financing creditor £'m	Financing debtor £'m
Company	1.5	1.9	-	-	-	0.3	-	5.9
MS	0.8	-	-	-	-	-	-	3.9
Compass	8.2	0.1	-	1.7	-	-	-	-

WRUGR

Group company	Services acquired from £'m	Services provided to £'m	Trade Debtor at year-end £'m	Trade Creditor at year-end £'m	Interest payment £'m	Interest receipt £'m	Financing creditor £'m	Financing debtor £'m
Company	1.4	9.2	0.1	-	0.2	-	-	0.3

WRUGRE

Group company	Services acquired from £'m	Services provided to £'m	Trade Debtor at year-end £'m	Trade Creditor at year-end £'m	Interest payment £'m	Interest receipt £'m	Financing creditor £'m	Financing debtor £'m
Company	-	-	-	-	0.2	-	-	-

PHCL

Group company	Services acquired from £'m	Services provided to £'m	Trade Debtor at year-end £'m	Trade Creditor at year-end £'m	Interest payment £'m	Interest receipt £'m	Financing creditor £'m	Financing debtor £'m
Company	-	0.1	-	-	-	-	0.7	-
RAP	0.1	-	-	-	-	-	-	-

2022
COMPANY

Group company	Services acquired from £'m	Services provided to £'m	Trade Debtor at year-end £'m	Trade Creditor at year-end £'m	Interest payment £'m	Interest receipt £'m	Financing creditor £'m	Financing debtor £'m
MS	6.0	-	-	-	-	0.9	-	54.5
MSEL	1.4	1.6	-	-	0.1	-	3.2	-
WRUGRE	-	-	-	-	-	0.2	-	-
WRUGR	7.6	0.9	-	-	-	-	-	-
PHCL	-	-	-	-	-	-	-	1.5

26. RELATED PARTY TRANSACTIONS (CONTINUED)

MS

Group company	Services acquired from £'m	Services provided to £'m	Trade Debtor at year-end £'m	Trade Creditor at year-end £'m	Interest payment £'m	Interest receipt £'m	Financing creditor £'m	Financing debtor £'m
Company	-	6.0	-	-	0.9	-	54.5	-
MSEL	-	0.8	-	-	-	-	1.8	-

MSEL

Group company	Services acquired from £'m	Services provided to £'m	Trade Debtor at year-end £'m	Trade Creditor at year-end £'m	Interest payment £'m	Interest receipt £'m	Financing creditor £'m	Financing debtor £'m
Company	1.6	1.4	-	-	-	0.1	-	3.2
MS	0.8	-	-	-	-	-	-	1.8
Compass	2.9	-	-	0.1	-	-	-	-

WRUGR

Group company	Services acquired from £'m	Services provided to £'m	Trade Debtor at year-end £'m	Trade Creditor at year-end £'m	Interest payment £'m	Interest receipt £'m	Financing creditor £'m	Financing debtor £'m
Company	0.9	7.6	-	-	-	-	-	-

WRUGRE

Group company	Services acquired from £'m	Services provided to £'m	Trade Debtor at year-end £'m	Trade Creditor at year-end £'m	Interest payment £'m	Interest receipt £'m	Financing creditor £'m	Financing debtor £'m
Company	-	-	-	-	0.2	-	-	-

PHCL

Group company	Services acquired from £'m	Services provided to £'m	Trade Debtor at year-end £'m	Trade Creditor at year-end £'m	Interest payment £'m	Interest receipt £'m	Financing creditor £'m	Financing debtor £'m
Company	-	-	-	-	-	-	1.5	-
RAP	2.5	-	-	-	-	-	-	-

27. POST BALANCE SHEET EVENTS

On 16 October 2023 Dragons RFC Limited (formerly WRU Gwent Region Limited), and its subsidiaries Dragons Rugby Limited (formerly WRU Gwent Rugby Limited) and Dragons Stadium Limited (formerly WRU Gwent Stadium Limited) were sold to Dragons International RFC Limited and were divested from the Group.

The NatWest Facility B balance of £5m was fully repaid in July 2023. The balance is included in these financial statements within creditors due after one year. Facility B is available until March 2027 for further drawdown. It is expected that during the next financial year the Group and Company shall utilise this facility as and when required. At the point of signing these accounts the drawn balance was £8.3m.

The NatWest Facility D is a commitment of £7.5m. This was fully utilised and drawn down in July 2023 for onward lending to the Regional clubs. This facility matures in March 2027.

Millennium Stadium Adventure Experience Limited was incorporated as a wholly owned subsidiary of the Company on 4 October 2023. The purpose of the subsidiary is to operate an rooftop adventure experience at the Principality Stadium. The company began trading on 29 April 2024.

On 28 June 2024, the Group and Compass Contract Services (UK) Limited agreed an extension of the Group's catering agreement until 30 June 2025.

On 9 July 2024, the Group received waivers for covenants attached to external loan facilities in place at 31 December 2023 and a covenant reset at 30 June 2024.

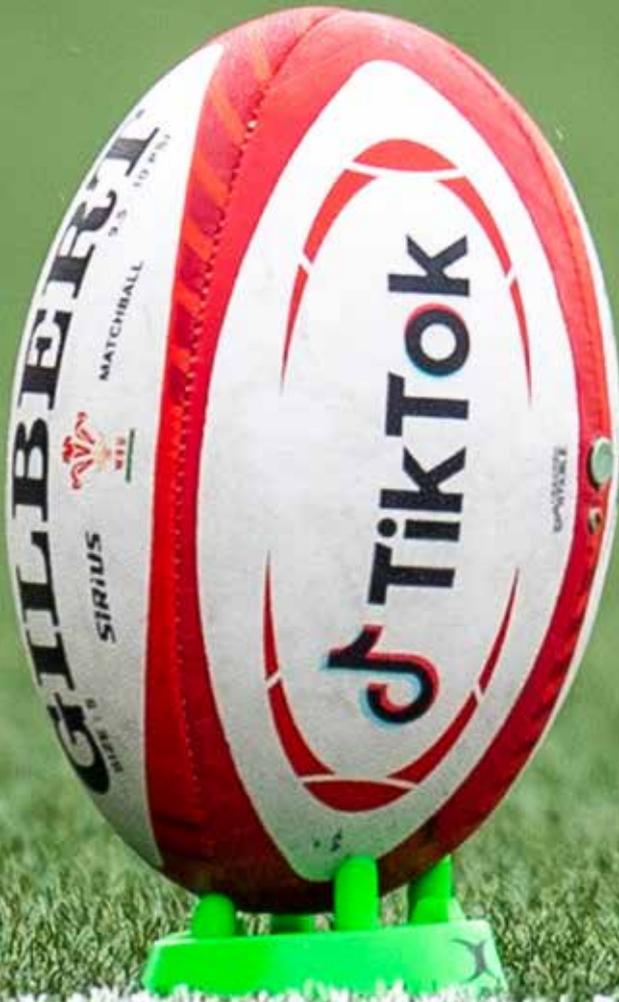
On 3 July 2023, a call option was exercised in relation to the Group's investment in Six Nations Rugby Limited. The Group received £8.6m as the third of five tranches of payments in exchange for the partial sale of its investment in Six Nations Rugby Limited.

On 1 July 2024, a further call option was exercised in relation to the Group's investment in Six Nations Rugby Limited. The Group received £8.6m as the fourth of five tranches of payments in exchange for the partial sale of its investment in Six Nations Rugby Limited.

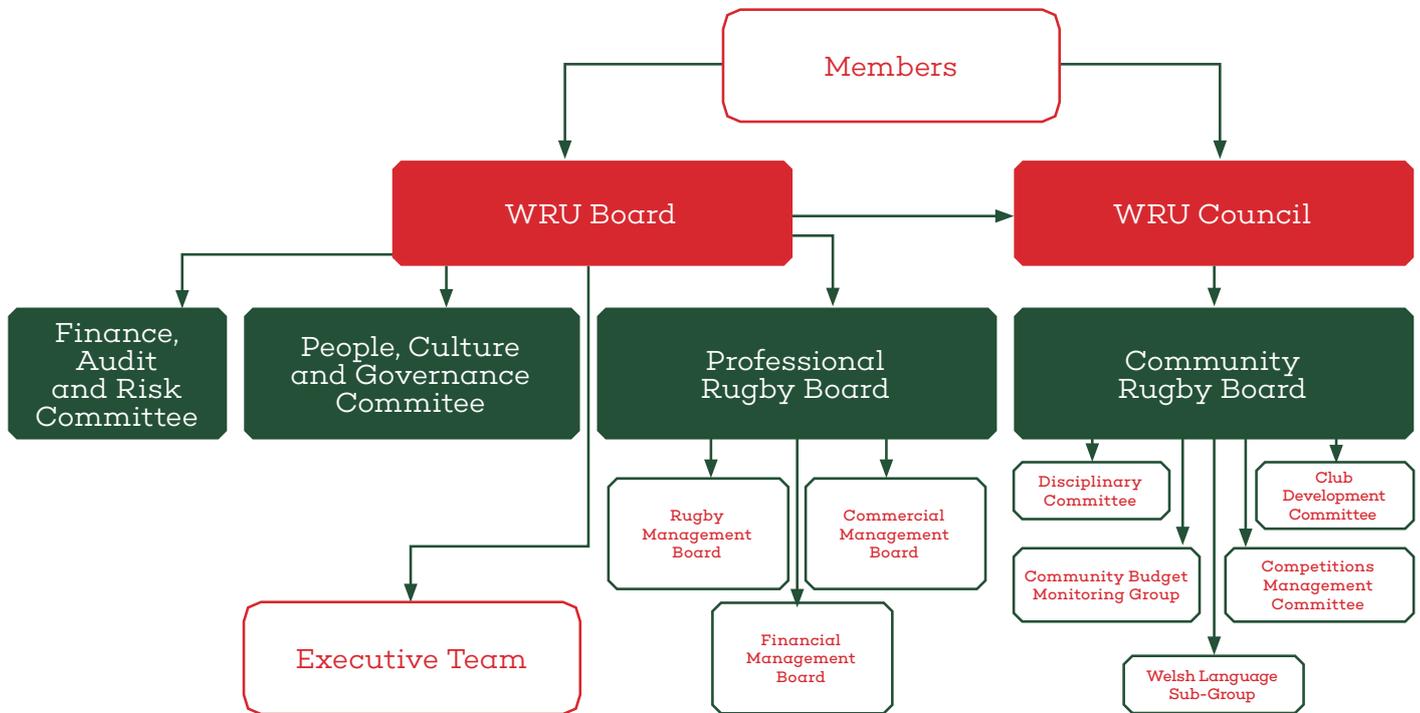
In July 2023, the final tranche of the Group's intangible rights in the United Rugby Championship were sold, for which the Group received £2.8m in August 2023.

Welsh Rugby Union Governance

Year ended 30 June 2023



WELSH RUGBY UNION GOVERNANCE STRUCTURE



Patron

His Royal Highness The Prince of Wales.

President

Gerald Davies CBE DL MA LLD

Gerald Davies had served the maximum term of office of four years as at the date of the Annual General Meeting in 2023. Terry Cobner was elected as President and commenced his term of office as at the end of the Annual General Meeting held on 19 November 2023.

Governance of Welsh Rugby

The principal activity of the Company is to promote rugby union in Wales and create exceptional experiences and opportunities for everyone throughout rugby. The Board of Directors of The Welsh Rugby Union Limited (the "Board") is responsible for ensuring that the principal activity is managed, which it does through the Executive Board.

The Board is responsible for the stewardship of the Company, overseeing its strategy, conduct and affairs. It is responsible for the long-term success of the Company.

On 26 March 2023, a number of changes to the Company's corporate governance structures were agreed by Members at an Extraordinary General Meeting that were to be implemented in full by the end of 2023. This included a change to the composition of the Board. Where relevant, those changes to corporate governance structures are referenced in this section, but otherwise the governance of the Company is explained as that as was in place during the year.

During the year, the Board comprised eleven non-executive Directors and one executive Director (being the Group Chief Executive). Of the eleven non-executive Directors, eight were Council Members who were elected to the Board by the Welsh Rugby Union Council; two were appointed by the Board; and one was appointed to the Board following appointment as the Chair of the Professional Rugby Board.

Following the governance changes approved by members in March 2023, the Board was to be comprised of eleven non-executive Directors and one executive Director (being the Group Chief Executive). Of the eleven non-executive Directors, four are to be Council Members who are elected to the Board by the Welsh Rugby Union Council (being two District Council Members and two National Council Members; one of these Council Members will be the Community Rugby Board Chair); six (including the non-executive Chair) are to be appointed by the Board; and one is to be appointed to the Board following appointment as the Chair of the Professional Rugby Board. In accordance with the proposals approved by the Members at the Extraordinary General Meeting on 26 March 2023, the newly-constituted Board was in place in accordance with those proposals as at 31 December 2023 as set out in the Company's Articles of Association.

During the year, the non-executive Chair of the Board was elected from one of the eight Council Members who were also non-executive Directors. Following the governance changes approved by members in March 2023, the non-executive Chair of the Board is to be appointed by the Board. Richard Collier-Keywood was appointed to that position on 17 July 2023



THE BOARD OF DIRECTORS OF THE WELSH RUGBY UNION LIMITED

Non-executive Chair:

- Robert Butcher** (resigned on 10 November 2022)
Ieuan Evans MBE (appointed on 10 November 2022, resigned on 17 July 2023)
Richard Collier-Keywood (appointed on 17 July 2023)

Executive:

- Steve Phillips** (Group Chief Executive, resigned on 31 January 2023)
Nigel Walker (appointed on 29 January 2023 as Interim Group Chief Executive, resigned 8 January 2024)
Abi Tierney (Group Chief Executive, appointed 8 January 2024)

Non-executive:

- Amanda Bennett** (appointed on 23 October 2023)
Anthony Buchanan (resigned on 23 October 2023)
Claire Donovan (appointed 23 November 2023)
Henry Engelhardt CBE (resigned on 19 November 2023)
Chris Jones
John Manders (appointed on 10 November 2022)
Jennifer Mathias (appointed 19 November 2023)
Chris Morgan (resigned on 31 July 2023)
Catherine Read (resigned on 31 December 2023)
Jamie Roberts (appointed 19 November 2023)
Phil Thomas (resigned on 23 November 2023)
Alison Thorne (appointed on 1 August 2023)
Colin Wilks
Malcolm Wall
Andrew Williams (appointed 31 December 2023)
David Young (resigned on 19 November 2023)

The terms of office of each of David Young and Phil Thomas ended at the conclusion of the Annual General Meeting held in 2023, given that their respective terms as District Council Members ended at that time. David Young had reached the maximum nine year term of office and was therefore not eligible to be re-elected. Phil Thomas was re-elected as a District Council Member but resigned as a Director on 23 November 2023.

The Welsh Rugby Union Council election to determine which four Council Members were to be appointed to the Board took place on 23 November 2023. As referenced above, each of Claire Donovan, John Manders, Chris Jones and Colin Wilks were elected to the Board in that election, with John Manders elected as Chair of the Community Rugby Board.

Company Secretary: Rhodri Lewis

WELSH RUGBY UNION COUNCIL

The Council is responsible for setting the strategy for Community Rugby in Wales, which is presented for consideration and approval by the Board. During the year, the Council is comprised five National Council Members and fourteen District Council Members, all of whom were elected by member clubs.

During the year, the Council elected, from within its membership:

- (a) two National Council Members for appointment to the Board;
- (b) five District Council members for appointment to the Board; and
- (c) the Chair of the Community Rugby Board, who is also appointed to the Board.

As referred to above, during the year, one of the Council Members appointed to the Board was elected by the Board as the non-executive Chair of the Board.

Following the governance changes approved by Members at the Extraordinary General Meeting held on 26 March 2023, the Council is to elect two National Council Members and two District Council Members to the Board, with one of these Council Members being elected as the Community Rugby Board Chair. In addition, the Board will be able to appoint up to an additional six Council Members from time-to-time.

Members of the Welsh Rugby Union Council

National Council Members:

Anthony Buchanan; Claire Donovan; John Manders; Colin Charvis; Ieuan Evans MBE (resigned on 19 November 2023); and Sue Butler (appointed on 19 November 2023)



District Council Members:

District A	Colin Wilks and Bryn Parker
District B	Gwyn Bowden and David Young
District C	Robert Butcher and Ray Wilton
District D	Alan Jones and Chris Morgan
District E	Phil Thomas and Jeff Davies
District F	Kevin Lewis
District G	Chris Jones
District H	Gordon Eynon
District J	Alun Roberts

Each of David Young, Ray Wilton, Alan Jones, Chris Morgan and Gordon Eynon had reached their respective maximum terms of office as District Council Members as at the Annual General Meeting held in 2023. Elections for replacement District Council Members were held and concluded in accordance with the Articles of Association and the following were elected: Lloyd Morgan (District B), Roy Wilkinson (District C), Kerry Frey (District D), Steve Owen (District D) and Delyth Summons (District H).

Bryn Parker and Phil Thomas were each re-elected as a District Council Member.

Ieuan Evans MBE had informed the Company that he would not be seeking re-election as a National Council Member at the end of his current term of office that expired at the conclusion of the Annual General Meeting held in 2023. Sue Butler was elected as a National Council Member and commenced her term of office as at the end of the Annual General Meeting held in 2023.

WELSH RUGBY UNION GROUP – EXECUTIVE BOARD

Chief Executive:

Steve Phillips (resigned on 31 January 2023)

Abi Tierney (appointed on 8 January 2024)

Executive:

Nigel Walker Performance Director, appointed Interim Group Chief Executive on 31 January 2023 and Executive Director of Rugby on 8 January 2024

Huw Bevan Performance Director (appointed on 3 April 2023)

Geraint John Community Director

Leighton Davies Chief Financial Officer (appointed 8 April 2024)

Tim Moss Group Finance Director (resigned on 19 May 2023)

Dan Mills Interim Group Finance Director (appointed on 22 May 2023, resigned on 31 May 2024)

Rhodri Lewis Commercial and Legal Director and Company Secretary

Mark Killingley Head of Digital and Communications (resigned on 31 October 2022)

Louisa Scadden Head of Digital and Communications (appointed on 31 October 2022, resigned on 31 March 2023)

Mark Williams Stadium Manager

Lydia Stirling People Director

DEVELOPMENT OF CORPORATE GOVERNANCE

The Group is committed to adopting the principles of best practice in corporate governance.

Both the Board and the Executive Board remain committed to the continuing development of governance structures, in order to meet the evolving needs of the game of rugby union and acknowledge the value of the principles of good governance in discharging their respective obligations.

In March 2016, the Board committed to support the Sport Wales Governance and Leadership Framework for Wales (the “Framework”). The Board continues to consider how best to implement the Principles and Behaviours set out in the Framework in a way that is most suitable for the Group and how it can maintain and improve good governance and leadership within the Group.

The Group will ensure that each member of the Board undergoes training in the role of the non-executive Director to be delivered by an appropriate organisation (such as the Institute of Directors). The Group is committed to further training and development of the Board and of Council Members.

SUB-BOARDS & SUB-COMMITTEES

During the year, the Board had established the sub-boards and sub-committees listed below to manage the business in a more effective manner with more emphasis on agile decision-making in areas that were considered by the Board as being strategically important, as identified in the Group’s Strategic Plan. These sub-boards and sub-committees have delegated authority to carry out certain tasks.

The roles and membership of these sub-boards were as follows:

Community Rugby Board (“CRB”)

Chaired by John Manders since November 2022 (chaired by Robert Butcher before then), membership of the CRB is open to all National Council Members and all District Council Members. Geraint John is also a member given his Executive responsibilities. The CRB is responsible for managing and delivering the execution of the strategy for Community Rugby as set by the WRU Council and approved by the Board from time to time.



Professional Rugby Board (“PRB”)

Chaired by Malcolm Wall, comprised Steve Phillips (replaced by Nigel Walker as of 31 January 2023), Tim Moss (replaced by Dan Mills as of 22 May 2023), David Buttress, Chris Lawlor (who replaced Nick Garcia during the year), Alun Jones, Simon Muderack and Marianne Okland (who is the appointed second independent member, as permitted pursuant to the PRB’s Terms of Reference). Nigel Walker also attended meetings, given his Executive responsibilities prior to his appointment as Interim Group Chief Executive and Huw Bevan attended meetings following his appointment as Performance Director. Jon Daniels also attended meetings in his position as Rugby Management Board Chair. The PRB is responsible for overseeing, managing and delivering the execution of the Board’s agreed strategy for professional rugby.

Finance Sub-Board

Chaired by Henry Engelhardt, comprised Robert Butcher, Phil Thomas, Chris Jones, Chris Morgan, Robert Rogers, Nigel Walker (who replaced Steve Phillips as of 31 January 2023), Dan Mills (who replaced Tim Moss as of 22 May 2023) and Rhodri Lewis. The Finance Sub-Board is responsible for all financial matters of the Group, other than dealing with the Group’s auditors.

In addition to the sub-boards, during the year, the Board continued to operate two sub-committees to assist in its business. The role and membership of these sub-committees were as follows:

Appointments and Remuneration Committee

Chaired by Dave Young, comprised Robert Butcher, Henry Engelhardt, Phil Thomas, Ieuan Evans MBE and Alan Jones. Whilst not a member, the Group Chief Executive was invited to attend the Committee. The Appointments and Remuneration Committee determines, on behalf of the Board, the remuneration and terms and conditions of the Group Chief Executive and the Executive Board. The Committee also reviews performance and succession planning for the Executive Board and it participates in, reviews and recommends Executive appointments to the Board. The Committee relies on appropriate independent professional advice when deemed necessary.

Audit and Risk Committee

Chaired by Catherine Read, comprised Claire Donovan, David Young and Alan Jones and included Tim Boag and Geraint Davies as independent members. During the year, Geraint Davies was replaced as an independent member by Ian Thomas. The Audit and Risk Committee is responsible for assisting the Board to discharge its responsibilities for accounting policies, financial reporting, internal control and risk management and liaising with the Group's auditors.

During 2023, the Board determined that the responsibilities of the Finance Sub-Board and the responsibilities of the Audit and Risk Committee should be merged and overseen by a new Finance, Audit and Risk Committee. That Committee is chaired by Jennifer Mathias.

Also during 2023, the responsibilities of the Appointments and Remuneration Committee were assumed by the new People, Culture and Governance Committee. That Committee is chaired by Alison Thorne.

Board and Executive Board

There is a clear division of responsibility between the role of non-executive Chair and Group Chief Executive. The Chair is responsible for the leadership and management of the Board and for promoting high ethical standards. The Group Chief Executive is responsible for the executive leadership and day-to-day management of the Group.

There is a detailed written limit of authority protocol in place for both the Board and the Executive Board and, in addition, all Executive Board members have detailed job descriptions.

The Board meets at least on a quarterly basis and considers all matters which fall under its remit which include the development and monitoring of the Group's strategic plan, allocation of financial resources, reviewing the performance of the Group Chief Executive and Executive Board and approval of annual budgets. In addition, the Board considers the recommendations of the various sub-boards and sub-committees, whose respective responsibilities are as explained above.

REMUNERATION OF THE BOARD

Under the Group's remuneration policy, no fees were payable to non-executive Directors during the year, other than the non-executive Chair who receives an annual fee of £50,000 and the Chair of the PRB who received an annual fee of £40,000. Following the governance changes approved by Members at the Extraordinary General Meeting held on 26 March 2023, the non-executive Chair will receive an annual fee of £68,000 and all other non-Executive Directors will receive an annual fee of £15,000 each. The Chair of the PRB will continue to receive an annual fee of £40,000.

In addition, the Board is represented on other rugby bodies including World Rugby, Six Nations Rugby Limited, Rugby Europe, European Pro Club Rugby, British Lions Designated Activity Company, Pro Rugby Championship Designated Activity Company and Celtic Rugby Designated Activity Company, some of whom have a policy of financially compensating the representatives serving on these bodies. No member of the Executive Board retains any such compensation from these bodies.

REGISTERED OFFICE

Principality Stadium
Westgate Street
Cardiff
CF10 1NS





UNAUDITED ALTERNATIVE INCOME STATEMENT

For the year ended 30 June 2023

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		Total 2023	Total As Restated 2022
	Note	£'m	£'m
Match income		39.5	43.0
Commercial income		16.4	14.5
Hospitality and catering income		18.7	15.9
Other event income		5.3	3.2
Hotel income		11.1	5.7
Other income		2.6	2.2
Competition income		7.7	9.7
Turnover	2 (a)	101.3	94.2
Direct costs of turnover		12.9	12.1
Hospitality and catering costs		8.2	7.6
Hotel costs		8.2	4.2
Business and administration		9.9	8.9
Stadia		7.7	6.3
Performance rugby		16.1	16.3
Community rugby		7.1	5.6
Dragons		9.7	9.1
Operational costs	2 (c)	(79.8)	(70.1)
Exceptional items		(1.9)	-
Depreciation and amortisation (net of grant release)		(5.4)	(4.1)
(Loss)/gain on fixed asset disposal		(0.3)	0.3
Operating profit		13.9	20.3
Profit on sale of fixed assets		12.4	13.6
Fair value movements in investments and derivatives		(2.2)	34.0
Net interest expense		(1.9)	(1.3)
Profit before tax and allocations to rugby		22.2	66.6
Corporation tax		(3.8)	2.6
Profit for the financial year before allocations to rugby		18.4	69.2
Regional clubs		(27.9)	(26.9)
Community		(4.5)	(5.0)
Allocations to rugby	2 (d)	(32.4)	(31.9)
Loss/(profit) for the financial year		(14.0)	37.3
(Loss)/profit attributable to:			
Company		(14.2)	37.2
Non-controlling interest	19	0.2	0.1
		(14.0)	37.3

This income statement has been provided as alternative presentation of the Group's financial performance in the year. It is unaudited and does not form part of the financial statements presented previously.



The Welsh Rugby Union Limited

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