

# Bath Rugby Limited

Annual Report and Financial Statements  
for the Year Ended 30 June 2023

# **Bath Rugby Limited**

## **Contents**

Company Information	<u>1</u>
Strategic Report	<u>2</u> to <u>11</u>
Directors' Report	<u>12</u>
Independent Auditor's Report	<u>13</u> to <u>15</u>
Profit and Loss Account	<u>16</u>
Balance Sheet	<u>17</u>
Statement of Changes in Equity	<u>18</u>
Statement of Cash Flows	<u>19</u>
Notes to the Financial Statements	<u>20</u> to <u>34</u>

# **Bath Rugby Limited**

## **Company Information**

**Directors**            B T Craig  
                             LT McDonald  
                             C E Potter  
                             Dr S J Craig  
                             N J Varney

**Company secretary**    JL Crossey

**Registration number** 03170814

**Registered office**    Farleigh House  
                             Farleigh Hungerford  
                             Bath  
                             Somerset  
                             BA2 7RW

**Auditors**            Milsted Langdon LLP  
                             Chartered Accountants  
                             4 Queen Street  
                             Bath  
                             BA1 1HE

# **Bath Rugby Limited**

## **Strategic Report for the Year Ended 30 June 2023**

The directors present their strategic report for the year ended 30 June 2023.

### **Principal activity**

The principal activity of the Club is the operation of a professional rugby union club.

Bath Rugby's goal is to operate sustainably as a Club in terms of performance success, in terms of financial sustainability, and in terms of the impact we have across our communities.

The Club is focussed on developing the Bath Rugby brand and in fostering a strong sense of pride and belonging from our stakeholders. These include our staff, players, supporters, the clubs and schools across our region, our corporate partners, suppliers, the local community including local residents, the business community and other community organisations across the city of Bath, where the Club plays its matches at The Rec.

Alongside a renewed focus on delivering success on the pitch, the Club is also working hard to develop world-class stadium facilities on the riverside in Bath as part of the Club's mission to be a force for good in the city and wider community.

### **Fair review of the business**

#### **Rugby review**

**2022/23 was the start of the Club's performance re-set and provides the foundations for a continued revival of the Club after an incredibly challenging 2021/22 season when Bath finished bottom of the Gallagher Premiership.**

**Johann van Graan (JvG) was appointed as Head of Rugby ahead of the 2022/23 season and commenced in post for the start of pre-season, assuming full responsibility for rugby matters.**

**Johann's coaching staff was bolstered with the appointment of JP Ferreira as Defence Coach; and his support staff included the notable appointments of Rory Murray as Head of Medical, Alex Martin as Head of Athletic Performance and Sarah Jenner as Performance Nutritionist. These appointments were made, and staff were in place for the start of pre-season.**

**In addition, investment was also made in specific enhancements to the gym and other team facilities at the Club's High-Performance Centre at Farleigh, ahead of the 2022/23 season commencing.**

**Johann, his coaching team and staff set about rebuilding the confidence of the squad for whom the challenges of the 2021/22 season would always cast a long shadow. There was a focus on the conditioning and physical preparation of the squad, a clear game plan, and on becoming a side that was tough to beat.**

**Whilst it was not until October 2022 that the team recorded their first win 27-14 at home against Northampton Saints, performances continued to improve throughout the season with a number of close losses promising much more from a squad that was building its belief and confidence.**

**At the same time, the sad demise of Premiership clubs Worcester Warriors, Wasps and London Irish afforded the club the opportunity to extend contracts to Ollie Lawrence, Ted Hill, Fergus Lee-Warner and Alfie Barbeary during the season. Whilst Alfie continued an existing period of rehabilitation, the other recruits made an immediate and significant contribution to performances in the season.**

## **Bath Rugby Limited**

### **Strategic Report for the Year Ended 30 June 2023**

It was just after the conclusion of the 2023 Six Nations competition when the team started to realise its potential. The final four rounds of the season yielded four bonus point wins, with a confident 36-15 win at home to Exeter Chiefs, a determined and resilient 24-33 comeback win away to Gloucester, a barnstorming 35-45 win against Harlequins in their Big Game at Twickenham, and an emphatic 61-29 mauling of a weakened Saracens side at the Rec which saw the Club finish eighth in the Premiership and qualify for the European Champions Cup.

The Club was determined to maintain and build on the momentum generated through the latter stages of the 2022/23 season and ensured that Johann was provided with the resources to continue investing in his coaching staff and the squad.

Ahead of the 2023/24 season Lee Blackett, former Director of Rugby at Wasps, was recruited as Attack Coach, alongside Richard Blaze and Stevie Scott who were appointed to coach the forwards including the technical areas of line-out and scrum. Former player, coach and club legend Andy Robinson joined as Head Academy Coach with a particular focus on the accelerated development of the Club's senior academy transition players and academy coaches, whilst also providing oversight of the Club's academy and pathway system which forms a key pillar in the Club's rugby plan. In addition, former player agent Rob Burgess was appointed as the Club's Head of Recruitment.

The squad was further strengthened ahead of the 2023/24 season with the recruitment of Scottish international Finn Russell and South African World Cup winner Thomas du Toit, complementing the return of players such as Charlie Ewels, Alfie Barbeary and Will Muir from long-term injury.

The team has delivered confident and consistent winning performances in the 2023/24 season, including an historic away win at Saracens in Round 2 of the season, and was top of the Premiership table at Christmas. A Round 16 knock-out game has also been secured in the Investec Champions Cup after the Club came close to topping its qualifying pool, meaning that Bath is well positioned in both domestic and European competitions when matches resume post Six Nations.

In addition, the Club's U18s academy team beat Northampton in a closely contested match at Kingsholm in February 2023 to win the 2023/24 U18s Premiership title for the first time. This historic result bodes well for the Club's future and demonstrates the importance and value of the Club's investment in its academy and pathway system.

#### **Business Review**

The 2022/23 season was the fourth season in which the club has been impacted in some way by the long shadow of the Covid-19 pandemic, with the tragic demise of Worcester Warriors and Wasps early in the season, followed by London Irish during the 2023 off-season. Despite this, the Club reported increased matchday and commercial revenue streams.

This review considers the key areas of business performance, in addition to the wider areas of the Club's impact.

#### **Turnover**

While the total turnover has remained consistent year-on-year, this includes growth in club commercial revenue streams of £0.8m offset by a reduction in CVC income of £0.9m, whilst central income remained flat year-on-year.

Underlying income excluding central income and CVC deferred income shows an increase of £0.8m (7%) in a season where the club lost the revenue from one home game, due to the unfortunate loss of Worcester from the league (the Wasps game was played before their departure from the league), and a flood at the Rec in Jan 2023 resulting in the Toulon game being played away from home in front of a reduced crowd.

## Bath Rugby Limited

### Strategic Report for the Year Ended 30 June 2023

	2023	2022	Movement
	£m	£m	£m
Central income	4.8	4.8	-
Gate receipts	5.2	4.8	0.4
Commercial activities	7.0	6.6	0.4
CVC income	2.4	3.3	(0.9)
Other income	0.3	0.3	-
<b>Turnover</b>	<b>19.7</b>	<b>19.8</b>	<b>(0.1)</b>

#### Central income

Central income is distributed to the Premiership clubs by Premiership Rugby Limited (PRL) in relation to revenue generated from broadcast and other commercial income streams managed by PRL, and by the Rugby Football Union (RFU) in relation to the role of the clubs in managing the professional club and player development system in England.

Central income continues to fall short of pre-pandemic levels. Income from PRL was £2.7m (2022: 3.0m) and from the RFU was £2.1m (2022: £1.8m).

Following the loss of Worcester Warriors, Wasps and London Irish from the Premiership due to the financial challenges they have faced post-pandemic, the Premiership is now a ten-team league. Whilst a smaller league results in fewer overlaps between club and international match weekends, it remains to be seen whether the availability of international stars for more matches will generate increased income through gate receipts and broadcast revenue to offset the reduced number of home matches in a season.

#### Gate Receipts

The 2022/23 season was the first season since 2018/19 in which the Club was able to host all home matches free from Covid restrictions and at full capacity. The club experienced a strong attendance rate across its home fixtures throughout the 2022/23 season, despite a degree of turbulence regarding home fixtures.

Whilst the Club's fixture against Worcester Warriors was cancelled due to Worcester entering administration at the start of the season, an alternative fixture at the Rec was arranged against the Barbarians to mitigate the financial impact of the lost fixture.

The Club hosted Wasps at the Rec in September 2022 shortly before Wasps sadly entered into administration.

Separately the Club's European fixture against Toulon in January 2023 was cancelled and rescheduled at Kingsholm due to the impact of flooding at the Rec. Despite the change in location over a thousand supporters came to support the team, and we were immensely grateful for their vocal support and for the help and assistance of Gloucester in enabling the fixture to be played.

Despite these challenges the club sold out a high proportion of its fixtures at the Rec and the renewal rate for the 2023/24 season tickets was in excess of 95%.

The club are immensely grateful for the continued loyalty and passionate support of our fans.

# **Bath Rugby Limited**

## **Strategic Report for the Year Ended 30 June 2023**

### **Commercial Activities**

The Clubs sponsorship, merchandise, match day (excluding gate receipts) and grassroots revenue totalled £7.0m (2022: £6.6m).

Sponsorship revenue was £2.9m for the 2022/23 season. The Club's sponsorship portfolio included a strong and enduring relationship with Dyson as the Club's title sponsor, together with Official Partners Thatcher's, Grant UK, Macron, St Austell and Compeed. The Club's focus for the 2023/24 season and beyond is to deliver enhanced value to its corporate partners by leveraging on-pitch performances and through developing the Bath Rugby brand as it builds a larger, more diverse and more engaged fanbase.

The primary drivers of the increase in revenue from commercial activities in 2022/23 were new events revenue of £0.3m, and Matchday Food & Beverage revenue of £1.2m vs £1.1m in 2021/22. Matchday Premium revenue suffered a reduction on the previous year by £0.1m to £1.6m, in part due to the cancelled and rescheduled games.

The Club is investing resource in building its fanbase and following as a core pillar of its commercial strategy. The Club engages with current and new supporters through the matchday experience, other experiences and events including the extensive community engagement programme run by the Club's Grassroots team in clubs and schools across our region, and through digital channels.

As at 30 June 2023 the Club's fanbase and following included:

- Marketable database records of 85.2k (30 June 2022: 83.5k).
- Social media following of 409k (30 June 2022: 385K) including followings across Twitter (130K), Instagram (121K) and Facebook (111K), and to a lesser extent YouTube, LinkedIn and TikTok.

The Club has engaged third party agencies in the 2023/24 season to support with its mission to drive growth in the fanbase and participation across its region and beyond, as a foundation of the Club's long-term sustainability.

### **Operating costs**

The activities of the Club are dependent on the hard work and commitment of its staff and players, who represent the largest area of investment by the Club comprising 68% (2022: 61%) of total operating costs.

The Club invested in its Rugby coaching and support staff for the 2022/23 season appointing world-class coaches and staff with the expertise and experience to drive the Club's performance re-set and revival.

The year-on-year increase in staff costs of £2.7m to £14.9m for the 2022/23 financial year in part reflects this investment in the Rugby staffing structure, together with one-off costs such as players injured all year.

The Club continues to invest in its people, and this includes a commitment to make full use of the Salary Cap - including various allowances for injury dispensation, international players, home grown and academy players - to support Johann in his recruitment and squad strategy. In the 2023/24 season the notable signing for the Club has been Finn Russell, internationally recognised as one of the best fly-half's in the world. Finn's recruitment into the squad not only enhances on-field performance, but also raises the profile of the Club internationally, attracting new fans and helping the Club in its effort to attract and grow its audiences.

## **Bath Rugby Limited**

### **Strategic Report for the Year Ended 30 June 2023**

#### **Balance sheet and Funding**

During the pandemic the club secured a loan totalling £5.3 million from DCMS. The loan carries an interest rate of 2% and includes a repayment holiday. The first repayment was due on 30 September 2023 and the club made the payment in full, the next falling due at the end of March 2024.

During the year the Club's owner, Bruce Craig, increased his loan to the Club by £6.725m. The balance on the loan at the year-end is £24.2m (21/22: £17.5m), this loan is interest free and repayable upon 12 months' notice. The loan is adjusted for net present value in the accounts.

The Club continues to benefit from the passionate, committed and unwavering support of Bruce Craig as investment in the Club's success starts to bear fruit on the pitch, and whilst the Club continues to focus on long-term financial sustainability alongside on-pitch success and delivering positive impact in schools and clubs across its region.

At the time of signing the accounts the Club have no payments due to HMRC, beyond the standard monthly and quarterly balances which are paid as they fall due.

The Club holds its investment in the PRL at a value of £20.5m. The valuation is based upon management's review of the valuation provided by PRL and the weighted average cost of capital of the Club. The review by management of the valuation for the current financial year has resulted in no change.

#### **Bath Rugby's wider impact:**

##### **A new stadium:**

In September 2023, for the first time in its history, the Club submitted its planning application for the permanent redevelopment of its stadium at the Rec to B&NES Council. This followed the resolution of longstanding legal matters pertaining to the Rec, in particular the ruling of the courts that restrictive covenants are not barriers to redevelopment at the Rec as determined at the Court of Appeal and upheld by the Supreme Court.

A new Stadium for Bath will deliver an exceptional, fit for purpose and modern home for Bath Rugby at the Recreation Ground, the spiritual home of the Club for over 125 years.

The plans include the regeneration of the riverside in the heart of the city and the creation of significant sporting and community benefits for all, whilst ensuring that the Club continues to provide a considerable contribution to the city's economy for decades to come.

The statutory planning process saw the application being available for comment until 4th November 2023 with strong support registered for the project.

The Club hopes to obtain planning permission in 2024 and the goal is to commence building through the 2025/26 season, and to phase the work so that the Club can continue playing rugby at the Rec during construction.

##### **Grassroots**

The Grassroots team is the community engagement arm of Bath Rugby, which focusses on delivery work at schools and clubs across the Club's region of Dorset, Somerset and Wiltshire.

Involvement in sport, and in particular team sports, has proven benefits for children and young people, reducing anxiety and increasing confidence. The Grassroots team is committed to delivering positive health and well-being impacts to children and young people across the region, whilst also being dedicated to inspiring the next generation of rugby players and fans.



## **Bath Rugby Limited**

### **Strategic Report for the Year Ended 30 June 2023**

The coaching camps, clinics and classes delivered by the Grassroots team are open to players of all abilities; at the same time players of high ability and potential will be identified with the potential for them to join the Club's academy and pathway system.

Grant UK have also become Bath Rugby's Official Grassroots and Sustainability Partner and the funding has been used to introduce over 1,000 pupils to sustainability and rugby in ten additional schools. The team has grown to include a women's and girls' focused role, developing the offer in order to best serve this growing demographic. In conjunction with this, a girls only residential was launched in the summer of 2023, something the team aims to build upon in the coming season.

It is important that the Club provides access to young aspiring players and supporters to enjoy games at the Rec. A dedicated section of the stadium is set aside for use by the Grassroots team at home matches, providing discounted tickets to schools and clubs for children and young people.

#### **Women and Girls' Rugby:**

The Club continues with its commitment to women's and girls' rugby through its four pillars of: Participation, Pathway, Performance and Promote; led by Maria Crowfoot in her role as Women's Rugby Performance Lead at the Club.

In terms of Participation, the Club operates girls-only participation hubs open to players of all standards across its region to encourage female rugby participation alongside the mixed participation activities delivered by the Club. Marlo Boyd was appointed as the Grassroots Regional Development Officer (RDO) in October 2023 focussed on women's and girls' participation for the 2023/24 season onwards (together with Pathway coaching responsibilities), and is delivering new female-only performance hubs for players focussed on developing their game alongside the continued performance hubs open to female players of all standards.

Pathway was launched for the 2022/23 season and included the establishment of a partnership with Bath College to provide places for female students with elite rugby aspirations to receive high quality coaching and conditioning support from Bath Rugby alongside their academic studies, similarly to the men's pathway partnership with Beechen Cliff, with five female participants in this first year.

In addition, the first Bath Rugby women's 7s team was launched in late summer 2022 to provide a player pathway to competitive rugby, and the Club's 7s programme has now been embedded through summer 2023 and is committed for summer 2024 and beyond. Pathway also includes investment by the Club in the University of Bath's (UOB) women's team, primarily through coaching provision.

Performance relates to the Club's investment in elite level rugby including both the elite amateur game, and top-flight professional women's rugby now played in the Premiership Women's Rugby league (PWR).

A core pillar of the Club's women's and girls' programme is its partnership with Bath Rugby Ladies, in place since May 2021. Bath Rugby Ladies is the women's division of the amateur club Bath RFC. Bath Rugby Ladies compete in Championship South 1, which is currently the 2nd tier of Women's rugby below the PWR, and the top-flight amateur level of the women's game.

Bath Rugby Ladies won their Championship South 1 division in 2022/23, before losing to Cheltenham Tigers Women in the playoff semi-final. The Club has increased its investment of elite services into the partnership including Maria Crowfoot taking on the Head Coach role, the provision of strength and conditioning services, and the use of training facilities through the Club's partnership with UoB.

## **Bath Rugby Limited**

### **Strategic Report for the Year Ended 30 June 2023**

Whilst the Club was unsuccessful in its application to join the new Premiership Women's Rugby league (PWR) which replaced the Premier 15s for the 2023/24 season, our ambition remains to participate in top-flight women's rugby and the Club is in dialogue with PWR regarding future entry to the league.

The cost of running a professional women's team in the PWR ranges from £0.75m-£1.5m per annum, and it is therefore critical that the Club balances the required investment with the wider opportunities and ambition to drive inspiration and participation in women's rugby through a sustainable plan for its future participation in top-flight women's rugby.

Promote includes the commitment to staging Bath Rugby Ladies matches at the Rec each season, thus far through hosting two double headers on the same day as a men's fixture. For the 2023/24 season the Club also hosted a standalone Bath Rugby Ladies fixture vs Reading Abbey for the first time which attracted a crowd of over 1,000 supporters.

#### **Sustainability**

Sustainability considerations continue to sit at the heart of decision-making at the Club, which was the first Premiership club to stop using single-use plastic at its stadium. Water refill fountains are situated around the ground and refillable bottles and cans of water are sold at all the bars.

The Club is committed to using local suppliers where possible and sourcing products locally.

The Club incorporated additional sustainability measures in its proposals for redevelopment of the Rec which have been submitted for planning approval including solar PV panels in the roof of the stands, provision of air source heat pumps and other passive temperature control measures including high grade design of building fabric insulation, fully electric stadium including kitchen equipment and hi-tech Building Management Systems to minimise energy use.

The Club continues to monitor and integrate new sustainability measures wherever possible.

#### **Bath Rugby Foundation**

The Club works very closely with its charitable arm, Bath Rugby Foundation (BRF), a standalone registered charity which believes that every child deserves a fair start in life. BRF works primarily with children and young adults who face significant challenges in their lives, helping them with all kinds of emotional, practical, and physical support which they would not otherwise receive, thereby providing them with the tools they need to succeed in life.

The Club provides support for BRF in a number of ways including marketing, communications and fundraising, and works closely with BRF including staff and players engaging on delivery programmes.

Bath is one of the most unequal cities in the UK with around 10,000 children and young people facing constraints because of poverty. The education attainment gap in B&NES is 31% versus a national average of 20% and there are now two areas within the most deprived 10% nationally.

In 2022/23 BRF's impact included working with 4,422 children and young people, providing 1,726 hours of classroom support together with 2,575 hours of physical activity in partnership with 19 schools and one college. BRF also spent 900 hours supporting youngsters in the criminal justice system, whilst operating at 49 community sites across the region and providing 2,399 meals for vulnerable children.

## **Bath Rugby Limited**

### **Strategic Report for the Year Ended 30 June 2023**

- BRF are in the most underprivileged primary and secondary schools, supporting vulnerable children's social and learning needs. They raise their attendance and attitudes so they can stay in school and pass their exams.
- At the BRF Alternative Learning Hub (ALH) at the Rec marginalised 14-19-year-olds (and up to age 24 with Special Educational Needs) are helped to gain vital qualifications, work experience, and the skills to transition into school, college, employment, or training.
- Community hubs and school holiday camps across the region are run by BRF, supporting struggling families.
- Without this support children living below the poverty line often return to school malnourished and ill-equipped to learn in the new academic year.
- Children with disabilities are given access sport, social events, and fun in a safe environment with specialist coaches, promoting healthier lifestyles, and developing skills for work and independent living.
- Physical activity sessions are provided by BRF for underrepresented groups across our region, giving young people the opportunity to learn, develop, and enjoy rugby skills (and other sports) in their local community.

#### **Principal risks and uncertainty**

##### **Team performance and Premiership league standing**

The performance of the team impacts revenues including gate receipts, sponsorship and hospitality income, and retail sales. The Club manages this risk through investment in a world-class squad, coaching and support staff, and through the execution of its strategic rugby plan.

##### **PRL and RFU delivering on their growth plans**

PRL have an ambitious growth plan over the next 5 years and this forms part of the Club's plan to become financially sustainable. Should PRL fail to deliver the planned growth, all clubs in the league would be negatively impacted. This risk is mitigated by the Club supporting PRL in executing its strategic plan, whilst not placing sole reliance on PRL's growth. The Club is developing innovative new revenue streams and is also pushing forward with plans to build a new stadium in the heart of Bath which will provide significant incremental revenue.

##### **Compliance with Salary Cap and wider PRL and RFU and regulations**

Failure to comply could lead to fines and other potentially material penalties. The Club mitigates this risk, in particular with regard to the Salary Cap, by operating an internal working group who meet regularly and are responsible for managing the Salary Cap and overseeing squad recruitment decisions. Additionally, all documentation on regulatory requirements is kept up to date and the Club carefully manages adherence to matters such as minimum standards required by central governing bodies.

##### **Compliance with other financial and legal regulatory matters**

The Club has appropriate policies in place to manage its obligations regarding employment law and other relevant areas of law and compliance, although it does not consider these are areas of significant strategic risk to its operations.

##### **Liquidity and funding**

The continued availability of funding from key stakeholders is important to the on-going operations and outlook for the Club. The Club undertakes rigorous annual budgeting and longer term financial planning processes. The Club continues to have the committed support of its sole shareholder and owner, and separately manages on-going communication with DCMS to ensure compliance with covenants and other requirements in relation to its borrowings.

## **Bath Rugby Limited**

### **Strategic Report for the Year Ended 30 June 2023**

#### **New stadium build**

The Club's plans to redevelop its facilities at the Rec and provide world-class facilities which generate significant incremental revenues. There is a risk that planning permission for the new stadium is not granted, or is delayed. This risk is mitigated through the engagement of an excellent design team and wider team of consultants, with both sporting and heritage expertise, to create a design which is sensitive to its city centre location. At the same time the Club has continued to manage strong and constructive relationships with the local planning authority officers and other key stakeholders to address key matters ahead of its planning application being submitted and during the subsequent period of review, feedback and provision of updated planning application information.

#### **Going Concern**

The directors have considered the working capital requirements of the Club for the foreseeable future taking account of planned investment in people, operating costs, capital expenditure and other potential investments. The directors have also considered the funding in place and the commitment to support future funding from the owner, together with the loan in place with DCMS.

These assessments are made in an economic climate in which, in The IMF's view, post-Brexit uncertainty has declined but economic growth in the UK is subdued, and is forecast at a rate of 0.6% in 2024.

The CPI fell to 4% in January 2024 (down from 10.5% at the same point last year) and the RPI reached 5.2% (down from 13.4%). The impact of this is that energy bills, fuel rates and some mortgage rates have reduced and will continue to do so.

In determining whether the Club's annual financial statements can be prepared on a going concern basis, the directors have reviewed the Club's current and future business activities, together with the factors likely to impact those activities and the financial performance and position of the Club. A number of factors were considered by the directors in making this assessment of going concern, including:

- Implications of the current economic climate, in particular the impact of the ongoing war in Ukraine and the rising conflicts in the Middle East;
- The availability of future funding from the Club's shareholder and other potential stakeholders;
- Consideration of the status of PRL and the Premiership, now consisting of ten clubs, and the risks and opportunities this presents;
- Downside risk scenarios which could impact the Club and potential mitigating actions the Board could take to address those scenarios.

In assessing the appropriateness of the going concern assumption, the Club has produced business plans and cash flow forecasts which extend beyond the end of 2024, taking into account scenarios which reflect the inherent uncertainty over the current economic environment. The Club also has appropriately committed future funding in place from its owner.

The directors have concluded that it is appropriate for the financial statements to be prepared on the going concern basis.

#### **Business outlook**

The 2022/23 season was tumultuous for Premiership Rugby as we saw the tragic demise of Worcester Warriors, Wasps and London Irish. The legacy of the last four years following the Covid pandemic cannot be underestimated, leaving the league reduced by three, and clubs across the league carrying increased debt in the form of DCMS Sport England loans and either increased shareholder or external debt whilst at the same time operating with trading losses.

## **Bath Rugby Limited**

### **Strategic Report for the Year Ended 30 June 2023**

The Club continues to rely on the support of its sole shareholder and owner Bruce Craig, and his on-going support remains fundamental to the Club and its plans for the future by underpinning our investment in rugby success.

The current level of trading losses is not sustainable, and it is incumbent on everyone at the Club to deliver on the Club's long-term strategic plan for rugby success and a financially sustainable business.

The Premiership competition continues to provide compelling and exciting rugby, with fantastic matches, high counts of tries scored and close matches all contributing to the strongest domestic club competition in the world. The rugby 'product' is strong, and our focus is on ensuring that the Club competes at the highest level whilst continuing to focus on driving participation and growing the Club's supporter base and its wider following.

The Club is incredibly grateful to our committed supporters and corporate partners. Games at the Rec consistently sell out, and inspiring and exciting rugby is being played on the pitch. The Club continues to diversify into new areas and to seek new opportunities for growth, having launched a Wedding and Corporate events business at Farleigh House at the end of the 2022/23 season.

The Club is also committed to supporting the PRL in achieving its strategic plan which will deliver increased central income for all of the clubs.

The recent submission of the planning application for the development of a world-class stadium at the Rec was an important next step for the Club on the path to regenerating the riverside in the heart of Bath, and securing the future of the Club in the city of Bath, which will generate long term incremental revenue for the Club and economic value for the city's economy.

Whilst the current trading environment is not sustainable, the opportunities for the Club and for the Premiership are visible and exciting. The Club is consistent in its goals to execute its long-term strategic plan, to reduce its reliance on its committed owner and sole shareholder, and to secure a long-term sustainable future for the Club and its stakeholders.

Approved and authorised by the Board on 27 March 2024 and signed on its behalf by:

LT McDonald  
Director

# **Bath Rugby Limited**

## **Directors' Report for the Year Ended 30 June 2023**

The directors present their report and the financial statements for the year ended 30 June 2023.

### **Directors of the company**

The directors who held office during the year were as follows:

B T Craig

LT McDonald

C E Potter (appointed 15 July 2022)

Dr S J Craig (appointed 15 July 2022)

N J Varney (appointed 15 July 2022)

### **Information included in the Strategic Report**

The loss for the year, after taxation, amounted to £3,261,341 (2022 - loss of £163,440).

The directors did not recommend the payment of a dividend in the year (2022: £Nil).

### **Directors' responsibilities statement**

The directors acknowledge their responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

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

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

### **Directors' liabilities**

The company has provided qualifying third party indemnity provisions in respect of the board of directors which were in force during the year and at the date of this report.

### **Disclosure of information to the auditors**

Each director has taken steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information. The directors confirm that there is no relevant information that they know of and of which they know the auditors are unaware.

Approved by the Board on 27 March 2024 and signed on its behalf by:



# **Bath Rugby Limited**

## **Independent Auditor's Report to the Members of Bath Rugby Limited**

### **Opinion**

We have audited the financial statements of Bath Rugby Limited (the 'company') for the year ended 30 June 2023, which comprise the Profit and Loss Account, Balance Sheet, Statement of Changes in Equity, Statement of Cash Flows, and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 June 2023 and of its 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 auditor responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Conclusions relating to going concern**

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

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

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

### **Other information**

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's 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.



## **Bath Rugby Limited**

### **Independent Auditor's Report to the Members of Bath Rugby Limited**

#### **Opinion on other matter prescribed by the Companies Act 2006**

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

- the information given in the Strategic Report and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and 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 our knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report and the Directors' Report.

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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 set out on page 8, 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 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 company or to cease operations, or have no realistic alternative but to do so.

#### **Auditor Responsibilities for the audit of the financial statements**

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

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the audit engagement team:

- enquiring of management concerning actual and potential litigation and claims;
- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- reading minutes of meetings of those charged with governance;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- obtained an understanding of provisions and held discussions with management to understand the basis of recognition or non-recognition of tax provisions; and

## **Bath Rugby Limited**

### **Independent Auditor's Report to the Members of Bath Rugby Limited**

- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

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

#### **Use of our report**

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

.....  
Nigel Fry (Senior Statutory Auditor)

For and on behalf of Milsted Langdon LLP, Statutory Auditor

4 Queen Street

Bath

BA1 1HE

28 March 2024

# Bath Rugby Limited

## Profit and Loss Account for the Year Ended 30 June 2023

	Note	2023 £	2022 £
Turnover	<u>3</u>	19,744,435	19,819,557
Cost of sales		<u>(18,505,213)</u>	<u>(15,605,502)</u>
Gross profit		1,239,222	4,214,055
Administrative expenses		(6,064,013)	(4,660,895)
Other operating income	<u>4</u>	<u>495,900</u>	-
Operating loss	<u>5</u>	<u>(4,328,891)</u>	<u>(446,840)</u>
Other interest receivable and similar income	<u>6</u>	5,889	3,698
Interest payable and similar expenses	<u>7</u>	<u>(106,002)</u>	<u>(107,882)</u>
		<u>(100,113)</u>	<u>(104,184)</u>
Loss before tax		(4,429,004)	(551,024)
Tax on loss	<u>11</u>	<u>1,167,663</u>	<u>387,584</u>
Loss for the financial year		<u><u>(3,261,341)</u></u>	<u><u>(163,440)</u></u>

The above results were derived from continuing operations.

The notes on pages 20 to 34 form an integral part of these financial statements.

**Bath Rugby Limited**  
**(Registration number: 03170814)**  
**Balance Sheet as at 30 June 2023**

	Note	2023 £	2022 £
<b>Fixed assets</b>			
Tangible assets	<u>12</u>	1,708,710	1,172,714
Investments	<u>13</u>	20,530,000	20,530,000
		<u>22,238,710</u>	<u>21,702,714</u>
<b>Current assets</b>			
Stocks	<u>14</u>	12,437	138,805
Debtors	<u>15</u>	2,504,892	2,158,514
Cash at bank and in hand	<u>16</u>	49,093	644,132
		2,566,422	2,941,451
<b>Creditors:</b> Amounts falling due within one year	<u>17</u>	(12,680,313)	(14,254,091)
<b>Net current liabilities</b>		(10,113,891)	(11,312,640)
<b>Total assets less current liabilities</b>		12,124,819	10,390,074
<b>Creditors:</b> Amounts falling due after more than one year	<u>17</u>	(25,766,233)	(21,776,336)
<b>Provisions for liabilities</b>	<u>20</u>	(968,782)	(1,929,231)
<b>Net liabilities</b>		<u>(14,610,196)</u>	<u>(13,315,493)</u>
<b>Capital and reserves</b>			
Called up share capital	<u>21</u>	5,093,716	5,093,716
Other reserves	<u>22</u>	3,064,428	1,097,790
Profit and loss account	<u>22</u>	(22,768,340)	(19,506,999)
<b>Total equity</b>		<u>(14,610,196)</u>	<u>(13,315,493)</u>

Approved and authorised by the Board on 27 March 2024 and signed on its behalf by:

LT McDonald  
Director

# Bath Rugby Limited

## Statement of Changes in Equity for the Year Ended 30 June 2023

	Share capital £	Other reserves £	Profit and loss account £	Total £
At 1 July 2022	5,093,716	1,097,790	(19,506,999)	(13,315,493)
Loss for the year	-	-	(3,261,341)	(3,261,341)
Capital contribution	-	1,966,638	-	1,966,638
At 30 June 2023	<u>5,093,716</u>	<u>3,064,428</u>	<u>(22,768,340)</u>	<u>(14,610,196)</u>

	Share capital £	Other reserves £	Profit and loss account £	Total £
At 1 July 2021	5,093,716	751,809	(19,343,559)	(13,498,034)
Loss for the year	-	-	(163,440)	(163,440)
Capital contribution	-	345,981	-	345,981
At 30 June 2022	<u>5,093,716</u>	<u>1,097,790</u>	<u>(19,506,999)</u>	<u>(13,315,493)</u>

The notes on pages 20 to 34 form an integral part of these financial statements.

# Bath Rugby Limited

## Statement of Cash Flows for the Year Ended 30 June 2023

	Note	2023 £	2022 £
<b>Cash flows from operating activities</b>			
Loss for the year		(3,261,341)	(163,440)
Adjustments to cash flows from non-cash items			
Depreciation and amortisation	<u>5</u>	334,374	109,429
Finance costs	<u>7</u>	106,002	107,882
Finance income	<u>6</u>	(5,889)	(3,698)
Income tax expense	<u>11</u>	(1,167,663)	(387,584)
		(3,994,517)	(337,411)
Working capital adjustments			
Decrease/(increase) in stocks	<u>14</u>	126,368	(46,167)
Increase in debtors	<u>15</u>	(346,378)	(702,354)
Decrease in creditors	<u>17</u>	(2,862,746)	(3,289,168)
Cash generated from operations		(7,077,273)	(4,375,100)
Income taxes received	<u>11</u>	207,214	387,927
Net cash flow from operating activities		(6,870,059)	(3,987,173)
<b>Cash flows from investing activities</b>			
Interest received	<u>6</u>	5,889	3,698
Acquisitions of tangible assets		(870,370)	(171,742)
Net cash flows from investing activities		(864,481)	(168,044)
<b>Cash flows from financing activities</b>			
Interest paid	<u>7</u>	(106,002)	(107,882)
Proceeds from bank borrowing draw downs		105,164	105,020
Proceeds from other borrowing draw downs		6,725,001	1,700,000
Net cash flows from financing activities		6,724,163	1,697,138
Net decrease in cash and cash equivalents		(1,010,377)	(2,458,079)
Cash and cash equivalents at 1 July		644,132	3,102,211
Cash and cash equivalents at 30 June		(366,245)	644,132

The notes on pages 20 to 34 form an integral part of these financial statements.

# **Bath Rugby Limited**

## **Notes to the Financial Statements for the Year Ended 30 June 2023**

### **1 General information**

The company is a private company limited by share capital, incorporated in England and Wales.

The address of its registered office is:

Farleigh House  
Farleigh Hungerford  
Bath  
Somerset  
BA2 7RW  
England

These financial statements were authorised for issue by the Board on 27 March 2024.

### **2 Accounting policies**

#### **Statement of compliance**

These financial statements were prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland and the Companies Act 2006'.

#### **Basis of preparation**

These financial statements have been prepared using the historical cost convention except that as disclosed in the accounting policies certain items are shown at fair value.

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

The financial statements are presented in sterling, which is the functional currency of the entity. Monetary amounts within the financial statements are rounded to the nearest £.

## **Bath Rugby Limited**

### **Notes to the Financial Statements for the Year Ended 30 June 2023**

The following principal accounting policies have been applied:

#### **Going concern**

The Directors are required to prepare the financial statements on the going concern basis unless it is inappropriate to presume that the club will continue in business.

In satisfaction of this responsibility, the Directors have considered the club's ability to meet its liabilities as they fall due for a period of at least twelve months from the signing date of the financial statements following investment from the 100% shareholder in both the current and prior financial period, and the club's existing banking facilities secured in the year ended 30 June 2023.

The UK economy is still experiencing signs of stress. While a deep recession now looks to be unlikely, high interest rates and low productivity are expected to hold back growth. The club, being in the leisure and entertainment sector, is more vulnerable to the fluctuations in the disposable incomes of individuals, this is further impacted by high fixed cost base.

The sole shareholder, Bruce Craig, continues to provide full financial support until such time as it is self-sustained financially.

On this basis, the Directors consider it appropriate to prepare these financial statements on the going concern basis.

#### **Revenue recognition**

Turnover is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Turnover 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**

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

- the Company has transferred the significant risks and rewards of ownership to the buyer;
- the Company 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 Company 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**

Turnover 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 the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the Company 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;
- the costs incurred and the costs to complete the contract can be measured reliably.



## **Bath Rugby Limited**

### **Notes to the Financial Statements for the Year Ended 30 June 2023**

#### **Other turnover**

Other turnover such as transfer fees and central funding is recognised when all the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration; and
- the costs incurred and costs to complete can be measured reliably.

#### **Interest Income**

Interest income is recognised in the Statement of Comprehensive Income using the effective interest method.

#### **Tax**

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income, 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 operates and generates 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 Company 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.

#### **Tangible 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.

Assets under the course of construction are capitalised throughout the period of construction and are transferred to their relevant asset categories at the point of commissioning. No depreciation is charged until that point.

## **Bath Rugby Limited**

### **Notes to the Financial Statements for the Year Ended 30 June 2023**

#### **Depreciation**

Depreciation is charged so as to determine the residual value of assets, other than land and properties under construction over their estimated useful lives, as follows:

<b>Asset class</b>	<b>Depreciation method and rate</b>
Long leasehold land and buildings	Straight line over the lower of 50 years and the term of the lease
Leasehold Improvements	Straight line over 2 to 10 years
Motor vehicles	Straight line over 3 years
Furniture, fittings and equipment	Straight line over 2 to 10 years
Assets under the course of construction	Nil

#### **Valuation of Investments**

Investments represent the Company's Investment in Premiership Rugby Limited ("PRL"). The Directors consider that this does not represent a subsidiary or an associate on the basis that the share holding is not at a level to yield significant influence over the entity. The investment is valued to its fair value at each year end with the movement recognised in the Statement of Comprehensive Income.

#### **Stocks**

Stocks are stated at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks.

At each reporting date, stocks are assessed for impairment. If stocks are 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.

#### **Debtors**

Trade debtors are amounts due from customers for merchandise sold or services performed in the ordinary course of business.

Trade debtors are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for the impairment of trade debtors is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivables.

#### **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 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 Company's cash management.

## **Bath Rugby Limited**

### **Notes to the Financial Statements for the Year Ended 30 June 2023**

#### **Creditors**

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade creditors are classified as current liabilities if the company does not have an unconditional right, at the end of the reporting period, to defer settlement of the creditor for at least twelve months after the reporting date. If there is an unconditional right to defer settlement for at least twelve months after the reporting date, they are presented as non-current liabilities.

Trade creditors are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

#### **Borrowings**

Interest-bearing borrowings are initially recorded at fair value, net of transaction costs. Interest-bearing borrowings are subsequently carried at amortised cost, with the difference between the proceeds, net of transaction costs, and the amount due on redemption being recognised as a charge to the profit and loss account over the period of the relevant borrowing.

Interest expense is recognised on the basis of the effective interest method and is included in interest payable and similar charges.

Borrowings are classified as current liabilities unless the company has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

#### **Leases**

Rentals paid under operating leases are charged to the Statement of Profit and Loss on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

#### **Share capital**

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

#### **Defined contribution pension obligation**

A defined contribution plan is a pension plan under which fixed contributions are paid into a pension fund and the company has no legal or constructive obligation to pay further contributions even if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

Contributions to defined contribution plans are recognised as employee benefit expense when they are due. If contribution payments exceed the contribution due for service, the excess is recognised as a prepayment.

## Bath Rugby Limited

### Notes to the Financial Statements for the Year Ended 30 June 2023

#### Critical accounting adjustments and key sources of estimation uncertainty

In the application of the Company's accounting policies, the Directors are required to make judgements, estimates and assumptions about the carrying amount 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 assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below:

(i) Useful economic life of assets - The Company exercises judgement to determine useful lives and residual values for tangible fixed assets. The directors consider the appropriateness of rates of depreciation on an ongoing basis.

(ii) Commercial contracts – When to recognise income derived from commercial contracts, including amounts received from Premiership Rugby, is an area of significant judgement due to the complexity of the arrangements and the fact that the agreements typically span multiple accounting periods, with the timing of cash receipt sometimes being in advance of the services being provided.

(iii) Investment carrying value – The Company holds its investment in Premiership Rugby at fair value as required under FRS102. The Directors carry out an assessment of the fair value on an annual basis, taking into account the expected future cashflows due to the Club from Premiership Rugby

(iv) Discount rate on director's loan - A discount factor of 7% has been applied to the interest free loan which has been given to the company by the director. The company has exercised judgement in selecting the rate at which the loan should be discounted.

#### 3 Revenue

An agreement to sell a minority interest in PRL to CVC Capital Partners was signed on 29 March 2019. As a result, the Company received a cash inflow from PRL of £12.8m. This income, which is effectively a prepayment against the first four years' income from the revised commercial agreement with CVC is being recognised over 48 months, with 9 months being recognised in the year to 30 June 2023 (12 months in the year to 30 June 2022). 100% of the company's turnover was generated in the UK (year ended 30 June 2022 - 100%).

#### 4 Other operating income

The analysis of the company's other operating income for the year is as follows:

	2023	2022
	£	£
Miscellaneous other operating income	450,000	-
Other revenue	45,900	-
	<u>495,900</u>	<u>-</u>

## Bath Rugby Limited

### Notes to the Financial Statements for the Year Ended 30 June 2023

#### 5 Operating loss

Arrived at after charging/(crediting)

	2023	2022
	£	£
Depreciation expense	334,374	109,429
Operating lease expense - plant and machinery	141,281	123,638
Other operating lease rentals	465,551	589,588
Foreign exchange (gains)/losses	(31)	145

#### 6 Other interest receivable and similar income

	2023	2022
	£	£
Interest income on bank deposits	5,889	3,698

#### 7 Interest payable and similar expenses

	2023	2022
	£	£
DCMS loan interest payable	105,020	105,020
Interest expense on other finance liabilities	982	2,862
	106,002	107,882

# Bath Rugby Limited

## Notes to the Financial Statements for the Year Ended 30 June 2023

### 8 Staff costs

The aggregate payroll costs (including directors' remuneration) were as follows:

	2023 £	2022 £
Wages and salaries	13,179,962	10,682,013
Social security costs	1,555,132	1,355,134
Pension costs, defined contribution scheme	150,669	128,222
	<u>14,885,763</u>	<u>12,165,369</u>

The average number of persons employed by the company (including directors) during the year, analysed by category, was as follows:

	2023 No.	2022 No.
Players and team management	116	100
Selling and administration	59	58
	<u>175</u>	<u>158</u>

During the year the company incurred £15,923 (2022: £nil) in redundancy costs.

### 9 Directors' remuneration

The directors' remuneration for the year was as follows:

	2023 £	2022 £
Remuneration	106,167	107,751
Contributions paid to money purchase schemes	1,321	1,321
	<u>107,488</u>	<u>109,072</u>

During the year the number of directors who were receiving benefits and share incentives was as follows:

	2023 No.	2022 No.
Accruing benefits under money purchase pension scheme	1	1

### 10 Auditors' remuneration

	2023 £	2022 £
Audit of the financial statements	22,673	24,750
<b>Other fees to auditors</b>		
All other non-audit services	534	583

# Bath Rugby Limited

## Notes to the Financial Statements for the Year Ended 30 June 2023

### 11 Taxation

Tax charged/(credited) in the income statement:

	2023 £	2022 £
<b>Current taxation</b>		
UK corporation tax	(207,214)	(387,927)
<b>Deferred taxation</b>		
Arising from origination and reversal of timing differences	(960,449)	343
Tax receipt in the income statement	<u>(1,167,663)</u>	<u>(387,584)</u>

The tax on profit before tax for the year is lower than the standard rate of corporation tax in the UK (2022 - lower than the standard rate of corporation tax in the UK) of 20.5% (2022 - 19%).

The differences are reconciled below:

	2023 £	2022 £
Loss before tax	<u>(4,429,004)</u>	<u>(551,024)</u>
Corporation tax at standard rate	(907,764)	(104,695)
Effect of expense not deductible in determining taxable profit (tax loss)	9,431	1,467
Effect of tax losses	(236,228)	179,981
Deferred tax expense/(credit) relating to changes in tax rates or laws	32,071	(40,784)
Decrease in UK and foreign current tax from unrecognised temporary difference from a prior period	(34,178)	-
Decrease in UK and foreign current tax from adjustment for prior periods	(318)	-
Tax decrease from effect of capital allowances and depreciation	(30,677)	(55,219)
Other tax effects for reconciliation between accounting profit and tax expense (income)	-	(368,334)
Total tax credit	<u>(1,167,663)</u>	<u>(387,584)</u>

# Bath Rugby Limited

## Notes to the Financial Statements for the Year Ended 30 June 2023

### 12 Tangible assets

	Long leasehold land and buildings £	Furniture, fittings and equipment £	Motor vehicles £	Total £
<b>Cost or valuation</b>				
At 1 July 2022	3,929,515	1,620,858	8,899	5,559,272
Additions	278,489	583,891	7,990	870,370
At 30 June 2023	4,208,004	2,204,749	16,889	6,429,642
<b>Depreciation</b>				
At 1 July 2022	2,880,701	1,496,958	8,899	4,386,558
Charge for the year	104,683	229,136	555	334,374
At 30 June 2023	2,985,384	1,726,094	9,454	4,720,932
<b>Carrying amount</b>				
At 30 June 2023	1,222,620	478,655	7,435	1,708,710
At 30 June 2022	1,048,814	123,900	-	1,172,714

### 13 Fixed asset Investments

	£
<b>Valuation</b>	
At 1 July 2022	20,530,000
At 30 June 2023	20,530,000
<b>Carrying amount</b>	
At 30 June 2023	20,530,000
At 30 June 2022	20,530,000

The fixed asset investment above represents the Club's investment in PRL Investor Limited. See Note 2 for the basis of this valuation. The investment in PRL Investor Limited is measured at fair value, and is reviewed regularly.

### 14 Stocks

	2023 £	2022 £
Finished good and goods for resale	12,437	138,805



# Bath Rugby Limited

## Notes to the Financial Statements for the Year Ended 30 June 2023

### 15 Debtors

	2023 £	2022 £
<b>Current</b>		
Trade debtors	1,454,006	1,362,120
Other debtors	59,916	139,608
Prepayments	990,970	656,786
	<u>2,504,892</u>	<u>2,158,514</u>

### 16 Cash and cash equivalents

	2023 £	2022 £
Cash on hand	8,270	2,405
Cash at bank	40,823	641,727
	<u>49,093</u>	<u>644,132</u>
Bank overdraft facility utilised	(415,338)	-
Cash and cash equivalents in statement of cash flows	<u>(366,245)</u>	<u>644,132</u>

### 17 Creditors

	2023 £	2022 £
<b>Due within one year</b>		
Loans and borrowings	1,288,968	-
Trade creditors	443,186	529,806
Social security and other taxes	1,446,464	1,731,728
Other creditors	88,176	125,094
Accruals and deferred income	9,173,220	11,381,823
Payments on account	240,299	485,640
	<u>12,680,313</u>	<u>14,254,091</u>
<b>Due after one year</b>		
Loans and other creditors	<u>25,766,233</u>	<u>21,776,336</u>

Loans and borrowings consist of £873,630 owed on the DCMS loan, falling due in less than one year and £415,338 which is a drawdown on the Company's agreed bank overdraft facility.

# Bath Rugby Limited

## Notes to the Financial Statements for the Year Ended 30 June 2023

### 18 Creditors: Amounts falling due after more than one year

	2023 £	2022 £
<b>Non-current loans and other creditors</b>		
DCMS loan	4,617,661	5,386,127
Loan	21,148,572	16,390,209
	<u>25,766,233</u>	<u>21,776,336</u>

The loan is interest-free and repayable on 12 months' notice of the sole shareholder, Mr B T Craig. No such notice has been given at the date of approval of the financial statements.

	2023 £	2022 £
<b>Current loans and borrowings</b>		
DCMS loan	873,630	-
Bank overdraft facility utilised	415,338	-
	<u>1,288,968</u>	<u>-</u>

### Other borrowings

The loan from DCMS is denominated in GBP with a nominal interest rate of 2%, and the final instalment is due on 31 March 2031. The carrying amount at year end is £5,491,291 (2022 - £5,386,127).

£873,630 of the loan value falls due in less than a year.

The loan is secured by a floating charge over all assets and undertakings of the company.

### 19 Financial instruments

#### Financial assets

	2023 £	2022 £
Financial assets measured at fair value through profit or loss	20,530,000	20,530,000

Financial assets measured at fair value through profit or loss comprise the investment in Premiership Rugby Limited.

## Bath Rugby Limited

### Notes to the Financial Statements for the Year Ended 30 June 2023

#### 20 Provisions for liabilities

	Deferred tax £	Total £
At 1 July 2022	1,929,231	1,929,231
Additional provisions	171,554	171,554
Increase (decrease) in existing provisions	<u>(1,132,003)</u>	<u>(1,132,003)</u>
At 30 June 2023	<u>968,782</u>	<u>968,782</u>

The provision for deferred taxation is made up as follows:

	2023 £	2022 £
Capital gains	<u>2,100,785</u>	<u>1,929,231</u>
	<u>2,100,785</u>	<u>1,929,231</u>

#### 21 Share capital

##### Allotted, called up and fully paid shares

	2023		2022	
	No.	£	No.	£
Ordinary shares of £1 each	5,093,716	5,093,716	5,093,716	5,093,716

Each share is entitled to one vote and an equal share of any dividend.

#### 22 Reserves

Share capital reserves reflect the nominal value of share capital issued by the company.

The profit and loss account reserve represents accumulated profits or losses net of distribution to shareholders.

Other reserves represent the effect of the time value of money on the company's long term loan.

#### 23 Pension and other schemes

##### Defined contribution pension scheme

The company operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the company to the scheme and amounted to £150,669 (2022 - £128,222). Contributions totalling £56,709 (2022 - £29,834) were payable to the scheme at 30 June 2023 and are included in creditors.

# Bath Rugby Limited

## Notes to the Financial Statements for the Year Ended 30 June 2023

### 24 Obligations under leases

#### Operating leases

The total of future minimum lease payments is as follows:

	2023 £	2022 £
Not later than one year	332,579	589,500
Later than one year and not later than five years	257,831	374,278
Later than five years	1,143,968	1,164,470
	<u>1,734,378</u>	<u>2,128,248</u>

The amount of non-cancellable operating lease payments recognised as an expense during the year was £414,753 (2022 - £564,588).

### 25 Related party transactions

#### Summary of transactions with other related parties

Other related parties are classified as entities under common control by directors of the company.

#### Income and receivables from related parties

	Key management £	Other related parties £
<b>2023</b>		
Receipt of services	9,543	10,439
Settlement of liabilities	(2,996)	(4,930)
	<u>6,547</u>	<u>5,509</u>
		<b>Other related parties £</b>
<b>2022</b>		
Receipt of services		44,115
Settlement of liabilities		(43,073)
		<u>1,042</u>

#### Expenditure with and payables to related parties

	Other related parties £
<b>2023</b>	
Rendering of services	439,161
Settlement of liabilities	(338,219)
	<u>100,942</u>

# Bath Rugby Limited

## Notes to the Financial Statements for the Year Ended 30 June 2023

	Other related parties £
<b>2022</b>	
Rendering of services	405,121
Settlement of liabilities	(404,102)
	<u>1,019</u>

### Loans from related parties

	Key management £	Total £
<b>2023</b>		
At start of period	16,390,209	16,390,209
Advanced	6,725,000	6,725,000
Adjustment for net present value	(1,966,637)	(1,966,637)
	<u>21,148,572</u>	<u>21,148,572</u>
At end of period		
	<u>21,148,572</u>	<u>21,148,572</u>
	Key management £	Total £
<b>2022</b>		
At start of period	15,036,190	15,036,190
Advanced	1,700,000	1,700,000
Adjustment for net present value	(345,981)	(345,981)
	<u>16,390,209</u>	<u>16,390,209</u>
At end of period		
	<u>16,390,209</u>	<u>16,390,209</u>

The loan from the owner and 100% shareholder, Mr B T Craig, is stated after discounting has been applied to reflect the time value of money. The undiscounted value of the loan at the year end was £24,213,000 (2022: £17,488,000) and discounting of £3,064,428 (2022: £1,097,791) has been applied.

### 26 Parent and ultimate parent undertaking

The ultimate controlling party is the sole shareholder, Mr B T Craig.

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.