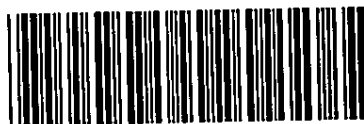


GLOUCESTER RUGBY LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30 JUNE 2011

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GLOUCESTER RUGBY LIMITED

COMPANY INFORMATION

DIRECTORS

D A McKnight
R W J Walkinshaw
M G St Quinton
D Grainger
W S Humphreys
K B Nottage
C R A Ferguson

COMPANY NUMBER

00034603

REGISTERED OFFICE

Kingsholm Stadium
Kingsholm Road
Gloucester
GL1 3AX

AUDITOR

James Cowper LLP
Chartered Accountants and Statutory Auditor
Willow Court
7 West Way
Botley
Oxford
OX2 0JB

BANKERS

Barclays Bank plc
18 Southgate Street
Gloucester
Gloucestershire
GL1 2DH

Investec Bank plc
2 Gresham Street
London
EC2V 7QP

GLOUCESTER RUGBY LIMITED

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GLOUCESTER RUGBY LIMITED
DIRECTORS' REPORT
FOR THE PERIOD ENDED 30 JUNE 2011

The directors present their report and the financial statements for the period ended 30 June 2011

PRINCIPAL ACTIVITIES

The principal activity of the company is the provision of sporting and social entertainment

BUSINESS REVIEW

The performance of the team improved considerably in 2010/11. The highlight of the season was winning the LV Cup in March, beating Newcastle in the final at Franklin's Gardens. Meanwhile in the Aviva Premiership consistency throughout the season resulted in an excellent third place finish. This led to an away semi-final playoff against Saracens.

Business performance also showed marked improvement. The company returned to profitability, recording a profit before tax of £10k in the accounting period (compared with a loss of £1,111k in the previous year). It should be noted that the 2010/11 accounting period covered 13 months, from 1st June 2010 to 30th June 2011. The change was made in order to align the company's year end with that of Premiership Rugby Limited and in order to simplify reporting on the player salary cap year (which runs 1st July – 30th June). With no club rugby taking place, June is a loss-making month for the company. Therefore the inclusion of two Junes in the 2010/11 accounting period had the effect of depressing the profit before tax. A like-for-like comparison with the 2009/10 year to 31st May would have shown a profit before tax of £283k – an improvement of £1,394k versus 2009/10.

For the 13 month period turnover was £11,317k (£9,361k in 2009/10). The increase was due in part to an increase in distributions from Premiership Rugby Limited following the signing of a new TV deal, and in part to improved business performance of the company.

Future Developments

Gloucester Rugby has a strong squad of players going in to the 2011/12 season, including the captains of England (Mike Tindall) and Scotland (Rory Lawson). The team expects to be competing for top honours on the pitch. Prior to the start of the new season, season ticket and annual hospitality box sales are ahead of 2010/11 levels, which is a promising start to the financial year. However a faltering recovery to the UK economy means that trading conditions remain challenging, so the business will need to continue to pursue all opportunities in order to build on the successes achieved in 2010/11.

Post balance sheet events

There have been no significant post balance sheet events.

RESULTS

The profit for the period, after taxation, amounted to £10,100 (2010 - loss £1,110,561).

GLOUCESTER RUGBY LIMITED
DIRECTORS' REPORT
FOR THE PERIOD ENDED 30 JUNE 2011

DIRECTORS

The directors who served during the period were

T D T Walkinshaw (resigned 13 December 2010)
D A McKnight (appointed 26 January 2011)
R W J Walkinshaw (appointed 12 January 2011)
M G St Quinton
D Grainger (appointed 12 January 2011)
W S Humphreys
K B Nottage
C R A Ferguson (appointed 25 October 2010)

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Directors' 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 then apply them consistently,
- make judgments and estimates that are reasonable and prudent,
- 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 hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

POLITICAL AND CHARITABLE CONTRIBUTIONS

During the year the company made charitable donations of £10,878 (2010 - £18,020)

FINANCIAL INSTRUMENTS

The company actively uses financial instruments as part of its financial risk management. Its policy is to finance working capital through borrowings at prevailing market interest rates. It is exposed to the usual credit risk and cash flow risk associated with selling on credit and manages this through credit control procedures.

As the counterparties to all financial instruments are its bankers and financiers, the company is exposed to minimal credit and liquidity risks in respect of these instruments. In addition, the company is not subject to price risk from these financial instruments.

The company manages the interest rate risk associated with its borrowings through entering into a ten year callable interest rate swap with its bankers.

GLOUCESTER RUGBY LIMITED

DIRECTORS' REPORT FOR THE PERIOD ENDED 30 JUNE 2011

KEY PERFORMANCE INDICATORS

Financial

The company measures its financial performance using the following measures

- Profitability,
- Growth in turnover,
- Total receipts per match, and
- Monitoring senior and academy squad costs

Non-financial

The company measures its non-financial performance as follows

- Aviva Premiership league position,
- Number of wins per season,
- Progression in European Cup and Anglo Welsh Cup, and
- Match attendances

RISKS AND UNCERTAINTIES

The company generates cash from operations ahead of expenditure, and does not have a liquidity risk other than from repaying loans taken out to develop the facilities

In the event of the club being relegated the company would receive a "parachute" payment and additional income from central funds. The directors believe that this income, in addition to receipts generated from ongoing activities, would ensure the club has sufficient funding to regain Premiership status in the following season, or enable the company to make alternative contingency plans to manage its liquidity exposure

LAND AND BUILDINGS

In 2008 the company's land and buildings were valued in excess of £20 million

GLOUCESTER RUGBY LIMITED

**DIRECTORS' REPORT
FOR THE PERIOD ENDED 30 JUNE 2011**

PROVISION OF INFORMATION TO AUDITOR

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

- so far as that director is aware, there is no relevant audit information of which the company's auditor is unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any information needed by the company's auditor in connection with preparing its report and to establish that the company's auditor is aware of that information

AUDITOR

The auditor, James Cowper LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006

This report was approved by the board on 28 September 2011 and signed on its behalf



D A McKnight
Chairman

GLOUCESTER RUGBY LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF GLOUCESTER RUGBY LIMITED

We have audited the financial statements of Gloucester Rugby Limited for the period ended 30 June 2011, set out on pages 7 to 19. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITOR

As explained more fully in the Statement of Directors' Responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Directors' Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 30 June 2011 and of its profit for the period 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.

OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion the information given in the Directors' Report for the financial period for which the financial statements are prepared is consistent with the financial statements.

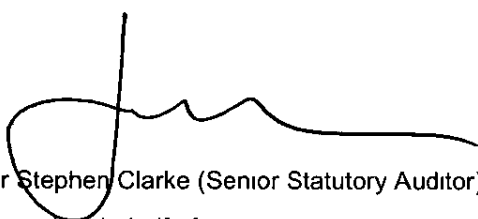
GLOUCESTER RUGBY LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF GLOUCESTER RUGBY LIMITED

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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 remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit



Mr Stephen Clarke (Senior Statutory Auditor)

for and on behalf of
James Cowper LLP

Chartered Accountants and Statutory Auditor

Willow Court
7 West Way
Botley
Oxford
OX2 0JB

Date 28 September 2011

GLOUCESTER RUGBY LIMITED

**PROFIT AND LOSS ACCOUNT
FOR THE PERIOD ENDED 30 JUNE 2011**

	Note	Period ended 30 June 2011 £	Year to 31 May 2010 £
TURNOVER	1,2	11,315,017	9,360,891
Cost of sales		<u>(7,662,289)</u>	<u>(6,893,553)</u>
GROSS PROFIT		3,652,728	2,467,338
Administrative expenses		<u>(3,039,487)</u>	<u>(3,029,878)</u>
OPERATING PROFIT/(LOSS)	3	613,241	(562,540)
Interest receivable and similar income		1,264	894
Interest payable and similar charges	6	<u>(604,405)</u>	<u>(548,864)</u>
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION		10,100	(1,110,510)
Tax on profit/(loss) on ordinary activities	7	<u>-</u>	<u>(51)</u>
PROFIT/(LOSS) FOR THE FINANCIAL PERIOD	15	<u>10,100</u>	<u>(1,110,561)</u>

All amounts relate to continuing operations

There were no recognised gains and losses for 2011 or 2010 other than those included in the Profit and Loss Account

The notes on pages 10 to 19 form part of these financial statements

GLOUCESTER RUGBY LIMITED
REGISTERED NUMBER 00034603

BALANCE SHEET
AS AT 30 JUNE 2011

	Note	£	30 June 2011 £	£	31 May 2010 £
FIXED ASSETS					
Tangible assets	8		9,716,603		9,949,389
CURRENT ASSETS					
Stocks	9	17,562		8,640	
Debtors	10	1,965,883		1,672,056	
Cash in hand		415,192		32,430	
		<u>2,398,637</u>		<u>1,713,126</u>	
CREDITORS amounts falling due within one year	11	(5,077,393)		(5,382,234)	
NET CURRENT LIABILITIES			(2,678,756)		(3,669,108)
TOTAL ASSETS LESS CURRENT LIABILITIES			7,037,847		6,280,281
CREDITORS amounts falling due after more than one year	12		(3,684,644)		(4,937,178)
NET ASSETS			<u>3,353,203</u>		<u>1,343,103</u>
CAPITAL AND RESERVES					
Called up share capital	14		7,134,434		5,134,434
Share premium account	15		382,655		382,655
Profit and loss account	15		(4,163,886)		(4,173,986)
SHAREHOLDERS' FUNDS	16		<u>3,353,203</u>		<u>1,343,103</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 28 September 2011



D A McKnight
Chairman

The notes on pages 10 to 19 form part of these financial statements

GLOUCESTER RUGBY LIMITED

**CASH FLOW STATEMENT
FOR THE PERIOD ENDED 30 JUNE 2011**

		Period ended 30 June 2011 £	Year to 31 May 2010 £
	Note		
Net cash flow from operating activities	17	1,105,261	(806,914)
Returns on investments and servicing of finance	18	(603,141)	(547,970)
Taxation		-	(6,328)
Capital expenditure and financial investment	18	(137,852)	(90,368)
CASH INFLOW/(OUTFLOW) BEFORE FINANCING		364,268	(1,451,580)
Financing	18	393,802	1,642,765
INCREASE IN CASH IN THE PERIOD		758,070	191,185

**RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS/DEBT
FOR THE PERIOD ENDED 30 JUNE 2011**

	Period ended 30 June 2011 £	Year to 31 May 2010 £
Increase in cash in the period	758,070	191,185
Cash outflow from decrease in debt and lease financing	1,606,198	1,021,174
MOVEMENT IN NET DEBT IN THE PERIOD	2,364,268	1,212,359
Net debt at 1 June 2010	(6,949,892)	(8,162,251)
NET DEBT AT 30 JUNE 2011	(4,585,624)	(6,949,892)

The notes on pages 10 to 19 form part of these financial statements

GLOUCESTER RUGBY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2011

1 ACCOUNTING POLICIES

Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards

Fundamental accounting concept

The directors have considered the basis of preparation of the financial statements of the company on a going concern basis

The company made a profit of £10,100 during the period and generated a net cash inflow for the period before financing of £364,268. At the year end had net current liabilities of £2,678,756. The company has prepared detailed budgets and cash flow forecasts for the period to 30 June 2016. These forecasts show that the company will be able to operate within the level of its current debt facilities and with the continuing support of its bankers and shareholders. The directors therefore believe that the company has sufficient resources to continue its activities for the foreseeable future and as such, consider it appropriate to adopt the going concern basis of accounting in preparing the financial statements

Turnover

Turnover represents income receivable from the company's principal activities and is exclusive of value added tax. Matchday receipts are recognised on the date of the game, with season ticket income being spread over the course of the season. Sponsorship, subscriptions 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. Commercial income is recognised as goods and services are supplied. The amounts relating to future accounting periods are carried forward within accruals and deferred income.

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Freehold buildings & ground improvements	-	2-15% straight line
Motor vehicles	-	20% straight line
Fixtures, fittings & equipment	-	15-33% straight line

As permitted by FRS 15 'Tangible Fixed Assets', the company has opted to capitalise the finance costs in respect of the borrowing incurred on the development of the South Stand up until the time that construction was completed.

Leasing and hire purchase

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets. Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives. Assets acquired by hire purchase are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the company. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the Profit and Loss Account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

GLOUCESTER RUGBY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2011

1 ACCOUNTING POLICIES (continued)

Operating leases

Rentals under operating leases are charged to the Profit and Loss Account 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 period until the date the rent is expected to be adjusted to the prevailing market rate

Stocks

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

Deferred taxation

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation

A net deferred tax asset is recognised only if it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted

Deferred tax assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse

Deferred tax assets and liabilities are not discounted

Derivatives

The company utilises interest rate swaps to manage interest rate risk volatility on its bank loans and borrowings. The company is not required to apply FRS26 Financial Instruments Recognition and Measurement and as such, interest rate swaps are not revalued to their fair value or shown in the company's balance sheet at the period end

The fair value of the interest rate swaps held by the company at the balance sheet date is £(423,226)

2. TURNOVER

The whole of the turnover is attributable to the continuing principal activities of the company

All turnover arose within the United Kingdom

GLOUCESTER RUGBY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2011**

3 OPERATING PROFIT/(LOSS)

The operating profit/(loss) is stated after charging

	Period ended 30 June 2011 £	Year to 31 May 2010 £
Depreciation of tangible fixed assets		
- owned by the company	370,638	248,607
- held under finance leases	-	5,264
Auditors' remuneration	9,079	8,000
Operating lease rentals		
- plant and machinery	38,337	25,565
	<u>38,337</u>	<u>25,565</u>

4 STAFF COSTS

Staff costs, including directors' remuneration, were as follows

	Period ended 30 June 2011 £	Year to 31 May 2010 £
Wages and salaries	5,764,607	5,266,391
Social security costs	610,599	572,385
	<u>6,375,206</u>	<u>5,838,776</u>

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

	Period ended 30 June 2011 No	Year to 31 May 2010 No
Sports and rugby players	57	53
Administration, commercial and match day staff	156	161
	<u>213</u>	<u>214</u>

5 DIRECTORS' REMUNERATION

	Period ended 30 June 2011 £	Year to 31 May 2010 £
Emoluments	311,860	394,404

The highest paid director received remuneration of £173,396 (2010 - £206,990)

GLOUCESTER RUGBY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2011**

6. INTEREST PAYABLE

	Period ended 30 June 2011 £	Year to 31 May 2010 £
On bank loans and overdrafts	559,081	497,541
On finance leases and hire purchase contracts	45,324	51,323
	<u>604,405</u>	<u>548,864</u>

7 TAXATION

	Period ended 30 June 2011 £	Year to 31 May 2010 £
Adjustments in respect of prior periods	-	51
Tax on profit/loss on ordinary activities	<u>-</u>	<u>51</u>

Factors affecting tax charge for the period

The tax assessed for the period is the same as (2010 - the same as) the standard rate of corporation tax in the UK of 20% (2010 - 21%) as set out below

	Period ended 30 June 2011 £	Year to 31 May 2010 £
Profit/loss on ordinary activities before tax	<u>10,100</u>	<u>(1,110,510)</u>
Profit/loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2010 - 21%)	2,020	(233,207)
Effects of		
Non-tax deductible amortisation of goodwill and impairment	-	1,319
Capital allowances for period in excess of depreciation	(41,514)	(76,530)
Unrelieved tax losses	39,494	308,418
Adjustments to tax charge in respect of prior periods	-	51
Current tax charge for the period/year (see note above)	<u>-</u>	<u>51</u>

Factors that may affect future tax charges

The company has tax losses at the year end date of £5,150,017 (2010 - £4,952,544) that are available indefinitely for offset against future taxable profits. A deferred tax asset has been included in the accounts in respect of these losses.

GLOUCESTER RUGBY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2011**

8 TANGIBLE FIXED ASSETS

	Freehold property £	Motor vehicles £	Furniture, fittings and equipment £	Total £
Cost				
At 1 June 2010	10,671,902	60,619	391,145	11,123,666
Additions	12,385	5,500	119,967	137,852
At 30 June 2011	<u>10,684,287</u>	<u>66,119</u>	<u>511,112</u>	<u>11,261,518</u>
Depreciation				
At 1 June 2010	868,585	50,756	254,936	1,174,277
Charge for the period	297,442	3,121	70,075	370,638
At 30 June 2011	<u>1,166,027</u>	<u>53,877</u>	<u>325,011</u>	<u>1,544,915</u>
Net book value				
At 30 June 2011	<u>9,518,260</u>	<u>12,242</u>	<u>186,101</u>	<u>9,716,603</u>
At 31 May 2010	<u>9,803,317</u>	<u>9,863</u>	<u>136,209</u>	<u>9,949,389</u>

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

	30 June 2011 £	31 May 2010 £
Land and buildings	929,551	967,638
Motor vehicles	7,017	9,863
Furniture, fittings and equipment	17,206	20,107
	<u>953,774</u>	<u>997,608</u>

The classification of assets and depreciation as previously reported have been reviewed and have been reclassified to more accurately reflect the nature of the assets

Included in land and buildings is freehold land at a cost of £480,000 (2010 - £480,000) which is not depreciated

The cost of the freehold land and buildings includes capitalised finance costs of £404,766 of which an amount of £nil was capitalised during the year

9 STOCKS

	30 June 2011 £	31 May 2010 £
Stock	<u>17,562</u>	<u>8,640</u>

GLOUCESTER RUGBY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2011**

10 DEBTORS

	30 June 2011 £	31 May 2010 £
Due after more than one year		
Deferred tax asset (see note 13)	579,000	579,000
Due within one year		
Trade debtors	808,789	814,117
Other debtors	56,264	1,815
Prepayments and accrued income	521,830	277,124
	<u>1,965,883</u>	<u>1,672,056</u>

11 CREDITORS

Amounts falling due within one year

	30 June 2011 £	31 May 2010 £
Bank loans and overdrafts	1,160,142	1,579,850
Other loans	-	271,744
Net obligations under finance leases and hire purchase contracts	156,030	311,861
Trade creditors	649,916	720,874
Amounts owed to group undertakings	-	56,400
Social security and other taxes	906,724	767,685
Other creditors	20,367	10,060
Accruals and deferred income	2,184,214	1,663,760
	<u>5,077,393</u>	<u>5,382,234</u>

Obligations under finance leases and hire purchase contracts are secured over the assets concerned

Details of the security over the bank loans and overdraft are disclosed in note 12 to the financial statements

12 CREDITORS

Amounts falling due after more than one year

	30 June 2011 £	31 May As restated 2009 £
Bank loans	3,676,673	4,625,369
Net obligations under finance leases and hire purchase contracts	7,971	193,498
Accruals and deferred income	-	118,311
	<u>3,684,644</u>	<u>4,937,178</u>

GLOUCESTER RUGBY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2011**

12 CREDITORS

Amounts falling due after more than one year (continued)

Creditors include amounts not wholly repayable within 5 years as follows

	30 June 2011 £	31 May As restated 2009 £
Repayable by instalments	2,004,451	4,625,369

Bank loans included above and in note 12 includes a loan repayable in part after more than five years being a bank loan of £2,207,593 repayable in instalments over 10 years, bearing interest at 1.625% over the base rate, secured by way of a legal charge over the freehold property of the company and certain assets subject to finance leases

The bank overdraft is secured by way of a fixed charge over the freehold property of the company and certain assets subject to finance leases

The remaining amount shown within bank loans of £2,629,222 is secured by way of a charge over distribution rights, a second fixed charge over the freehold property of the company

Obligations under finance leases and hire purchase contracts, included above, are payable as follows

	30 June 2011 £	31 May 2010 £
Between one and five years	7,971	193,498

13 DEFERRED TAX ASSET

	30 June 2011 £	31 May 2010 £
At beginning and end of period/year	579,000	579,000

The deferred tax asset is made up as follows

	30 June 2011 £	31 May 2010 £
Accelerated capital allowances	-	(18,000)
Tax losses carried forward	579,000	597,000
	579,000	579,000

The company has not recognised a further deferred tax asset of £451,000 as it is unclear when the tax losses associated with this asset will be utilised

GLOUCESTER RUGBY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2011**

14 SHARE CAPITAL

	30 June 2011 £	31 May 2010 £
Allotted, called up and fully paid		
5,467,767 (2010 - 3,467,767) Ordinary shares shares of £1 each	5,467,767	3,467,767
1,666,667 Preference shares shares of £1 each	1,666,667	1,666,667
	<u>7,134,434</u>	<u>5,134,434</u>

On 2 November 2010 the company made a rights issue of 19,999,824 10p Ordinary shares at par. The company made a final issue of 176 10p Ordinary shares at par which completed the rights issue on 27 June 2011.

On 27 June 2011 an Ordinary resolution was passed for the consolidation of the 10p Ordinary shares of the company into £1 Ordinary shares in the company. The shares were consolidated at a rate of 10 10p ordinary shares for 1 £1 Ordinary share in the company.

15 RESERVES

	Share premium account £	Profit and loss account £
At 1 June 2010	382,655	(4,173,986)
Profit for the period		10,100
	<u>382,655</u>	<u>(4,163,886)</u>
At 30 June 2011		

16 RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	30 June 2011 £	31 May 2010 £
Opening shareholders' funds	1,343,103	223,420
Prior year adjustments		(433,695)
Opening shareholders' funds/(deficit) (as restated)		(210,275)
Profit/(loss) for the period/year	10,100	(1,110,561)
Shares issued during the period/year	2,000,000	2,322,767
Share premium on shares issued (net of expenses)	-	341,172
Closing shareholders' funds	<u>3,353,203</u>	<u>1,343,103</u>

GLOUCESTER RUGBY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2011**

17 NET CASH FLOW FROM OPERATING ACTIVITIES

	Period ended 30 June 2011 £	Year to 31 May 2010 £
Operating profit/(loss)	613,241	(562,540)
Depreciation of tangible fixed assets	370,638	253,871
Loss on disposal of tangible fixed assets	-	1,915
Increase in stocks	(8,922)	(8,640)
(Increase)/decrease in debtors	(293,827)	110,334
Decrease in amounts owed by group undertakings	-	8,300
Increase/(decrease) in creditors	480,531	(610,154)
Decrease in amounts owed to group undertakings	(56,400)	-
Net cash inflow/(outflow) from operating activities	1,105,261	(806,914)

18. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN CASH FLOW STATEMENT

	Period ended 30 June 2011 £	Year to 31 May 2010 £
Returns on investments and servicing of finance		
Interest received	1,264	894
Interest paid	(559,081)	(497,541)
Hire purchase interest	(45,324)	(51,323)
Net cash outflow from returns on investments and servicing of finance	(603,141)	(547,970)
Capital expenditure and financial investment		
Purchase of tangible fixed assets	(137,852)	(90,368)
Financing		
Issue of ordinary shares	2,000,000	2,663,939
Repayment of loans	(993,096)	(508,776)
Repayment of other loans	(271,744)	(228,256)
Repayment of finance leases	(341,358)	(284,142)
Net cash inflow from financing	393,802	1,642,765

GLOUCESTER RUGBY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2011

19 ANALYSIS OF CHANGES IN NET DEBT

	1 June 2010 £	Cash flow £	Other non-cash changes £	30 June 2011 £
Cash at bank and in hand	32,430	382,762	-	415,192
Bank overdraft	(375,308)	375,308	-	-
	<u>(342,878)</u>	<u>758,070</u>	<u>-</u>	<u>415,192</u>
Debt				
Debts due within one year	(1,788,147)	1,606,198	(1,134,223)	(1,316,172)
Debts falling due after more than one year	(4,818,867)	-	1,134,223	(3,684,644)
	<u>(6,949,892)</u>	<u>2,364,268</u>	<u>-</u>	<u>(4,585,624)</u>
Net debt				

20 CAPITAL COMMITMENTS

At 30 June 2011 the company had capital commitments as follows

	30 June 2011 £	31 May 2010 £
Contracted for but not provided in these financial statements	<u>140,000</u>	<u>-</u>

21 OPERATING LEASE COMMITMENTS

At 30 June 2011 the company had annual commitments under non-cancellable operating leases as follows

	30 June 2011 £	31 May As restated 2009 £
Expiry date		
Within 1 year	50,485	46,787
Between 2 and 5 years	<u>-</u>	<u>8,876</u>

22 RELATED PARTY TRANSACTIONS

The company made sales of £3,375 (2010 £nil) to Walkinshaw Performance Limited, of which R Walkinshaw is a director. At the balance sheet date £250 (2010 - £250) was owed by Walkinshaw Performance Limited.

23 ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The directors regard Try Investments Limited, a company registered in England, as the ultimate parent undertaking and controlling party.