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Officials of the WRU

Patron

Her Majesty Queen Elizabeth II

President

The Right Honourable Sir Tasker Watkins VC, GBE, DL

Board Members of Welsh Rugby Union

David Pickering	Chairman
Kenneth Hewitt	Vice Chairman
David Moffett	Group Chief Executive
Mal Beynon	
Martin Davies	
Geraint Edwards	
Humphrey Evans	
Brian Fowler	
Roy Giddings	
Russell Howell	
Peredur Jenkins	
Anthony John	
Alan Jones	
John Jones	
David Rees	
Gareth Thomas	
Howard Watkins	
Ray Wilton	

WRU Executive Board

David Moffett	Group Chief Executive (Chairman)
Steve Lewis	General Manager WRU
Paul Sergeant	General Manager Millennium Stadium
Gordon Moodie	Group Finance Director (interim - resigned)
Gwyn Thomas	General Manager Commercial and Marketing
Martyn Rees	Administration Manager

Directorate of Rugby

Terry Cobner (Director of Rugby - retired July 04); Steve Hansen (National Coach - Feb 02 - May 04, replaced by Mike Ruddock); Mostyn Richards (Player Development Manager); Leighton Morgan (Coach Development Manager); Rob Yeman (Director of Match Officials)

Principal Sub Committees

Finance Committee

Martin Davies (**Chairman**), David Pickering, Kenneth Hewitt, David Moffett, Humphrey Evans, John Jones, Group Finance Director

Regulatory Committee

Russell Howell (**Chairman**), Mal Beynon, Geraint Edwards, Alan Jones, Brian Fowler, Steven Lewis, John Owen, Ray Wilton

Game Policy Committee

David Rees (**Chairman**), Roy Giddings, Roger Thomas, Gareth Thomas, Howard Watkins, Peredur Jenkins, Anthony John, Steven Lewis, Chris Jones, Mike Farley, Rolph James

International Rugby Board Representatives

David Pickering, David Moffett

Six Nations Committee Representatives

David Pickering, David Moffett

ERC Representatives

David Moffett, Stuart Gallacher

Board Members of Millennium Stadium plc

David Pickering	Chairman
David Moffett	
Cllr Russell Goodway	
Byron Davies	
Lord Faulkner of Worcester	
Helen Conway	
Stella Mair Thomas	
Ken Hewitt	
Mal Beynon	
Martin Davies	
Geraint Edwards	



WRU Chairman David Pickering (right) shaking hands with Group Chief Executive David Moffett after extending the GCE's contract to 2008



Try time for Rhys Williams as the 'Welsh way' returns



David Pickering
Chairman, WRU

“Traditional
Welsh flair
re-emerged
at the 2003
Rugby World
Cup”

Chairman's View

Of all the things that happened in Welsh rugby over the past year, the most significant in my view was the re-discovery of the Welsh way of playing. Traditional Welsh flair re-emerged at the 2003 Rugby World Cup in Australia and three billion viewers around the globe marvelled at the way the likes of Shane Williams, Gareth Thomas, Stephen Jones, Sonny Parker and Mark Taylor created space and tries against teams of the calibre of New Zealand and England.

That style was carried into the RBS Six Nations and, with a Welsh coach back at the helm of the national side after six years under the expert guidance of New Zealanders Graham Henry and Steve Hansen, everyone in Wales is expecting more thrills from Mike Ruddock's men. The gutsy and stylish performances of the national team brought more fans through the turnstiles to watch them and that meant an extra £1m gross revenue from our three championship matches. More of the same will be needed from the fans in the years to come if Wales' national sport is to flourish, with greater support urgently required at regional level. Everyone recognises that Test rugby is the commercial engine of the game, but the four regional sides need to improve their financial positions to compete at the very highest level on the Celtic and European stages.

The WRU Board of Directors has recognised the support required at the professional end of the game. That's why the regions were given £7.5m worth of funding last season and the national side have had their facilities improved. As well as the state of the art training centre used by the national squad at the Vale of Glamorgan Hotel, we are also in the process of creating four regional centres of excellence for our regional sides. The National Assembly, through the Sports Council for Wales, have backed our plans with a £3m grant and the benefits will be felt by players of all ages once our ambitious National and Regional Academy structures are fully operational.

We have also secured a vibrant Test fixture schedule through to 2012 and we have signed some long-term broadcast and sponsorship deals. Add to that a superb deal struck with the French to host four games, including a quarter-final, in the 2007 Rugby World Cup, and it is easy to see why everyone in Welsh rugby should be up beat when looking to the future.

Off the field, I have been delighted with the way in which the 18-man WRU Board of Directors have taken tough and often unpopular decisions as they continue to act as the guardians of our game. Their collective leadership and rugby pedigree has proved invaluable in providing the framework and policy for the new Management Team to act on. David Moffett, the WRU Group Chief Executive, has followed their lead and offered the strong, committed, no-nonsense management Welsh rugby has been crying out for. You only have to look at the increase in income and savings in expenditure that have taken place over the past year to see how valuable David's contribution has been. That's why the Board of Directors unanimously agreed to extend his contract to 2008, which means he will be in position to oversee the Union's 125th birthday celebrations in season 2005/2006 and Wales' challenge at the 2007 Rugby World Cup. David has also been able to bring out the best in his management team - WRU General Manager Steve Lewis, Millennium Stadium General Manager Paul Sergeant, WRU Group Commercial and Marketing General Manager Gwyn Thomas and WRU Group Finance and Administration Manager Alan Hamer - and I am happy to report that the governance and development of our game has never been in better hands. We now have strong management at every level, true strategic direction and financial stability.

Not that we are out of the woods on the financial front just yet. The debt on the Millennium Stadium is still causing concern and stands at a level that nobody ever envisaged when we were formulating plans to replace the old Cardiff Arms Park. Our approach to resolving the problem has been to meet it head on. Much of the last year has been spent in discussion with our bankers, Barclays, and BT, to whom we still owe more than £10m, about our financial position and we remain confident of being able to provide some encouraging news on that front in the near future.

It has been a year of change from top to bottom in Welsh rugby and I have been heartened by the way everyone has shared the pain and taken change in their stride. The professional game has a great opportunity to move forward at a rationalised regional level, the signs are there for all to see that the international team is capable of rising even further up the world rankings and the community game is starting to flourish again.

There is a lot of hard work ahead of us all, from the small army of coaches and administrators who superbly service the needs of the game to the highly paid professionals at the top end, but there is so much to look forward to. The Tri-Nations champions South Africa will be joined by the All Blacks in coming to Cardiff in November and then we have the world champions England at the Millennium Stadium at the start of the RBS Six Nations. That will be a great way to kick-off the 'Cardiff 2005' celebrations, when our close friends at the local authority will be celebrating 100 years of city status and 50 years as the Welsh capital, and then we will move into the 125th anniversary season of the WRU.

David Pickering, WRU Chairman





Driving Welsh rugby forward - Gareth Thomas at his best



David Moffett
WRU Group
Chief Executive

“If the past 12 months have been hard, then the next year is going to be vital for professional rugby in Wales”



Chief Executive's Report

It has been a painful few years for Welsh rugby as it has been forced to adapt and change in an attempt to climb out of the financial mire. But the changes we have introduced have allowed the game to look forward to the 2004-05 season and beyond with a solid platform for stability and good reason for optimism.

I've always been an advocate of the 'no pain, no gain' syndrome, but an organisation can endure that amount of pain for only so long. Now is the time to concentrate on the game itself - the community game and the professional game, because without the former, we wouldn't have the latter.

In the past two years, we have streamlined community rugby and most clubs seem happy with the new systems. As well, the semi-professional tier is ready to build on its highly promising debut season and move further down the road in trying to emulate such world-leading competitions as New Zealand's NPC tournament and South Africa's Currie Cup.

Professional rugby has been condensed to four regions and I stand by something I said 18 months ago - four regions are as many as Welsh rugby can sustain, for both player-resource and financial reasons.

The demise of the Celtic Warriors earlier this year has been the cause of angst and concern among fans but I am convinced the right decision was made in the best interests of Welsh rugby as a whole. And the four remaining regions have given the Union cast-iron assurances that they will ensure that no rugby fan in Wales is left feeling disenfranchised.

If the past 12 months have been hard, then the next year is going to be vital for professional rugby in Wales. Quite simply, it needs the support of the fans to succeed and flourish.

Financially, we are working with Barclays Bank and BT on restructuring our debt. At the time of writing, there is nothing concrete to announce, but progress has been made and I hope to have further information available at the AGM in September. The deal we are fashioning will put the WRU Group on a firm financial footing, but will not allow us to return to the heady days of "spend, spend, spend".

Three issues I want to raise are the paying of "amateur" players, the Celtic League and the ticketing system used for Test matches. Welsh rugby simply cannot sustain the paying of players in the lower divisions. It is financially untenable and it is up to the individual clubs to put a stop to a practice that is hurting the game.

The Celtic League is vitally important for rugby in this country. We have to take it seriously and we have to encourage Ireland to take it seriously. If the Celtic League is to go head-to-head with the Zurich Premiership, the Irish Rugby Football Union - in particular - have to get on board.

As for the new ticketing system we introduced for international matches last season, it helped to provide us with an extra £1m in revenue from our three RBS Six Nations matches by increasing attendances at the Millennium Stadium. However, if that was proof of the positive financial effect the new rules can have, it has to be said the take-up by clubs for the four 2004 Lloyds TSB Autumn Internationals is far from satisfactory and a source of concern for the Union. If we don't fill the Millennium Stadium, it affects the Union's finances and therefore the clubs' finances.

On the field, 2003-04 will be remembered as the season when Wales regained their rightful place at the top table of world rugby - and traditional Welsh flair returned.

After two heavy losses on the summer tour Down Under and several mixed performances in the World Cup buildup matches, even Welsh fans - the best in the world - began fearing the worst as Steve Hansen and his men went to Australia to strut their stuff on the international stage.

What was to follow was a just reward for the huge amount of work that Steve, his assistants and - most importantly - the players had put in over the summer and spring. Our performances against firstly New Zealand and then eventual champions England made the rugby world sit up and take notice of Wales. With an ounce or two of luck, we could have won both games.

The World Cup set Wales up beautifully for a successful Six Nations campaign, and while our final position on the table wasn't as high as we would have liked, a lot of confidence could be taken from our performances against World Cup holders England and Grand Slam winners France.

We need to complement our improvement on the field with a solid, positive financial structure off it. With help from the clubs, we feel we are well on our way to achieving that.

David Moffett, WRU Group Chief Executive





Steve Lewis
WRU General Manager

WRU General Manager's View

After a year of almost unprecedented change to the shape of the game in Wales, Welsh rugby is set to reap the benefit of its new streamlined approach. Just as a coach relies on good organisation of his team on the field, so the WRU requires a rational framework for its clubs, players, coaches and supporters to work within. Much of the work that has been done over the past year has been geared to giving greater clarity and direction to all parts of our game. The move from five to four Regions meant we had to revamp our plans, but we believe the new boundaries we have introduced have brought much needed clarity to the development structure for the next generation of Wales stars.

Now every club knows where it fits into the greater scheme of Welsh rugby and, perhaps most importantly of all, there is a clear and concise pathway for youngsters to become professional players and reach the top. They now have a clear route to the top and know who is going to support them along the way.

The job of redefining the borders of Welsh rugby has been carried out by the Rugby Directorate and now means we fit into the Unitary Authority boundaries across the country. No longer will there be any conflict for the services of players at any age level - everyone will know who they are eligible to play for.

The responsibilities that have been handed to the four Regions are massive. They are at the top of a playing and developmental pyramid that makes them the guardians of the game in their Region. Their individual Academies will nurture the young talent available to them and, it is hoped, provide them with a stream of young professionals for future years. Just beneath the professional sides lies the vitally important Welsh Premier Division. This had an encouraging first season and is all set to become the breeding and proving ground of the next generation of professional players. While the Premiership feeds into the Regional sides, so the Lloyds TSB National League feeds into it. While the WRU membership has grown to 242 clubs, it is also very encouraging to report that the game in Wales is bucking the global trend and showing a rise in playing numbers. The National Audit we undertook in 2002/2003 showed an upward turn in participation at schools and youth levels. We also saw growth in the number of qualified coaches and referees. The next audit is due to take place shortly and we are expecting to see further encouraging signs of growth in our national game.

The rationalisation of the game at all levels beneath the four Regions should have a positive impact on the growth and development of rugby across the length and breadth of Wales and it is vital that we strengthen our playing base. The high performance, professional end of the game is being well serviced and catered for with £7.5m worth of funding from the WRU, a tremendous competitive structure and massive media exposure. And the semi-professional Premiership is developing into a natural breeding ground for aspirational players. The challenge to the rest of the clubs in Wales is to fully understand their roles and duties. It is the WRU's view that the teams in the Lloyds TSB National League should return to their long standing amateur status and service the needs of their communities, rather than handing out payments to players. Success at this level should be judged not merely on league status and results, but on the quality of facilities, playing numbers, membership and the opportunities for Under 19 players.

The network of development officers built up in partnership with so many local authorities around Wales continue to do a vital job in spreading the rugby gospel and giving direction to the game at junior level. Terry Cobner, who retired from his role as the Union's Director of Rugby in July, was instrumental in creating that system and should be thanked for his innovative work over the past eight years. His department has also created a coach education programme that is fast becoming the envy of the world and his blueprint for the Regional and National Academies will become increasingly important in the future.

On the refereeing front, Rob Yeman and his department once again did a superb job in covering all games throughout the season. Nigel Williams and Nigel Whitehouse have been officiating at the very highest levels and are to be commended for their roles in the 2003 Rugby World Cup in Australia.

The Affiliated Bodies continued their good work, much of which has become more hand in glove with the Union's own thinking and operation, and it was very pleasing to see the Welsh Women's team break new ground by winning a Test series in South Africa.

Steve Lewis, WRU General Manager

“Responsibilities handed to the four Regions are massive”





Cheers all round!



Gwyn Thomas
WRU Commercial and
Marketing General
Manager

“We are
highly
focused on
customers
and have
much better
relationships”



Commercial Report

It wasn't just on the field that Welsh rugby moved forward in 2003/2004. The success of the national side in moving up the world rankings, allied to the re-shaping of our professional game, proved major catalysts for an increase in commercial activity. In fact, the past year has witnessed some of the most significant commercial activity the WRU has enjoyed for many years. The upshot will be a new look for the Welsh team from the 2004/2005 season onwards. The latest re-design of the national jersey by our kit manufacturers Reebok, who have signed a four-year extension to their deal with the WRU, will be revealed in time for the Lloyds TSB Autumn International Series. Not only will there be a new kit, but it will also have a new shirt sponsor.

We have been working hard to create an environment in which Welsh companies would feel comfortable backing the biggest sporting team in Wales and by introducing Brains into Welsh rugby's commercial portfolio as the new shirt sponsor we feel we have brought an even greater Welsh feel to the national jersey.

The world renowned, Cardiff-based brewers have not only become the first Welsh company to pay to have their name on the Welsh jersey, but have also included pouring rights at the Millennium Stadium in their four year deal with the WRU. It means that Brains will be the "Official Ale" at the stadium, while our long standing lager providers, Coors, have extended their five year relationship. Guinness and Bulmers remain official suppliers of the stadium's stout and cider and we will be looking to extend our deals with them before the end of the year.

Seat, the official car suppliers to the WRU, have extended their deal with us for an extra 12 months and we also signed a four year deal with OneRugby to become our merchandise arm. We have created a range of products that have excited our business partners to such an extent that we have been successful in re-signing Gilbert, Eden Park, and WRU Travel Services in 2004 and introduced new partners at differing levels such as Tesco, Masahi and Warburton's.

Our Corporate Partners have become key stakeholders in our business not only through their substantial investment, but also through their contribution to our Corporate Partners Steering Group. This group meets at regular intervals and enables the WRU to draw on the expertise offered by companies such as Reebok, Coca Cola, SEAT, COORS and the BBC.

Every club in Wales has seen the benefit of signing a new title sponsor for the WRU Challenge Cup. We introduced Konica Minolta on a two year title sponsorship deal of the cup competition in November – they also have a four year service deal with the WRU on their product – and Neath proudly carried off the Konica Minolta Cup in May. The cup sponsorship sits alongside the three year deal struck with Lloyds TSB to back the National Leagues from Division 1 down. All that remains to complete the jig-saw is a sponsor for the Welsh Premier League.

Much of the past 12 months has been spent creating a new commercial team and a new commercial culture at the WRU. We are now highly focused on our customers and have much better relationships all round. Our aim is to leave a legacy of trust, respect and transparency with everyone we deal with. While we are fiercely protective of our product, we have become far more inclusive in our approach to doing business with people. There is greater flexibility, more understanding and a stronger will to succeed. That is reflected in the large number of people who are extending their leases on the Millennium Stadium boxes and club seats, the new customers coming forward to take advantage of our expanded range of products in the hospitality market and the increasing number of businesses who are expressing an interest in becoming involved in Wales' national game.

We are leaner, meaner, wiser and far better conditioned on the commercial front than we were a year ago. The results prove that, although there is no room for, or any thought of, complacency creeping in. There is little doubt that the success of our teams at every level, International, Regional, Semi-Professional and Community, has helped to create a more positive environment to generate commercial activity in Welsh rugby. So, too, has the success of the Millennium Stadium. In the space of five years it has established itself as one of the greatest sporting arenas in the world and become vitally important to the Welsh economy as a whole.

Can you imagine the modern Wales without its world class, world renowned icon. If the old Cardiff Arms Park was greatly loved and admired, it was but a park bench compared to the magnificence of the Millennium Stadium. All the hopes and aspirations the people of Wales harboured for the Millennium Stadium have been realised and, five years down the line, we have a much better rapport with, and understanding of, our customers and partners. We have tried to engage all our commercial backers and all our customers. The response from the public has been magnificent and the commitment shown by the people of Wales to Welsh rugby never ceases to amaze. Because of that passion and commitment we have been able to shape one of the strongest products in the market place. The success of the Millennium Stadium has had a huge impact on the Welsh Rugby Union, not merely in giving it a magnificent setting in which to stage its matches, but by considerably enhancing its profile. As a result, more and more businesses and people want to become a part of what is a market leader in terms of professional sport in Wales.

In teaching they talk about the 3Rs. In marketing it is the 5Ps - PEOPLE, PRICE, PRODUCT, PLACE, PROMOTION - and by addressing the issues raised in those sectors in a professional manner we feel we have moved our business forward in the past year.

Gwyn Thomas, WRU Commercial and Marketing General Manager



Five years old - and in fantastic shape to move forward



Paul Sergeant
General Manager
Millennium Stadium

“The Stadium
has become
synonymous
with sporting
excellence”



Millennium Stadium Report

It is said that in life there are lies, damn lies and statistics. What I want to do is give you some hard facts about the Millennium Stadium 18 months into my reign as General Manager and five and a quarter years into the life of one of the world's greatest stadia.

Since it opened its doors for business on 26 June, 1999, the Millennium Stadium has hosted 130 major events, attracted more than 6 million visitors and generated more than £1b worth of economic benefit to Wales. RBS Six Nations rugby, the FA Cup and Carling Cup finals, rugby league's Powergen Challenge Cup, the British Speedway Grand Prix and Wales' Euro 2004 qualifying matches have all been staged at the 'Home of Welsh Sport' in the past year.

Not a bad start for a project which was only made possible by the WRU member clubs voting to knock down the old Cardiff Arms Park and replace it with a building that has become the jewel in the crown of the modern Wales.

The Millennium Stadium has connected with the people of Wales, and engaged sports fans across the world, in such a way it has become synonymous with sporting excellence. It has put Wales on the global map in a way it had never enjoyed before, considerably enhanced the reputation of its capital city and proved to the sporting world that the biggest and best events can be superbly hosted in Cardiff.

The Millennium Stadium and Cardiff have built a great reputation in a small space of time, but so have the unsung heroes of the home of Welsh sport, the staff and stewards. It is a central feature of the positive feed back we receive from our clients that the welcome they receive, and the professionalism they witness, here in Cardiff is second to none.

Much of the last year has been spent reshaping the business and upgrading facilities. Operationally we have tackled head-on some of the real bug-bears of the stadium since it opened, such as disabled seating and the pitch system. This has left us with a loss of £586,773 over the last financial year, but means we can now deliver what we are contractually obliged to provide and that we have the structures in place to not only deal with existing business, but also to actively pursue new events.

Commercially we have brought the merchandising operation in-house, we have an agreement with one of the world's leading ticket agencies, Ticketmaster, and we are no longer tied to a single concert promoter. We have also built an excellent working relationship with our catering contractors, Letheby & Christopher, and it is my view that we are now in fantastic shape to move forward.

We are generating more events, a number of which have been created by ourselves. The Neil Jenkins v Jason Leonard 'Tribute to the Legends' rugby game and the 'Cardiff Capital Challenge' soccer match between Barcelona and Parma were prime examples of what we can achieve here at the Millennium Stadium.

What will help in our new approach is the fact the Millennium Stadium won't be the only arena housed on the ancient site of Cardiff Arms Park from this year onwards. Thanks to a mixture of private and public finance an innovative, adaptable and much needed 'Shorthall Arena' will be created inside the Millennium Stadium through the purchase of a giant, roof to floor curtain.

Letheby & Christopher have backed the new scheme to the tune of £500,000 and a further £460,000 has been provided towards the £1m venture by the Millennium Commission and the Wales Tourist Board. The curtain will open up a whole new range of possibilities and market for indoor business. There is no indoor arena between Cardiff and Birmingham or London capable of holding any more than a few thousand people. We have a catchment area that holds nine million people within a one hour drive of Cardiff and, with our new ability to offer an arena capable of holding anything between 12,000-35,000 people, we can now bid for a multitude of concerts, family events and new sporting experiences.

There is little doubt that the closure of Wembley allowed the Millennium Stadium to establish itself as the No 1 sporting venue in the UK. Slowly, but surely, the new £700+ m Wembley is being constructed and is set to re-open in time to host the 2006 FA Cup final. We've known that ever since we struck an agreement with both the Football Association and the Football League to stage their major club finals. The Millennium Stadium has provided both bodies with a fantastic venue to stage their most prestigious fixtures, but only on a temporary basis.

So what happens when the FA Cup and Carling Cup finals, the Community Shield, the LDV Vans Trophy final and the Coca Cola Play-Off matches revert back to England? One thing is certain it won't be the disaster that has been predicted by some out of touch pundits. From our point of view, losing the seven events will free up 40 days in the calendar. The challenge we face is to improve the revenue streams we have enjoyed from hosting the seven English soccer events since 2000 by creating new events in those 40 free days. I am confident we can do that.

We have laid a solid foundation for the future, but the hard work begins now. We still have a long way to go.

Paul Sergeant, General Manager Millennium Stadium



Alan Hamer
General Manager
Finance and Administration

“By offering tickets to the public at an earlier stage the game benefited as a whole”



Financial Report

The results for the consolidated accounts of the WRU Group for the 2003/2004 period are for 13 months rather than the normal 12 following a change in year end date to 31 May. The figures reveal a net loss of £124,656 over the 13 months, compared with a loss of £2,599,195 during the previous 12 months.

As in previous years' statements of accounts, the results of the WRU are shown separately on pages 34 to 38 and are then followed by the Consolidated Group Accounts on pages 41 to 57.

The WRU is the holding company for Millennium Stadium plc and Coppergreen Ltd. Their results are included in the Consolidated Accounts, along with those of Gowerpark Ltd, trading as Neath RFC, up until that company was placed into liquidation in August, 2003.

WELSH RUGBY UNION

As far as the Welsh Rugby Union accounts are concerned, the financial position moved from a net loss of £3,781,822 in 2002/2003 to net profit of £82,128 over the 2003/2004 period. Net assets at 31 May, 2004 total £2,897,596.

In line with the demand of the Group Chief Executive to increase revenue streams, the Revenue Income in 2003/2004 increased by £227,000 to £2,036,363.

Although a number of commercial contracts ended during the period, I am pleased to report that they have been renewed on improved terms. We are also delighted to continue our strong relationship with Reebok and eagerly look forward to the Autumn Internationals when our new shirt sponsors 'Brains' will be included on the national jersey for the first time.

Another significant boost during the year was provided by a grant from the International Rugby Board Trust as part of their continued support in helping with the development of the game throughout the Principality.

There was also a rise in Match Income. This is especially important during the current climate of falling income from broadcast partners. While the increase was only just over £30,000 (£4,764,547 in 2002/2003 and £4,798,171) it was a move in the right direction and the clubs should be congratulated for the part they played in once again acting as important brokers in ticket sales in a year that saw a change in the overall sales procedure.

In the end, the new policy enabled the WRU to post an increase of more than £1m in gross ticket revenues generated from the three home RBS Six Nations matches as compared with the comparable matches in 2002. The improved performances of the national team played their part in the increase, but so did the increased prices and the new system of marketing tickets. By offering tickets to the general public at an earlier stage, and in a more orderly fashion than in previous seasons, the game benefited as a whole.

But while there was increased revenue from the RBS Six Nations matches, we lost out on the opportunity to generate income from the Autumn International Series due to the 2003 Rugby World Cup. Thankfully, this loss came in a season when we had three home games in the RBS Six Nations Championship, rather than two.

We were able to promote two World Cup warm-up matches in August, but the revenue generated from the games against England and Scotland did not fully compensate for the loss of the Autumn Internationals. The return from the game against the Scots was particularly disappointing.

Opting out of the IRB Sevens Series saved a significant amount of money over previous years, as did the suspension of 'A' internationals. However, in total, costs have remained in line with those from the previous year.

The 2004/2005 season will see a welcome return of the Autumn Internationals and for the first time in many seasons we will have two SANZAR nations coming to Cardiff. With South Africa, New Zealand Japan and Romania at the Millennium Stadium in November, and the world champions England and Triple Crown holders Ireland visiting for the 2005 RBS Six Nations campaign, we can expect significant revenues to be generated.

The start of the 2003/2004 season saw the formation of five new full time professional Regional teams to whom the WRU allocated them £7.5m.

It is sad to report that the Celtic Warriors went into liquidation at the end of the season, leaving the Blues, Ospreys, Scarlets and Dragons as the Welsh representatives in next season's Celtic League and Heineken Cup competitions.

Funding to the 16 semi-professional sides in the WRU Premier Division was £50,000 each, while the 16 in the Lloyds TSB National League Division 1 received £36,000 each - a total of £1.376m.

The remainder of the 201 clubs in the league system shared £1.16m. For the 2004/2005 season the Premiership sides will receive the same amount, but all teams in the Lloyds TSB National league system, including Division 1, will receive £6,000.

Financial Report

As well as increasing income, the Group Chief Executive also called for a reduction in costs. This was achieved using a number of initiatives and can be clearly seen in the accounts by comparing costs year on year.

Corporation Tax for 2003/2004 of £112,416 arose out of a deferred tax charge for the period (2003: £338,394), and following a detailed review of loans due from Clubs, it was felt prudent to increase the general provision by £200,000 to £700,000.

The Balance Sheet for the Welsh Rugby Union Limited is disclosed in accordance with the Companies Act 1985 and is shown within the Financial Statements on page 42.

This page shows the Balance Sheet of the WRU ("Company"), and the Group Balance Sheet. Details of the major subsidiary undertakings are shown in Note 30 on page 57.

An overview of the Company Balance Sheet shows that the WRU owns tangible assets totaling £36,290,715 - i.e. the land and buildings owned by the Union.

In addition, the WRU has investments totaling £4,235,000, (comprising of areas of land surrounding the Stadium), and it has appointed property agents to sell these

Included within debtors is the loan due from the Millennium Stadium plc, which totals £9,715,016 and pre-payments and accrued income totaling £2,251,588 consisting of mainly TV and Broadcasting Income.

In total creditors (excluding debentures) have decreased by just under £2m although you will notice an increase in the element falling due for payment within 1 year. This is because of a reclassification of an amount due to a third party which arose on completion of the Millennium Stadium.

Thanks to the continued success of the Jubilee Debenture scheme, the amounts due to debenture holders has increased to £31,881,600, while Reserves at 31 May, 2004 stood at £2,897,596.

MILLENNIUM STADIUM

The results of Millennium Stadium plc for the 13-month period ending 31 May, 2004 show a loss of £586,773 against a profit of £1,153,401 in 2002/2003. However, it is worth remembering that the 2003 results included a one-off rates rebate of £1.1m.

There was an increase in turnover for the year of £888,284 to £11,315,654, although this was due mainly to the change in the accounting year bringing in the month of May which included the FA Cup final, the Powergen Challenge Cup final and the Football League Play-Off finals.

Now five years old, the Stadium hosted an increased number of events and was filled to capacity for a number of high profile pop concerts during the year. A number of the initial hospitality box and club seat agreements have now expired and the rich portfolio of events will be key in attracting customers, both new and old, to take up licences.

Whilst turnover has increased, so too have costs - more money has been spent on maintaining the facility, a provision of £300,000 has been made in relation to the trade debts, while the figures include an additional month's depreciation charge (net of release of Millennium Commission Grant).

The indebtedness of Millennium Stadium plc continues to be significant and a rise in interest rates coupled with an additional month's charges, contributed to an 11% rise in interest costs over the previous year to £2,960,426.

Net assets for the Stadium totalled £1,507,626 at 31 May, 2004 (£2,094,299 on 30 April, 2003). As a result of the events staged at the Stadium in May 2004 there has been an increase in year-end debtors, whilst net debt increased to £52,329,648 (£51,879,233 in 2003), comprising of loans of £49,170,000 and overdrafts of £3,159,648

The unamortized element to the Millennium Commission grant has reduced to £40,418,667 whilst no further amounts are due in relation to the Football Trust Grant.

Alan Hamer, General Manager Finance and Administration





International Rugby Review

After a summer tour that saw Wales put to the sword by a rampant New Zealand side, the last thing fans wanted was to meet the All Blacks again at the 2003 World Cup in Australia.

But, instead of a repeat of the embarrassing 3-55 scoreline in Hamilton in June, Wales produced arguably the most exciting performance at the tournament and came within inches of causing the biggest upset in World Cup history.

Steve Hansen's men had shown little in their warm-up games - including poor losses to Ireland and England - to indicate they were about to take the rugby world by storm, but that's exactly what they did in front of 80,000 fans in Sydney on November 2.

Mark Taylor, Sonny Parker, Colin Charvis and Shane Williams ran in tries as the fired-up Dragons scored 24 unanswered points to hold a six-point lead an hour into a match the All Blacks were expected to win in a canter.

But all good things must come to an end and a blatant forward pass put New Zealand winger Doug Howlett over in the corner to end the brave Welsh resistance. The All Blacks scored again to win 53-37, but it was the Wales players who walked off the field with their heads held high. It was the first time Wales had scored four tries against the All Blacks and it was comfortably the most points ever recorded against them. Even so, the Welsh fans and players were left dreaming of what might have been, although considerably buoyed by the whole experience.

Barely a week later, they did so again after scaring the eventual world champions England by leading at half-time and out-scoring them three tries to one. The class of Jonny Wilkinson gave his side a 28-17 win in the Cup quarter-final, but England coach Sir Clive Woodward had the grace to admit the best side on the day had come second.

The World Cup heroics gave fans renewed optimism for the 2004 RBS Six Nations, but it wasn't to be. A confidence-boosting 23-10 victory over Scotland was soon forgotten as Ireland crushed Wales 36-15 and France and England recorded narrow wins.

Wales recovered to give departing coach Hansen a perfect send-off with a 44-10 win over Italy at the Millennium Stadium, and the New Zealander was given a standing ovation by an appreciative 70,000-strong crowd after two years in charge. Fans also cheered fullback and Wales Player of the Season Gareth "Alfie" Thomas for breaking Ieuan Evans' record by scoring his 34th Test try, and lock Gareth Llewellyn for equalling Neil Jenkins' record 87 Tests in the red jersey.

The WRU surprised a few people by selecting Newport Gwent Dragons coach Mike Ruddock as Hansen's replacement as Wales coach, and he made the perfect start to his international career with a crushing 42-0 over a star-studded Barbarians side in Bristol before embarking on an end-of-season tour of Argentina and South Africa.

A former Wales B back row man, who played for Blaina, Cross Keys and Swansea, Ruddock cut his teeth in coaching at Cross keys before moving on to Swansea, where he won the league and cup as well as masterminding the 1992 success over the world champion Wallabies. From there he moved on to become director of coaching at Leinster, before returning to Wales to coach Ebbw Vale and Wales A. His first taste of coaching at international level came during the 1995 World Cup when he was an assistant coach to the caretaker Alex Evans in South Africa.

Ruddock was given a rude introduction to the vagaries of Test rugby when his injury-depleted side lost the First Test against Argentina 50-44, although a late comeback that saw Wales score three tries in the final 10 minutes gave the side confidence for the Second Test in Buenos Aires ... and so it proved. A Shane Williams hat-trick in the first half gave the tourists the perfect platform to record a 35-20 victory and a squared series.

Ruddock warned that the final match of the tour in Pretoria may be a game too far, and South Africa proved him right by dishing out a 53-18 mauling as the tired Wales players had one eye on the flight home.

Llewellyn finished the season with 90 caps and a new contract with French side Narbonne, while fly-half Stephen Jones joined Montferrand and Thomas is now at Toulouse. Captain Colin Charvis has signed with English club Newcastle Falcons and former coach Hansen is making waves as New Zealand forwards coach.

Ruddock's first 'home' Test will come at the start of the Lloyds TSB Autumn International Series when the newly crowned Tri-nations champions South Africa return to the Millennium Stadium in November. That will be the first of four internationals in the space of a month at the home of Welsh rugby. The games against Romania and Japan will kick-off on Friday nights, while the return of former Welsh coaches Graham Henry and Steve Hansen with the All Blacks will be a Saturday afternoon match.

It will be the first time in many years that Wales have met two Tri-Nations sides in their Autumn Series and, with the world champions England first up in the RBS Six Nations Championship, it promises to be a testing time for Ruddock, his coaching team and players.





Welsh Results 2003 - 2004 Played - 20; Won - 9; Lost - 11. Points for - 524; Points against - 545.

2003 Summer Tour

June 14	Australia	30	WALES	10
June 21	New Zealand	55	WALES	3

Rugby World Cup Warm-Up Matches

August 16	Ireland	35	WALES	12
August 23	WALES	9	England	43
August 27	WALES	54	Romania	8
August 30	WALES	23	Scotland	9

2003 Rugby World Cup - Australia

October 12	WALES	41	Canada	10
October 19	WALES	27	Tonga	20
October 25	WALES	27	Italy	15
November 2	WALES	37	New Zealand	53
November 9	WALES	17	England	28

2004 RBS Six Nations Championship

February 14	WALES	23	Scotland	10
February 22	Ireland	36	WALES	15
March 7	WALES	22	France	29
March 20	England	31	WALES	21
March 27	WALES	44	Italy	10

Uncapped Friendly

May 26	WALES XV	42	Barbarians	0
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2004 Summer Tour

June 12	Argentina	50	WALES	44
June 19	Argentina	20	WALES	35
June 26	South Africa	53	WALES	18

RBS 2004 Six Nations Championship

Nation	P	W	D	L	F	A	Pts
France	5	5	0	0	144	60	10
Ireland	5	4	0	1	128	82	8
England	5	3	0	2	150	86	6
WALES	5	2	0	3	125	116	4
Italy	5	1	0	4	42	152	2
Scotland	5	0	0	5	53	146	0

Wales Under 21 Review

The 2004 season was the year Wales lost their grip on the Six Nations title - but saw a new generation of Dragons in waiting emerge. After the loss of the likes of Gavin Henson, Nicky Robinson, Nathan Brew, Paul James, Huw Bennett and Jonathan Thomas - all called upon to represent Wales on the highest stage - the Grand Slam-winning side of 2003 was ripped up as coach Chris Davey started again with a new crop ready to stake their claim. And now the likes of Richie Pugh, Luke Charteris, Matthew Nuthall and James Merriman are that much closer to their full potential after an Under 21 international season that should be judged on performances rather than results.

Wales got their title defence off to a flyer in February's crushing victory 39-6 over Scotland - with 10 new caps in the starting line-up - but were brought back down to earth with a bump in a 19-30 defeat to a very able Irish outfit. While coach Davey found solace in accepting Ireland were the best team Wales faced all year, there was nothing but disappointment in a 36-9 reversal at the hands of France three weeks later.

An injury ravaged team - who had not even trained together - made up for the French defeat with a huge effort to push England all the way at Gloucester before eventually going down 19-22, while a healthy 49-17 win over Italy in late March saw Wales finish in fourth place in the Six Nations and at least sent the team to the World Cup in Scotland on a high note. The side were denied their skipper for the tournament as the fine form of Ospreys flanker Pugh had Mike Ruddock calling for his services, while key men Charteris (Dragons), James Malpas (Blues), Dai Bishop (then Warriors, now Ospreys) and Merriman (Gloucester) all stayed at home because of injury.

But despite the setbacks, a 46-11 demolition of Russia followed before an almighty performance had South Africa running scared in their next outing. The Dragons clawed themselves back from a 19-point deficit to deservedly lead the game in the final minutes, only for the much-fancied Springboks to steal the group tie 27-26 at the death.

England once again proved too tough, despite another hungry display from the Welsh, but the Six Nations defeat to France was avenged in a 29-21 win in the Scottish capital of Edinburgh. Another hotly-contested battle with the old enemy followed but there was no third time lucky for Davey's side as England took the spoils and fifth place with a 26-19 victory.

It was by no means a disgrace for the Welsh, who finished two places up on their seeded eighth position, but still a case of what might have been after being edged out by South Africa when a win would have taken them to the semi-finals. "We should have won that game but we can still take heart from some of the performances in Scotland," said Davey. "Given the players we lost from last year, call-ups and injuries we were left with a very young side."

"But we were always competitive and already performances from Richie Pugh and Luke Charteris have not gone unnoticed because of that. It is a case of when not if Richie breaks into the national side and at 6'10" Luke is a powerful forward that as a country historically we fail to produce."

"The majority of this team will still be here next year as well as some lads from a very good Under 19s team so we can be very positive about next season already."

UNDER 21 RESULTS 2004

05.12.03	WRU President's XV 42 New Zealand Youth 11 (at Cardiff RFC)	11.06.04	Won Russia 46-11 (World Cup, at Galashiels)
13.02.04	Won Scotland 39-6 (at Bridgend)	15.06.04	Lost South Africa 26-27 (World Cup, at Glasgow)
20.02.04	Lost Ireland 19-30 (at Galway)	18.06.04	Lost England 14-23 (World Cup, at Glasgow)
06.03.04	Lost France 9-36 (at Neath)	23.06.04	Won France 29-21 (World Cup, at Edinburgh)
19.03.04	Lost England 19-22 (at Gloucester)	26.06.04	Lost England 19-26 (World Cup, 5th-6th place match, at Glasgow)
26.03.04	Won Italy 49-17 (at Ebbw Vale)		

UNDER 21 SIX NATIONS FINAL TABLE 2004

	P	W	D	L	For	Agst	Tries
England	5	5	0	0	152	68	22
France	5	3	1	1	156	90	24
Ireland	5	3	1	1	135	75	18
Wales	5	2	0	3	135	111	15
Scotland	5	1	0	4	79	167	6
Italy	5	0	0	5	80	226	7

UNDER 21 WORLD CUP FINAL STANDINGS

(in Scotland-June 2004)

1 New Zealand
2 Ireland
3 South Africa
4 Australia
5 England
6 Wales



Wales Under 19 Review

It was improvement all round for the Wales Under 19 team but once again Dai Rees' men suffered "les bleus" at the hands of their French counterparts. The young Dragons took some impressive scalps on their way to a hard-worked Triple Crown of friendly fixtures as well as a respectable fifth spot at the World Championships in South Africa - two places up on last season.

But just as they did last year, a talented French outfit prevented any more glory as they out-gunned the young Welsh team twice in the space of a month Wales began the season in the best possible fashion, a rousing 38-0 win over Italy at Ebbw Vale. The Scots were the next to fall as Wales outgunned them 21-12 at Aberavon's Talbot Ground, before an impressive 32-14 win over Ireland in Cork.

But just as a Grand Slam looked possible, Wales came unstuck at the hands of the French, going down 14-25 at Bridgend's Brewery Field in early March despite holding the lead with just 20 minutes to play.

Amends were quickly made with a satisfying 17-10 win over England in Morely, a timely result with the World Championships in South Africa beckoning. Again, Italy were overwhelmed in the opener as the Welsh stormed to a 52-9 win. But the side's bagey team lay in wait. The tricolours had scuppered Wales' World Cup hopes last season and it proved no different this time round as the eventual runners up took the Dragons scalp.

Wales did take the lead courtesy of a penalty from Carmarthen Quins' Aled Thomas but it was a short-lived advantage as the French ran-in four unanswered tries to take the win.

Undeterred, Wales rallied superbly and mustered a great display to tame the Pumas with a 27-15 victory- their first over Argentina at the Under 19 level. Hot prospects Alun Wyn Jones (Llandovery Coll) and Aled Brew (Neath) - brother of Wales cap Nathan - grabbed a try a piece in the win while the Scarlets' Steve Davies celebrated his late call-up as a replacement for the injured Ricky Williams with a brace of scores.

Wales again proved too much for Scotland as they ran home 29-16 victors but only after coming from 16 points down, before a fine tournament was wrapped up with a tremendous 14-10 win over Australia.

The boot of Aled Thomas kept the Wallabies in touching distance before a fabulous break by Bridgend centre Andrew Bishop (now with Neath) secured the winning score.

But - as fitting an ending as it was - that wasn't the end of the international season for many of the squad as injuries to Chris Davey's Under 21 side saw many head to Scotland for the World Cup, a fitting tribute to the strides they have made under coach Dai Rees and manager Cled Edwards.

WALES UNDER19 RESULTS 2004.

23.01.04	Won Italy 38-0 (at Ebbw Vale)
12.02.04	Won Scotland 21-12 (at Aberavon)
20.02.04	Won Ireland 32-14 (at Cork)
05.03.04	Loss France 14-25 (at Bridgend)
12.03.04	Won England 17-10 (at Morley)
27.03.04	Won Italy 52-9 (World Cup, at Durban)
31.03.04	Loss France 3-27 (World Cup, at Pietermaritzburg)
04.04.04	Won Argentina 27-15 (World Cup, at Durban)
08.04.04	Won Scotland 29-16 (World Cup at Pietermaritzburg)
12.04.04	Won Australia 14-10 (5th-6th World Cup place match, at Durban)

UNDER 19 WORLD CHAMPIONSHIPS (South Africa - April 2004)

- 1 New Zealand
- 2 France
- 3 South Africa
- 4 England
- 5 Wales
- 6 Australia.



Affiliated Bodies

WELSH WOMEN'S RUGBY UNION

The Welsh Women's Rugby Union has had the busiest and one of the most successful seasons to date. Following a disappointing Six Nations, finishing fifth, the National Squad travelled to Toulouse for the European Championships. They beat Ireland and lost to Scotland by one point to finish fourth - their highest ever placing in the competition, ensuring qualification for the 2006 World Cup. The National Squad made history becoming the first Women's team to travel to the southern hemisphere to play against South Africa. They returned two weeks later having become the first Welsh rugby team to successfully complete a test series against the Springboks. The Development Squad had a productive season, with several girls successfully challenging for places in the Senior Squad. The Under 19 beat England U19 and the USA U19 in the Quadrangular tournament between England, USA, Canada and Wales in July. The Welsh Students squad made a return this season, beating Scotland Students in April. On the domestic front, the regional Super League ran four age groups (U13, U16, U19 and Senior) for the first season with North, East, West and Central all producing Welsh representative players. The senior club game is gaining momentum with more league games this season than in any other and with increasing competition for the elite clubs. The Junior game continues to grow, over 1000 girls took part in the National Schools Tag and Touch competition. The Women's Rugby Development Officers continue to work hard in building new Under 13 and 16 clubs across Wales. The National Squad will look for a top three finish in next season's Six Nations competition as they continue to progress towards their target for the next World Cup of 'Top 6 in 2006.'

2003-2004 RESULTS

SENIORS

WON	Wales	25	British Army	3	Taffs Well
WON	Wales	15	Premiership All Stars	20	Glamorgan Wanderers

SIX NATIONS

LOST	Wales	10	Scotland	30	Cardiff Arms Park
WON	Ireland	13	Wales	14	Thomond Park, Limerick
LOST	Wales	0	France	22	Cardiff Arms Park
LOST	England	53	Wales	3	The Stoop
LOST	Wales	7	Spain	12	Cardiff Arms Park

DEVELOPMENT

WON	England Students	5	Wales Development	15	Warwick Univeristy
WON	Wales Development	66	Scotland U23	0	Taffs Well
LOST	Wales Development	5	France A	8	Llanrumney
LOST	England Academy	80	Wales Development	0	Coventry

STUDENTS

WON	Wales Students	48	Scotland Students	0	Beddau
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UNDER 19

WON	Wales U19	13	England U19	12	Taffs Well
LOST	Sweden	5	Wales U19	0	Leicester
LOST	England U19	19	Wales U19	3	Coventry
WON	Wales U19	19	USA U19	8	Henley
LOST	Wales U19	10	Canada U19	17	Pill Harriers

EUROPEANS (SENIORS)

WON	Wales	24	Ireland	7	Toulouse
LOST	Wales	3	England	39	Toulouse
LOST	Wales	10	Scotland	11	Toulouse





SOUTH AFRICA TOUR

WON	Wales	8	South Africa	5	Port Elizabeth
LOST	Wales XV	6	East Cape XV	22	Port Elizabeth
WON	Wales	16	South Africa	15	Pretoria
LOST	Wales	10	Blue Bulls	15	Johannesburg

National Cup Winners - Llandaff North; **North Division One Winners** - Caernarfon; **South Division One Winners** - Llandaff North

WELSH YOUTH RUGBY UNION AND WELSH SCHOOLS RUGBY UNION

The Wales Youth U18 side went through the season undefeated, winning their quadrangular tournament on home soil against Portugal, Spain and Italy and then taking the Four Home Unions title with a clean sweep in Belfast. It wasn't such a good season for the Schools. The Senior group failed to win a game, but the U16 side beat Italy and drew with England.

NATIONAL UNDER 18 YOUTH

WON	WYRU	24	Portugal U19	0	Tonmawr
WON	WYRU	92	Spain U19	10	Pontypridd
WON	WYRU	37	Italy U19	8	Dunvant
WON	WSRU (SG)	8	WYRU	17	Neath
WON	WYRU	36	Scotland	0	Belfast
WON	WYRU	22	Ireland	11	Belfast
WON	WYRU	29	England	11	Belfast

NATIONAL UNDER 18 SCHOOLS

LOST	WSRU (SG)	0	France	21	Caerphilly
LOST	WSRU (SG)	8	Wales Youth	17	Neath
LOST	Ireland	47	WSRU (SG)	8	Dublin
LOST	England	20	WSRU (SG)	10	Leicester

NATIONAL UNDER 16 SCHOOLS

WON	Italy A	17	WSRU A (IG)	43	Italy
WON	Italy	5	WSRU (IG)	7	Italy
WON	WSRU (IG)	17	Italy	12	Neath
WON	WSRU A (IG)	29	England A	13	Taffs Well
LOST	WSRU (IG)	8	England	19	Pontypridd
LOST	England A	8	WSRU A (IG)	0	Castlecroft
DRAW	England	19	WSRU (IG)	19	Leicester

WELSH DISTRICTS RUGBY UNION

Trefil won the Worthington (WDRU) Districts Cup final at the Millennium Stadium and Rhondda and East Glamorgan District Rugby Union took the Percy Howells Cup in a thrilling final against their counterparts from Llanelli. There were no international fixtures during the year, but Denmark will be the opponents on Easter Saturday, 2005 when the Welsh Districts Rugby Union celebrate their centenary.

Worthington (WDRU) Districts Cup: Caerleon 14 Trefil 20

Percy Howells Cup: Llanelli District 38 Rhondda & East Glamorgan District 39

Centenary Match: Llanelli District 26 Welsh Districts President's XV 17





Michael Owen - a Dragons Trust hero in the making



“144 clubs
and 80
schools took
part in the
Trust’s
Schools and
Youth
Leagues”

Dragons Rugby Trust

For the last 12 years, the Dragons Rugby Trust has played a key role in developing and encouraging participation in rugby in Wales. Founded in 1992 – then known as the Cardiff Arms Park Youth Trust – the Dragons Rugby Trust benefits from the support of the WRU and plays a complementary role to the activities and policies of the WRU’s Directorate, up to and including U21 level.

It is the Trust’s belief that young people can best achieve success through the principles of teamwork, sporting behaviour, fairness, fitness and fun. This is not an elitist approach, it is a grass roots programme in which excellence is the by-product of participation.

In another successful year for the Trust, a large number of Award and Scholarship Holders won International honours at various age-groups and the BT sponsored Youth League and National Schools League once again provided thousands of players with quality rugby week in, week out. The season saw 144 clubs and 80 schools take part and congratulations go to Neath/Port Talbot College, who won the Schools League and Treorchy Youth, who beat Tondy Youth in a thrilling Youth League final held at the Millennium Stadium.

As part of the Trust’s continuing efforts to encourage participation in rugby in Wales, many young people benefited from the starter bag initiative and the Coca Cola Outreach Programme saw many famous International players from past and present join forces with the Dragon Development Officers to spread the gospel in the schools. The Development Officers play a key role in the Trust’s strategy and without them we would not be able to identify, develop and nurture rugby in the villages, communities and clubs throughout Wales.

The Trust also plays an active role in supporting women’s and girls rugby. This area has seen an incredible growth in clubs and schools, with the Super League structure being extended to U13, U16 and U19 level. Three of our Award Holders (Eirlys Lougher, Amy Day and Catrina Nicholas) were part of the highly successful Welsh Womens squad which recently toured South Africa and won both tests against the Springboks.

One of the Trust’s most recent initiatives has seen the appointment of a full-time Equal Opportunities Development Officer for Wales. The appointment was created in partnership with the Millennium Stadium Charitable Trust, the Lloyds TSB Foundation and the Welsh Council for Voluntary Action. A development strategy has been put in place and it is anticipated the scheme will expand and the Trust’s mission to provide equal opportunities for all will be realised.

The Dragons Rugby Trust’s website continues to report on the good work of the Trust and, thanks to the continued support of BT, the website provides every club taking part in the Youth League with their very own ‘mini-site’. The website, along with the highly successful Dragon News Magazine, the only magazine of it’s kind published in Wales, form an important part in attracting youngsters into the game and reporting on the development of rugby in Wales.

It was pleasing to note that when new Wales coach Mike Ruddock announced his squad to tour Argentina and South Africa in the summer of 2004 there were 11 former Dragons Trust Award Holders and Apprentices named in the touring party. They were Rhys Williams, Tom Shanklin, Gavin Henson, Ceri Sweeney, Dwayne Peel, Huw Bennett, Duncan Jones, Jonathan Thomas, Richie Pugh, Alix Popham and Michael Owen. Providing opportunities for our finest young players continues to be an essential part of the Trust’s work.

International Honours for Trust Award Holders 2003/04

Will Jones (Wales U19), Andrew Bishop (Wales U19 and U21), Tom Cheeseman (Wales U19),
Chris Czekaj (Wales U19 and U21), Craig Mitchell (Wales U19), Tom Riley (Wales U19),
Tom Smith (Wales U19), David Walsh (Wales U19), Ricky Williams (Wales U19 and U21),
Aled Thomas (Wales U19), Leon Andrews (Wales U21), Steven Ireland (Wales U21),
Matthew Jeffrey (Wales U19), Aled Brew (Wales U19).





Scarlet fever in the Heineken Cup



Regions Celtic League, Heineken Cup

Llanelli Scarlets marked the introduction of regional rugby in style by becoming the first Welsh winners of a Celtic Rugby title. The five newly formed regions – Cardiff Blues, Celtic Warriors, Llanelli Scarlets, Neath-Swansea Ospreys and Newport Gwent Dragons – were the Welsh representatives in the Heineken Cup, Celtic League and Celtic Cup.

And it was the Scarlets who raised a winning Welsh flag for the first time in cross-border competition when they scooped the 22-match Celtic League title by beating nearest rivals Ulster in a winner-takes-all finale at Stradey Park to climax a thrilling honours chase.

The Scarlets' 23-16 win in front of a crowd of 10,000 took them four points clear at the top, with Ulster pipping the Dragons for second spot on a superior try count. The Scarlets suffered just five defeats, the Dragons finished with an unbeaten 11-match home record, Neil Jenkins brought the curtain down on his illustrious career as the campaign's leading scorer with 273 points and Jamie Robinson (Cardiff Blues) topped the try chart with 12.

The 2003 World Cup in Australia certainly disrupted the early part of the Celtic League but in the end the Welsh regions occupied five of the top six places with the Celtic Warriors finishing fourth, the Ospreys fifth and the Blues sixth.

Wales had declared they would use the Celtic League finishing positions to determine qualification for the 2004/05 Heineken Cup and when the Blues ended one point adrift of the Ospreys they looked to be set to miss out on playing in the top tier of European club rugby. However, following the demise of the Celtic Warriors, the Blues were handed a reprieve when ERC, the Heineken Cup tournament organisers, ruled that only for season 2004/05 all four Welsh regions would participate in the Heineken Cup but that in future seasons Wales must have one side in the European Challenge Cup.

But if the League proved a profitable hunting ground for the Welsh regions, the Celtic Cup was a different story. Ulster took that title with a 27-21 victory over Edinburgh Rugby at Murrayfield with the Welsh teams failing miserably to make an impact in the knock-out competition. The Scarlets and the Blues did reach the last eight but the Scarlets were then beaten at home by Connacht and the Blues crashed out against Edinburgh.

On the bigger cross-border stage it was left to the Scarlets – yet again – to shoulder Welsh hopes in the latter stages of the six-nation tournament. For the third successive season they were the sole Welsh team to qualify for the knock-out stages of the elite competition. The Scarlets went to 2000 Heineken Cup champions Northampton Saints in the sixth and final round needing a victory to clinch their place in the last eight – and they did it with a stunning 18-9 victory that included a brilliant solo effort by fullback Barry Davies. They did the doubles over the Saints and The Borders while the clashes with Agen went with home advantage as the Scarlets topped Pool 4 with 23 points.

It was all good enough to earn them home advantage in the quarter-finals against Biarritz Olympique as the Scarlets went in search of a third semi-final appearance in five seasons. But Biarritz Olympique silenced a capacity Stradey Park to run out 27-10 winners to leave teams from England, France and Ireland in the Euro spotlight.

For the other four regions it all ended in the Pool stages – though Celtic Warriors did beat eventual cup winners London Wasps 14-9 away only to lose the return fixture 17-12. The Warriors won four out of six Pool 6 fixtures, including a home win over 2003 finalists Perpignan. However, The Dragons and Cardiff Blues managed just two wins apiece and were never in contention while the Ospreys finished bottom of their group with just a home win over Leeds Tykes to their credit. The Heineken Cup provides the most accurate gauge of the state of the health of Welsh domestic rugby and the Welsh end-of-term report for the ninth season of Europe's premier tournament has to be can do better - a lot better.

CELTIC LEAGUE FINAL PLACES 2003/2004

	P	W	D	L	F	A	Tries	BP	Pts
Llanelli Scarlets	22	16	1	5	597	385	57	10	76
Ulster Rugby	22	15	0	7	617	363	67	12	72
The Dragons	22	16	0	6	590	449	59	8	72
Celtic Warriors	22	14	0	8	560	451	48	9	65
The Ospreys	22	11	1	10	582	512	55	9	55
Cardiff Blues	22	11	0	11	570	467	73	10	54
Munster Rugby	22	10	0	12	422	456	45	11	51
Leinster	22	9	1	12	523	580	51	9	47
Connacht	22	8	2	12	479	550	50	8	44
Edinburgh Rugby	22	9	0	13	454	622	52	8	44
Glasgow Rugby	22	6	1	15	442	614	52	6	32
The Borders	22	4	0	18	363	750	42	6	22

Club Rugby Review – Premier Division

Newport clinched the top semi-professional title with two matches in hand - as they were beating Caerphilly at Rodney Parade they heard that Neath had fallen at home to Cardiff and the title was in Black-and-Amber hands. Wing Craig Richards scored the two first-half tries that sent him to 30 in his first season after spells with Whitland and Bridgend while his team-mate and outside half Dan Griffiths who had also been with Whitland, proved a wise signing by shrewd coach Leigh Jones by scoring 336 points in his first season at Newport.

Skipper and flanker Gareth Gravell was another new face from West Wales and he contributed immensely with 11 tries, followed by Rhys Shorney (10) and Scott Williams (9).

Former Wales under-21 No 8 Rhys Jones played splendidly while Will Kershaw-Naylor scored three tries in the club's biggest-ever beating of Cardiff, 37-0.

The only points dropped were away from home with defeats at Neath and Bedwas and a 20-20 draw at Pontypridd, though the biggest shock was the 6-3 loss at Cross Keys in the Konica Minolta Cup. In all, Newport touched down 142 tries in 30 matches, while runners-up Neath ended 12 points and 28 tries behind.

Neath were the main challengers with a splendid mixture of experience and youth, coached by the capable Rowland Phillips. His former Wales team-mate (at both Union and League), Mark Jones, gave power and experience up front. Wing Robert Johnston ran in 20 tries and Matthew Jones collected 268 points. The 37-8 win over Newport in November was the worst defeat of the season - in terms of points - for the champions.

Pontypridd moved into third place late in the season, beating Aberavon by 54 points in April and forcing the Wizards down to fourth spot. Wales under-21 cap Lee Thomas scored 213 points for Pontypridd, while Wizards coach Chris O'Callaghan did splendidly and his fly half Jamie Davies scored 327 points.

Cardiff Quins, led by former Wales lock Paul Arnold, lost the first two and last three matches, yet rose to fifth place by the end with Giles Thomas contributing 193 points in his final season.

Swansea, coached by Tony Clement and Keith Colclough, were under-achievers, but fly half Luke Richards was the top Premier scorer with 335 points. They were followed by Bridgend, champions of the previous season, but never threatening this time.

Cross Keys, who accounted for three Premier clubs in the Cup, were often hard to beat at home, while Bedwas could look back at ninth spot and a good start to Premier rugby.

Caerphilly had a run of seven successive losses from February until April and reserved their best form for cup rugby, yet they and the following six clubs were separated by just three points.

Pontypool were clubless, but coach Steve Jones and a great band of supporters roared them to safety and victory over Neath in their final fixture. A run of 11 losses and a draw in 12 games almost sunk them.

Cardiff had a poor season and just avoided bottom spot after a seven-match losing sequence was halted by spirited efforts to win at Neath and at home to Swansea in the final outings.

Newbridge completed a double over Cardiff but that proved the highlight of their season, while Llanelli's youngsters flattered to deceive, until they lost only one of their last six matches.

Llandoverly started favourites to finish bottom and began with six straight losses, but then recovered only to fade away in the New Year and Ebbw Vale finished last when they lost 22-21 to Swansea - a win would have sent them up four places. However, they were not relegated and the division has been boosted by the addition of Division One champions Llanharan for the new season.

WELSH PREMIER DIVISION

	P	W	D	L	F	A	T	PTS		P	W	D	L	F	A	T	PTS
1 Newport	30	27	1	2	1054	550	142	82	9 Bedwas	30	12	2	16	644	797	72	38
2 Neath	30	23	1	6	947	557	114	70	10 Caerphilly	30	11	1	18	658	918	82	34
3 Pontypridd	30	20	2	8	820	641	92	62	11 Pontypool	30	11	1	18	543	698	59	34
4 Aberavon	30	17	0	13	774	627	93	51	12 Cardiff	30	11	0	19	649	797	87	33
5 Carmarthen Quins	30	16	1	13	674	629	76	49	13 Newbridge	30	10	3	17	585	803	78	33
6 Swansea	30	16	0	14	853	710	96	48	14 Llanelli	30	10	2	18	701	765	86	32
7 Bridgend	30	14	1	15	757	767	93	43	15 Llandoverly	30	10	2	18	681	787	82	32
8 Cross Keys	30	13	0	17	753	777	83	39	16 Ebbw Vale	30	10	1	19	554	824	58	31



THE LLOYDS TSB WELSH NATIONAL LEAGUE ROLL OF HONOUR 2003/2004

Division One
LLANHARAN

Division Two East
BUILTH WELLS

Division Two West
TONMAWR

Division Three East
BRYNITHEL

Division Three West
PONTYBEREM

Division Three South-East
TREHERBERT

Division Three South-West
BANWEN

Division Four East
BARGOED

Division Four West
LOUGHOR

Division Four South-East
PONTYCYMMER

Division Four South-West
CWMGORS

Division Four North
RUTHIN

Division Five East
TRINANT

Division Five West
CRYMYCH

Division Five South-East
LLANDAFF

Division Five South-West
RESOLVEN

Division Five North
DINBYCH



Club Rugby Review – Lloyds TSB League

Llanharan, the 2003/2004 Lloyds TSB League Division One winners, turned the title race into a real cliff-hanger - waiting until their final match, away to Carmarthen Athletic, before clinching the title ahead of Maesteg.

And on top of the title and promotion to the Premier Division, coach Dennis John and outside half Mark Roper were named as the Lloyds TSB Welsh National League Division One Coach and Player of the year. Former Pontypridd coach John had seemingly guided Llanharan to the crown by drawing at Maesteg in November and winning the return in March.

But Llanharan slipped up in their next match and it was all square again. Maesteg were always ahead on games played and then, dramatically, fell to a 21-point defeat at Narberth in their final match.

Llanharan had three to play and only an 81st-minute drop shot beat Narberth before Rumney and Carmarthen Athletic were defeated in the final run-up. Marc Davies was the highest scorer in Wales with 471 points, including 24 tries.

Mark Roper (25), Richard Emms (20) and David Atkins (17), all scored tries freely and former skipper Colin Malone ended his career by contributing 14 tries. Bottom club Tondy were mauled 102-8 and 96-5 and the best effort by Davies was 38 points against Carmarthen Athletic in September. Of the four relegated clubs, Rumney scored over 100 tries, but conceded too many at the other end.

Builth Wells took the Division Two East title when Fleur de Lys surprisingly drew with Ystrad Rhondda, meaning that Builth had to gain only one point from their last two fixtures. They often had veteran Wales cap Jeremy Pugh at prop and the backs coach was local boy Mark Jones, the Wales and Scarlets wing.

The best day in Tonmawr's history came after the Division Two West title was captured despite an attack of nerves in the final week. Only a draw was needed from two home games in five days, but a late penalty was missed and Corus pulled off a surprise win. However, nerves held and Cardigan were defeated 46-9.

Brynithel were the shock winners of Division Three East as they came from third on the final day to snatch the title. Senghenydd, who had finished, and Newport Saracens were ahead on try-count, but the Saracens were beaten at New Tredegar and Brynithel produced a late rally to win at Abercarn.

Pontyberem and Kidwelly gained wins that left them level on points, at the top of Division Three West. But, Pontyberem were well up on tries and had the luxury of a game at Haverfordwest still to play, which they also won. It was promotion for the second successive season for a club that had turned the corner after a few dark seasons.

Treherbert started Division Three South-East looking likely to run away with the crown, but games were suddenly lost and it took several weeks for the tide to turn before they beat Giffach Goch convincingly in the final match.

Banwen were a mighty side in Division Three South-West, taking the title and then caning Maesteg to win the Silver Ball. The key to the success was up front, while in Craig Hughes they had a top-notch goalkicker who beat the Dulais Valley club's points record.

Division Four East winners Bargoed were the only first-class side in Wales to go through the season unbeaten in league rugby. Several experienced players were blended with youngsters to provide a fine mix and the title was gained by early April.

The Four West Division was a three-club race for almost the whole season with Loughor losing twice in three weeks before Christmas, but then not looking back. A final match at home to Pembroke Dock Quins was winner take all.

However, Loughor cut loose to win it by 47-10. Former club hooker Mark Davies had a good season as coach in his first season of retirement from playing.

An amazing turnaround in the last two matches of Four South-East saw Fairwater lose out, as they lost at home to Pontycymmer and then, needing to beat Abercwmboi away to gain the title, they fell 42-7, meaning that Pontycymmer took the title.

Cwmgors clinched the Division Four South-West title three days after they had finished their final match. Second-placed Alltwen had to win at Rhigos and score eleven tries or more in the process to capture the title, but they gained only one try and the watching Cwmgors side could celebrate.

Ruthin, the Vale of Clwyd club, brought home their first championship success for 27 years, as a 6-0 away win against nearest rivals and last season's champions, Nant Conwy, virtually settled the Four North crown.



Club Rugby Review – Lloyds TSB League

Skipper Jim Salisbury, a 1992 Wales Youth cap, blossomed into a fine senior performer and often popped up from full back to score decisive tries. The club will now move out of the North and have a crack at Three South-East, even though much more travelling will be involved.

The 'Troggs' of Trinant took Five East and it was the swansong for 44-year-old hooker Paul Jones, who retired at the end of the season. It was Trinant's first title since lifting the old Monmouthshire League trophy in 1987 and still playing at lock was 46-year-old Gavin Rodgers, with his son Adam alongside him.

Crymych captured Five West ahead of Cefneithin and six players named Davies appeared in the 39-18 win over Penygroes that secured the title.

In Five South-East, Llandaff not only were the first club to win a division, but also the first to finish their fixtures. It showed that their Bishops Field ground was usually playable when others were called off and helped the Cardiff-based club gain their first-ever title. The club lost only to Llantwit Major, even drawing with Cwmavon on points in the Konica Minolta Cup, but losing out as the away team were awarded the tie.

Resolven returned to rugby after having missed the whole of the previous season. However, a mixture of last season's youth and players returning home, saw the Division Five South-West title captured by the penultimate game.

It was a special success for coach Tegid Phillips, as Five North winners Dinbych (formerly known as Denbigh) play their matches at Caeau Les Phillips, named after Tegid's late father. The first match was lost to Colwyn Bay, but all the other 17 were won, including the final one by 122-7 against Machynlleth when Tony Jones scored nine tries and landed the only conversion attempted.

Lloyds TSB
Division 1
Player of Year
Mark Roper
(Llanharan)
Coach of Year
Dennis John
(Llanharan)

LLOYDS TSB MONTHLY AWARDS FOR DIVISION ONE

Month	Player	Coach
September	Jeremy Lloyd (Blackwood)	Mark Thomas (Blackwood)
October	Dean Thomas (Tondy)	Dennis John (Llanharan)
November	Julian Howells (Carmarthen Ath)	Domenico Setaro (Whitland)
December	Marc Davies (Llanharan)	Leighton O'Connor/Gareth Brown (Maesteg)
January	Michael Kelly (Rumney)	Arwel Davies (Llangennech)
February	Mark Bowen (Llangennech)	Shaun Lee (Rumney)
March	Lee Glanville (Whitland)	Griff Rees (Glamorgan Wanderers)
April	Jason Williams (Brynmawr)	Brett Davey/Phil Ager (Beddau)
SEASON	Mark Roper (Llanharan)	Dennis John (Llanharan)





Club Rugby Review – Konica Minolta Cup

Neath came away with a well-deserved 36-13 Konica Minolta Cup final triumph at the Millennium Stadium in the first season with the new sponsors - 32 years after lifting the WRU Challenge Cup in the first season of the knock-out tournament. It was Caerphilly's first appearance in a domestic cup final - and the first time they had reached the semi-final stage.

Winger Kevin James scored the opening try as Neath took a hard-fought 12-6 lead at the break, but Caerphilly gave as good as they got and Stuart Thomas landed two penalty goals.

After the interval Neath pulled clear and centre Mike Jones touched down the best score of the game. The Neath pack took control of the match, with fly half Matthew Jones touching down Neath's fifth try and kicking 11 points to later take the Lloyd Lewis Memorial Award as the man-of-the-match.

Caerphilly No 8 and skipper Andrew Williams - the hardest-worker on the pitch - had the final say of the match with a well-deserved try near the uprights to give the strong Caerphilly contingent among the 8,000 crowd something to shout about.

There was a special cheer for Brett Sinkinson, the former Wales flanker, who was departing for his native New Zealand. Referee Nigel Whitehouse controlled his second final, having previously been in charge of the 2000 showpiece match.

However, the early round stars were Llangefni, the small village side from Anglesey, who began the competition in the first round at Ferndale and went out gallantly in the sixth round at Caerphilly some five months later. They had also defeated Tredegar Ironsides, Bedlinog, Treherbert and Abercynon in a great run.

Kenfig Hill and Corus topped the century-mark in the opening rounds but it had grown tighter by Round Four, when the Premier clubs came in, with Neath just escaping by 20-19 at Llandoverly and Cardiff were knocked out by a sole Jason Williams penalty at Brynmawr in a Sunday meeting.

Round Five provided a shock as league leaders Newport fell 6-3 at Cross Keys and former winners Llanelli also lost at Pandy Park, going down 38-14 in Round Six. Caerphilly claimed Swansea's scalp in the quarter-finals; Aberavon were decisive winners at Cross Keys; Bridgend triumphed at Brynmawr - the only surviving Division One club - and Neath beat Pontypridd.

The semi-finals were played back-to-back at the Millennium Stadium with Neath beating Bridgend 29-14 and Caerphilly surprising Aberavon by 33-22.

8 May 2004
Neath 36,
Caerphilly 13





Sir Tasker greatly enhanced the image and reputation of Welsh rugby.



Terry Cobner's contribution to Welsh rugby has been immense.



Other Business

SIR TASKER WATKINS TAKES UP NEW POST AT WRU

Sir Tasker Watkins, the second longest serving President in the history of the Welsh Rugby Union, notified the Union's Board of Directors on 29 July, 2004, that he would be stepping down from the role after an 11-year stint. However, Sir Tasker's services will not be lost to Welsh rugby as he agreed to become the Honorary Life Vice Patron of the WRU.

Sir Tasker, who will be 86 on 18 November, stood down after becoming the first man since Sir David Rocyn Jones in 1953 to hold office for more than one season and his 11 years of service made him the second longest serving President in the 123 year history of the WRU.

"Sir Tasker undertook his duties as President of the WRU with huge commitment and great distinction. He is an exceptional man of high principles, honour and integrity who greatly enhanced the image and reputation of Welsh rugby for more than a decade," said WRU chairman David Pickering.

"The WRU can ill afford to lose a man of such calibre and outstanding intellect. Following his announcement at our meeting on Thursday night it was the unanimous decision of the WRU Board of Directors that we should invite Sir Tasker to become an Honorary Life Vice Patron.

"I am delighted to say that he accepted the new post, which was offered in recognition of his outstanding service to Welsh rugby and the Welsh Rugby Union."

TERRY COBNER RETIRES

Terry Cobner, the Welsh Rugby Union's Director of Rugby, retired from his post for 'personal reasons' at the end of July, 2004. The former Pontypool and Wales captain joined the Union in 1996 to become Welsh rugby's first Director of Rugby.

The man who was one of the guiding lights both on and off the field in the transformation of Pontypool from the also-rans of Welsh rugby into the most feared and successful side in the UK, and who won two Grand Slams and three Triple Crowns during a 19 cap Test career with Wales, decided that after 40 years in rugby as a player, coach, selector and administrator the time had come to put his family first.

"The contribution made by Terry Cobner to Welsh rugby has been immense. It is up there with the all-time greats in the Union's 123 year history," said WRU chairman David Pickering.

"His list of achievements over the past eight, turbulent years means he leaves us with an invaluable legacy. In his time at the Union he has revolutionised our coach education structure, built a clear and much envied Player Development Pathway, rationalised the boundaries of age group rugby, formulated an Academy Structure for regional and national levels and given clear guidance on regional rugby."

Obituaries

DAVID MALDWYN DAVIES

Born Penygraig, May 2, 1925. Died Taunton, Somerset, September 25, 2003. Aged 78.

Dai Davies was a superb hooker for Penygraig, Somerset Police, Wales, the British Lions and the Barbarians. He won 17 Welsh caps and played 15 times for the British Lions on their 1950 tour, including three Tests. Educated at Craig yr Eos, Penygraig, he worked underground at the Naval Colliery before joining the Somerset Police Force. When 'Bunner' Travers retired in 1949, Davies was a surprise choice for the 1950 match against England at Twickenham, being one of the six new caps under a new skipper, John Gwilliam. Wales' 11-5 victory was their first for 17 years at 'HQ' and further wins against Scotland and Ireland gave Wales their first Triple Crown for 39 years. They went on to complete the Grand Slam against France. In 1951, he played in all the Championship matches and later that year appeared for the Western Counties (England), Wales and the Barbarians against the touring Springboks. There was another Grand Slam for Davies and Wales in 1952 and in 1953 he was in the side that beat New Zealand 13-8.

BILLY CLEAVER

Born Treorchy 15 September, 1921. Died Cardiff 29 September, 2003, aged 82.

Billy Cleaver was one of the great utility backs of the early post-war era. He won 14 caps for Wales between 1947 and 1950 and also toured Australia and New Zealand with the British and Irish Lions, playing in three Tests. Among his many achievements in the game was playing in three different positions against the 1947-48 Wallabies - and finishing on the winning side each time. He was at full-back for Wales, at centre for the Barbarians and at fly-half for Cardiff. When he returned from the Lions tour in 1950 he hung up his boots to concentrate on a career in coal mining. He eventually became Deputy Director of the South Wales Coalfield and was the first chairman of the Welsh Youth Rugby Union, serving from 1949-1958.

Obituaries

DAI HAYWARD

Born Crumlin, 1 March, 1934. Died Bridgend, 12 November, 2003, aged 69.

Dai Hayward, who won six Welsh caps in the sixties, was one of the most destructive and combative flankers of his era. Capped by Wales Schools Under 15 and the Welsh Secondary Schools, he went on to study at Loughborough College. He launched his senior career at his native Crumlin before joining Newbridge and finally Cardiff in 1957. He was to spend almost forty years as player and committeeman at the Arms Park club, making 325 appearances and scoring 50 tries until his retirement at the end of the 1966-67 season. He played in the 1957 Cardiff win over Australia and became club captain in 1962. His Wales debut finally came two months short of his 29th birthday - against England at Cardiff in 1963 - and he scored the home side's only try in a 13-6 defeat. He went on Wales' first overseas tour to South Africa, making his sixth and final test appearance in Durban against the Springboks in 1964, and then went into coaching. He coached the East Wales side that drew 3-3 with the 1967 All Blacks and was chairman of Cardiff in 1985-86.

GEORGE MORGAN

Born Caerphilly, 1938. Died Caerphilly, 2 January, 2004, aged 66.

George Morgan was a pillar of his community and a pillar of the Welsh Rugby Union. He served Senghenydd RFC as a player, Secretary and then President for almost two decades. But his rugby service to rugby didn't end there. He was one of the representatives of District C on the Welsh Rugby Union general committee for almost 20 years, finally reaching the post of President of the Union in the 1987-88 season. During his year as President Wales won the Triple Crown for the last time and just failed to beat France for the Grand Slam. At the end of that season he travelled with the Welsh side to New Zealand and on many occasions he acted as a liaison officer for in-coming tour parties. He was superb in the role and national teams from all over the world used to request his services.

VIVIAN JENKINS

Born Port Talbot, 2 November, 1911. Died Harpenden, 5 January 2004, aged 92.

Hailed as one of rugby union's greatest full backs, Viv Jenkins went on to become one of the best writers on the game as the rugby correspondent for the News of the World and then the Sunday Times. One of Wales greatest all-round sportsmen - he was the first player to score a try for his country from full back and also played county cricket as an amateur for Glamorgan - he was the oldest living Glamorgan cricketer and the second oldest living Wales rugby international and British Lion behind fellow Welshman, the 96-year-old Harry Bowcott, prior to his death. Educated at Llandovery College and Oxford University, he won the first of his 14 caps against England at Twickenham on 21 January, 1933, four weeks after his club Bridgend had switched him from centre to full back. It was to be a famous day as Watcyn Thomas' side, containing seven new caps, won for the first time at Twickenham after a 23 year wait. Ronnie Boon scored all the points in a 7-3 triumph. In 1934 Jenkins became the first Welsh full back to score a try in the 13-0 defeat of Ireland in Swansea. It was another 33 years and 108 games before Keith Jarrett managed to match Jenkins' feat. Jenkins played in the 1935 victory over the All Blacks, converting two of the three home tries, and in 1938 was one of eight Welshmen included in the British and Irish Lions side to tour South Africa and was elected vice-captain. He was picked for the first Test, landing three long range penalties, one from eight yards inside his own half, but his tour was hampered by hamstring trouble, although he ended as the second highest points scorer with 50. Although first capped from Bridgend, he played the majority of his club rugby at London Welsh where he became a revered figure.

GARETH PAYNE

Born Trelewis, 8 September, 1935. Died Lake District, 2 July, 2004, aged 68.

Gareth Payne won three Welsh caps against England, Scotland and Ireland as a lock in 1960. He was capped by the Welsh Secondary Schools in 1953 while at Pontypridd GS and he won his senior caps from Pontypridd. He qualified as a civil engineer from the School of Mines in Treforest and served his National Service with the Royal Engineers, playing for the Army and also appearing for Newport, London Welsh, Stroud, the Barbarians and the county sides of Glamorgan, Gloucestershire and Hampshire. In 1960 he played for the London Counties, Combined Services and the South-East Counties against the Springbok tourists.



Martyn Williams makes a move against Scotland

WRU Accounts 2003-2004

An explanation of these Accounts is contained within the financial report provided by Alan Hamer, the WRU Finance and Administration General Manager, on pages 14 and 15. The Accounts contain the consolidated results for the WRU Group for the 13 month period between 1 May 2003 to 31 May 2004. They also contain the financial records of WRU Ltd and Millennium Stadium plc for the same period.

Alan Hamer
General Manager, Finance and Administration

AUDITORS' REPORT ON THE FINANCIAL RESULTS OF THE WELSH RUGBY UNION LIMITED

We confirm that the results set out on pages 34 to 38, have in our opinion, been extracted properly from the audited accounts of the Welsh Rugby Union Limited for the 13 month period ended 31 May 2004.



Walter Hunter & Co.
Chartered Accountants and Registered Auditor
24 Bridge Street,
Newport,
South Wales
NP20 4SF

Date: 25 August 2004

Financial Results

These are the accounts of the company, Welsh Rugby Union Limited, for the 13 months ended 31 May 2004. The comparative figures disclose the accounts for the 12 months ended 30 April 2003. The consolidated group accounts are disclosed on pages 39 to 58.

REVENUE ACCOUNT - SEASON 2003/2004

INCOME	2003/2004		2002/2003	
	£	£	£	£
Revenue Income Account	2,036,363		1,808,917	
Match Account Surplus	4,798,171		4,764,547	
		6,834,534		6,573,464
EXPENDITURE				
Marketing and Press Office	508,723		547,366	
Development of The Game	1,001,119		1,017,841	
Management and Administration	1,988,243		2,259,603	
Maintenance	617,769		680,739	
Financing Charges and Contributions	915,241		921,149	
Funding of National League, Divisions 1-5	142,000		244,519	
		5,173,095		5,671,217
Net Profit Before Tax		1,661,439		902,247
Group Relief Charge - Deferred tax		(112,416)		(338,394)
Net Profit After Tax		1,549,023		563,853
Financial Support to Clubs & Affiliated Organisations	(775,406)		(1,117,560)	
Dragons Rugby Trust	(491,488)		(783,119)	
		(1,266,894)		(1,900,679)
Profit/(Loss) for Year		282,129		(1,336,826)
Provision for Impairment of Fixed Asset Investments in Premier Division Clubs		(1)		(1,944,996)
General Provision Against Loans to Clubs		(200,000)		(500,000)
		82,128		(3,781,822)
Reserves Brought Forward		2,815,468		6,597,290
ACCUMULATED RESERVES TO 31 MAY 2004		2,897,596		2,815,468

REVENUE INCOME - SEASON 2003/2004

INCOME	2003/2004	2002/2003
	£	£
Sponsorship	1,316,942	1,290,204
Royalties	412,975	242,435
Hire of Ground & Rents	155,074	125,000
Clubs' Subscriptions	1,372	1,278
International Rugby Board Trust	150,000	150,000
BALANCE TRANSFERRED TO REVENUE ACCOUNT	2,036,363	1,808,917



Financial Results

MATCH ACCOUNT - SEASON 2003/2004

INCOME	2003/2004		2002/2003
	£	£	£
Home International Matches			
Wales v England		437,190	0
Wales v France		1,967,492	1,668,929 *
Wales v Scotland**		2,208,041	1,717,924 *
Wales v Italy		1,776,787	1,290,235 *
Wales v Barbarians		199,166	0
Television and Sound Broadcasting		10,150,165	10,620,733
Advertising		141,776	187,841
Sponsorship & Hospitality		<u>1,311,992</u>	1,193,693
			18,192,609
EXPENDITURE			
Costs of Players' Services***	385,553		1,976,551 ***
Other Costs			
Away International Matches			
Ireland v Wales**	72,747		48,648 *
England v Wales	50,511		38,705 *
Home International Matches			
Wales v England	139,278		0
Wales v France	203,922		148,630 *
Wales v Scotland**	208,237		139,723 *
Wales v Italy	154,862		153,566 *
Wales v Barbarians	261,769		0
Referees' Services	<u>240,384</u>		195,030
		1,717,263	
Squads and Administration Expenditure			
Clubs - Provision of Players' Services***	7,937,425		6,454,899 ***
Directorate	194,555		146,150
Wales	1,815,972		1,444,302
Wales A	26,852		63,238
Welsh Students	0		12,928
Welsh Youth League	144,226		200,000
Welsh Exiles	45,000		47,727
Wales Under 21	212,251		253,368
Wales Under 19	133,044		93,103
Wales Under 19 Tour	0		84,511
Wales Under 17	0		13,474
Wales Under 16	0		10,987
Elite Rygbi Cymru	<u>69,693</u>		43,047
		10,579,018	
Other Matches, Tournaments			
RWC 2003	216,580		0
Sevens Competition & Tournament	189,850		375,789
National Tour	284,709		264,570
Welsh Womens Rugby	107,018		119,874
Death & Total Disability Insurance	<u>300,000</u>		300,000
		1,098,157	
			13,394,438
BALANCE TRANSFERRED TO REVENUE ACCOUNT			4,798,171



*These comparative figures relate to 2001/2002.
 **Two fixtures in 2003/2004.
 ***The methodology by which payments are made to Regions/Clubs has changed during the period.

Financial Results

MARKETING AND PRESS OFFICE - SEASON 2003/2004

	2003/2004		2002/2003	
	£	£	£	£
EXPENDITURE				
Advertising and Promotion		326,430		310,829
Public Relations & Press Office Costs				
Press Office Costs	28,516		49,969	
Press Office Agency	35,904		29,400	
		64,420		79,369
Staff Costs				
Salaries, Superannuation, etc.	109,277		148,915	
Travelling Expenses	8,596		8,253	
		117,873		157,168
BALANCE TRANSFERRED TO REVENUE ACCOUNT		508,723		547,366

DEVELOPMENT OF THE GAME - SEASON 2003/2004

	2003/2004		2002/2003	
	£	£	£	£
EXPENDITURE				
District Directorates of Rugby - General				
Salaries, Superannuation, etc	594,821		617,986	
Office Accommodation and Expenses	31,522		52,955	
Travelling Expenses	29,201		23,749	
		655,544		694,690
Under 19 Player Development				
District	10,734		18,727	
Promotional Resources	29,374		25,007	
		40,108		43,734
Coach Education				
District	29,088		46,217	
National	37,041		37,981	
Training and Development	20,628		6,458	
		86,757		90,656
Referee Development and Other Expenses		259,195		225,992
		1,041,604		1,055,072
INCOME				
Conferences, Courses, Publications		40,485		37,231
BALANCE TRANSFERRED TO REVENUE ACCOUNT		1,001,119		1,017,841

Financial Results

MANAGEMENT AND ADMINISTRATION - SEASON 2003/2004

	£	2003/2004 £	£	2002/2003 £
EXPENDITURE				
Employees				
Salaries, Superannuation, etc.	999,878		1,026,076	
Travelling and Other Expenses	<u>18,658</u>		<u>48,022</u>	
		1,018,536		1,074,098
Running Expenses				
Hire and Maintenance of Equipment	<u>14,492</u>		<u>7,347</u>	
		14,492		7,347
Supplies and Services				
Professional Fees	314,688		271,342	
Computer	67,498		67,710	
Printing and Postage	75,111		117,511	
Telephones and Stationery	63,605		113,581	
Advertising and Recruitment	35,121		37,293	
Auditors' Remuneration	17,000		16,000	
General Office Expenses	26,251		30,734	
Insurance	<u>124,485</u>		<u>117,328</u>	
		723,759		771,499
Other				
Directors' and Committees' Expenses	35,345		96,765	
Miscellaneous	11,676		9,687	
Security	0		29,500	
AGM and District Meetings	7,351		40,061	
Reorganisation	124,314		149,232	
Funding of Welsh Districts Rugby Union	52,770		76,914	
Funding of Districts/Counties	<u>0</u>		<u>4,500</u>	
		231,456		406,659
BALANCE TRANSFERRED TO REVENUE ACCOUNT		1,988,243		2,259,603

Financial Results

MAINTENANCE - SEASON 2003/2004

	2003/2004 £	2002/2003 £
EXPENDITURE		
Rent & Rates	174,701	190,623
Insurances	421,148	414,483
Offices, Relocation Costs and Rentals	21,920	75,633
BALANCE TRANSFERRED TO REVENUE ACCOUNT	617,769	680,739

FINANCING CHARGES AND CONTRIBUTIONS - SEASON 2003/2004

	2003/2004 £	2002/2003 £
EXPENDITURE		
Provision for Depreciation		
Fixtures & Fittings	75,833	112,441
Buildings	86,667	45,170
	162,500	157,611
International Board, Six Nations & Celtic League costs	461,839	369,586
Bank Charges and Interest	425,916	243,952
Provision for Doubtful Debts	0	150,000
Provision for Balances Due from Subsidiary Undertakings	262,814	0
	1,150,569	763,538
	1,313,069	921,149
INCOME		
Interest on Debenture Monies	397,828	0
BALANCE TRANSFERRED TO REVENUE ACCOUNT	915,241	921,149

FINANCIAL SUPPORT TO CLUBS & AFFILIATED ORGANISATIONS - SEASON 2003/2004

	2003/2004 £	2002/2003 £
EXPENDITURE		
Financial Assistance to Clubs	151,858	226,701
Grants to Affiliated Organisations	385,286	510,280
Referees' Expenses	238,262	380,579
BALANCE TRANSFERRED TO REVENUE ACCOUNT	775,406	1,117,560

Directors' Report

The Directors present their report and financial statements for the 13 month period ended 31 May 2004.

REVIEW OF THE BUSINESS AND FUTURE DEVELOPMENTS

The company and its subsidiaries form a group engaged in the running and administration of Welsh Rugby and the operation of the Millennium Stadium.

The level of business and the period end financial position are considered satisfactory when the ongoing issues currently surrounding the fundamental reorganisation of Welsh rugby are taken into account.

The Welsh Rugby Union will continue to maximise its revenue by attracting both rugby and non-rugby events to the Millennium Stadium.

RESULTS

The Group's loss for the financial period was £124,656 (2003: loss of £2,599,195).

FIXED ASSETS

a) Tangible Fixed Assets:

A summary of the changes in tangible fixed assets is given in Note 10 to the financial statements. The Directors estimate that the open market value of the freehold properties, excluding the stadium, was not materially different to the book value.

b) Fixed Asset Investments:

A summary of the changes in fixed asset investments is given in Note 11 to the accounts.

POLICY & PRACTICE ON PAYMENT OF CREDITORS

The Group endeavours to settle and agree the terms of payment with suppliers prior to placing business. This ensures that suppliers are aware of the terms of payment in advance. It is the Group's policy to pay to agreed terms.

DIRECTORS

The Directors who served during the period ended 31 May 2004 were as follows:

Beynon M	Howell D R
Rees D	Edwards G
Jenkins P	Ryan J (<i>resigned 26/07/03</i>)
Evans H	Jones C (<i>resigned 26/07/03</i>)
Roderick W L (<i>resigned 26/07/03</i>)	Farley M (<i>resigned 26/07/03</i>)
Jones J R	Simon S A (<i>resigned 26/07/03</i>)
Fowler B	Lewis H (<i>resigned 26/07/03</i>)
Thomas R (<i>resigned 26/07/03</i>)	Giddings R L
Michael B (<i>resigned 26/07/03</i>)	Vaux A T (<i>resigned 26/07/03</i>)
Griffiths G S (<i>resigned 26/07/03</i>)	Owen J (<i>resigned 26/07/03</i>)
Walters S (<i>resigned 26/07/03</i>)	Hammond D (<i>resigned 26/07/03</i>)
Phillips A (<i>resigned 26/07/03</i>)	Watkins H J
Hewitt K J	Pickering D F
Wilton R	Davies M R (<i>appointed 26/07/03</i>)
John A (<i>appointed 26/07/03</i>)	Jones A (<i>appointed 26/07/03</i>)
Thomas G (<i>appointed 26/07/03</i>)	Moffett D L (<i>appointed 26/07/03</i>)

The company is limited by guarantee and no director had any interest or beneficial interest in the company.

DONATIONS

Donations paid by the Group are disclosed in the Profit and Loss Account.



Directors' Report

DIRECTORS' RESPONSIBILITIES

Company Law requires the Directors to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the company and of the group at the end of the period and of the profit or loss for the period then ended.

In preparing those financial statements, the Directors are required to:

- a) select suitable accounting policies, as described on pages 44 to 45 and then apply them consistently;
- b) make judgements and estimates that are reasonable and prudent;
- c) state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- d) prepare financial statements on an ongoing basis unless it is inappropriate to presume that the company will continue in business.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and the group and to enable them to ensure that the financial statements comply with the Companies Act 1985. The Directors are responsible for safeguarding the assets and hence taking reasonable steps for the prevention and detection of fraud and other irregularities.

AUDITORS

A resolution to re-appoint Walter Hunter & Co as auditors for the ensuing year will be proposed at the Annual General Meeting in accordance with Section 385 of the Companies Act 1985.

Approved by the Directors on 25 August 2004.

and signed on their behalf by



David L Moffett
Group Chief Executive
Welsh Rugby Union Limited

Financial Statements

PROFIT & LOSS ACCOUNTS - 13 MONTH PERIOD ENDED 31 MAY 2004

	Group 2004 £	Group 2003 £	Company 2004 £	Company 2003 £
TURNOVER (note 2)	30,826,577	30,348,901	19,510,923	19,308,725
Direct Operating Costs	(20,817,699)	(21,536,163)	(13,394,438)	(13,752,696)
GROSS PROFIT	<u>10,008,878</u>	<u>8,812,738</u>	<u>6,116,485</u>	<u>5,556,029</u>
Administrative Expenses (note 3)	(6,512,896)	(4,870,026)	(5,374,145)	(5,470,315)
Other Operating Income	305,074	275,000	305,074	275,000
OPERATING PROFIT (note 3)	<u>3,801,056</u>	<u>4,217,712</u>	<u>1,047,414</u>	<u>360,714</u>
Interest Receivable and Similar Income (note 6)	810,803	242,612	810,803	242,435
Interest Payable and Similar Charges (note 7)	(3,357,204)	(2,875,450)	(396,778)	(200,902)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	<u>1,254,655</u>	<u>1,584,874</u>	<u>1,461,439</u>	<u>402,247</u>
Tax Charge on Profit on Ordinary Activities (note 8)	(112,416)	(338,394)	(112,416)	(338,394)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION BEFORE EXTRAORDINARY ITEMS	<u>1,142,239</u>	<u>1,246,480</u>	<u>1,349,023</u>	<u>63,853</u>
EXTRAORDINARY ITEM	(1)	(1,944,996)	(1)	(1,944,996)
PROFIT/(LOSS) ON ORDINARY ACTIVITIES AFTER TAXATION AND EXTRAORDINARY ITEMS	<u>1,142,238</u>	<u>(698,516)</u>	<u>1,349,022</u>	<u>(1,881,143)</u>
Financial Support to Clubs and Affiliated Organisations (note 9)	(775,406)	(1,117,560)	(775,406)	(1,117,560)
Dragons Rugby Trust (note 9)	(491,488)	(783,119)	(491,488)	(783,119)
(DEFICIT)/RETAINED PROFIT FOR THE FINANCIAL PERIOD	<u>(124,656)</u>	<u>(2,599,195)</u>	<u>82,128</u>	<u>(3,781,822)</u>

Notes:

- All activities of the group are classed as continuing, other than as disclosed in note 3(c).
- There are no recognised gains or losses other than as disclosed in the Profit and Loss Account above.
- The comparative figures are for the 12 months ended 30 April 2003.

Financial Statements

BALANCE SHEETS AS AT 31 MAY 2004

	Group 2004 £	Group 2003 £	Company 2004 £	Company 2003 £
FIXED ASSETS				
Tangible Assets (note 10)	144,823,872	148,498,894	36,290,715	36,406,340
Investments (note 11)	5,505	5,004	55,507	55,058
	144,829,377	148,503,898	36,346,222	36,461,398
CURRENT ASSETS				
Stocks (note 12)	-	274,741	-	262,915
Debtors (note 13)	11,285,250	11,953,209	16,760,783	18,353,465
Investments (note 14)	4,235,000	4,150,000	4,235,000	4,150,000
Cash at Bank	1,998,516	1,251,387	1,998,516	1,244,621
	17,518,766	17,629,337	22,994,299	24,011,001
CREDITORS				
Amounts Falling Due Within One Year (note 15 & 18)	(32,336,279)	(21,856,267)	(24,230,794)	(14,887,561)
Deferred Income (note 16)	(1,429,725)	(3,475,658)	-	(460,000)
Millennium Commission Grant (note 17)	(1,196,000)	(1,196,000)	-	-
NET CURRENT (LIABILITIES)/ASSETS	(17,443,238)	(8,898,588)	(1,236,495)	8,663,440
TOTAL ASSETS LESS CURRENT LIABILITIES	127,386,139	139,605,310	35,109,727	45,124,838
CREDITORS				
Amounts Falling Due After More Than One Year (note 15 & 18)	(49,540,287)	(58,916,106)	(330,531)	(9,503,466)
Deferred Income (note 20)	(1,410,514)	(3,691,059)	-	(1,669,404)
Millennium Commission Grant (note 21)	(39,222,667)	(40,518,334)	-	-
Debentures (note 22)	(31,881,600)	(31,136,500)	(31,881,600)	(31,136,500)
	5,331,071	5,343,311	2,897,596	2,815,468
PROVISION FOR LIABILITIES AND CHARGES				
Deferred Taxation (note 23)	(975,950)	(863,534)	-	-
NET ASSETS	4,355,121	4,479,777	2,897,596	2,815,468
RESERVES				
Profit and Loss Account (note 27)	2,040,632	2,165,288	287,450	205,322
Other Reserves (note 27)	2,314,489	2,314,489	2,610,146	2,610,146
MEMBERS FUNDS	4,355,121	4,479,777	2,897,596	2,815,468

These financial statements were approved by the Directors on 25 August 2004 and are signed on their behalf by:



David F Pickering
Chairman
Welsh Rugby Union Limited



David L Moffett
Group Chief Executive
Welsh Rugby Union Limited



Financial Statements

GROUP CASHFLOW STATEMENT - 13 MONTH PERIOD ENDED 31 MAY 2004

	2004 £	2004 £	2003 £	2003 £
NET CASHFLOW FROM OPERATING ACTIVITIES (note 28)		3,242,310		2,704,629
RETURNS ON INVESTMENTS & SERVICING OF FINANCE				
Interest Received	810,803		242,612	
Interest Paid	(3,096,080)		(2,937,464)	
Net Cash (Outflow) From Returns on Investments and Servicing of Finance		(2,285,277)		(2,694,852)
TAXATION		-		306,703
CAPITAL EXPENDITURE				
Purchase of Tangible Fixed Assets	(19,145)		(798,346)	
Purchase of Current Asset Investments	(85,000)		-	
Purchase of Fixed Asset Investments	(502)		(5,000)	
Net Cash (Outflow) from Capital Expenditure		(104,647)		(803,346)
DISTRIBUTIONS				
Financial Support to Clubs and Affiliated Organisations	(775,406)		(1,117,560)	
Dragons Rugby Trust	(491,488)		(783,119)	
Net Cash (Outflow) from Distributions		(1,266,894)		(1,900,679)
NET CASH (OUTFLOW) BEFORE USE OF LIQUID RESOURCES AND FINANCING		(414,508)		(2,387,545)
MANAGEMENT OF LIQUID RESOURCES				
Movement of Short Term Deposits	-		-	
Net Cash (Outflow) from management of liquid resources		-		-
FINANCING				
Movement of Bank Loans, Debenture Loans & Other Financing	(110,674)		(109,599)	
New Short Term Loans	-		339,018	
Capital Element of Finance Lease and Hire Purchase Repayments	(538,757)		(386,852)	
Debentures	745,100		817,504	
Net Cash Inflow from Financing		95,669		660,071
DECREASE IN CASH (note 29)		(318,839)		(1,727,474)

Notes to the Financial Statements

1 ACCOUNTING POLICIES

Basis of Accounting:

The financial statements have been prepared under the historical cost convention, and in accordance with applicable accounting standards. The accounts have been prepared on bases consistent with the previous year. The group accounts are prepared by consolidating the accounts of the parent undertaking (the company) and its subsidiary undertakings. The major subsidiary undertaking is disclosed in Note 30.

Turnover:

The turnover shown in the Profit and Loss Account represents amounts invoiced during the period, exclusive of Value Added Tax.

Depreciation:

Depreciation is calculated so as to write-off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Stadium: 2% - 5% per annum.

Fixtures, Fittings and Office Equipment: 20%-25% per annum.

In accordance with SSAP21, assets held under finance leases are depreciated over the expected useful life of the related asset unless the asset does not necessarily enter the ownership of the group at the end of the lease period, in which case the asset is depreciated over the shorter of its economic useful life and the period of the lease.

Investments:

Fixed asset investments are disclosed at cost less any provision for impairment.

Joint Venture:

Vale Indoor Arena Ltd. is controlled equally by the Company and another non-connected company. Accordingly it has been treated as a joint venture in accordance with FRS9 Associates and Joint Ventures .

Grants Receivable:

In accordance with FRS5, grants receivable are disclosed as deferred income within notes and are being released to the Profit and Loss Account by installments over the expected life of the related asset.

Accruals and Deferred Income:

a) Deposits in Advance:

Monies received in advance for Boxes and Club Seats have been treated as deferred income and will be released to the profit and loss account over the period of the rental.

b) Sponsorship:

Monies received in relation to sponsorship and royalties are released to the Profit and Loss Account over the period of each individual agreement.

Operating Lease Agreements:

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits as incurred.

Notes to the Financial Statements

Pension Costs:

The company operates a defined contribution pension scheme for employees. Contributions payable for the period are charged in the profit and loss account.

The company also operates a defined benefit pension scheme. The assets of the scheme are held separately from those of the Company. The regular pension cost is charged to the profit and loss account and is based on the expected pension costs over the service lives of the employees. Contributions to the pension plan are paid according to the advice of the actuaries.

Deferred Taxation:

A provision for deferred tax is made in so far as a liability arose as a result of transactions that had occurred by the Balance Sheet date and gave rise to an obligation to pay more tax in future. Deferred tax liabilities have been discounted as appropriate. This is in accordance with the requirements of FRS 19 (Deferred Taxation).

Notes to the Financial Statements

2 TURNOVER

The turnover and profit before tax are attributable to the principal activities of the company. An analysis of turnover is given below:-

	Group 2004 £	Group 2003 £	Company 2004 £	Company 2003 £
United Kingdom	<u>30,826,577</u>	<u>30,348,901</u>	<u>19,510,923</u>	<u>19,308,725</u>
Turnover is made up as follows:-				
	Group 2004 £	Group 2003 £	Company 2004 £	Company 2003 £
Match Income	18,192,609	18,362,460	18,192,609	18,017,242
Sponsorship	1,835,664	2,162,592	1,316,942	1,290,204
Event Income	5,723,226	4,352,054	-	-
Boxes and Club Seats	4,341,889	4,576,100	-	-
Football Trust	500,000	500,000	-	-
Other Revenue Income	233,189	395,695	1,372	1,279
	<u>30,826,577</u>	<u>30,348,901</u>	<u>19,510,923</u>	<u>19,308,725</u>

3 OPERATING PROFIT

	Group 2004 £	Group 2003 £	Company 2004 £	Company 2003 £
(a) Operating Profit is Stated after Charging/(Crediting)				
Depreciation	3,694,167	3,429,977	162,500	157,611
Release of Millennium Commission Grant	(1,295,667)	(1,196,000)	-	-
Auditor's Remuneration				
Audit	33,000	33,000	17,000	16,000
Other	25,000	22,000	19,000	20,000
Operating Lease Costs				
Plant and Equipment	-	5,880	-	-

(b) Exceptional Item

During the period, the new management conducted a detailed review of amounts owed to/by member clubs and organisations associated with the company. As a result of this review a net provision of £28,000 was provided against the profits of the company within the period.

(c) Discontinued Activity

Gowerpark Ltd, previously a 100% subsidiary of the Welsh Rugby Union Ltd., was placed into liquidation in August 2003 prior to the commencement of the playing season. For the year ended 30 April 2003, the turnover of the subsidiary totalled £1,937,061 and its operating profit amounted to £44,894.

(d) Administration Expenses

The comparative Group figures are stated net of a rate rebate to the Millennium Stadium Plc. of £1.1m.

Notes to the Financial Statements

4 PARTICULARS OF EMPLOYEES

The aggregate payroll costs were:

	Group 2004 £	Group 2003 £	Company 2004 £	Company 2003 £
Wages and Salaries	4,152,629	4,926,627	3,142,424	2,412,928
Social Security Costs	437,672	469,332	345,087	232,176
Other Pension Costs	175,274	159,890	133,955	113,511
	<u>4,765,575</u>	<u>5,555,849</u>	<u>3,621,466</u>	<u>2,758,615</u>

The average number of employees and non-executive directors of the group in aggregate, during the period was:

Management and Administration	18	49
Development of The Game	24	24
Players, Coaches and Management	51	86
Marketing	9	12
Stadium	41	40
	<u>143</u>	<u>211</u>

In addition to the above the Group employs stewards and others for events as and when required.

	Group 2004 £	Group 2003 £	Company 2004 £	Company 2003 £
5 DIRECTORS EMOLUMENTS				
Directors' Aggregate Emoluments				
Management Services	<u>184,221</u>	<u>92,676</u>	<u>82,200</u>	<u>53,492</u>

Any income earned by Directors for representing the group on other bodies for rugby related matters is credited directly to the group.

	Group 2004 £	Group 2003 £	Company 2004 £	Company 2003 £
6 INTEREST RECEIVABLE AND SIMILAR INCOME				
Bank Interest	397,828	177	397,828	-
Royalty Income	412,975	242,435	412,975	242,435
	<u>810,803</u>	<u>242,612</u>	<u>810,803</u>	<u>242,435</u>

During the year ended 30 April 2003 the company conducted a detailed review of the records of debentures issued which resulted in a reduction in the recorded liability to debenture holders. Further analysis has revealed that this amount relates to interest received on debenture monies and accordingly interest earned both in the prior year and the current periods are included in the above income.

Notes to the Financial Statements

7 INTEREST PAYABLE AND SIMILAR CHARGES

	Group 2004 £	Group 2003 £	Company 2004 £	Company 2003 £
Bank Interest	3,229,227	2,763,806	382,286	193,554
Finance Lease and Hire Purchase Agreements	127,977	111,644	14,492	7,348
	<u>3,357,204</u>	<u>2,875,450</u>	<u>396,778</u>	<u>200,902</u>

8 TAX CHARGE ON PROFIT ON ORDINARY ACTIVITIES

	Group 2004 £	Group 2003 £	Company 2004 £	Company 2003 £
Corporation Tax based on the results for the period at 30% (2003: 30%)	-	-	-	-
Deferred Tax Charge (note 23)	112,416	338,394	112,416	338,394
	<u>112,416</u>	<u>338,394</u>	<u>112,416</u>	<u>338,394</u>

There is no charge for Corporation Tax for the period due to the availability of group relief.

9 FINANCIAL SUPPORT

	Group 2004 £	Group 2003 £	Company 2004 £	Company 2003 £
Financial Support to Clubs and Affiliated Organisations	775,406	1,117,560	775,406	1,117,560
Dragons Rugby Trust	491,488	783,119	491,488	783,119
	<u>1,266,894</u>	<u>1,900,679</u>	<u>1,266,894</u>	<u>1,900,679</u>

Notes to the Financial Statements

10 TANGIBLE FIXED ASSETS GROUP

	Stadium	Land and Buildings (note e)	Plant and Machinery	Fixtures and Fittings	Total
	£	£	£	£	£
COST					
At 1 May 2003	123,590,357	36,166,347	146,336	826,826	160,729,866
Additions	69,667	46,875	-	-	116,542
Disposals in period	-	-	(108,346)	(1,810)	(110,156)
AT 31 MAY 2004	123,660,024	36,213,222	37,990	825,016	160,736,252
DEPRECIATION					
At 1 May 2003	11,629,390	80,616	14,621	506,345	12,230,972
Charge for the period	3,527,550	86,667	4,117	75,833	3,694,167
Depreciation on disposals	-	-	(11,321)	(1,438)	(12,759)
AT 31 MAY 2004	15,156,940	167,283	7,417	580,740	15,912,380
NET BOOK VALUE					
AT 31 MAY 2004	108,503,084	36,045,939	30,573	244,276	144,823,872
AT 30 APRIL 2003	111,960,967	36,085,731	131,715	320,481	148,498,894

COMPANY	Stadium	Land and Buildings (note e)	Plant and Machinery	Fixtures and Fittings	Total
	£	£	£	£	£
COST					
At 1 May 2003	-	36,166,347	-	809,473	36,975,820
Additions	-	46,875	-	-	46,875
AT 31 MAY 2004	-	36,213,222	-	809,473	37,022,695
DEPRECIATION					
At 1 May 2003	-	80,616	-	488,864	569,480
Charge for the period	-	86,667	-	75,833	162,500
AT 31 MAY 2004	-	167,283	-	564,697	731,980
NET BOOK VALUE					
AT 31 MAY 2004	-	36,045,939	-	244,776	36,290,715
AT 30 APRIL 2003	-	36,085,731	-	320,609	36,406,340

Notes:

- Total grant receivable from the Millennium Commission amounted to £46,000,000. This is the total amount due from the Millennium Commission to part fund the construction of the Stadium.
- The total interest capitalised within the Stadium cost is £4,646,155 (2003: £4,646,155).
- The net book value of fixed assets includes £1,387,205 (2003: £1,595,412) in respect of assets held under finance lease and hire purchase agreements. The depreciation charge in the period on these assets was £130,207 (2003: £112,518).
- The group has no capital commitments at the period end (2003: £-).
- Land and buildings is owned freehold other than an element with a cost of £9,100,000 upon which there is an agreement to lease over 999 years.

Notes to the Financial Statements

11 INVESTMENTS

	Investments in Clubs (note a) £	Group Undertakings (note b) £	Investment in a Joint Venture (note c) £	Total £
GROUP				
At 1 May 2003	4	-	5,000	5,004
Additions	-	-	502	502
Disposals	-	-	-	-
Impairment During Period	(1)	-	-	(1)
AT 31 MAY 2004	3	-	5,502	5,505
COMPANY				
At 1 May 2003	4	50,054	5,000	55,058
Additions	-	2	502	504
Disposals	-	(54)	-	(54)
Impairment During Period	(1)	-	-	(1)
AT 31 MAY 2004	3	50,002	5,502	55,507

Notes:

(a) Investment in Clubs

The group owns special shares in four member clubs; Llanelli RFC, Swansea RFC, Ebbw Vale RFC and Pontypridd RFC (in liquidation). These companies are incorporated in England & Wales.

(b) Group Undertakings

The company holds 100% of the issued ordinary share capital of Millennium Stadium plc. Gowerpark Limited was placed in liquidation during the period. Island Farm Development Ltd., a 100% owned subsidiary, was incorporated during the period.

(c) Other Investments

Vale Indoor Arena Ltd is controlled equally by the Welsh Rugby Union and another, non-connected company. Accordingly it has been treated as a joint venture. The company also owns strategic investments in European Rugby Cup Ltd, Six Nations Ltd & Dragons Rugby Ltd.

Notes to the Financial Statements

12 STOCKS

	Group 2004 £	Group 2003 £	Company 2004 £	Company 2003 £
Stocks	-	274,741	-	262,915

13 DEBTORS

	Group 2004 £	Group 2003 £	Company 2004 £	Company 2003 £
Trade Debtors	7,230,340	4,520,072	3,722,936	3,010,080
Amounts due from Subsidiary Undertakings	-	-	9,715,016	9,631,483
Loans to Clubs	1,011,153	868,194	1,011,153	868,194
Other Debtors	696,868	996,432	60,090	327,503
Prepayments and Accrued Income	2,346,889	5,568,511	2,251,588	4,516,205
	<u>11,285,250</u>	<u>11,953,209</u>	<u>16,760,783</u>	<u>18,353,465</u>

The amount due from subsidiary undertakings is due after more than one year.

14 CURRENT ASSET INVESTMENT

	Group £	Company £
COST		
AT 1 MAY 2003	4,150,000	4,150,000
Additions during the period	85,000	85,000
AT 31 MAY 2004	<u>4,235,000</u>	<u>4,235,000</u>

This represents certain contiguous areas surrounding the Millennium Stadium.

15 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group 2004 £	Group 2003 £	Company 2004 £	Company 2003 £
Bank Overdrafts (note 25)	10,269,261	9,203,293	7,109,613	6,494,060
Bank Loans (note 25)	110,000	104,035	110,000	104,035
Trade Creditors	3,636,154	2,866,322	2,614,353	1,984,876
Payments Received on Account	1,968,186	1,992,771	-	-
Interest Payable	533,440	272,316	-	-
Obligations under Finance Leases and Hire Purchase Agreements (note 19)	234,562	444,876	113,823	130,600
Tax and Social Security	347,806	376,891	258,834	195,372
Value Added Tax	323,235	571,421	(520,406)	337,514
Other Creditors	576,812	1,086,436	576,812	947,519
Accruals	14,336,823	4,937,906	13,967,765	4,693,585
	<u>32,336,279</u>	<u>21,856,267</u>	<u>24,230,794</u>	<u>14,887,561</u>

The bank loan is repayable on demand. The Directors consider that the disclosure of the loan as being repayable after more than one year is appropriate given the prevailing circumstances (note 18). The company expects to conclude an agreement with the bank in the coming period on a repayment schedule.

Accruals also include a liability to a third party which arose upon completion of the Millennium Stadium. The accrual is technically repayable on demand and so is disclosed as a creditor falling due within 1 year. The directors expect to conclude an agreement with the third party in the coming period on a repayment schedule.

Notes to the Financial Statements

16 DEFERRED INCOME : AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group 2004 £	Group 2003 £	Company 2004 £	Company 2003 £
Sponsorship	350,908	1,157,885	-	460,000
Football Trust Grant	-	500,000	-	-
Deposits in Advance	1,078,817	1,817,773	-	-
	<u>1,429,725</u>	<u>3,475,658</u>	<u>-</u>	<u>460,000</u>

17 MILLENNIUM COMMISSION GRANT: AMOUNT TO BE RELEASED TO PROFIT & LOSS WITHIN ONE YEAR

	Group 2004 £	Group 2003 £	Company 2004 £	Company 2003 £
Grant	1,196,000	1,196,000	-	-

Grant released to the profit and loss account this period totalled £1,295,667 (2003: £1,196,000). Deferred grants of £40,418,667 (2003: £41,714,334) will be released to the Profit and Loss Account in future years.

Notes to the Financial Statements

18 CREDITORS:

AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Group 2004 £	Group 2003 £	Company 2004 £	Company 2003 £
Bank Loans (note 25)	49,443,301	49,559,940	273,301	389,940
Accruals	-	8,930,737	-	8,930,737
Obligations under Finance Leases and Hire Purchase Agreements (note 19)	96,986	425,429	57,230	182,789
	<u>49,540,287</u>	<u>58,916,106</u>	<u>330,531</u>	<u>9,503,466</u>

The bank loan is repayable on demand. The Directors consider that the disclosure of the loan as being repayable after more than one year is appropriate given the prevailing circumstances (note 15). The company expects to conclude an agreement with the bank in the coming period on a repayment schedule.

19 OBLIGATIONS UNDER FINANCE

LEASES AND HIRE PURCHASE AGREEMENTS

	Group 2004 £	Group 2003 £	Company 2004 £	Company 2003 £
Amounts Due Within One Year	234,562	444,876	113,823	130,600
Amounts Due Between 1 and 2 Years	96,986	283,616	57,230	130,600
Amounts Due Between 2 and 5 Years	-	141,813	-	52,189
	<u>331,548</u>	<u>870,305</u>	<u>171,053</u>	<u>313,389</u>

20 DEFERRED INCOME:

AMOUNTS TO BE RELEASED TO PROFIT & LOSS ACCOUNT AFTER MORE THAN ONE YEAR

	Group 2004 £	Group 2003 £	Company 2004 £	Company 2003 £
Sponsorship	759,833	2,687,220	-	1,669,404
Deposits in Advance	650,681	1,003,839	-	-
	<u>1,410,514</u>	<u>3,691,059</u>	<u>-</u>	<u>1,669,404</u>

21 MILLENNIUM COMMISSION GRANT:

AMOUNT TO BE RELEASED TO PROFIT & LOSS ACCOUNT AFTER MORE THAN ONE YEAR

	Group 2004 £	Group 2003 £	Company 2004 £	Company 2003 £
Grant	39,222,667	40,518,334	-	-

Grant released to the profit and loss account this period totalled £1,295,667 (2003: £1,196,000). Deferred grants of £40,418,667 (2003: £41,714,334) will be released to the Profit and Loss Account in future years.

Notes to the Financial Statements

22 DEBENTURES

	Group 2004 £	Group 2003 £	Company 2004 £	Company 2003 £
Balance Brought Forward	31,136,500	30,318,996	31,136,500	30,318,996
Additions				
Jubilee Debentures	682,750	1,089,350	682,750	1,089,350
Upgrade of Debentures	67,000	1,000	67,000	1,000
Redeemed Debentures	(4,650)	(33,000)	(4,650)	(33,000)
Adjustment (note a)	-	(239,846)	-	(239,846)
	<u>31,881,600</u>	<u>31,136,500</u>	<u>31,881,600</u>	<u>31,136,500</u>

The debenture loans are repayable as follows :	Group 2004 £	Group 2003 £	Company 2004 £	Company 2003 £
2021	362,500	366,150	362,500	366,150
2024	24,586,600	24,637,350	24,586,600	24,637,350
2027	1,837,100	1,089,350	1,837,100	1,089,350
2028	350,000	350,000	350,000	350,000
2035	1,799,000	1,800,000	1,799,000	1,800,000
2050	2,946,400	2,893,650	2,946,400	2,893,650
	<u>31,881,600</u>	<u>31,136,500</u>	<u>31,881,600</u>	<u>31,136,500</u>

note (a)

Last year the company conducted a detailed review of the records of debentures issued which resulted in a reduction in the recorded liability to debenture holders. Further analysis has revealed that this amount relates to interest received on debenture monies and accordingly interest earned both in prior and the current period are included in the profit and loss account

23 DEFERRED TAXATION

The amount of Deferred Tax Provided in the Accounts is:-

	2004 £	2003 £
Capital Allowances in excess of Depreciation	9,161,381	9,367,202
Other Timing Differences	(7,887,490)	(8,231,795)
	<u>1,273,891</u>	<u>1,135,407</u>
Undiscounted Provision for Deferred Tax		
Discount	(297,941)	(271,873)
	<u>975,950</u>	<u>863,534</u>
Discounted Provision for Deferred Tax		
Provision at Start of Period	863,534	525,140
Deferred Tax Charge in Profit and Loss Account for Period	112,416	338,394
	<u>975,950</u>	<u>863,534</u>

Notes to the Financial Statements

24 FRS 17 RETIREMENT BENEFITS

This relates to The Welsh Rugby Union Limited Senior Employees' Pension Scheme, which is not the only scheme of the Company.

The scheme is a defined benefit type scheme.

The most recent actuarial valuation for accounting purposes was at 1 May 2001.

The contributions made in the period 1 May 2003 to 31 May 2004 were at a rate of 12.7% of Pensionable Salaries for the Company and 2% of Pensionable Salaries for the members. Insurance premiums for death in service benefits were payable in addition. The level of future contributions will be calculated after taking advice from the actuaries.

The assumptions used for calculating the liabilities as at 31 May 2004 were as follows:

Inflation:	2.9%	(2003: 2.6%)
Salary Escalation:	4.9%	(2003: 4.6%)
Increase to Pensions in Payments:	2.9%	(if subject to inflation) (2003: 2.5%)
Increases in Deferment:	2.9%	(2003: 2.6%)
Discount Rate (pre and post retirement):	5.7%	(2003: 5.3%)

The fair value of the assets at 31 May 2004 amounts to £1,236,000 (2003: £1,275,000) and the expected rate of return is 5.6% (2003: 5%).

The expected rate of return for each category of asset is:

Equities:	9.1%	(2003: 9.1%)
Property:	7.9%	(2003: 7.6%)
Bonds:	5.3%	(2003: 4.7%)
Pension Contracts:	5.6%	(2003: 6.4%)
Cash and Other Assets:	4.3%	(2003: 3.8%)

The scheme has a number of purchased annuities in respect of past retirements. These are understood to fully match the associated liabilities and so have been excluded from both the assets and liabilities.

The scheme has AVC assets invested separately with Clerical Medical. These are understood to fully match the relevant liabilities and so have been excluded from both the assets and liabilities.

The surplus as at 31 May 2004 was £107,000 (2003: Deficit - £10,000) being the difference between the fair value of the assets of £1,236,000 (2003: £1,275,000) and the present value of the liabilities on the above assumptions of £1,129,000 (2003: £1,285,000).

The movement in the surplus/deficit of the scheme may be analysed further as follows:

	£
Deficit in scheme at 1 May 2003	(10,000)
Movement in period:	
Current Service Cost (excluding death in service benefits)	(104,000)
Contributions	97,000
Other Financial Costs (expected return on the assets less interest cost)	(3,000)
Actuarial Gain	127,000
Surplus in scheme at 31 May 2004	107,000



Notes to the Financial Statements

25 CONTINGENCIES

A cross guarantee has been given to Barclays Bank plc and the Millennium Commission to secure borrowings and grants by Millennium Stadium plc and its parent undertaking, the Welsh Rugby Union Limited. The total of the borrowings at 31 May 2004 amounted to £57,824,046 (2003: £57,615,881) of which £5,494,398 (2003: £5,743,414) related to the Welsh Rugby Union Limited and £52,329,648 (2003: £51,872,467) related to Millennium Stadium plc. The bank loan is re-payable on demand. However, the Directors consider that the disclosure of the loan in note 15 and 18 as being repayable after more than one year is appropriate given the prevailing circumstances.

All Liabilities to Barclays Bank plc and the Millennium Commission are secured by a fixed charge on all properties and other assets owned by the Welsh Rugby Union Limited and Millennium Stadium plc.

A guarantee has been given to Barclays Bank plc in respect of amounts due on loans made to clubs under the Financial Aid to Clubs Scheme. The balance, including accrued interest outstanding as at 31 May 2004 amounted to £3,838,739 (2003: £3,755,907).

Legal action was taken whereby a claim has been made against a match official by a player injured whilst playing. The Court of Appeal has found against the company. As a consequence, the total extent of insurance cover available to the company has been paid out. It is not yet possible to quantify any further amounts which may become due and payable.

26 COMPANY LIMITED BY GUARANTEE

The liability of the members is limited.

Every member club of the company undertakes to contribute such amounts as may be required (not exceeding £1) to the company's assets if it should be wound up while the club is a member, or within one year after the club ceases to be a member, for payment of the company's debts and liabilities contracted before the club ceases to be a member.

27 RESERVES

GROUP	Profit and Loss Account £	Other Reserves £	Total £
Opening Balance	2,165,288	2,314,489	4,479,777
Profit for the Financial Period	1,142,238	-	1,142,238
Financial Support to Clubs and other Affiliated Organisations	(775,406)	-	(775,406)
Dragons Rugby Trust	(491,488)	-	(491,488)
	<u>2,040,632</u>	<u>2,314,489</u>	<u>4,355,121</u>
COMPANY	Profit and Loss Account £	Other Reserves £	Total £
Opening Balance	205,322	2,610,146	2,815,468
Profit for the Financial Period	1,349,022	-	1,349,022
Financial Support to Clubs and other Affiliated Organisations	(775,406)	-	(775,406)
Dragons Rugby Trust	(491,488)	-	(491,488)
	<u>287,450</u>	<u>2,610,146</u>	<u>2,897,596</u>



Notes to the Financial Statements

28 RECONCILIATION OF OPERATING PROFIT TO NET CASHFLOW FROM OPERATING ACTIVITIES

	2004 £	2003 £
Operating Profit	3,801,056	4,217,712
Depreciation	3,694,167	3,429,977
Release of Millennium Commission Grant	(1,295,667)	(1,196,000)
Release of Football Trust Grant	(500,000)	(500,000)
Movement in Stocks	274,741	(192,507)
Movement in Debtors	667,959	(2,054,803)
Movement in Creditors	426,532	1,298,079
Movements in Deferred Income	(3,826,478)	(2,297,829)
NET CASH INFLOW FROM OPERATING ACTIVITIES	3,242,310	2,704,629

29 ANALYSIS OF CHANGES IN NET DEBT

	At 1 May 2003 £	Cashflows £	At 31 May 2004 £
Cash	1,251,387	747,129	1,998,516
Bank Overdrafts	(9,203,293)	(1,065,968)	(10,269,261)
Decrease in Cash	(7,951,906)	(318,839)	(8,270,745)
Liquid Resources	0	0	0
Other Loans Due Within One Year	(104,035)	(5,965)	(110,000)
Other Loans Due After One Year	(80,696,440)	(628,461)	(81,324,901)
NET (DEBT)	(88,752,381)	(953,265)	(89,705,646)

30 MAJOR SUBSIDIARY UNDERTAKING

	Percentage of Ordinary Share Capital:	Principal Activities:
Millennium Stadium plc (Note (a))	100%	Operation of National Stadium

(Incorporated in England & Wales)

Notes:

(a) Of the 50,001 issued Share Capital, one share is owned by the City and County of Cardiff.

This share does not grant to the owner any dividends, voting rights nor any rights to amounts receivable upon winding up.

Independent Auditors' Report to the Members of The Welsh Rugby Union Limited

We have audited the financial statements which comprise the profit and loss account, the balance sheet, the cashflow statement and the related notes which have been prepared under the historical cost convention and the accounting policies set out in the statement of accounting policies.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report or the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

The directors' responsibilities for preparing the annual report and financial statements in accordance with applicable United Kingdom law and accounting standards are set out in the Statement of Directors' responsibilities. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board, and our profession's ethical guidance.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the United Kingdom Companies Act. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding Directors' remuneration and transactions with the Group is not disclosed.

BASIS OF AUDIT OPINION

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Group's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

GOING CONCERN

We have considered whether it is appropriate for the accounts of the Group to be prepared on a going concern basis. The Directors have been given assurances by the bank that it is their intention to support the Company and its Group for at least the next 12 months. As a result, the accounts have been prepared on a going concern basis.

AUDIT OPINION

In our opinion the financial statements give a true and fair view of the state of affairs of the Company and the Group as at 31 May 2004 and of the result and cash flows of the Group for the period then ended and have been properly prepared in accordance with the Companies Act 1985.



Walter Hunter & Co.

Chartered Accountants & Registered Auditor
24 Bridge Street
Newport
South Wales
NP20 4SF

Date: 25 August 2004

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Millennium Stadium plc Financial Statements for the Period Ended 31 May 2004

Registered Office:

Golafe House
101 St. Mary Street
Cardiff CF10 1GE

Registered in England & Wales
Registration No: 3176906



MILLENNIUM STADIUM
CARDIFF ARMS PARK
STADIWM Y MILENIWM
PARC YR ARFANU CAREDYDD

Directors' Report

The Directors present their report and the financial statements of the Company for the period ending 31st May, 2004

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The Millennium Stadium reached its fifth birthday on June 26 2004. In that time it has hosted 130 major events and attracted more than 6 million visitors. As well as providing the Welsh National Rugby and Soccer sides with an inspirational home, the stadium once again hosted the FA Cup, Carling Cup and Powergen Cup finals as well as the Community Shield. The Nationwide league play-off finals were also played in May. The British Speedway Grand Prix was another major attraction, along with new events such as Supercross.

A full report on the Stadium is carried on page 13 of the WRU Annual Report.

SUPPLIERS

The Company endeavours to settle and agree terms of payment with suppliers prior to placing business. This ensures that suppliers are aware of the terms of payment in advance. It is company policy to pay to the agreed terms. For the period ended 31 May 2004, the average payment period for trade creditors was 45 days.

RESULTS

The results of Millennium Stadium plc for the 13-month period ending 31 May, 2004 show a loss of £586,773 against a profit of £1,153,401 in 2002/2003. However, it is worth remembering that the 2003 results included a one-off rates rebate of £1.1 m. Net assets at 31 May, 2004 totalled £1,507,526 compared to £2,094,299 at 30 April, 2003.

There was an increase in turnover for the year of £888,284 to £11,315,654, although this was due mainly to the change in the accounting period bringing in the month of May which included the FA Cup final, the Powergen Challenge Cup final and the Football League Play-Off finals.

Now five years old, the Stadium hosted an increased number of events and was filled to capacity for a number of high profile pop concerts during the period. A number of the initial hospitality box and club seat agreements have now expired and the rich portfolio of events will be key in attracting customers, both new and old, to take up licences.

Whilst turnover has increased, so too have costs - more money has been spent on maintaining the facility, a provision of £300,000 has been made in relation to the trade debts, while the figures include an additional month's depreciation charge (net of release of Millennium Commission Grant).

The indebtedness of Millennium Stadium plc continues to be significant and a rise in interest rates coupled with an additional month's charges, contributed to an 11% rise in interest costs over the previous year to £2,960,426.

Net assets for the Stadium totalled £1,507,626 at 31 May, 2004 (£2,094,299 on 30 April, 2003). As a result of the events staged at the Stadium in May 2004, there has been an increase in year-end debtors. The net debt increased to £52,329,648 (£51,879,233 in 2003), comprising of loans of £49,170,000 and overdrafts of £3,159,648

The unamortized element of the Millennium Commission grant has reduced to £40,418,667 whilst no further amounts are due in relation to the Football Trust Grant.

DIRECTORS

The directors who served during the period were as follows:

Beynon M*; Hewitt K J*; Mrs Conway H L; Michael B* (resigned 26/7/03); Davies B; Pickering D F*; Lord Faulkner of Worcester; Thomas S M; Edwards G* (appointed 7/8/03); Goodway R; Vaux A T* (resigned 26/7/03); Griffiths GS* (resigned 26/7/03); Moffett D L* (appointed 26/7/03); Davies M R* (appointed 7/8/03).

The above directors, marked with an asterisk, were also directors of The Welsh Rugby Union Limited during the period ended 31 May 2004.

DIRECTORS' RESPONSIBILITIES

Company Law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company at the end of the period and of the profit and loss for the period then ended.

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

- select suitable accounting policies, as described on page 66, and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare financial statements on the ongoing basis unless it is inappropriate to presume that the company will continue in business

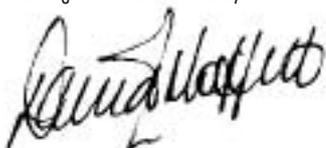
The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time, the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. The directors are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

AUDITORS

A resolution to re-appoint Walter Hunter & Co as auditors for the ensuing year will be proposed at the Annual General Meeting in accordance with Section 385 of the Companies Act, 1985

Approved by the directors on 25 August 2004

and signed on their behalf by



David L Moffett, Millennium Stadium plc

Registered office:
Golafe House
101 St Mary Street
Cardiff
CF10 1GE

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MILLENNIUM STADIUM PLC

We have audited the financial statements which comprise the profit and loss account, the balance sheet, the cashflow statement and the related notes which have been prepared under the historical cost convention and the accounting policies set out in the statement of accounting policies.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. 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 the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

The directors' responsibilities for preparing the annual report and financial statements in accordance with applicable United Kingdom law and accounting standards are set out in the Statement of Directors' responsibilities.

Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and our profession's ethical guidance.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the United Kingdom Companies Act. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding Directors' remuneration and transactions with the Company is not disclosed.

BASIS OF AUDIT OPINION

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

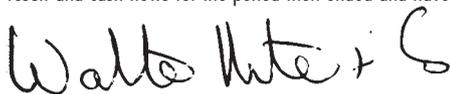
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

GOING CONCERN

We have considered whether it is appropriate for the accounts of the Company to be prepared on a going concern basis. The Directors have been given assurances by the bank and the ultimate holding company that it is their intention to support the Company for at least the next 12 months. As a result, the accounts have been prepared on a going concern basis.

AUDIT OPINION

In our opinion the financial statements give a true and fair view of the company's state of affairs as at 31 May 2004 and of its result and cash flows for the period then ended and have been properly prepared in accordance with the Companies Act 1985.



WALTER HUNTER & CO.
Chartered Accountants & Registered Auditor

24 Bridge Street
Newport
South Wales
NP20 4SF

Date: 25 August 2004

Profit and Loss Account

Period Ended 31 May 2004

	Note:	Period to 31 May 2004 £	Year to 30 April 2003 £
TURNOVER	2	11,315,654	10,427,370
Direct Operating Costs		(5,187,261)	(4,057,571)
Depreciation less release of Millennium Commission Grant	3	<u>(2,236,000)</u>	<u>(2,065,547)</u>
GROSS PROFIT		3,892,393	4,304,252
Administrative Expenses		<u>(1,518,740)</u>	<u>(1,262,987)</u>
OPERATING PROFIT BEFORE EXCEPTIONAL ITEM	3	2,373,653	3,041,265
Exceptional Item			
Rates Rebate	3(b)	<u>-</u>	<u>778,971</u>
OPERATING PROFIT AFTER EXCEPTIONAL ITEM	3	2,373,653	3,820,236
Interest Payable and Similar Charges	6	<u>(2,960,426)</u>	<u>(2,666,835)</u>
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAX		(586,773)	1,153,401
Tax on (Loss)/Profit on Ordinary Activities	7	<u>-</u>	<u>-</u>
(LOSS)/PROFIT FOR THE FINANCIAL PERIOD		(586,773)	1,153,401
Retained Profit brought forward		2,044,298	890,897
RETAINED PROFIT CARRIED FORWARD		1,457,525	2,044,298

The company has no recognised gains or losses other than the results for the period as set out above.

All of the activities of the company are classed as continuing.

The notes on pages 66 to 72 form part of these financial statements

Balance Sheet as at 31 May 2004

	Note:	2004		2003	
		£	£	£	£
FIXED ASSETS					
Tangible Assets	8		108,533,157		111,995,157
CURRENT ASSETS					
Debtors - Due Within One Year	10	4,239,482		3,137,475	
		<u>4,239,482</u>		<u>3,137,475</u>	
Creditors - Due Within One Year	11 & 14	(8,105,485)		(6,650,195)	
Deferred Income	12	(1,429,725)		(3,015,658)	
Millennium Commission Grant	13	(1,196,000)		(1,196,000)	
		<u>(10,731,210)</u>		<u>(10,861,853)</u>	
NET CURRENT LIABILITIES			<u>(6,491,728)</u>		<u>(7,724,378)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			102,041,429		104,270,779
Creditors - Due After More Than One Year	14	(58,924,772)		(58,772,956)	
Deferred Income	16	(1,410,514)		(2,021,656)	
Millennium Commission Grant	17	(39,222,667)		(40,518,334)	
			<u>(99,557,953)</u>		<u>(101,312,946)</u>
DEFERRED TAX	18		<u>(975,950)</u>		<u>(863,534)</u>
NET ASSETS			<u>1,507,526</u>		<u>2,094,299</u>
CAPITAL AND RESERVES					
Called up Equity Share Capital	22		50,001		50,001
Accumulated Profit	23		1,457,525		2,044,298
NET ASSETS			<u>1,507,526</u>		<u>2,094,299</u>

These financial statements were approved by the Directors on 25 August 2004 and are signed on their behalf by:



David Pickering Chairman, Millennium Stadium plc

Cash Flow Statement

Period Ended 31 May 2004

	Note	13 Month Period to 31 May 2004		Year to 30 April 2003	
		£	£	£	£
NET CASH INFLOW FROM OPERATING ACTIVITIES	25		2,637,373		2,257,138
RETURN ON INVESTMENTS & SERVICING OF FINANCE					
Interest Paid		<u>(2,699,302)</u>		<u>(2,728,849)</u>	
NET CASH (OUTFLOW) FROM RETURN ON INVESTMENTS AND SERVICING OF FINANCE			<u>(2,699,302)</u>		<u>(2,728,849)</u>
TAXATION			-		-
CAPITAL EXPENDITURE					
Acquisition of Fixed Assets		<u>(69,667)</u>		<u>(128,450)</u>	
NET CASH (OUTFLOW) FROM CAPITAL EXPENDITURE			<u>(69,667)</u>		<u>(128,450)</u>
CASH (OUTFLOW) BEFORE USE OF LIQUID RESOURCES AND FINANCING			<u>(131,596)</u>		<u>(600,161)</u>
MANAGEMENT OF LIQUID RESOURCES					
Movement in Short Term Deposits		<u>-</u>		<u>-</u>	
NET CASH (OUTFLOW) FROM MANAGEMENT OF LIQUID RESOURCES			<u>-</u>		<u>-</u>
FINANCING					
Capital Element of Finance Lease and Hire Purchase Repayments		<u>(318,819)</u>		<u>(300,409)</u>	
CASH (OUTFLOW) FROM FINANCING			<u>(318,819)</u>		<u>(300,409)</u>
(DECREASE) IN CASH	26		<u>(450,415)</u>		<u>(900,570)</u>

The notes on pages 66 to 72 form part of these financial statements

Notes to the Financial Statements

Period Ended 31 May 2004

1 ACCOUNTING POLICIES

Basis of Accounting:

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

Going Concern:

The Directors have been given suitable assurances from the bank and the ultimate parent undertaking and the financial statements are therefore prepared on the basis that the company is a going concern. The Directors have also prepared detailed budgets which indicate that funding will be adequate during the next 12 months.

Turnover:

The turnover shown in the Profit and Loss Account represents amounts invoiced during the period, exclusive of Value Added Tax.

Depreciation:

Depreciation is calculated so as to write-off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows :

Stadium: 2% - 5% straight line per annum

Office equipment: 25% straight line per annum.

In accordance with SSAP 21, assets held under finance leases are depreciated over the expected useful life of the related asset unless the asset does not necessarily enter the ownership of the group at the end of the lease period in which case the asset is depreciated over the shorter of its economic useful life and the period of the lease.

Grants Receivable:

In accordance with FRS 5, grants receivable are disclosed as deferred income within notes 13 and 17 to the accounts and are being released to the profit and loss account by instalments over the expected life of the related asset.

Operating Lease Agreements:

Rentals applicable to operating leases, where substantially all of the benefits and risks of ownership remain with the lessor, are charged against profits as incurred.

Pension Costs:

The company operates a defined contribution pension scheme. Contributions payable for the period are charged in the profit and loss account.

The company also operates a defined benefit pension scheme. The assets of the scheme are held separately from those of the Company. The regular pension cost is charged to the profit and loss account and is based on the expected pension costs over the service lives of the employees. Contributions to the pension plan are paid according to the advice of actuaries.

Accruals and Deferred Income:

(a) Deposits in Advance

Monies received in advance for Boxes and Club Seats have been treated as deferred income and will be released to the profit and loss account over the period of the rental.

(b) Sponsorships and Royalties

Monies received in relation to the sponsorships and royalties are released to the profit and loss account over the period of each individual agreement.

Deferred Tax:

A provision is made for deferred tax in so far as a liability or asset arose as a result of transactions that had occurred by the balance sheet date and gave rise to an obligation to pay more tax in future, or a right to pay less tax in future. Deferred tax liabilities recognised have been discounted as appropriate. This is in accordance with FRS19 (Deferred Tax).

Notes to the Financial Statements

2 TURNOVER

The turnover and profit before tax are attributable to the principal activities of the Company. An analysis of turnover is given below:

	2004 £	2003 £
Sponsorship and Royalties	518,722	764,494
Events Income	5,666,612	4,349,759
Boxes and Club Seats	4,341,889	4,576,100
Football Trust Grant	500,000	500,000
Other Revenue Income	288,431	237,017
	<u>11,315,654</u>	<u>10,427,370</u>

Profit before tax has not been analysed by activity.

3 OPERATING PROFIT

(a) Operating profit is stated after charging/(crediting):

	2004 £	2003 £
Depreciation	3,531,667	3,261,547
Release of Millennium Commission Grant	(1,295,667)	(1,196,000)
	<u>2,236,000</u>	<u>2,065,547</u>
Auditors' Remuneration	15,000	14,000
- as auditors		
- non audit work	6,000	5,000

(b) Exceptional Item

Last year the company negotiated a significant reduction in the business rates charged on the Stadium.

4 PARTICULARS OF EMPLOYEES

The aggregate payroll costs were:

	2004 £	2003 £
Wages and Salaries	1,010,205	1,152,204
Social Security Costs	92,585	97,308
Other Pension Costs	41,319	46,379
	<u>1,144,109</u>	<u>1,295,891</u>

The average number of employees and directors, including non-executive directors, of the company during the period was:

	2004	2003
Directors	11	11
Management & Administration	9	18
Marketing	5	5
Stadium	41	40
	<u>66</u>	<u>74</u>

In addition, the Company employs stewards and others for events as and when required.

5 DIRECTORS' EMOLUMENTS

Management Services

Period to 31 May 2004 £	Year to 30 April 2003 £
102,021	39,184

Notes to the Financial Statements

6 INTEREST PAYABLE AND SIMILAR CHARGES

	2004	2003
	£	£
Bank Interest	2,846,941	2,570,222
Finance Leases and Hire Purchase Agreements	113,485	96,613
	<u>2,960,426</u>	<u>2,666,835</u>

7 TAX ON PROFIT ON ORDINARY ACTIVITIES

	2004	2003
	£	£
Corporation Tax Charge for the Period at 30% (2003: 30%)	-	-
Deferred Tax Charge	112,416	338,394
Group Relief Transfer	(112,416)	(338,394)
	<u>-</u>	<u>-</u>

8 TANGIBLE FIXED ASSETS

	Stadium	Plant & Machinery	Total
	£	£	£
Cost			
Cost as at 1 May 2003	123,590,357	54,804	123,645,161
Additions in Period	69,667	-	69,667
As at 31 May 2004	<u>123,660,024</u>	<u>54,804</u>	<u>123,714,828</u>
Depreciation			
As at 1st May 2003	11,629,390	20,614	11,650,004
Charge for the Period	3,527,550	4,117	3,531,667
As at 31 May 2004	<u>15,156,940</u>	<u>24,731</u>	<u>15,181,671</u>
Net Book Value As at 31 May 2004	<u>108,503,084</u>	<u>30,073</u>	<u>108,533,157</u>
Net Book Value As at 30 April 2003	111,960,967	34,190	111,995,157

Total grant receivable from the Millennium Commission amounted to £46,000,000.

This is the total amount due from the Millennium Commission to part fund the construction of the Stadium.

The total interest capitalised within the Stadium cost is £4,646,155 (2003: £4,646,155).

Net book value of fixed assets includes £1,200,995 (2003: £1,283,790) in respect of assets held under finance lease and hire purchase agreements. The depreciation charge in the period on these assets was £82,795 (2003: £76,426).

Notes to the Financial Statements

9 CAPITAL COMMITMENTS

The Company has no capital commitments at the period end (2003: Nil)

10 DEBTORS

Due within one year:

Trade Debtors

Other Debtors

Prepayments and Accrued Income

2004	2003
£	£
3,507,403	1,450,057
636,778	636,778
95,301	1,050,640
4,239,482	3,137,475

11 CREDITORS - AMOUNTS FALLING DUE WITHIN ONE YEAR

Bank Overdraft (note 20)

Bank Loan (note 20)

Trade Creditors

Event creditors

Interest payable

Obligations Under Finance Lease and Hire Purchase Agreements (note 15)

Tax and Social Security

Value Added Tax

Accruals

2004	2003
£	£
3,159,648	2,709,233
-	-
1,021,801	977,953
1,968,186	1,992,771
533,440	272,316
120,739	300,409
88,972	87,032
843,641	167,145
369,058	143,336
8,105,485	6,650,195

The bank loan is repayable on demand. The Directors consider that the disclosure of the loan as being repayable after more than one year is appropriate given the prevailing circumstances (note 14). The company expects to conclude an agreement with the bank in the coming period on a repayment schedule.

12 DEFERRED INCOME - AMOUNTS TO BE RELEASED TO PROFIT & LOSS ACCOUNT WITHIN ONE YEAR

Sponsorship

Deposits in Advance

Deferred Football Trust Grant

2004	2003
£	£
350,908	697,885
1,078,817	1,817,773
-	500,000
1,429,725	3,015,658

13 MILLENNIUM COMMISSION GRANT - AMOUNT TO BE RELEASED TO PROFIT & LOSS ACCOUNT WITHIN ONE YEAR

Grant

2004	2003
£	£
1,196,000	1,196,000

Grant released to the profit and loss account this period totalled £1,295,667 (2003: £1,196,000).

Deferred grants of £40,418,667 (2003: £41,714,334) will be released to the Profit and Loss Account in future years.



Notes to the Financial Statements

14 CREDITORS - AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2004	2003
	£	£
Bank Loan (note 20)	49,170,000	49,170,000
Amounts Due to the Welsh Rugby Union Limited (note 20)	9,715,016	9,424,051
Obligations Under Finance Lease and Hire		
Purchase Agreements (note 15)	39,756	178,905
	<u>58,924,772</u>	<u>58,772,956</u>

The bank loan is repayable on demand. The Directors consider that the disclosure of the loan as being repayable after more than one year is appropriate given the prevailing circumstances (note 11). The company expects to conclude an agreement with the bank in the coming period on a repayment schedule.

15 OBLIGATIONS UNDER FINANCE LEASES AND HIRE PURCHASE AGREEMENTS

	2004	2003
	£	£
Amounts Due Within 1 Year	120,739	300,409
Amounts Due Between 1 and 2 Years	39,756	139,149
Amounts Due Between 2 and 5 Years	-	39,756
	<u>160,495</u>	<u>479,314</u>

16 DEFERRED INCOME - AMOUNTS TO BE RELEASED TO PROFIT & LOSS ACCOUNT AFTER MORE THAN ONE YEAR

	2004	2003
	£	£
Sponsorship	759,833	1,017,816
Deposits in Advance	650,681	1,003,840
	<u>1,410,514</u>	<u>2,021,656</u>

17 MILLENNIUM COMMISSION GRANT - AMOUNT TO BE RELEASED TO PROFIT & LOSS ACCOUNT AFTER MORE THAN ONE YEAR

	2004	2003
	£	£
Grant	39,222,667	40,518,334

Grant released to the profit and loss account this period totalled £1,295,667 (2003: £1,196,000). Deferred grants of £40,418,667 (2003: £41,714,334) will be released to the Profit and Loss Account in future years.

Notes to the Financial Statements

18 DEFERRED TAXATION

	2004 £	2003 £
Capital Allowances in Excess of Depreciation	9,161,381	9,367,202
Other Timing Differences	(7,887,490)	(8,231,795)
Undiscounted Provision for Deferred Tax	1,273,891	1,135,407
Discount	(297,941)	(271,873)
Discounted Provision for Deferred Tax	<u>975,950</u>	<u>863,534</u>
Provision at Start of Period	863,534	525,140
Deferred Tax Charge - Group Relief Transfer	112,416	338,394
Provision at End of Period	<u>975,950</u>	<u>863,534</u>

19 FRS 17 RETIREMENT BENEFITS

The company participates in the Welsh Rugby Union Limited Senior Employees' Pension Scheme which is a defined benefit pension scheme, the contribution rates of which are based upon pension costs across the participating undertakings as a whole. However being a multiple employer scheme the company is unable to identify its share of the underlying assets and liabilities. The scheme funds are administered by an independent insurance company and any surplus/deficit will be accounted for by the Welsh Rugby Union Limited, its parent company. At 31 May 2004 the surplus, calculated upon the assumptions disclosed in the accounts of the parent company, totalled £107,000 (2003: deficit £10,000).

20 CONTINGENT LIABILITIES

A cross guarantee has been given to Barclays Bank plc and the Millennium Commission to secure borrowings and grants by Millennium Stadium plc and its parent undertaking, the Welsh Rugby Union Limited. The total of the borrowings at 31 May 2004 amounted to £57,824,046 (2003: £57,615,881) of which £5,494,398 (2003: £5,743,414) related to the Welsh Rugby Union Limited and £52,329,648 (2003: £52,262,407) related to Millennium Stadium plc. The bank loan is repayable on demand. However, the Directors consider that the disclosure of the loan in note 14 as being repayable after more than one year is appropriate given the prevailing circumstances.

All Liabilities to Barclays Bank plc and the Millennium Commission are secured by a fixed charge on all properties and other assets owned by the Welsh Rugby Union Limited and Millennium Stadium plc.

21 RELATED PARTY TRANSACTIONS

The Welsh Rugby Union Limited is the parent company of Millennium Stadium plc and holds 50,000 shares of the issued shares, the remaining one share being held by the City and County of Cardiff. The only related party transactions were with the parent company and do not require disclosure in these accounts.

22 SHARE CAPITAL

	2004 £	2003 £
Authorised Share Capital		
50,001 Ordinary Shares of £1 each	<u>50,001</u>	<u>50,001</u>
Allotted, Called Up and Fully Paid		
50,001 Ordinary Shares of £1 each	<u>50,001</u>	<u>50,001</u>

Included in the above authorised, allotted, called up and fully paid share capital is a share owned by the City and County of Cardiff. This share does not grant to the owner any dividends, voting rights nor any rights to amounts receivable upon winding up.

Notes to the Financial Statements

23 RESERVES

Profit & Loss Account

	£
Opening Balance as at 1 May 2003	2,044,298
Profit for the Financial Period	(586,773)
Balance Carried Forward as at 31 May 2004	1,457,525

Included in the above is £(295,657) being other reserves which arose on the incorporation of the Welsh Rugby Union.

24 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2004	2003
	£	£
(Loss)/Profit for the Financial Period	(586,773)	1,153,401
Opening Shareholders' Equity Funds	2,094,299	940,898
	<u>1,507,526</u>	<u>2,094,299</u>

25 RECONCILIATION OF OPERATING PROFIT TO NET CASH FLOW FROM OPERATING ACTIVITIES

	2004	2003
	£	£
Operating Profit	2,373,653	3,820,236
Depreciation	3,531,667	3,261,547
Release of Millennium Commission Grant	(1,295,667)	(1,196,000)
Football Trust Grant	(500,000)	(500,000)
(Increase) in Debtors	(1,102,008)	(1,590,696)
Increase in Creditors (include deferred tax movement)	1,326,803	259,879
(Decrease) in Deferred Income	(1,697,075)	(1,797,828)
NET CASH INFLOW FROM OPERATING ACTIVITIES	2,637,373	2,257,138

26 ANALYSIS OF CHANGES IN NET DEBT

	At 1 May 2003	Cashflows	At 31 May 2004
	£	£	£
Bank Overdraft	(2,709,233)	(450,415)	(3,159,648)
Loans Due Within One Year	-	-	-
Loans Due After More Than One Year	(49,170,000)	-	(49,170,000)
Net Debt	(51,879,233)	(450,415)	(52,329,648)