



ANNUAL REPORT

2019

ADRODDIAD BLYNYDDOL



GRAND SLAM
CHAMPIONS 2019



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





THE WELSH RUGBY UNION LIMITED

ANNUAL REPORT AND CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

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Dennis Gethin OBE

President's Message

The President of the Welsh Rugby Union gains privileged access to the full spectrum of Welsh rugby, but especially to the club and community game. Over the past twelve years I have made it my mission to support grassroots rugby because I believe it is the lifeblood of our marvellous sport.

They say if you want to photograph life, the best place to visit is a train station or an airport – for those who want to know about Welsh rugby, its trials and tribulations, its moments of great joy and splendour and its heartbreak, a long walk in the shoes of the WRU President gives a unique understanding and insight.

In my time I've also been honoured and delighted to present international caps to individuals who have made their debuts in a Wales jersey, and to those who have passed a particular milestone and gained 50 or even 100 caps.

These are very special moments for both the player and their families. However, the trophy presentations in the grassroots game are equally as valuable to me, and to the Welsh Rugby Union. I believe it is important for your President to commit to that personal level of support and be a visible presence whenever possible. Likewise, the WRU President's Lifetime Achievement Award which recognises outstanding service by volunteers. To the best of my knowledge, Welsh rugby is unique in giving due recognition

to this unseen group of dedicated individuals, and I'm particularly proud that it was inaugurated during my term of office.

I have been honoured to attend rugby club dinners across the length and breadth of Wales and had the privilege to speak to those at the very heart of our national game, at community matches around the country.

Of course, I've also had the good fortune to travel the globe with Wales on official duty, along the way watching Sumo wrestling in Japan, visiting the White House in the USA and I have probably been honoured with more Hakas and Pōwhiris than any of my predecessors put together.

Each one creates a special memory and is a reminder of the unifying

force that is rugby. No matter what nationality, we all speak the same language in sport.

I am also extremely proud to say that my tenure at the Welsh Rugby Union mirrors that of the greatest coach to have ever watched over our national team. In my first season as President, Warren Gatland led Wales to a Six Nations Grand Slam and he completed his hat-trick at the helm in YE19 – it is a phenomenal achievement and one that may never be matched.

He and I started together, and we both bow out together after the 2019 Rugby World Cup in Japan. I can only hope that my own efforts in support of Welsh rugby in the last 12 years might register at least a fraction of the positive impact and influence that Warren's has. I commend him and his team of expert coaches for their contribution to Welsh rugby.

“We have been blessed with a talented body of individuals who have worked together to create an outstanding work ethic that has brought out the best in our players and moulded a national squad that can compete with any team anywhere in the world.”

I have to make special mention of Rob Howley, Robin McBryde and Shaun Edwards in this context as well. It would also be remiss not to pay tribute to the team manager, Alan Phillips and those other members of

the management team who are remaining in post and will, I know, share their valuable knowledge and experience with the incoming group.

Like any sport, playing rugby carries a risk of injury. How we manage that, and how we safeguard all of our players is vital. My position as Chair of the Welsh Rugby Charitable Trust brings me into regular contact with a small but extremely important part of the Welsh rugby family; those who have suffered life-changing injuries. It is a significant part of the WRU President's role and one I have found richly rewarding. It has been my privilege to have been welcomed into their homes and their families, and to have worked with a small and dedicated group of volunteer trustees to provide help and support whenever it is needed. It is a lifetime commitment we make to this unique group of men and women, and I want to thank all of them. I must also pay tribute to our Patron, the Duke of Cambridge, who does an enormous amount of work behind the scenes in raising money for this cause. His efforts alone have raised some £500,000 which has enabled the Trust to fund special vehicles, motorised wheelchairs, home adaptations and so much more in order to enable independent living.

It is with great sadness that I would also like to pay tribute to former WRU committee member and Pontypridd stalwart Sam Simon, Welsh internationals Billy Mainwaring, Ken Braddock, Garfield Owen and Hayden Mainwaring and, a figurehead in the women's game, Frances Margerison who all passed away in the last year. I know there is a longer section devoted to all their achievements later in this

Annual Report, but I would like to emphasise their efforts in the name of Welsh rugby are very much appreciated by the administrators, players, coaches and officials who follow them.

As I sign off for one last time, I do so with a heavy heart but with a host of fond memories gleaned from all walks of Welsh rugby life. I have been at the scene of the greatest triumphs for many, been privileged to hand over trophies, medals and caps at moments that defined careers. I have seen those who have lost act graciously in defeat and witnessed the camaraderie that crosses the divide of competing teams in clubhouses around both Wales and the globe, when the game is over.

I have had a wonderful time and am hugely humbled when reflecting on all the people I have met. However, I know that the future of the game is in the safe hands of group of individuals who care passionately about Welsh rugby. And here I want to use my presidential privilege to commend Warren's successor Wayne Pivac who will, I am sure, receive the same support afforded to his predecessor by an expectant nation in the years ahead. Equally, he deserves the patience of the rugby watching public in order to lead us into a new era of success.

Yours in gratitude and in sport



Dennis Gethin OBE

President, The Welsh Rugby Union Limited



Chairman's State

Thanks to the most significant changes to the governance of the Welsh Rugby Union since the game went professional in 1995, we now boast a smaller, more versatile and dynamic WRU Board and a Council with the specific expertise and remit to safeguard the future of our community game.

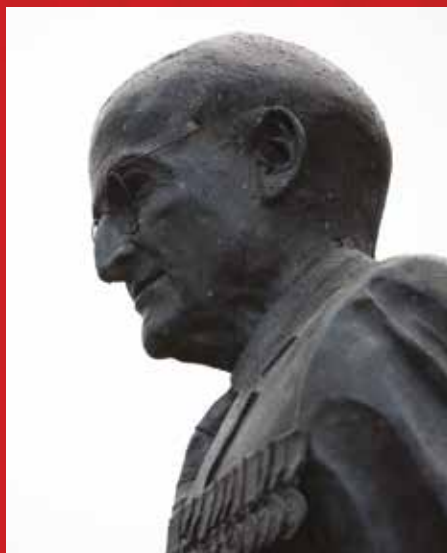
Our work is not yet done in this area and, as we seek new Council Members through the natural evolution of individual member terms, it is vital that we continue to improve both the diversity of background and the variety of skill-sets represented, whilst retaining the 130 years of heritage and history that has made us who we are in 2019.

But a new fit-for-purpose structure is now in place allowing the Professional Rugby Board ("PRB"), reporting directly to the Board, the freedom and influence to find the solutions to the well documented issues and challenges affecting the professional game in a changing landscape.

As a further consequence of our governance modernisation programme, an equally important and significant change has been prompted in the management of the community game now overseen by the Community Rugby Board ("CRB"), also reporting directly to the Board as well as the Council.

Whilst the PRB is now able to reap what it sows and, therefore, behave dynamically as it represents Wales in the business of professional rugby around the globe, funding to our community game has been ring-fenced.

These changes will take their time to bed in and there may well be teething problems along the way, but this new way of thinking is already paying dividends with Specsavers National League and Indigo Group Premiership fixtures both out this year in July and relegation and promotion issues resolved – everyone knows where they stand.



Our President, overseeing the transition to professionalism in 1995, was the great Sir Tasker Watkins VC and it is fitting that another of Welsh rugby's greatest servants has been with us for this latest historic moment.

When Dennis Gethin OBE stands down at the end of November's AGM, he will have served 12 years as President, a year more than Sir Tasker. His tenure matches that of our head coach Warren Gatland and Dennis' contribution over the past decade and beyond should be cherished as much as that of Warren's.

Dennis will be sorely missed, his Presidency has been unique and he has represented Welsh rugby around the world with a gravitas, charisma and charm that will be difficult to match – he will undoubtedly be an incredibly hard act to follow.

Speaking of which, Warren Gatland's final Six Nations in charge of Wales was straight from the story books. To complete a hat-trick of Grand Slams to bookend his period at the helm for the national team was an astounding achievement.

We know he and his squad are always hungry for more success and, as the RWC in Japan accounts for his final campaign, a swansong of epic proportions has been on the cards with Wales riding high in the World Rugby rankings ahead of the tournament opener.

It is difficult to think beyond the theatre of the World Cup, but in illustration of the forward thinking and planning of both our Board and Executive team, we appointed Warren's successor, Wayne Pivac, in July 2019.

ment



Gareth Davies

Wayne will be his own man and I know the nation will get behind him just as it did Warren in 2008. He has big shoes to fill, but it is a challenge he will relish and we are confident that we have given him the preparation time and resources, unrivalled in the world game, to enable him to lay the foundations to write his own chapters of success in the history books of Welsh rugby.

“Finally, Principality Stadium celebrated its 20th anniversary in June and we posted an independently produced report which gauged its positive economic impact on the Welsh economy to be in the region of £2.75bn over that period.”

As Wales pulled off the first win over South Africa in the history of our game in 1999, we all knew we had a very special future ahead of us at our brand new and already iconic national ground.

Our unique city centre location means a smaller footprint than most comparable stadia around the globe, so spectators are always in close proximity to the pitch and benefit from optimum sight lines wherever they are seated.

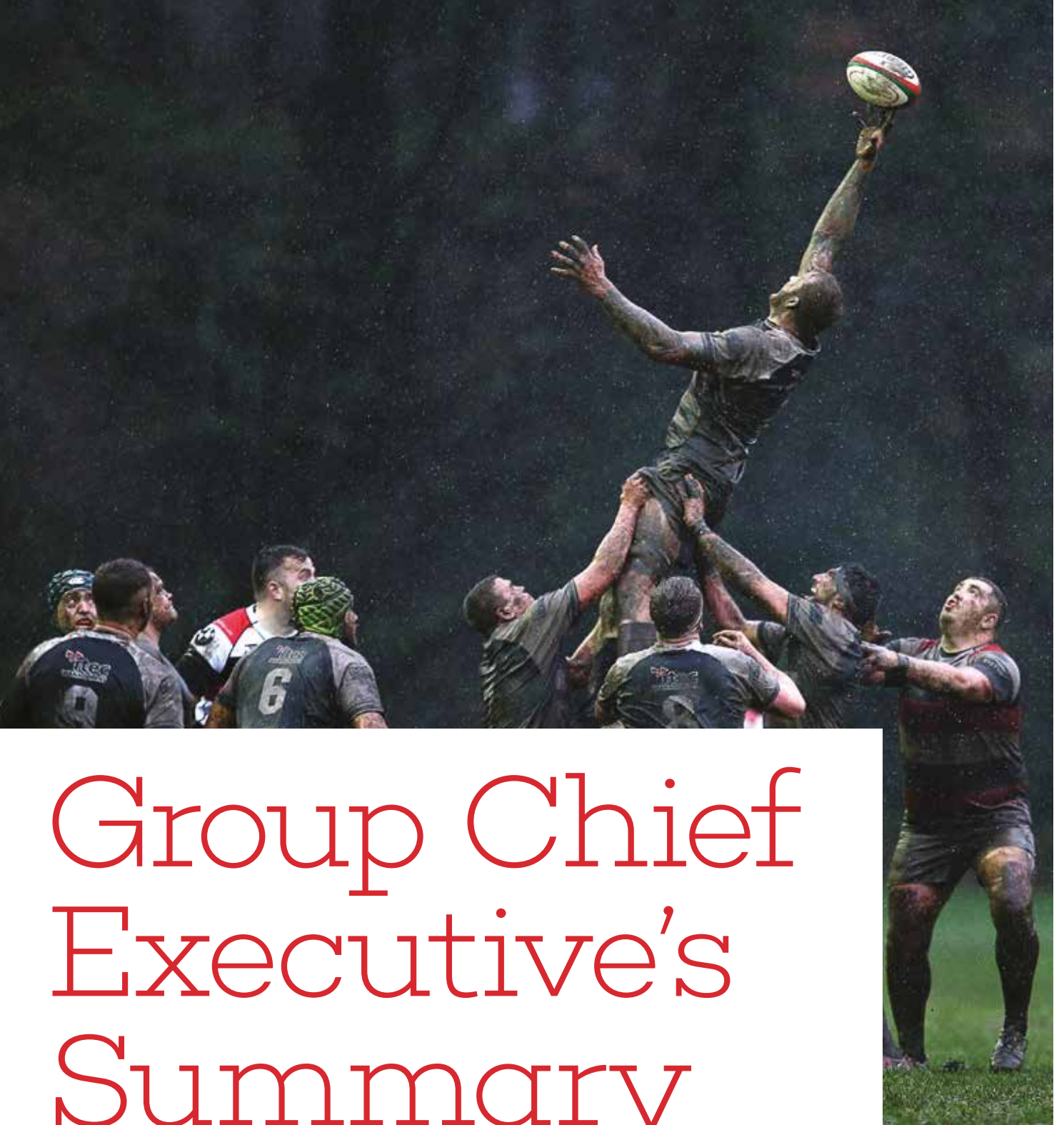
We also have a fully retractable roof and adaptable playing surface and this versatility has attracted promoters and event owners from across the international music and sports industries.

We are an iconic, chameleon-like venue whose only limitation is the imagination of our dedicated operations and events team or of those managing visiting acts and attractions.

Yours in rugby

Gareth Davies
Chairman, The Welsh Rugby Union
Limited





Group Chief Executive's Summary

It has been a challenging and rewarding year for Welsh rugby which included the welcome achievement of a Guinness Six Nations Grand Slam for the men's team in March.

The game globally is undergoing continual change as societal habits evolve and we look to adapt our game to what is an increasingly crowded market. Professional teams are competing for sponsorship and broadcasting investment like never before and, at community level, we are competing for people's leisure time, where we all have more choice than ever before.

From a business perspective the year unfolded largely as expected. Our ability to over perform in YE18 helped as we made a planned loss of £4.3m in YE19. We increased our investment into professional rugby by £6.5m and introduced a "ringfence" for community rugby with a total investment of £11.8m.

INTERNATIONAL RUGBY

Men

At international level the men's team has had a record year with a 14-game unbeaten run in process as at the end of the financial year. We have since reached number one in the World Rugby rankings for the first time, we are reigning Guinness Six Nations Grand Slam Champions and we head to the Rugby World Cup in Japan in confident mood. An unbeaten run in the autumn, including wins over Australia and South Africa, were welcome and instilled the confidence that we can regularly beat the Southern Hemisphere nations.

Winning the Guinness Six Nations with a Grand Slam was a fitting tribute to Warren Gatland, Rob Howley, Shaun Edwards, Robin McBryde and Neil Jenkins, with three away wins setting up the Championship decider at Principality Stadium. The win over Ireland will long stay in the memory, it was a comprehensive win in the rain leading to a quite surreal trophy presentation.

“Our players have been incredible ambassadors for our sport around the globe and I know will head to Japan with our confidence and best wishes.”

I would like to take this opportunity to thank Warren, Rob, Shaun and Robin in particular, who leave their posts after RWC, as well as all the team for their loyalty, commitment and leadership in propelling Wales to the forefront of the game globally.

Historically the professional game benefited from contracted and certain income, whilst the community game received what remained following contractual obligations.

In YE19 we agreed a new approach whereby the community game is guaranteed its annual investment with the professional game in effect carrying the risk and reward of the fluctuation in annual investment. As a union of clubs this seems entirely appropriate and we are pleased to have gained agreement to this new and innovative way of funding the game in Wales.

As indicated above, we increased our investment into professional rugby as our model for success in the national team is very dependent on four professional teams participating in the relevant club competitions.

The year was busy from a governance perspective with the game in Wales below the Board benefiting from focused and clear leadership from the Professional Rugby Board (“PRB”) and Community Rugby Board (“CRB”) respectively.

These sub-boards of the WRU Board have the day to day authority, resources and capability to lead the respective elements of our game with greater clarity and purpose. These are early days, but the early signs are promising. There may be growing pains still to come as we adapt to a changed model, but we are confident these important changes have been implemented at the right time and for the future sustainable benefit of Welsh rugby as a whole.

Women

We have a specific and detailed strategy in place to consolidate and grow our Women's game, with a key focus on the core 15s game, but also renewed focus on 7s moving into the year ahead and beyond.

Our national side, ably coached by Rowland Phillips, were once again competitive during their Six Nations Championship campaign and nothing short of inspirational in their final game of the tournament against Ireland, after starting on a high with victories over South Africa and Hong Kong in autumn clashes at Cardiff Arms Park.

Rowland, his coaching team and his players deserved due credit for all the hard work they put in throughout the year and I know they are expecting even greater progress next season.

Professional rugby

The year in the professional game in Wales was one of significant change as it was elsewhere in the professional game globally. We are in unprecedented times as the professional games meets an inflection point in its evolution.

Rugby is evolving quickly and third-party investors and partners are active in running the rule over the strategic options for the professional game.



“Rugby is an established global game but with considerable scope to grow and broaden its reach.”

The potential for change is very much along the lines of when the game turned professional c.20 years ago. We face a range of options and our choices will determine the future for the game in Wales.

We are working closely and effectively with our Six Nations partners, World Rugby and the SANZAAR nations. It is critical that we collaborate effectively to maximise the opportunity for rugby.

Closer to home we have moved to a new Professional Rugby Agreement (“PRA”) with our four Regions replacing the old Rugby Services Agreement (“RSA”) which was due to expire in June 2020.

We took the decision to bring this change forward in order to facilitate a more aligned professional game which will now serve us well as a collective as we navigate the various strategic options available.

The newly formed PRB manages the professional game in Wales reporting to the WRU Board. We are a small nation and our ability to get aligned and pool our thinking and resources is fundamental to our future success. We have clear goals on and off the pitch.

On the pitch the ambition is to maintain and build four successful and sustainable professional teams. We aim to be “Welsh centric” in our approach, sharing when it makes sense but keeping the tribalism and identity of our teams.

“Off the pitch first and foremost we are looking to bring financial stability and, through working together, maximise our commercial opportunity.”

The PRB governs all our major commercial inventory. If the PRB can maximise those assets the professional game will benefit – conversely if we fail to deliver the professional game holds the risk. We have every incentive to work together effectively for the common good.



Club Rugby

With the new CRB in place we have renewed focus on the club and community game.

At Premiership level the change theme continued as we moved from 16 to 12 teams with Merthyr triumphant in winning the league for the second year in a row. The reshaped competition for the 19/20 season is in place with continued free to air coverage from BBC/S4C, a new head sponsor in the Indigo Group and a week in week out fixture list.

The teams involved include some of the most recognised brands in rugby in a competition where on their day, arguably every team can beat each other.

The ‘Road to Principality’ event at Principality Stadium, in April and May, helped to showcase Welsh rugby’s alternative and inclusive menu of rugby activity. Now in its second year we were able to once again broaden rugby’s reach with teams representing multiple forms of the game. The community games flagship event celebrates participation in all forms of rugby with more than 100 club, school and representative teams taking part in finals, festivals and one-off matches. This year included a dedicated day for inclusion rugby that saw walking, mixed ability and gay rugby all on display, along with children from Riverside Primary Schools who participated in a community programme delivered by our rugby development apprentices.

Congratulations to the winning teams in each of our national league and cup, plate and bowl competitions.

Beyond the traditional 15-a-side game we have continued to expand our offer through rugby enterprises. The game is now played regularly across a range of formats. The Urdd WRU



partnership included seven days of 7s and a North Wales apprentice scheme, beach rugby and primary school rugby, have all contributed to keeping the nation engaged with rugby throughout the year.

The women and girls game has continued to grow strongly meeting a key strategic ambition of the Group, as mentioned above.

The provision for women and girls within the community game is much enhanced through the work of the hub officers, and the community based Female Hubs, boosted by initiatives such as 'Rookie Rugby' and 'Bring a Bestie'.

Dedicated female Hub Officers have joined our network of individuals improving participation around Wales and the number of girls playing some form of regular rugby within secondary schools, colleges and universities with a hub officer increased to over 18,000 within the year. There has been a drive to increase the number of female coaches and referees around Wales.

The Wales Women Emerging Wales side beat an England U18 Development team 26-20 at Principality Stadium in April.



This was a match which bodes well for the future, with the women's pathway buoyed by a refreshed regional programme which now runs through July and August.

We are now able to offer regular rugby across a variety of formats throughout the year, to better suit all members of the Welsh rugby family and our drive to make the game as inclusive as possible will see the continued expansion of the game in a variety of ways.

We are extremely grateful to our partners who support us in this space notably; Street Games, the Urdd and Cardiff County Council.



HIGH PERFORMANCE PROGRAMMES

We continue with our focus on high performance programmes. Our strategy largely is broad reaching but has three current focus areas namely coach development and succession, our exiles programme and our pathway programme.

All are designed and focused on developing Welsh players and coaches through to the professional ranks. Our professional rugby strategy has at its core a commitment to deliver Welsh centric teams, coached by Welsh coaches.

Sometimes the focus will be on development in Wales and on occasion development outside Wales, if the individualised programmes recommend that route. These are long term programmes requiring significant investment and where in time we expect to see the fruits of our labour.

PRINCIPALITY STADIUM EVENTS

We continue to focus on our events business which is increasingly material to our financial wellbeing. Our repeat concert, Monster Jam and Speedway events once again attracted large crowds and we are proud to continue to host such events.

Given the Under Armour Summer Series games in August 2019, in preparation for RWC, our concert season was a little truncated but credit must go to our events team for securing our position as host venue for Manchester United vs AC Milan in the International Champions Cup, to capitalise on having the pitch available in the summer months. We were also pleased to announce that we will be hosting the Nitro World Games Wales in May 2020, the first time that the Nitro Circus event has been held outside the USA.

We also announced that we will be opening a new luxury hotel, the Westgate Hotel & Spa, on Westgate Street by early 2021. This new venture for the WRU will complement our event business in addition to providing a long-term source of revenue.

OUTLOOK FOR THE YEAR AHEAD

The coming year is full of excitement for the WRU and we look forward to the RWC in Japan. The international and professional game will, in all probability, transform for both men and women. We welcome Wayne Pivac and his coaching team who I know will build on our recent success.

At club level we have refreshed the Indigo Group Premiership and the community game is benefitting from increased focus



from the CRB. In addition, we will continue to innovate with game formats, increase our breadth of offer and make the game all the more inclusive. We will do this with a range of trusted and valued partners.

Much is changing in rugby and we are well placed to lead that change.

Finally, I would like to thank all involved in Welsh Rugby from the Board, the Council, the Executive team and the team at the WRU Group through to all our valued volunteers without whom we wouldn't have a game.

A handwritten signature in black ink, appearing to read 'Martyn Phillips'.

Martyn Phillips

Group Chief Executive,
The Welsh Rugby Union Limited



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 to encourage more people to engage with the game, more often with more enjoyment and more success. The Company majority owns Millennium Stadium plc ("MS"), Millennium Stadium Experience Limited ("MSEL"), WRU National Centre of Excellence Ltd ("WRUNCE"), WRU Gwent Region Limited (and its subsidiaries), WRU Supporters Club Ltd ("WRUSC"), WRU Properties Limited ("WPL") and Westgate Hotel Cardiff Limited ("WHL"). Collectively, the Company and these subsidiaries are referred to as the Group.

WRU Gwent Region Limited (including its subsidiaries: WRU Gwent Rugby Limited and 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, "WRU Gwent").



KEY PERFORMANCE INDICATORS (KPIs)

The KPIs of the Group are:

Participation in rugby

- Participation levels in community rugby; including men's, women's and junior numbers

An analysis of the Group's performance against these measures is shown in the "A year in Community Rugby" section in this Annual Report.

Rugby performance

- Success of the national squads – men and women
- Performance of the four Welsh Regions
- Performance of the Group's age-grade teams

An analysis of the Group's performance against these measures is shown in the "A year in Professional Rugby" section in this Annual Report.

Financial performance

- 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 plans to fulfil their objectives

An analysis of the Group's performance against these financial measures is shown below.

FINANCIAL STRATEGY

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

In accordance with the above, as reported in YE18, the Group retained profits in YE18 in anticipation of the retained loss in YE19 as set out in this Annual Report. Net assets as at 30 June 2019 of £23.4m are not materially different to the net assets amount stated as at 30 June 2017 of £25.3m.

EU REFERENDUM

Following the decision to leave the EU, there has been increased economic uncertainty, exchange rate volatility and an impact on consumer confidence in the UK market. This is likely to continue until EU exit negotiations are complete. These negotiations may result in further changes to regulation and operational frameworks which may impact on the Group's operations. This risk has increased due to the continuing uncertainty as to the operational implications of the decision to leave the EU and the impact on trading performance. Given the ongoing uncertainty, the actual impact on the Group of the UK's decision to leave the EU is unclear. At the present time, the Directors consider the short-term impact on the Group to be not material and have therefore decided to exclude this from current principal risks. The Directors will reassess the risk to the Group once a withdrawal agreement has been finalised.

BANK – REFINANCING

During the year, the Group refinanced its debt requirements to National Westminster Bank PLC from Barclays Bank PLC. This resulted in a revised suite of facilities available to the Group on different commercial terms and subject to differing financial covenants. The Group are pleased to now be working with National Westminster Bank PLC and are grateful to Barclays Bank PLC for the support provided to the Group over the previous 20 years including part-financing the construction of what is now Principality Stadium.



WESTGATE HOTEL

During the year, the Group acquired a building on Westgate Street, Cardiff, with a view to consolidating that with a building already owned by the Group and operating it as a hotel. These buildings were subsequently sold to Legal and General Pensions Limited with a commitment to lease back to the Group. As at the balance sheet date, the expenditure on the property amounted to £16.3m and a related liability was held at £15.0m. It is currently anticipated that the hotel will become operational by early 2021.

PROFESSIONAL RUGBY AGREEMENT

During the year, the Group negotiated a Professional Rugby Agreement ("PRA") with the four Regions which replaced the previous Rugby Services Agreement ("RSA") signed in 2014. This was done ahead of the contractual expiry date of the RSA to avoid unnecessary disruption to the professional game during these times of significant change in the world game. The execution of the PRA resulted in significant increased reinvestment into the four Regions as highlighted elsewhere in this Annual Report.

HEADLINES OF THE FINANCIAL PERFORMANCE – YE19 v YE18

As reported last year, the Group have made a loss in the year and given the financial strategy outlined above, the following demonstrate the resulting outcomes:

	2019 £'m	2018 £'m
Turnover	90.5	97.0
Re-investment in the game	49.6	42.8
Group share of retained (loss)/ profit for the year	(4.3)	2.3
Net bank debt	9.0	6.1

DYNAMICS OF THE BUSINESS

The activities, both operational and financial, of each company in the Group are so intrinsically linked that there is 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 only meaningful measure.

The Group must deliver on its commercial activities to allow 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 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. The Group welcomed 393,000 (2018: 482,000) rugby spectators to Principality Stadium for the Under Armour Series and the Guinness Six Nations, analysed as follows:

	2019 No. of home matches	2019 '000	2018 No. of home matches	2018 '000
Under Armour Series	4	246	4	270
Guinness Six Nations	2	147	3	212
	6	393	7	482

The primary reason that the overall attendance decreased in YE19 was due to playing six home fixtures compared to seven in YE18. The average attendance per match was 66,000 (2018: 69,000) and equated to an average of 89% (2018: 93%) when expressed as a measure of capacity attendance.

The average ticket income per attendee at matches held at Principality Stadium in YE19 was £49 (2018: £46).

Within reason, the Group's operational cost base is relatively fixed; albeit there are incremental costs if more Group controlled events are staged. As a consequence, incremental events should mean incremental revenue, costs and ultimately incremental profits which can be re-invested into the game across all levels.



FINANCIAL PERFORMANCE

Overview of 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:

	2019 £'m	2018 £'m
Group income	90.5	97.0
Less: operational business costs		
• Business and administration	(7.5)	(8.6)
• Hospitality and catering costs	(6.5)	(9.8)
• Direct costs	(19.4)	(21.2)
• Stadia costs	(7.2)	(6.2)
Total	(40.6)	(45.8)
Surplus	49.9	51.2

Group income is analysed as follows:

	2019 £'m	2018 £'m
Match income	44.9	44.9
Competition income	11.9	11.7
Commercial income	14.2	14.2
Hospitality and catering income	14.0	18.0
Other event income	2.4	4.8
Other income	3.1	3.4
Total	90.5	97.0

The Group earned some £90.5m (2018: £97.0m) predominantly from international rugby matches staged at Principality Stadium. These matches generated 50% (2018: 46%) of the Group's overall income.

Match income remained constant at £44.9m, with one less home fixture being offset by higher average ticket prices and increased broadcast income.

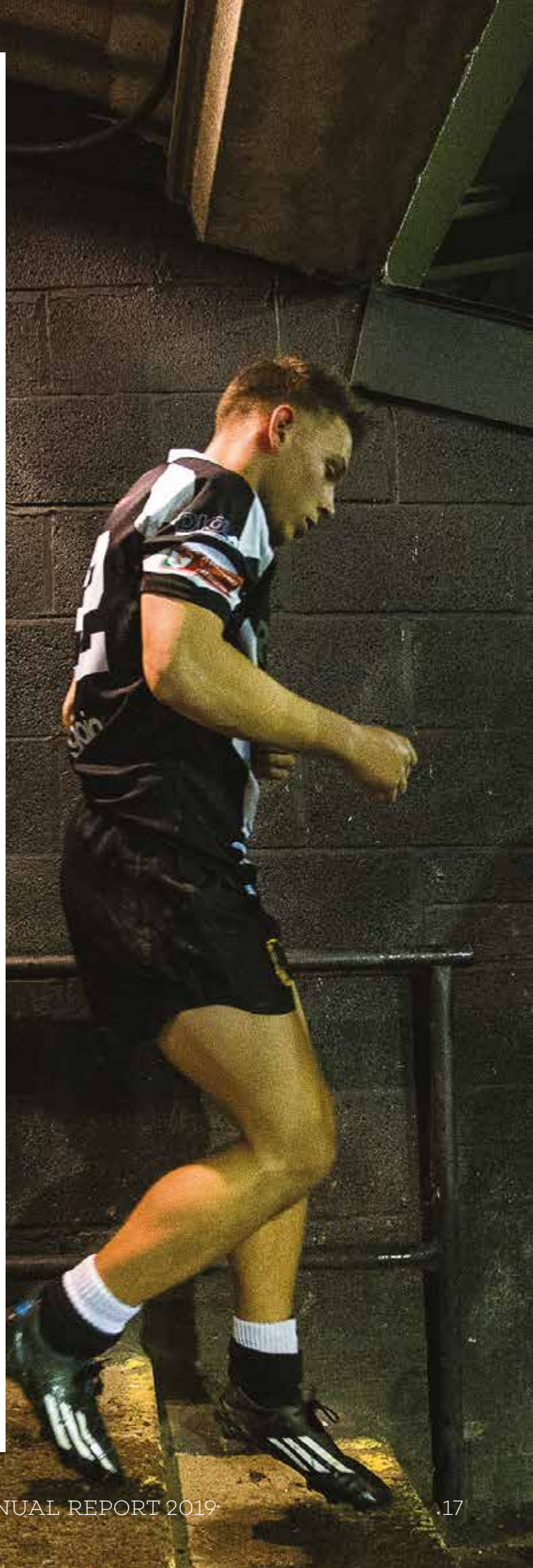
Commercial income remained constant at £14.2m. Commercial income contributes 16% (2018: 15%) of the Group's overall income.

Hospitality and catering income amounted to £14.0m (2018: £18.0m) with the decrease largely driven by reduced events in Principality Stadium, contributing 15% (2018: 19%) of overall income.

Other event income decreased to £2.4m due to fewer non-Group events at Principality Stadium. Other event income represents events staged at Principality Stadium apart from rugby matches featuring the senior Men's National Squad - including, in the two years indicated above, music concerts, boxing and motorsport.

Competition income represents the income from competitions including the Champions Cup, the Challenge Cup and the Guinness PRO14 (see Note 2 for further details).

The remaining income arises from ancillary activities and various grant sources. During YE19, the Group received £0.9m (2018: £0.9m) 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 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 reduced during the year to £40.6m (2018: £45.8m).

Business and administration costs have decreased by 13% to £7.5m due mainly to some one-off costs in YE18 not being repeated in YE19.

Direct costs are costs incurred directly in relation to attaining revenues and will include all National Squad costs and third-party costs incurred in delivering events at Principality Stadium and Rodney Parade. These costs have decreased by £1.8m mainly as a result of:

- a decrease in event costs from hosting fewer events at Principality Stadium
- being offset by an increase in international player costs of £1.4m

The increase in the player costs shown above is driven by an increased bonus payment as a result of achieving the Grand Slam in the Guinness Six Nations 2019 as compared to second in 2018, offset by there being no overseas tour in YE19.

Hospitality and catering costs decreased to £6.5m (2018: £9.8m). The decrease year on year is due to the reduced number of home matches and other events in the year, and is in line with the reduced turnover.

Stadia costs have increased by some £1.0m to £7.2m mainly due to increased utility costs, increased stadia maintenance costs and other inflationary increases.

SURPLUS INVESTED IN RUGBY

The surplus of £49.9m (2018: £51.2m) made by the Group which is invested in "Welsh rugby" can be analysed as follows:

	2019 £'m	2018 £'m
Operational costs		
• Performance rugby	5.5	5.5
• Community rugby	4.9	4.6
• WRU Gwent – regional rugby	7.6	6.0
	18.0	16.1
Allocations to affiliates		
• Regions (professional)	25.4	20.5
• Clubs (semi-professional)	1.7	1.7
• Community rugby	4.5	4.5
	31.6	26.7
Total investment in "Welsh rugby"	49.6	42.8
The balance is analysed as follows:		
• Surplus	49.9	51.2
• Total investment in "Welsh rugby"	(49.6)	(42.8)
	0.3	8.4
Depreciation and amortisation (net of grants)	3.7	3.9
Exceptional items (see Note 4)	0.2	0.1
Interest costs	0.6	0.6
Non-controlling interests	0.4	0.4
Tax (credit)/charge	(0.3)	1.1
Transferred to reserves	(4.3)	2.3
	0.3	8.4



Investment in “Welsh rugby”

The Group’s investment in “Welsh rugby” has increased during the year to £49.6m (2018: £42.8m).

The costs in respect of performance rugby have remained constant at £5.5m and include managing the age-grade structures, the national 7s sides, player development, referee costs, National Centre of Excellence and insurance which collectively amount to some 70% (2018: 69%) of the total with the balance of the 30% (2018: 31%) comprising staff costs.

The costs in respect of community rugby have increased by 8% to £4.9m. Community rugby costs include coach development, referee costs, school club hub costs, digital strategy investment and insurance which amount to some 60% (2018: 58%) of the total with the balance of the 40% (2018: 42%) comprising staff costs. The increase in the year is due to the primary schools’ initiative, additional spending on School Hub Officers and further investment in women and girls’ community programmes.

The allocations to the three Regions not within the Group are £25.4m (2018: £20.5m). The allocations in YE19 are pursuant to the PRA whereas the allocations in YE18 were pursuant to the RSA. Both the PRA and the RSA payments cover all international player release and provide financial support for the four Regions in accordance with the PRA (which was signed in November 2018) and the RSA (which was signed in August 2014).

The allocation to the Group’s semi-professional league has remained in line with the prior year at £1.7m.

The allocations to the Group’s community clubs have remained at £4.5m. The total investment in the community game is:

	2019 £’m	2018 £’m
Operational costs	4.9	4.6
Allocations	4.5	4.5
	9.4	9.1

EBITDA and net result

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 £31.9m (2018: £35.1m). The Group’s pre-exceptional loss before tax and non-controlling interests was £4.0m (2018: profit of £3.9m); after exceptional items, a loss before tax and non-controlling interests of £4.2m (2018: profit of £3.8m). This can be analysed as follows:

	2019 £’m	2018 £’m
Group EBITDA	31.9	35.1
Allocations to affiliated organisations	(31.6)	(26.7)
Exceptional items	(0.2)	(0.1)
Depreciation and amortisation (net of grant release)	(3.7)	(3.9)
Operating (loss)/profit	(3.6)	4.4
Net interest	(0.6)	(0.6)
(Loss)/profit before tax	(4.2)	3.8
Tax	0.3	(1.1)
Non-controlling interests	(0.4)	(0.4)
Retained (loss)/profit	(4.3)	2.3

On a pre-exceptional basis, the Group generated an operating loss of £3.4m (2018: profit of £4.5m) from which net debt service of £0.6m (2018: £0.6m) is deducted resulting in a loss before exceptional items, non-controlling interests and tax of £4.0m (2018: profit £3.9m).

NET INTEREST EXPENSE

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

	2019 £'m	2018 £'m
Bank interest payable	0.3	0.4
Bank charges	0.3	0.2
Total	0.6	0.6

Interest expenses have remained constant, with higher bank charges and a higher net debt position over the course of the year offset by a reduction in the interest margin paid.

The Group has derivative instruments that hedge the majority of the Group's debt, as shown in Note 14. These instruments ensure that, for a proportion of the Group's debt, the rate of interest paid will not exceed a defined interest rate.

EXCEPTIONAL ITEMS

During YE19 and YE18, 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 4, the exceptional items in YE19 and YE18 arose from some restructuring costs.

	2019 £'m	2018 £'m
Restructuring costs	(0.2)	(0.1)



COMMUNITY RUGBY BOARD

The expenditure within the remit of the CRB was as follows:

	2019 £'m	2018 £'m
Operational costs – community rugby	4.9	4.6
Allocations to affiliated organisations – community rugby	4.5	4.5
Allocations to affiliated organisations – Premiership	1.7	1.7
Certain other costs included within performance rugby	0.7	0.9
Total	11.8	11.7

The amount for YE18 is included for illustrative purposes only as CRB did not exist last year.

INVESTMENT IN PROFESSIONAL RUGBY

The investment in professional rugby was as follows:

	2019 £'m	2018 £'m
Operational costs – WRU Gwent	7.6	6.0
Allocations to affiliated organisations – Regions	25.4	20.5
Total	33.0	26.5



CASHFLOW

The Group's net cash inflows from operating activities were as follows:

	2019 £'m	2018 £'m
EBITDA	31.9	35.1
Allocations to affiliated organisations	(31.6)	(26.7)
Exceptional items	(0.2)	(0.1)
Working capital movements	2.8	(0.9)
Net cash inflows from operating activities	2.9	7.4

NET DEBT

Net debt, which is defined as bank loans, debenture loans, finance lease obligations (including creditors that will be settled by a future finance lease agreement) less cash balances, as at 30 June 2019 was £62.0m (2018: £43.7m). The net debt position of the Group is as follows:

	June 30 2019 £'m	June 30 2018 £'m
Debt		
Bank loans	11.2	6.2
Debenture loans	38.0	37.6
Other creditor to be ultimately settled by a future finance lease agreement	15.0	-
Cash	(2.2)	(0.1)
Net debt	62.0	43.7

Net bank debt, which is bank loans less cash balances, was £9.0m (2018: £6.1m). The net bank debt position of the Group is as follows:

	2019 £'m	2018 £'m
Loans		
Term loan	-	1.3
Regions loan	2.0	2.4
Revolving credit facility ("RCF")	9.2	2.5
	11.2	6.2
Cash	(2.2)	(0.1)
Net bank debt	9.0	6.1

The increase in net bank debt during the year of £2.9m includes: (i) a £1.3m repayment of the term loan; (ii) a £6.7m increase in the RCF; (iii) a reduction in the Regions' loan of £0.4m due to repayments from the Regions; (iv) offset by the increase in cash balances of £2.1m. The loans to the Regions were secured to further their ambitions in conjunction with the PRA and the RSA; further details of the amounts due from the Regions are set out in Note 11.

The RCF was £9.2m drawn as at 30 June 2019, £2.5m drawn as at 30 June 2018 and had a maximum draw of £11.7m during the year. The RCF was also fully repaid at certain points during the year.

As at 30 June 2019, the Group had unutilised facilities of £25.8m (2018: £16.5m).

As part of its banking agreements, the Group has to comply with bank covenants which require the Group to, inter alia, meet certain levels of cashflows and surpluses. 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. The Group's financial management and controls are structured so that the Group complies with these covenants.

CAPITAL EXPENDITURE

During YE19, the Group invested in some £19.9m of capital expenditure; the main categories of investment were as follows:

	£'m
Catering equipment and improvements	0.4
Westgate Hotel – asset in the course of construction	16.3
Diesel rotary uninterrupted power supply ("DRUPS") - asset in the course of construction	1.7
Stadium improvements	0.4
Gym and related extension	1.1
Total	19.9

The Westgate Hotel is explained earlier in this report.



BALANCE SHEET AND RESERVES

The Group's reserves attributable to the Company have decreased by £4.4m to £23.4m. This decrease arises from the retained loss for the year and the loss recognised in the Consolidated Statement of Comprehensive Income.

The fixed assets of the Group increased by some £14.5m, reflecting the capital expenditure of £19.9m offset by the depreciation charged in the year of £5.2m and £0.2m net book value of assets disposed of.

Operating working capital fluctuates from year to year depending upon the timing of events arising immediately prior to the year end.

COMMERCIAL ACTIVITY

Throughout the year, a series of significant commercial agreements were achieved or renewed by the Group. These include:

New:

- Channel 4 broadcasting the Under Armour Summer Series and Wales v Barbarians in November
- Indigo Group appointed to be the title sponsor of the Premiership for the next 4 years
- Specsavers are now an Official Partner as well as being the title sponsor of the Community Leagues for the next four years
- Total Gas & Power ("TGP") appointed to be "Official Business and Commercial Energy Supplier" for the next four years. In addition, Amber Energy will work on activating a centralised purchasing project, supporting the community game in Wales, utilising TGP as the elected energy supplier
- Dove Men+Care appointed as an Official Partner
- The RWC legacy activity, after success in Kitakyushu was expanded to Oita and Kumamoto – where Wales play group games in the RWC

Renewal:

- Welsh Government/Visit Wales will utilise rights for a twelve-month period to support a Global Activation and marketing campaign during the RWC year
- Britvic appointed as an Official Supplier for soft drinks in a deal through to 2022
- Perform Better are now an Official Supplier having kitted out the new gym at the National Centre of Excellence

Renewal:

- BBC & S4C are to continue broadcasting club rugby in Wales
- Ignition have renewed the agreement to supply the Official Welsh Rugby match programmes for an additional four year period

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.

PRINCIPAL RISKS AND MITIGATION STRATEGIES

As outlined earlier in this report, the Group's primary objective is to promote rugby to encourage more people to engage with the game, more often with more enjoyment and more success, 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 effect and the steps taken by the Group to mitigate these risks 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 74% (2018: 69%) of the Group's income is predominantly derived from staging international matches featuring the Welsh team and the commercial activities associated with the Welsh team. Given its significance, the mitigation of income risk is therefore focused on match and commercial incomes.

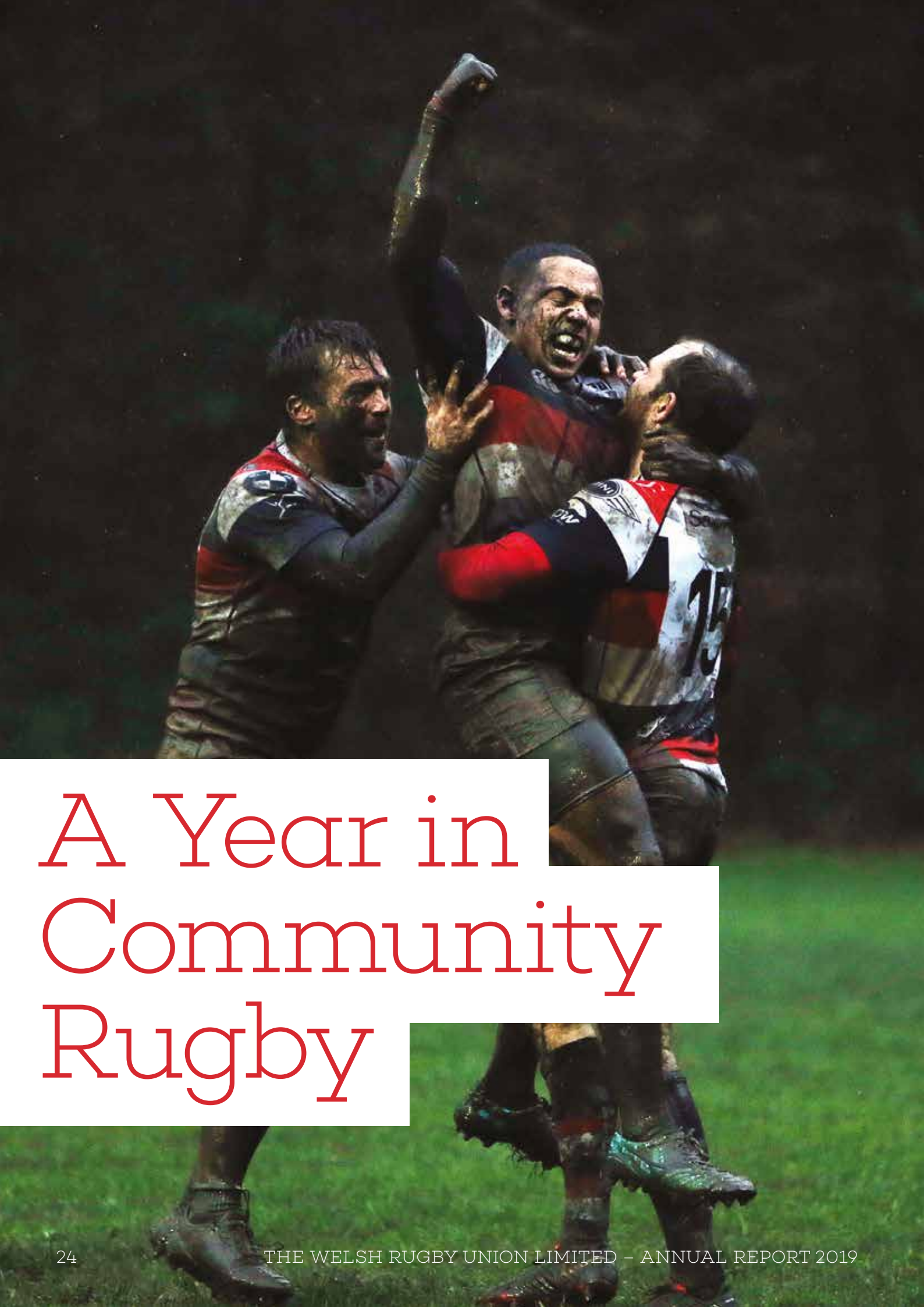


The Group seeks to mitigate risk to income by, where possible, entering into long term arrangements with its broadcasters, sponsors and other commercial partners. The Group's ticket pricing strategy is focused on maintaining a balance between the highest possible attendances and strong financial returns.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

As noted above, 74% (2018: 69%) of the Group's income is derived from activities associated with the Welsh team. The performance of the Welsh team 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 Welsh team by recruiting a world class coaching and medical team to provide the best possible support to its international players, securing additional preparation time for the Welsh team and extensive investment in training facilities, to ensure the Welsh team has the best possible environment in which to train.

The provision of adequate banking facilities – the Group is financed by a mixture of bank and debenture debt. The continued availability of the bank debt facilities, at competitive rates, is crucial to the future prospects of the Group. The Group's banking facilities are subject to compliance with financial covenants and non-compliance of these covenants could significantly impact on the Group's banking facilities. Ensuring adherence to the financial covenants forms a key part of all policy and strategy and the Group has a rigorous annual budgeting process that is focused on covenant compliance. 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 National Squad 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 staff who undertake a thorough preventative maintenance programme at all of the Group's 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.



A Year in Community Rugby

CLUBS

Merthyr again rose to the top of the Premiership to establish themselves as the best club side in Wales for the 2018/2019 season, but Cardiff Rugby had the last say in the Cup beating their close rivals 25-19 to lift the oldest trophy in Welsh rugby at Principality Stadium at the season's finale.

In all, six teams competed for silverware at the home of Welsh rugby on Sunday 28th April as Principality Stadium hosted the highlight of the club rugby calendar - National Finals Day. Ahead of Cardiff's triumph, Brecon beat Bonymaen to win the National Plate and Abergavenny were victorious over Oakdale to take home the Bowl.

Pontypool lifted the Championship title, but there was to be no promotion, despite a fourth successive title, after they lost their play-off fixture to Llanelli in Aberavon. However, they now know that promotion and relegation in the season ahead will be automatic.

We have welcomed a new title sponsor to the Indigo Group Premiership and reduced its size from 16 to 12 teams. Relegated sides Neath, Bargoed, Cross Keys and Bedwas will all also be looking to bounce straight back up.

The newly established CRB moved to review our cup competitions and agreed fixtures for the club game earlier than ever before, helping clubs plan for the season ahead. In addition, an online player registration trial during the year means we now have 38,000 mini and junior players on the WRU database. The system gives us a true picture of the game which will lead to better, informed decision making by the CRB and Council and has been rolled out to the senior game for the season ahead.

The Club Development team transferred during the year, now sitting within the Community Department, with responsibility for business, volunteering and facilities development for clubs. As a result, a "club for the future" strategy is set to be launched in the year ahead focusing on leadership, people, facilities, partnerships and collaboration.

A series of business support pilots have taken place for clubs across Wales offering guidance on facilities compliance, technological/renewable energy opportunities and savings and a governance scoping exercise will follow in 2019/20 in association with the University of South Wales.

This year also saw the completion of the first Community Asset Transfer in Bridgend County Borough Council with Bryncethin RFC officially opening the newly refurbished Bryncethin Community Centre with investment from a wide range of funders including a contribution of £15,000 from the Facilities Grant.

**Facilities Grants
totalling over £900k
have been awarded to 54
clubs for work on a range
of improvement projects.**

New collaborative models have been established for clubs including Neyland Community Interest Company/Neyland RFC, Llanishen High School/Llanishen RFC and Queensferry Community Learning Hub/Shotton RFC

In coach education we are continuing to increase numbers attracted to our Continued Professional Development (CPD) courses. This includes a big push from our network of Coach Development Officers on the female game with our gender balance figures improving significantly over the past four years; we are now seeing 20% of all attendees being female

Our new 'early contact' course, which is age specific and aimed at coaches in our junior game from U9-U11s, has been well received - with 22 courses catering for 360 coaches throughout the year being run.

In addition, we have held just short of 500 CPD events with well over 4,000 coaches attending, which is a six year high. This increase is down to the good work the hub officers are doing out in the community.

COMMUNITY GAME

The 'Road to Principality' event at Principality Stadium, in April and May, helped to showcase Welsh rugby's alternative and inclusive menu of rugby activity. Now in its second year the community games flagship week-long event celebrates participation in all forms of rugby with more than 100 club, school and representative teams taking part in finals, festivals and one-off matches. This year included a dedicated day for inclusion rugby that saw walking, mixed ability and gay players all featuring, as well as children from Riverside Primary Schools who participated in a community programme delivered by our rugby development apprentices. Our apprentices also collaborated with Urdd apprentices to deliver the first Urdd WRU 7s legacy project to areas of Cardiff Council including Grangetown, Splott and Ely. Junior, intermediate and senior schools' finals were also played during the Road to Principality series alongside a Wales Women Emerging XV fixture, the Youth Finals Day, Touch Rugby Finals and the U18s and Women's Super Cup Finals.

This activity took place at the home of Welsh rugby during the final weeks of the season, but it was the result of an engagement programme that took place throughout the year.

Over the weekend of the Doddie Weir Cup game against Scotland in November, we delivered on our new Disability Rugby Strategy with a cross border mixed ability match taking place to bring it to life.

Elsewhere, our Urdd WRU partnership, which included seven days of 7s, a North Wales apprentice scheme, beach rugby and primary school rugby, has engaged approximately 14,000 young people throughout the year.

A review of the regulations that cover the community game competitions has led to the implementation of a light touch approach which is already paying dividends across the game in Wales. We have also implemented changes to the Community Funding Model, also following feedback from clubs, in alignment with our Community Rugby Strategy.

We have undertaken a WRU Rugby in Education Review, an independent consultation of the male and female game within educational settings, with findings still to be published but, in the meantime, pioneered new WRU Primary School Programme. This programme has designed, tested and rolled out a new digital rugby classroom resource that is based on the new curriculum and free to use at the point of source for primary school teachers. The platform and support content is designed by educators for educators and provides both unique access to Welsh rugby and its values around health and wellbeing, culture and community. This programme has the potential to engage primary age pupils across Wales in 1,261 schools and a full launch of the project is expected to make a major impact in the year ahead.

We have also revamped our Youth Leagues, leading to a significant increase in fixture completion, the leagues now provide a 94% completion rate.

We continue to focus upon safeguarding the integrity of the game, through pro-actively working with clubs, regions and partners to maintain a safe and positive environment in Welsh rugby and are indebted to the hard working volunteers at clubs who fill the roles of Club Safeguarding Officers and Club Integrity Officers. These individuals manage integrity related matters at a local level, and also continue to promote the positive aspects and culture of our game.

We have maintained Level Three of the National Safeguarding Standards through its annual review with the Child Protection in Sport Unit (NSPCC) and Sport Wales and increased our capacity to deliver anti-doping training to players, support personnel, parents and staff, with nine new UKAD Educators available to be deployed this forthcoming season.

Throughout the year our volunteers have received First Aid, medical and concussion awareness training through their clubs and a Community Medical Strategy has now been developed and will be launched during season 2019/20. Our integrity team has dealt with over 700 cases this season through our disciplinary, anti-doping and safeguarding procedures.





HUBS

Our Hub 2 Programme, now incorporates 88 schools and colleges throughout Wales and includes, for the first time, a Special Educational Needs school, Ysgol Pen Y Bryn in Swansea. We also now have five dedicated University Hub Officers and two dedicated girls Hub Officers employed in conjunction with the Cardiff Blues Community Foundation.

The women and girls game has continued to grow strongly meeting a key strategic ambition of the Group through the work of the hub officers, and the community based Female Hubs, boosted by initiatives such as 'Rookie Rugby' and 'Bring a Bestie'. Headline figures tell us tens of thousands of girls were involved in rugby throughout the year in a variety of mixed offerings from RugbyFit to tag and the core 15s game. Specifically, around 3,000 are engaged within the Female Hubs within the community and the 'Rookie Rugby' week brought around 11,000 new girls to the game and the number of girls playing some form of regular rugby within secondary schools, colleges and universities with a hub officer has increased to more than 18,000.

Our engagement with the schools through our network of hub officers has had a big effect on the rugby leader courses we have been running; 83 courses have been held in the schools with 1,500 students attending and engaging within the programme with their school in the community and primary school area.

In schools alone, 3,383 male and female school pupils developed within our Rugby Leaders, Level 1 and officiating schemes alongside a variety of volunteer opportunities.

There has also been a drive to increase the number of female coaches and referees and dedicated female Hub Officers have joined our network of individuals improving participation around Wales.



WINNING CLUBS 2018/19

Cup

Cardiff Rugby 25 - 19 Merthyr

Plate

Bonymaen 21 - 23 Brecon

Bowl

Abergavenny 27 - 23 Oakdale

Principality Premiership

Merthyr

Championship

Pontypool



National Leagues

1 East

2 East

3 East A

3 East B

3 East C

3 East D

1 East Central

2 East Central

3 East Central A

3 East Central B

3 East Central C

1 West Central

2 West Central

3 West Central A

3 West Central B

3 West Central C

1 West

2 West

3 West A

3 West B

1 North

2 North

3 North

Brecon

Monmouth

Oakdale

Rhymney

Newport Saracens

Bettws

Glamorgan Wanderers

Abercwmboi

Treharris

Canton

Hirwaun

Ystalyfera

Birchgrove

Bridgend Sports Club

Baglan

Penygroes

Felfinfol

Penclawdd

Milford Haven

Nantgaredig

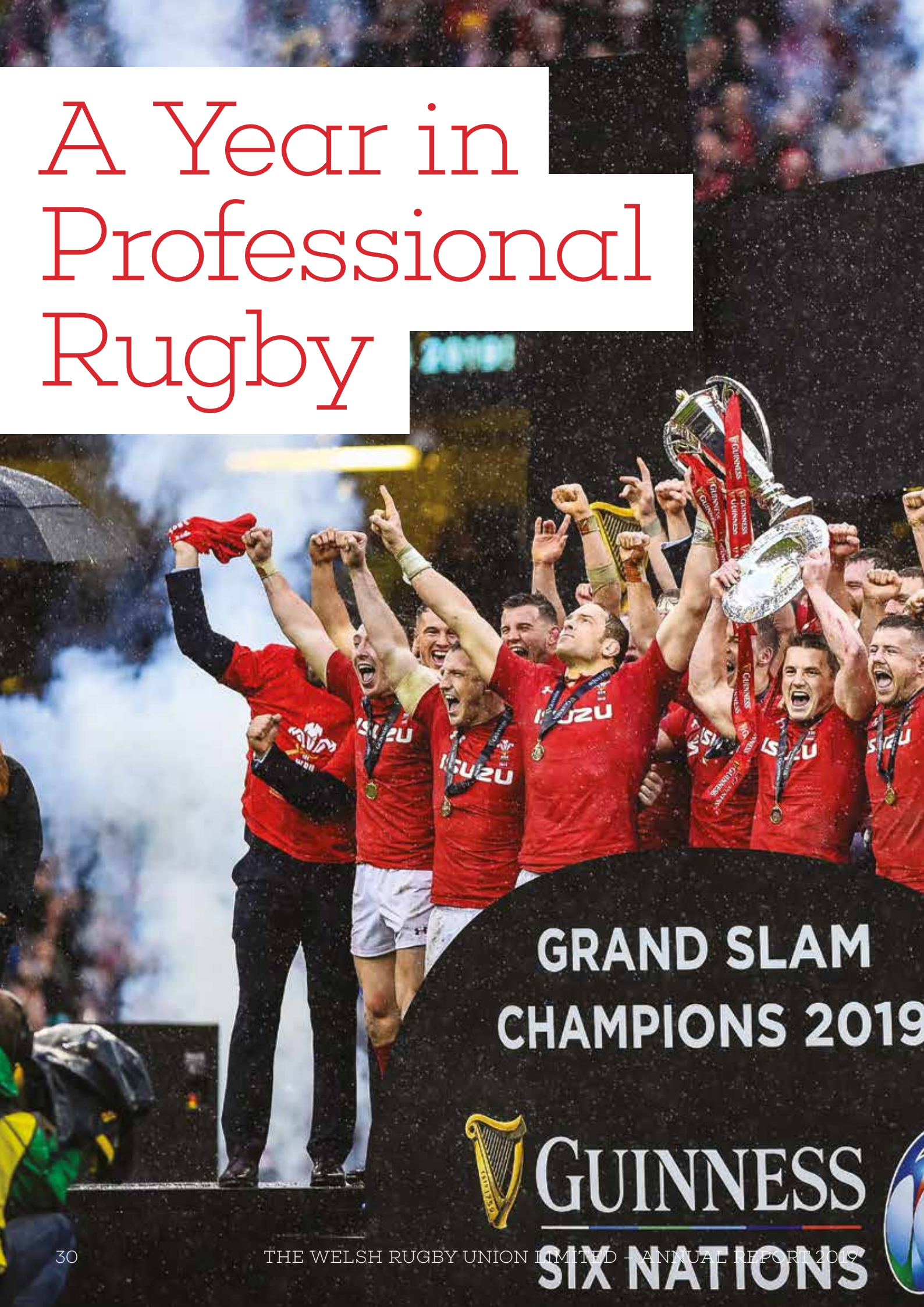
Llandudno

COBRA

Shotton Steel




A Year in Professional Rugby



**GRAND SLAM
CHAMPIONS 2019**



GUINNESS
SIX NATIONS



Warren Gatland and his team did it again! Wales completed their third Grand Slam under his tenure when they lifted the Guinness Six Nations Championship with a 25–7 win over Ireland at Principality Stadium in March and the nation celebrated accordingly!

It will be hard to say ‘goodbye’ to the longest serving and most successful coach in the history of the game in Wales, but we have had plenty of time to plan for this inevitable eventuality and we will do everything we can to ensure a smooth transition for incoming head coach Wayne Pivac.

Pivac’s appointment as the next head coach of Wales was confirmed in July 2018 and the interim time has been used wisely. We have avoided the merry-go-round that naturally follows a Rugby World Cup tournament, when coaches move on and the highest bidder gets their man and we firmly believe we have the right man in place, with the right resources and expertise at his fingertips, to take us forward into a new era of success.

A record 14-match unbeaten run, as at the year end date, and Wales’ highest position topping the World Rugby rankings should also not go unnoticed in any review of the 2018/19 season; all setting up an eagerly anticipated Rugby World Cup campaign in Japan.

The national squad’s preparation for Japan has been meticulous with RWC training camps in Fiesch, Switzerland on the itinerary, but we have also engaged in a legacy campaign to win hearts and minds as everyone’s favourite RWC19 second team - after their own nation.

We have spent the last 12 months providing an engagement and legacy programme in the city of Kitakyushu. The City has adopted Wales as their team of the tournament and we have sent coaches and coach educators on a number of visits to Japan to share Welsh rugby with thousands of school children around the country.

The Kitakyushu relationship was indeed so successful that similar arrangements followed with two further Rugby World Cup host cities, Oita and Kumamoto – and there is no doubt that there will be both a commercial and participation dividend from this work for Wales.

The international season started with the Under Armour Series and we welcomed our first Northern Hemisphere opposition, in Scotland, to Principality Stadium in November to contest the Doddie Weir Cup. A significant amount of money was raised for the charity of the former Scotland international who suffers from Motor Neurone Disease and has dedicated himself to finding a cure. This trophy will now be played for whenever our two sides meet and, of course, Wales are the current holders.



We all know that there are predicted changes ahead for rugby on the international scene, but we feel we are well placed to ride these changes.

The Women's national side finished fourth in their Six Nations Championship competition, finishing on a high with a bonus-point 24-5 win over Ireland to make it two wins in a row in the final two rounds. In the previous rounds they had beaten Scotland away after going down to both England and France and drawing 3-3 with Italy.



The season also started on a high with victory over both South Africa and Hong Kong in the autumn clashes at Cardiff Arms Park. The third match in this series was against Canada and, despite losing 21-38, the team can reflect on causing the world's fourth ranked side significantly more problems than in their 2017 World Cup matches, which were both whitewashes. Progress has undoubtedly been made and losses to France and England in the Six Nations did not deter our players or coaches from the task ahead. A respectable draw with Italy preceded the loss to France, but victory over both Scotland and then the Irish followed.

The newly established PRB has already brought about significant change for the better, to the way professional rugby in Wales is managed. A new Welsh Professional Players Contracting Model was implemented during the year, following consultation with the players, the Welsh Rugby Players' Association, agents and all other relevant stakeholders.

The model includes a new salary banding structure, designed to ensure consistency, transparency and a level playing field for all professional players in Wales.

A strategic review of the international 7s game and our participation model going forward has also been conducted and strong collective representation with the Regions on Guinness PRO14 and EPCR has seen the fixtures, for example, for all of next season being released earlier than before – allowing both fans and respective businesses to plan for their season ahead.

Our national sevens side retained its position on the World Series and continues to play an important role in our pathway, developing both future sevens and core professional 15-man game players and coaches.

The highlight of the season for our U20s side was a nail-biting 8-7 victory over New Zealand in the World Rugby Under 20 Championship in Rosario, Argentina. Wales U20s finished sixth in the tournament and beat hosts Argentina as well as the Baby Blacks in the process of achieving their highest placing for the last three seasons.

The last season was a rebuilding one for Wales U18. In the annual U18 International Series in South Africa, Chris Horsman's side lost a high scoring encounter against South Africa Schools 43-40 but bounced back well to defeat England 26-20. France carried too much fire power in the final game, as Wales were defeated 52-7.

In the Six Nations tournament held in April, Wales sandwiched defeats to England and Italy with a win against Scotland in Worcester. Wales finished second in the table a year ago, winning two games from three, but their final return this year only told part of the story after they produced a fine display to beat Scotland. And, while Italy got the better of them in their final game, Iwan Evans had given Wales the lead and they also delivered an impressive defensive display to hold the Azzurrini at bay for long periods.

The women's emerging Wales side beat an England U18 Development team 26-20 at Principality Stadium in April. This was a match which bodes well for the future, with the women's pathway buoyed by a refreshed regional programme which now runs through July and August.

A stated long-term strategic ambition is to ensure a Wales Women's side competes in the World Sevens Series.

At regional level the Ospreys secured the sole Welsh Heineken Champions Cup place for next season by defeating Scarlets 21-10 in the Guinness PRO14 play-off match at the Liberty Stadium. The Cardiff Blues, Scarlets and Dragons all play in the Challenge Cup next year.

Judgement Day was once again an important event in the domestic rugby calendar and saw many of Wales' international stars face-off on opposite teams, in regional colours, in front of a sizeable Guinness PRO14 crowd at Principality Stadium.



Dean Ryan was appointed as the new Director of Rugby at the Dragons, Brad Mooar is the incoming head coach of the Scarlets and we once again look forward to four competitive teams flying the flag for Wales in the Guinness PRO14 next year.

The inaugural Celtic Cup saw each Region provide opposition to Irish A teams in an 8-team competition played across two conferences. The Grand Final was contested between a young representative side from the Scarlets and Leinster A at Parc Y Scarlets, with the trophy going to the visitors after a 15-8 victory.





Directors' Report

FOR THE YEAR ENDED 30 JUNE 2019



As anticipated last year, the Group has made a loss for the year and the Directors present their report and the Group and the Company's audited financial statements for the year ended 30 June 2019.

Principal activity and review of the business

The principal activity of the Group is to promote rugby in Wales and to encourage more people to engage with the game, more often, with more enjoyment and more success. This activity, together with the primary objective and the likely future development of the Group are reviewed in the Chairman's Statement, the Group Chief Executive's Summary and the Strategic Report.

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 2019, the Group has no material foreign exchange risk (2018: £nil).

Interest rate risk

The Group has interest bearing liabilities. As shown in Note 14, the Group's policy is to hedge against the majority of any interest risk on liabilities by using derivative instruments to effectively hedge the interest rate risk. The Group has interest bearing assets which are invested at differing interest rates; these interest rates are fixed at the outset of the investment.

Credit risk

The Group has no significant concentration 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 2019, 39% (2018: 15%) of the borrowings were due to expire within five years.

Directors

The Directors who held office during the year and up to the date of signing the financial statements are listed in the 'Welsh Rugby Union Governance' section of this Annual Report. During the year, as part of the Governance changes that were approved at the 2018 Annual General Meeting, the composition of the Board of Directors changed and the number of Directors reduced to 12 (from 20) in March 2019.

Company Secretary

As reported in the 2018 Annual Report, Rhodri Lewis (Group General Counsel) was appointed Company Secretary on 1 August 2018, following the retirement of Gareth Williams.

Donations

The Group's primary charitable donation was £82,000 (2018: £119,000) to the Welsh Rugby Charitable Trust. This trust, 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 (2018: £nil).

Corporate social responsibility

The Group is aware of its responsibilities to local communities and its contribution to society. The Group 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.



Going Concern

The Directors have reviewed the financial position of the Group for the period to 31 October 2020 against the expected recurring operational income, expenditure and interest costs in conjunction with the Group's banking covenants. On this basis, the Directors consider that the Group has more than sufficient resources to continue in operational existence for the foreseeable future. For this reason, the Directors continue to adopt the going concern basis in preparing the Group's financial statements.

Statement of Directors' responsibilities in respect of the financial statements

The Directors are responsible for preparing the Annual Report and the financial statements (the "financial statements") in accordance with applicable law and regulation.

Company law requires the Directors to prepare financial statements for each financial year. Under that law, the Directors have prepared the financial statements in accordance with United Kingdom Accounting Generally Accepted Accounting Practice (United Kingdom Accounting Standards,

comprising FRS102, "The Financial Reporting Standard Applicable in the UK and Republic of Ireland", and applicable law).

Under company law, the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and the Company and of the profit or loss of the Group and Company for that period. In preparing the financial statements, the Directors are required to:

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



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

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

Disclosure of information to auditors

- (a) So far as the Directors are aware, there is no relevant audit information of which the Company's auditors are unaware; and
- (b) The Directors have taken all the steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Independent auditors

A resolution to reappoint PricewaterhouseCoopers LLP as the Group's auditors will be proposed at the Annual General Meeting in November.

By Order of the Board

Rhodri Lewis

Company Secretary
4 September 2019



Consolidated Financial Statements

FOR THE YEAR ENDED 30 JUNE 2019

CONSOLIDATED INCOME STATEMENT

for the year ended 30 June 2019

	Note	Total 2019 £'m	Total 2018 £'m
Match, commercial, hospitality and other income		78.6	85.3
Competition income		11.9	11.7
Turnover	2 (a)	90.5	97.0
Operating expenses	2 (b)	(94.1)	(92.6)
Operating profit before depreciation, exceptional items and allocations to affiliated organisations ("EBITDA")		31.9	35.1
Allocations to affiliated organisations	2 (d)	(31.6)	(26.7)
Exceptional items	4	(0.2)	(0.1)
Depreciation and amortisation (net of grant release)	4	(3.7)	(3.9)
Operating (loss)/profit		(3.6)	4.4
Interest payable and similar charges	3	(0.6)	(0.6)
(Loss)/profit on ordinary activities before tax	4	(4.2)	3.8
Tax on loss/(profit) on ordinary activities	6	0.3	(1.1)
(Loss)/profit for the financial year		(3.9)	2.7
(Loss)/profit attributable to:			
Company		(4.3)	2.3
Non-controlling interest		0.4	0.4
		(3.9)	2.7

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 30 June 2019

	Note	Total 2019 £'m	Total 2018 £'m
(Loss)/profit for the financial year		(3.9)	2.7
Other comprehensive (expense)/income:			
Cash flow hedges			
• Reclassifications to profit and loss of foreign exchange hedging instruments		(0.1)	–
• Change in value of foreign exchange hedging instruments	14	–	0.2
Other comprehensive (expense)/income for the year		(0.1)	0.2
Total comprehensive (expense)/income for the year		(4.0)	2.9
Total comprehensive (expense)/income attributable to:			
Company		(4.4)	2.5
Non-controlling interest		0.4	0.4
		(4.0)	2.9

CONSOLIDATED AND COMPANY BALANCE SHEETS

for the year ended 30 June 2019

	Note	2019 Group £'m	2018 Group £'m	2019 Company £'m	2018 Company £'m
Fixed assets					
Intangible asset	7	1.7	2.1	-	-
Tangible fixed assets	8	132.0	117.5	38.1	38.5
Investments	9	-	-	22.9	22.9
		133.7	119.6	61.0	61.4
Current assets					
Stock	10	0.3	0.3	-	-
Deferred tax asset	16	-	-	0.3	-
Financial assets					
• Derivative financial instruments	14	-	0.2	-	0.2
• Debtors	11	10.7	13.2	60.8	59.9
• Cash at bank and in hand	12	2.2	0.1	2.3	
		13.2	13.8	63.4	60.1
Current liabilities					
Creditors – amounts falling due within one year	13	(26.8)	(31.2)	(20.9)	(27.5)
Net current (liabilities)/assets		(13.6)	(17.4)	42.5	32.6
Total assets less current liabilities		120.1	102.2	103.5	94.0
Creditors – amounts falling due after more than one year	13	(64.7)	(39.7)	(48.9)	(39.7)
Accruals and deferred income	15	(29.6)	(31.6)	-	-
Provisions for liabilities	16	(0.5)	(0.8)	-	-
Net assets		25.3	30.1	54.6	54.3
Capital and reserves					
Other reserves		-	2.3	-	2.6
Profit and loss reserve brought forward		25.5	23.2	51.7	48.2
Transfer from other reserves		2.3	-	2.6	-
(Loss)/profit for the year attributable to the Group/Company		(4.4)	2.3	0.3	3.5
Profit and loss reserve		23.4	25.5	54.6	51.7
Capital and reserves attributable to Company		23.4	27.8	54.6	54.3
Capital and reserves attributable to non-controlling interests		1.9	2.3	-	-
Total capital and reserves		25.3	30.1	54.6	54.3

These financial statements were approved by the Board of Directors on 4 September 2019 and signed on its behalf by:



Gareth Davies Chairman



Martyn Phillips Group Chief Executive Officer

The notes on pages 47 to 75 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 2019

	Note	Other reserves £'m	Hedging reserve £'m	Profit and loss reserve £'m	Non-controlling interest £'m	Total £'m
Balance as at 1 July 2017		2.3	(0.2)	23.2	2.4	27.7
Profit for the year		-	-	2.3	0.4	2.7
Other comprehensive income for the year:						
Fair value gain on foreign exchange derivative financial instruments	14	-	0.2	-	-	0.2
Total other comprehensive income for the year		-	0.2	-	-	0.2
Total comprehensive income for the year		-	0.2	2.3	0.4	2.9
Investment received from non-controlling interest		-	-	-	0.1	0.1
Dividends		-	-	-	(0.6)	(0.6)
Balance as at 30 June 2018		2.3	-	25.5	2.3	30.1
Balance as at 1 July 2018		2.3	-	25.5	2.3	30.1
(Loss)/profit for the year		-	-	(4.3)	0.4	(3.9)
Other comprehensive income/(expense) for the year:						
Reclassifications to profit and loss of foreign exchange hedging instruments	14	-	-	(0.1)	-	(0.1)
Total other comprehensive expense for the year		-	-	(0.1)	-	(0.1)
Total comprehensive (expense)/income for the year		-	-	(4.4)	0.4	(4.0)
Transfer from other reserves to profit and loss reserve		(2.3)	-	2.3	-	-
Dividends		-	-	-	(0.8)	(0.8)
Balance as at 30 June 2019		-	-	23.4	1.9	25.3

Other reserves related to reserves pre-incorporation in 1997. These have been transferred to the profit and loss reserve in the year.

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

COMPANY STATEMENT OF CHANGES IN EQUITY

for the year ended 30 June 2019

	Note	Other reserves £'m	Hedging reserve £'m	Profit and loss reserve £'m	Total £'m
Balance as at 1 July 2017		2.6	(0.2)	48.2	50.6
Profit for the year		-	-	3.5	3.5
Other comprehensive income/(expense) for the year:					
Fair value gain on foreign exchange derivative financial instruments	14	-	0.2	-	0.2
Reclassifications to profit and loss of foreign exchange hedging instruments	14	-	(0.1)	-	(0.1)
Deferred tax on other comprehensive income	6	-	0.1	-	0.1
Total other comprehensive income for the year		-	0.2	-	0.2
Total comprehensive income for the year		-	0.2	3.5	3.7
Balance as at 30 June 2018		2.6	-	51.7	54.3
Balance as at 1 July 2018		2.6	-	51.7	54.3
Profit for the year		-	-	0.4	0.4
Other comprehensive expense for the year:					
Reclassifications to profit and loss of foreign exchange hedging instruments	14	-	-	(0.1)	(0.1)
Total other comprehensive expense for the year		-	-	(0.1)	(0.1)
Total comprehensive income for the year		-	-	0.3	0.3
Transfer from other reserves to profit and loss reserve		(2.6)	-	2.6	-
Balance as at 30 June 2019		-	-	54.6	54.6

Other reserves related to reserves pre-incorporation in 1997. These have been transferred to the profit and loss reserve in the year.

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

CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 30 June 2019

	Note	2019 £'m	2019 £'m	2018 £'m	2018 £'m
Net cash from operating activities	21	2.9		7.4	
Taxation paid		(0.8)		(0.9)	
Net cash generated from operating activities			2.1		6.5
Cash flow from investing activities					
Purchase of tangible fixed assets		(19.9)		(0.5)	
Sale of tangible fixed assets		1.0		-	
Acquisition of tangible fixed assets		-		(1.3)	
Net cash used in investing activities			(18.9)		(1.8)
Cash flow from investing activities					
Purchase of tangible fixed assets		(19.9)		(0.5)	
Sale of tangible fixed assets		1.0		-	
Acquisition of tangible fixed assets		-		(1.3)	
Net cash used in investing activities			(18.9)		(1.8)
Cash flow from financing activities					
Interest paid		(0.6)		(0.7)	
Grant repaid		(0.1)		(0.1)	
Drawdown of bank loans		11.2		2.5	
Repayment of bank loans		(6.2)		(6.4)	
Receipt from other creditor in respect of agreement that will ultimately be settled by a finance lease	13	15.0		-	
Debenture issue		0.4		-	
Investment received from non-controlling interest		-		0.1	
Dividends paid to non-controlling interests		(0.8)		(0.6)	
Net cash generated from/(used in) financing activities			18.9		(5.2)
Net increase/(decrease) in cash and cash equivalents	22		2.1		(0.5)
Cash and cash equivalents at the beginning of the year			0.1		0.6
Cash and cash equivalents at the end of the year			2.2		0.1

The notes on pages 47 to 75 form an integral part of these financial statements.

1. ACCOUNTING POLICIES

a. General information

The Company is limited by guarantee and is incorporated in England and Wales and domiciled in the UK. The address of its registered office is Principality Stadium, Westgate Street, Cardiff, CF10 1NS.

b. Statement of compliance

The Group and individual financial statements of The Welsh Rugby Union Limited 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" ("FRS102") and the Companies Act 2006. The Welsh Rugby Union Limited is considered by the Directors to be a Public Benefit Entity under the definition in FRS102.

c. Summary of significant 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 notes (x) to (y).

The Company has not presented its own income statement, as permitted by section 408 of the Companies Act 2006.

e. Going concern

The Directors have reviewed the financial position of the Group for the period to 31 October 2020 against the expected recurring operational income, expenditure and interest costs in conjunction with the Group's banking covenants. On this basis the Directors consider that the Group has more than sufficient resources to continue in operational existence for the foreseeable future. For this reason, the Directors continue to adopt the going concern basis in preparing the Group's financial statements.

f. Exemptions for qualifying entities under FRS102 for the separate financial statements

FRS102 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 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) from the financial instrument disclosures, required under FRS102 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
- (iii) from disclosing the Company key management personnel compensation, as required by FRS102 paragraph 33.7.

g. Basis of consolidation

The consolidated financial statements incorporate the financial statements of The Welsh Rugby Union Limited and its subsidiaries, Millennium Stadium plc, WRU Supporters Club Limited, WRU National Centre of Excellence Limited, WRU Gwent Region Limited, WRU Gwent Rugby Limited, WRU Gwent Stadium Limited, WRU Properties Limited, Westgate Hotel Cardiff Limited and Millennium Stadium Experience Limited, all of which are made up to 30 June 2019 and prepared using consistent accounting policies. All intergroup transactions are eliminated on consolidation.

h. 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, except when deferred in other comprehensive income as qualifying cash flow hedges.

i. 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, excluding net of returns, discounts and rebates allowed by the Group and value added taxes, in respect of the sale of goods and services. Ticket income, sale of hospitality packages,

competition income and other event income are recognised as revenue when the related event is staged. 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.

Where consideration is received in kind, income and expenditure are grossed up on the basis of arms' length commercial rates.

Incoming resources from non-exchange transactions, with the exception of grant income (see note 1.r.), are 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.

j. 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 and charge which by their size, nature and/or incidence are exceptional to the financial statements for the year. These are shown as exceptional within the categories of expenditure to which they relate.

k. Intangible fixed assets

Intangible assets comprise Hospitality Catering Rights. These are initially recognised at fair value and are then amortised on a straight-line basis over the contracted period of 10 years. The carrying value of intangible assets is reviewed for impairment when events or changes in circumstances indicate the carrying values may not be recoverable.

l. 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.

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 lives as follows:

Stadium	Up to 50 years
Other buildings	Up to 50 years
Centre of Excellence	Up to 10 years
Other fixed assets	Up to 10 years

No depreciation is charged on assets under construction. Depreciation charges commence once the asset is completed and brought in to use. The depreciation rate charged is then based on the asset class as per the above table.

m. Investments in subsidiaries

Investments in subsidiaries are included at cost less any accumulated impairment losses. 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 subsidiary WRU Supporters Club Limited under section 479A of the Companies Act 2006.

n. 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 "hire

purchase 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 payable are apportioned between the finance element, which is charged to the income statement, and the capital element which reduces the outstanding hire purchase liability.

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

o. Stock

Stock is valued at the lower of cost and estimated selling price less costs to sell and 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.

p. 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 except for 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.

q. 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.

r. Grants

Grants receivable in respect of tangible fixed assets are credited to the income statement over the expected useful economic lives of the relevant assets to which they relate. Grants received but not yet released to the income statement are included as deferred income in the balance sheet. Revenue grants are released to the income statement in the same year as the related expense incurred.

s. 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.

t. Financial instruments

The Group has chosen to adopt Sections 11 and 12 of FRS102 in respect of financial instruments.

(i) Financial assets

Basic financial assets, including trade and other debtors, cash and bank balances and loans due from Regions and clubs, 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 profit or loss.

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 profit or loss.

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 de-recognised 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.

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

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

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

(iii) Offsetting

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally enforceable right to set off the recognised

amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

(iv) Hedging arrangements

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

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

Changes in the fair values of derivatives designated as cash flow hedges, and which are effective, are recognised directly in equity. Any ineffectiveness in the hedging relationship (being the excess of the cumulative change in fair value of the hedging instrument since inception of the hedge over the cumulative change in the fair value of the hedged item since inception of the hedge) is recognised in the income statement.

The gain or loss recognised in other comprehensive income is reclassified to the income statement when the hedge relationship ends. Hedge accounting is discontinued when the hedging instrument expires, no longer meets the hedging criteria, the forecast transaction is no longer highly probable, the hedged debt instrument is de-recognised, or the hedging instrument is terminated.

u. Public Benefit Entity concessionary loans (including debentures)

Concessionary loans arrangements, when received for the purpose of furthering the primary objective of the Group, which include any debentures or loans received below the prevailing market rate of interest 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.

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

v. Cash and cash equivalents

Cash at bank and in hand includes highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of change in value.

Restricted cash relates to amounts held on deposit charged to cover the contingent liability in respect of Club Loans set out in Note 18.

w. 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.

x. Critical judgments in applying the Group's accounting policies

(i) Control of MSEL (note 9)

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.

(ii) 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 FRS102 Glossary of Terms, and consider that this has been met as 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 FRS102 public benefit entity standards when preparing the Group consolidated financial statements.

(iii) 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 Regions participate, namely the PRO14, the European Champions Cup and the European Challenge Cup. The net revenue is passed on to the Regions. The Group assessed the factors presented in the respective agreements with the Regions 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 provided sufficient evidence that it is the principal in the transaction with the relevant competition provider.

y. Key accounting estimates and assumptions

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The Directors consider that there are no key accounting estimates and assumptions in the preparation of these financial statements.

2. BUSINESS ANALYSIS

All income is derived from activities within the UK. The information below is provided as additional information.

(a) Turnover

	2019 £'m	2018 £'m
Turnover is analysed as follows:		
Match income	44.9	44.9
Commercial income	14.2	14.2
Hospitality and catering income	14.0	18.0
Other event income	2.4	4.8
Other income	3.1	3.4
	78.6	85.3
Competition income	11.9	11.7
	90.5	97.0

Other event income represents amounts receivable in respect of staging fees and other similar income arising within Principality Stadium for events which are not promoted by the Company.

Other income includes income from grants and royalties.

Competition income represents amounts received from European Professional Club Rugby, and Celtic Rugby Designated Activity Company in consideration for the participation of teams 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 any competition income, less any costs incurred by the Group in respect of the competitions, to them.

(b) Operating expenses

	2019 £'m	2018 £'m
Operational costs (see (c) below)	58.6	61.9
Exceptional items (see note 4)	0.2	0.1
Depreciation and amortisation – net of grant release (see note 4)	3.7	3.9
Allocations to affiliated organisations (see (d) below)	31.6	26.7
	94.1	92.6

2. BUSINESS ANALYSIS (CONTINUED)

(c) Operational costs

	2019 £'m	2018 £'m
Business and administration	7.5	8.6
Direct	19.4	21.2
Hospitality and catering costs	6.5	9.8
Stadia	7.2	6.2
Performance rugby	5.5	5.5
Community rugby	4.9	4.6
WRU Gwent – regional rugby	7.6	6.0
	58.6	61.9

(d) Allocations to affiliated organisations

These are analysed as follows:	2019 £'m	2018 £'m
Competition income (see note 2(a))	11.9	11.7
Competition income due to WRU Gwent	(3.0)	(2.9)
Competition income payable external to WRU Group	8.9	8.8
National Dual Contracts (see below)	-	2.6
Directly from Company	16.5	9.1
Regions – professional rugby	25.4	20.5
Clubs – semi-professional rugby	1.7	1.7
Clubs – community rugby and affiliates	4.5	4.5
	31.6	26.7

The Group incurred costs in respect of National Dual Contracted players ("NDC"). Following the commencement of the Professional Rugby Agreement ("PRA"), all NDC costs were charged back to the Region to which the NDC was seconded to. The total costs of the NDCs for the provision of their services (including commercial obligations) amounted to £3.5m (2018: £4.3m), for which a contribution of £3.5m (2018: £1.7m) was received from the Regions (£3.4m (2018: £1.6m) received from outside the Group). The balance of £nil (2018: £2.6m) was treated as an allocation to the Regional organisations.

3.INTEREST PAYABLE AND SIMILAR CHARGES

	2019 £'m	2018 £'m
Interest payable on bank and similar loans	0.3	0.4
Bank charges	0.3	0.2
Total	0.6	0.6

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

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

	Note	2019 £'m	2018 £'m
Depreciation on owned assets	8	5.2	5.4
Amortisation of intangible assets	7	0.4	0.3
Release of deferred income (grant release)		(1.9)	(1.8)
Net charge to the income statement		3.7	3.9
Rental of land and buildings		0.4	0.4

Exceptional items

Restructuring costs	0.2	0.1
Total exceptional items	0.2	0.1

During YE19 and YE18, the Group incurred costs that due to their size and nature were considered “exceptional”. In order to assist in understanding the Group’s results, the Directors believe that it was appropriate to show separately the operating profit of the Group before exceptional items on the face of the income statement as additional information. In both years these costs are in respect of restructuring costs that were considered exceptional.

During the year, the Group obtained the following services from the Group’s auditor:

	2019 £'000	2018 £'000
Fees payable to the Company auditor for the audit of the parent company and consolidated financial statements	25	24
Fees payable to the Company’s auditor for other services:		
The audit of the Company’s subsidiaries pursuant to legislation	45	38
Taxation compliance services	27	27
Other non-audit services	48	43

5. STAFF NUMBERS AND COSTS

Staff numbers	2019 Group	2018 Group	2019 Company	2018 Company
The monthly average number of employees, including directors with a service contract, during the year was:				
Management and administration	87	85	69	67
Direct	24	23	22	21
Stadia	47	46	-	-
Performance rugby	39	39	39	39
Community rugby	70	68	68	66
WRU Gwent – regional rugby	91	80	-	-
	358	341	198	193

The above staff numbers do not include any players representing national teams (including those on National Dual Contracts), stewards engaged for events nor do they include the non-executive Directors of the Company.

Staff costs	2019 Group £'m	2018 Group £'m	2019 Company £'m	2018 Company £'m
The staff costs during the year were as follows:				
Wages and salaries	15.6	14.3	8.2	8.0
Social security costs	1.7	1.6	0.9	0.9
Pension costs – defined contribution schemes	1.0	0.9	0.8	0.7
	18.3	16.8	9.9	9.6

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 £3.5m (2018: £4.3m), for which a contribution of £3.5m (2018: £1.7m) was received from the Regions. Of the £3.5m contribution, £3.4m (2018: £1.6m) was received from outside the Group.

In addition to the above amounts, £5.0m (2018: £3.8m) is paid as remuneration to players whilst representing the senior men's national squad. These costs are included in Direct costs within Operational costs (see Note 2 (c)).

Directors' emoluments	2019 £'000	2018 £'000
The directors' emoluments, during the year, were as follows:		
• Aggregate emoluments	403	403
• Benefits	3	10
• Company contributions to defined contribution pension scheme	1	1
	407	414

5. STAFF NUMBERS AND COSTS (CONTINUED)

The emoluments above include fees of £55,000 (2018: £66,000) payable to the Chairman. The Group received £5,000 (2018: £16,000) from third parties in respect of these emoluments. There is one director accruing benefits under a defined contribution pension scheme (2018: one).

Emoluments of the highest paid director

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

	2019 £'000	2018 £'000
Aggregate emoluments	348	336
Benefits	3	10
	351	346

Key management compensation

Key management includes certain directors and the Executive Board. The compensation paid or payable to key management, including the amounts shown as Directors' emoluments above, is shown below:

	2019 £'000	2018 £'000
Salaries and other short-term benefits	1,440	1,414
Company contributions to defined contribution pension scheme	159	153
	1,599	1,567

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

(a) Tax expense included in the income statement

	2019 £'m	2018 £'m
Current tax		
UK corporation tax on result for the year	-	(1.3)
Total current tax charge	-	(1.3)
Deferred tax		
Origination and reversal of timing differences	0.3	0.2
Total deferred tax credit	0.3	0.2
Total tax credit/(charge) on (loss)/profit on ordinary activities (Note 6(b))	0.3	(1.1)

6. TAX ON LOSS/(PROFIT) ON ORDINARY ACTIVITIES (CONTINUED)

(b) Reconciliation of tax (credit)/charge

The current tax assessed for the year is higher (2018: higher) than the standard rate of corporation tax in the UK of 19% (2018: 19%). The differences are explained below:

	2019 £'m	2018 £'m
(Loss)/profit on ordinary activities before tax	(4.2)	3.8
(Loss)/profit multiplied by standard rate of corporation tax in the UK of 19% (2018: 19%)	(0.8)	0.7
Effects of:		
Expenses not deductible for tax purposes and income not taxable	0.5	0.4
Total tax (credit)/charge for year (Note 6(a))	(0.3)	1.1

Changes to the UK corporation tax rate were enacted as part of Finance Bill 2016 on 15 September 2016. These changes reduce the main corporation tax rate to 17% from 1 April 2020. Deferred taxes at the balance sheet date have been calculated at 17% on the basis that the majority of the underlying timing differences are expected to reverse at 17%.

7. INTANGIBLE ASSET

	Hospitality Catering Rights £'m	Group Total £'m
Cost		
At 1 July 2018 and 30 June 2019	3.3	3.3
Accumulated amortisation		
At 1 July 2018	1.2	1.2
Charge for the year	0.4	0.4
At 30 June 2019	1.6	1.6
Net book value		
At 30 June 2019	1.7	1.7
At 30 June 2018	2.1	2.1

8. TANGIBLE FIXED ASSETS

	Stadium £'m	Centre of Excellence £'m	Other buildings £'m	Land £'m	Other fixed assets £'m	Group Total £'m	Company Total £'m
Cost							
At 1 July 2018	138.8	3.6	1.7	41.8	10.0	195.9	40.7
Additions	-	1.1	16.3	-	2.5	19.9	-
Disposals	-	-	(0.4)	-	(0.1)	(0.5)	(0.5)
At 30 June 2019	138.8	4.7	17.6	41.8	12.4	215.3	40.2
Accumulated depreciation							
At 1 July 2018	68.5	2.2	1.6	-	6.1	78.4	2.2
Charge for the year	4.1	0.2	-	-	0.9	5.2	0.2
Disposals	-	-	(0.2)	-	(0.1)	(0.3)	(0.3)
At 30 June 2019	72.6	2.4	1.4	-	6.9	83.3	2.1
Net book value							
At 30 June 2019	66.2	2.3	16.2	41.8	5.6	132.0	38.1
At 30 June 2018	70.3	1.4	0.1	41.8	3.9	117.5	38.5

Included in the cost of the stadium are cumulative capitalised interest costs of £4.6m (2018: £4.6m). The depreciation charge includes an amount of £0.1m (2018: £0.1m) representing the depreciation of interest previously capitalised.

Other fixed assets comprise plant and machinery and fixtures and fittings. Included within other fixed assets is £1.7m of assets under construction at the year end. The asset under construction is the installation of a diesel rotary uninterrupted power supply.

During the year, the Group has acquired certain buildings and is currently refurbishing these buildings in order for them to be used as a hotel, and as such are deemed to be assets under construction. The cost of the buildings and all subsequent refurbishment costs are being funded through an agreement that will ultimately be settled by a finance lease. The additions to Other Buildings in the year of £16.3m relate to the acquisition of these buildings and the refurbishment costs incurred to 30 June 2019.

With the exception of the hotel buildings mentioned above, 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.

9. INVESTMENTS

The Group holds no material investments (2018: nil).

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 WRU Gwent Region Limited and a £16,500,000 equity investment in Millennium Stadium Experience Limited at both 30 June 2019 and 30 June 2018. All investments are held at historical cost.

Subsidiary and other investments held directly and indirectly by the Company and in which the Company has a beneficial interest as at 30 June 2019 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%
WRU Gwent Region Limited	Holding company	United Kingdom	80%
WRU Properties Limited	Holding company	United Kingdom	100%
Subsidiaries – Indirect			
WRU Gwent Rugby Limited	Regional Rugby franchise	United Kingdom	80%
WRU Gwent Stadium Limited	Stadium operation	United Kingdom	80%
Westgate Hotel Cardiff Limited	Hotel operator	United Kingdom	75%

The above subsidiaries all have their registered address at: Principality Stadium, Westgate Street, Cardiff. CF10 1NS

Other investments	Principal activity	Country of incorporation	% holding of ordinary shares
Six Nations Rugby Limited: First Floor, Simmonscourt House, Simmonscourt Road, Ballsbridge, Dublin 4, Ireland. (See note below)	Competition management	Republic of Ireland	17%
Celtic Rugby Designated Activity Company: Suite 208 Alexandra House, The Sweepstakes, Ballsbridge, Dublin 4, Ireland	Competition management	Republic of Ireland	33%
British Lions Designated Activity Company: First Floor, Simmonscourt House, Simmonscourt Road, Ballsbridge, Dublin 4, Ireland.	Overseas rugby tours	Republic of Ireland	25%
Great Britain Rugby Sevens Limited: Rugby House, 200 Whitton Road, Twickenham, London, UK. TW2 7BA	Olympic Sevens competition	United Kingdom	33%

9. INVESTMENTS (CONTINUED)

Six Nations Rugby Limited's share capital is beneficially owned by Six Nations Council. Six Nations Council is an unincorporated members' association formed by The Rugby Football Union, the Irish Rugby Football Union Limited, The Welsh Rugby Union Limited, the Scottish Rugby Union Limited, La Federation Francaise de Rugby and La Federazione Italiana Rugby (together the "Member Unions"). Six Nations Rugby Limited operates as an agent on behalf of the Six Nations Council and the Member Unions.

The other investments above were the same as at 30 June 2018.

In addition to the shareholdings above the Company is one of nine members of European Professional Club Rugby, a Swiss association whose principal activity is managing the relevant European club competitions.

Given the disposition of the other investments, the Group's inability to exercise significant influence over the investments above with less than 100% shareholdings and the immateriality of their net surpluses and net assets after receipt of income by the Group in the other investments above, the Directors do not believe that these investments should be treated as associate companies. Fixed asset investments are stated at the lower of cost and valuation.

The Group's previous bankers hold one share in Millennium Stadium plc (2018: one share) and this share has the same rights as the shares held by the Company. In addition, Cardiff County Council ("CCC") holds one share in Millennium Stadium plc (2018: one share); this share grants only certain rights and does not grant CCC any dividends nor any rights to amounts receivable upon winding up.

10. STOCK

	Group 2019 £'m	Group 2018 £'m	Company 2019 £'m	Company 2018 £'m
Goods for resale	0.3	0.2	-	-
Raw materials	-	0.1	-	-
	0.3	0.3	-	-

11. DEBTORS

	Group 2019 £'m	Group 2018 £'m	Company 2019 £'m	Company 2018 £'m
Amounts due within one year:				
Trade debtors	3.3	6.1	1.7	4.1
Loans due from clubs	0.6	0.6	0.7	0.6
Loans due from Regions	0.3	0.3	0.3	0.3
Less: provision for impairment of receivables	(0.9)	(1.6)	(0.8)	(1.2)
	3.3	5.4	1.9	3.8
Prepayments and other debtors	5.7	5.7	5.0	5.3
	9.0	11.1	6.9	9.1
Amounts due after more than one year:				
Amounts owed by Group undertakings	-	-	52.2	48.7
Loans due from Regions	1.7	2.1	1.7	2.1
Total debtors	10.7	13.2	60.8	59.9

The amounts due from subsidiary undertakings are unsecured and have no fixed dates of repayment. An interest charge at equivalent rates to the bank loan arrangements is levied on outstanding amounts due from subsidiary undertakings.

The carrying amount of debtors is a reasonable approximation of fair value and the carrying amounts of the Group's debtors are all denominated in pounds sterling ("GBP").

12. CASH AT BANK AND IN HAND

	Group 2019 £'m	Group 2018 £'m	Company 2019 £'m	Company 2018 £'m
Cash balance at bank	1.0	0.1	1.1	-
Restricted cash	1.2	-	1.2	-
	2.2	0.1	2.3	-

Restricted cash relates to amounts held by Barclays Bank plc ("Barclays") and charged as security for loans to Clubs made by Barclays. As at the balance sheet date, this was a temporary measure whilst alternative security was arranged. The restrictions on this cash were removed shortly after the year end when alternative security was granted by the Group.

13. CREDITORS

	Group 2019 £'m	Group 2018 £'m	Company 2019 £'m	Company 2018 £'m
Amounts falling due within one year:				
Bank loans	0.3	4.1	0.3	4.1
Trade creditors	2.6	3.7	1.2	1.1
Capital creditors	2.1	-	-	-
Amounts owed to Group undertakings	-	-	4.2	6.6
Corporation tax	-	0.8	0.4	-
Other tax and social security	0.8	1.3	0.5	1.1
Other creditors	0.7	0.5	0.2	0.9
Accruals and deferred income	20.3	20.8	14.1	13.7
	26.8	31.2	20.9	27.5
Amounts falling due after more than one year:				
Bank loans	10.9	2.1	10.9	2.1
Debentures	38.0	37.6	38.0	37.6
Other creditor to be ultimately settled by a future finance lease agreement	15.0	-	-	-
Deferred income	0.8	-	-	-
	64.7	39.7	48.9	39.7

The other creditor above relates to funding received in respect of the Westgate Hotel development. Post the balance sheet date, the Group will enter into a finance lease arrangement. This finance lease will fund the remaining costs associated with the Westgate Hotel development and settle the other creditor shown above.

The Group refinanced its debt obligations during the year. All previous obligations with Barclays were repaid and new facilities with National Westminster Bank plc ("NatWest") were taken.

Maturity analysis

	Group 2019 £'m	Group 2018 £'m	Company 2019 £'m	Company 2018 £'m
Bank loans are due				
Within one year	0.3	4.1	0.3	4.1
Between one and two years	0.3	2.1	0.3	2.1
Between two and five years	10.6	-	10.6	-
	11.2	6.2	11.2	6.2

13. CREDITORS (CONTINUED)

The principal terms of these loans are set out below:

Bank loans	Interest and capital repayment terms	2019 £'m	2018 £'m
Previous Barclays Facilities			
Revolving credit facility	LIBOR plus 1.75%, loan repayable on maturity date	-	2.5
Facility A	LIBOR plus 1.75%, loan repayment in instalments by 2019	-	1.3
Facility B – Loans to Regions	LIBOR plus 1.75%, loan repayment in instalments by 2019	-	2.4
New NatWest Facilities			
Revolving credit facility A	LIBOR plus 1.40%, loan repayable on maturity date	-	-
Revolving credit facility B	LIBOR plus 1.40%, loan repayable on maturity date	9.2	-
Facility C – Loans to Regions	LIBOR plus 1.40%, loan repayment in instalments by 2019	2.0	-
		11.2	6.2

The Barclays Facility B and NatWest Facility C above are in respect of the loans due from Regions referred to in Note 11.

The principal terms of the bank loans shown above relate to the primary instrument and do not take account of derivative instruments.

Interest on amounts drawn on the revolving credit facilities is referenced to the LIBOR rate applicable to the draw period. At 30 June 2019 the revolving credit facility B was drawn for a period of 1 month. Interest on the Facility C loan is re-priced every 3 months and referenced to 3-month LIBOR.

The carrying amounts of the Group's borrowings, which include bank loans and debenture loans, approximate their fair value. 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.

Security provided on bank loans

Bank loans totalling £11.2m (2018: £6.2m) are secured by fixed and floating charges over the assets of the Company and certain of its subsidiaries.

Borrowing facilities

The Group had £25.8m (2018: £16.5m) of undrawn committed borrowing facilities available at 30 June 2019, of which £14.0m (2018: £16.5m) has all conditions precedent met at that date.

13. CREDITORS (CONTINUED)

Debenture loans are repayable in:	Group 2019 £'m	Group 2018 £'m
2021	0.4	0.4
2024	9.0	9.9
2026	0.3	0.5
2027	1.6	2.4
2028	0.3	0.3
2030	2.9	4.8
2035	2.0	1.8
2050	21.6	17.6
	38.1	37.7
Unamortised issue costs	(0.1)	(0.1)
	38.0	37.6

All debenture loans are unsecured and bear no interest.

During the year the Group invited debenture holders of the 410, 420, 430, 440, 450, 460, 470 and 480 Series to extend the redemption date of their debenture from either 2024, 2026, 2027 or 2030 to 2050. Some 365 debenture holders involving some 736 seats accepted this invitation resulting in the redemption of some £0.9m being extended from 2024 to 2050, £0.2m being extended from 2026 to 2050, £0.9m being extended from 2027 to 2050, and £1.9m being extended from 2030 to 2050.

During the year the Group also invited debenture holders of the 050 and 100 Series to extend the redemption date of their debenture to either 2035 or 2050, in exchange for an additional investment. Some 33 debenture holders involving some 68 seats accepted this invitation resulting in an additional investment of £0.4m, with £0.2m repayable in 2035 and £0.2m repayable in 2050. This exercise is ongoing and additional investment is expected to be secured in 2020.

Bank and debenture loans repayable by instalments wholly or partly after 5 years

Bank loans, with a total value of £11.2m (2018: £6.2m), are repayable wholly or partly from the balance sheet date by instalments. Of these amounts, £nil (2018: £nil) is repayable after five years.

Concessionary debenture loans, with a total value of £38.1m (2018: £37.7m), are repayable wholly from the balance sheet date. Of this amount, £28.7m (2018: £37.3m) is repayable after five years.

14. 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 mitigates foreign exchange risk with the use of forward contracts. As at 30 June 2019 the Group had no material foreign exchange risk (2018: £nil).
- **Interest rate risk** – operations are financed through a mixture of bank borrowings and concessionary loans. The Group currently borrows in floating rates of interest and uses derivative financial instruments to generate the desired interest profile and to manage exposure to interest rate fluctuations.
- **Liquidity risk** – the Group's policy is to maintain a balance between continuity of funding and flexibility. As at 30 June 2019, 39% (2018: 15%) of borrowings were due to mature within five years, some 27% (2018: 41%) were due to mature between five years and fifteen years and some 34% (2018: 44%) were due to mature after fifteen years.

The Group has the following financial instruments:

	Note	Group 2019 £'m	Group 2018 £'m	Company 2019 £'m	Company 2018 £'m
Financial assets that are debt instruments measured at amortised cost:					
• Trade debtors	11	2.4	4.5	0.8	2.8
• Loans due from Regions	11	2.0	2.4	2.0	2.4
• Loans due from clubs	11	0.6	0.6	0.6	0.6
• Other debtors	11	1.2	1.7	1.1	2.0
		6.2	9.2	4.5	7.8

Financial assets measured at fair value through other comprehensive income:

• Derivative financial instruments	-	-	0.2	-
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Financial liabilities measured at amortised cost:

• Bank loans	13	11.2	6.2	11.2	6.2
• Trade creditors	13	2.6	3.7	1.2	1.1
• Capital creditors	13	2.1	-	-	-
• Other creditors and accruals	13	22.6	23.4	15.2	15.7
• Other creditor to be ultimately settled by a future finance lease agreement	13	15.0	-	-	-
		53.5	33.3	27.6	23.0

Financial liabilities measured at fair value through other comprehensive income:

• Derivative financial instruments	-	-	-	-
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14. FINANCIAL INSTRUMENTS (CONTINUED)

Derivative financial instruments – forward contracts

The Group enters into forward foreign currency contracts to mitigate the exchange rate risk for certain future foreign currency receivables. The forward currency contracts are measured at fair value, which is determined using valuation techniques that utilise observable inputs. The key inputs used in valuing the derivatives are the forward exchange rates. The fair value of the forward-foreign currency contract asset is £nil (2018: £0.2m).

Cash flows on foreign exchange contracts are received annually. During 2019, a hedging gain of £nil (2018: £0.2m) was recognised in other comprehensive income for changes in the fair value of the foreign exchange forward contracts and £nil (2018: £nil) was reclassified from the hedge reserve to profit and loss through the Consolidated Income Statement during the year.

At 30 June 2019, the notional principal amounts of derivatives were £5.6m and are analysed as follows:

	Notional amount £'m	Fair market value £'m	Maturity date
EUR - forward exchange contracts	4.7	–	30 June 2020
EUR - forward exchange option	0.9	–	30 April 2020

At 30 June 2018, the notional principal amounts of derivatives were £11.2m and are analysed as follows:

	Notional amount £'m	Fair market value £'m	Maturity date
EUR - forward exchange contracts	4.5	0.1	30 June 2019
EUR – forward exchange contracts	4.7	0.1	30 June 2020
USD – forward exchange contracts	1.1	-	30 June 2019
EUR - forward exchange option	0.9	-	30 April 2019

14. FINANCIAL INSTRUMENTS (CONTINUED)

Derivative financial instruments – interest rate

The Group hold interest rate derivatives, which cap the interest rate liability on its debt to 1.25%. The cap is based on a current principal amount of £4.7m, equating to approximately 42% of the principal amount of the Group's bank debt as at 30 June 2019, and matures in July 2019. The Group is currently in discussion regarding new interest rate derivatives.

The derivative is used to hedge the Group's exposure to interest rate movements on the bank debt. The derivative fixes the total interest payable on a proportion of the bank debt at a maximum of 1.25%. The fair value of the interest rate derivative is £nil (2018: nil).

Cash flows on interest rate derivatives are paid quarterly until July 2019. Cash flows on Facility C are paid three times per annum. Cash flows on the revolving credit facilities are paid in line with the draw period. During 2019, a hedging loss of £0.1m (2018: £nil) was recognised in other comprehensive income for changes in the fair value of the interest rate derivative and £nil (2018: £nil) was reclassified from the hedge reserve to profit and loss reserve.

At 30 June 2019 and 30 June 2018, the notional principal amounts of derivatives were £4.7m and are analysed as follows:

	Notional amount £'m	Fair market value £'m	Maturity date
Interest rate cap 1.25%	4.7	–	31 July 2019

During the years to 30 June 2019 and 30 June 2018, the Group's derivatives qualified for hedge accounting under FRS102. These derivatives are carried at fair value which, as at 30 June 2019 and 30 June 2018, was £nil.

15. ACCRUALS AND DEFERRED INCOME

	Group 2019 £'m	Group 2018 £'m	Company 2019 £'m	Company 2018 £'m
At start of year	31.6	33.5	-	-
Amounts repaid	(0.1)	(0.1)	-	-
Released to the income statement	(1.9)	(1.8)	-	-
At end of year	29.6	31.6	-	-

During the year, some £1.9m (2018: £1.8m) was released to the income statement from the grants amount shown above.

15. ACCRUALS AND DEFERRED INCOME (CONTINUED)

Included within the grants amount above is an amount received from the Big Lottery Fund (formerly the Millennium Commission) amounting to £22.4m (2018: £23.6m). This grant will be released to the income statement as follows:

	Group 2019 £'m	Group 2018 £'m	Company 2019 £'m	Company 2018 £'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	16.4	17.6	-	-
	22.4	23.6	-	-

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

16. PROVISIONS FOR LIABILITIES

Deferred tax

The movement on deferred tax is as follows:

	Group 2019 £'m	Group 2018 £'m	Company 2019 £'m	Company 2018 £'m
Liability at start of the year	0.8	1.0	-	-
Credited to the profit and loss account	(0.3)	(0.2)	(0.3)	-
At end of the year	0.5	0.8	(0.3)	-

Deferred tax provided is made up as follows:

Accelerated capital allowances	0.8	0.8	-	-
Tax losses carried forward	(0.3)	-	(0.3)	-
	0.5	0.8	(0.3)	-

The Group's deferred tax liability expected to reverse in the next 12 months is £0.2m. This primarily relates to the reversal of timing differences on fixed assets. The Company's deferred tax asset expected to reverse in the next 12 months is £0.3m and this primarily relates to the expected utilisation of tax losses carried forward in the next 12 months.

17. COMPANY LIMITED BY GUARANTEE

The liability of the members is limited. 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 (2018: 329).

18. CONTINGENT LIABILITIES

Group

The Group had the following contingent liabilities as at 30 June 2019:

- The Group 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 due are £1.1m (2018: £1.2m) and £0.1m (2018: £nil), respectively.
- The Group has guaranteed the performance of Celtic Rugby Designated Activity Company in respect of certain financing received. The amounts guaranteed are €0.1m (2018: €0.1m).
- In 2018 the Group had guaranteed the performance of two Regions in respect of loans that the Regions received from Barclays. The amounts guaranteed were £2m. No similar guarantee exists in 2019.
- In 2018 the Group had guaranteed the performance of the three Regions not within the Group in respect of loans that the Regions have received from Barclays. The amounts guaranteed in 2019 are £nil (2018: £0.2m).

Company

The Company had the following contingent liabilities as at 30 June 2019:

- The Company has guaranteed the performance of one of its subsidiaries under the terms of grant arrangements amounting to £29.6m (2018: £31.6m).
- 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 due are £1.1m (2018: £1.2m) and £0.1m (2018: £nil), respectively.
- The Company has guaranteed the performance of Celtic Rugby Designated Activity Company in respect of certain financing received. The amounts guaranteed are €0.1m (2018: €0.1m).
- In 2018 the Company had guaranteed the performance of two Regions in respect of loans that the Regions received from Barclays. The amounts guaranteed were £2m. No similar guarantee exists in 2019.
- In 2018 the Company had guaranteed the performance of the three Regions not within the Group in respect of loans that the Regions have received from Barclays. The amounts guaranteed in 2019 are £nil (2018: £0.2m).

The Group and Company are dealing with a small number of legal claims. The Directors have reviewed all of these claims and, on the basis of legal advice received, believe that no provision is necessary. Consequently, no provision for these claims has been included in these financial statements.

It is currently impracticable to make any additional disclosures in relation to the estimated financial effects, their timing and the possibility of any reimbursement.

19. COMMITMENTS

Capital commitments of the Group:

	2019 £'m	2018 £'m
Authorised and contracted	2.0	-

The Company had no capital commitments at 30 June 2019 or 30 June 2018.

Operating lease commitments:

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

	2019 £'m	2018 £'m
• One year	0.4	0.4
• One to two years	0.4	0.4
• Two to five years	1.2	1.2
• More than five years	3.9	4.1

20. PENSION COSTS

The Group operates defined contribution schemes. The assets of the defined contribution pension schemes are held separately from those of the Group, under independent administration. The pension cost charge for these schemes represents contributions payable by the Group to the schemes in the year amounting to some £1.0m (2018: £0.9m). There are no material amounts included in creditors in respect of these pension costs in 2019 or 2018.

21. RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2019 £'m	2018 £'m
EBITDA	31.9	35.1
Allocations to affiliated organisations	(31.6)	(26.7)
Exceptional items	(0.2)	(0.1)
Depreciation and amortisation	(5.6)	(5.7)
Release of deferred grant income	1.9	1.8
Operating (loss)/profit	(3.6)	4.4
Non-cash items:		
Depreciation and amortisation	5.6	5.7
Release of deferred grant income	(1.9)	(1.8)
	3.7	3.9
Working capital adjustments:		
Decrease in stock	-	0.2
Decrease/(increase) in debtors	2.5	(2.2)
Increase in creditors	0.3	1.1
	2.8	(0.9)
Net cash inflow from operating activities	2.9	7.4

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

	2019 £'m	2018 £'m
Increase/(decrease) in cash in the year	2.1	(0.5)
Cash (inflow)/outflow from movement in debt	(20.4)	3.8
(Increase)/decrease in net debt during the year	(18.3)	3.3
Net debt at the beginning of the year	(43.7)	(47.0)
Net debt at the end of the year	(62.0)	(43.7)

23. ANALYSIS OF NET DEBT

	Cash £'m	Bank debt due within one year £'m	Bank debt due after one year £'m	Other creditor* £'m	Debentures £'m	Total £'m
At 1 July 2018	0.1	(4.1)	(2.1)	-	(37.6)	(43.7)
Cash flow	2.1	4.1	(9.1)	(15.0)	(0.4)	(18.3)
Non-cash changes	-	(0.3)	0.3	-	-	-
At 30 June 2019	2.2	(0.3)	(10.9)	(15.0)	(38.0)	(62.0)
At 1 July 2017	0.6	(6.3)	(3.7)	-	(37.6)	(47.0)
Cash flow	(0.5)	3.8	-	-	-	3.3
Non-cash changes	-	(1.6)	1.6	-	-	-
At 30 June 2018	0.1	(4.1)	(2.1)	-	(37.6)	(43.7)

*Other creditor to be ultimately settled by a future finance lease agreement

24. RELATED PARTY TRANSACTIONS

See note 5 for disclosure of the Directors' remuneration and key management compensation.

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" – WRU Gwent Region Limited

"WRUGR" – WRU Gwent Rugby Limited

"WHCL" – Westgate Hotel Cardiff limited

"RAP" – Rightacres Property Company Limited

"Compass" – Compass Contract Services (UK) Limited

2019 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	3.4	-	-	-	-	1.4	-	50.1
MSEL	0.6	1.5	-	-	0.1	-	2.9	-
WRUGRE	-	-	-	-	-	0.2	-	-
WRUGR	6.3	0.6	-	0.2	-	-	-	-
WHCL	-	1.1	-	-	-	-	-	1.2

24. 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	-	3.4	-	-	1.4	-	50.1	-
MSEL	0.7	1.2	-	-	-	-	-	0.5

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	0.6	-	-	-	0.1	-	2.9
MS	1.2	0.7	-	-	-	-	0.5	-
Compass	4.2	-	-	-	-	-	-	-

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	0.6	6.3	0.2	-	-	-	-	-

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	-	-	-

WHCL

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	1.1	-	-	-	-	-	1.2	-
RAP	14.2	-	-	-	-	-	0.1	-

24. RELATED PARTY TRANSACTIONS (CONTINUED)

2018 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	3.9	-	-	-	-	1.3	-	48.7
MSEL	0.5	1.4	-	-	0.1	-	5.7	-
WRUGRE	-	-	-	-	-	0.1	-	-
WRUGR	6.2	0.5	-	-	-	-	-	-

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	-	3.9	-	-	1.1	-	48.7	-
MSEL	0.6	2.1	-	-	-	-	-	1.2

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	1.4	0.5	-	-	-	0.1	-	5.7
MS	2.1	0.6	-	-	-	-	1.2	-
Compass	4.2	-	-	-	-	-	-	-

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	0.5	6.2	-	-	-	-	-	-

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	-	-	-	-	0.1	-	-	-

Report on the Audit of the Financial Statements



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

Opinion

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

- give a true and fair view of the state of the group's and of the company's affairs as at 30 June 2019 and of the group's loss and cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Consolidated Financial Statements (the "Annual Report"), which comprise: the consolidated and company balance sheets as at 30 June 2019; the consolidated income statement and consolidated statement of comprehensive income, 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, which include a description of the significant accounting policies.

BASIS FOR OPINION

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

Independence

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

CONCLUSIONS RELATING TO GOING CONCERN

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

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's and company's ability to continue to adopt the going concern basis

of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

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

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

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with

the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

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

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

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 30 June 2019 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the group and company and their environment

obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS AND THE AUDIT

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Directors' Responsibilities in respect of the financial statements set out on pages 38–39 of this Annual Report, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the company or to cease operations, or have no realistic alternative but to do so.





Auditors' responsibilities for the audit of the financial statements

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

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

Use of this report

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

OTHER REQUIRED REPORTING

Companies Act 2006 exception reporting

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

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

We have no exceptions to report arising from this responsibility.

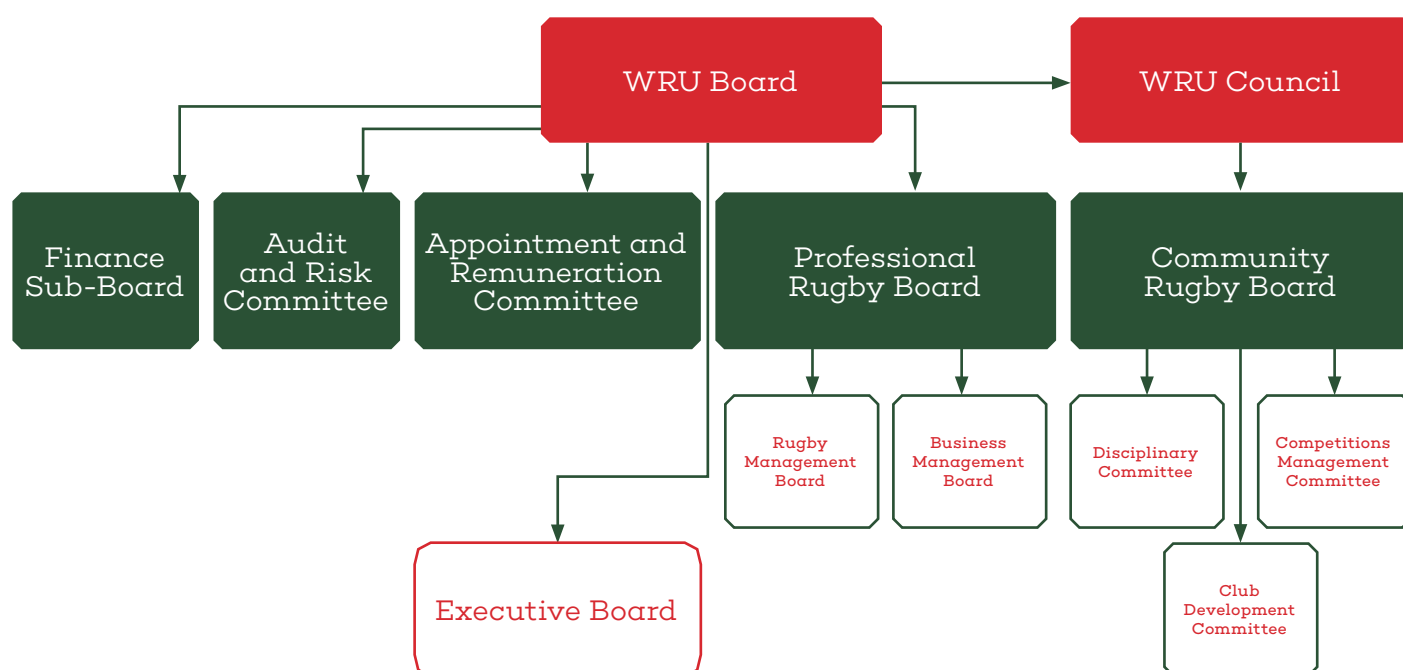
Jason Clarke
(Senior Statutory Auditor)
For and on behalf of
PricewaterhouseCoopers LLP,
Chartered Accountants and
Statutory Auditors

Cardiff, 4 September 2019

Governance



WELSH RUGBY UNION GOVERNANCE STRUCTURE



WELSH RUGBY UNION GOVERNANCE

Year ended 30 June 2019

Patron

His Royal Highness The Duke of Cambridge

President

Dennis Gethin OBE

Governance of Welsh Rugby

The principal activity of the Company is to promote rugby union in Wales, to encourage more people to engage with the game more often, with more enjoyment and more success. The Board 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.

As referred to elsewhere in this Annual Report, during the year, as part of the Governance changes that were approved at the 2018 Annual General Meeting, the composition of the Board changed and the number of Directors reduced to 12 (from 20) in March 2019.

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.

The Board comprises 11 non-executive Directors and one executive Director (being the Group Chief Executive). Of the 11 non-executive Directors, eight are Council Members who are elected to the Board by the Welsh Rugby Union Council, two are appointed by the Board and one is appointed to the Board following appointment as the Chair of the Professional Rugby Board.

The non-executive Chair of the Board is elected from one of the eight Council Members.

THE BOARD OF DIRECTORS OF THE WELSH RUGBY UNION LIMITED

Non-executive Chair: Gareth Davies

Executive: Martyn Phillips
(Group Chief Executive)

Non-executive:

Alan Jones (resigned on 18 March 2019)
(non-executive vice Chairman)

Anthony Buchanan

Gwyn Bowden (resigned on 18 March 2019)

Martin Davies (resigned on 14 October 2018)

Geraint Edwards (resigned on 18 March 2019)

Gordon Eynon

Brian Fowler (resigned on 18 March 2019)

Robert Butcher

Tim Griffin

Bryn Parker (resigned on 18 March 2019)

Anthony John (resigned on 14 October 2018)

Alwyn Jones (resigned on 14 October 2018)

Ian Jeffery (resigned on 18 March 2019)

Chris Morgan

Aileen Richards

Phil Thomas

Ray Wilton (resigned on 18 March 2019)

David Young

Hywel Roberts (appointed on 14 October 2018)

David Lovett (appointed on 27 February 2019)

Anthony Buchanan has indicated that he will not be seeking re-election as a National Council Member and he will therefore cease being a Council Member and therefore also a Director at the end of the forthcoming AGM.

Company Secretary

Rhodri Lewis (appointed 1 August 2018)

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. The Council is comprised of five National Council Members and 14 District Council Members, all of whom are elected by member clubs.

The Council elects, 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.

One of the Council Members is elected by the Board as the non-Executive Chair of the Board.

Members of the Welsh Rugby Union Council

National Council Members:

Gareth Davies, Anthony Buchanan, Mark Taylor, Colin Charvis and Jon Morgan OBE

District Council Members:

District A Ian Jeffery and Bryn Parker

District B Gwyn Bowden and Dave Young

District C Robert Butcher and Ray Wilton

District D Alan Jones and Chris Morgan

District E Geraint Edwards and Phil Thomas

District F Brian Fowler

District G Chris Jones

District H Gordon Eynon

District J Hywel Roberts



WELSH RUGBY UNION GROUP – EXECUTIVE BOARD

Chairman: Martyn Phillips
(Group Chief Executive)

Executive:

Geraint John	Community Director
Ryan Jones	Performance Director
Mark Killingley	Head of Digital and Communications
Rhodri Lewis	Group General Counsel and Company Secretary
Craig Maxwell	Head of Group Sales and Marketing
Julie Paterson	Operations Director
Steve Phillips	Group Finance Director
Mark Williams	Stadium Manager

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”). In order to consider how best to implement the Principles and Behaviours set out in the Framework in a way that best fits the Group and how it can maintain and improve good governance and leadership within the Group, the Board established a Governance Working Group which met and reported regularly to the Board on governance matters. The Governance Working Group was chaired by Gareth Davies and comprised Aileen Richards, Robert Butcher, Gordon Eynon, Martyn Phillips and Rhodri Lewis. The Governance Working Group’s work included recommending appropriate changes to the Company’s governance structures, to ensure that the Group’s commitment to best practice in corporate governance is met – these

governance changes were proposed by the Board for approval at the 2018 Annual General Meeting. As the changes were supported by the necessary majority at the 2018 Annual General Meeting, they were approved and implemented during the year. This included the establishment of the Welsh Rugby Union Council comprising of five National Council members and 14 District Council Members and reducing the number of Directors to 12 in total.

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

The Board has 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 Robert Butcher, membership of the CRB is open to all National Council members and all District Council Members. Julie Paterson and Geraint John are also members given their respective Executive responsibilities. The CRB is responsible for managing and delivering the execution of the strategy for Community Rugby as set by the Welsh Rugby Union Council and approved by the Board from time to time.

Professional Rugby Board (“PRB”)

Chaired by David Lovett, comprised Martyn Phillips, Steve Phillips, David Buttress, Robert Davies, Alun Jones and Nigel Short. Ryan Jones and Julie Paterson also attend meetings, given their respective Executive responsibilities. The PRB is responsible for overseeing, managing and delivering the execution of the agreed strategy for professional rugby.

Finance Sub-Board

Chaired by Ian Jeffery, comprised Gareth Davies, Martyn Phillips, Aileen Richards, Craig Maxwell and Steve Phillips. 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 Aileen Richards, comprised Gareth Davies, Robert Butcher, Alan Jones and Ian Jeffery. Whilst not a member, Martyn Phillips is 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 Tim Griffin, comprised David Young and Alan Jones and included Dyfrig John and Geraint Davies as independent members. 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.

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. All Executive Board members have detailed job descriptions in addition to limits of authority.

The Board meets at least on a quarterly basis and considers all matters under its terms of reference 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.

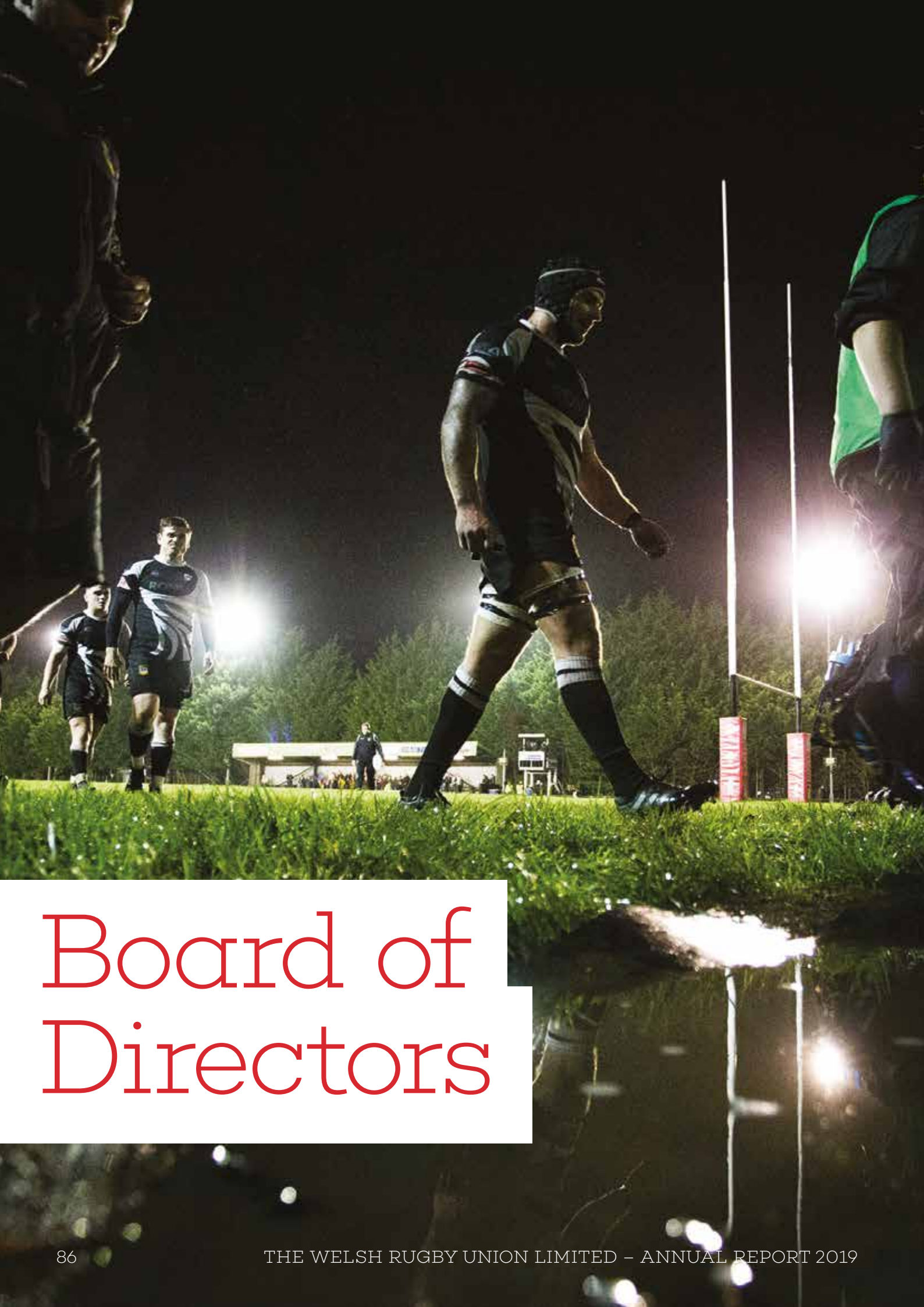
REMUNERATION OF THE BOARD

Under the Group’s remuneration policy, no fees are payable to non-executive Directors, other than the non-executive Chair who receives an annual fee of £50,000.

In addition, the Board is represented on other rugby bodies including World Rugby, Six Nations Rugby Limited, European Pro Club Rugby, British Lions 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 Executive Director or member of the Executive Board retains any such compensation from these bodies.

REGISTERED OFFICE

**Principality Stadium
Westgate Street
Cardiff
CF10 1NS**



Board of Directors



Non-executive Chair
GARETH DAVIES

Joined the Board in 2014 and was elected as Chair in the same year. He was re-elected to the Board in March 2019 and continued as Chair, following the transition period for the governance changes that were approved at the 2018 AGM. He is also a National Council Member.

He is a member of the World Rugby Council, its Executive Committee, as well as being a director of Rugby World Cup Limited, Six Nations Rugby Limited and the British Lions Designated Activity Company.

A former international fly-half and British & Irish Lions tourist in 1980, he earned 21 caps for his country and captained Wales on five occasions.

He has held senior executive positions with the Newport Gwent Dragons, CBI Wales, BBC Wales, Cardiff RFC, S4C, the Sports Council for Wales, the Royal Mail and for International Business Wales (the successor Government agency to the Welsh Development Agency) – where he headed the Sydney, Australia office. He is a former Dean of the Carnegie Faculty at Leeds Metropolitan University.



Executive
MARTYN PHILLIPS
Group Chief Executive

Joined the Board in 2015.

He is a member of the Six Nations Council, a director of the British Lions Designated Activity Company and Celtic Rugby Designated Activity Company.

He was formerly CEO of B&Q and a non-executive director of Hydrogen Group plc.

In 2013 he was awarded an Honorary Doctorate from Southampton Solent University for services to business. He was educated at Fishguard Grammar School and UWIC in Cardiff, before studying at both Oxford Brookes College and then Templeton College, Oxford.

Whilst at school he won international caps at U15 level and was a member of the Welsh Schools U18 squad.



ANTHONY BUCHANAN

Joined the Board in 2014 and was re-elected to the Board in March 2019, following the transition period for the governance changes that were approved at the 2018 AGM. He is also a National Council Member.

He is a member of the World Rugby Council.

A former Wales prop forward, who won five caps, including during the first Rugby World Cup in 1987. He played over 230 times for Llanelli, before later becoming team manager in 1991 seeing the club through the transition from amateur to professional rugby during over 30 years of service.

He originally worked as a colliery fitter before changing roles for a management position in a chemical company.



GORDON EYNON

Joined the Board in 2011 and was re-elected to the Board in March 2019, following the transition period for the governance changes that were approved at the 2018 AGM. He is also a District Council Member for District H.

He has represented Whitland, Gwernyfed, Breconshire, Carmarthen Quins and Crymych at senior level.

He was head coach at Crymych for three years before becoming Club Secretary in 1989, a position he still holds today, and is now a life member of the club. He has been a District H committee member since 1995 and chaired the district from 2009 to 2011. Since 2014 he has represented the WRU as a delegate to Rugby Europe and is a member of its Sevens Commission.

He is a former schoolmaster and currently runs a farm in Pembrokeshire.



ROBERT BUTCHER

Joined the Board in 2015 and was re-elected to the Board in March 2019 having been elected as the Chair of the Community Rugby Game Board, following the transition period for the governance changes that were approved at the 2018 AGM. He is also a District Council Member for District C.

He is a one club man having been associated with Bargoed RFC since leaving school in the late 1960's and recently accepted life membership of the club. He was the captain for five successive years in the mid to late 1970's.

Once his playing career ended, he joined the club's committee. With an unbroken service with his beloved Bargoed, in 2015 he completed a 20th year as club honorary secretary.

On leaving college he took up a teaching post within Merthyr Tydfil County Borough Council and enjoyed a career in education until his recent retirement.



TIM GRIFFIN

Appointed independent non-executive director

Joined the Board in 2015 and was re-appointed in 2018.

Tim is now MD of DCC Technology, a division of DCC a FTSE 100 Company. He is a former CEO of Dell UK and previously worked in Singapore and Australia in a variety of senior positions with the company.

His career has spanned senior management roles in a number of major companies including PriceWaterhouseCoopers, NCR and the BBC.

He studied at UCC and Templeton College Oxford. He has roots in Wales and played for Newbridge as well as captaining Cross Keys and Monmouthshire U23s. He also represented Cardiff University, Welsh Universities and British Universities and won the Dubai 7s with Crawshays.



CHRIS MORGAN

Joined the Board in 2014 and was re-elected to the Board in March 2019, following the transition period for the governance changes that were approved at the 2018 AGM. He is also a District Council Member for District D.

He played rugby for Glyncorrwg, Tonmawr and the Royal Marines, before moving into the coaching environment where his main background is in strength and conditioning. He has worked in this field at Premiership level with Swansea and Aberavon, spent three years in the Regional set up with the Ospreys senior squad and played a significant part in the management and coaching set up of the Wales Deaf Rugby team which won the World Cup in New Zealand in 2002.

He is a former senior non-commissioned officer in the Royal Marines with 18 years' experience, holding high profile appointments during a distinguished career.



AILEEN RICHARDS

Appointed independent non-executive director

Joined the Board in 2015 and was re-appointed in 2018.

Prior to that she was based in the USA for seven years as the Executive Vice President and Vice President of People and Organisation for Mars Incorporated.

She grew up outside Cardiff where she gained her passion for Welsh Rugby, and holds a BSc Honours degree in business studies. She spent her 30-year career at Mars working across the management structure in a number of high profile roles in the UK, Belgium and the USA.

Now retired from her Executive role, she has several non-executive Directorships.



PHIL THOMAS

Joined the Board in 2015 and was re-elected to the Board in March 2019, following the transition period for the governance changes that were approved at the 2018 AGM. He is also a District Council Member for District E.

From Clydach, he is a former Wales Schools U16 international and played youth rugby for Morriston before joining Vardre where he became club secretary, vice chairman and then chairman in 2012.

He retired in 2018 after 40 years' service in the Finance Department of the City and County of Swansea.



DAVID YOUNG

Joined the Board in 2014 and was re-elected to the Board in March 2019, following the transition period for the governance changes that were approved at the 2018 AGM. He is also a District Council Member for District B.

He played for the youth and senior teams of Llandaff North and, following injury, joined the committee, latterly as the rugby secretary, and was awarded life membership after 23 years of service. He is currently a selector, vice chairman and competition secretary for the East District Rugby Union.

He is a retired chartered electrical engineer and former design and construction manager for Cardiff Council.



HYWEL ROBERTS

Joined the Board in 2018 and was re-elected to the Board in March 2019, following the transition period for the governance changes that were approved at the 2018 AGM. He is also a District Council Member for District J.

A former Local Director of NatWest Bank, he grew up in Gwynedd – now retired but keeps an active interest in business and in all sports and lives in Llandudno.

Career experience includes Board appointments on various business and educational bodies.

Served as Chair and Vice Chair District J and Welshpool RFC and is a founder member of NWRUC/RGC. Played rugby in the Midlands and London.



DAVID LOVETT

Joined the Board in February 2019, having been appointed as Chair of the Professional Rugby Board.

He is a chartered accountant, formally a senior partner at Arthur Andersen and Vice Chairman of AlixPartners, a leading management company specialising in solving complex and critical business challenges. Now retired, he chairs his family music and hospitality business.



Company Secretary
RHODRI LEWIS
Appointed 1 August 2018

Joined the Group in 2010 as Head of Legal Affairs and was appointed as Company Secretary on 1 August 2018. He also has Executive responsibility for the Group's HR and Payroll functions and is Company Secretary for several Group companies.

He started his legal career at the international law firm Freshfields Bruckhaus Deringer in London, before joining the commercial legal department at UEFA (the European football governing body, based in Switzerland) working predominantly on Champions League, Europa League and UEFA European Football Championships matters.

He left UEFA to become the Senior Solicitor at The FA Group and was responsible for a broad range of legal matters in relation to both The Football Association (including in relation to the 2010 FIFA World Cup) and Wembley Stadium.

In 2015, he was named as The Lawyer magazine's 'In-House' Lawyer of the Year'.

He played rugby throughout his time at Ysgol Gyfun Gymraeg Glantaf and has played for Dinas Powys, for teams in London, Thailand, Hong Kong, Australia and Switzerland and for the University of London.



Welsh Rugby Union Council

The WRU Council was established in March 2019, following the transition period for the governance changes that were approved at the 2018 AGM. In accordance with the Articles of Association, the Council comprises 14 District Council Members and five National Council Members.

The Council is responsible for:

- (a) setting the strategy for Community Rugby in Wales, for approval by the WRU Board of Directors; and
- (b) electing, from within the Council's membership, the following:
 - (i) two National Council Members, for appointment to the WRU Board of Directors;
 - (ii) five District Council members, for appointment to the WRU Board of Directors; and
 - (iii) the Chair of the Community Game sub-Board, who will also be appointed to the WRU Board of Directors.



ALAN JONES

Joined the Board in 2003 as a District Appointed Director for District D and is now a District Council Member for that District.

He was elected vice-Chairman of the WRU in 2015, a position he held until earlier this year. He has been a member of the District D Committee for the past 15 years.

He is a one-club man, Bryncoch, where he has been club captain and was Chairman for 10 years. He was awarded Life Membership of the club in 2009, and has been club secretary for the past 25+ years.

He has an Honours Degree in Mathematical Sciences from Birmingham University and upon graduating he held various Technical and Managerial positions in IT for Wales Gas, BP and BT.

Following his retirement, he has carried out volunteer work for the Age Concern charity, helping elderly people learn IT skills.



GWYN BOWDEN

Joined the Board in 2015 as a District Appointed Director for District B and is now a District Council Member for that District.

He played School and Youth rugby for Whitchurch, before joining Taff's Well Youth, where he went on to play for the District Youth & Taff's Well first XV. In later years, he was elected fixture Secretary and then Chairman and is a life member. He also played for Beddau and Rhiwbina RFC.

He became a WRU Referee in 1980 and progressed to premier grade before retiring in 1999, later becoming a referee's adviser/coach. During this period, he was also the referee's appointments officer for Cardiff & District RU and the District Blues Region.

More recently, he has been a Citing Commissioner at PRO14, European Cup and International matches. He has continued his strong links with the Referees' Society.

Now retired, he was self-employed in the manufacture of purpose made furniture/joinery and was a senior design consultant for a national company.



GERAINT EDWARDS

Joined the WRU Board on 6 May 1993 as a District Appointed Director for District E and is now a District Council member for that District.

He has been a member of Dunvant rugby club since September 1958, first as a player before joining the club committee and serving intermittently as fixture secretary for 25 years and chairman for nine.

During his 26 years on the WRU Board, he has served on the Regulatory Committee as vice-chairman then chairman and has been chairman of the WRU Disciplinary Committee for most of this time. He was Citing Commissioner at the 2009 Heineken Cup Final in Edinburgh.

He began his working career with a five-year apprenticeship as a toolmaker with ICI, spent time at the Ford Motor Company in Swansea and was part of the Production Management Team at British Leyland in Llanelli when he retired.

At the 2019 Annual Ospreys in the Community Dinner, he was awarded the Lifetime Achievement Award for services to Rugby Football.



BRIAN FOWLER

Joined the Board in 2002 as a District Appointed Director for District F and is now a District Council Member for that District.

He played rugby for St Luke's College Exeter, Llanelli, Ammanford, Brynamman and Tycroes. He was later secretary of Ammanford for 23 years.

Now retired, he was a local government officer for Carmarthenshire County Council, having previously worked for the National Coal Board.

He is a Life Member of Ammanford RFC and was elected to the Management Committee of the West Wales Rugby Union in 1995, becoming Vice Chairman in 2000. He was made a Life Member of the West Wales Rugby Union in 2016.



BRYN PARKER

Joined the Board in 2016 as a District Appointed Director for District A and is now a District Council Member for that District.

During a productive playing career, he played for Blaenavon, Pontypool, Talywain, Garndiffaith and Croesyceiliog. He has also managed and coached Blaenavon, Talywain, Garndiffaith and Croesyceiliog.

He was honorary secretary of Cwmbran from 2006 – 2018, is now a Life member and a member of the Committee. He has been team manager of Monmouthshire County since 2004.

He works in various schools, supporting children of all ages, abilities and behaviours. He was formerly a senior technical process operator and training officer. He has also been a children's mentor/co-ordinator for Children in Need.

He is a former community councillor and was appointed chair of the Pontypool Community Council in 2016.



IAN JEFFERY

Joined the Board in 2015 as a District Appointed Director for District A and is now a District Council Member for that District.

He enjoyed a progressive career in the construction and private development sectors, holding positions on the boards of three national house builders, recently joining Persimmon & Charles Church Homes as Regional Commercial Director.

He started playing rugby at 11 years of age and commenced his senior rugby in Exeter, moving to the Gloucester leagues before joining Usk in 2004, finally retiring from the game in 2011.

Whilst playing he also served on club committees for 24 years, joining the District A meetings in 2010 as a representative of Usk.



RAY WILTON

Joined the Board in 1998 as a District Appointed Director for District C and is now a District Council Member for that District.

He is a citing commissioner to Test match level.

He has been a member of the Tylorstown committee for over 30 years and represented the club on the Mid District Committee from 1971. He became chairman of the Mid District selectors.

He worked as a development engineer in the power industry and was also employed by Hoover for over 30 years.



CHRIS JONES

Joined the Board in 2018 as a District Appointed Director for District G and is now a District Council Member for that District.

A one club man, he was a founding member of Newcastle Emlyn and has been its Secretary since its formation in 1977. He is a life member of the Club as well as a past player, captain, and coach.

He is a former coach to the Welsh Schools Intermediate (Under 16) International side. He also chaired the Intermediate Group and the Schools Council. He represented the Schools on the old WRU Committee.

Educated at Llandysul Grammar School and Loughborough Colleges, he taught P.E. for 35 years until his retirement in 2010.



MARK TAYLOR

A former Wales centre and captain, Mark Taylor, joined the Board in 2018 as a National Appointed Director and is currently a National Council Member.

He is a management accountant at established accountancy firm Bevan & Buckland and brings a wealth of playing and management experience to the Council.

After a stellar playing career, he was team manager for Wales U18 and Wales U20 before moving to the regional outfit, Scarlets in a similar role.

Taylor's try-scoring exploits will be forever etched in Welsh folklore, as he was the first player to score a five pointer at the newly built Millennium Stadium (now Principality Stadium) against South Africa in 1999 as Graham Henry's men recorded a rare victory against the Springboks.

His club history is just as impressive, playing for his hometown of Blaenavon during his youth career and for Pontypool, Swansea, Scarlets, Sale and Ospreys during his senior years between 1992 and 2008.



COLIN CHARVIS

Was elected as a National Council Member in May 2019.

Now runs his own business, as well as being vice-chair and a Board member of Swansea Rugby Club. He is an Ambassador for the Sparks Children's charity; for Show Racism the Red Card; for the Multiple Sclerosis Society; and the JAG Foundation. He was previously an Ambassador for Shelter Cymru.

He is a former Captain of Wales, winning his first cap in 1996. He also represented the British & Irish Lions in 2001.



JON MORGAN OBE

Was elected as a National Council Member in May 2019.

He is a sports and leisure professional with nearly 35 years' experience. During his career he held several senior leadership roles within local authorities, national sport agencies, national and international governing bodies of sport.

In 2017, he stood down from the role of Chief Executive Officer, Disability Sport Wales, a position he had held since 2002. During that period, he was responsible for leading the strategic development of disability and inclusive sport, advising Welsh Government, Sport Wales and various stakeholder partners on policy direction and programme implementation. Disability Sport Wales is recognised as a world leading organisation within disability sports development.

He was made an OBE in the 2017 New Years' Honours List for Services to Disability Sport in Wales.

As referenced in the 'Board of Directors' section of this Annual Report, Gareth Davies and Anthony Buchanan are National Council Members and Robert Butcher, Dave Young, Chris Morgan, Phil Thomas, Gordon Eynon and Hywel Roberts are District Council Members.





A group of men in dark suits and red ties are standing in a line at night. They are holding a large, ornate silver trophy. Red streamers are falling from above, creating a festive atmosphere. The background shows a modern building with large windows.

Executive Board



MARTYN PHILLIPS
Group Chief Executive

Please refer to the biography provided in the 'Board of Directors' section on page 87 of this Annual Report.



GERAINT JOHN
Community Director

Joined the Group in 2015 and was appointed Head of Rugby Performance in 2016. In January 2019, he was appointed to the role of Community Director.

He returned to Wales in September 2015 as the Group's Elite Coach Development Manager. Previously he had spent 10 years working abroad, with Rugby Canada as High Performance Manager and then Sevens Head Coach, before joining the Australian Rugby Union as Program Director of Sevens and Men's Sevens Head Coach in June 2014.

He is a former Wales assistant coach, who has also coached at Llanelli, Cardiff Metropolitan University and Cardiff Blues.

He played for Cardiff and Llanelli, featured at every representative schoolboy level and was capped by Wales A.



RYAN JONES
Performance Director

Joined the Group in 2016 as Head of Rugby Participation and was appointed Performance Director in January 2019.

He won 75 caps and is a former Wales captain and a British & Irish Lion. He is one of an elite band of players to have won three Grand Slams with Wales (2005, 2008 and 2012) and he also played an integral role in his country's retention of the Six Nations title in 2013.

He captained the Ospreys from 2007 to 2010 and counts four PRO12 titles amongst his achievements.



MARK KILLINGLEY
Head of Digital and Communications

Joined the Group in 2016.

He joined from the RFU where he was Head of Digital and Customer Relationship Management. In that role, he oversaw the launch of the revamped, re-branded England Rugby website, plus a new digital platform aimed at growing participation in the sport across England ahead of, during and after the 2015 World Cup.

Prior to joining the RFU, he was Marketing Director of the National Football League ("NFL") where he was responsible for all digital and marketing activity and award-winning events that helped establish the NFL in the UK to the point where they played multiple games and enjoyed record TV audiences.

He played rugby for Amersham & Chiltern, Leeds University and Buckinghamshire County.



RHODRI LEWIS
Group General Counsel and Company Secretary

Please refer to the biography provided in the 'Board of Directors' section on page 91 of this Annual Report.



CRAIG MAXWELL
Head of Group Sales and Marketing

Joined the Group in 2010.

He joined from Under Armour where he had been the USA based sportswear company's Head of Sports Marketing in the UK and Ireland since 2008. Whilst at Under Armour, he worked on the launch of the brand's footwear and was integral in building the Under Armour brand across all sports in the UK and Ireland.

He had previously worked for the Group between 2004 and 2008 in various roles within the hospitality team before becoming Group Sponsorship Manager.

Craig is also a director of the WRU Supporters Club Limited and the hugely successful "Principality Stadium Experience", another Group company which manages all hospitality, conferencing and catering arrangements for the Principality Stadium. He also sits on the commercial committees of PRO14 and Six Nations Limited.

From Pembrokeshire, Craig grew up in Cosheston and attended Greenhill School in Tenby. He played rugby, cricket and football locally, representing the county and Dyfed across all three sports and has also represented Wales in Basketball at U18 level.



JULIE PATERSON
Operations Director

Joined the Group in 1989 and was appointed to the Executive Board in 2006.

Julie had previously served in a number of areas across the business dealing directly with strategic and operational issues related to the management of international, regional and club rugby. She had held the position of Head of Group Compliance since 2005, moving to Head of Rugby Operations and more recently appointed as Operations Director.

Responsible for the management and administration of the Professional Rugby Agreement, Julie Chairs the Rugby Management Board in Wales. Her remit also covers all regulatory, medical, insurance and integrity related matters across the game in Wales. Julie is also responsible for liaison with other rugby governing bodies, stakeholders, partners or associates such as the Welsh Government, Sport Wales and local authorities and also represents Welsh Rugby on World Rugby Council, European Professional Club Rugby Board, PRO14 Board and the Board of Great Britain Olympic 7s.



STEVE PHILLIPS
Group Finance Director

Joined the Group in 2007.

He joined from TBI which was one of the largest regional airport owners in the world and in his ten years at the company he played active roles in the acquisition of airports in Belfast, Sweden, London Luton, Bolivia, Costa Rica, Australia and North America.

He trained with KPMG and qualified as a chartered accountant in 1989. He was previously Finance Director at the Tedcastle UK Group before joining TBI as Group Financial Controller and then Group Finance Director.

He is a non-executive director of Milford Haven Port Authority.

He played rugby for Amman Valley Comprehensive School, Imperial College London, University of London and Amman United, where he captained the first XV.



MARK WILLIAMS
Stadium Manager

Joined the Group in 2013.

He joined after a military career spanning 20 years during which he rose to the rank of Lieutenant Colonel in The Royal Welsh. He served on multiple tours of duty in Northern Ireland, Bosnia, Kosovo and Iraq and he was decorated for his actions in combat in Iraq in 2007.

During his military career, he held high-profile military appointments in both training and operational environments including time as a Battalion Adjutant, Company Commander and Battle Group Chief of Staff with the 2nd Battalion, The Royal Welsh.

He played rugby for Neath College, Glynneath and his Regiment.

Obituaries

KEN BRADDOCK **(1938-2018)**

Ken Braddock, the fourth of the 10 players capped from Newbridge in their 130 year history, died eight days short of his 80th birthday in August 2018.

A rampaging back row forward, he won the first of his three Welsh caps against the 1966 Wallabies in Cardiff. Other new caps in that game were Barry John, Gerald Davies and Delme Thomas.

He went on to play in the opening two matches of the 1967 Five Nations Championship, but was not selected for the next game, a trip to Paris to meet France. Wales lost all three games – Australia (14-11), Scotland (11-5) and Ireland (3-0) – in which he played.

Born in Treowen, on the outskirts of Newbridge, on 28 August 1938, he went to Greenfield Secondary Modern School and played for Trinant before joining Newbridge. He was a key figure in the side that won the Western Mail Championship in the 1964/65 season

FRANCES MARGERISON **(1964-2019)**

One of the most influential figures in the early days of women's rugby in Wales, Frances died at the age of 54 in January 2019. As well as being a Wales and GB international on the pitch, she also became the first chair of the Welsh Women's Rugby Union off it.

Born in Newport in 1964, she was playing rugby for Pontypool when she was selected to play in Wales' groundbreaking first international against England at Pontypool Park on 5 April 1987. England won that game 22-4 and four years later the inaugural Women's World Cup was staged in Wales.

Margerison, who was Head of the Sixth Form at St Alban's Roman Catholic High School in Pontypool, was part of the local organising group for that pioneering tournament, working very closely with the English quartet of Deborah Griffin, Sue Dorrington, Alice Cooper and Mary Forsyth in ensuring the 12 nation event was a success.

After making her Wales debut in 1987, she played internationally though to 1993 and ended with a dozen caps. She missed playing in the 1991 World Cup due to illness. As well as featuring in the first Welsh Women's international, she also played against England in 1992 in the first women's international to be played on the National Ground, Cardiff Arms Park, on 8 February 1992.

GARFIELD OWEN **(1932-2019)**

Garfield Owen won caps for Wales at both Union and League, played cricket for Welsh Schools and was also a Welsh athletics champion. Born in Llanharan, he died at the age of 86 in January 2019. He learned his rugby at Cowbridge Grammar School, where the headmaster was the former Wales centre Idwal Rees, and went on to win six caps for Wales while playing for Newport before opting to switch to rugby league with Halifax on 17 October 1956. His signing was broadcast live on BBC TV and he pocketed a sum of around £5,000.

His Wales debut was delayed after a freak accident forced him to pull out of the side to face England in 1955. At a training run at the Glamorgan Wanderers ground in Ely on the day before the game in Cardiff on 22 January, he went into some brambles to retrieve a ball and bumped into a tree that cut his knee so badly he emerged covered in blood.

Alan Edwards, the Ebbw Vale full back, stood in for the 22-year-old Owen and became an instant hero as he kicked the only points in a 3-0 win over England in Cardiff. Edwards retained his place for the 14-8 defeat in Scotland before Owen finally made his debut in the third round of matches in that year's Five Nations.

BILLY MAINWARING **(1941-2019)**

Billy Mainwaring, one of the greatest servants of Aberavon rugby club, lost his long battle with illness in April 2019 and died at the age of 78. Capped six times in the second row by Wales, he assumed cult status at the Talbot Athletic Ground for his rugged style on the field and fierce commitment to the Wizards off it. He was a one-club man throughout his career and played more than 700 games over 18 seasons.

Born on 24 January 1941, in Port Talbot, Billy was a steelworker who learned his rugby at Easter School, Taibach, and then Taibach RFC. He went on to become part of two great second row double-acts at Aberavon, firstly with Max Wiltshire and then Allan Martin.

Billy's Wales debut came at Murrayfield in 1967 in an 11-5 defeat to the Scots. It was a difficult Five Nations championship for Wales that year and the only win Billy enjoyed was the 34-21 win against England in 'Jarrett's Match'.

He also played against the touring New Zealanders in 1967 and played his last game for Wales in the 11-11 draw against England at Twickenham in 1968.

HAYDN MAINWARING (1933-2018)

Haydn Mainwaring, the former Wales centre who found rugby fame for two fabulous tackles for the Barbarians in their win over the hitherto unbeaten Springboks in Cardiff in 1961, died in September 2018 aged 85.

A late replacement at full back for Terry Davies against South Africa in 1981, the uncapped Swansea player saved two tries with trademark shoulder charges that felled the South African captain Avril Malan and then the wing Michael Antelme.

Newspapers at the time described his clash with Malan as being “like a comet burying itself into earth”, also saying “he felled him like an ox”.

That eye-catching performance in the 6-0 win over the Boks at the Arms Park on 4 February 1961, was enough to earn him a Welsh cap against France at Stade Colombes a month later. He was one of three new caps in the side that headed to the French capital on 25 March, joining flanker Alun Pask and hooker Billy Thomas, where he lined up at centre alongside Meirion Roberts against the great Guy Boniface.

Wales went down to a 8-6 defeat and his brief flirtation with the international stage was over. Born in Swansea, Mainwaring learned his rugby at Bishop Gore School and played for the Wales U15 team in 1947 and 1948 and for the Wales Secondary Schools against France and England in 1951 and Yorkshire and England in 1952. He joined the Navy and became a Royal Marine.

SAM SIMON (1935-2019)

Sam Simon, a stalwart of the legal profession in Cardiff and of Pontypridd RFC, died at the age of 84 in May 2019; he was a member of the WRU General Committee and the then IRB and was President of Pontypridd RFC for 30 years.

A former president of Cardiff Law Society and former trustee of Llandovery College, which he attended between 1948 and 1954, he played for the Youth Orchestra of Wales from 1952 to 1954. As a rugby player he played at tight head prop for Pontypridd, Glamorgan Wanderers and Crawshays Welsh.

He chaired the WRU's U21 Committee, a key development responsibility for the youth game, and managed the Wales team on their tour to Japan in 2001.



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