

WRFC TRADING LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020

WRFC TRADING LIMITED

COMPANY INFORMATION

DIRECTORS	J Whittingham CA Goldring
REGISTERED NUMBER	03160145
REGISTERED OFFICE	Sixways Stadium Warriors Way Hindlip Worcester WR3 8ZE
INDEPENDENT AUDITORS	Bishop Fleming LLP Chartered Accountants & Statutory Auditors 1-3 College Yard Worcester WR1 2LB
BANKERS	National Westminster Bank PLC 1 The Cross Worcester Worcestershire WR1 3PR
SOLICITORS	Harrison Clark Rickerbys 5 Deansway Worcester Worcestershire WR1 2JG

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**GROUP STRATEGIC REPORT
FOR THE YEAR ENDED 30 JUNE 2020**

INTRODUCTION

The principal activity of the business during the year was promoting the playing and development of rugby football.

BUSINESS REVIEW

Our 2019/20 Season started with some below par performances in the Premiership Rugby Cup but was lifted by some stronger performances away from Home in both Domestic and European competitions. The Club, by virtue of the Saracen' spoints deduction finished 9th but in a very difficult season that was initially bought to a halt in March 2020 with the onset and concerns surrounding COVID-19. Our scheduled home game, against Gloucester in March 2020 was cancelled due to the Government's decision to withdraw the support of all emergency services at stadiums. That decision was justified through the growing waves of COVID-19 infections and resulting deaths. It was a very difficult position for everyone and one that was shared globally. The subsequent months saw the Stadium, and sport, effectively shut down until August 2020. The Owners remained committed to supporting the business and employees through what proved to be a very costly period for everyone involved in Sports Ownership. The Club managed to retain all employees with the assistance of Government Financial Support, mainly Furlough, but also salary sacrifice from all employees which was gratefully received. Alongside this the Club's Supporters, Sponsors and Partners all showed a great deal of generosity in leaving their funds in the Club despite no games being played. There was also a high level of forbearance shown by all Creditors through the entire period.

In Summer 2020 it was agreed between the RFU and PRL that there would be a moratorium on relegation for the next 2 season in an effort to support Clubs to recover from the financial losses and ongoing burden borne through the COVID-19 Pandemic.

PRINCIPAL RISKS AND UNCERTAINTIES

The key principal risks and uncertainties of the Group are as follows;

- The health and wellbeing of all staff. The Club employs the best coaches, doctors, physiotherapists, nutritionists, and strength and conditioning staff possible to ensure players are kept at their peak physical condition;
- Retaining key coaching and playing staff by the timely renewal of contracts, and ensuring that our coaching and support is second to none;
- Maintaining our position in the Premiership, which is attractive to fans and broadcasters. The club works with other Premiership club executives to develop a mutually successful UK and European competition;
- Continuing with our heads of agreement with the RFU. The club worked with other Premiership club executives on an eight year renewal from September 2016;
- Ensuring Sixways Stadium remains a safe match day and conferencing and events experience;
- Central funding not tracking in line with the rise in salary cap and the resulting increase in players costs;
- Team performance relative to other clubs in the Premiership affecting our supporters, leading to reduced attendance.

FINANCIAL KEY PERFORMANCE INDICATORS

The business measures its financial performance using the following measures:

- Reviewing customer feedback to ensure the winning of new business and retaining existing customers;
- Monitoring senior and academy salary squad caps;
- Preparing an annual cash flow forecast and shareholder funding requirement, and monitoring these on a monthly rolling basis;
- Targeting increasing commercial revenues through sponsorship, hospitality, advertising, events and non match opportunities.

This report was approved by the board on 20 December 2021 and signed on its behalf.

J Whittingham
Director

**DIRECTORS' REPORT
FOR THE YEAR ENDED 30 JUNE 2020**

The directors present their report and the financial statements for the year ended 30 June 2020.

DIRECTORS' RESPONSIBILITIES STATEMENT

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and the Group and of the profit or loss of the Group for that period.

In preparing these financial statements, the directors are required to:

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

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

RESULTS AND DIVIDENDS

The loss for the year, after taxation, amounted to £4,013,777 (2019: profit £12,938,380).

No dividend has been declared or paid in the current or prior year.

DIRECTOR

The director who served during the year was:

J Whittingham
CA Goldring

FUTURE DEVELOPMENTS

On 28 September 2018, the majority shareholding held by Sixways Holdings Limited was purchased by Worcester Sport Limited (formerly known as Militibus Quanco Limited).

The business remains committed to the long-term vision of becoming a sustainable Premiership Club with aspirations of competing at the very highest level by continued investment in the First team, development of the Academy and a fresh approach to nurturing and developing the Women's team.

Whilst focussing on all Rugby Team's activity we will also look to now develop the non-Rugby related commercial activity, including major events, along with the entire Sixways site building a sporting and commercial hub that will return a significant income for the Club ensuring we work toward self-sustainability.

We will also invest into broadening the support base and improving the fan experience, in and around the Stadium, working with the Community and our Foundation to develop an all-inclusive experience.

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2020**

ENGAGEMENT WITH EMPLOYEES

The Group's policy is to consult and discuss with employees, through unions, staff councils and at meetings, matters likely to affect employees' interests.

Information on matters of concern to employees is given through information bulletins and reports which seek to achieve a common awareness on the part of all employees of the financial and economic factors affecting the Group's performance.

DISABLED EMPLOYEES

The Group's policy is to recruit disabled workers for those vacancies that they are able to fill. All necessary assistance with the initial training courses is given. Once employed, a career plan is developed so as to ensure suitable opportunities for each disabled person. Arrangements are made, wherever possible, for retraining employees who become disabled, to enable them to perform work identified as appropriate to their aptitudes and abilities.

DISCLOSURE OF INFORMATION TO AUDITORS

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company and the Group's auditors are unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company and the Group's auditors are aware of that information.

POST BALANCE SHEET EVENTS

The ongoing global COVID-19 pandemic, of which the principal effects commenced in February 2020, continues to have a significant impact on the activities of the Group.

The Group has faced significant restrictions to its activities as a result of UK government guidelines designed to reduce the spread of the virus. These restrictions have prevented spectators from being able to attend games, required additional measures to be implemented during training sessions or games and caused delay to the normal operating timetables across the industry.

The full extent of the impact in future periods cannot be reliably predicted at the time of the approval of these financial statements, however it is expected to be material. The impact on the Group will depend on the measures imposed by the government, industry regulators and local authorities, as well as the success of any vaccine in preventing transmission of the virus.

AUDITORS

The auditors, Bishop Fleming LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

WRFC TRADING LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2020**

This report was approved by the board and signed on its behalf.

J Whittingham

Director

Date: 20 December 2021

Sixways Stadium

Warriors Way

Hindlip

Worcester

WR3 8ZE

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF WRFC TRADING LIMITED

OPINION

We have audited the financial statements of WRFC Trading Limited (the 'parent Company') and its subsidiaries (the 'Group') for the year ended 30 June 2020, which comprise the Group Statement of Comprehensive Income, the Group and Company Statements of Financial Position, the Group Statement of Cash Flows, the Group and Company Statement of Changes in Equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and of the parent Company's affairs as at 30 June 2020 and of the Group's loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

BASIS FOR OPINION

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

CONCLUSIONS RELATING TO GOING CONCERN

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

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

OTHER INFORMATION

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

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

We have nothing to report in this regard.

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF WRFC TRADING LIMITED (CONTINUED)

OPINIONS ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

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

- the information given in the Group Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Group Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

In the light of the knowledge and understanding of the Group and the parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Group Strategic Report or the Directors' Report.

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

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

RESPONSIBILITIES OF DIRECTORS

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

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

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

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

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF WRFC TRADING LIMITED (CONTINUED)

USE OF OUR REPORT

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

Andrew Wood FCCA (Senior Statutory Auditor)
for and on behalf of
Bishop Fleming LLP
Chartered Accountants
Statutory Auditors
1-3 College Yard
Worcester
WR1 2LB

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2020**

	Note	2020 £	2019 £
Turnover	4	12,237,829	11,423,014
Cost of sales		(764,409)	(613,512)
GROSS PROFIT		11,473,420	10,809,502
Administrative expenses		(16,703,546)	(15,759,336)
Exceptional administrative expenses	12	-	11,605,149
Other operating income	5	1,581,750	-
Fair value movements	14	-	7,380,918
OPERATING (LOSS)/PROFIT	6	(3,648,376)	14,036,233
Interest receivable and similar income		57,967	6,252
Interest payable and expenses	10	(423,368)	(378,706)
(LOSS)/PROFIT BEFORE TAXATION		(4,013,777)	13,663,779
Tax on (loss)/profit	11	-	(725,399)
(LOSS)/PROFIT FOR THE FINANCIAL YEAR		(4,013,777)	12,938,380
(LOSS)/PROFIT FOR THE YEAR ATTRIBUTABLE TO:			
Owners of the parent Company		(4,013,777)	12,938,380
		(4,013,777)	12,938,380

There were no recognised gains and losses for 2020 or 2019 other than those included in the consolidated statement of comprehensive income.

There was no other comprehensive income for 2020 (2019: £Nil).

The notes on form part of these financial statements.

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2020**

	Note	2020 £	As restated 2019 £
FIXED ASSETS			
Tangible assets	13	18,611,169	18,226,722
Investments	14	13,864,000	13,864,000
		<u>32,475,169</u>	<u>32,090,722</u>
CURRENT ASSETS			
Stocks	15	58,791	37,793
Debtors: amounts falling due within one year	16	1,877,168	1,943,262
Cash at bank and in hand	17	340,040	3,619,234
		<u>2,275,999</u>	<u>5,600,289</u>
Creditors: amounts falling due within one year	18	(10,515,094)	(6,017,695)
NET CURRENT LIABILITIES		<u>(8,239,095)</u>	<u>(417,406)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>24,236,074</u>	<u>31,673,316</u>
Creditors: amounts falling due after more than one year	19	(17,761,815)	(21,185,280)
PROVISIONS FOR LIABILITIES			
Deferred taxation	23	(2,356,594)	(2,356,594)
NET ASSETS		<u>4,117,665</u>	<u>8,131,442</u>
CAPITAL AND RESERVES			
Called up share capital	24	21,253,673	21,253,673
Share premium account	25	2,155,556	2,155,556
Capital contribution reserve	25	8,000,000	8,000,000
Profit and loss account	25	(27,291,564)	(23,277,787)
		<u>4,117,665</u>	<u>8,131,442</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:

J Whittingham
Director

Date: 20 December 2021

The notes on form part of these financial statements.

COMPANY STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2020

	Note	2020 £	2020 £	As restated 2019 £	As restated 2019 £
FIXED ASSETS					
Tangible assets	13		18,611,169		18,226,722
Investments	14		13,865,000		13,865,000
			<u>32,476,169</u>		<u>32,091,722</u>
CURRENT ASSETS					
Stocks	15	58,791		37,793	
Debtors: amounts falling due within one year	16	1,867,290		1,776,678	
Cash at bank and in hand	17	247,624		3,618,276	
		<u>2,173,705</u>		<u>5,432,747</u>	
Creditors: amounts falling due within one year	18	(8,160,449)		(5,208,606)	
NET CURRENT (LIABILITIES)/ASSETS			<u>(5,986,744)</u>		<u>224,141</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>26,489,425</u>		<u>32,315,863</u>
Creditors: amounts falling due after more than one year	19		(17,761,815)		(21,185,280)
PROVISIONS FOR LIABILITIES					
Deferred taxation	23	(2,356,880)		(2,356,880)	
			<u>(2,356,880)</u>		<u>(2,356,880)</u>
NET ASSETS			<u>6,370,730</u>		<u>8,773,703</u>
CAPITAL AND RESERVES					
Called up share capital	24		21,253,673		21,253,673
Share premium account	25		2,155,556		2,155,556
Other reserves	25		8,000,000		8,000,000
Profit and loss account brought forward		(22,635,526)		(40,446,527)	
Loss/(profit) for the year		(2,402,973)		17,811,001	
Profit and loss account carried forward			<u>(25,038,499)</u>		<u>(22,635,526)</u>
			<u>6,370,730</u>		<u>8,773,703</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:

J Whittingham
Director

Date: 20 December 2021

WRFC TRADING LIMITED
REGISTERED NUMBER:03160145

COMPANY STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS AT 30 JUNE 2020

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2020**

	Called up share capital	Share premium account	Other reserves	Profit and loss account	Total equity
	£	£	£	£	£
At 1 July 2018 (as previously stated)	21,253,673	2,155,556	-	(35,114,043)	(11,704,814)
Prior year adjustment	-	-	-	(1,102,124)	(1,102,124)
At 1 July 2018 (as restated)	21,253,673	2,155,556	-	(36,216,167)	(12,806,938)
COMPREHENSIVE INCOME FOR THE YEAR					
Profit for the year	-	-	-	12,938,380	12,938,380
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	-	-	-	12,938,380	12,938,380
CONTRIBUTIONS BY AND DISTRIBUTIONS TO OWNERS					
Capital contribution	-	-	8,000,000	-	8,000,000
TOTAL TRANSACTIONS WITH OWNERS	-	-	8,000,000	-	8,000,000
At 1 July 2019	21,253,673	2,155,556	8,000,000	(23,277,787)	8,131,442
COMPREHENSIVE INCOME FOR THE YEAR					
Loss for the year	-	-	-	(4,013,777)	(4,013,777)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	-	-	-	(4,013,777)	(4,013,777)
AT 30 JUNE 2020	21,253,673	2,155,556	8,000,000	(27,291,564)	4,117,665

The notes on form part of these financial statements.

**COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2020**

	Called up share capital	Share premium account	Other reserves	Profit and loss account	Total equity
	£	£	£	£	£
At 1 July 2018 (as previously stated)	21,253,673	2,155,556	-	(39,344,403)	(15,935,174)
Prior year adjustment	-	-	-	(1,102,124)	(1,102,124)
At 1 July 2018 (as restated)	21,253,673	2,155,556	-	(40,446,527)	(17,037,298)
COMPREHENSIVE INCOME FOR THE YEAR					
Profit for the year	-	-	-	17,811,001	17,811,001
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	-	-	-	17,811,001	17,811,001
CONTRIBUTIONS BY AND DISTRIBUTIONS TO OWNERS					
Capital contribution	-	-	8,000,000	-	8,000,000
TOTAL TRANSACTIONS WITH OWNERS	-	-	8,000,000	-	8,000,000
At 1 July 2019	21,253,673	2,155,556	8,000,000	(22,635,526)	8,773,703
COMPREHENSIVE INCOME FOR THE YEAR					
Loss for the year	-	-	-	(2,402,973)	(2,402,973)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	-	-	-	(2,402,973)	(2,402,973)
AT 30 JUNE 2020	21,253,673	2,155,556	8,000,000	(25,038,499)	6,370,730

The notes on form part of these financial statements.

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2020**

	2020 £	2019 £
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit/(loss) for the year	(4,013,777)	12,938,380
ADJUSTMENTS FOR:		
Depreciation of tangible assets	1,125,305	925,081
Interest paid	534,146	378,706
Interest received	(57,967)	(6,252)
Taxation charge	-	722,593
(Increase)/decrease in stocks	(20,998)	611
Decrease/(increase) in debtors	66,094	(728,899)
Increase in creditors	88,573	4,035,279
Intercompany debt waived	-	(19,195,809)
Intercompany bad debt provisions	-	7,590,660
Net fair value gains recognised in P&L	-	(7,380,918)
NET CASH GENERATED FROM OPERATING ACTIVITIES	(2,278,624)	(720,568)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of tangible fixed assets	(1,509,752)	(567,606)
Interest received	57,967	6,252
HP interest paid	(256,426)	(235,630)
NET CASH FROM INVESTING ACTIVITIES	(1,708,211)	(796,984)
CASH FLOWS FROM FINANCING ACTIVITIES		
Other new loans	2,710,230	3,905,787
Repayment of other loans	(632,302)	(4,950,333)
Repayment of/new finance leases	(1,092,567)	-
Interest paid	(277,720)	(143,076)
New finance leases	-	6,250,000
Repayment of finance leases	-	(67,845)
NET CASH USED IN FINANCING ACTIVITIES	707,641	4,994,533
(DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(3,279,194)	3,476,981
Cash and cash equivalents at beginning of year	3,619,234	142,253
CASH AND CASH EQUIVALENTS AT THE END OF YEAR	340,040	3,619,234
CASH AND CASH EQUIVALENTS AT THE END OF YEAR COMPRISE:		
Cash at bank and in hand	340,040	3,619,234
	340,040	3,619,234

The notes on form part of these financial statements.

**CONSOLIDATED ANALYSIS OF NET DEBT
FOR THE YEAR ENDED 30 JUNE 2020**

	At 1 July 2019	Cash flows	New finance leases	At 30 June 2020
	£	£	£	£
Cash at bank and in hand	3,619,234	(3,279,194)	-	340,040
Debt due after 1 year	(1,837,453)	(1,135,887)	-	(2,973,340)
Debt due within 1 year	(500,001)	(942,041)	-	(1,442,042)
Finance leases	(6,250,000)	1,781,955	(689,388)	(5,157,433)
	<u>(4,968,220)</u>	<u>(3,575,167)</u>	<u>(689,388)</u>	<u>(9,232,775)</u>

The notes on form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020**

1. GENERAL INFORMATION

WRFC Trading Limited is a private company limited by shares incorporated in the UK and registered in England and Wales. The registered office is Sixways Stadium, Warriors Way, Hindlip, Worcester, WR3 8ZE.

The principal activity of the Group and the Company is to promote the playing and development of rugby football.

2. ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The financial statements are prepared in Sterling, which is the functional and presentation currency of the Company, and are rounded to the nearest GBP.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires Group management to exercise judgement in applying the Group's accounting policies (see note 3).

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of Comprehensive Income in these financial statements.

The following principal accounting policies have been applied:

2.2 BASIS OF CONSOLIDATION

The consolidated financial statements present the results of the Company and its own subsidiary ("the Group") as if they form a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the Statement of Financial Position, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the Consolidated Statement of Comprehensive Income from the date on which control is obtained. They are deconsolidated from the date control ceases.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

2. ACCOUNTING POLICIES (continued)

2.3 GOING CONCERN

The Group has a plan to reduce trading deficits, however with the significant impact of COVID from March 2020 onwards, this has disrupted this plan. The Group has taken advantage of Government support, to help through this difficult period, whilst continuing to focus on their longer term strategy. To combat the COVID-19 pandemic in September 2020 the Government announced a Sports Winter Survival Package (SWSP). This funding is in the form of a long term loan, to support the Club through to the end of March 2021 and there is also a provision for further support to run through to March 2022, if COVID disruption continues.

The directors have prepared forecasts to December 2022, which has quantified the future funding need of the Group. The directors have considered the existing funding available and the support available through their wider group companies, and other companies under common control. Whilst this funding meets a large proportion of the funding they anticipate needing, there is still some further funding considered necessary for which the Group has a number of options available. The directors have identified a number of opportunities to raise the necessary finance and are continuing to consider the most beneficial route for the Group. A corporate finance partner has been engaged to help evaluate and secure the most suitable form of finance, both to support working capital and future development plans.

The directors, and their corporate finance partner, are confident of the ability of the Group to raise the additional finance the Group anticipates it requires to continue as a going concern, however, this is not guaranteed until one is chosen and entered into. The Group, as at February 2021, owns the freehold to the Sixways site, which was valued by an independent RICS valuer at £16.7m in 2018 including land and stadium which has been substantially improved with a multi million investment together with significantly improved planning potential for development, which is now unencumbered and not being used to secure any debts. The directors have confirmed that, if required, these assets would be used to secure any funding required.

The directors have sought external financing subsequent to the year and have an expectation that a financing facility of at least £5m will be agreed within 12 months of the year end to support the cashflow position of the Group. Alternative plans have been discussed should this financing not present.

After reviewing the Group's forecasts and projections, and considering the expected future financing of the Group, the directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. The Group therefore continues to adopt the going concern basis in preparing its consolidated financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020**

2. ACCOUNTING POLICIES (continued)

2.4 REVENUE

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Sale of goods

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- the Group has transferred the significant risks and rewards of ownership to the buyer;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the Group will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rendering of services

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the Group will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

2.5 SALE AND LEASEBACK

Where a sale and leaseback transaction results in a finance lease, no gain is immediately recognised for any excess of sales proceeds over the carrying amount of the asset. Instead, the proceeds are presented as a liability and subsequently measured at amortised cost using the effective interest method.

When a sale and leaseback transaction results in an operating lease, and it is clear that the transaction is established at fair value any profit or loss is recognised immediately. If the sale price is below fair value, any profit or loss is recognised immediately unless the loss is compensated for by the future lease payments at below market price. In that case any such loss is amortised in proportion to the lease payments over the period for which the asset is expected to be used. If the sale price is above fair value, the excess over fair value is amortised over the period for which the asset is expected to be used.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020**

2. ACCOUNTING POLICIES (continued)

2.6 GRANTS

Grants are accounted under the accruals model as permitted by FRS 102. Grants relating to expenditure on tangible fixed assets are credited to profit or loss at the same rate as the depreciation on the assets to which the grant relates. The deferred element of grants is included in creditors as deferred income.

Grants of a revenue nature are recognised in the Consolidated Statement of Comprehensive Income in the same period as the related expenditure.

2.7 INTEREST INCOME

Interest income is recognised in profit or loss using the effective interest method.

2.8 FINANCE COSTS

Finance costs are charged to profit or loss over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.9 EMPLOYEE COSTS

Termination benefits are accrued for in the period in which the agreement is signed.

2.10 BORROWING COSTS

All borrowing costs are recognised in profit or loss in the year in which they are incurred.

2.11 PENSIONS

DEFINED CONTRIBUTION PENSION PLAN

The Group operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. Once the contributions have been paid the Group has no further payment obligations.

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of Financial Position. The assets of the plan are held separately from the Group in independently administered funds.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020**

2. ACCOUNTING POLICIES (continued)

2.12 CURRENT AND DEFERRED TAXATION

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company and the Group operate and generate income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of Financial Position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the Group can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

2.13 EXCEPTIONAL ITEMS

Exceptional items are transactions that fall within the ordinary activities of the Group but are presented separately due to their size or incidence.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020**

2. ACCOUNTING POLICIES (continued)

2.14 TANGIBLE FIXED ASSETS

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Land is not depreciated. Depreciation on other assets is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Freehold land	-	Nil
Long-term leasehold property	-	2% - 25%
Plant and machinery	-	12.5%
Fixtures and fittings	-	12.5% - 20%
Assets under construction	-	Not depreciated

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

2.15 VALUATION OF INVESTMENTS

Investments in subsidiaries are measured at cost less accumulated impairment.

Investments in unlisted shares, whose market value can be reliably determined, are remeasured to market value at each balance sheet date. Gains and losses on remeasurement are recognised in the Consolidated Statement of Comprehensive Income for the period. Where market value cannot be reliably determined, such investments are stated at historic cost less impairment.

2.16 STOCKS

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis.

At each reporting date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

2.17 DEBTORS

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020**

2. ACCOUNTING POLICIES (continued)

2.18 CASH AND CASH EQUIVALENTS

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Consolidated Statement of Cash Flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Group's cash management.

2.19 CREDITORS

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.20 PROVISIONS FOR LIABILITIES

Provisions are made where an event has taken place that gives the Group a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to profit or loss in the year that the Group becomes aware of the obligation, and are measured at the best estimate at the Statement of Financial Position date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Statement of Financial Position.

2.21 FINANCIAL INSTRUMENTS

The Group only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other debtors and creditors, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade creditors or debtors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Investments in non-derivative instruments that are equity to the issuer are measured:

- at fair value with changes recognised in the Consolidated Statement of Comprehensive Income if the shares are publicly traded or their fair value can otherwise be measured reliably;
- at cost less impairment for all other investments.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Consolidated Statement of Comprehensive Income.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020**

3.

JUDGEMENTS IN APPLYING ACCOUNTING POLICIES AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Company's accounting policies, which are described in note 2, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period of the revision and future periods if the revision affects both current and future periods.

The following are the critical judgements and key sources of estimation uncertainty that the directors have made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

Share investment carrying value

The Company holds its investment in PRL at fair value as required under Section 12 of FRS 102. The Company has invested units and shares in PRL. The valuation of these was initially provided by PRL based upon independent advice sought at the time of the restructuring. The Board has conducted its own review of the fair value of this investment based upon the expected future cash inflows due to the Club from its investment in PRL.

The shares held in PRL have been held at nil value as, whilst they convey voting and dividend rights, the Company expects the future cash inflows from these to be nil as PRL is set up to break even with all income less costs being distributed to members through the invested units agreement.

The expected future cash flows resulting from the invested units have been modelled under different scenarios, based upon historical and expected future cash inflows. Whilst there is a belief that the investment by CVC will enable PRL to significantly enhance the value of commercial income, this is in the early stages of development and, therefore, in the judgement of the Board, this has not been factored into the valuation. The expected cash inflows under each scenario have been discounted at an appropriate Weighted Average Cost of Capital (WACC) to provide an expected value for each scenario. The Company has assessed the probability of each scenario and multiplied the expected cash inflows under each by its probability of occurrence to derive a weighted average value for the investment. As the ownership of the asset is highly restricted due to the terms of the shareholder agreement pertaining to the invested units, this valuation has then been reduced by a minority interest deduction to arrive at an appropriate fair value.

Any changes to the expected cash inflows, estimates made relating to WACC/minority interest valuation declaration, or changes to the share structure/percentage of invested units held in the future could result in a materially different valuation compare to that recorded as at 30 June 2020.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020**

4. TURNOVER

An analysis of turnover by class of business is as follows:

	2020 £	2019 £
Central distributions	7,712,603	6,291,653
Commercial	1,803,878	1,213,404
Rugby	2,721,348	3,917,957
	<u>12,237,829</u>	<u>11,423,014</u>

All turnover arose within the United Kingdom.

5. OTHER OPERATING INCOME

	2020 £	2019 £
Other operating income	250,000	-
Government grants receivable	1,331,750	-
	<u>1,581,750</u>	<u>-</u>

The Government grants receivable amount of £1,331,750 (2019: £NIL) in Other operating income relates to Job Retention Scheme grants received from the Government.

6. OPERATING (LOSS)/PROFIT

The operating (loss)/profit is stated after charging:

	2020 £	2019 £
Depreciation of tangible fixed assets	822,788	925,081
Defined contribution pension cost	159,182	107,555
Other operating lease rentals	<u>4,832</u>	<u>11,596</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020**

7. AUDITORS' REMUNERATION

	2020 £	2019 £
Fees payable to the Group's auditor and its associates for the audit of the Group's annual financial statements	<u>27,000</u>	<u>65,000</u>

FEES PAYABLE TO THE GROUP'S AUDITOR AND ITS ASSOCIATES IN RESPECT OF:

Taxation compliance services	2,250	20,235
All other services	-	46,091
	<u>2,250</u>	<u>66,326</u>

8. EMPLOYEES

Staff costs, including directors' remuneration, were as follows:

	Group 2020 £	Group 2019 £	Company 2020 £	Company 2019 £
Wages and salaries	10,182,934	9,682,833	2,229,581	1,480,478
Social security costs	1,059,554	1,043,328	131,107	98,197
Cost of defined contribution scheme	159,182	107,555	36,754	27,317
	<u>11,401,670</u>	<u>10,833,716</u>	<u>2,397,442</u>	<u>1,605,992</u>

The average monthly number of employees, including the directors, during the year was as follows:

	2020 No.	2019 No.
Management, admin and other full time staff	64	64
Catering, bar, stewards and other part time staff	126	126
Coaches	35	35
Players	46	46
Academy players	14	14
	<u>285</u>	<u>285</u>

Termination benefits

Amounts in relation to termination benefits agreed in the year are reflected in wages and salaries. In the year, contractual termination benefits were agreed with no employees (2019: 6) amounting to £NIL (2019: £107,069).

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020**

9. DIRECTORS' REMUNERATION

	2020 £	2019 £
Directors' emoluments	-	74,597
Company contributions to defined contribution pension schemes	-	691
Amounts paid to third parties in respect of directors' services	552,750	329,998
	<u>552,750</u>	<u>405,286</u>

During the year retirement benefits were accruing to no directors (2019: NIL) in respect of defined contribution pension schemes.

Key management personnel

All directors and certain employees who have authority and responsibility for planning, directing and controlling the activities of the Company are considered to be key management personnel. Total remuneration in respect of these individuals is £748,595 (2019: £722,473).

10. INTEREST PAYABLE AND SIMILAR EXPENSES

	2020 £	2019 £
Other loan interest payable	166,942	143,076
Finance leases and hire purchase contracts	256,426	235,630
	<u>423,368</u>	<u>378,706</u>

11. TAXATION

	2020 £	2019 £
CORPORATION TAX		
Adjustments in respect of previous periods	-	(532,163)
TOTAL CURRENT TAX	<u>-</u>	<u>(532,163)</u>
DEFERRED TAX		
Origination and reversal of timing differences	-	1,257,562
TOTAL DEFERRED TAX	<u>-</u>	<u>1,257,562</u>
TAXATION ON PROFIT ON ORDINARY ACTIVITIES	<u>-</u>	<u>-</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020**

11. TAXATION (CONTINUED)

FACTORS AFFECTING TAX CHARGE FOR THE YEAR

The tax assessed for the year is different to the standard rate of Corporation Tax in the UK of 19% (2019: 19%). The differences are explained below:

	2020 £	2019 £
Profit on ordinary activities before tax	<u>(4,013,777)</u>	<u>18,553,594</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2019: 19%)	(762,618)	3,521,383
EFFECTS OF:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	-	(4,774,553)
Capital allowances for year in excess of depreciation	(65,811)	-
Adjustments to tax charge in respect of prior periods	-	(532,163)
Unrelieved tax losses carried forward	787,285	1,253,170
Group relief	41,144	1,257,562
TOTAL TAX CHARGE FOR THE YEAR	<u>-</u>	<u>725,399</u>

FACTORS THAT MAY AFFECT FUTURE TAX CHARGES

There were no factors that may affect future tax charges.

12. EXCEPTIONAL ITEMS

	2020 £	2019 £
Waiver of intercompany debt	-	19,195,809
Intercompany bad debt provision	-	(7,590,660)
	<u>-</u>	<u>(11,605,149)</u>

The exceptional items in the prior year relate to a debt that was owed to the Company's parent company, Worcester Sport Limited (formerly known as Militibus Quanco Limited) which was waived during the period ended 30 June 2019 year, and also to a separate debt owed by Worcester Sport Limited which was provided for during the period ended 30 June 2019.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

TANGIBLE FIXED ASSETS

Group and Company

	Freehold land £	Long-term leasehold property £	Plant and machinery £	Fixtures and fittings £	Assets under construction £	Total £
COST OR VALUATION						
At 1 July 2019	544,420	7,874,876	224,536	1,980,697	514,159	10,138,688
Additions	-	-	49,763	581,004	878,985	1,509,752
Transfers between classes	-	143,369	183,777	1,065,998	(1,393,144)	-
At 30 June 2020	544,420	8,018,245	458,076	3,627,699	-	12,648,440
DEPRECIATION						
At 1 July 2019	-	1,323,725	123,652	1,464,589	-	2,911,966
Charge for the year on owned assets	-	668,738	46,176	410,391	-	1,125,305
At 30 June 2020	-	1,992,463	169,828	1,874,980	-	4,037,271
NET BOOK VALUE						
At 30 June 2020	544,420	6,025,782	288,248	1,752,719	-	12,611,169
At 30 June 2019	544,420	6,551,151	100,884	516,108	514,159	13,226,722

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020**

13. TANGIBLE FIXED ASSETS (CONTINUED)

The net book value of land and buildings may be further analysed as follows:

	2020 £	2019 £
Freehold	544,420	544,420
Long leasehold	16,025,782	16,551,151
	<u>16,570,202</u>	<u>17,095,571</u>

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows:

	2020 £	2019 £
Plant and machinery	<u>-</u>	<u>46,907</u>

FINANCE LEASES

During 2019 WRFC Trading Limited entered into a sale and leaseback arrangement with a connected entity in respect of its long-term leasehold property. Under this agreement, WRFC Trading Limited have the option to purchase the leasehold interest back from the lessor at the end of the 175 year lease for £1. No disposal has therefore been recognised in the financial statements as the lease arrangement meets the conditions of a finance lease.

The present value of the future minimum lease payments is £6,249,830 (2019: £6,250,000). A creditor of this amount has therefore been recognised, split between due within one year and greater than one year.

This sale and leaseback arrangement with a connected entity was secured on the P Shares held by WRFC Trading Limited in its unlisted investment.

On the 17 February 2021 the aforementioned sale and leaseback arrangement ended and the land and buildings were brought back under group ownership.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020**

14. FIXED ASSET INVESTMENTS

Group

	Unlisted investments £
COST OR VALUATION	
At 1 July 2019	13,864,000
At 30 June 2020	13,864,000

The unlisted investment represents a 7.96% investment in 'Income Shares' (P Shares) of Premier Rugby Limited, entitling the holder to future income streams from Premier Rugby Limited (PRL).

WRFC Trading Limited has valued its investment in Premier Rugby Limited ("PRL") 'P Ordinary Shares', which provide a guaranteed income stream for all clubs. The value in use calculation assumes a discount rate of 6% and a life cycle of eight years and was agreed by the PRL Board as a consistent method to be used by all shareholder clubs. The directors have valued the investment in the current year based on the value in use calculation approved by the PRL Board. This has resulted in a valuation of £13,864,000 (2019: £13,864,000).

Company

	Investments in subsidiary companies £	Unlisted investments £	Total £
COST OR VALUATION			
At 1 July 2019	1,000	13,864,000	13,865,000
At 30 June 2020	1,000	13,864,000	13,865,000

SUBSIDIARY UNDERTAKING

The following entity was a subsidiary undertaking of the Company, held directly:

Name	Registered office	Class of shares	Holding
WRFC Players Limited	Sixways Stadium, Warriors Way, Hindlip, Worcester, Worcestershire, WR3 8ZE	Ordinary	100 %

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020**

15. STOCKS

	Group 2020	Group 2019	Company 2020	Company 2019
	£	£	£	£
Food, liquor and shop items for resale	<u>58,791</u>	<u>37,793</u>	<u>58,791</u>	<u>37,793</u>

16. DEBTORS

	Group 2020	Group 2019	Company 2020	Company 2019
	£	£	£	£
Trade debtors	295,277	426,951	295,277	426,951
Amounts owed by unconsolidated group undertakings	586,811	-	586,811	-
Other debtors	842,485	648,360	842,485	648,360
Prepayments and accrued income	152,595	867,951	142,717	701,367
	<u>1,877,168</u>	<u>1,943,262</u>	<u>1,867,290</u>	<u>1,776,678</u>

17. CASH AND CASH EQUIVALENTS

	Group 2020	Group 2019	Company 2020	Company 2019
	£	£	£	£
Cash at bank and in hand	<u>340,040</u>	<u>3,619,234</u>	<u>247,624</u>	<u>3,618,276</u>

18. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group 2020	Group As restated 2019	Company 2020	Company As restated 2019
	£	£	£	£
Other loans	1,442,042	500,001	1,442,042	500,001
Trade creditors	1,236,896	350,501	1,236,896	350,501
Amounts owed to unconsolidated group undertakings	918,963	-	496,994	-
Other taxation and social security	2,340,104	623,426	423,690	258,364
Obligations under finance lease and hire purchase contracts	124,203	170	124,203	170
Other creditors	39,447	99,447	28,417	68,695
Accruals and deferred income	4,413,439	4,444,150	4,408,207	4,030,875
	<u>10,515,094</u>	<u>6,017,695</u>	<u>8,160,449</u>	<u>5,208,606</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020**

CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR (CONTINUED)

Security

Other loans of £870,246 (2019: £500,001) are secured by way of a fixed charge over the Income Shares (P Shares) in the Company's unlisted investment, in favour of Close Leasing Limited. This arrangement ceased post year end, as is explained at Note 32.

Other loans of £571,796 (2019: £NIL) are unsecured.

Obligations under finance lease and hire purchase contracts of £124,203 (2019: £170) are secured over the assets concerned.

19. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Group	Group	Company	Company
	2020	As restated	2020	As restated
	£	2019	£	2019
		£		£
Other loans	2,973,340	1,837,453	2,973,340	1,837,453
Net obligations under finance leases and hire purchase contracts	5,033,230	6,249,830	5,033,230	6,249,830
Government grants received	3,696,787	3,793,978	3,696,787	3,793,978
Accruals and deferred income	6,058,458	9,304,019	6,058,458	9,304,019
	<u>17,761,815</u>	<u>21,185,280</u>	<u>17,761,815</u>	<u>21,185,280</u>

Security

Other loans of £2,859,143 (2019: £1,837,453) are secured by way of a fixed charge over the Income Shares (P Shares) in the Company's unlisted investment, in favour of Close Leasing Limited.

Other loans of £114,197 (2019: £45,787) were unsecured.

Obligations under finance lease and hire purchase contracts of £6,720,730 (2019: £6,249,830) are secured over the assets concerned.

The aggregate amount of liabilities repayable wholly or in part more than five years after the balance sheet date is:

	Group	Group	Company	Company
	2020	As restated	2020	As restated
	£	2019	£	2019
		£		£
Obligations under finance leases and hire purchase contracts repayable by instalments	<u>6,248,861</u>	<u>6,249,071</u>	<u>6,248,861</u>	<u>6,249,071</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020**

20. GRANTS RECEIVED

	2020 £	2019 £
Group and Company		
Balance brought forwards	3,793,978	3,891,169
Released during the year	(97,191)	(97,191)
Closing balance	<u>3,696,787</u>	<u>3,793,978</u>

21. HIRE PURCHASE AND FINANCE LEASES

Minimum lease payments under hire purchase fall due as follows:

	Group 2020 £	Group As restated 2019 £	Company 2020 £	Company As restated 2019 £
Within one year	436,807	268,750	268,750	268,750
Between 1-5 years	1,593,174	1,075,000	1,075,000	1,075,000
Over 5 years	45,418,750	45,687,500	45,418,750	45,687,500
	<u>47,448,731</u>	<u>47,031,250</u>	<u>46,762,500</u>	<u>47,031,250</u>

22. FINANCIAL INSTRUMENTS

	Group 2020 £	Group 2019 £	Company 2020 £	Company 2019 £
FINANCIAL ASSETS				
Financial assets measured at fair value through profit or loss	13,864,000	13,864,000	13,864,000	13,864,000
Financial assets measured at amortised cost	3,657,698	4,694,545	3,582,146	4,693,587
	<u>17,521,698</u>	<u>18,558,545</u>	<u>17,446,146</u>	<u>18,557,587</u>
FINANCIAL LIABILITIES				
Financial liabilities measured at amortised cost	<u>(12,032,267)</u>	<u>(10,241,681)</u>	<u>(10,366,566)</u>	<u>(9,797,654)</u>

Financial assets measured at fair value through profit or loss comprise fixed asset investments.

Financial assets that are debt instruments measured at amortised cost comprise cash at bank and in hand, trade debtors, amounts owed by group undertakings and other debtors.

Financial liabilities measured at amortised cost comprise other loans, trade creditors, amount owed to group undertakings, other creditors and accruals.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

23. DEFERRED TAXATION

Group

	2020 £
At beginning of year	(2,356,594)
Charged to profit or loss	-
AT END OF YEAR	<u>(2,356,594)</u>

Company

	2020 £
At beginning of year	(2,356,880)
Charged to profit or loss	-
AT END OF YEAR	<u>(2,356,880)</u>

	Group 2020 £	Group 2019 £	Company 2020 £	Company 2019 £
Accelerated capital allowances	286	286	-	-
Capital gains	<u>(2,356,880)</u>	<u>(2,356,880)</u>	<u>(2,356,880)</u>	<u>(2,356,880)</u>
	<u>(2,356,594)</u>	<u>(2,356,594)</u>	<u>(2,356,880)</u>	<u>(2,356,880)</u>

Deferred tax assets in respect of accumulated losses amounting to £48,238,396 (2019: £44,307,852) have not been recognised in these financial statements.

24. SHARE CAPITAL

	2020 £	2019 £
ALLOTTED, CALLED UP AND FULLY PAID		
13,541,667 (2019: 13,541,667) Ordinary A shares of £1.00 each	13,541,667	13,541,667
25,291,670 (2019: 25,291,670) Ordinary B shares of £0.10 each	2,529,167	2,529,167
518,283,860 (2019: 518,283,860) Ordinary C shares of £0.01 each	5,182,839	5,182,839
	<u>21,253,673</u>	<u>21,253,673</u>

The three above classes of Ordinary shares rank pari passu with each other and are all equal in terms of voting, income, capital, and on a winding up. All shares within the three classes are non-redeemable.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020**

25. RESERVES**Share premium account**

This reserve records the amount above the nominal value received for shares sold, less transaction costs.

Capital redemption reserve

This reserve represents the value of the subsidiary's liabilities assumed by the parent undertaking.

Other reserves

This reserve includes all capital contributions made by Worcester Sport Limited, that represent the settling of debts during the financial year on behalf of WRFC Trading Limited, which previously owed these monies to other creditors. At 30 June 2020 these contributions totalled £8,000,000 (2019: £8,000,000).

Profit and loss account

This reserve includes all current and prior period retained profits and losses. This includes £13,864,000 (2019: £13,864,000) which arose on the revaluation of investments and is therefore non-distributable.

26. PRIOR YEAR ADJUSTMENT

A prior year adjustment has been made in the financial statements to correct the classification of obligations under finance lease and hire purchase contracts between under 1 year and over 1 year, totalling £268,410. The adjustment is purely a balance sheet reclassification and has no impact on the reported profit or loss in the current or prior year.

27. CONTINGENT LIABILITIES

At 30 June 2020 a contingent liability was deemed to be in place in respect of deferred consideration of £1,000,000 in relation to the sale of the Club that took place during the 2019 financial year. This may be payable upon the satisfaction of certain criteria.

Furthermore, at 30 June 2020 there was an unlimited cross guarantee to National Westminster Bank plc by and for the company and for its subsidiary, WRFC Players Limited.

The company is also party to a group VAT registration with its subsidiary, WRFC Players Limited. Both entities are jointly and severally liable for any outstanding VAT balances.

28. CAPITAL COMMITMENTS

At 30 June 2020 the Group and Company had capital commitments as follows:

	Group 2020 £	Group 2019 £	Company 2020 £	Company 2019 £
Contracted for but not provided in these financial statements	-	(563,283)	-	(563,283)

In 2019 the capital commitment of £563,283 related to various additions to the infrastructure of the Sixways Stadium and accompanying offices.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020**

29. PENSION COMMITMENTS

The Group operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Group in an independently administered fund. The pension cost charge represents contributions payable by the Group to the fund and amounted to £159,182 (2019: £107,555).

30. COMMITMENTS UNDER OPERATING LEASES

At 30 June 2020 the Group and the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	Group	Group	Company	Company
	2020	2019	2020	2019
	£	£	£	£
Not later than 1 year	<u>1,095</u>	<u>4,832</u>	<u>1,095</u>	<u>4,832</u>

31. RELATED PARTY TRANSACTIONS

	2020	2019
	£	£
Amounts recharged to a company with common ownership	340,303	45,432
Write off of balances owed to group companies	-	19,195,809
Amounts owed to a company with common ownership	89,130	-
Amounts due from a company with common ownership	-	86,393
Amounts due from a connected charity	27,915	-
Amounts paid to a company with common ownership for services provided	<u>447,750</u>	<u>329,998</u>

The Company has taken advantage of the exemption in Section 33.1A of FRS 102 not to disclose the transactions between wholly owned group members.

32. POST BALANCE SHEET EVENTS

As stated in the Directors' Report, COVID-19 has significantly impacted the operations of the Group. There is a significant amount of uncertainty relating to the evolution of the ongoing global pandemic. Although initial vaccine results have been promising, future restrictions cannot be reliably foreseen. To combat the COVID-19 pandemic in September 2020 the Government announced a Sports Winter Survival Package (SWSP). This funding, in the form of a long term loan, is to support the Club through to the end of March 2021 and there is also a provision for further support to run through to March 2022. These amounts have already been confirmed to us by the Government. This additional support, coupled with our own debt raise, will ensure that the Club remains a viable business as we work toward the development and sustainability.

On the 17 February 2021 the sale and leaseback arrangement in respect of the land and buildings disclosed in Note 13 ended and the land and buildings were brought back under group ownership. The security over the P shares held as part of this arrangement ceased on this date.

33. CONTROLLING PARTY

The immediate parent undertaking is Worcester Sport Limited.

The ultimate parent undertaking, and the largest group to consolidate these financial statements is Bond Group Sixways Limited.

There is no ultimate controlling party.

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.