



Abridged Uncredited Annual Report

2023

Adroddiad Blynyddol Cryno Heb ei Archwilio





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





THE WELSH RUGBY UNION LIMITED

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

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President's Message

In what proved to be an extremely demanding and at times punishing year on and off the pitch, I can take comfort from the fact the Welsh Rugby Union (WRU) acted swiftly on all accounts to ensure foundations have been laid for a successful and optimistic future.

It seemed at some junctures over the past 12 months the WRU was under a constant barrage of criticism. Yet, due to the sterling work of our members and staff and amazing effort put in by all our member clubs, we got through some turbulent times to suggest the future is indeed brighter than it was this time last year.

Interim Group Chief Executive Nigel Walker and Chair Ieuan Evans deserve particular praise for driving through the well documented changes required at Board level.

Ieuan led a campaign for modernisation in the governance structure of the WRU from the outset of his own appointment as chair in November 2022. The fact he stood down as chair in July after being involved in the selection process of his successor speaks volumes in my opinion.

Announcing our very first independent Chair, Richard Collier-Keywood, alongside new Independent Non-Executive Director (INED) Alison Thorne in June was rightly hailed as the start of a period of 'seismic change' for the WRU.



Gerald Davies

We also need to acknowledge our member clubs who voted for the new measures at an Extraordinary General Meeting (EGM) in March.

Although it is Board Members who drive the game and the organisation forward, none of the modernisation would be possible without our brilliant member clubs.

Member clubs crucially voted through the required changes at our EGM, with a 97% majority, which gave their Board a mandate to realise the true potential of Welsh rugby and to build a team of directors fit to take our professional and community game to the next level.

As the modernisation of the Board continues, I have no doubt we will continue to go from strength to strength.

On the playing side of things at club level, it is easy to forget the 2022/23 season was our first full campaign for four years due to the devastating impact of the Covid 19 pandemic.

Clubs have had to endure tough times during that period and they were severely tested again last season when the weather Gods decided to decimate nearly two months of rugby during the months of December and January. Amazingly, by rolling up their sleeves and with a 'can-do' attitude, a staggering 87% of all league matches ended up being played.



As the modernisation of the Board continues, I have no doubt we will continue to go from strength to strength.

While many will point to the negative side of things with a number of matches not being played or forfeited, let's focus on the positive as nearly 3,000 games of league rugby were actually played.

That is simply a herculean effort by the clubs, players, coaches and volunteers and let's not forget the match officials who make the games possible in the first place, and they deserve a huge pat on the back for their efforts.

It's pleasing to see that champions were crowned and promotion completed in all divisions, while eight divisions were fully completed in terms of fixtures.

Our Road to Principality programme continues to flourish and this year was no exception. Cardiff pipped Newport in the Indigo Premiership Cup final, Pontypool scooped the Championship Cup and Newbridge were the winners of the Division 1 title.

The Division 2 Cup winners were Morriston, who held off Aberdare, while Abertillery BG triumphed in the Division 3 final, Bryncethin took the Division 4 Crown and Crumlin won the Division 5 Cup.

Principality Stadium also hosted a number of schools, girl's and women's matches as well as two days of inclusive rugby where supporters flocked to watch rising stars of the game,

as well as established senior players representing their clubs from across all divisions in the game, chasing titles and lifelong memories.

Sometimes we forget rugby is to be enjoyed.

Amongst some of the turmoil it is worth reminding ourselves that so much good prevails the length and breadth of the country.

The two strands of the game, amateur and professional, are interconnected. The one cannot do without the other, each appreciating what the other accomplishes.

Gerald Davies
President, The Welsh Rugby
Union Limited





Neges y Llywydd

Mewn blwyddyn a fu'n eithriadol o anodd - ac, ar adegau, yn drymlwythog, ar y cae ac oddi arno, mae'n gysur gwybod bod Undeb Rygbi Cymru wedi gweithredu'n gyflym ar bob agwedd i sicrhau bod y sylfeini wedi eu gosod ar gyfer dyfodol llwyddiannus, llawn gobaith.

Roedd yn ymddangos ar rai adegau yn ystod y 12 mis diwethaf bod Undeb Rygbi Cymru yn cael ei feirniadu'n gyson, ond eto, oherwydd gwaith rhagorol y Bwrdd a'r ymdrechion anhygoel a wnaed gan ein holl glybiau sy'n aelodau, fe aethom drwy'r cyfnod cythryblus gyda'n gilydd, sy'n awgrymu bod y dyfodol yn fwy disglair nag yr oedd pethau y llynedd.

Mae prif weithredwr dros dro'r grŵp, Nigel Walker, a'r cadeirydd Ieuan Evans yn haeddu canmoliaeth arbennig am ein llywio drwy'r newidiadau y gŵyr pawb ohonom sydd eu hangen ar lefel y Bwrdd.

Arweiniodd Ieuan ymgyrch i foderneiddio strwythur llywodraethu Undeb Rygbi Cymru o ddechrau ei gyfnod fel cadeirydd ym mis Tachwedd 2022. Mae'r ffaith iddo ymddiswyddo fel cadeirydd ym mis Gorffennaf ar ôl bod yn rhan o broses ddethol ei olynydd yn adrodd cyfrolau yn fy marn i.

Cafodd penodiad ein Cyfarwyddwyr Anweithredol Annibynnol (INED) cyntaf erioed, Richard Collier-Keywood ac Alison Thorne, ym mis Mehefin, ei alw'n



Gerald Davies

gwbl briodol fel dechrau cyfnod o 'newid mawr' i Undeb Rygbi Cymru.

Mae angen i ni hefyd gydnabod ein clybiau sy'n aelodau a bleidleisiodd dros y mesurau newydd mewn Cyfarfod Cyffredinol Eithriadol fis Mawrth diwethaf.

Er mai'r Bwrdd sy'n gyrru'r gêm a'r sefydliad yn ei flaen, ni fyddai dim o'r moderneiddio'n bosibl heb ein clybiau gwych sy'n aelodau.

Yn hollbwysig, pleidleisiodd clybiau sy'n aelodau o blaid y newidiadau gofynnol yn ein Cyfarfod Cyffredinol Eithriadol, gyda mwyafrif o 97%, a roddodd fandad i'w Bwrdd wireddu gwir botensial rygbi Cymru a chasglu tîm o gyfarwyddwyr sy'n addas i fynd â'n gêm broffesiynol a chymunedol i'r lefel nesaf.

Wrth i'r gwaith o foderneiddio'r Bwrdd barhau, rwy'n siŵr y byddwn yn parhau i fynd o nerth i nerth.

O ran gemau ar lefel clwb, mae'n hawdd anghofio mai tymhorau 2022/23 oedd ein hymgyrch lawn gyntaf am bedair blynedd oherwydd effaith ddinistriol pandemig Covid 19.

Mae clybiau wedi gorfod dioddef cyfnodau anodd yn ystod y cyfnod hwnnw a chawsant eu rhoi ar brawf o ddifri unwaith eto'r tymor diwethaf pan benderfynodd duwiau'r tywydd ddifetha bron i ddau fis o rygbi yn ystod misoedd Rhagfyr ac Ionawr. Yn rhyfeddol, drwy dorchi llewys a chymryd agwedd gadarnhaol, llwyddwyd i chwarae 87% o'r holl gemau cynghrair.

Er y bydd llawer yn cyfeirio at ochr negyddol pethau gyda nifer o gemau ddim yn cael eu chwarae neu'n cael eu fforffedu, gadewch i ni ganolbwyntio ar y pethau cadarnhaol, gan fod bron i 3,000 o gemau rygbi mewn cynghreiriau wedi cael eu chwarae.

Mae hynny'n ymdrech aruthrol gan y clybiau ac mae'r holl chwaraewyr, hyfforddwyr a gwirfoddolwyr - a gadewch i ni beidio ag anghofio chwaith am y swyddogion gemau sy'n gwneud y gemau'n bosibl yn y lle cyntaf - yn haeddu clod mawr am eu hymdrechion.

Mae'n braf gweld bod pencampwyr wedi cael eu coroni



a bod dyrchafiad wedi ei gwblhau ym mhob adran, tra bod wyth adran wedi cwblhau eu gemau'n llawn.

Mae ein rhaglen Ar y Ffordd i Stadiwm Principality yn parhau i ffynnu, ac nid oedd eleni'n wahanol yn hynny o beth pan gurodd Caerdydd Gasnewydd yn rownd derfynol Cwpan Uwch Gynghrair Indigo, cipiodd Pont-y-pŵl Gwpan y Bencampwriaeth, a Threcelyn oedd enillwyr teitl Adran 1.

Enillwyr Cwpan Adran 2 oedd Treforys, gydag Aberdâr yn ail, a BG Abertyleri oedd yn fuddugol yn rownd derfynol Adran 3. Bryncethin gipiodd goron Adran 4, ac enillodd Crymlyn Gwpan Adran 5.

Fe wnaeth Stadiwm Principality hefyd groesawu nifer o gemau i ysgolion, merched a menywod, yn ogystal â dau ddiwrnod o rygbi cynhwysol lle daeth y cefnogwyr yn eu heidiau i wyllo sêr newydd y gêm, yn ogystal ag

uwch chwaraewyr sefydledig yn cynrychioli eu clybiau o bob rhan o'r gêm, yn ymgiprys am deitlau ac atgofion gydol oes.

Weithiau rydyn ni'n anghofio bod rygbi yn gêm i'w mwynhau.

Ymysg yr ansefydlogrwydd, mae'n werth atgoffa ein hunain o'r pethau cadarnhaol sy'n digwydd ar hyd a lled y wlad.

Mae'r ddwy ochr sy'n perthyn i'r gêm, sef yr ochr amatur a'r ochr broffesiynol, yn gysylltiedig â'i gilydd. Ni all y naill wneud heb y llall, gyda'r naill yn gwerthfawrogi'r hyn mae'r llall yn ei gwyflawni.

Gerald Davies

President, The Welsh Rugby Union Limited



Abridged Unaudited
Annual Report

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Group Chief Executive's Summary

I've been interim CEO of the Welsh Rugby Union for less than six months of the financial year ending June 2023 – but it feels like a lifetime has passed by.

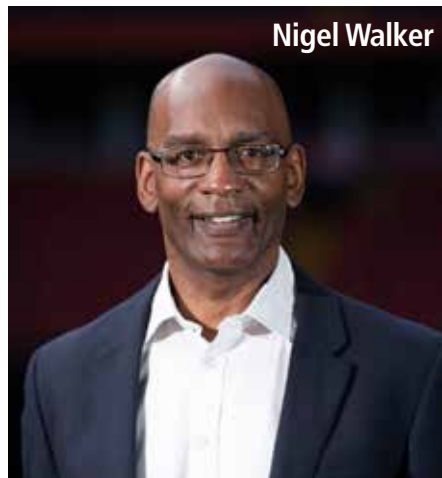
The changes we have made, not only to the governance structure of the Union, but to the positive culture we foster and promote amongst staff and the support we engender to both our community and professional game in Wales has been thorough and pervasive and will be long-lasting. We still have more work to do but we have made a very encouraging start.

In the New Year I will take on a new role as Executive Director of Rugby for the WRU as we welcome our new Group CEO Abi Tierney on board.

The working relationship Abi forms with our Chair Richard Collier-Keywood, will be vital to the future of Welsh rugby, just as my own working relationship with Richard and with our previous Chair, Ieuan Evans, has been integral to all we have achieved together to date.

I am looking forward to concentrating my efforts in a single direction, namely WRU's performance and community rugby departments and all that entails. However, I leave the WRU's most senior executive position confident that I have given my all to the cause during my time at the helm.

Nigel Walker



We have successfully introduced 32 full-time contracts into the Wales senior women's game. The impact of this investment include record-breaking and sell-out crowds at Cardiff Arms Park for Six Nations matches, a third place finish in the 2023 edition of that tournament, a top six placing in the World Rugby rankings and qualification for the top tier of the new annual WXV tournament.

In the men's game, the Guinness Six Nations was a tough proving ground for a returning Warren Gatland as Head Coach. Wayne Pivac before him had led Wales to one victory in the 2022 Six Nations tournament and a poor run in the

We have successfully introduced 32 full-time contracts into the Wales senior women's game and seen the impact of this investment



2023 Autumn Nations Series which saw a win over Argentina but losses to South Africa, Georgia and Australia and led to Wayne deciding it was time to step down.

In Gatland we placed our trust and a 2023 Rugby World Cup campaign to be proud of would follow, but we must admit that there were teething problems earlier in the year. Off field discussions with players during the Six Nations tournament interrupted preparations and we were all delighted when an agreement was signed on a new six-year Professional Rugby Agreement for Welsh rugby. This agreement gives the players the security they need, our professional teams the structure and the support that they crave and Welsh professional rugby the opportunity to evolve and develop. We have talked about a market re-set on budgets and player salaries and a new determination to improve the production line of players through our academies as well as an emphasis on retaining Welsh talent in Wales.

With the PRA done we can look ahead to a sustainable and successful future. The future will bring its own challenges, not least commercially and financially but we have given ourselves strong foundations. The Dragons have now returned to private ownership

and each of our four professional teams has a business plan and strategy for the way ahead.

Off the pitch there have been significant changes and I would like to add that the scrutiny imposed and the self-reflection encouraged by the commissioned Independent Review into Welsh rugby has been embraced by everyone at the WRU.

Already we have taken strides forwards and I know we will achieve our ambitions when it comes to gender diversity on our Board. Our People Director Lydia Stirling has been working incredibly hard on the systems and structures we have in place which support our working culture. We have invested in our professional women's rugby programme with full-time contracts in place for our players, we hired an Equality, Diversity and Inclusivity (EDI) Manager and have appointed both Board and Exec sponsors to this workstream. A new EDI network has been established amongst our staff with a policy & statement of intent published alongside a refreshed internal complaints procedure. We have an

external whistleblowing line and have refreshed all of our policies in this space, including completing our 'Have a Voice' project which our staff engaged with confidentially to promote equity of voice and provide feedback on the advancements we have made and continue to make. We continue to engage with external collaborators to support our journey, organisations like, Show Racism the Red Card and Women in Sport, as we seek to ensure that Welsh rugby is a welcoming place for all, at all times. We have been proactive in the club and community game too, with a new educational initiative launched recently under the title 'Dysgu WRU' which seeks to ensure community club members have access to the right resources, education and support to ensure their club houses reflect and welcome the communities around them.

We will continue to work hard in this area and I am delighted to repeat our commitment to implementing all of the recommendations made by the Independent Review.

We have reported a £101.3m turnover during the year (YE22: £94.2m). In accordance with our stated policy of maximum re-investment into the game annually, rather than retaining profits, we have increased our investment in Welsh rugby by £2.4m (now £65.3m) compared to the prior year (YE22: £62.9m)

We have reported a £101.3m turnover during the year (YE22: £94.2m). In accordance with our stated policy of maximum re-investment into the game annually, rather than retaining profits, we have increased our investment in Welsh rugby by £2.4m (now £65.3m) compared to the prior year (YE22: £62.9m). Investment in the professional game amounts to £9.7m in the Dragons (which is now independently owned) and £27.9m invested in the other three regions, giving a total of £37.6m of expenditure on the regional game in Wales. Investment in performance rugby at the WRU, the Senior Men's and Women's and pathway teams amounts to £16.1m. Expenditure allocated to the community game was up £1m on the previous year to £11.6m, reflecting the first full year of community rugby activity since the lifting of Covid-19 restrictions.

We continue to take great care to prioritise and invest in the right areas of the game. The areas that need it most will also provide the most growth and sustainability for Welsh rugby. We have recently revealed a new roof adventure project (SCALE) which will enhance Principality Stadium's reputation further still as a visitor attraction. We continue to explore other avenues to maximise the commercial potential of our game.

All the profits made are fed back into the game in Wales. We are guardians of our game and we take this responsibility very seriously. I must add here that there has been a negative impact of £1.9m on that profit during the year resulting from unforeseen and exceptional circumstances. The WRU parted company with some significant individuals in the form of a long-serving-Executive-and-CEO and also some senior coaches during the year. None of these fundamental changes were planned for.

A total of 65% of the Group's income was derived from staging international matches featuring senior Welsh teams and the commercial activities associated with these teams. Match income was reduced primarily due to one fewer home fixture in the Six Nations, but it was still at £39.5m (2022: £43.0m).

Our average ticket income per attendee for rugby internationals was £59 and our average attendance was up at 68,000, or 92% of capacity (up from 62,000 in YE22).

Commercial income increased to £16.4m (2022: £14.5m). During the year, we welcomed Vodafone as a new Principal Partner, joining long term Principal Partners, Macron, Principality Building Society and Admiral. We are grateful to all of our commercial partners for their continued support of Welsh Rugby.

Hospitality and catering income was also up at £18.7m (2022: £15.9m), driven by a strong WRU and third party event schedule at Principality Stadium.

To conclude, I offer my sincere gratitude to our former Chair Ieuan Evans for his positive contributions to Welsh rugby during his recent tenure. It was an incredibly stressful and taxing time for him and his family, but he did what was best for Welsh rugby in driving through governance modernisation, and we therefore owe him a debt of gratitude. Thank you also to our President, Gerald Davies, who has served the office with grace and distinction. To my fellow executive board members and to the staff at the Welsh Rugby Union, thank you dearly for your support, enthusiasm and dedication over the last year and beyond.

The future is what we need to concentrate on now, to provide the opportunities and memories for all those in Wales who take part in or follow the game here.



NIGEL WALKER
WRU Group interim CEO





2023 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 and to encourage more people to engage with the game, more often with more enjoyment and more success. The Company majority owns WRU Six Nations Limited ("WRU6N"), Millennium Stadium plc ("MS"), Millennium Stadium Experience Limited ("MSEL"), WRU National Centre of Excellence Limited ("WRUNCE"), Dragons RFC Limited (previously WRU Gwent Region Limited) (and its subsidiaries), WRU Supporters Club Limited ("WRUSC"), WRU Properties Limited ("WPL") and Parkgate Hotel Cardiff Limited ("PHCL"). Collectively, the Company and these subsidiaries are referred to in this Annual Report as the "Group".

Dragons RFC Limited and its subsidiaries: Dragons Rugby Limited (previously WRU Gwent Rugby Limited) and Dragons Stadium Limited (previously WRU Gwent Stadium Limited) own and manage the professional rugby team known as the Dragons and the land and other assets at Rodney Parade (collectively, the "Dragons"). On 16 October 2023, the Dragons were sold to Dragons International RFC Limited and were divested from the Group.



FINANCIAL STRATEGY

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

During the previous year, CVC Capital Partners ("CVC") acquired an interest in Six Nations, further details of which are given below. As a result of this transaction, the Group received some £8.5m (YE22: £6.6m, net of costs associated with the transaction) in the year. The Group's previous strategy for these receipts was to reinvest the majority in projects that will generate a financial return and therefore help to alleviate the dilution that will occur on the Group's Six Nation's revenues as a result of this transaction. In the current year, this strategy has changed so that a greater percentage has been invested into rugby, with part still retained to invest in projects that generate a return. An example of one of these projects is the upcoming adventure experience on the roof of Principality Stadium (to be known as Scale), which is an asset under construction at the year end.

NEW PROFESSIONAL RUGBY AGREEMENT

In March 2023, a new Professional Rugby Agreement ("PRA") was signed between the Company and the four professional rugby teams; Cardiff Rugby, Dragons RFC, Ospreys and Scarlets.

The new agreement provides a six-year financial framework to the four Regions, designed to enable sustainability, growth and certainty over the coming periods.

REFINANCING

In June 2023, the Group completed a refinancing process with both NatWest and Welsh Government. Facilities with NatWest were renewed until 2027 and the term of the Welsh Government loan was moved to 2029. The previous agreement with NatWest was due to expire in February 2024. The refinancing process provides the Group with adequate facilities to meet the requirements of the business over the coming years, and also to facilitate further onward lending to the Regions. Completion of the refinancing was a condition of the new PRA being implemented.

PARKGATE HOTEL

The Parkgate Hotel was opened at the end of October 2021, with YE23 being the first full year of trading for the Hotel.

The Parkgate Hotel allows the Group to generate further revenue from event days at Principality Stadium by hosting visitors for those events. In addition, the non-event day trading in the Hotel gives the Group more diversified revenue streams. The Parkgate Hotel has traded well during the year, recognising revenues of £11.1m (YE22: £5.7m).

SALE OF PARTNERSHIP INTEREST IN THE PRO14 TOURNAMENT

(now known as 'United Rugby Championship' ("URC"))

During FY20 Celtic Rugby Designated Activity Company ("CRDAC"), in which the Company is a shareholder, transferred the business of the PRO14 tournament (now known as URC) to a separate Limited Partnership ("LP") in which CVC acquired a partnership interest. The proceeds of this transaction are ultimately paid to the shareholders of CRDAC by way of dividends.

The agreement between CRDAC and CVC included future options for the sale of further tranches of CRDAC's holding in the LP to CVC, all of which had been exercised post this year end. One of these options was exercised in both the current and previous year by the LP, which resulted in CVC acquiring further partnership interest. The Group received further dividends from CRDAC as a result of the exercise of this option, amounting to £6.3m (YE22: £6.8m) recognised within "Investment income". The final option was exercised post year end by the LP. As a result of these transactions the Group has received £23.6m in respect of the URC, for a 28% interest leaving the WRU with 72%. In addition, the LP held an option to purchase the entire WRU's rights to the EPCR tournaments (being the European Champions Cup and the European Challenge Cup) that was exercised during the year.



The Group has received £4.1m of income in respect of this transaction, recognised through “Profit on sale of shares in investment” in the current year. Additionally, there is a further potential payment in YE25, which is conditional on certain financial metrics being achieved by the LP.

SALE OF OWNERSHIP INTEREST IN SIX NATIONS INVESTMENTS

During the previous year, a significant restructuring of the Six Nations organisation was carried out to accommodate investment from CVC. The transaction involved the creation of new corporate entities within the Six Nations structure and, effectively, a disposal of a proportion of the Group’s interest in the Six Nations organisation. The Group’s potential share of the non-contingent consideration for the transaction is c.£43m gross. The overall divestment alongside the payment of this amount is to be carried out over five years (subject to put and call options as outlined below). The second tranche of this consideration was received in YE23, with £8.5m recognised within “Profit on sale of shares in investment” (YE22: £6.8m, net of £2.5m deducted in respect of the WRU’s share of the transaction costs).

The Group has entered in to put and call options for the remaining three potential payments. If exercised, these options will see the Group sell further proportions of its interest in the Six Nations organisation. One of these options was exercised post year end by Six Nations Rugby Limited. Assuming all options are exercised, the total return to WRU, net of costs, is c.£40.5m.

HEADLINES OF THE FINANCIAL PERFORMANCE – YE23 v YE22

The Group’s underlying performance for YE23 was an improvement over YE22 as it continued to recover from the disruption caused by the Covid-19 pandemic. The increased turnover of the Group enabled a £2.4m increase in the investment in Welsh rugby compared to the prior year. The Group hosted two Six Nations and four Autumn Series matches and had a successful year in regards to third party events, including hosting five nights of concerts across May and July, the Supercross World Championship and a major WWE event. However, the Group has incurred exceptional costs that are detailed later in this Report:

	2023 £'m	2022 As restated £'m
Turnover	101.3	94.2
Re-investment in the game	65.3	62.9
Group share of (loss)/profit for the year	(4.9)	2.9
Net bank debt	21.6	13.9

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 senior men's Welsh team and especially a winning Welsh team. The more matches that are played, the greater the Group's revenues that are available for re-investment in Welsh rugby.

	2023 No. of home matches	2023 Attendance '000	2022 No. of home matches	2022 Attendance '000
Autumn Nations Series	4	263	4	268
Guinness Six Nations	2	147	3	197
	6	410	7	465

In YE23, the average attendance per match was 68,000 (YE22: 62,000) which equated to an average of 92% of capacity (YE22: 90%).

The average ticket income per attendee at matches held at Principality Stadium in YE23 was £59 (YE22: £52).

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

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:

	2023 £'m	2022 As restated £'m
Group income	101.3	94.2
Less: operational business costs		
• Business and administration	(9.6)	(8.9)
• Hospitality and catering costs	(8.2)	(7.6)
• Direct costs	(12.9)	(12.1)
• Stadia costs	(7.7)	(6.3)
• Hotel costs	(8.2)	(4.2)
Total	(46.6)	(39.1)
Surplus	54.7	55.1

Group income is analysed as follows:

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



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

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

Commercial income increased to £16.4m (2022: £14.5m) contributing 16% (2022: 15%) of the Group's overall income in YE23.

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

Income from the Parkgate Hotel was £11.1m (2022: £5.7m), representing 11% (2022: 6%) of the Group's income. YE23 was the first full year of the Hotel's operations.

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

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

The remaining other income arises from ancillary activities and various grant sources. During YE23, the Group received £0.8m (2022: £0.8m) of grant funding from Sport Wales.

Investment income and profit on sale of shares in investment of £18.9m (2022: £13.6m) is the income arising from CVC's investment in the URC, ECPR and Six Nations tournaments, as documented earlier in this report.

Operational business costs

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

The Group's operational business costs have increased during the year to £46.6m (2022: £39.1m). The majority of the increase in costs correlates with the increase in the turnover of the Group.

Business and administration costs have increased by 8% to £9.6m. The increase is primarily as a result of professional fees, and similar, incurred in respect of Regional Rugby and the new Professional Rugby Agreement.

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

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

Stadia costs have increased by £1.4m to £7.7m (2022: £6.3m). The increase is primarily due to the loss of rates relief afforded to the Group's stadia during the prior year to alleviate the challenges of the Covid-19 pandemic. By way of reference, Stadia costs were £7.3m in YE20.

Hotel costs of £8.2m (YE22: £4.2m) reflect a full year of trading compared to the costs incurred in the eight month period that the hotel was open in YE22 and correlate with the increase in Hotel income.

Surplus invested in rugby

The surplus of £54.7m (restated 2022: £55.1m) made by the Group that is invested in "Welsh rugby" can be analysed as follows:

	2023 £'m	2022 (restated) £'m
Operational costs		
• Performance rugby	16.1	16.3
• Community rugby	7.1	5.6
• Dragons – regional rugby	9.7	9.1
	32.9	31.0
Allocations to affiliates		
• Regions (professional) – excluding Dragons	27.9	26.9
• Clubs (semi – professional)	0.8	0.8
• Community rugby	3.7	4.2
	32.4	31.9
Total investment in "Welsh rugby"	65.3	62.9
The balance is analysed as follows:		
Surplus	54.7	55.1
Total investment in "Welsh rugby"	(65.3)	(62.9)
	(10.6)	(7.8)
Depreciation and amortisation (net of grants)	5.0	3.8
Exceptional items (see Note 4)	1.9	-
Investment income	(18.9)	(13.6)
Interest costs	1.9	1.3
Non-controlling interests	0.6	0.4
Tax expense/(credit)	3.8	(2.6)
Transferred to reserves	(4.9)	2.9
	(10.6)	(7.8)

Investment in “Welsh rugby”

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

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

The allocations to the three Regions not within the Group are £27.9m (2022: £26.9m). The allocations in YE23 and YE22 are made pursuant to the PRA, which was originally signed in November 2018 and then renewed in March 2023. The PRA payments cover all international player release and provide financial support for the four Regions in accordance with the agreement.

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

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

The costs in respect of Community Rugby have increased to £7.1m. The increase reflects both the first full year of Community Rugby activities and programmes following the lifting of Covid-19 restrictions, along with movement in expenditure

between community allocations and community operational costs.

Community Rugby costs include coach development, referee costs, school club hub costs, digital strategy investment and insurance which amount to some 57% (2022: 56%) of the total with the balance of 43% (2022: 44%) comprising staff costs.

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

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

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 £21.8m (2022: £24.1m). The Group’s pre-exceptional profit before tax and non-controlling interests was £1.4m (2022: profit of £0.7m); after exceptional items, a loss before tax and non-controlling interests of £0.5m (2022: profit of £0.7m). This can be analysed as follows:

	2023 £’m	2022 As restated £’m
Group EBITDA	21.8	24.1
Allocations to affiliated organisations	(32.4)	(31.9)
Exceptional items	(1.9)	-
Depreciation and amortisation (net of grant release)	(5.0)	(3.8)
Operating loss	(17.5)	(11.6)
Investment income and profit on sale of shares in investments	18.9	13.6
Net interest	(1.9)	(1.3)
(Loss)/profit before tax	(0.5)	0.7
Tax	(3.8)	2.6
Non-controlling interests	(0.6)	(0.4)
(Loss)/profit for the year	(4.9)	2.9

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

Net interest expense

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

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

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

Exceptional items

During YE23, the Group incurred charges that due to their size and nature were considered "exceptional". The Group's definition of exceptional items includes the identification of significant non-recurring items that enable the "normal" financial performance of the Group to be better understood. As shown in Note 5, the exceptional items in YE23 arose from exceptional restructuring costs.

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

Community Rugby Board ("CRB")

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

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

The increase in Community Rugby costs reflects the first full year of Community Rugby activities and programmes following the lifting of Covid-19 restrictions.

Investment in Professional and Performance Rugby

The investment in professional rugby was as follows:

	2023 £'m	2022 As restated £'m
Operational costs – Dragons	9.7	9.1
Operational costs – Performance Rugby	16.1	16.3
Allocations to affiliated organisations – Regions (external to Group)	27.9	26.9
	53.7	52.3

Staff numbers

Staff numbers have increased by 53, from 376 to 429, between 2022 and 2023. Of this increase, 34 have come from Performance rugby, primarily driven by a full year of investment in the Women's game, including full time players and additional staff. A further 16 have come from Community rugby, funded via a reallocation of community expenditure from other areas.

Net debt

Net debt, which is defined as bank loans, debenture loans, finance lease obligations less cash balances, as at 30 June 2023 was £117.7m (2022: £109.4m). The net debt position of the Group is as follows:

	2023 £'m	2022 As restated £'m
Debt:		
Bank and Other loans	24.1	25.1
Debenture loans	50.5	49.3
Finance lease	45.6	46.2
	120.2	120.6
Cash	(2.5)	(11.2)
Net debt	117.7	109.4

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

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

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

During YE23, the Group completed a refinancing with both NatWest and Welsh Government. Facility E was created to refinance the World Rugby loan in full and partially refinance the Welsh Government loan.

NatWest Facility E, the Welsh Government loan and previously the World Rugby loan are onward lent to the Regions to support their recovery from the Covid-19 pandemic.

During YE23, the Group has raised some £1.2m (YE22: £0.1m) from debentures, by way of new issues.

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

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

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

These bank covenants are typical of those applying to commercial businesses. It is in the Group's best interests to comply with these covenants as a breach would be a default of the loan agreements. The Group's financial management and controls are structured so that the Group complies with these covenants.

Capital expenditure

During YE23, the Group invested £3.1m of capital expenditure, including redevelopment of the Riverside Terrace hospitality lounge and certain retail outlets at Principality Stadium.

Balance sheet and reserves

The Group's reserves attributable to the Company have decreased by £4.9m to £18.6m. The tangible fixed assets of the Group decreased by some £3.9m, reflecting the capital expenditure of £3.1m offset by the depreciation and amortisation charged in the year of £7.0m. Operating working capital fluctuates from year to year depending on the timing of events arising around the year end and receipts relating to future events.

Welsh Language

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

Future outlook

The Group has a healthy business, with a strong balance sheet and adequate liquidity. The performance in YE23 and the medium term commercial outlook for the Group are encouraging but the Group will face challenges from the current high-inflation environment, through increases in costs and reductions in discretionary spending from consumers. This may have a significant impact on consumers' disposable incomes that could impact the Group's revenues, particularly with respect to Match Income. Whilst the Group had fixed its own energy prices until September 2023, it will face substantial increases after this date. An energy hedging strategy was undertaken to mitigate this, where possible.

The Group has undertaken various sensitivities around certain income assumptions included within the Group's budgets and cash flow forecasts. These sensitivities include attendances levels at Welsh rugby events and the number of third party events held at Principality Stadium. Under these sensitised scenarios the credit facilities the Group has in place remain sufficient to allow the Group to meet its liabilities as they fall due and will remain compliant with banking covenants.

Principal risks and mitigation strategies

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 in delivering these objectives, the potential effects of and the steps taken by the Group to mitigate them are set out below.

Income generation

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

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

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

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

The provision of adequate banking facilities - the Group is financed by a mixture of bank, debenture debt and a finance lease on the Parkgate Hotel. The continued availability of the bank debt facilities, at competitive rates, is crucial to the prospects of the Group. The Group's banking facilities are subject to compliance with financial covenants and non-compliance 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 performance may suffer as a result of loss of access to those facilities. The Group takes extensive measures to safeguard its assets. The Group employs a team of maintenance and facility management personnel who undertake a thorough preventative maintenance programme at all of the Group's relevant facilities. The Group procures comprehensive insurance policies that, in the event of damage to assets, provide recompense for rectification of damage and for loss of earnings due to business interruption.





2023

Unaudited Consolidated Financial Statements

FOR THE YEAR ENDED 30 JUNE 2023
COMPANY NUMBER 03419514



CONSOLIDATED INCOME STATEMENT

for the year ended 30 June 2023

	Note	Total 2023 £'m	Total As Restated 2022 £'m
Match, commercial, hospitality and other income		93.6	84.5
Competition income		7.7	9.7
Turnover	2 (a)	101.3	94.2
Operating expenses	2 (b)	(118.8)	(105.8)
Operating profit before depreciation, exceptional items and allocations to affiliated organisations ("EBITDA")		21.8	24.1
Allocations to affiliated organisations	2 (d)	(32.4)	(31.9)
Exceptional items	5	(1.9)	-
Depreciation and amortisation (net of grant release)	5	(5.0)	(3.8)
Operating loss		(17.5)	(11.6)
Investment income	3	6.3	6.8
Profit on sale of shares in investment	3	12.6	6.8
Interest payable and similar charges	4	(1.9)	(1.3)
(Loss) / Profit on ordinary activities before tax		(0.5)	0.7
Tax on (loss) / profit on ordinary activities		(3.8)	2.6
(Loss) / Profit for the financial year		(4.3)	3.3
(Loss) / Profit attributable to:			
Company		(4.9)	2.9
Non-controlling interest		0.6	0.4
		(4.3)	3.3

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

Note: The above is consistent with previous presentation where the Group has recognised revenue and expenditure from the central Six Nations operation gross. This may change on conclusion of audit matters to be presented net but there would be no net impact on the (loss)/profit presented here.

2023

CONSOLIDATED AND COMPANY BALANCE SHEETS

as at 30 June 2023

	2023 Group £'m	2022 As restated Group £'m	2023 Company £'m	2022 As restated Company £'m
Fixed assets				
Intangible asset	0.4	0.7	-	-
Tangible fixed assets	155.2	158.8	37.5	37.7
Investments	-	-	16.5	22.9
	155.6	159.5	54.0	60.6
Current assets				
Stock	0.7	0.6	-	-
Deferred tax	-	3.9	1.1	5.2
Debtors – amounts due within one year	16.2	15.7	94.4	101.3
Debtors – amounts due after more than one year	17.3	15.0	22.3	19.2
Cash at bank and in hand	2.5	11.2	2.1	5.1
	36.7	46.4	119.9	130.8
Current liabilities				
Creditors – amounts falling due within one year	(32.0)	(37.3)	(24.5)	(24.7)
Net current assets	4.7	9.1	95.4	106.1
Total assets less current liabilities	160.3	168.6	149.4	166.7
Creditors – amounts falling due after more than one year	(117.9)	(119.4)	(72.9)	(73.1)
Accruals and deferred income	(22.5)	(24.2)	-	-
Net assets	19.9	25.0	76.5	93.6
Capital and reserves				
Profit and loss reserve brought forward	23.5	20.6	93.6	59.2
(Loss) / Profit for the year attributable to the Group / Company	(4.9)	2.9	(17.1)	34.4
Profit and loss reserve	18.6	23.5	76.5	93.6
Capital and reserves attributable to the Group / Company	18.6	23.5	76.5	93.6
Capital and reserves attributable to non-controlling interests	1.3	1.5	-	-
Total capital and reserves	19.9	25.0	76.5	93.6

1. KEY ACCOUNTING MATTERS

a. General information

The Welsh Rugby Union Limited ("the Company") is limited by guarantee and is incorporated in England and Wales and domiciled in the United Kingdom together with its subsidiaries (collectively, "the Group"). The address of its registered office is Principality Stadium, Westgate Street, Cardiff, CF10 1NS.

b. Statement of compliance

The Group financial statements have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS102") and the Companies Act 2006. The Company is considered by the Directors to be a Public Benefit Entity under the definition in FRS102 with the accounts produced to these provisions. Where relevant, the accounting policies of the Company are the same as those of the Group set out in this note.

c. Summary of principal accounting policies

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

d. Basis of preparation

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

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

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

e. Prior period restatements

Prior period comparative restatements have led to the changes in the financial statements stated below.

Group

Prior period comparative restatements have led to the prior period comparative consolidated profit after tax presented in the comparative consolidated income statement being reduced by £0.3m, and in the consolidated balance sheet the profit and loss reserve brought forward increasing by £1.2m as presented in the comparative Consolidated balance sheet and the net assets increasing by £0.9m. The impact of each restatement is detailed below.

Company

Prior period comparative restatements have led to the prior period comparative Company profit after tax being reduced by £0.2m, and in the Company balance sheet the profit and loss reserve brought forward increasing by £1.4m presented in the comparative Company statement of changes in equity and the net assets presented in the comparative Company balance sheet increasing by £1.2m. The impact of each restatement is detailed below.

Accounting for the Parkgate Hotel Finance Lease (Group)

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

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

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

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

The collective impact of correcting the useful economic lives and residual values has resulted in the depreciation expense increasing by £0.6m in the consolidated income statement and fixed assets in the consolidated balance sheet decreasing by £0.6m in the year ending 30 June 2022.

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

Government grant income (Group & Company)

The Group and Company financial statements have been restated for the year ending 30 June 2022 as a result of incorrect accounting for government grant income earned in previous periods. In these periods, the amount of income recognised was understated as per the revenue recognition requirements of Section 24 - Government Grants of FRS102 and the accounting policy set out in note 1(q). As a result, deferred income recognised within Creditors on the balance sheet was also overstated. The restatement has resulted other income in the consolidated income statement decreasing by £0.1m, accruals and deferred income decreasing by £1.7m and the profit and loss reserve brought forward increasing by £1.8m in the company and consolidated balance sheets for the year ending 30 June 2022.

	2022 £'000
Increase in Profit and loss reserve brought forward	(1.8)
Decrease in accruals and deferred income	1.7
Decrease in Other income	(0.1)

Classification of amounts owed by Group undertakings (Company)

The financial statements have been restated for the year ending 30 June 2022 as a result of incorrect accounting for amounts owed by Group undertakings. Amounts owed to the Company by Group undertakings totalling £91.0m were treated as being due after one year. These balances are repayable on demand and as such should have been recognised as being due within one year. This restatement has resulted in Debtors – amounts due within one year increasing by £91.0m and Debtors – amounts due after more than one year decreasing by £91.0m in the consolidated comparative Company

balance sheet for the year ending 30 June 2022. There is no impact on the Company's comparative profit or loss account.

Deferred income (Group and Company)

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

Impact on corporation tax (Group and Company)

The prior period restatements detailed above have resulted in restatements to the corporation tax for the year ending 30 June 2022. Corporation tax creditor presented in the comparative consolidated balance sheet has increased by £0.4m, the profit and loss reserve brought forward presented in the comparative consolidated statement of changes in equity has decreased by £0.3m and the deferred tax asset has increased by £0.1m. The corporation tax creditor presented in the Company balance sheet has increased by £0.4m and the profit and loss reserve brought forward presented in the Company statement of changes in equity has decreased by £0.4m.

f. Going concern

In adopting the going concern basis of preparation for the financial statements the Directors have reviewed the sources of revenue, on-going running costs and the head room on available bank facilities, as well as the Group's principal risks and uncertainties.

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

In June 2023, the Group completed a refinancing process that provides a £25m

revolving credit facility until 2027. This facility, along with other loan facilities in place, are subject to financial covenants. The refinancing process provides the Group with adequate facilities to meet the requirements of the business over the coming years, with sufficient headroom in the revolving credit facility to manage reasonable sensitivities in the Group's forecasts.

The Directors have prepared detailed income statement, balance sheet and cash flow forecasts for the period of the 2023/24 and 2024/25 financial years, which indicate that the Group will have sufficient funds to meet its liabilities as they fall due for that period. The Directors have considered reasonable sensitivities to these forecasts, including attendance levels at Welsh rugby events and the number of third party events held at Principality Stadium, as well as considering the impact of the current high inflation environment on costs.

In all but remote scenarios, the Group will be compliant with the terms of its bank covenants and will have sufficient headroom in facilities to meet its liabilities as they fall due. For this reason, the Group continues to adopt the going concern basis in preparing its financial statements.

g. Basis of consolidation

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

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.

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

- Ticketing income, sale of hospitality & catering packages and other event income are recognised as revenue when the related event is staged.
- Competition income is recognised on a straight-line basis in the financial year the event takes places.
- Revenue determined by commercial agreements, which makes up the majority of broadcasting revenue, sponsorship and royalty revenue and lease of hospitality boxes is recognised based on the relevant contractual terms.
- Hotel income is recognised as services are provided (for example room occupation).
- Other event income represents amounts receivable in respect of staging fees and other similar income arising within the stadium for events which are not promoted by the Company.

- Other income includes grants from government organisations and credited as revenue in line with the relevant performance conditions which usually have a link to associated expenditure.
- Where consideration is received in kind, income and expenditure are grossed up based on arms' length commercial rates.

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

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

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

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

j. Interest payable

All borrowing costs are recognised in the income statement in the financial year they are incurred. Interest on cash balances is recognised in the income statement when received and for loans to clubs and regions on an accruals basis.

k. Interest receivable

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

l. Exceptional items

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

m. Investments in subsidiaries, associates, and other investments

Investments in subsidiaries, associates and other fixed asset investments are included at cost less any accumulated impairment losses. Dividends received and gains on disposals of investments are recognised when the right to receive payment is established and are included in "Investment Income" and "Profit on sale of shares in investment" in the Consolidated Income Statement.

In accordance with the Companies Act 2006, the Group has taken advantage of the exemption afforded to certain subsidiary companies to be audited.

The Welsh Rugby Union Limited has given a guarantee to its subsidiaries WRU Supporters Club Limited and WRU National Centre of Excellence Limited under section 479A of the Companies Act 2006.

n. 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.

o. 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.

p. Allocations to affiliated organisations

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

q. Grants

The Group receives revenue grants that are deemed to be government grants under FRS102. In accounting for these grants, the Group uses the accrual model and recognises the grant on a systematic basis in line with the costs to which the grant relates. Government grants are recognised as part of turnover where they are deemed to be contributing to the principal activity of the Group.

Grants receivable in respect of tangible fixed assets are credited to the income statement over the expected useful economic lives of the relevant assets to which they relate.

Grants received but not yet released to the profit and loss are included as deferred income in the balance sheet. Revenue grants are released to the Income Statement as income in the same year as the related expense is incurred and other respective grant conditions have been satisfied.

r. Public Benefit Entity concessionary loans

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

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

s. 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.

t. 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.

u. Critical judgments in applying the Group's accounting policies and key sources of Estimation Uncertainty

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

Estimates and the underlying assumptions driving these estimates, are reviewed by the Group on an on-going basis. Due to the uncertainty in making judgements and estimation, the final result may differ from the original expectation.

Judgements considered to be the most significant are the residual value of the Parkgate Hotel and recoverability of loans and advances to the Regions.

In the reporting period the areas involving the most complex and subjective judgements and areas where estimates are considered to have the most significant effect on the financial statements are set out below:

Critical Judgements

(i) Control of PHCL

Assessing whether the Group controls PHCL requires judgment. The Group holds 75% of the voting rights of PHCL and has a 75% majority representation on the board but through the shareholders' agreement there are several decisions that require the unanimous consent of all the shareholders. The Directors have assessed that the decisions that require unanimous consent give protective rights only and that the

control of the day-to-day operating decisions and strategic financial decisions is retained by the Group. Therefore, the Directors consider that PHCL is a subsidiary of the Company and the results of PHCL are included in the Group consolidated financial statements.

(ii) The Parkgate Hotel Residual Value

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

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

Assessing whether the Group controls MSEL requires judgment. The Group holds 83.5% of the voting rights of MSEL and has a 75% majority representation on the board but through the shareholders' agreement there are a number of decisions that require the unanimous consent of all the shareholders.

The Directors have assessed that the decisions that require unanimous consent give protective rights only and that the control of the day-to-day operating decisions and strategic financial decisions is retained by the Group. Therefore, the Directors consider that MSEL is a subsidiary of the Company and the results of MSEL are included in the Group consolidated financial statements.

(iv) Recoverability of Loans and Advances to Regions

As at the 30 June 2023 there are £19.2m of loans and £5.8m of advances to the Regions which are repayable in future periods. A further £7.5m has been loaned to the Regions subsequent to the year end. Economic conditions for professional Rugby continue to be challenging and the recoverability of these loans and advances is subject to regular review by management, the Professional Rugby Board and the Directors.

Investors are obligated to underwrite the financial performance of their Region over the medium term. There are also contractual agreements in place under the Professional Rugby Agreement (PRA) if one Region were to default, with a defined mechanism for recovery. The maturity of some of these loans goes beyond the life of the current PRA and it is the Directors intention that this would be replaced by a similar agreement with the Regions. As at the balance sheet date there are no specific indicators that an identified Region will default on its loans or advances accordingly no provision has been booked.

(v) Recoverability of amounts owed by Group undertakings

The Company has significant amounts owed by Group undertakings at the balance sheet date. There is judgement required in determining whether these balances are wholly or partially recoverable by the Company in future periods. The Company periodically considers the cashflows of its subsidiaries and the values attributed to services supplied between Group companies to ensure the balances are recoverable on an ongoing basis over the long term.

If this review identifies that amounts owed by Group undertakings are not recoverable, then a provision is taken against it.

(vi) Recoverability of investment in MSEL

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

(vii) CVC Capital Partners Investment into Six Nations and the United Rugby Championship

As documented in the Strategic Report, the Group has received proceeds in the financial year from CVC Capital Partners (CVC) investment in the Six Nations and United Rugby Championship. Both transactions also have a contingent element, where further payments may be due to the Group if the financial performance of the competitions exceeds targets that are set as part of the transaction. The Group has recognised its share of the full non-contingent consideration relating from the CVC investment.

The Group has considered different scenarios for the financial performance of each of these tournaments based on forecasts available and has determined that no amount should currently be recognised in relation to these contingent elements.

(vii) 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.

(ix) 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 United Rugby Championship, the European Champions Cup, and the European Challenge Cup. The net revenue after WRU expenses, is passed on to the Regions. The Group has 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, provides sufficient evidence that it is the principal in the transaction with the relevant competition provider.

Key accounting estimation uncertainty and assumptions

(i) Useful economic lives of tangible assets

The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The remaining useful economic life and residual values of the key assets of the Group are considered a source of significant estimation uncertainty.

(ii) Deferred Tax

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

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

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

As such, tax losses carried forwards have only been included to the extent they can be recovered against the reversal of deferred tax liabilities.

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

(iii) Impairment of debtors

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

2. BUSINESS ANALYSIS

The information below is provided as additional information.

(a) Turnover

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

Competition income represents amounts received from European Professional Club Rugby, and Celtic Rugby Designated Activity Company in consideration for the participation of teams nominated (Regions) 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.

The Group has recognised £0.8m (FY22: £0.8m) of government grant income which has been spent on Community and Performance rugby.

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

(b) Operating expenses

	2023 £'m	2022 As restated £'m
Operational costs (see (c) below)	79.5	70.1
Exceptional items (see note 5)	1.9	-
Depreciation and amortisation – net of grant release (see note 5)	5.0	3.8
Allocations to affiliated organisations (see (d) below)	32.4	31.9
	118.8	105.8

2. BUSINESS ANALYSIS (CONTINUED)

(c) Operational costs

	2023 £'m	2022 As restated £'m
Business and administration	9.6	8.9
Direct	12.9	12.1
Hospitality and catering costs	8.2	7.6
Hotel costs	8.2	4.2
Stadia	7.7	6.3
Performance rugby	16.1	16.3
Community rugby	7.1	5.6
Dragons	9.7	9.1
	79.5	70.1

The Group includes within its operational costs those originating from the "Dragons" regional team (formerly named WRU Gwent Rugby Limited, WRU Gwent Stadium Limited and WRU Gwent Region Limited) which for the whole of the financial year covered by these accounts was a 100% owned subsidiary.

(d) Allocations to affiliated organisations

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

3. INVESTMENT INCOME AND PROFIT ON SALE OF INVESTMENTS

	2023 £'m	2022 £'m
Dividends from Celtic Rugby DAC	6.3	6.8
Gain from sale of shares in Six Nations Limited	8.5	6.8
Exercise of EPCR Options	4.1	-
Total	18.9	13.6

Investment income in the current and prior year is dividends received from Celtic Rugby Designated Activity Company, arising as a result of CVC Capital Partners ("CVC") investment in the United Rugby Championship tournament. The final dividend in respect of this transaction will be received in the next financial year. Further information is included in the strategic report.

Profit on sale of investments arises from both a capital gain on a partial sale of the Group's shareholding in the Six Nations to CVC, and Pro Rugby Championship DAC exercising a Call option to acquire the Group's stake in the EPCR tournaments. Further partial sales of the Group's shareholding in the Six Nations are expected to take place in the next three financial years. Pro Rugby Championship DAC acquiring the Group's interest in the EPCR tournaments has resulted in the Group effectively selling a 28% share of its interests to CVC. The Group has recognised both the exercise price of the option and the value of the grant of the option as profit on sale of investments in the current year.

4. INTEREST PAYABLE AND SIMILAR CHARGES

	2023 £'m	2022 As restated £'m
Interest payable on bank and similar loans	1.5	0.7
Interest on finance leases	1.0	0.7
Bank charges	0.2	0.3
Interest payable	2.7	1.7
Interest receivable	(0.8)	(0.4)
Interest receivable	(0.8)	(0.4)
Net interest payable	1.9	1.3

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

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

	2023 £'m	2022 As restated £'m
Depreciation on owned assets (as restated)	6.7	5.4
Amortisation of intangible assets	0.3	0.3
Gain on fixed asset disposal	(0.4)	(0.3)
Release of deferred income (grant release)	(1.6)	(1.6)
Net charge to the income statement	5.0	3.8
Exceptional items		
Restructuring costs	1.9	-
Total exceptional items	1.9	-

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

6. STAFF NUMBERS AND COSTS

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

The Dragons were part of the WRU Group until 16 October 2023.

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

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

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

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

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

Players and support staff seconded to GB Sevens (representative team of Great Britain) are recharged to a third party and for the year this totalled £0.2m (2022: nil).

A sum of £3.3m (2022: £3.5m) was paid as remuneration to players whilst representing the senior men's national squad. These costs are included in Performance Rugby costs within Operational costs (see Note 2 (c)) and do not form part of staff costs.

6. STAFF NUMBERS AND COSTS (CONTINUED)

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

One director's employment contract was terminated by mutual agreement with compensation for loss of office of £480,000 (2022: £nil).

The two chairs (2022: 2) who served during the period received fees of £62,000 (2022: £73,000) of which £14,000 (2022: £23,000) was reimbursed from World Rugby for service provided to them.

Two directors during the year have accrued under a defined contribution pension scheme (2022: 1 director).

Emoluments of the highest paid Director

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

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

Key management compensation

Key management are members of the Executive Board which is chaired by the WRU Chief Executive. It includes executive directors, non-executive members of the main board and other staff who have authority and responsibility for planning, and controlling the activities of an entity:

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

Salaries for key management for 2023 includes compensation for loss of office, with the details provided in the directors' emoluments note.

DETAILED CONSOLIDATED INCOME STATEMENT

	Note	Total 2023 £'m	Total As Restated 2022 £'m
Match income		39.5	43.0
Commercial income		16.4	14.5
Hospitality and catering income		18.7	15.9
Other event income		5.3	3.2
Hotel income		11.1	5.7
Other income		2.6	2.2
Competition income		7.7	9.7
Turnover	2 (a)	101.3	94.2
Direct costs of turnover		(12.9)	(12.1)
Hospitality and catering costs		(8.2)	(7.6)
Hotel costs		(8.2)	(4.2)
Business and administration		(9.6)	(8.9)
Stadia		(7.7)	(6.3)
Performance rugby		(16.1)	(16.3)
Community rugby		(7.1)	(5.6)
Dragons		(9.7)	(9.1)
Operational costs	2 (c)	(79.5)	(70.1)
Depreciation and amortisation (net of grant release)	5	(5.0)	(3.8)
Operating profit		16.8	20.3

DETAILED CONSOLIDATED INCOME STATEMENT (CONTINUED)

Operating Profit (continued)		16.8	20.3
Investment income	3	6.3	6.8
Profit on sale of shares in investment	3	12.6	6.8
Interest payable and similar charges	4	(1.9)	(1.3)
Profit before tax, exceptional items and allocations to Regions and Community		33.8	32.6
Exceptional Items	5	(1.9)	-
Corporation tax		(3.8)	2.6
Profit for the financial year before allocations to Regions and Community		28.1	35.2
Allocations to Regions and Community:	2 (d)		
Regions		(27.9)	(26.9)
Community		(4.5)	(5.0)
		(32.4)	(31.9)
(Loss)/Profit for the financial year after allocations to Regions and Community:		(4.3)	3.3
(Loss)/Profit attributable to:			
Company		(4.9)	2.9
Non-controlling interest		0.6	0.4
		(4.3)	3.3



The Welsh Rugby Union Limited

Principality Stadium, Westgate Street,
Cardiff CF10 1NS

Tel: 02920 822 000 Web: wru.wales
E-Mail: info@wru.wales