

Company Registration No. 03706046 (England and Wales)

NEWCASTLE RUGBY LIMITED
ANNUAL REPORT AND GROUP FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28 JUNE 2020

NEWCASTLE RUGBY LIMITED

COMPANY INFORMATION

Directors	I Kurdi D R T Thompson
Company number	03706046
Registered office	Newcastle Falcons RFU Kingston Park Brunton Road Newcastle upon Tyne NE13 8AF
Auditor	RMT Accountants & Business Advisors Ltd Gosforth Park Avenue Newcastle upon Tyne NE12 8EG
Bankers	Barclays Bank 49-51 Northumberland Street Haymarket Newcastle Upon Tyne NE1 7AF
Solicitors	Ward Hadaway Sandgate House 102 Quayside Newcastle upon Tyne NE1 3DX

NEWCASTLE RUGBY LIMITED

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NEWCASTLE RUGBY LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 28 JUNE 2020

The directors present the strategic report for the year ended 28 June 2020.

Fair review of the business

The principal activity of the parent company is the operation of a professional rugby union club, Newcastle Falcons.

Newcastle Rugby Limited is the 100% parent of Thunder Rugby Limited and Newcastle Falcons Limited.

The principal activity of Thunder Rugby Limited is the operation of Newcastle Thunder Rugby League Club.

Newcastle Falcons Ltd is a dormant company.

Investment in the group's infrastructure, playing and coaching staff, as well as continued support for its academy and youth programmes are critical to the continued progression of the rugby club.

Match day attendances decreased during the 2019/20 campaign due to the Newcastle Falcons ("Falcons") relegation to the championship in the prior season. The club were however able to retain a number of key players and staff members, including the director of rugby, which has ultimately enabled the club to return to the Premiership at the first attempt.

The 2019/20 season came to an end in March 2020 due to the COVID-19 pandemic. The championship season was abandoned, however promotion back the Premiership was granted to the club which was a major positive.

During the season, 22 games were played across all competitions and performance on the pitch was excellent with the team winning all 22 matches. Furthermore, the Falcons' place among the top flight of English Rugby has been secured for the 2021/22 season post year end.

Principal risks and uncertainties

The management of the business and the execution of the group's strategy are subject to a number of risks. The board reviews these risks and puts in place policies to mitigate them.

The key business and financial risks are:

Employees

The group's performance depends largely on its employees, the loss of a key squad member could have potentially adverse effects on the business. Players are encouraged to remain at the club, with a competitive pay and benefits package. Strict training regimes and diets are put in place and in order to reduce the risk of injuries throughout the squad, physiotherapists and sports scientists are employed.

Environment, health and safety incidents

Appropriate measures are implemented to ensure the risk of any environmental and health and safety issues are minimised.

Interest rate risk

The maturity profile of the group's financial instruments that are exposed to interest rate risk is disclosed in the financial statements.

Liquidity risk

The directors regularly monitor the financial information to ensure that any risks in this area are considered on a timely basis.

COVID-19 risk

The ongoing COVID-19 pandemic continues to generate a significant level of uncertainty in the economy. The group has been able to reduce administrative costs across the business and has taken advantage of government assistance in the form of the coronavirus job retention scheme in an attempt to mitigate the risk as far as practicable. This has ensured group cash flow has been positively managed and the impact on the group's operations has been mitigated.

NEWCASTLE RUGBY LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 28 JUNE 2020

Key performance indicators

The directors consider the following to be the key measure of the group's performance.

Turnover for the group has decreased during the year by 11% to £11,101,980.

The loss after tax for the year was £441,911 (2019 - Profit: £3,881,852) and the group net liability position at the year end was £19,301,734 (2019 - £19,041,298).

Future developments

The directors continue to seek opportunities to improve the club's position in the league and grow the group. This includes the Newcastle Thunder Rugby League team and Newcastle Falcons Women's team.

s172(1) statement

The directors of the Company must act in the way they consider, in good faith, would most likely promote the success of the Company for the benefit of its members as a whole, and in doing so have regard (amongst other matters), to:

- Likely consequences of any decisions in the long-term;
- Interest of the Company's employees;
- The need to foster the Company's business relationships with suppliers, customers and others;
- The impact of the Company's operations on the community and environment;
- Desirability of the Company maintaining a reputation for high standards of business conduct; and
- The need to act fairly as between members of the Company.

In discharging their Section 172 duties, the directors of the Group consider that they have had regard in material respects to the factors set out above.

The key stakeholders of the Group are our fan and customer base, the local community, our suppliers, employees, and the Group's shareholders.

The directors are committed to creating a sustainable business whilst delivering the best experience for fans, and to compete at the highest level of English Rugby. The relationships between suppliers, partners and customers is key to the success of Newcastle Rugby, with regular dialogue to ensure that the relationships are working for all parties. Fan forums are held to ensure that improvements are continually made so the best experience is delivered to our suppliers and customers.

In considering items of business, the Group makes autonomous decisions on each transaction's own merits, after due consideration of the long-term success of the Group, Section 172 factors, where relevant, and the stakeholders impacted.

On behalf of the board

I Kurdi
Director

28 June 2021

NEWCASTLE RUGBY LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 28 JUNE 2020

The directors present their annual report and financial statements for the year ended 28 June 2020.

Results and dividends

The results for the year are set out on page 9.

No ordinary dividends were paid. The directors do not recommend payment of a final dividend.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

I Kurdi
D R T Thompson

Disabled persons

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment within the group continues and that the appropriate training is arranged. It is the policy of the group that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

Employee involvement

The group's policy is to consult and discuss with employees matters likely to affect employees' interests.

Information about matters of concern to employees is given through 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.

Auditor

In accordance with the company's articles, a resolution proposing that RMT Accountants & Business Advisors Ltd be reappointed as auditor of the group will be put at a General Meeting.

Energy and carbon report

The SECR disclosure presents our carbon footprint within the United Kingdom, an appropriate intensity metric, the total energy used of electricity and gas, along with an efficiency actions summary taken during the relevant financial year.

	Year to 28 June 2020
Energy consumption used to calculate emissions (kWh)	2,166,811
Emissions from combustion of gas (tCO ₂ e)	271.26
Emissions from purchased electricity, location-based (tCO ₂ e)	161.23
Total gross tCO ₂ e based on above	432.49
Turnover excluding PRL income	£6.6m
Intensity ratio (tCO ₂ e/turnover £m)	65.53

*where tCO₂e is the metric tonne of Carbon Dioxide equivalent

Quantification and reporting methodology

The SECR report has been prepared in line with the Greenhouse Gas (GHG) Protocol Corporate Accounting and Reporting Standard.

NEWCASTLE RUGBY LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 28 JUNE 2020

Measures taken to improve energy efficiency

The Group continues to achieve direct savings in energy and associated carbon emissions, through operational and technological improvements, including:

- Replacing the heating system to become more carbon efficient; and
- Upgrade and installation of LED lighting around the ground where appropriate.

Statement of directors' responsibilities

The directors are responsible 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 group and company, 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 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 company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and 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 group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Strategic report

The group has chosen in accordance with Companies Act 2006, s. 414C(11) to set out in the group's strategic report information required by Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, Sch. 7 to be contained in the directors' report. It has done so in respect of future developments and principal risks and uncertainties.

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the auditor of the group is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the auditor of the group is aware of that information.

NEWCASTLE RUGBY LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 28 JUNE 2020

Going concern

The group and parent company is reliant upon continued support of the external providers of finance and the group shareholders. The group currently has net liabilities of £19.3m, the majority of which are amounts due to the majority shareholder, I Kurdi, who has expressed his willingness to continue to support the group and not call for the debt owed. Additionally, the group secured a support loan from Sport England after the year end.

The 2020/21 rugby season has been adversely affected by COVID-19 with limited spectators allowed to matches resulting in decreased ticket, bar, retail and marketing income. However, the group has had access to UK Government support through the coronavirus job retention scheme and deferral of certain taxes in order to manage cash flow.

The directors have determined that this funding is sufficient to meet the requirements of the Group for at least the following 12 months and as such, the directors are satisfied that the accounts have been appropriately prepared on a going concern basis.

On behalf of the board

I Kurdi
Director

28 June 2021

NEWCASTLE RUGBY LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF NEWCASTLE RUGBY LIMITED

Opinion

We have audited the financial statements of Newcastle Rugby Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 28 June 2020 which comprise the group profit and loss account, the group statement of comprehensive income, the group balance sheet, the company balance sheet, the group statement of changes in equity, the company statement of changes in equity, the group 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 FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent company's affairs as at 28 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 *Auditor's 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.

Material uncertainty related to going concern

We draw attention to note 1.3 in the financial statements, which indicates the impact of COVID-19 on the operations of the group and parent company. The uncertainty on the lifting of restrictions and resultant ability to trade at full capacity impacts the timing of cashflows and creates a risk the group may require additional funding in order to pay its liabilities as they fall due. These conditions indicate that a material uncertainty exists that may cast significant doubt on the group's or parent company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other information

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

NEWCASTLE RUGBY LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF NEWCASTLE RUGBY LIMITED

Opinions on other matters prescribed by the Companies Act 2006

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

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

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 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 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, 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 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 company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

NEWCASTLE RUGBY LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF NEWCASTLE RUGBY LIMITED

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.

Maxine Pott (Senior Statutory Auditor)
for and on behalf of RMT Accountants & Business Advisors Ltd
Statutory Auditor
Gosforth Park Avenue
Newcastle upon Tyne
NE12 8EG

Date: 30 June 2021

NEWCASTLE RUGBY LIMITED

GROUP PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 28 JUNE 2020

	Notes	2020 £	2019 £
Turnover	3	11,101,980	12,484,479
Administrative expenses		(12,226,679)	(15,504,144)
Other operating income		984,923	-
Operating loss	4	(139,776)	(3,019,665)
Interest receivable and similar income		171	1,665
Interest payable and similar expenses	7	(363,662)	(482,170)
Other gains and losses	8	61,356	7,382,022
(Loss)/profit before taxation		(441,911)	3,881,852
Tax on (loss)/profit	9	-	-
(Loss)/profit for the financial year		(441,911)	3,881,852

(Loss)/profit for the financial year is all attributable to the owners of the parent company.

The Profit And Loss Account has been prepared on the basis that all operations are continuing operations.

NEWCASTLE RUGBY LIMITED

GROUP STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 28 JUNE 2020

	2020 £	2019 £
(Loss)/profit for the year	(441,911)	3,881,852
Other comprehensive income	-	-
Total comprehensive income for the year	(441,911)	3,881,852

Total comprehensive income for the year is all attributable to the owners of the parent company.

NEWCASTLE RUGBY LIMITED

GROUP BALANCE SHEET AS AT 28 JUNE 2020

	Notes	2020 £	£	2019 £	£
Fixed assets					
Tangible assets	10	755,043		998,861	
Investments	11	16,059,385		15,998,029	
		<u>16,814,428</u>		<u>16,996,890</u>	
Current assets					
Stocks		80,658		78,521	
Debtors	14	718,314		982,613	
Cash at bank and in hand		359,492		106,957	
		<u>1,158,464</u>		<u>1,168,091</u>	
Creditors: amounts falling due within one year	15	(9,295,155)		(7,938,196)	
Net current liabilities		<u>(8,136,691)</u>		<u>(6,770,105)</u>	
Total assets less current liabilities		<u>8,677,737</u>		<u>10,226,785</u>	
Creditors: amounts falling due after more than one year	16	(27,979,471)		(29,268,083)	
Net liabilities		<u>(19,301,734)</u>		<u>(19,041,298)</u>	
Capital and reserves					
Called up share capital	20	495		495	
Share premium account		4,964,575		4,964,575	
Other reserves		1,641,513		1,460,038	
Non-distributable profits reserve	21	27,852,756		27,730,044	
Distributable profit and loss reserves		(53,761,073)		(53,196,450)	
Total equity		<u>(19,301,734)</u>		<u>(19,041,298)</u>	

The financial statements were approved by the board of directors and authorised for issue on 28 June 2021 and are signed on its behalf by:

I Kurdi
Director

NEWCASTLE RUGBY LIMITED

COMPANY BALANCE SHEET AS AT 28 JUNE 2020

	Notes	2020 £	2020 £	2019 £	2019 £
Fixed assets					
Tangible assets	10		749,903		992,017
Investments	11		16,059,610		15,998,254
			<u>16,809,513</u>		<u>16,990,271</u>
Current assets					
Stocks		80,658		78,521	
Debtors	14	2,268,602		2,069,809	
Cash at bank and in hand		295,446		106,100	
		<u>2,644,706</u>		<u>2,254,430</u>	
Creditors: amounts falling due within one year	15	(9,104,544)		(7,824,654)	
Net current liabilities			<u>(6,459,838)</u>		<u>(5,570,224)</u>
Total assets less current liabilities			10,349,675		11,420,047
Creditors: amounts falling due after more than one year	16		(27,979,471)		(29,268,083)
Net liabilities			<u>(17,629,796)</u>		<u>(17,848,036)</u>
Capital and reserves					
Called up share capital	20		495		495
Share premium account			4,964,575		4,964,575
Other reserves			1,641,513		1,460,038
Non-distributable profits reserve	21		27,852,756		27,730,044
Distributable profit and loss reserves			(52,089,135)		(52,003,188)
Total equity			<u>(17,629,796)</u>		<u>(17,848,036)</u>

As permitted by s408 Companies Act 2006, the company has not presented its own profit and loss account and related notes.

The financial statements were approved by the board of directors and authorised for issue on 28 June 2021 and are signed on its behalf by:

I Kurdi
Director

Company Registration No. 03706046

NEWCASTLE RUGBY LIMITED

GROUP STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 28 JUNE 2020

	Share capital £	Share premium account £	Other reserves £	Non-distributable profits £	Profit and loss reserves £	Total £
Balance at 1 July 2018	495	4,964,575	1,686,524	12,966,000	(42,314,258)	(22,696,664)
Year ended 30 June 2019:						
Profit and total comprehensive income for the year	-	-	-	14,764,044	(10,882,192)	3,881,852
Movement on capital contribution	-	-	(226,486)	-	-	(226,486)
Balance at 30 June 2019	495	4,964,575	1,460,038	27,730,044	(53,196,450)	(19,041,298)
Year ended 28 June 2020:						
Loss and total comprehensive income for the year	-	-	-	122,712	(564,623)	(441,911)
Movement on capital contribution	-	-	181,475	-	-	181,475
Balance at 28 June 2020	495	4,964,575	1,641,513	27,852,756	(53,761,073)	(19,301,734)

NEWCASTLE RUGBY LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 28 JUNE 2020

	Share capital £	Share premium account £	Other reserves £	Non-distributable profits £	Profit and loss reserves £	Total £
Balance at 1 July 2018	495	4,964,575	1,686,524	6,483,000	(35,014,401)	(21,879,807)
Year ended 30 June 2019:						
Profit and total comprehensive income for the year	-	-	-	14,764,044	(10,505,787)	4,258,257
Movement on capital contribution	-	-	(226,486)	-	-	(226,486)
Balance at 30 June 2019	495	4,964,575	1,460,038	27,730,044	(52,003,188)	(17,848,036)
Year ended 28 June 2020:						
Loss and total comprehensive income for the year	-	-	-	122,712	(85,947)	36,765
Movement on capital contribution	-	-	181,475	-	-	181,475
Balance at 28 June 2020	495	4,964,575	1,641,513	27,852,756	(52,089,135)	(17,629,796)
Check PY	495	4,964,575	1,460,038	21,247,044	(45,520,188)	(17,848,036)
Difference PY	-	-	-	6,483,000	(6,483,000)	-

NEWCASTLE RUGBY LIMITED

GROUP STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 28 JUNE 2020

	Notes	2020 £	£	2019 £	£
Cash flows from operating activities					
Cash (absorbed by)/generated from operations	27		(1,426,478)		5,794,385
Interest paid			(363,662)		(482,170)
Net cash (outflow)/inflow from operating activities			(1,790,140)		5,312,215
Investing activities					
Purchase of tangible fixed assets		(18,496)		(130,789)	
Proceeds on disposal of tangible fixed assets		-		4,799	
Additional investments in the year		-		(2,133,007)	
Interest received		171		1,665	
Net cash used in investing activities			(18,325)		(2,257,332)
Financing activities					
Increase / (Decrease) in borrowings		2,026,147		(3,202,321)	
Proceeds from new bank loans		50,000		-	
Payment of finance leases obligations		(15,147)		(13,393)	
Net cash generated from/(used in) financing activities			2,061,000		(3,215,714)
Net increase/(decrease) in cash and cash equivalents			252,535		(160,831)
Cash and cash equivalents at beginning of year			106,957		267,788
Cash and cash equivalents at end of year			359,492		106,957

NEWCASTLE RUGBY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 JUNE 2020

1 Accounting policies

Company information

Newcastle Rugby Limited ("the parent company") is a private limited company domiciled and incorporated in England and Wales. The registered office is Newcastle Falcons RFU, Kingston Park, Brunton Road, Newcastle upon Tyne, NE13 8AF.

The group consists of Newcastle Rugby Limited and all of its subsidiaries.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention modified to include the revaluation of investments. The principal accounting policies adopted are set out below.

As permitted by s408 Companies Act 2006, the company has not presented its own profit and loss account and related notes.

1.2 Basis of consolidation

The consolidated group financial statements consist of the financial statements of the parent company Newcastle Rugby Limited together with all entities controlled by the parent company (its subsidiaries) and the group's share of its interests in joint ventures and associates.

All financial statements are made up to 28 June 2020. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the group.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

1.3 Going concern

The group and parent company is reliant upon continued support of the external providers of finance and the group shareholders. The group currently has net liabilities of £19.3m, the majority of which are amounts due to the majority shareholder, I Kurdi, who has expressed his willingness to continue to support the group and not call for the debt owed. Additionally, the group secured a support loan from Sport England after the year end.

The 2020/21 rugby season has been adversely affected by COVID-19 with limited spectators allowed to matches resulting in decreased ticket, bar, retail and marketing income. However, the group has had access to UK Government support through the coronavirus job retention scheme and deferral of certain taxes in order to manage cash flow.

The directors have determined that this funding is sufficient to meet the requirements of the Group for at least the following 12 months and as such, the directors are satisfied that the accounts have been appropriately prepared on a going concern basis.

NEWCASTLE RUGBY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 28 JUNE 2020

1 Accounting policies

(Continued)

1.4 Turnover

Turnover represents income receivable from the group's principal activities and is exclusive of value added tax.

Match day receipts are recognised on the day of the game, with season ticket and hospitality box income being spread over the course of the season.

Sponsorship and similar income is recognised over the duration of the respective contracts.

Centrally distributed income arising from broadcasting revenue is recognised over the duration of the playing season. During the prior year the group received funds relating to the group's share of commercial income for the following 4 year period. This is recognised within income evenly over this period, which is in line with the group's legal entitlement.

Commercial income is recognised as goods and services are supplied. Amounts relating to future accounting periods are carried forward within accruals and deferred income.

1.5 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Property improvements	50 years straight line
Fixtures, fittings & equipment	3-20 years straight line
Motor vehicles	5 years straight line

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the profit and loss account.

1.6 Fixed asset investments

In the parent company financial statements, investments in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses.

A subsidiary is an entity controlled by the group. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

1.7 Impairment of fixed assets

At each reporting period end date, the group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

1.8 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell.

NEWCASTLE RUGBY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 28 JUNE 2020

1 Accounting policies

(Continued)

1.9 Financial instruments

The group has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the group's balance sheet when the group becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the group transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities.

NEWCASTLE RUGBY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 28 JUNE 2020

1 Accounting policies

(Continued)

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans and other loans are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

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

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Derecognition of financial liabilities

Financial liabilities are derecognised when the group's contractual obligations expire or are discharged or cancelled.

1.10 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received, if considered material to the financial statements.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.11 Retirement benefits

The group operates a defined contribution pension scheme covering a number of its permanent employees. The scheme funds are administered by trustees and are independent of the company's finances. The group's contributions are charged against profit in the year in which contributions are made.

1.12 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the balance sheet as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to profit or loss so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Rentals payable under operating leases are charged to profit and loss as they fall due.

1.13 Government grants

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

NEWCASTLE RUGBY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 28 JUNE 2020

2 Judgements and key sources of estimation uncertainty

In the application of the group'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 underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Critical judgements

The following judgements (apart from those involving estimates) that have had the most significant effect on amounts recognised in the financial statements.

Assessing indicators of impairment

In assessing whether there have been any indicators of impairment in assets, including fixed asset investments, the directors have considered both external and internal sources of information such as market conditions and experience of recoverability. There have been no indicators of impairments identified during the current financial year, in particular with regards to the investment in shares held in PRL Investor Limited.

Recognition of CVC transaction proceeds

An agreement to sell a significant minority interest in Premiership Rugby Limited (PRL) to certain funds advised or managed by CVC Capital Partners was signed on 29 March 2019 and the club received proceeds of £12.9m as a result of the transaction. The income is being recognised in the profit and loss account over 48 months, with amounts relating to future periods being recognised as deferred income.

At the reporting end date the amounts held in deferred income in relation to this were £8,684,938 (2019 - £11,843,097).

NEWCASTLE RUGBY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 28 JUNE 2020

2 Judgements and key sources of estimation uncertainty

(Continued)

Key sources of estimation uncertainty

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

Determining residual values and useful economic lives of tangible fixed assets

The group depreciates tangible fixed assets over their estimated useful lives. The estimation of the useful lives of assets is based on historic performance as well as expectations about future use and therefore requires estimates and assumptions to be applied by management. The actual lives of these assets can vary depending on a variety of factors, including technological innovation, product life cycles and maintenance programmes.

Judgement is applied by management when determining the residual values for tangible fixed assets. When determining the residual value management aim to assess the amount that the group would currently obtain for disposal of the asset, if it were already of the condition expected at the end of its useful economic life. Where possible this is done with reference to external market prices. The carrying amount of group tangible fixed assets at the reporting end date was £755,043 (2019 - £998,861).

Recoverability of debtors

The group establishes a provision for debtors that are estimated not to be recoverable. When assessing recoverability the directors consider factors such as the ageing of the debtors and past experience of recoverability. The directors have determined that no such provision is considered necessary as at year end.

Valuation of investments

The group holds its investment in PRL Investor Limited ("PRL") at fair value as required under section 12 of FRS 102.

Judgement has been applied when determining the fair value of the investment, which has been based on the present value of expected future cash flows. This involves the estimation of the discount rate to be used, as well as the estimation of expected future distributions from PRL, based on both historical and expected future cash inflows. The valuation was initially provided by PRL based upon independent advice, and the directors believe this valuation represents fair value based on the assumptions used.

The carrying amount of the investment in PRL Investor Ltd at the reporting end date was £13,865,022 (2019 - £13,865,022).

Long term creditors

Debt instruments are carried at amortised cost which, for certain long term creditors, requires the directors to estimate a market rate of interest. Variations in the estimate could result in change to value of liability recognised in the financial statements. The estimate of this rate is based on numerous factors such as current market conditions.

At the reporting end date the discounted 'other loans' have a carrying value of £19,936,514 (2019 - £17,794,739).

NEWCASTLE RUGBY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 28 JUNE 2020

3 Turnover and other revenue

An analysis of the group's turnover is as follows:

	2020 £	2019 £
Turnover analysed by class of business		
Premier Rugby, RFU and RFL income	8,510,937	7,142,751
Sponsorship	526,184	732,626
Marketing and tickets	503,146	1,601,860
Corporate	427,052	972,788
Events	317,245	485,656
Conference, banqueting and bars	637,268	1,225,126
Retail	158,098	289,164
Sundry income	22,050	34,508
	<u>11,101,980</u>	<u>12,484,479</u>
	2020 £	2019 £
Other significant revenue		
Interest income	171	1,665
Grants received	984,923	-
	<u></u>	<u></u>

Turnover has arisen wholly within the UK.

See note 6 for further information on grants received.

4 Operating loss

	2020 £	2019 £
Operating loss for the year is stated after charging:		
Depreciation of owned tangible fixed assets	242,826	253,271
Depreciation of tangible fixed assets held under finance leases	19,488	19,488
(Profit)/loss on disposal of tangible fixed assets	-	301
	<u></u>	<u></u>

5 Auditor's remuneration

	2020 £	2019 £
Fees payable to the company's auditor and associates:		
For audit services		
Audit of the financial statements of the group and company	12,500	12,500
Audit of the financial statements of the company's subsidiaries	2,500	2,500
	<u>15,000</u>	<u>15,000</u>

NEWCASTLE RUGBY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 28 JUNE 2020

6 Employees

The average monthly number of persons (including directors) employed by the group and company during the year was:

	Group 2020 Number	2019 Number	Company 2020 Number	2019 Number
Playing and coaching staff	148	149	91	93
Bar and catering staff	266	290	266	290
Administrative staff and directors	9	8	9	8
Total	423	447	366	391

Their aggregate remuneration comprised:

	Group 2020 £	2019 £	Company 2020 £	2019 £
Wages and salaries	7,510,829	8,948,612	6,980,254	8,516,584
Social security costs	848,414	1,020,978	813,086	994,280
Pension costs	106,359	89,849	104,586	88,576
	8,465,602	10,059,439	7,897,926	9,599,440

Wages costs include amounts of £984,923 (2019 - £nil) paid through the government coronavirus job retention scheme.

7 Interest payable and similar expenses

	2020 £	2019 £
Interest on other loans	360,303	476,205
Interest on finance leases and hire purchase contracts	3,359	5,965
Total finance costs	363,662	482,170

8 Other gains and losses

	2020 £	2019 £
Fair value gains/(losses) on financial instruments		
Change in value of financial assets held at fair value through profit or loss	61,356	7,382,022

NEWCASTLE RUGBY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 28 JUNE 2020

9 Taxation

The actual charge for the year can be reconciled to the expected (credit)/charge for the year based on the profit or loss and the standard rate of tax as follows:

	2020 £	2019 £
(Loss)/profit before taxation	(441,911)	3,881,852
Expected tax (credit)/charge based on the standard rate of corporation tax in the UK of 19.00% (2019: 19.00%)	(83,963)	737,552
Tax effect of expenses that are not deductible in determining taxable profit	2,988	70,384
Tax effect of income not taxable in determining taxable profit	(11,658)	(1,402,584)
Unutilised tax losses carried forward	92,633	594,648
Taxation charge for the year	-	-

10 Tangible fixed assets

Group	Property improvements £	Fixtures, fittings & equipment £	Motor vehicles £	Total £
Cost				
At 1 July 2019	112,342	2,070,578	142,458	2,325,378
Additions	-	18,031	465	18,496
At 28 June 2020	112,342	2,088,609	142,923	2,343,874
Depreciation and impairment				
At 1 July 2019	17,736	1,286,573	22,208	1,326,517
Depreciation charged in the year	1,510	232,304	28,500	262,314
At 28 June 2020	19,246	1,518,877	50,708	1,588,831
Carrying amount				
At 28 June 2020	93,096	569,732	92,215	755,043
At 30 June 2019	94,606	784,005	120,250	998,861

NEWCASTLE RUGBY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 28 JUNE 2020

10 Tangible fixed assets

(Continued)

Company	Property improvements £	Fixtures, fittings & equipment £	Motor vehicles £	Total £
Cost				
At 1 July 2019	112,342	2,061,787	142,458	2,316,587
Additions	-	18,031	465	18,496
At 28 June 2020	112,342	2,079,818	142,923	2,335,083
Depreciation and impairment				
At 1 July 2019	17,736	1,284,626	22,208	1,324,570
Depreciation charged in the year	1,510	230,600	28,500	260,610
At 28 June 2020	19,246	1,515,226	50,708	1,585,180
Carrying amount				
At 28 June 2020	93,096	564,592	92,215	749,903
At 30 June 2019	94,606	777,161	120,250	992,017

The net carrying value of tangible fixed assets includes the following in respect of assets held under finance leases or hire purchase contracts.

	Group 2020 £	2019 £	Company 2020 £	2019 £
Plant and equipment	19,758	27,942	19,758	27,942
Fixtures, fittings & equipment	5,050	6,850	5,050	6,850
Motor vehicles	20,572	30,076	20,572	30,076
	45,380	64,868	45,380	64,868

11 Fixed asset investments

	Notes	Group 2020 £	2019 £	Company 2020 £	2019 £
Investments in subsidiaries	12	-	-	225	225
Unlisted investments		16,059,385	15,998,029	16,059,385	15,998,029
		16,059,385	15,998,029	16,059,610	15,998,254

NEWCASTLE RUGBY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 28 JUNE 2020

11 Fixed asset investments

(Continued)

Unlisted investment

The group's unlisted investments include an investment in PRL Investor Limited ("PRL") (formerly Premier Rugby Limited). In line with other shareholding clubs, the group has valued its investment in PRL based on the income stream that the investment provides.

Basis of valuation

The valuation is based on the discounted value of expected future distributions, assuming a discount rate of 8%. This valuation methodology has been approved by the PRL board. The directors consider this to represent fair value at year end.

The group has also co-invested in an additional minority shareholding in PRL. The investment is held at cost which the directors consider to represent fair value at year end.

Movements in fixed asset investments

Group and company

Unlisted investments £

Cost or valuation

At 1 July 2019	15,998,029
Valuation changes	61,356

At 28 June 2020	16,059,385
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Carrying amount

At 28 June 2020	16,059,385
At 30 June 2019	15,998,029

12 Subsidiaries

Details of the company's subsidiaries at 28 June 2020 are as follows:

Name of undertaking	Registered office key	Nature of business	Class of shares held	% Held	
				Direct	Indirect
Newcastle Falcons Ltd	1	Dormant company	Ordinary	100.00	0
Thunder Rugby Limited	1	Rugby football league club	Ordinary	100.00	0

Registered Office addresses:

- 1 Kingston Park, Brunton Road, Newcastle upon Tyne, NE13 8AF

NEWCASTLE RUGBY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 28 JUNE 2020

12 Subsidiaries

(Continued)

The aggregate capital and reserves and the profit/(loss) of Thunder Rugby Limited for the year ended 30 November 2020, and capital of the dormant Newcastle Falcons Ltd noted above was as follows:

Name of undertaking	Profit/(Loss) £	Capital and Reserves £
Newcastle Falcons Ltd	-	100
Thunder Rugby Limited	(135,204)	(1,636,483)

13 Financial instruments

	Group 2020 £	2019 £	Company 2020 £	2019 £
Carrying amount of financial assets				
Instruments measured at fair value through profit or loss	16,059,385	15,998,029	n/a	n/a

14 Debtors

	Group 2020 £	2019 £	Company 2020 £	2019 £
Amounts falling due within one year:				
Trade debtors	645,279	748,594	631,015	691,935
Amounts owed by group undertakings	-	-	1,571,698	1,152,725
Other debtors	51,977	28,416	48,059	19,546
Prepayments and accrued income	21,058	205,603	17,830	205,603
	718,314	982,613	2,268,602	2,069,809

NEWCASTLE RUGBY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 28 JUNE 2020

15 Creditors: amounts falling due within one year

	Notes	Group 2020 £	2019 £	Company 2020 £	2019 £
Bank loans	17	50,000	-	-	-
Obligations under finance leases	18	19,010	21,867	19,010	21,867
Other borrowings	17	1,019,720	1,056,885	1,019,720	1,056,885
Trade creditors		1,478,570	832,977	1,428,839	722,282
Amounts owed to group undertakings		-	-	100	100
Other taxation and social security		1,454,141	935,922	1,410,824	945,569
Other creditors		638,204	303,908	598,471	299,943
Accruals and deferred income		4,635,510	4,786,637	4,627,580	4,778,008
		<u>9,295,155</u>	<u>7,938,196</u>	<u>9,104,544</u>	<u>7,824,654</u>

Obligations under finance leases are secured upon the assets to which they relate.

16 Creditors: amounts falling due after more than one year

	Notes	Group 2020 £	2019 £	Company 2020 £	2019 £
Obligations under finance leases	18	23,393	35,683	23,393	35,683
Other loans	17	22,429,299	20,547,462	22,429,299	20,547,462
Accruals and deferred income		5,526,779	8,684,938	5,526,779	8,684,938
		<u>27,979,471</u>	<u>29,268,083</u>	<u>27,979,471</u>	<u>29,268,083</u>

Obligations under finance leases are secured upon the assets to which they relate.

Amounts included above which fall due after five years are as follows:

Payable by instalments	-	248,664	-	248,664
	<u>-</u>	<u>248,664</u>	<u>-</u>	<u>248,664</u>

NEWCASTLE RUGBY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 28 JUNE 2020

17 Loans and overdrafts

	Group 2020 £	2019 £	Company 2020 £	2019 £
Bank loans	50,000	-	-	-
Other loans	23,449,019	21,604,347	23,449,019	21,604,347
	<u>23,499,019</u>	<u>21,604,347</u>	<u>23,449,019</u>	<u>21,604,347</u>
Payable within one year	1,069,720	1,056,885	1,019,720	1,056,885
Payable after one year	22,429,299	20,547,462	22,429,299	20,547,462
	<u>22,429,299</u>	<u>20,547,462</u>	<u>22,429,299</u>	<u>20,547,462</u>

At the year end, £3,161,825 (2019 - £3,533,543) was due to Close Leasing Limited. The balance is repayable in monthly instalments over 5 years and interest is based on the lenders fixed cost of funds. This debt is secured on the income stream receivable from the investment in PRL Investor Limited (Formerly Premier Rugby Limited).

18 Finance lease obligations

	Group 2020 £	2019 £	Company 2020 £	2019 £
Future minimum lease payments due under finance leases:				
Within one year	19,010	21,867	19,010	21,867
In two to five years	23,393	35,683	23,393	35,683
	<u>42,403</u>	<u>57,550</u>	<u>42,403</u>	<u>57,550</u>

Finance lease payments represent rentals payable by the company or group for certain items of tangible fixed assets. Leases include purchase options at the end of the lease period, and no restrictions are placed on the use of the assets. The average lease term is 3 years. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

19 Retirement benefit schemes

	2020 £	2019 £
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	106,359	89,849
	<u>106,359</u>	<u>89,849</u>

A defined contribution pension scheme is operated for all qualifying employees. The assets of the scheme are held separately from those of the group in an independently administered fund.

20 Share capital

	2020 Number	2019 Number	2020 £	2019 £
Ordinary share capital Issued and fully paid				
Ordinary shares of 1p each	49,500	49,500	495	495
	<u>49,500</u>	<u>49,500</u>	<u>495</u>	<u>495</u>

NEWCASTLE RUGBY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 28 JUNE 2020

20 Share capital

(Continued)

21 Non-distributable profits reserve

	Group 2020 £	2019 £	Company 2020 £	2019 £
At the beginning of the year	13,865,022	6,483,000	13,865,022	6,483,000
Non distributable profits in the year	61,356	7,382,022	61,356	7,382,022
At the end of the year	13,926,378	13,865,022	13,926,378	13,865,022

Non-distributable profits relate to fair value gains on financial instruments.

22 Operating lease commitments

At the reporting end date the group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	Group 2020 £	2019 £	Company 2020 £	2019 £
Within one year	300,000	300,000	300,000	300,000

23 Events after the reporting date

On 29 March 2021 a significant loan facility was extended to the Company by the Sport England "Sport Winter Survival Package" Fund. Part of this facility was used to repay the outstanding Close Leasing Ltd loan mentioned in Note 17. The loan facility has a 20 year term with a 1 year interest and capital repayment holiday.

24 Related party transactions

The following amounts were outstanding at the reporting end date:

Amounts due to related parties	2020 £	2019 £
Group and company		
Entities with control, joint control or significant influence over the group	253,436	210,865

NEWCASTLE RUGBY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 28 JUNE 2020

25 Directors' transactions

Included within other loans at the year end, a majority shareholder and director of the group had a loan account with an outstanding balance of £19,284,173 (2019 - £17,177,056). There are no set terms of repayment of the loan.

Included within other loans at the year end, a shareholder and director of the group had a loan account secured by way of a debenture arrangement ranking behind the Close Leasing Limited loan. The outstanding balance at the year end was £652,341 (2019 - £617,683). The balance is repayable in monthly instalments over 10 years with no fixed terms as to interest on the loan.

26 Controlling party

In the opinion of the directors, I Kurdi was the controlling party of the company by virtue of his majority interest in the issued share capital of the company.

27 Cash generated from group operations

	2020 £	2019 £
(Loss)/profit for the year after tax	(441,911)	3,881,852
Adjustments for:		
Finance costs	363,662	482,170
Investment income	(171)	(1,665)
(Gain)/loss on disposal of tangible fixed assets	-	301
Depreciation and impairment of tangible fixed assets	262,314	272,759
Other gains and losses	(61,356)	(7,382,022)
Pension scheme non-cash movement	(22,678)	16,493
Movements in working capital:		
(Increase) in stocks	(2,137)	(21,326)
Decrease/(increase) in debtors	275,764	(133,674)
(Decrease)/increase in creditors	(1,799,965)	2,881,491
Cash absorbed by operations	(1,426,478)	(3,621)

28 Analysis of changes in net debt - group

	1 July 2019 £	Cash flows 28 June 2020 £	
Cash at bank and in hand	106,957	252,535	359,492
Borrowings excluding overdrafts	(21,604,347)	(1,894,672)	(23,499,019)
Obligations under finance leases	(57,550)	15,147	(42,403)
	<u>(21,554,940)</u>	<u>(1,626,990)</u>	<u>(23,181,930)</u>

