WELSH RUGBY UNION LIMITED ANNUAL REPORT 2005-2006

ADRODDIAD BLYNYDDOL 2005-2006 UNDEB RYGBI CYMRU CYF

Whatever it takes

WRU staff – delivering key objectives in the interests of our game

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Officials of the WRU

Patron
Her Majesty Queen Elizabeth II

Honorary Life Vice-Patron
The Right Honourable Sir Tasker Watkins VC, GBE, DL

President
Keith Rowlands

Board Members of Welsh Rugby Union Ltd.

David Pickering	**Chairman**
Kenneth Hewitt	**Vice-Chairman**
David Moffett	**Group Chief Executive** (resigned 31 December 2005)
Mal Beynon	
Gerald Davies CBE, DL	
Martin Davies	
Geraint Edwards	
Humphrey Evans	
Brian Fowler	
Roy Giddings	
Russell Howell	
Gethin Jenkins	
Peredur Jenkins	
Anthony John	
Alan Jones	
John Jones	
Aurwel Morgan	
Ray Wilton	

WRU Group Executive Board

David Moffett	**Group Chief Executive (Chairman)** (resigned 31 December 2005)
Steve Lewis	**Chief Executive WRU**
Paul Sergeant	**Director/Chief Executive Millennium Stadium plc**
Alan Hamer	**Head of Group Finance** (resigned 30 June 2006)
Tim Burton	**Head of Group Strategy and Services**

WRU Managers
Gareth Jenkins (National Coach)
Philip John (Manager, Community Rugby)
Liz Jones (Manager, Communications)
Julie Paterson (Head of Group Compliance and Ticketing)
Alan Phillips (National Team Manager)
Martyn Rees (Manager, Regulatory and Protocol)
Mostyn Richards (Manager, High Performance Rugby)
Huw Wiltshire (National Fitness Director)
Rob Yeman (Manager, Match Officials)

Principal Sub-Committees

Finance Committee
Martin Davies (**Chairman**), David Pickering, Kenneth Hewitt, David Moffett (resigned 31 December 2005), Humphrey Evans, Steve Lewis, John Jones, Alan Hamer (resigned 30 June 2006)

Regulatory Committee
Russell Howell (**Chairman**), Mal Beynon, Geraint Edwards, Brian Fowler, John Owen, Ray Wilton, Aurwel Morgan

Game Policy Committee
Alan Jones (**Chairman**), Roy Giddings, Gethin Jenkins, Gerald Davies CBE DL, David Matthews, Mostyn Richards, Peredur Jenkins, Anthony John, Steve Lewis, Mike Farley, Rolph James

International Rugby Board Representatives
David Pickering, Kenneth Hewitt

Six Nations Committee Representatives
David Pickering, Martin Davies

ERC Representatives
Steve Lewis, Stuart Gallacher (Regional Representative)

Celtic Rugby Representatives
Steve Lewis, Robert Norster (Regional Representative)

Anglo-Welsh Representatives
Steve Lewis, Robert Norster (Regional Representative)

Board Members of Millennium Stadium plc

David Pickering	**Chairman**
Lord Faulkner of Worcester	**Vice-Chairman**
Paul Sergeant	**Chief Executive** (appointed 1 January 2006)
Mal Beynon	
Helen Conway	
Byron Davies	
Martin Davies	
Geraint Edwards	
Ken Hewitt	
Cllr Nigel Howells	
Stella Mair Thomas	
David Moffett (resigned 31 December 2005)	

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Welsh celebrations after beating Australia for the first time in 18 years

David Pickering
Chaiman, WRU

Chairman's View

Some times it is good to look back to see the way forward. When I cast my mind back to the day I first became Chairman of the Welsh Rugby Union Board of Directors in the summer of 2003, it would have been difficult for me to imagine that three years hence, we would have turned over a £6.7m profit for our Group by the end of the 2005/06 financial year - the second successive record breaking profit we have made. It is all part of the long haul to make our game as competitive off the field in the business environment as it has always been on the international stage. We have found financial stability under an evolving regime.

More importantly, our performance this year shows just how far the WRU Group has developed in a relatively short space of time, with a record turnover of more than £40m across the Group – an increase of 27% (£9 million) on the previous year. The WRU Group is now firmly established as one of Wales' top companies. In 2003, we owed nearly £70m to the bank and other debtors. Those debts have been rationalised, reduced and are no longer a potential threat to the game's very existence. The position at the end of the 2005/06 financial year shows a net debt of just over £39m, a drop of £31m in just three years.

For the second year in a row both the WRU and Millennium Stadium plc returned pre-tax profits to enable the Group's pre-tax profits to rise from £3.6 million at the end of the previous financial year to £5.1 million - a massive hike of 42%. Since October, 2005, the Group has traded without an overdraft.

This amazing business transformation and development of the WRU Group can be traced back to the vision of the General Committee to embark on a reform process and the decision of the WRU member clubs to change the constitution in May 2002. Thanks to that vote in Cardiff the management structure at the WRU was revolutionised through the creation of a Board of Directors and the installation of an executive board. Now we have the staff, systems and professionalism to tackle our problems far more efficiently and effectively.

Our former Group Chief Executive David Moffett was at the forefront of our advances for the first two years of my tenure. His dynamic leadership, with the support of the WRU and Millennium Stadium Boards of Directors and having assembled a highly talented and committed team beneath him, headed by Steve Lewis and Paul Sergeant, helped to lead Welsh rugby back from the abyss both on and off the field. Our business performance during David's tenure and subsequently has been nothing short of remarkable. A pre-tax profit of £8.7m over two years has made us the envy of our Celtic cousins. The Irish made a profit of 800,000 euros over the last year, their first profit in four years, while the Scots once again suffered heavy losses.

"The WRU Group is now firmly established as one of Wales' top companies"

David's departure on health grounds at the start of last season was a blow. His view, shared by the Board for the remainder of the season, was that his work had been completed and that the business was able to run successfully without him in the hands of the two Chief Executives, Steve Lewis (WRU) and Paul Sergeant (Millennium Stadium).

David will be remembered, I am sure as one of the most effective and successful rugby administrators in the history of Welsh rugby.

The move to regional rugby was essential; the closure of one of those five regions necessary; the restructuring of the Union's debt was vital; the appointment of Mike Ruddock as national coach helped to deliver a Grand Slam and the confidence and respect he engendered within the game was total.

As Chairman, I could not have asked for a better Group Chief Executive at that time. If the clubs can be credited with sparking an administrative revolution in 2002, then Moffett, along with key staff and the Board's bold decisions, made it work. David's premature departure forced the Board to review the management structure and, after a short period without a Group Chief Executive and following the express wishes of the membership, we are currently recruiting a replacement to deliver the key objectives for the future success of the WRU Group.

There are many ways to quantify success. The number crunchers will always look at the bottom line, others will examine the quality of your product and some will assess your public face. One thing is certain when it comes to the WRU, everyone will have a view.

We had a Grand Slam to celebrate, along with a £3m profit, in the 2004/05 season and there has certainly been plenty to chew over during the past 12 months.

On the one hand there were record breaking successes, with more than 600,000 rugby fans generating more than £15m gross revenue for rugby matches alone at the Millennium Stadium, while on the other there were problems which culminated in an Extraordinary General Meeting of clubs in Cardiff.

Swings and roundabouts that tested the governance of the game in Wales, yet which demonstrated the robust and thoroughly professional nature of our organisation in its 125th year. The maturity of our structure, and the strength of character and determination of the personalities involved, have ensured stability through times of huge change and uncertainty.

It was a humbling experience during the last year travelling back to the room where the Welsh Rugby Football Union was founded on 13 March, 1881. Many of the Board of Directors gathered to pay tribute to our founding fathers at the Castle Hotel, in Neath, on that day 125 years on and everyone in our game has much to thank men like Richard Mullock, Horace Lyne and John Chambers for their vision in 1881.

Chairman's View

"Together we have made huge strides and marked out the way ahead"

We ensured the 125th anniversary was properly marked with two special events. The first was an extra Autumn international against New Zealand and the second was a major dinner for all our clubs, current and former players, referees and staff at the Millennium Stadium. The game against the All Blacks provided the first of four successive full houses at our Invesco Perpetual Series in November.

Those games helped to make it seven successive capacity international games at the home of Welsh rugby and the three full houses during our 2006 RBS Six Nations campaign took the tally to 10. Much of the success of our marketing of these matches came down to the new ticketing policy that was introduced and the clubs, as ever, played their part to the full in ensuring there were no empty seats and that all the ticket money came in on time. The ticketing strategy – another key success for the Board of Directors – was central to the WRU being able to more than double ticket income from 2002/03 and resulted in the Union holding more than £5.5m at the bank at the end of the year.

In addition, we should feel equally proud of the £800,000+ the Group raised for chairty - £500,000 into the Millennium Stadium Charitable Trust through the 1% ticket levy, £100,00 to the Welsh Rugby Charitable Trust and £212,000 for the NSPCC through my charity walk to the top of Mount Kilimanjaro. Many other charities benefitted from bucket collections at major events and other initiatives.

A crippling run of injuries to key players, allied to the saga over Mike Ruddock's departure meant the on-field successes of 2004/05 were unfortunately not repeated. There was a Grand Slam for our Under 19 side and the first win over Australia at senior level for 18 years was particularly pleasing, especially as they will be back at the Millennium Stadium as one of our Rugby World Cup opponents in 2007. The sixth World Cup is just around the corner and Wales will be heading into that tournament with a new national coach, Gareth Jenkins, at the helm following his appointment in April.

The tournament will offer us huge challenges on and off the field. We have negotiated with France, the official host nation, to play four games at the Millennium Stadium, including two of our own Pool matches. If we can all focus on the ultimate prize in the world game then it could be one of our most successful tournaments. The World Cup will also continue our commitment to deliver to Wales world class events at the Millennium Stadium. The last two seasons have seen us bring the British & Irish Lions to Cardiff for a pre-tour Test and return the Heineken Cup final to its spiritual home for a fourth time. Both these games gave great exposure to Wales and huge revenue to Cardiff. More of the same will be delivered by the 2007 Rugby World Cup.

What our business performance, aided by the 2005 Grand Slam, two successive Celtic League triumphs by the Scarlets and Ospreys, an appearance in the first Anglo-Welsh final last season, along with a Lions tour and two of the most attractive fixture lists the WRU has ever managed to secure has done over the last few years is enable us to deliver more money to the grass-roots clubs and more funding than ever before to our professional regions.

The Union's bid to return the amateur end of the game to the community has been well received and there is much for the players in the new WRU regional community competition to look forward to with the establishment of a Welsh Clubs XV in the 2006/07 season.

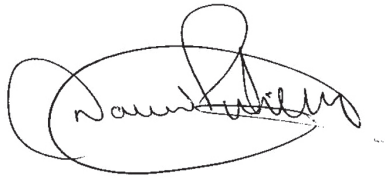
The four WRU regional academies and national women's academy are now up and running with the help of £1.6m in Objective One funding from the Welsh Assembly and are already seeing the fruits of our labour in the impressive development of our elite young players. The regions also appear more and more to be getting to grips with the demands of offering a lead to the community clubs in their area to improve both on and off the field. The efforts of the clubs are ensuring our game is growing in terms of numbers and clubs and that is perhaps the most encouraging piece of news of the past 12 months.

More than anything else over the past three years I've learned that Welsh rugby is a team effort. It was an honour to lead the Welsh team on the field during my playing days and it has been a privilege over the past three years to lead the broader Welsh rugby team as chairman of a thoroughly committed Board of Directors.

Together we have made huge strides and marked out the way ahead. We should all move forward with confidence. However, while it is fantastic to be able to report such a successful year off the field, we expect that next year will be a tough business prospect but one that will reap the benefits for other areas of our business. We have pledged extra investment into professional and grassroots rugby in order to improve the competitiveness of our regional teams and increase participation levels in the community game; we will put capital investment into the Millennium Stadium, and we will have one international game less than this past year and no Lions tour. However, we can expect our profits to be significantly more healthy again in the season 2007 /2008 with the Rugby World Cup to look forward to.

I would like to offer my personal thanks to my vice-chair Ken Hewitt and the chairs of our sub committees Martin Davies, Russell Howell and Alan Jones for their support and hard work in leading their sections of the game along with WRU Chief Executive Steve Lewis, Millennium Stadium Chief Executive Paul Sergeant and the entire staff for their continued commitment as we strive to make both businesses world class organisations.

David Pickering
Chairman, Welsh Rugby Union



David Pickering
Cadeirydd, URC

Adroddiad Y Cadeirydd

Mae'n beth da edrych yn ôl weithiau i gael gweld y ffordd ymlaen. Pan feddyliaf yn ôl i'r diwrnod pan ddes i'n Gadeirydd i Fwrdd Cyfarwyddwyr Undeb Rygbi Cymru am y tro cyntaf yn haf 2003, byddai'n anodd i mi ddychmygu bryd hynny y byddem, dair blynedd yn ddiweddarach, wedi gwneud £6.7m o elw i'n Grŵp erbyn diwedd blwyddyn ariannol 2005/06. Dyma'r eildro'n olynol i ni wneud elw na welwyd ei debyg o'r blaen. Mae'r cyfan yn rhan o'r ymdrech fawr i wneud ein gêm mor gystadleuol oddi ar y maes yn yr amgylchedd busnes ag y bu erioed ar y llwyfan rhyngwladol. Rydym wedi canfod sefydlogrwydd ariannol o dan gyfundrefn esblygol.

Yn bwysicach, dengys ein perfformiad eleni cymaint y mae Grŵp URC wedi datblygu mewn cyfnod cymharol fyr, gyda'r trosiant gorau erioed sy'n fwy na £40m ar draws y Grŵp – sef cynnydd o 27% (£9 miliwn) ers y flwyddyn flaenorol. Sefydlwyd Grŵp URC yn gadarn bellach yn un o brif gwmnïau Cymru. Yn 2003, roedd arnom bron £70m o ddyled i'r banc a dyledwyr eraill. Cafodd y dyledion hynny eu rhesymoli a'u lleihau ac nid yw'n bosibl iddynt fygwth union fodolaeth y gêm bellach. Mae'r sefyllfa ar ddiwedd blwyddyn ariannol 2005/06 yn dangos dyled net ychydig dros £39m, sy'n ostyngiad £31m mewn tair blynedd yn unig.

Am yr ail flwyddyn yn olynol, adenillodd ccc URC a Stadiwm y Mileniwm elw cyn treth er mwyn i elw'r Grŵp cyn treth godi o £3.6 miliwn ar ddiwedd y flwyddyn ariannol flaenorol i £5.1 miliwn - cynnydd enfawr o 42%. Ers mis Hydref, 2005, bu'r Grŵp yn masnachu heb orddrafft.

Gellir olrhain y trawsnewid a'r datblygiad busnes anhygoel hwn ar ran Grŵp URC i weledigaeth y Pwyllgor Cyffredinol i ddechrau proses ddiwygio a phenderfyniad clybiau aelod URC i newid y cyfansoddiad ym mis Mai 2002. Gyda diolch i'r bleidlais honno yng Nghaerdydd cafodd y strwythur rheoli yn URC ei chwyldroi drwy greu Bwrdd Cyfarwyddwyr a sefydlu bwrdd gweithredol. Erbyn hyn mae gennym y staff, y systemau a'r broffesiynoliaeth i fynd i'r afael â'n problemau yn llawer mwy effeithlon ac effeithiol.

Roedd cyn-Brif Weithredwr ein Grŵp, David Moffett, yn nhu blaen ein datblygiadau yn ystod fy nwy flynedd gyntaf yn y swydd. Yn sgil ei arweinyddiaeth ddynamig, gyda chefnogaeth Bwrdd Cyfarwyddwyr URC a Stadiwm y Mileniwm ac wedi ymgynnull tîm hynod ddawnus ac ymroddedig odditano, a arweiniwyd gan Steve Lewis a Paul Sergeant, arweiniwyd rygbi Cymru yn ôl o'r dyfnderoedd ar y maes ac oddi ar y maes. Bu ein perfformiad busnes yn ystod daliadaeth David ac ar ôl hynny'n ddim llai na rhyfeddod. Mae elw cyn treth o £8.7m dros ddwy flynedd wedi'n gwneud yn destun cenfigen ein cefnderoedd Celtaidd. Gwnaeth y Gwyddelod elw o 800,000 ewro yn ystod y flwyddyn ddiwethaf, eu helw cyntaf mewn pedair blynedd, tra bu'r Albanwyr yn dioddef colledion trwm unwaith eto.

Roedd ymadawiad David ar sail iechyd yn ergyd ar ddechrau'r tymor diwethaf. Ei farn ef, a rannwyd gan y Bwrdd am weddill y tymor, oedd ei fod wedi cwblhau ei waith ac y gallai'r busnes redeg yn llwyddiannus hebddo yn nwylo'r ddau Brif Weithredwr, Steve Lewis (URC) a Paul Sergeant (Stadiwm y Mileniwm).

Bydd David yn cael ei gofio, rwy'n siŵr, yn un o'r gweinyddwyr rygbi mwyaf effeithiol a llwyddiannus yn hanes rygbi Cymru.

Roedd symud i rygbi rhanbarthol yn hanfodol; roedd yn angenrheidiol cau un o'r pum rhanbarth hynny; roedd yn hanfodol ailstrwythuro dyled yr Undeb; helpodd penodiad Mike Ruddock yn hyfforddwr cenedlaethol i ennill Camp Lawn ac roedd yr hyder a'r parch a berodd yn y gêm yn gyfan gwbl.

Fel Cadeirydd, ni allwn fod wedi gofyn am well Brif Weithredwr Grŵp ar y pryd. Os gellir cymeradwyo'r clybiau am sbarduno chwyldro gweinyddol yn 2002, yna David Moffett, ynghyd â staff allweddol a phenderfyniadau dewr y Bwrdd, oedd yn gyfrifol am ei lwyddiant. Yn sgil ymadawiad cynnar David, gorfodwyd i'r Bwrdd adolygu'r strwythur rheoli ac, ar ôl cyfnod byr heb Brif Weithredwr Grŵp ac yn dilyn dymuniadau clir yr aelodau, rydym bellach wrthi'n recriwtio olynydd i gyflawni'r amcanion allweddol er mwyn i Grŵp URC lwyddo yn y dyfodol.

Mae sawl ffordd i fesur llwyddiant. Bydd yr ystadegwyr bob amser yn edrych ar y llinell isaf, bydd eraill yn archwilio ansawdd eich cynnyrch a bydd eraill yn asesu eich wyneb cyhoeddus. Mae un peth yn sicr gydag URC, bydd gan bawb ei farn.

Roedd gennym Gamp Lawn i'w dathlu, yn ogystal ag elw o £3m, yn nhymor 2004/05 ac yn wir bu digonedd i feddwl drosto yn ystod y 12 mis diwethaf.

Ar un llaw cafwyd llwyddiannau gwell nag erioed o'r blaen, a mwy na 600,000 o gefnogwyr rygbi yn cynhyrchu dros £15m o refeniw gros i gemau rygbi yn unig yn Stadiwm y Mileniwm, ond ar y llaw arall cafwyd problemau a ddaeth i'w hanterth mewn Cyfarfod Cyffredinol Anghyffredin o glybiau yng Nghaerdydd.

Aflonyddwch a ddaeth i brofi trefn lywodraethu'r gêm yng Nghymru, ond eto a ddangosodd natur gadarn a chwbl broffesiynol ein sefydliad yn ei 125ain blwyddyn. Mae aeddfedrwydd ein strwythur, a chryfder cymeriad a phenderfynoldeb y personoliaethau sydd ynghlwm, wedi sicrhau sefydlogrwydd drwy gyfnodau o newid ac ansicrwydd dirfawr.

Yn ystod y flwyddyn ddiwethaf, roedd yn brofiad gostyngedig teithio'n ôl i'r ystafell lle sefydlwyd Undeb Rygbi Cymru ar 13 Mawrth, 1881. Casglodd llawer o'r Bwrdd Cyfarwyddwyr i dalu teyrnged i'n sefydlwyr yng Ngwesty'r Castell, yng Nghastell-nedd, ar y diwrnod hwnnw 125 mlynedd yn ddiweddarach. Mae gan bawb yn ein gêm ni lawer rheswm i ddiolch i ddynion fel Richard Mullock, Horace Lyne a John Chambers am eu gweledigaeth ym 1881.

"Sefydlwyd Grŵp URC yn gadarn bellach yn un o brif gwmnïau Cymru"

Cymru v Seland Newydd, gêm i ddathlu Penblwydd 125ain yr Undeb

Adroddiad Y Cadeirydd

Sicrhawyd y nodwyd y 125ain pen-blwydd yn briodol gyda dau ddigwyddiad arbennig. Y cyntaf oedd gêm ryngwladol ychwanegol yn yr hydref yn erbyn Seland Newydd a'r ail oedd cinio mawr i'n holl glybiau, ein chwaraewyr presennol a blaenorol, ein dyfarnwyr a'n staff yn Stadiwm y Mileniwm. Y gêm yn erbyn y Crysau Duon oedd y cyntaf o bedwar tŷ llawn yn olynol yn ein Cyfres Invesco Perpetual ym mis Tachwedd.

Helpodd y gemau hynny ei gwneud yn saith gêm ryngwladol yn olynol o flaen tŷ llawn yng nghartref rygbi Cymru ac ar ôl y tri thŷ llawn yn ystod ein hymgyrch yng Nghystadleuaeth Chwe Gwlad RBS tyfodd y rhif i 10. Roedd llawer o'r llwyddiant a gawsom wrth farchnata'r gemau hyn o ganlyniad i'r polisi tocynnau newydd a gyflwynwyd ac, fel arfer, bu'r clybiau'n chwarae eu rhan yn llawn i sicrhau nad oedd unrhyw seddi gwag a bod yr holl arian am docynnau yn ein cyrraedd mewn pryd.

Roedd y strategaeth docynnau - llwyddiant allweddol arall i'r Bwrdd Cyfarwyddwyr - yn allweddol i URC yn gallu mwy na dyblu ei hincwm tocynnau o dymor 2002/03 ac arweiniodd at yr Undeb yn dal mwy na £5.5m yn y banc ar ddiwedd y flwyddyn.

Golygodd cyfres andwyol o anafiadau i chwaraewyr allweddol, ynghyd â'r saga ynghylch ymadawiad Mike Ruddock, na chafodd llwyddiannau 2004/05 ar y maes eu hailadrodd yn anffodus. Cafwyd Camp Lawn i'n tîm dan 19 ac roedd y fuddugoliaeth gyntaf yn erbyn Awstralia ar lefel uwch ers 18 mlynedd yn benodol ddymunol, yn enwedig gan eu bod yn dychwelyd i Stadiwm y Mileniwm i'n hwynebu yng Nghwpan Rygbi'r Byd yn 2007.

Mae chweched Cwpan y Byd ar ddyfod a bydd Cymru'n mynd i'r twrnamaint hwnnw gyda hyfforddwr cenedlaethol newydd, Gareth Jenkins, wrth y llyw ar ôl ei benodi ym mis Ebrill.

Bydd y twrnamaint yn cyflwyno heriau enfawr i ni ar y maes ac i ffwrdd o'r maes. Buom yn cyd-drafod gyda Ffrainc, y wlad sy'n cynnal yn swyddogol, i chwarae pedair gêm yn Stadiwm y Mileniwm, gan gynnwys dau o'n gemau cyntaf ein hunain. Os gallwn oll ganolbwyntio ar y wobr eithaf yng ngêm y byd yna gallai hwn fod yn un o'n twrnameintiau mwyaf llwyddiannus. Bydd Cwpan y Byd hefyd yn parhau ein hymrwymiad i gyflwyno digwyddiadau o'r radd flaenaf i Gymru yn Stadiwm y Mileniwm. Yn y ddau dymor diwethaf daethpwyd â Llewod Prydain ac Iwerddon i Gaerdydd am gêm Brawf cyn eu taith a dychwelwyd Cwpan Heineken i'w gartref ysbrydol am y pedwerydd tro. Yn sgil y ddwy gêm hyn rhoddwyd sylw mawr i Gymru a daethpwyd â refeniw enfawr i Gaerdydd. Bydd Cwpan Rygbi'r Byd 2007 yn golygu mwy o'r un peth.

Yr hyn y mae ein perfformiad busnes wedi'i wneud dros yr ychydig flynyddoedd diwethaf, gyda chymorth Camp Lawn 2005, dwy fuddugoliaeth olynol yn y Gynghrair Geltaidd gan y Scarlets a'r Gweilch, ymddangosiad yn y gêm derfynol Eingl-Gymreig gyntaf y tymor diwethaf, ynghyd â thaith y Llewod a dwy o'r rhaglenni tymor mwyaf deniadol a sicrhawyd gan URC erioed, yw ein galluogi i gyflwyno mwy o arian i'r clybiau llawr gwlad a mwy o gyllid i'n rhanbarthau proffesiynol nag erioed o'r blaen.

Croesawyd cynnig yr Undeb i ddychwelyd pen amatur y gêm i'r gymuned ac mae gan chwaraewyr yng nghystadleuaeth cymuned ranbarthol newydd URC lawer i edrych ymlaen ato gyda sefydlu XV Clybiau Cymru yn nhymor 2006/07.

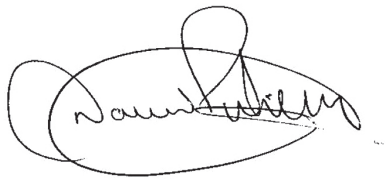
Mae pedair academi ranbarthol URC ac academi genedlaethol i ferched ar waith bellach gyda chymorth £1.6m o arian Amcan Un gan Gynulliad Cymru ac maent eisoes yn dwyn ffrwyth ein llafur yn natblygiad sylweddol ein chwaraewyr ifanc elitaidd. Mae'n ymddangos fwyfwy hefyd fod y rhanbarthau'n mynd i'r afael â'r pwysau a ddaw wrth gynnig arweiniad i'r clybiau cymunedol yn eu hardal i wella ar y maes ac oddi arno. Mae ymdrechion y clybiau'n sicrhau bod ein gêm yn tyfu o ran niferoedd a chlybiau a dyna efallai yw'r newyddion mwyaf calonogol yn ystod y 12 mis diwethaf.

Uwchlaw popeth yn ystod y tair blynedd ddiwethaf, rwyf wedi dysgu mai ymdrech tîm yw rygbi Cymru. Roedd yn anrhydedd cael arwain tîm Cymru i'r maes yn ystod fy nyddiau chwarae a thros y tair blynedd ddiwethaf bu'n fraint cael arwain tîm rygbi ehangach Cymru yn gadeirydd i Fwrdd Cyfarwyddwyr gwbl ymroddedig.

Gyda'n gilydd, rydym wedi cymryd camau enfawr a nodi'r ffordd ymlaen. Dylem oll symud ymlaen yn hyderus. Fodd bynnag, er ei bod yn wych gallu adrodd am flwyddyn mor llwyddiannus oddi ar y maes, disgwyliwn y bydd y flwyddyn nesaf yn gofyn gwaith caled o ran busnes ond yn dwyn ffrwyth i feysydd eraill ein busnes. Rydym wedi addo buddsoddiad ychwanegol i rygbi proffesiynol a rygbi llawr gwlad er mwyn gwella awydd ein timau rhanbarthol i gystadlu a chynyddu lefelau cyfranogi yn y gêm gymunedol; byddwn yn rhoi buddsoddiad cyfalaf i Stadiwm y Mileniwm, a chawn un gêm ryngwladol yn llai na'r flwyddyn ddiwethaf hon a dim taith Llewod. Fodd bynnag, gallwn ddisgwyl i'n helw fod yn sylweddol fwy iachus eto yn nhymor 2007/2008 gan edrych ymlaen at Gwpan Rygbi'r Byd.

Hoffwn ddiolch yn bersonol i'm his-gadeirydd Ken Hewitt a chadeiryddion ein his-bwyllgorau Martin Davies, Russell Howell ac Alan Jones am eu cefnogaeth a'u gwaith caled yn arwain eu hadrannau o'r gêm. Diolch hefyd i Brif Weithredwr URC Steve Lewis, Prif Weithredwr Stadiwm y Mileniwm Paul Sergeant a'r staff cyfan am eu hymrwymiad diflino yn ein hymdrech i wneud y ddau fusnes yn sefydliadau o'r radd flaenaf.

David Pickering
Cadeirydd, Undeb Rygbi Cymru



"Gyda'n gilydd, rydym wedi cymryd camau enfawr a nodi'r ffordd ymlaen"

Keith Rowlands
President, WRU

"It was a tremendous privilege to preside over such a glittering occasion"

125 Years and Counting

Welsh rugby has a magnificently rich heritage and on 15 December, 2005, the good and the great and the young and the old of our game were among over 1,000 invited guests from every facet of Welsh rugby life who gathered under a specially erected "big top" marquee in the Millennium Stadium to mark and celebrate the 125th anniversary of the Welsh Rugby Union.

This historic gathering brought together players and administrators past and present, referees, coaches, representatives of Member Clubs and Associations, with sponsors and supporters, workers for the game of every kind, to share their memories and friendships forged within the Game.

It was a tremendous privilege to preside over such a glittering occasion that included more than 160 of those who have played for Wales from our oldest Welsh cap at the dinner – 85-year-old Jack Matthews – to 2005 Grand Slam winning captain Michael Owen.

There were also those who have served their country with such distinction off the field, former Presidents Des Barnett, Clive Rowlands, Graham Tredgidon and Sir Tasker Watkins and past secretaries Ray Williams, David East, Denis Evans, Edward Jones, Richard Jasinski and Dennis Gethin.

And for those much maligned individuals without whom no game would be possible – and naturally I am talking about referees – we announced a cap system for our international officials that recognises their immense contribution to the game at the highest level. Later in the year I was delighted to present International caps to all 24 surviving referees out of the 54 who had represented Wales at international level during the past 125 years.

We can all thank those member clubs who met at the Castle Hotel, Neath, in 1881 for the creation of one of the founding Unions of our great world-wide game, which you and I believe to be the greatest of them all – the Welsh Rugby Union.

We are frequently challenged that we live too much in the past but an occasion like that 125th birthday party vividly reminds us that while we are a small nation we can achieve great things when we work together with a common cause towards a common goal. And, although the modern game certainly makes some different demands, what has stood us in good stead for the best part of over 125 years can continue to play a significant role for the next 125 years.

And 125 years later we have four regions, over 240 clubs, four Affiliated Associations and 21 Associate Members, 36,000 registered players – including over 1,000 women – and more than 235 schools where both boys and girls are learning to play and love this great game.

I can state with great confidence that the Welsh Rugby Union is in good heart, alive and well throughout Wales.

And while the dinner was the focal point of the anniversary season there was also a Board meeting held at the WRU's spiritual home in Neath and a match held in the town between a WRU President's XV and Neath among the other events to mark the special year.

Welsh rugby has had much to celebrate during its first 125 years and I am sure the next 125 will be equally eventful, important and, above all, enjoyable.

Steve Lewis
WRU Chief Executive

WRU Chief Executive's View

If 2004/2005 was all about success on the field, then perhaps it would be fair to say the greatest successes of 2005/2006 came off it. True, the Llanelli Scarlets reached the inaugural final of the Anglo-Welsh Powergen Cup, the resurrected Welsh Sevens team won four titles on their return to the IRB World Series and Wales Under 19s produced the Grand Slam.

But to achieve successes on the field, like the thrilling Grand Slam of 2005, you have to be well organised off it. Since joining the WRU in 2003 as General Manager and then Chief Executive it has been my goal to revamp the internal workings of the governing body to make it more meaningful to the game, better organised, and more professional by applying the criteria of "added value" to all decision making.

The WRU's pre-tax profit of £4.9m was another record return and was up 39% on the previous year. We also added almost £6m to our turnover. This dramatic improvement in our financial position has enabled us to put more money back into the game – an extra £1.2m for the Regions for next season, £200,000 more for the slimmed down Principality Premiership and £300,000 more into the Community Clubs.

The introduction of an Anglo-Welsh Cup competition for the first time last season had an impact on the level of funding the WRU is able to plough back into Regional rugby and the £1.6 million in Objective One funding from the Welsh Assembly has enabled us to establish the four WRU Regional Academies and the national Women's Academy. The academy system is vital to the future success of our game and the early signs are that we are developing aspirant young professionals with all the right tools to make the grade in the Regions.

The stability of the regional game – the Blues, Dragons, Ospreys and Scarlets will each receive £2.6m from the WRU for the 2006/07 season – was at the heart of many of the dealings of the last year with a new, four year Celtic Accord signed with the Scottish and Irish Unions, the ground laid for a new four-year domestic TV contract and on-going battles fought to secure the re-signing of the Paris Accord to keep the English and French clubs within the ERC tournaments.

Many issues have been addressed, proper reporting structures are now in place at all levels of our administration and there is a much greater degree of accountability throughout the game in Wales. There has been pain, but only for gain.

The feel good factor that emanated from the 2005 Grand Slam success enabled us to introduce a number of new sponsors and for the first time in our history in 2006/07 every competition we play in will be backed by a leading company. The Six Nations will have RBS behind it again, our own Autumn Series will be sponsored by Invesco Perpetual for the second season, the Regions will play in the Heineken Cup, Magners have come on board to back the Celtic League, Konica Minolta continue to put their name to the WRU Challenge Cup, Principality are funding the Premiership and ASDA the WRU National Leagues.

These are significant companies investing significant sums into our national sport and one of the main reasons their cash has begun to flow more readily into Welsh rugby is because we have sorted ourselves out. The streamlining of the departments within the WRU, the planning and reporting systems that have been created and the targets that have been set have created a new confidence within the staff and our customers. The WRU is now a business with which people like to do business.

Massive strides have been achieved over the past 12 months in the developments within the Community and junior sections of our game. Having worked so hard to rationalise the system from Under 21 level down in previous years it was rewarding to see the Premiership and ASDA National League Division 1 sides being so receptive and responsive to the introduction of a criteria to play in the Premier Division and in our audit of the clubs. The changes that have come from the audit can only raise the standard at the top end of the semi-professional and Community ends of the game and by improving the product available will increase our opportunities to secure sponsors for those products and we now have commitments and charters in place with our Premiership clubs in much the same way as we do with the Regions.

This is the challenge we are throwing out to everyone connected with Welsh rugby – how can you improve your commitment and performance. The management systems that operate within the WRU are robust and are assessed on a regular basis by industry experts. We know we cannot afford to falter or fall-back. We are firmly committed to a culture of continuous improvement and standing still is not an option in competitive sport.

We are committed to broadening the base of the Welsh rugby playing pyramid and have already achieved great strides at Youth level. We want to educate more coaches, find more referees and train more first-aiders and administrators so that more youngsters can reap the life enriching benefits that come from being involved in our game.

Since the take-over of Youth rugby from the WYRU, the 2006/07 season will be the third in which the National Youth League has been directly controlled by the WRU. In that time there has been a massive increase in the number of teams participating in the WRU Youth League with the numbers having grown from 135 in 2004/05 to 152 last season and more than 200 in 2006/07.

In the Welsh Schools Rugby Union organised League there will be record numbers in the 2006/07 season with more than 100 teams - 24 schools playing in a Saturday League and more than 80 playing in midweek Leagues.

The plans currently being implemented by the Community Rugby Department and our High Performance Group are already helping our game to grow and are helping to improve standards in all areas. Much has been achieved, yet more work needs to be done. The good thing is that I can now say with confidence that the road ahead for Welsh rugby is well planned, well signposted and has all the required service stations along the way.

Underpinning this route is an extremely talented and committed staff with a 'will do' attitude who work selflessly in the interests of our game. It has been a privilege to work alongside them for the past three years.

"To achieve success on the field, you have to be well organised off it"

Over half a million fans watched seven sell-out Wales international matches

Finance Report – A Grand Slam Year off the Field

Martin Davies
Chairman, WRU Group
Finance Committee

"More than 500,000 fans watched seven sell-out Welsh internationals"

WRU GROUP

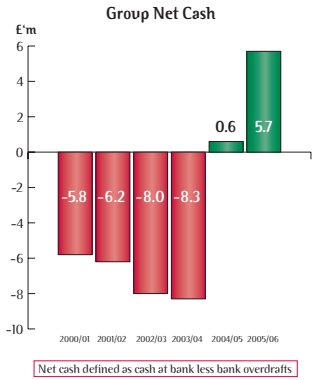
The WRU Group celebrated its 125th Anniversary with a financial and commercial Grand Slam to match the on-field clean sweep enjoyed by Gareth Thomas' side in 2005. There were record operating and pre-tax profits posted by both the WRU and Millennium Stadium plc and the crowds that poured into the Millennium Stadium came in record numbers. The Group celebrated the 125th Anniversary of the WRU with a record turnover of £40m compared with only £31m the previous year.

Our turnover was up by 27% to £40m (2005 £31.5m), operating profits rose by 282% to £8.769m (2005 £2.293m) and significantly our interest charges dropped by £630,000 due to the successful renegotiation of our debts.

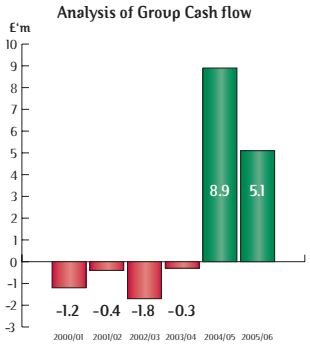
Profit before tax up by 42% to £5.1m (2005 £3.6m) after taking into account exceptional expenditure of £1.5m and last year's exceptional income of £4.5m. The Group cash balances improve by £5.1m, leaving us with significant cash at the bank for the first time in many years.

More than 500,000 fans watched seven sell-out Welsh international matches, which included for the first time home games against the three SANZA Nations, and they enabled the WRU to bank record gate receipts. In total, the Millennium Stadium welcomed more than 640,000 rugby fans during a bumper season as the Powergen Cup semi-final double header, the Heineken Cup final and the Konica Minolta Cup final boosted sales by a further 140,000.

The success of the £99 bundle – one price for tickets to the games against the three SANZA Nations - produced gate receipts of £5.9m for the four Invesco Perpetual Series games in November, compared with only £3.6m the previous year. The new approach, adopted so enthusiastically by the clubs and their members, will be repeated in November 2006 when Australia, New Zealand and, for the first time, the Pacific Islands will be included in the price. The fourth fixture will be against Canada, which will match the £5 and £10 price tag offered last season for the Friday night game against Fiji.



Net cash defined as cash at bank less bank overdrafts



The RBS Six Nations campaign saw Wales host Scotland, Italy and France in their defence of the title and all three games were sold-out. The Italian match, which ended in a draw, was full for the first time in the championship and when the Wallabies return to Wales in November we will be looking for an 11th straight capacity crowd at the Millennium Stadium for Welsh international fixtures.

The well documented difficulties experienced at Wembley meant the Football Association and Football League brought their flagship events back to Cardiff and the Millennium Stadium has become very much a home from home for events like the FA Cup and Carling Cup finals. It is a huge tribute to stadium Chief Executive Paul Sergeant and his staff that so many football fans praise the stadium for its friendly and welcoming attitude and its magnificent atmosphere.

The introduction of the new acoustic curtain enabled the stadium to entice more concert promoters to use the venue and after seven years it can be stated without fear of contradiction that the Millennium Stadium is the UK's No 1 music venue. The addition of the 'Indoor Arena' to the stadium's capabilities have led to an even more diverse range of events and Paul's highly skilled and imaginative team are planning on bringing even more than the 45 events staged in the past year to the Welsh capital.

The reduction in interest payments, the rise in major events and the ever increasing business performance of the Millennium Stadium are having a beneficial impact on the WRU Group's finances.

2006/7 FORECASTS

Next year's Group results will also be very much lower for a number of reasons. The Regions, Premier and Division 1-5 clubs will receive an extra £1.7m. There will be one less Six Nations match, no Lions tour, no Heineken Cup Final, no Rugby League Challenge Cup final and the late 'opening' of Wembley. However in 2007/08 WRU can look forward to significant contributions from the staging of four matches in the 2007 Rugby World Cup tournament hosted by France.

STAFF

It has been a privilege the be the Chairman of the Finance committee for the last three 'exciting' years and I wish to thank the staff, Executive Board and my fellow Directors for their support. I would particularly thank David Moffett and Alan Hamer who left the Group during the year for their contribution to the Group and wish them well for the future.

Finance Report – A Grand Slam Year off the Field

WELSH RUGBY UNION

INCOME

Turnover went up by 27% to £26.9m (2005 £21m) and the operating profit rose by 803% to £5.9m (2005 632k). That meant profits before tax were up by 39% to £4.9m (2005 £3.5m) after taking into account exceptional expenditure of £1.5m and last year's exceptional income of £2.8m.

The record profits have enabled the WRU to invest an extra £1.7m in Welsh rugby for the 2006/07 season. The four Regions will receive an extra £1.2m, the 14 clubs in the Principality Premiership will benefit from an additional £200,000 and the Community Clubs will split a further £300,000.

The WRU negotiated with the RFU to create the Anglo-Welsh Powergen Cup (the EDF Energy Cup for the three years from season 2006/07) for the first time in 2005 and the new tournament not only provided a vital new level of competition and home gates, but also earned each of our four Regions £250,000. The Scarlets reached the final after two exciting semi-finals at the Millennium Stadium. The past year also saw a Welsh team re-introduced into the IRB World Sevens series. It was a highly successful re-launch, with the Welsh squad winning four Plate finals, including one at the Commonwealth Games in Melbourne.

For the first time there was a cash windfall to the WRU from the Lions. In previous years in the professional era the Lions tours have cost money, but the 2005 tour to New Zealand was well marketed and made a profit of £3m. The WRU received a quarter share of the profit, amounting to £750,000, and also benefited from hosting the pre-tour game against Argentina at the Millennium Stadium. It is good to know that increased profits are forecasted from future tours.

The success of the Wales Under 19 team in winning their first Grand Slam – they also beat Australia, who went on to win the IRB World Under 19 crown, at home – provided proof that the £1.6m Objective 1 funding we secured for our Academies from the Welsh Assembly is being well spent and there will continue to be heavy investment in future talent.

Success on the field, allied to our much improved business performance, led to a number of new sponsors aligning themselves with Welsh rugby. Invesco Perpetual sponsored our Autumn Series, the Principality Building Society took over the Premiership, supermarket giants ASDA branded our National League programme within the Community game, Gillette got behind the national side and Welsh Whisky linked up with the Union to produce a very special 125th Anniversary blend

Income from our broadcast partners continues to play a vital role in the future of professional rugby. Last season saw the start of a new four year contract with the BBC for the Six Nations. This greatly enhanced deal now has 15% performance related (previously only 5%) which meant we probably won the Grand Slam a year early! Even so, we made more money out of finishing fifth in the 2006 Six Nations than we did in winning it in 2005.

The record profits enabled the Group to generate £5m of cash and helped to reduce its interest charges. Our bank loans maybe minuscule compared with Wembley, but they still have to be repaid over 35 years. Bullet repayments will be made when considered prudent.

Income from the four Invesco Perpetual Series matches in the Autumn rose by almost £3m and there were also record returns from the three sell-out RBS Six Nations matches.

In addition, the special 125th Anniversary 'black' shirt proved to be a best seller with fans and helped earn total WRU royalties on merchandise of over £650,000.

EXPENDITURE

Financial support to the Regions and the clubs in the Principality Premiership remained at £7m and £800,000 respectively. Funding for our Community Clubs was increased by £250,000 and allocated on a point scoring system based on their development of the game across such metrics as number of teams, referees and first-aiders. A number of clubs saw their income increase from £6,000 to more than £10,000 to reward them for their efforts. The system will be repeated this year with an extra £300,000 available.

The re-emergence of the Welsh 7s squad cost more than £100,000.

For the first time the WRU were responsible for running the four Academies and the expansion of the business meant an increase in staff, salary costs and overheads. There were also additional costs in legal fees, including a bill in excess of £50,000 for the Special General Meeting.

A special donation of £100,000 will be made to the Welsh Rugby Charitable Trust for injured players.

Finance Report - Continued

EXCEPTIONAL EXPENDITURE

The 'Vowles' case has hung over the Union like a black cloud for a number of years and. the case was finally settled during the year with the WRU paying £1.7m plus legal fees. This was due to the collapse of our re-insurance company a few years ago. Strenuous efforts are being made to recover most of the claim, but this may take some time.

CORPORATION TAX

The company will have to pay corporation tax for the first time for many years of £1.5m as a result of this year's record profit.

BALANCE SHEET

A major change was made in the presentation of the Balance Sheet last year and has been repeated again this year. This shows the strong financial position of the Company.

The Company has investments totalling £4.3m, consisting of land and buildings around the Millennium Stadium. These have been transferred to Tangible Assets because the Board has decided to retain them for the foreseeable future.

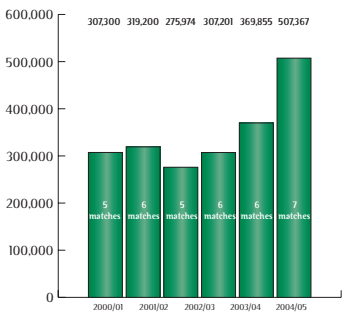
Stocks are up to £288,000 due to increased sales and because WRU is in control of its outlets. Included in debtors is an amount of £3,949,000 (2005 £4,479,000) due from Millennium Stadium plc.

Cash at bank increased from £142, 000 to £4.86m. Bullet payments will be made to bank loans when considered prudent.

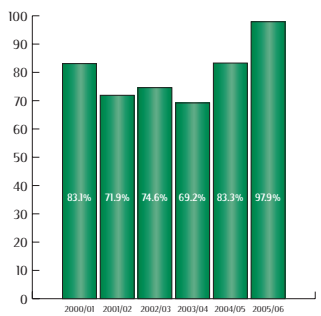
Trade creditors are down to £1.5m from £4m arising from the improved cash flow.

Amounts due to Debenture holders increased to £35,924,000 following the continued success in sales of the 125th Anniversary Debenture Issue.

Attendances at Wales Home International Matches



% Capacity Attendances - Wales Home International Matches



"We made more money out of finishing fifth in the 2006 Six Nations than we did in winning it in 2005"

WRU

www.wru.co.uk

Strategic Review

TIM BURTON – HEAD OF GROUP SERVICES

The organisational review completed in May 2005 identified a number of weaknesses within the business that needed to be addressed if we were to achieve world class standards by 2011. As a result, the last twelve months have been a period of planning and development. There was a need to analyse all our structures, processes and procedures and also to improve on them if we were to develop a sound foundation from which to build future and ongoing success.

There has been a demonstrable lack of investment in both our staff and in the infrastructure that supports them. The task facing us was to deliver a gradual and sustainable process of improvement within tight budgets. I am pleased to report that we have achieved most of the objectives that were set in October 2005 when I assumed the role of Head of Group Services. Investing in staff to improve performance is vitally important, especially as we have just entered the second decade of professionalism within the game.

We have revised and rewritten the core contract of employment and offered all staff within the business the same basic terms and conditions of employment. This provides all staff with the same basic holiday and pension entitlement, removing some of the previous inequities within the Group. The next stage is to look at further cost effective benefits that we can provide to our staff.

The training budget that has been agreed for the next twelve months gives active encouragement to all staff to invest in continuing their professional development, which is vital if we are to compete effectively against our competitors. We have continued to invest in upgrading IT infrastructure and hardware, and the introduction of the new VOIP system in September 2006 will deliver a flexible and modern communications system for the entire Group. The new system will also enable new revenue streams to be explored. We are on schedule with the main timelines within the WRU Strategic Plan and a detailed review of this plan is scheduled to coincide with the appointment of the new Group Chief Executive.

Whilst the last 12 months have been busy, we now need to accelerate our plans to ensure that we deliver excellence across the Group in all aspects of our operations. The professionalism within the game is not merely confined to what happens on the field. It is vitally important that the governance and administration at every level is efficient, effective and dynamic.

The standards that are being imposed, and met, for players, coaches, referees, administrators and clubs are far greater than ever before. Aspirations and expectations are higher and we cannot afford to stand still. Welsh rugby has been a brand leader for much of its 125 year history. We must equip ourselves to fight harder than ever before to remain so.

Rupert Moon
Head of Group
Commercial and
Business Development

"Using the most iconic venue in Wales to enhance our growing reputation in the commercial sector has boosted our credibility"

Group Commercial Report

Commercial responsibility for the WRU might fall under the wing of the Millennium Stadium but the performance and results achieved in the past year have undoubtedly benefited from this new relationship in the organisational structure of the Group.

Operating costs are stream lined and we benefit enormously from being able to combine brands in a quick and efficient manner, a key attribute in the fast moving environment in which we operate.

Using the most iconic venue in Wales to enhance our growing reputation in the commercial sector has boosted our credibility throughout the business world, allowing us to entice prospective clients to the new, forward thinking commercial world of the Welsh Rugby Union.

Invesco Perpetual, ASDA, the Principality Building Society, Castell Howell Foods, The RAF, Talk Training, Penderyn Whiskey, Webb Ellis and Gillette have entered into agreements that will generate £2m in the coming three years whilst, Line Break and Rhino will provide valuable kit and equipment for the same duration.

Would some of these deals have happened in the past? I doubt it. Are they worth it? Yes, when you consider they will have brought in hard cash and made savings of a further £200,000+ in contra-deals. We don't want anyone to think they can't afford to showcase their products through the Welsh Rugby Union. All they have to do is come to us and we can devise a package that can benefit all concerned.

While the new approach from the team was important, the most vital difference to the work of the Division over the past year was the restructuring of the Group's debt. That gave us a firmer footing from which to sell and created stability and confidence. Now people want to hear what we've got to offer, rather than worry about whether we can deliver because of any financial difficulties.

There was a feeling that we were just desperate for money to ease our financial burdens in the past and that meant we were sometimes forced to try to deal, with one hand tied behind our backs. We are earning our stripes in the marketplace once again and our new approach is based on providing a high level of customer led, quality service.

We have also introduced checks and balances within our systems, along with industry approved evaluation processes that allow us to be far more scientific and factual in our dealings with clients. For example, during the year we had 51.4 million live TV viewers for events staged at the Millennium Stadium, 42% of which were WRU events, at an average of 3.7m per event. There were also 521,000 fans who attended WRU games during the twelve months.

This has led to increased branding sales at events with almost £200,000 being taken in one off sales during the year.

We continue to search for new revenue streams and have now introduced a new WRU Supporters Club section to the WRU website. If all goes according to plan we are on target to reach our 2,000 membership goal by the end of 2006.

The licensing of the WRU logo is now under control through our agreement with our agent, Brand Asset Management. They have undertaken a considerable amount of work to tidy up the black market and are progressing with a licensing programme that should introduce new revenue in the coming year.

Welsh skipper Gareth Thomas holds aloft the Invesco Perpetual Trophy after the win over Australia

WRU

www.wru.co.uk

Julie Paterson
Head of Group
Compliance and Ticketing

"Dialogue between the clubs and WRU has brought significant and beneficial change for the game"

Group Compliance and Ticketing Report

A major review of the facilities and finances of the clubs in the Principality Premiership and ASDA League One was the biggest exercise undertaken during the year. In addition, tickets and ticketing were among the major issues of the year for both parts of the WRU Group, although with considerable help and co-operation from the member clubs many of the problems of old disappeared. The role of Group Compliance and Ticketing was created to ensure there was a bridgehead between the Board of Directors and the clubs on major issues and the relationship building that went on during the year was eye-opening, revealing and satisfying.

The audit of the clubs was carried out by Tim Burton and myself and had a number of goals. Such an extensive fact-finding mission can only help all sides in the future and the openness and honesty of all the clubs was a pleasure to behold. The aim wasn't, as was initially feared, to rule out teams from the top flight, but more to find out what they needed to improve their facilities and standards. The minimum standards document that was distributed to the clubs was merely a guide to best practices, not a draconian list of measures.

The most pleasing aspect of the audit process was to find that so much is already in place and that all clubs were ready to accept constructive criticism and guidance. The upshot of it all is that many clubs have spent considerable sums on updating and upgrading facilities and they now have a better idea of what it takes to not only survive, but also thrive in the semi-professional game. Better facilities and improved standards of administration and marketing off the field can only lead to better results on the pitch in the future.

The audit, and the dialogue between the clubs and the governing body that took place throughout, led to a reduction of two teams in the Principality Premiership - 16 teams to 14 - and the 2006/07 season will also see the ASDA League One split into East and West. There will continue to be a gateway into the top flight from the ASDA League via promotion and relegation. Through dialogue has come significant and beneficial change for the game as a whole and the Premiership clubs certainly know that the teams in Division 1 are as keen as ever to improve themselves both on and off the field to reach the the highest level.

There are now more formal agreements in existence between the WRU and the Premiership clubs, much in line with the five year accords signed with the Regions, and a mini-charter is being drawn up for the ASDA League One clubs to sign and adopt as well.

The advances made in ticket sales in recent seasons have been at the heart of the Group's major increases in turnover and operating profit. No fewer than 165,000 tickets have been sold to the general public via the WRU shop and our ticket agents, Ticketmaster, for Welsh rugby matches since 2003 which has grossed more than £5m of revenue. So successful have our sales campaigns been in recent seasons that when Wales play Australia at the Millennium Stadium on 4 November in the opening game of the 2006 Invesco Perpetual Series we will be going for our 11th successive sell-out.

The clubs, however, remain our most loyal and successful ticket salesmen, although the demand for Welsh rugby tickets has brought with it new difficulties in recent years. It was because of some of those problems, and a desire to make the accounting procedures more efficient and effective, that led to the introduction of the new WRU Ticketing Policy last year. The aim was quite clear, to ensure that tickets for Welsh games remain within the hands of the intended recipients of the tickets and that they are purchased at face value.

With regard to tickets being put up for internet auction and sold via ticket websites, the WRU and Millennium Stadium stated quite clearly they intended to punish anyone who makes their tickets available for such use. The sale or purchase of tickets through unofficial sources, such as the black market, was again strictly prohibited. It would be fair to say that while everyone agreed with the sentiments expressed in trying to halt the inflated sale of tickets via the black market and on the internet, not everyone agreed with the sanctions imposed and subsequent 'Black Listing' of certain offenders. This was something the WRU Ticketing Review Panel considered and the WRU Board apologised to those clubs 'named and shamed' in the early days of the sanctions.

The bundling policy introduced for the Invesco Perpetual Series, where tickets for three games via the clubs were priced at £99, proved a huge success, as did the collection of monies from the clubs. That played a big part in enabling the WRU to end the year with more than £5m at the bank and with only £15,000 outstanding payments due.

The new policy also made it clear to everyone how many tickets they would get, when they would receive them and when payments were due to be made to the Union. The policy of not issuing duplicate tickets for events at the Millennium Stadium ruffled a few feathers, but it made a massive impact.

Clubs have committed time, effort and money into improving standards on and off the field

Shane Williams in full flight against Australia

The Professional Game – International Rugby

It was never going to be easy following the 2005 Grand Slam success, especially as only five teams since the first Slam was achieved in 1908 had managed back-to-back clean sweeps in the championship.

Injuries to several key Welsh players, many of them sustained on the British and Irish Lions tour to New Zealand in the summer of 2005, had a devastating effect on national hopes and proved the need to strengthen the depth of Test class players to enable coaches to ride the storm of a raft of injuries.

Mike Ruddock's men had extended their unbeaten run to eight games with handsome victories over the United States and Canada in the summer of 2005, but they found themselves facing a whole new ball game when they kicked-off the Invesco Perpetual Series in November against Graham Henry's mighty All Blacks.

The New Zealanders agreed to come to Wales to help the WRU celebrate its 125th birthday and also to mark the 100th anniversary of the first fixture between the two nations in 1905. Unfortunately, there was no repeat of Wales' famous 3-0 victory in the previous century as the Invesco Perpetual Series got off to an inauspicious start with Wales suffering a record home defeat as they were beaten 41-3.

There was much better news by the end of November, however, as Australia were beaten for the first time in 18 years. The 24-22 win provided Wales with only their second win over a Tri Nations country in 32 matches since that last triumph over the Wallabies in the third-place play-off game at the 1987 Rugby World Cup.

Those highs and lows sandwiched a narrow 11-10 win over Fiji, who Wales will meet again in the 2007 Rugby World Cup Pool matches, and a 33-16 reverse against South Africa.

Wales' defence of their RBS Six Nations title couldn't have started at a harder venue than Twickenham, where no Welsh team had won since 1986, and a 47-13 opening day defeat was followed by the only Welsh triumph of the tournament. Two tries by Wales' leading try scorer Gareth Thomas – his first in a red jersey since taking the record from Ieuan Evans two years earlier –were at the heart of a 28-18 win over a revitalised Scotland.

That proved to be Wales' only victory of the campaign and before the team travelled to Ireland for round three Mike Ruddock had stepped down as coach. His departure left Scott Johnson as caretaker coach for the final three matches and he lost the services of the captain through injury to further compound matters. The Irish ran in three tries in a 31-5 victory in Dublin that kept them on course for a Triple Crown.

There was an 18-18 home draw with Italy before France came to Cardiff to take the title away from Welsh hands with a 21-16 victory. That defeat meant Wales went from European champions to fifth place in the space of a year.

Scott Johnson headed back to Australia to take up a post with the Wallabies at the end of the season and defence coach Clive Griffiths also departed to join Doncaster as director of rugby.

On 27 April, 2006, Gareth Jenkins was appointed as the 18th Wales coach and, with a seriously depleted squad putting up a sterling fight in the first Test, eventually saw his touring squad go down to back-to-back defeats to the Pumas on the summer tour to Argentina despite the side putting up a sterling fight in the first Test.

Wales in 2005/2006 – Autumn/Summer Internationals

AUTUMN INTERNATIONAL SERIES 2005

WALES 3 NEW ZEALAND 41 – Millennium Stadium – Saturday, 5 November, 2005. Att: 74,402

Wales: G Thomas (capt, L Byrne* 56); K Morgan, M Taylor, C Sweeney (N Robinson 68), S Williams; S Jones, M Phillips (G Cooper 49); D Jones, M Davies (R Thomas 61), A Jones (C Horsman* 45), B Cockbain (L Charteris 61), R Sidoli, J Thomas, C Charvis (R Sowden-Taylor 68), M Owen

Scorer: Pen - Stephen Jones

New Zealand: M Muliaina (L MacDonald 72); R Gear (M Nonu 73), C Smith, T Umaga (capt), J Rokocoko; D Carter, B Kelleher (J Cowan 69); N Tialata (T Woodcock 51), A Oliver (A Hore 65), C Hayman, C Jack, J Ryan (A MacDonald 65), J Collins, C Masoe (R McCaw 66), R So'oialo

Scorers: Tries - R Gear 3, D Carter 2; Cons - D Carter 5; Pens - D Carter 2

Referee: Chris White (England)

WALES 11 FIJI 10 – Millennium Stadium – Friday, 11 November, 2005. Att: 73,045

Wales: L Byrne; K Morgan (C Sweeney 47), M Watkins, S Parker, S Williams; N Robinson, G Cooper (M Phillips 73); J Yapp, R Thomas, C Horsman (A Jones 47), B Cockbain (R Sidoli 38), L Charteris, D Jones (A Popham 23), M Williams, M Owen (capt)

Scorers: Try - M Owen; Pen - N Robinson; DG - N Robinson

Fiji: N Ligairi; M Luveitasau, E Ruivadra, J Vulakoro (K Ratvou 70), S Bobo (K Ratvou 30-36); S Bai, M Rauluni (capt); J Bale, S Koto, A Nagi, I Rawaqa, I Domolailai (V Gadolo 77), A Doviverata, S Koyamaibole (K Salabogi 67), A Ratuva (M Volavola 68)

Scorers: Try - I Rawaqa; Con - J Vulakoro; Dg - S Bai

Referee: Rob Dickson (Scotland)

WALES 16 SOUTH AFRICA 33 – Millennium Stadium – Saturday, 19 November, 2005. Att: 73,500

Wales: L Byrne (C Sweeney 54); D James, G Thomjas (capt), S Parker (M Watkins 60), S Williams; S Jones, G Cooper (M Phillips 69); D Jones, R Thomas (M Davies 63), C Horsman (A Jones 62), I Gough, R Sidoli, C Charvis, M Williams, M Owen

Scorers: Try - C Sweeney; Con - S Jones; Pens - S Jones 3

South Africa: P Montgomery; C Jantjes (B Russell 73), J Fourie, J de Villiers (De Wet Barry 73), B Habana; M Bosman, M Claessens; L Sephaka (O du Randt 36), J Smit (capt), CJ van der Linde, B Botha (D Rossouw 70), V Matfield, S Burger, J Smith, J Cronje

Scorers; Tries - B Habana 2, C Jantjes, D Rossouw; Cons - M Bosman 2; Pens - P Montgomery 3

Yellow cards (2): Percy Montgomery = Red card (70m)

Referee: Stuart Dickinson (Australia)

WALES 24 AUSTRALIA 22 – Millennium Stadium – Saturday, 26 November, 2005. Att: 73,721

Wales: G Thomas; D James, M Watkins, S Parker, S Williams; S Jones (C Sweeney 79), G Cooper; D Jones, R Thomas (M Davies 33-40), C Horsman (A Jones 49), I Gough, R Sidoli, C Charvis, M Williams, M Owen

Scorers: Tries - S Williams, penalty try; Con - S Jones; Pens - S Jones 4

Australia: C Latham; M Gerrard (W Sailor 63), L Tuqiri, M Turinui, D Mitchell; M Rogers, G Gregan (capt, C Whitaker 56); M Dunning, B Cannon, D Fitter (A Baxter 50), H McMeniman (M Chisholm 70), N Sharpe, J Roe, P Waugh, G Smith

Scorers: Tries - L Tuqiri, C Latham, N Sharpe; Cons - M Rogers 2; Pen - M Rogers

Referee: Tony Spreadbury (England)

* International debut

SUMMER TOUR 2006

ARGENTINA 27 WALES 25 - Puetro Madryn, Patagonia, Argentina – Saturday, 11 June, 2006.

Argentina: JM Hernandez; JM Piossek, G Tiesi (F Lionelli 67), R Carballo, L Borges; F Todeschini, A Pichot (capt); R Roncero, M Ledesma, M Scelzo, I Fernandez Lobbe, R Alvarez Kairelis, JM Fernandez Lobbe, JM Leguizamon (M Ayerza 68-72), G Longo

Yellow card: R Roncero 63

Scorers: Tries - JM Fernandez Lobbe, JM Piossek, F Leonelli; Cons - F Todeschini 3; Pens - F Todeschini 2

Wales: L Byrne; M Jones (C Czekaj 75), J Robinson, M Watkins (J Hook* 52), S Williams; N Robinson, M Phillips; D Jones (capt, J Yapp 79), M Rees (R Hibbard* 70), AR Jones, I Gough, I Evans*, AW Jones* (G Delve 70), G Thomas, A Popham

YC: G Thomas 30, A Popham 38

Scorers; Tries - MJones, I Evans, J Hook; Cons - N Robinson 2; Pens - N Robinson 2

Referee: Alain Rolland (Ireland)

ARGENTINA 45 WALES 27 - Velez Sarsfield, Buenos Aires, Argentina – Saturday, 18 June, 2006.

Argentina: JM Hernandez; F Lionelli (JM Nunez Piossek 75), G Tiesi, F Contepomi (F Serra 73), L Borges; F Todeschini, A Pichot (capt; NF Miranda 70); R Roncero (M Ayerza 73), M Ledesma (P Gambarini 75), M Scelzo, I Fernandez Lobbe (M Carizza 64), R Alvarez Kairelis, JM Fernandez Lobbe, M Durand (M Shusterman 55), G Longo

Scorers: Tries - G Tiesi 2, JM Fernandez Lobbe; Cons - F Todseschini 3; Pens – F Todeschini 8

Wales: L Byrne; M Jones, J Robinson (M Watkins 34), J Hook, S Williams; N Robinson, M Phillips (A Williams 67); D Jones (capt, TR Thomas* 57), H Bennett (R Hibbard 67), AR Jones (J Yapp 47), I Evans, I Gough, AW Jones, G Thomas, A Popham (G Delve 41)

Scorers: Tries - G Delve, S Williams, L Byrne; Cons - N Robinson, J Hook 2; Pens – J Hook 2

Yellow cards: Ian Evans, James Hook

Referee: Dave Pearson (England)

Wales in 2005/2006 – RBS Six Nations Championship 2006

RBS SIX NATIONS CHAMPIONSHIP 2006

ENGLAND 47 WALES 13 – Twickenham – Saturday, 4 February, 2006. Att: 70,000

England: J Lewsey (T Voyce 21); M Cueto, J Noon, M Tindall, B Cohen; C Hodgson (A Goode 74), H Ellis (M Dawson 71); A Sheridan (J White 68), S Thompson (L Mears 63), M Stevens, S Borthwick, D Grewcock (S Shaw 71), J Worsley (L Dallaglio 7-13), L Moody, M Corry (capt, L Dallaglio 63)

Scorers: Tries - M Cueto, L Moody, M Tindall, L Dallaglio, M Dawson, T Voyce; Cons - C Hodgson 2, A Goode 2; Pens - C Hodgson 3

Wales: G Thomas; M Jones, H Luscombe, M Watkins (L Byrne 7-17), S Williams; S Jones, D Peel (G Cooper 65, L Byrne 80); D Jones, R Thomas, AR Jones (G Jenkins 60), I Gough (AM Jones 14-20, 65), R Sidoli, C Charvis (A Popham 71), M Williams, M Owen

Scorers: Try - M Williams; Con - S Jones; Pens - S Jones 2

Referee: Paul Honiss (New Zealand)

WALES 28 SCOTLAND 18 – Millennium Stadium – Sunday, 12 February, 2006. Att: 74,128

Wales: G Thomas (capt); M Jones, H Luscombe (L Byrne 30-40), M Watkins (N Robinson 75), S Williams (L Byrne 70); S Jones, D Peel (M Phillips 70); D Jones, R Thomas (M Davies 80), AR Jones (G Jenkins 68), I Gough, R Sidoli (AM Jones 79), C Charvis (G Delve* 67), M Williams, M Owen

Scorers: Tries - G Thomas (2), R Sidoli, penalty try; Cons - S Jones 4

Yellow card: I Gough (22m)

Scotland: H Southwell; C Paterson, B MacDougall (S Webster 67), A Henderson, S Lamont; D Parks (G Ross 62), M Blair (C Cusiter 62); G Kerr (C Smith 54), S Lawson (R Ford 54), B Douglas, A Kellock (S McLeod 67), S Murray, J White, S Taylor, A Hogg (J Petrie 67)

Scorers: Tries - H Southwell, C Paterson; Con - C Paterson; Pens - C Paterson 2

Red Card: S Murray (22m)

Referee: Steve Walsh (New Zealand)

IRELAND 31 WALES 5 – Lansdowne Road – Sunday, 26 February, 2006. Att: 47,500

Ireland: G Murphy; S Horgan, B O'Driscoll (capt), G D'Arcy, A Trimble; R O'Gara, P Stringer; M Horan (S Best 71), J Flannery (R Best 80), J Hayes, D O'Callaghan, M O'Kelly, S Easterby (M O'Driscoll 80), D Wallace (J O'Connor 80), D Leamy

Scorers; Tries - D Wallace, S Horgan, P Stringer; Cons - R O'Gara 2; Pens - R O'Gara 4

Wales: L Byrne (B Davies 79); M Jones, H Luscombe, M Watkins, D James; S Jones (G Henson 21), D Peel; D Jones (G Jenkins 45), R Thomas (M Davies 60), A Jones, I Gough, R Sidoli, C Charvis (G Delve 55), M Williams, M Owen (capt)

Scorer: Try - M Jones

Referee: Jonathan Kaplan (South Africa)

WALES 18 ITALY 18 – Millennium Stadium – Saturday, 11 March, 2006. Att: 74,403

Wales: L Byrne; M Jones, H Luscombe, M Watkins, S Williams; S Jones, D Peel (M Phillips 10); D Jones (G Jenkins 58), R Thomas (M Davies 76), AR Jones, I Gough, R Sidoli (J Thomas 79), C Charvis (A Popham 52), M Williams, M Owen (capt)

Scorers: Tries - M Jones, S Jones; Con - S Jones; Pens - S Jones 2

Italy: E Galon; P Canavosio (C Stoica 47), G Canale, Mirco Bergamasco, L Nitoglia; R Pez, P Griffen; S Perugini, C Festuccia (F Ongara 71), C Nieto (M Castrogiovanni 29), S Dellape (C Del Fava 50), M Bortolami, S Parisse (A Zanni 78), Zaffiri (A lo Cicero 80), J Sole

Scorers: Tries - E Galon, P Canavosio; Con - R Pez; Pens - R Pez 2

Referee: Joel Jutge (France)

WALES 16 FRANCE 21 – Millennium Stadium – Saturday, 18 March, 2006. Att: 74,211

Wales: L Byrne (G Henson 41); D James, H Luscombe, M Watkins, S Williams; S Jones, M Phillips; D Jones (G Jenkins 52), R Thomas (M Davies 43), AR Jones, I Gough, R Sidoli (J Thomas 75), M Owen (captain), M Williams, A Popham (D Jones 69)

Scorers: Try - H Luscombe; Con - S Jones; Pens - S Jones 2, G Henson

France: T Castaignede (C Heymans 41); A Rougerie, F Fritz, D Traille, C Dominici; F Michalak, D Yachvili (J-B Elissalde 44); S Marconnet (O MIlloud 71), R Ibanez (D Szarzewski 44), P de Villiers, F Pelous, J Thion, Y Nyanga, J Bonnaire (L Nallet 56), T Lievremont (O Magne 49)

Referee: Chris White (England)

RBS SIX NATIONS CHAMPIONSHIP 2006

	P	W	D	L	F	A	T	Pts
France	5	4	0	1	148	85	18	8
Ireland	5	4	0	1	131	97	12	8
Scotland	5	3	0	2	78	81	5	6
England	5	2	0	3	120	106	12	4
Wales	**5**	**1**	**1**	**3**	**80**	**135**	**8**	**3**
Italy	5	0	1	4	72	125	5	1

* International debut

Powergen Cup - Scarlets beat Bath in Millennium Stadium double header but find that Wasps are a tougher prospect at the Twickenham final.

The Professional Game – The Regions

The Celtic League trophy, which had been won in successive seasons by the Llanelli Scarlets and the Ospreys, was claimed by Ulster as the four Welsh regions struggled to make an impact in the three-nation tournament.

The Irish provinces totally dominated the tournament – recently renamed the Magners League in the first title sponsorship deal for the competition - with Cardiff Blues finishing in fourth place as the best of the Welsh regions, six points clear of the Scarlets.

The Blues started with two defeats but recovered to notch up doubles over the Ospreys – 28-9 and 40-14 – and Newport Gwent Dragons with a 32-13 defeat by the Scarlets at Stradey Park the Blues' only reverse against Welsh opposition.

The Scarlets and the Ospreys finished sixth and seventh respectively with the Dragons 10 points adrift of the Ospreys but thrown a Heineken Cup 2006 / 2007 lifeline by edging ahead of Border Reivers by a point and so earning a Heineken Cup play-off place against Overmach Rugby Parma, the third most successful of the Italian teams.

However, a 24-15 defeat at Rodney Parade meant the Dragons will be the first of the Welsh regional sides to miss out on Heineken Cup action in the 2006/07 tournament. They will play in the European Challenge Cup instead.

Celtic League

CELTIC LEAGUE FINAL PLACES 2005 / 2006

Club	P	W	D	L	F	A	BP	Pts
Ulster Rugby	22	15	1	4	510	347	5	75
Leinster	22	14	0	6	545	427	10	74
Munster	22	12	0	8	439	372	10	66
Cardiff Blues	22	11	0	9	475	389	11	63
Edinburgh Gunners	22	11	0	9	418	415	8	60
Llanelli Scarlets	22	10	1	9	418	402	7	57
Ospreys	22	11	0	9	381	409	3	55
Newport Gwent Dragons	22	7	0	13	355	456	9	45
Border Reivers	22	7	0	13	386	501	8	44
Connacht Rugby	22	6	0	14	325	466	5	37
Glasgow Warriors	22	5	0	15	371	439	9	37

* International debut

Heineken Cup ERC

HEINEKEN CUP

There was no joy again for the Welsh teams in the 11th season of European club rugby's premier tournament as for the second successive season Welsh interest ended before the prestigious knock-out stages.

The Blues went the closest of the regions to quarter-final qualification with three wins out of their six Pool games, doing the double over Italian side Rugby Calvisano and notching an opening round win over Leeds Tykes.

The Scarlets beat Edinburgh Gunners and London Wasps at home, while the Ospreys accounted for Stade Français Paris and ASM Clermont Auvergne at their new base at the Liberty Stadium. But the Dragons could manage only a sole success in beating Castres Olympique at Rodney Parade.

However, there was one European success story for Wales – the Millennium Stadium staging a magnificent Heineken Cup final as Munster belatedly got their hands on the coveted trophy with a 23-19 victory over Biarritz Olympique. It was the fourth time the final had been held in the Welsh capital and a triumph for the match partners the WRU, Millennium Stadium, Cardiff Council, Visit Wales and the Welsh Assembly Government. The game was the biggest single income generating sporting event ever staged in Wales and was played out to a crowd in excess of 74,000.

But, on top of it being a potential money-spinner, the Heineken Cup provides the yardstick by which the top teams of Europe are measured – and the Welsh regions again fell short of expectations.

ENGLAND RUGBY POWERGEN CUP WRU

POWERGEN CUP

Only Llanelli Scarlets qualified for the knock-out stages of the Powergen Cup – the Anglo-Welsh tournament next season being backed by EDF Energy – with the West Wales region going down 26-10 to London Wasps at Twickenham.

A crowd of 50,811 were at the Millennium Stadium for the back-to-back semi-finals, the Scarlets going through to the final with a 27-26 win over Bath Rugby, but the target for the Welsh regions must be to try and match the English clubs in EDF Energy Cup semi-final representation next season.

The Ospreys made the most of the first season in their new home as they became the first Welsh region to make a profit, while Cardiff Blues notched a Celtic League record gate when they hosted Leinster at the Millennium Stadium - further examples of the growing stature of the professional game in Wales.

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Neath hold onto their Premiership title to become the first 'Principality' champions

"The Principality Premiership is a breeding ground for profesional stars of the future"

The Semi-Professional Game - Principality Premiership

The rising standard and importance of the new Principality Premiership was firmly underlined by the fact the new Wales coach Gareth Jenkins capped three players from clubs within the division on the summer tour to Argentina.

Swansea forwards Alun Wyn Jones and Richard Hibbard and Neath outside half James Hook were all plucked from relative obscurity to step up to the plate at international level with Wales missing virtually a whole team of front liners.

It proved the growing standard of the Premiership as a breeding ground for professional stars of the future and next season it will be home to the majority of last season's Grand Slam winning Wales Under 19 team.

Hook made a sensational start to his Test career with a try on his debut and featured in both internationals. The main stay of the Wales Under 21 side at outside half – and of Wales' successful return to the international Sevens circuit, Hook also played a vital role in guiding Neath to back-to-back Premiership crowns with a haul of 296 points, including nine of his team's 141 tries.

With just two defeats in 30 matches – 33-29 at home to Bedwas and 25-21 away to Pontypridd – The Gnoll outfit were once again too strong for their rivals as they roared to the championship a phenomenal 15 points clear of second placed Bridgend.

Wing Steve Thomas helped himself to 22 tries and the experienced Arwel Thomas chipped in with 130 points. Neath clinched the crown with three games remaining by beating Bridgend 40-19 at home to allow skipper Steve Martin to get his hands on the trophy before the campaign ended.

Coach Rowland Phillips, who guided Neath to those two titles and a second successive Konica Minolta Cup final appearance at the Millennium Stadium, has committed himself to the Welsh All Blacks for another three seasons in tandem with his new roles as Wales defence coach and assistant coach to the new Wales Under 20 set-up.

All Premiership clubs underwent an intense club audit over the course of last season, a process which was taken seriously by all concerned and an open and honest approach was adopted by both the clubs and the WRU audit team enabling a huge amount of progress to be made. All clubs, including those eventually relegated, put a great deal of time, effort and money into improving their clubs' on and off the field facilities and structures in order to improve the standard and product of the Principality Premiership.

The WRU views the Premiership as the primary breeding ground for young, future professional rugby players to hone their talent and match skills and the Premiership criteria will be reviewed and revised in order to continue to raise standards.

The Premiership will now remain at 14 for the foreseeable future – but with standards of Asda League One improving on and off the field, competition for promotion and relegation will undoubtedly remain strong.

Bridgend were Neath's main challengers for the title and went one better than the previous season when they finished third but while there was double title delight for Neath at the top, it was all gloom and doom at the bottom for the once mighty Pontypool.

The club who were a virtual forward conveyor belt for Wales and the British and Irish Lions in the 1980s – not to mention a collective clutch of Welsh Championship and cup triumphs – were relegated to Division One East after going down to 19 defeats and three draws in their 30 fixtures. Carmarthen Quins also fell through the trap door to Division One West with the Premiership now reduced to 14 teams.

Alun Wyn Jones was named as the 'Principality Premiership's Best Newcomer', although the 20-year-old wasn't able to pick up his award in person because he was with the Wales tour party in Argentina.

Jones beat fellow tourist and clubmate Richard Hibbard and Bridgend flanker Adam Witney to the title of 'Best Newcomer' and received a £200 cheque from Premiership title sponsors, the Principality Building Society.

Bedwas centre Phil Dolman was named as the 'Principality Premiership Player of the Year', beating Neath outside half James Hook, and Newport's Rhys Jones to the title. He also received a £200 Principality Building Society cheque.

Former Wales lock Chris Stephens beat Neath's Rowland Phillips and Pontypridd's Simon King to the 'Principality Premiership Coach of the Year' award. That title and an award of £200 from Principality Building Society came a week after he signed a new two-year contract to remain at the Brewery Field, where he had Paul Williams, Brendan Roach, Hugh Williams-Jones and Colin Hillman working alongside him.

Pontypool rugby club was named as the best club to visit by referees and were rewarded with the 'Principality Premiership Fair Play' award. Barrie Little, who has been a volunteer at Maesteg for the past 25 years, was named as the winner of the 'Principality Building Society Services to Rugby' award.

PRINCIPALITY PREMIERSHIP

	P	W	D	L	Tries For	Ag	Pts
1 Neath	30	28	0	2	141	1,070	421	84
2 Bridgend	30	23	0	7	81	709	587	69
3 Pontypridd	30	21	0	9	93	788	560	63
4 Aberavon	30	19	0	11	81	748	596	57
5 Newport	30	19	0	11	58	623	610	57
6 Llanelli	30	18	0	12	68	589	599	54
7 Swansea	30	16	0	14	102	849	713	48
8 Bedwas	30	12	2	16	52	562	702	38
9 Cross Keys	30	12	0	18	56	513	608	36
10 Cardiff	30	11	0	19	73	646	726	33
11 Glamorgan Wdrs	30	10	2	18	71	607	738	32
12 Ebbw Vale	30	10	1	19	66	583	686	31
13 Llandovery	30	10	0	20	58	597	692	30
14 Maesteg	30	9	1	20	64	573	785	29
15 Carmarthen Qns	30	9	1	20	52	546	821	28
16 Pontypool	30	8	3	19	53	473	632	27

Pontypridd, last gasp winners of Konica Minolta Cup

The Semi-Professional Game- Konica Minolta Cup

Pontypridd turned the one-point heartbreak of 2005 into one-point heaven as they lifted the Konica Minolta Cup at the end of a thriller at the Millennium Stadium in front of a crowd of 9,525.

A year after losing out 25-24 to Llanelli, Pontypridd made Neath suffer by the same narrowest of margins as Pontypridd claimed the silverware for a third time and denied the Welsh All Blacks the cup and league double for 2006 in the process.

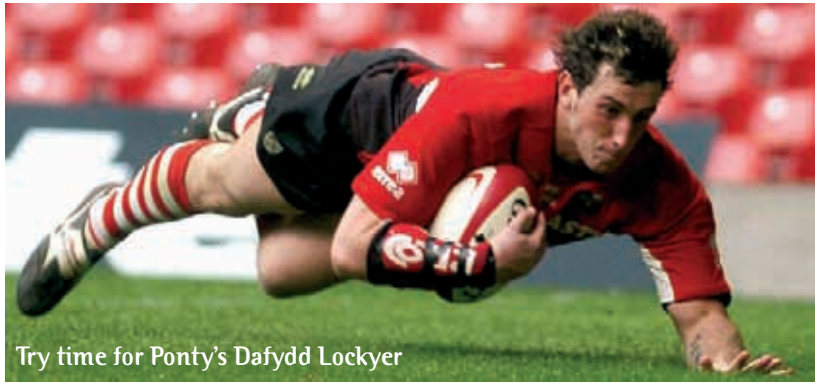
Dai Flanagan was the Ponty hero by landing an injury time drop goal but moments earlier it looked as if he could have handed the trophy to Neath when he had his pass intercepted by opposite number James Hook.

Matthew Nuthall, Dafydd Lockyer and Chris Clayton were the Ponty try scorers, Flanagan contributing 11 points with the boot. Andy Llewellyn, Paul Jones and Hook crossed for Neath tries.

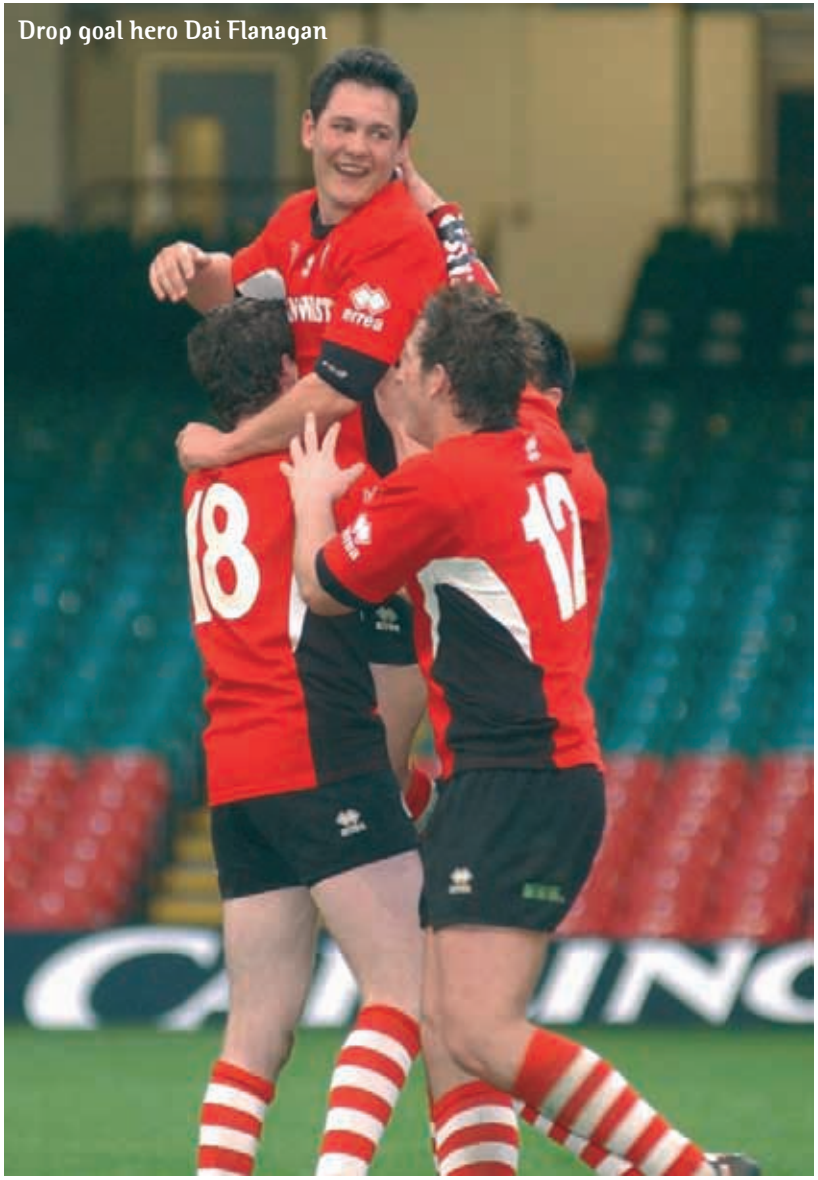
But defending champions Llanelli saw their hopes of retaining the trophy and extending their record as the nation's cup kings and specialists disappear as early as Round 3 as they crashed to a shock 29-21 defeat at Llandovery.

Pontypridd's path to the final started with a 20-0 win at Pontyberem and included the scalps of Narberth, Cross Keys and Builth Wells en route to a 23-13 semi-final win over Cardiff at Rodney Parade.

Neath opened with a crushing 86-3 win at Taffs Well, Bridgend pushing them close before going down 11-3 in Round 4. Llangennech and Swansea were further Welsh All Blacks victims before Maesteg were humbled 50-9 in the semi-final at Talbot Athletic Ground.



Try time for Ponty's Dafydd Lockyer



Drop goal hero Dai Flanagan

Konica Minolta Cup Final

Millennium Stadium

6 May 2006

Pontypridd 26 Neath 25

www.wru.co.uk

Wales Sevens players and management celebrate their Commonwealth Games Plate Trophy victory after a thrilling 29-28 win over South Africa in the final

High Performance Rugby

Mostyn Richards

WRU High Performance Manager

"Players are now developing at a quicker pace thanks to the WRU Academies and the high performance development structure"

Having secured £1.6 million over three years in Objective One funding from the Welsh Assembly, we have been able to establish four WRU Regional Academies and a National Women's Academy which make up the Welsh Rugby Industry Project.

Will Thomas, the Cross Keys and former Wales A No 8, has been appointed as project co-ordinator with four Regional Academy managers, four regional conditioning coaches, the National Women's Academy co-ordinator and now six skills coaches all employed with the same goal – to produce and develop our future professional rugby players.

That aim is already becoming a reality with academy players such as James Hook and Alun Wyn Jones graduating through the ranks of the Principality Premiership, Wales Under 21 and, in Hook's case the re-established Wales Sevens side, to their Region and now the senior Wales team.

There are six core elements to the holistic player development programme at each of the Academies - strength, conditioning, individual skills and off-the-field skills, such as performance lifestyle, nutrition and sports psychology. We have already seen particular improvement in these players' fitness scores and individual skill levels.

A combination of the rapid development of our young, elite players in this environment and excellent relationships with our Premier Division sides, means that more than 80% of our 18-year-old Academy players will play in the Principality Premiership this coming season. Additionally, almost 20 Academy players were included in the senior regional teams' summer programmes on a full time basis, which included summer camps and warm-up games.

Our age grade international set-up has been restructured in time for the new season, to reflect the changing development needs of our youngsters and to adapt to the demands of the international competitions they participate in.

While our Under 19s obtained a well deserved Six Nations Grand Slam last season, it was recognised that changes needed to be made in order to improve our competitiveness at the IRB Under 19 World Championships which take place in April. Next season we will only play selected matches during the Six Nations period in order to improve our preparations for the World Championships, which will take place in Belfast.

At the same time, we have been at the forefront of setting up a new Six Nations festival for the Under 18 age group which will take place in April next year in Scotland. Wales Under 18s now have the best and most progressive identification, development, preparation and competition programme of all year groups and all Six Nations countries

Players are now developing at a quicker pace thanks to the WRU Academies, and the high performance development structure that has been put in place, and we will – along with other Six Nations countries – field an Under 20 side for all our Six Nations matches next season.

We are now consistently being able to field players who are younger than their age group to represent our international sides and a perfect example of this can be seen in the fact that three of last season's Under 21 side toured Argentina with Wales this summer.

Chris Davey achieved much Six Nations success with the Under 21 set-up and we thank him and Wayne Hall for their commitment and hard work over the past nine years. However, as far as our elite coach development is concerned, we feel it is important to give our young professional coaches the experience and exposure that age grade international coaching provides and we have put those words into action with the reshaping of the age grade structure.

The re-establishment of a Wales Sevens side has been highly successful with Dai Rees' side lifting the Plate trophy in all four competitions they entered last season. We see Sevens as a vital developmental arm for our future professional players and our participation in the IRB Sevens Series will this year increase to six tournaments.

Last season's WRU Reebok Regional Championships was again extremely productive for identification, selection and development of our age grade international sides.

Our thanks go to Reebok for their continued support of age grade rugby and to our other commercial partners who are supporting our elite young players – Talk Training, Wasp IT and Castell Howell, shirt sponsors of the Wales U18, U19 and U21 teams respectively. Our future rugby internationals are in your hands and we are thrilled that you share our enthusiasm for this arm of the game.

The WRU Elite Coaching Programme has also been significantly developed and all WRU professional coaches will be entered onto the new WRU Level 5 Ashridge Course. The WRU Elite Coach Manager Leighton Morgan has been a pioneer in this department and he now has the full support of all elite coaches to develop their skills and increase their knowledge.

These are exciting times in the WRU development area of the game. However, there is still much work to be done if Wales is to keep pace with the world game at all levels.

Wales Under 19 celebrate 2006 Grand Slam in style

Wales Sevens and National Age Group Review

"The Wales Sevens squad exceeded all expectations in winning the Plate in all four tournaments"

WALES SEVENS

After three years of non participation in the IRB World Sevens Series, the Wales Sevens Squad was resurrected in Autumn 2006 under the banner of the WRU's High Performance Department. The side competed in three IRB Series Tournaments – Dubai, George (SA) and Hong Kong along with the Commonwealth Games in Melbourne. They exceeded all expectations in winning the Plate in all four tournaments. Primarily, the Sevens were utilised as a development environment for players and so it proved with the likes of James Hook progressing from the Sevens circuit into the National Squad for the tour of Argentina in June 2006.

The Wales Sevens developmental and competitive programmes are now established as a vital part of the WRU High Performance calendar and this season Dai Rees' side will compete in six tournaments – Dubai, South Africa, Australia, Hong Kong, England and Scotland.

WALES U19

After the Grand Slam success of Wales Under 21s in 2004/05, it was the turn of Wales Under 19s to achieve this memorable milestone in 2005/06 as Bradley Davies and his team-mates roared to Six Nations glory with a magnificent Grand Slam.
This success can be attributed directly to the implementation of the WRU Regional Academies.

An extremely talented squad of players, under the tutelage of a professional management team, not only won their five matches but, just as significantly, played with real intent, power, pace and width to excite the large crowds and media following their fortunes. More than 70% of this squad have now signed contracts with the four professional regions

Head Coach Justin Burnell saw his team warm-up for their Six Nations campaign with an historic first win on Welsh soil over Australia Schools by 27-7. That was a pre-cursor to a dream start in the championship when they stunned England with a battling 13-10 away victory at The Stoop – the perfect launch pad for a campaign that included three home fixtures.

In the first of those games at the Talbot Athletic Ground, Aberavon, Wales made it two from two with a thumping 48-10 win over Scotland before travelling to Blackrock for their second away challenge. Ireland were beaten 31-6 and then Italy and France became the next victims in commanding Welsh wins of 32-18 and 32-12 respectively.

But the squad did not enjoy much success at the IRB World Cup in the United Arab Emirates. They beat Scotland and Romania but a heavy defeat to New Zealand in the opening fixture and a disappointing performance against Ireland in the final game meant they ultimately had to settle for sixth place.

Next season, only selected matches will be played during the Six Nations period at Under 19 level in order to provide more focussed preparation for the IRB Under 19 World Championships in Belfast in April.

WALES U21

Welsh hopes of making it back-to-back Grand Slams were dashed when England won their first round clash 26-18 though Wales came back into the title frame with home wins against Scotland and Italy and by pulling off a narrow victory over Ireland in Athlone. The Championship came down to the final weekend but Wales were not able to clinch a victory over future IRB World Champions France and so the title went to England.

At the IRB World Championship held in the Auvergne region of France, Wales were unable for the fifth consecutive year to select most of their first choice players because of call-ups to the senior squad, injuries, operations and unavailability.

In all, 13 players were unavailable for the tournament, highlighting the difficulties associated with staging the event in June, a problem that will hopefully be addressed in the future.

Despite this Wales, under the captaincy of first Dafydd Hewitt and then Rhys Shellard, showed great spirit but eventually finished in eighth spot after defeats by Argentina (twice), France and England. The tournament also saw the end of Chris Davey's nine-year commitment to the group as Head Coach. In that time he guided the Welsh youngsters to three Grand Slams in 1999, 2003 and 2005.

As for the future, the WRU has taken another bold step in helping to reshape international age grade rugby in Europe. In a move which reflects the speed at which the elite end of the game is constantly changing and developing, and in conjunction with other Six Nations countries, Wales will no longer field an Under 21 side in the Six Nations tournament, and instead, will enter an Under 20 squad for this competition.

WRU High Performance Manager Mostyn Richards said: "Chris, along with Wales Under 21 team manager Wayne Hall, has helped to bring success to the Under 21 age group, and has a particularly good Six Nations record, winning an unequalled three Grand Slams.

"However, with the restructuring of the age grade international set-up, it was felt that we needed to give upcoming professional coaches and managers the chance to gain exposure at this level and we are confident Dai Rees, as head coach of the new Under 20 side, will continue to develop our elite young players into future professional rugby players."

WALES U18

Rowland Phillips' Under 18 side recorded three wins last season – over Italy, Scotland and Ireland - and two losses - to France and England.

The Wales Under 18 age group now has the most progressive identification, development, preparation and competition programme of all year groups.

Following a thorough identification and selection process via the WRU Reebok Regional Championships, the squad then enjoy the privilege of twice weekly training sessions over a six week period which, from next season, will culminate in a new-look Under 18 Six Nations rugby festival. This replaces the Home Four Nations Festival.

Wales Sevens and National Age Group Review Results

WALES SEVENS

DUBAI

Pool B – Samoa 26 Wales 14; Fiji 42 Wales 21; Wales 29 Tunisia 7

Bowl Quarter-Final	Wales	24	Arabian Gulf	7
Bowl Semi-Final	Wales	19	Scotland	0
Bowl Final	Wales	19	Canada	5

GEORGE, SOUTH AFRICA

Pool A – Wales 33 Argentina 21; New Zealand 31 Wales 7; Wales 29 Tunisia 7

Bowl Quarter-Final	Wales	41	Namibia	0
Bowl Semi-Final	Wales	22	Zimbabwe	19
Bowl Final	Wales	34	Portugal	14

COMMONWEALTH GAMES, MELBOURNE

Pool A – New Zealand 35 Wales 10; Wales 33 Kenya 0; Wales 40 Namibia 7

Plate Semi-Final	Wales	26	Samoa	17
Plate Final	Wales	29	South Africa	28

HONG KONG

Pool C – Wales 17 Portugal 14; Wales 29 China 0; South Africa 21 Wales 17

Plate Quarter-Final	Wales	31	Portugal	0
Plate Semi-Final	Wales	29	Canada	0
Plate Final	Wales	15	Kenya	5

UNDER 21 SIX NATIONS CHAMPIONSHIP

LOST	England	26	Wales	18	Worcester
WON	Wales	34	Scotland	24	Newport
WON	Ireland	13	Wales	14	Athlone
WON	Wales	36	Italy	3	Newport
LOST	Wales	8	France	17	Newport

IRB UNDER 21 WORLD CHAMPIONSHIPS – FRANCE

WON	Wales	73	Georgia	25	Ossoire
LOST	France	32	Wales	3	Cournon
LOST	Argentina	13	Wales	10	Riom
LOST	England	13	Wales	11	Vichy
LOST	Argentina	28	Wales	12	Cournon

WALES UNDER 19 INTERNATIONALS

WON	Reebok Regional XV	14	Australia Schools	7	Llandovery
WON	Wales	27	Australia Schools	7	Pontypridd

UNDER 19 SIX NATIONS MATCHES

WON	England	10	Wales	13	Harlequins
WON	Wales	48	Scotland	10	Aberavon
WON	Ireland	6	Wales	31	Blackrock
WON	Wales	32	Italy	18	Aberavon
WON	Wales	32	France	12	Aberavon

IRB UNDER 19 WORLD CHAMPIONSHIPS – UAE

LOST	New Zealand	38	Wales	14	Dubai
WON	Wales	35	Scotland	3	Dubai
WON	Wales	70	Romania	0	Sharjah
WON	Wales	33	South Africa	21	Dubai
LOST	Ireland	20	Wales	15	Dubai

WALES UNDER 18 INTERNATIONALS

WON	Italy	13	Wales	18	Collefero
LOST	Wales	21	France	24	Aberavon

UNDER 18 HOME FOUR NATIONS FESTIVAL

WON	Wales	21	Scotland	20	Cheltenham
WON	Ireland	35	Wales	9	Lydney
LOST	England	21	Wales	15	Gloucester

WRU

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WRU REEBOK Regional Championships and Welsh Exiles Report

U16 Champions

U18 Champions

U20 Champions

Triple glory for young Ospreys

After the Scarlets carried off all three inaugural Reebok Regional Championship trophies one year previous, it was the turn of the Ospreys to enjoy a clean sweep in last season's hugely competitive second season.

UNDER 16

After a season in which the Dragons and Ospreys dominated, and the Blues - North and South - suggested a challenge of sorts, it was the Ospreys who carried off the trophy at Rodney Parade.

Led by inspirational captain Daniel Biggar, whose competence and obvious confidence was key in the final, the Ospreys recovered from a half-time deficit to win comfortably 36-12.

Ashley Beck helped himself to a couple of tries in the final whilst Biggar, Dean Williams and Kristian Phillips completed the second half rout.

The Dragons had enjoyed a narrow victory over their closest rivals at Newbridge early on in the season, but on this occasion and despite Adam Hughes and Danny Ellis crossing for first half tries, they were out muscled and out-thought by an Ospreys side who were, in the end, comfortable and deserved winners.

UNDER 18

It might have been against the odds, but the Ospreys lifted the Under 18 trophy courtesy of a 20-8 victory over the Scarlets at the Talbot Athletic Ground.

Both teams had amassed 21 points during the qualifying rounds but, on this occasion, the greater unity of the Ospreys' pack won the day.

The Scarlets took the lead after nine minutes courtesy of a try from scrum half Justin James, but a Lee Halfpenny penalty reduced the arrears mid-way through the half.

Daniel Evans, one of the competition's best players, improved the lead with a penalty before the Ospreys hit back with a try from the prop Ryan Bevington. Halfpenny's conversion provided a 10-8 interval lead and, although the Scarlets threatened to strike back after the interval, the underdogs were good enough to not only hold on, but also to improve their standing.

In the second half there was more of the same from the Ospreys and, after Halfpenny had been successful with a penalty, Luke Hathaway made it safe with a try that Halfpenny improved in the final quarter.

UNDER 20

The Ospreys might not have fancied their chances before kick off but, once this thrilling final had got underway at Stradey Park, the underdogs were more than a match for their hosts and eventually ran out 25-18 winners.

Having carved out a platform for themselves, the Ospreys took control and won the day thanks to tries from Sam Kiley, Neil White, Nicky Roberts and Leigh Bevan - Bevan's effort coming late on in a game that the Scarlets led for long periods.

Rhys Priestland was on the mark with two first half penalties for the Scarlets and the outstanding utility back finished the season as, arguably, one of the most prolific contributors.

The Blues suffered in the early stages of the season and failed to recover whilst the Dragons did their bit to make it an enjoyable and competitive second season.

WELSH EXILES - Terwyn Williams, Secretary

As an organisation in existence for 16 years, the Welsh Exiles continue with the quest to find Welsh boys between the ages of 14 years and 18 years who live out of Wales but would prefer to play for Wales rather than their adopted country. There are many hundreds of boys of Welsh descent living out of Wales, and our database expands each year as more and more boys register their interest with us. This year we have seen two boys travel from Belgium to play. A Welsh family living in Genoa in Italy brought their son to Wrexham to play an Exile fixture for us. Last year we had one boy from Aberdeen who travelled regularly to South Wales to play for one of the Regions and, this year, two brothers from Perth have travelled South to play for us. We value the support given to us by these families and the tremendous commitment and enthusiasm shown by the boys.

We have expanded our coaching and scouting base this year and new teachers of Welsh descent are genuinely interested in getting involved with the Exiles and fostering a greater awareness of the work of the Exiles in their widespread areas of England – from Northumberland to Cornwall.

Each year we play matches at U16 and U18 levels in various parts of the country again with the idea of fostering an awareness of the Welsh Exiles. We hold two trial days to look for talented players of a high standard. The best are invited to a Summer Assessment weekend at Mill Hill School in North West London which coaches from Wales and members of the WRU High Performance department attend to scrutinise the talent available. The best are invited to Usk for further development under the expertise of the Dragons Regional High Performance staff.

Welsh Exiles staff visit the important school tournaments in England such as the St Joseph's Tournament for U18s at Ipswich and the National Rosslyn Park 7s in London where the staff hope to unearth more talent.

As with other organisations, the Exiles would welcome further information and assistance from clubs in Wales when they know of any talented player leaving the Principality and departing to England for education or because of family relocation. We would also be pleased to learn of any Welsh coaches resident in England, particularly from the teaching fraternity.

WRU international referees celebrating after receiving their caps

Rob Yeman

WRU Manager of Match Officials

Refereeing Report

The recruitment and retention of referees continues to rank among the biggest challenges facing the game in Wales and the principles of the January, 2005 'Zero Tolerance' initiative regarding the abuse of referees were further underlined to clubs in the past year with a number of heavy sanctions taken against offenders. However, there is still a long way to go if the message of 'No referee, No game' is to truly hit home to coaches, players, supporters and officials alike.

Clubs are responsible for the actions of their players, coaches, officials and supporters. While general banter is widely accepted by all referees as being part of the game, there is a need to stop those who go that step further and abuse referees both physically and verbally.

It is incumbent on all clubs to ensure that referees are able to carry out their role in a safe environment. If this is not heeded then there will be many clubs without games on match days in the not too distant future.

Another busy season saw the WRU Referees Department provide officials for more than 4000 WRU level domestic matches. This is a massive exercise which is co-ordinated from within the WRU, but is largely reliant on the good will of those people who give up their free time willingly to control games and assess referees.

I extend my sincere thanks to referees and advisors at all levels who have given up their time to benefit the game in Wales. Thanks also to the staff within the department for their work during the season.

It was highly encouraging during the year to see 391 would-be referees attend the WRU Level 1 Referees Courses held throughout the country. Whilst the majority of these may only wish to officiate Junior rugby, the emphasis has been placed on encouraging these recruits to look to develop their refereeing in order to step up a level and control games at Welsh Districts and Youth levels.

The WRU has implemented a Referee Licence scheme for Season 2006/07. This is to ensure that WRU accredited referees officiate at the appropriate level of match in Wales and, more importantly, are fully covered under our insurance policy. From this season, no one can officiate a match without the appropriate license.

On the international stage, Nigel Whitehouse officiated at four major internationals during the year. He was the man in the middle when Ireland beat England at Twickenham to secure their Triple Crown and he also took charge of his third European Challenge Cup final when Gloucester beat London Irish in extra-time at the Twickenham Stoop.

Nigel Owens became the 54th Welsh international referee when he controlled the Japan v Ireland Test in June 2005 and he was in the middle for the game between Argentina and Samoa six months later. Both Whitehouse and Owens are among the IRB's top 20 referees, whilst Hugh Watkins features on the Touch judge/ TMO Panel. All three, together with Tim Hayes, officiated Heineken Cup matches this season.

Welsh referees featured highly in other IRB tournaments during the year. Tim Hayes and David Jones were chosen to officiate at the Under 21 and Under 19 World Cups, while James Jones officiated at four IRB Sevens tournaments. In addition Jim Bailey, Tony Lynch and Les Peard were selected by the IRB as Performance Reviewers.

At the WRU's 125th Anniversary Dinner at the Millennium Stadium in December it was announced that a WRU Referee Academy would be set-up. The identification process has been completed and during the summer of 2006 the successful candidates attended a series of meetings and underwent fitness and conditioning programmes.

It was also announced that the WRU would honour Welsh referees who had officiated at Test level with international caps. Some of Wales' greatest referees received the ultimate honour at a special luncheon at the Millennium Stadium when they received their caps from WRU President Keith Rowlands.

Among the 16 officials who attended the ceremony was Derek Bevan, who still holds the world record for the number of Tests for a referee at 44. Of the 54 all-time Welsh international referees, eight played international rugby for Wales (Charles Lewis, Horace Lyne, William Phillips, Billy Douglas, Tom Williams, Harry Bowen, Gwyn Nicholls and Tommy Vile); two acted as treasurer of the Union (Richard Mullock and Williams Wilkins); there was one WRU secretary (Richard Mullock) and five who became President (Horace Lyne, Tommy Vile, Wilf Faull, Vernon Parfitt and Gwilym Treharne).

More recently, Ken Rowlands and Clive Norling have worked for the WRU in the referees departments, preceding current Manager of Match Official Rob Yeman.

There are presently 18 living Welsh Test referees of which 16 picked up their caps on March 24th. These were Meirion Joseph (Cwmavon), Ernie Lewis (Abertillery), Selwyn Lewis (Cwmgors), Cenydd Thomas (Pontypridd), Corris Thomas (Cardiff), Alun Richards (Caldicot), Ken Rowlands (Ynysybwl), Derek Bevan (Clydach), Les Peard (Castleton), Gareth Simmonds (Taffs Well), Rob Yeman (Taibach), Clayton Thomas (Bryncoch), Robert Davies (Dunvant), David Davies (Llanbradach), Nigel Whitehouse (Gowerton) and Nigel Owens (Pontyberem). Neither Clive Norling or Nigel Williams were able to attend but have since received their caps.

> "Clubs are responsible for the actions of their players, coaches, officials and supporters"

Phil John

WRU Community Rugby Manager

Community Rugby Review

COMMUNITY RUGBY

The Community Rugby department, which is responsible for looking after senior rugby below the Principality Premiership – Junior District Rugby, Youth Rugby at Club and District levels and Women's rugby, is beginning to see the fruits of its co-ordinated approach to developing the grass roots of Wales' national game.

As well as providing an administrative hub for WRU clubs at Golate House, where Peter Owens works as the Community Rugby Operations Manager, the department is also responsible for the work of the six Regional Community Managers – Gerry Roberts (Dragons), Richard Hodges (Blues), John Schropher (Ospreys), Jeff Roach (Scarlets), Kim Norkett (Scarlets – Pembrokeshire) and Austin Thomas (Scarlets – North Wales). These vitally important 'Field Officers' command the small army of Development Officers that carry the game to the schools and clubs across the country.

The Welsh Women's Rugby Union also now have a full-time team of four personnel working within the Community Rugby department and it is no accident that the performances of the Wales national team, and the participation levels among women and girls in Wales, are dramatically improving.

The overall aim of the department is to increase standards, numbers, facilities and opportunities and noticeable rise in number of recorded teams and players is proof that the work of the department, in conjunction with the clubs and schools, is making a major impact.

Having grown the game from the grass roots, the next challenge is to ensure the clubs at senior level will be able to cope with the playing demands of the influx of new recruits in future seasons. Much work remains to be done.

"Community rugby – developing the grass roots of Wales' national game"

The WRU Regional Community Championship was won by the Dragons

DISCIPLINE

One of the most important tasks the WRU Regional Community Rugby Managers and our Development Officers face is ensuring that our young players enjoy themselves in a safe environment which is conducive to their long term development as citizens and players. These youngsters are the very lifeblood of the game both in the Community and High Performance areas and it is imperative that we all recognise that their enjoyment and long term development is infinitely more important than short term results.

Indeed, it is the often unhealthy concentration on winning by teams playing at all ages under 18 that is often the root cause of the only major blemish on a picture of robust good health in the Community game – indiscipline. Poor discipline at junior matches, especially the abuse of referees by parents, coaches and sometimes even the players themselves, is an element within our game that cannot, and will not, be tolerated.

The WRU is set to launch a campaign to promote good discipline and all junior coaches and parents will be expected to adhere to the requirements of respect for referees and the opposition. We mustn't let the uncaring and ill-disciplined minority spoil the game for our children and grand-children.

YOUTH RUGBY ON THE UP

Since the WRU took overall control of Youth rugby the number of teams participating in its competitions has rocketed from 138 at the end of season 2004/05 to almost 200 for the forthcoming season – an increase of over 40%.

The co-ordinating role undertaken by Peter Owens has been important in facilitating over overseeing this welcome increase, but it has been the response on the ground of the dedicated band of Youth team secretaries and other volunteers that has proved vital in creating new teams and new opportunities. They must be congratulated for their sterling work in an area of the game that is a vital bridge between junior and senior rugby. Glynneath Youth beat Rumney Youth 12-11 in the inaugural Youth Cup Final at the Millennium Stadium while Pontypool United Youth beat Nant Conwy 18-0 to become National Youth League champions.

COMMUNITY COACHES

Another of the great successes of the Community department has been the introduction of the new United Kingdom Coaching Certificate (UKCC). The WRU is at the forefront of the introduction of the new coach education system and this new qualification is a major step on the road to developing coaching as a profession. The new qualifications are recognised throughout Wales, England and Scotland and provide aspiring coaches with a development route map.

Almost 1000 candidates successfully completed the Level 1 qualification and the aim is to qualify even more coaches this year and take those ambitious and able coaches through to Level 3 and beyond. Better coaches, and more of them, are vital to the development of higher standards in the game in Wales.

Community Rugby Review

WELSH CLUBS XV

This whistle-stop tour of community rugby would not be complete without mention of the new National Community side, the "Welsh Clubs XV" which is selected from players who represented their Region at community level last season.

The side recently played its first international matches in Belgium and its first home match will be against France on the morning of Wales v Australia on November 4.

Under the guidance of head coach Gerry Roberts and his management team, the side is set for big things. Now, playing for Wales will not be confined to the few elite professionals who make the grade and all young community rugby players who want to represent their country should get in touch with their local regional community rugby manager to put themselves forward for selection for their Regional Clubs XV.

The Welsh Clubs XV squad

CHILD PROTECTION

The Community Rugby department is highly aware of the need to protect our children. Our new Child Protection Policy, and systems to support it, are once again right at the forefront of good practice for sport in Wales. This has been recognised at Ministerial level. Our aim is to roll out a programme across Wales in the forthcoming season which will provide those people involved with young people under 18 with the best training of any sport in Wales and beyond.

OUR COMMITMENT TO THE COMMUNITY AND A HEALTHY WALES

There is a huge recognition within all departments at the WRU, but perhaps more so within Community Rugby, of the need to use our position in Wales to promote the health of the nation, social inclusion and life-long learning.

As a result, we are currently working with the Welsh Assembly Government on 'Health Challenge Wales'; we are working with Gwent Police and the Gwent Youth Offending Teams to use rugby as a vehicle for social inclusion; we have worked successfully on Anglesey to use rugby as a vehicle for building awareness of the effects of anti-social behaviour.

Our coaching courses are a great vehicle for self-development, both within rugby and work. The Community Rugby department is actively seeking to develop this broader role for rugby in Wales - not at the expense of its core values and activities, but to enhance them.

We are also looking to develop ways to benefit our community clubs through providing advice and services on many issues from grants and legal issues to the new fire regulations.

"Our coaching courses are a great vehicle for self-development"

WRU Children's Champion Ryan Jones with Jane Hutt AM, Minister for Children, Steve Lewis and WRU Child Protection Consultant, Mark Willams-Thomas

Welsh Clubs XV Head Coach Gerry Roberts talks tactics

ASDA LEAGUES

Community Rugby Review

WRU ASDA NATIONAL LEAGUE

Bonymaen won the Asda League One title – but missed out on promotion to the Principality Premiership when they went down 19-6 to Maesteg at the Talbot Athletic Ground in the first Premiership play-off match since 2002.

The clash between Bonymaen and Maesteg – the lowest placed team in the Premiership to avoid relegation – saw Bonymaen captain and hooker Darren Poland sent off in the third minute but his side were still up 6-0 at half-time.

Maesteg ultimately protected their Premiership status with 19 unanswered second half points, veteran scrum half Kevin Ellis getting the only try of the contest.

Bonymaen took the Asda League One title nine points clear of Whitland, suffering just three defeats along the way. Their sole reverse on home soil came when they went down 22-11 to Beddau – the latter finishing up in third place – and twice on the road, at Builth Wells and UWIC.

It was identical stuff in Asda League Two – both titles being won with three defeats, one of them at home and two on their travels. Bargoed took the honours in the East, going down to Tredegar, Abercynon and Pill Harriers while Dunvant took the title in the West despite defeats by Seven Sisters, Banwen and eventual runners-up Bridgend Athletic.

For Bargoed it was a case of a remarkable treble and real déjà vu as they followed up winning the Division Four East title and promotion in 2004 and then the Division Three East title and promotion in 2005 by taking the Asda League Two title and promotion in 2006.

Elsewhere, Mold and Porth were unstoppable in Asda League Four North and Asda League Five South-East respectively, both clubs winning all 18 of their tournament matches.

WELSH DISTRICTS RUGBY UNION

Bryncethin beat Clwb Rygbi Caerdydd 28-12 to claim the Worthington Welsh Districts Cup at Pontypridd, while Cardiff & District beat Gwent Districts 39-15 at Caerphilly to win the Percy Howells Cup.

Welsh Districts lost their two internationals, to Holland in Amsterdam and Germany in Brandenburg.

"For Bargoed, it was a case of a remarkable treble and real déjà vu"

ASDA LEAGUE WINNERS 2005 – 2006

ASDA ONE – BONYMAEN

ASDA Two-East – BARGOED

ASDA Two-West – DUNVANT

ASDA Three East – ABERGAVENNY

ASDA Three West – PENCLAWDD

ASDA Three South-East – YNYSYBWL

ASDA Three South-West – TONNA

ASDA Four East – NEWPORT HSOB

ASDA Four West – PONTARDDULAIS

ASDA Four South-East – PENALLTA

ASDA Four South-West – HEOL Y CYW

ASDA Four North – MOLD

ASDA Five North – LLANDUDNO

ASDA Five East – MACHEN

ASDA Five West – BURRY PORT

ASDA Five South-East – PORTH

ASDA Five South-West – BP LLANDARCY

Captain Mel Berry, leading Wales to victory over Canada, May 2006

© www.aosportsphoto.com

Jilly Holroyd

WWRU Manager

Welsh Womens Rugby Union

Twelve months ago, the proposition that Wales Women would come second in the Six Nations, defeat France, Canada and Scotland (ranked 3rd, 4th & 5th in the world) and win the European Sevens would have been unthinkable. But, under the guidance of Fielies Coetsee and Jason Lewis, Wales achieved these remarkable feats to prove they are capable of competing at the highest level.

The WWRU Strategic Plan gained full approval last year and it has given the WWRU a clear vision moving forward in the three key areas of community rugby, high performance rugby and the business of rugby

The need for the WWRU to be a well structured, operationally effective and financially sound organisation was a key priority area throughout the year. As a first step, the WWRU conducted an extensive external management audit to gain an objective indication of necessary changes. From this audit, and working in partnership with the WRU, many changes occurred which led to:

- The WWRU ended the financial year 05-06 in the black.
- Girls' rugby now falls under the full control of the WWRU following the disbandment of the Junior Girls' Rugby Association.
- A full review regarding incorporation and non-executive structures has been on-going throughout the year with completion expected by the end of 2006.
- A website review which means the WWRU site now contains more information and is more user friendly.
- Club Meetings are now conducted on a Regional basis.

Key management roles have been redefined to ensure that strategic focus and leadership is provided and that there is a clear division of responsibility and focus for each employee. This has been most significant in the division of community and high performance rugby.

In 2005-06 Sophie Bennett was appointed as National Women's Academy Co-ordinator/High Performance Manager to provide a complete management and support service to identified members of the Academy and to manage the High Performance element of the women's game. Nicola Smith was appointed as WWRU Community Rugby Manager to develop women's and girls' rugby in Wales at grass-roots level with the sole focus in the community game.

Working more closely with the WRU was a focus of the strategic plan and identified as necessary for the WWRU's long term sustainability. A number of important developments have helped this in the past year, including closer ties with the WRU's High Performance Unit, Community Rugby and Commercial departments.

The further development of relationships with external partners was also recognised and steps to improve this have included forging closer links with the Sports Council for Wales, the Welsh Sports Association and the WWRU Manager sitting on the Women's 6 Nations committee.

The financial year began with an £18,300 deficit, due largely to an overspend in 2003/04, and significant efforts have been made to reverse this loss through stringent financial management and an increase in commercial activity. As a result, the WWRU will go into the new financial year in the black having increased its commercial income by more than £15,000 and sponsorship revenue by £25,000.

Although the 2005-06 season started off with the bitter disappointment of not being included in the Women's Rugby World Cup 2006, the high performance game went from strength to strength. The National Squad secured its first victory over France, first victory in 10 years against Scotland and first victory in 12 years over Canada. Coupled with this, the Wales 7s team became European 7s champions, defeating England 10-7 in the final.

The streamlining of representative squads proved to be a success, allowing for a concentration of resources and finances, and, for the first time, all National and Development Squad matches and training sessions were fully funded by the WWRU.

The Regional Development Academies throughout the summer worked well in their first year and, although no Superleague was played in 2005-06, some structure above club level has now been deemed important. Moving forward the WWRU will introduce Performance Matches that will provide necessary game time but not cause disruption to club rugby.

The focus of women's and girls' community rugby has deliberately shifted to club development, a redirection boosted by funding from the Sports Council for Wales over a two year period. Since January, 2006 this funding has enabled the WWRU to employ Gareth Bennett as a Club Development Officer. The funding also paid for community coaches to deliver school sessions for girls' rugby.

The need for appropriate competition structures was also recognised in the Strategic Plan and developed throughout the year. A National Plate Competition was launched and more competitions will be introduced, especially in respect of girls' rugby.

"The need for WWRU to be well structured, operationally effective and financially sound was a key priority for the year"

www.wru.co.uk

Welsh Womens Rugby Union

WWRU INTERNATIONAL RESULTS

Date	Fixture	Venue	Result
Wales National Squad			
22/10/05	Italy v Wales	Treviso	Won 11-14
04/02/06	England v Wales	Old Albanians	Lost 38-15
10/02/06	Wales v Scotland	Treforest	Won 5-0
25/02/06	Ireland v Wales	Donnybrook	Won 7-14
10/03/06	Wales v Spain	Pontypridd	Won 10-0
17/03/06	Wales v France	Pontypridd	Won 11-10
06/05/06	Wales v Canada	Glamorgan Wanderers	Won 16-11
Wales XV			
19/11/06	Nomads v Wales XV	Saracens	Lost 5-0
Wales 7s			
26-27/05/06	European Championship	Limoges, France	Winners
Wales Development Squad			
05/02/06	England Students v Wales Development	RAF Halton, Aylesbury	Lost 47-5
11/02/06	Netherlands v Wales Development	Amsterdam	Lost 27-0
24/02/06	Wales Development v British Army	Porthcawl	Won 10-3
18/03/06	Wales Development v Wales Students	Llanrumney	Won 67-0
02/05/06	Wales Development x Canada XV	UWIC	Lost 7-66
Welsh Students			
04/02/06	Scotland Students v Welsh Students	Peffermill, Edinburgh	Lost 18-10
25/02/06	Welsh Students v Scotland Development	Pontyclun	Lost 3-24

National Women's Academy 2005/06 Season

Rhian Adams (Tylorstown)	Vikki Gaylard (Llandaff North)	Hannah Roberts (Cardiff Quins)
Rhian Bowden (UWIC)	Jenna Gregg (Blaenau Gwent)	Caryl Thomas (Bath)
Becky Davies (Cardiff Quins)	Kerry Jenkins (Cardiff Quins)	Amy Thompson (Tylorstown)
Tanya Davies (Cardiff Quins)	Eirlys Lougher (UWIC)	Hannah Torangi (UWIC)
Amy Day (UWIC)	Paula Mullen (Llandaff North)	Gemma Williams (Llandaff North)
Mared Evans (Caernarfon)	Rachel Poolman (Tycroes)	Sophie Williams (Richmond)

Welsh Schools Rugby Union

JUNIOR GROUP

DC Thomas Cup – Cardiff Schools beat Llanelli Schools at the Millennium Stadium final on May 6 while the East A and B sides beat their counterparts from the West at Aberavon the previous month.

INTERMEDIATE GROUP

Dewar Shield – final played at Llandovery

Rhondda Schools R.U. 20 Pontypridd Schools R.U. 12

WSRU / CocaCola Inter School Competitions – finals played at Aberavon

Under 14 Competition

Brynteg Comprehensive School 38 Ysgol Preseli 5

Under 16 Competition

Ysgol Ystalyfera 29 Corpus Christi RC High School 3pts

INTERNATIONAL MATCHES

Italy U17 5 Wales U16 48 (at Parabiago, Milan)

Wales U16 22 England U16 24 (at Llandovery)

England U16A 10 Wales U16A 9 (at Clifton)

Millfield International Festival

France U17 27 Wales U16A 20

Romania U17 5 Wales U16A 62

England U16B 7 Wales U16A 58

SENIOR GROUP

Swansea College achieved an incredible double for the second successive season beating St David's College 13-12 in the final of the Saturday League and beating Pencoed School 22-12 in the Cup final. They earned the title of Rugby World School/College of the season, beating Blackrock College (Dublin), St Peters Sixth Form College (Gloucester) and Colstons (Bristol) in the process.

Obituaries

Clive Burgess

CLIVE BURGESS

Born 25 November, 1950 in Manmoel; died 2 May, 2006 in Ebbw Vale, aged 55

A fearless flanker for both Ebbw Vale and Wales, Clive Burgess' may not have been one of the household names of the 1977 Wales side who won the Triple Crown - but to his illustrious team-mates he was the unsung hero in the murky depths of the forward battle that allowed them to flourish. His phenomenal strength in the mauls earned him the nickname of "Steel Claw". He won- won nine caps between 1977 and 1982, marking his debut against Ireland with a try. He joined Ebbw Vale from Croesyceiliog and was a superb servant to the Eugene Cross Park club. He made his 297th and final appearance for the club as a 39-year-old in 1990 after returning home from a three- year spell in his adopted second home of Italy, where he played for Brescia.

He only took up rugby as a 20-year-old after leaving the Merchant Navy and won his first honours with the Welsh Districts before stepping into first-class rugby. He then played for Wales B against France in 1976 before going on to became a key man in the 1977 Triple Crown-winning side. On his recall from the international wilderness in 1981, he was promptly voted Welsh Player of the Year. He is survied by his wife, Susan, and two daughters.

Ray Cale

RAY CALE

Born Usk, 18 July, 1922; died 2 June, 2006 in Spain, aged 83

It seems incomprehensible these days that British rugby selectors would not pick a player to tour New Zealand because he was deemed to be 'too rough'. Yet that is the fate that reputedly befell the Pontypool and Wales back row man Ray Cale in 1950 when the British & Irish Lions selectors picked their squad to tour Australasia.

The 27-year-old flanker had been one of the mainstays of the Welsh side that clinched a first Triple Crown and Grand Slam in 39 years during the 1950 championship campaign and his performance against the Irish back row in Belfast was deemed to be the most critical individual contribution to the four match winning series. Not only did he outshine messers McKay, McCarthy and O'Brien at Ravenhill, but he forced the mistake from Jackie Kyle three minutes from time that enabled Wales to score the try that clinched a 6-3 victory.

Having also plundered a try in the 11-5 victory over England at Twickenham in the opening match of the championship, Cale had every right to feel he was ready for the 30 match Lions tour later that year. His reputation as one of the hardest tacklers in the game went before him, as did his outstanding form in the Welsh Grand Slam season, yet he was the only member of the Welsh pack not invited to tour.

Having learned his trade in the hard school of Gwent club rugby at Ebbw Vale and then Newbridge, he made his international debut against England in a 9-3 victory at Cardiff Arms Park on 15 January, 1949. Two narrow defeats followed against Scotland and Ireland before he missed the reverse in Paris against France that confirmed Wales as holders of the 'wooden spoon'.

Having missed out on Lions selection Cale cut his losses and headed north to rugby league for a record breaking £2,500. Less than two months after winning the Grand Slam, and three weeks after finishing the season with Pontypool, he joined St Helens.

His style of play was ideally suited to the 13-a-side code and he became an instant hit at Knowsley Road. His conversion may have come at the ripe old age of 28, but over the next two-and-a-half seasons he made a major contribution to his new team.

He played 128 games in total for Saints and score 25 tries. He also became a double international by adding four Welsh league caps to the seven he won at union, figuring twice against Other Nationalities, France and England.

Cale joined a six-man Saints pack that boasted fellow Welsh international union converts in Reg Blakemore and George Parsons and there were three more 'Taffs' in the back line - Glyn Moses, Stuart Llewellyn and Don Gullick. They enjoyed good times together, especially in the 1952/53 season when the legendary Wales and Wigan full back Jim Sullivan was pulling the strings as the Saints' first full-time manager/coach.

Cale played 38 games in that season as the Saints won every game away from home except one - the Challenge Cup final at Wembley. Having clinched the Lancashire League title for the first time in 21 years earlier in the season, St Helens were red hot favourites to win the cup for the first time in their history, yet froze in front of a near 90,000 crowd and fell 15-10 to Huddersfield.

It was the second time the Welshman had tasted defeat in a cup final having been part of the side that lost to Leigh in the Lancashire Cup final in 1952 yet, within a week, they had made some amends by beating Huddersfield 46-0 in the Championship semi-final. After that they duly went on to lift the trophy for the second time in their history by beating Halifax 24-14.

His final appearance came in the defeat to Workington Town on 6 November, 1954 after which he became a bit of a mystery to his former employers. A greengrocer in his early working life, he became the manager of a dairy before going to live in Spain. He is survived by two sons and a daughter.

Obituaries

Glyn Davidge

GLYN DAVIDGE

Born 31 December, 1933 in Newport; died 20 March, 2006 in Newport, aged 72

Arguably the most fearless player to have donned the famous black and amber jersey of Newport, Glyn Davidge became the All Blacks' doormat at Rodney Parade in 1963 as he put his body on the line to thwart the tourists and pave the way for that famous 3-0 victory. He was black and blue for a week after the game having been trampled and kicked time after time at the bottom of rucks. It did the trick, though, and that performance was the pick of his 257 for his home town club.

He graduated into the senior side having learned his trade at Newport Youth. He was capped by Wales Youth in 1951 and 1952 and then went on to win nine senior caps, making his debut against France in 1959. He formed an all-Newport back row for Wales in two Tests in 1960 with Brian Cresswell and Geoff Whitson and played his last game for Wales in the victory over the French in 1962.

He was called-up as a replacement for the British & Irish Lions in South Africa in 1962 ands was captain of Newport in the 1962/63 season. As well as being in the victorious Newport team that beat the All Blacks in 1963, he also helped them to beat Australia in 1957. He was in the team that lost 3-0 to South Africa in 1960. He is survived by his wife Pat.

Ken Jones

KEN JONES OBE

Born Blaenavon, 30 December, 1921; died 19 April, 2006 in Newport, aged 84

Ken Jones will forever be remembered as the man who scored the vital try that helped Wales to beat New Zealand at Cardiff Arms Park in 1953 - the last time Wales beat the All Blacks. The flying Newport winger latched on to a cross kick from Clem Thomas with five minutes left to play and transformed an 8-8 draw into a famous 13-8 Welsh victory.

Yet there were many more golden moments in one of the greatest British sporting careers of the past sixty years. Unquestionably Wales' greatest all rounder, he was often asked to name his finest achievement. It was a task he always warmed to had to take his time over. The boy from Blaenavon had plenty to chew over, yet he always came up with the same answer.

Was it that try against the All Blacks in 1953, or the near length of the field score against New Zealand for the British & Irish Lions in 1950 - still recalled as one of the greatest tries ever scored at Auckland's Eden Park. It could have been any of the eight tries he scored to help Wales win Grand Slams in 1950 and 1952

In fact, he could have picked any one of the then record equalling 17 Welsh tries he scored in what was then a world record 44 appearances for his country between 1947-57. And there were also countless heroic deeds for his club in a 293 match career than included 145 tries and two seasons as captain.

Yet it was not his rugby achievements that received top billing from the man himself, but his exploits on the athletics track. The man who started out as the All-India sprint champion during WW11 graduated to become the captain of the British track and field team at the 1954 European Championships, where he won a silver medal in the sprint relay, a bronze medallist at the 1954 Commonwealth Games over 200 metres for Wales and the proud owner of four Welsh sprint record and 17 domestic titles.

Yet none of those great deeds could compare with the ultimate thrill in any sporting career of competing at an Olympic Games. It had been the victory over 100 yards at the All-Indian Olympic Games at Christmas 1945 that kick-started the then Sgt 1653958 Jones' athletics career and in 1946 he won the Welsh 100 and 200 metre crowns for the first time – titles he would go on to win every year up to 1954, except 1950 when he was on tour in new Zealand with the Lions.

Not only did he reach the semi-finals of the 100metres, but he walked out into the middle of Wembley in 1948 to be presented with an Olympic gold medal for his role in the British 4 x 100 metre relay perfomrance. The British quartet actually finished second behind the Americans, but were awarded the gold medals when the winners were disqualified. Two days later the Americans were reinstated and Ken and his team mates, Alistair McCorquodale, John Gregory and John Archer, had to give back their golds and take silver.

A product of West Mon Grammar School, Jones spent most of his working life as a teacher. He also reported on rugby and athletics in Wales for the Sunday Express for more than 20 years.

He became President of Newport Athletic Club and became the first Welsh Sportsman of the Year in 1955. He ran the baton containing the Queen's speech into Cardiff Arms Park at the opening ceremony of the 1958 Commonwealth Games, was awarded the OBE for his services to sport in 1960 and became one of the inaugural 10 members on the Welsh Sports Hall of Fame's 'Roll of Honour' in the early nineties. He is survived by his wife of 58 years, irene, and their son.

LES WILLIAMS

Born 10 May, 1922 in Mynyddygarreg; died 27 January, 2006 in Falmouth, aged 83

Les Williams became famous for scoring two tries to help Wales beat England in the Five Nations Championship in Cardiff in 1949. Two days later his fame turned to infamy land when he joined Hunslett Rugby League club.

There can't be many better ways to sign off from a 15-a-side career than scoring two tries in an international and he was able to add 15 Welsh rugby league caps to the seven he earned as a Union centre and wing.

He actually put pen to paper to become a professional in the living room of his Cardiff and Wales team mate, Bleddyn Williams. Had the Welsh selectors known, Williams, one of the greatest centres of all time, could have been professionalised.

Obituaries

Les Williams

Jeff Young OBE

The first of five players to be capped for Wales from Trimsaran Primary School - Derek Quinnell, Nigel Davies, Jonathan Davies and Garan Evans followed in his footsteps - Williams devoted his life to sport and was still grabbing back page headlines well into his seventies. By then he had turned his attentions to athletics, a sport in which he became a world record holder in the veterans Over 60 class at 60 and 200 metres. He also held the British record for the triple jump and represented the British Veterans Team at the 1983 World Championships in Puerto Rico.

Williams served in the Royal Navy during the war as a Petty Officer and played his rugby for Devonport Services, the Navy and Combined Services. He joined his home town club, Llanelli, immediately after the war and made his debut for them on 30 October, 1945 against the New Zealand Services side, the Kiwis.

The tourists won that game 16-8 and Williams was on the losing side to them again on 5 January, 1946 when he played in the uncapped game for Wales at the Arms Park. This time the Kiwis were 11-3 victors.

Williams, equally adept at centre or wing, was the leading try scorer for Llanelli in his debut season and won the first four of his seven caps while playing with the Scarlets. His international debut came in an 9-6 home defeat to England in Cardiff in 1947, but the next three games were all won, with Williams scoring a try in a big win in Scotland, and Wales shared the championship with the English.

By the time he lined up for his fifth cap, against Australia in December, 1947, Williams had switched allegiance to Cardiff, when he had trained as a teacher at Cardiff Training College. He played 51 times over an 18 month period for Cardiff, scoring 47 tries, including 34 in 35 outings in his first season.

His final Welsh cap came in that 9-3 victory over England in Cardiff on 15 January, 1949. He joined Hunslett on 17 January, made his debut against St Helens five days later and was made captain for the 1950/51 season. He made a big impression in rugby league, scoring 116 tries in 236 games for his club and five in 15 Tests for Wales, and was invited to join the 1950 British Lions tour to Australia. Williams remained at Hunslett until 1956 when he took up a post as the assistant director of physical education for Cornwall. He was 25 years in that job and was eventually granted the freedom of his adopted home in Falmouth for the help and support he gave to a wide variety of sportsmen and women in the county. He is survied by his two daughters and a son.

JEFF YOUNG OBE

Born 16 September, 1942 in Blaengarw; died 3 October, 2005 in Harrogate, aged 63

Jeff Young was one of those rugby players who feared nothing and always tried to cause the maximum amount of mayhem on the field. He succeeded very well during a playing career that included 23 Welsh caps, a tour with the British & Irish Lions and a key role in what is often described as the greatest Welsh team of all-time, the 1971 Grand Slam side.

His indomitable spirit made him one of the most admired players in the Welsh pack, but often landed him in trouble, most notably in New Zealand in 1969. Travelling with the Five Nations champions and Triple Crown holders to New Zealand, Young had his jaw broken at a line-out in the first Test against the All Blacks in Christchurch by a punch from Colin Meads as an act of retaliation for alleged jersey pulling.

Young missed the next two Tests on that tour, and the unofficial game in Fiji, but was restored for the 1970 Five Nations campaign. While many of his contemporaries ribbed him about the fact his uncle, Jack Young, was a member of the Welsh the 'Big Five', the fact is that Young was never dropped at international level between his debut, against Scotland in 1968, and his last game for Wales, against France in 1973.

One Grand Slam, two Triple Crowns, two outright Five Nations championship wins and two tied championships came his way with Wales and there could have been another Grand Slam in 1972 had the Welsh team travelled to Ireland in a season when they beat the other three countries hands down. He also played nine times on the Lions tour to South Africa in 1968, including the first Test.

Born in Blaengarw, and schooled at Garw Grammar School, Young played for the Wales Schools Under 19 team for three successive seasons, 1959-61, before heading to St Luke's College, Exeter. He launched his senior playing career at Bridgend, helping them to win the Unofficial Welsh Championship in 1965, before joining Harrogate. He also played for London Welsh and the RAF.

His move to Yorkshire came because of a teaching post he held there between 1964-71, after which he entered the RAF. Between 1971 and 1991, when he was headhunted by the Welsh Rugby Union to become their first Technical Director, Young rose to the rank of Wing Commander and earned the OBE for his work within the service. He coached the RAF and the British Combined Services, on their joint tour with British Police in New Zealand in 1988, and also acted as team manager at his home town club of Bridgend for a short while.

In his new at the WRU, he quickly earned a reputation for being a modern thinker on the game as it moved rapidly towards professionalism and the man who put some structure and organisation into the Union's coaching and development departments.

During that time he urged the coaches in Wales "to find ways to unlock the playing talent, sell a philosophy of fitness and awareness and start playing rugby the way we used to". He urged Welsh players to adopt a more positive attitude in their bid to improve on the world stage after the failure by the Wales side to qualify for the quarter-finals at the 1995 Rugby World Cup.

Young left the WRU in 1996 and returned to Yorkshire, spending two years as Director of Rugby at Harrogate rugby club before returned to teaching at the Army Foundation College in the town. His latter years were spent fighting Alzheimer's disease. He is survived by his wife of 37 years, Pat, and two sons.

WRU Accounts 2005-2006

An explanation of these Accounts is contained within the financial report provided by Martin Davies, the Chairman of the WRU Group Finance Committee, on pages 13-15. The Accounts contain the consolidated results for the WRU Group for the year ended 31 May 2006. They also contain the financial results of WRU Ltd. Accounts for Millennium Stadium plc for the same year appear in the Millennium Stadium Annual Report in the other half of this publication.

Martin Davies

Chairman of the WRU Group Finance Committee

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

We confirm that the results set out on pages 47-50, have in our opinion, been extracted properly from the audited accounts of the Welsh Rugby Union Limited for the year ended 31 May 2006.

Walter Hunter & Co Limited
Chartered Accountants and Registered Auditor
24 Bridge Street,
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NP20 4SF

Date: 3 August 2006

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Financial Results

These are the accounts of the company, Welsh Rugby Union Limited, for the year ended 31 May 2006
The consolidated group accounts are disclosed on pages {51} to {66}

REVENUE ACCOUNT - SEASON 2005/2006

	2005/2006		2004/2005	
INCOME	£	£	£	£
Revenue Income Account	**3,147,241**		1,817,103	
Match Account Surplus	**11,410,467**		6,566,813	
		14,557,708		8,383,916
EXPENDITURE				
Marketing & Press Office	**471,895**		486,940	
Establishment	**569,040**		1,224,295	
Development of The Game	**1,636,131**		1,044,518	
Management and Administration	**2,171,955**		1,625,040	
Financing Charges and Contributions	**1,616,604**		2,004,925	
Funding of Konica Cup	**92,061**		0	
Funding of National League, Divisions 1-7	**151,213**		132,052	
Financial Support & Grants to Clubs & Affiliated Organisations	**1,271,538**		1,208,120	
WRU Charitable Trust Donation	**100,000**		0	
		8,080,437		7,725,890
Profit before exceptional items		**6,477,271**		658,026
Exceptional Items		**(1,565,000)**		2,864,000
Net Profit before tax		**4,912,271**		3,522,026
Group Relief Charge - Deferred tax		**(1,626,163)**		(119,309)
Corporation Tax		**0**		(810,000)
Net Profit after tax		**3,286,108**		2,592,717
Reserves brought forward		**5,490,313**		2,897,596
ACCUMULATED RESERVES TO 31 MAY 2006		**8,776,421**		5,490,313

REVENUE INCOME - SEASON 2005/2006

	2005/2006	2004/2005
INCOME	£	£
Sponsorship	**1,259,218**	1,179,544
Royalties	**674,556**	347,220
Hire of Ground & Rents	**62,083**	139,082
Clubs' Subscriptions	**1,384**	1,257
The British & Irish Lions Surplus	**750,000**	0
International Rugby Board Trust	**400,000**	150,000
BALANCE TRANSFERRED TO REVENUE ACCOUNT	**3,147,241**	1,817,103

Financial Results

MATCH ACCOUNT - SEASON 2005/2006

	2005/2006			2004/2005	
INCOME	£	£	£	£	£
Home International Matches					
Wales v Scotland		2,161,785		Ire 2,045,526	
Wales v Italy		2,168,080		Eng 2,054,398	
Wales v France		2,171,158			
Wales v Fiji		481,003		Rom 134,321	
Wales v Australia		1,778,505		Jap 231,639	
Wales v South Africa		1,753,435		SA 1,369,410	
Wales v New Zealand		1,886,332		NZ 1,906,672	
Television and Sound Broadcasting		11,052,397		10,802,315	
Advertising		93,639		148,900	
Sponsorship & Other Income		1,264,552		1,225,829	
			24,810,886		19,919,010
EXPENDITURE					
Costs of Players' Sevices	883,386			1,013,102	
Other Costs					
Home International Matches					
Wales v Scotland	191,737			Ire 113,956	
Wales v Italy	209,561			Eng 171,153	
Wales v France	179,212				
Wales v Australia	190,847			Jap 133,709	
Wales v Fiji	159,923			Rom 133,226	
Wales v South Africa	201,625			SA 759,859	
Wales v New Zealand	907,169			NZ 180,537	
Away International Matches					
England v Wales	74,457			Sco 50,908	
Ireland v Wales	65,594			Fra 66,160	
				Ita 39,618	
Referees' Services	229,808			218,819	
		3,293,319			2,881,047
Squads and Administration Expenditure					
Clubs - Provision of Players' Services	7,022,942			6,913,260	
Directorate	213,328			158,245	
Wales	1,364,095			1,757,709	
Welsh Youth League	165,778			122,605	
Welsh Exiles	48,126			27,053	
Wales Under 21	129,411			235,955	
Wales Under 19	96,865			134,281	
Elite Rygbi Cymru	43,316			50,175	
		9,083,861			9,399,283
Other Matches, Tournaments					
Sevens Competition & Tournament	108,590			0	
National Tour	354,395			475,278	
Welsh Womens Rugby	162,342			92,461	
Death & Total Disability Insurance	397,912			504,128	
		1,023,239			1,071,867
			13,400,419		
BALANCE TRANSFERRED TO REVENUE ACCOUNT			11,410,467		6,566,813

Financial Results

MARKETING AND PRESS OFFICE - SEASON 2005/2006

		2005/2006		2004/2005
EXPENDITURE	£	£	£	£
Advertising and Promotion		**238,994**		204,063
Public Relations & Press Office Costs				
Press Office Costs	**31,832**		48,431	
Press Office Agency	**72,000**		71,756	
		103,832		120,187
Staff Costs				
Salaries, Superannuation, etc.	**129,069**		147,106	
Travelling Expenses	**0**		15,584	
		129,069		162,690
BALANCE TRANSFERRED TO REVENUE ACCOUNT		**471,895**		486,940

ESTABLISHMENT - SEASON 2005/2006

	2005/2006	2004/2005
EXPENDITURE	£	£
Rent & Rates	**213,543**	817,120
Insurances	**353,533**	397,984
Offices, Relocation Costs and Rentals	**1,964**	9,191
BALANCE TRANSFERRED TO REVENUE ACCOUNT	**569,040**	1,224,295

DEVELOPMENT OF THE GAME - SEASON 2005/2006

		2005/2006		2004/2005
EXPENDITURE	£	£	£	£
District Directorates of Rugby - General				
Salaries , Superannuation , etc	**659,613**		661,738	
Office Accommodation and Expenses	**136,006**		34,071	
Travelling Expenses	**50,237**		47,239	
		845,856		743,048
Under 19 Player Development				
Academies	**260,334**		100,710	
		260,334		100,710
Coach Education				
District	**193,544**		45,016	
National	**33,776**		1,249	
Training and Development	**170,433**		6,398	
		397,753		52,663
Referee Development and Other Expenses		**252,904**		206,428
		1,756,847		1,102,849
INCOME				
Conferences, Courses, Publications		**120,716**		58,331
BALANCE TRANSFERRED TO REVENUE ACCOUNT		**1,636,131**		1,044,518

Financial Results

MANAGEMENT AND ADMINISTRATION - SEASON 2005/2006

EXPENDITURE	£	2005/2006 £	£	2004/2005 £
Employees				
Salaries, Superannuation, etc.	926,852		859,193	
Travelling and Other Expenses	70,432		15,517	
		997,284		874,710
Running Expenses				
Premises				
Hire and Maintenance of Equipment	6,041		10,848	
		6,041		10,848
Supplies and Services				
Professional Fees	330,989		226,373	
Computer	147,377		65,678	
Printing and Postage	80,833		78,902	
Telephones and Stationery	144,442		69,931	
Advertising and Recruitment	13,609		17,570	
Auditors' Remuneration	29,500		22,000	
General Office Expenses	22,217		22,533	
Insurance	105,012		117,638	
		873,979		620,625
Other				
Directors' and Committees' Expenses	70,591		36,232	
Miscellaneous/Seat Car Costs	121,257		16,346	
EGM, AGM and District Meetings	50,253		3,647	
Funding of Welsh Districts Rugby Union	52,550		62,632	
		294,651		118,857
BALANCE TRANSFERRED TO REVENUE ACCOUNT		2,171,955		1,625,040

FINANCING CHARGES AND CONTRIBUTIONS - SEASON 2005/2006

EXPENDITURE	£	2005/2006 £	£	2004/2005 £
Provision for Depreciation				
Fixtures & Fittings	45,245		70,007	
Buildings	87,372		79,993	
Profit/Loss on Disposal	(144,631)		0	
		(12,014)		150,000
International Board & Six Nations	203,045		248,147	
Celtic League	1,375,572		1,295,768	
Bank Charges and Interest	135,246		388,061	
Provision against investment in joint venture	5,502		0	
		1,719,365		1,931,976
		1,707,351		2,081,976
INCOME				
Interest Receivable		90,747		77,051
BALANCE TRANSFERRED TO REVENUE ACCOUNT		1,616,604		2,004,925

FINANCIAL SUPPORT & GRANTS TO CLUBS & AFFILIATED ORGANISATIONS - SEASON 2005/2006

EXPENDITURE	2005/2006 £	2004/2005 £
Financial Assistance to Clubs	136,810	183,994
Grants to Affiliated Organisations	260,457	354,925
Regional Age Grade Rugby	589,920	471,556
Referees' Expenses	284,351	197,645
BALANCE TRANSFERRED TO REVENUE ACCOUNT	1,271,538	1,208,120

Directors' Report

The Directors present their report and financial statements for the year ended 31 May 2006

REVIEW OF THE BUSINESS AND FUTURE DEVELOPMENTS

The Company and its subsidiary, Millennium Stadium Plc, form a Group engaged in the running and administration of Welsh Rugby and the operation of the Millennium Stadium. The Directors are satisfied with the results for the year ended 31 May 2006 and with the continued improvement in the Group's financial performance.

RESULTS AND DIVIDENDS

The Group's profit for the financial period was £3,525,427 (2005 £2,693,297). No dividend was paid during the year.

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 the agreed terms.

DIRECTORS

The Directors who served during the year ended 31 May 2006 were as follows:

Beynon M	Davies M R	Davies T G R CBE *(appointed 25.9.05)*
Edwards G	Evans H	Fowler B
Gittings R L	Hewitt K J	Howell D R
Jenkins G	Jenkins P	John A
Jones A K	Jones J R	Moffett *(resigned 31.12.05)*
Morgan A *(appointed 25.9.05)*	Pickering D F	Rees D *(resigned 25.9.05)*
Watkins H J *(resigned 25.9.05)*	Wilton R	

DETAILS

In the year, the Group gave £100,000 for charitable purposes.

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 and of the group at the end of the year and of the profit and loss for the year then ended.

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

- select suitable accounting policies, as described on page 55 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 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 Limited 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 3 August 2006 and signed on their behalf by

Steven M Lewis

Company Secretary
Welsh Rugby Union Limited

Financial Statements

PROFIT & LOSS ACCOUNTS - YEAR ENDED 31 MAY 2006

	Group 2006 £	Group 2005 £	Company 2006 £	Company 2005 £
TURNOVER (Note 2)	**40,071,008**	31,536,009	**26,883,571**	21,099,811
Direct Operating Costs	**(22,289,210)**	(21,890,025)	**(13,533,036)**	(13,502,196)
Financial Support & Grants to Clubs (Note 3) and Affiliated Organisations	**(1,271,538)**	(1,208,120)	**(1,271,538)**	(1,208,120)
GROSS PROFIT	**16,510,260**	8,437,864	**12,078,997**	6,389,495
Administrative Expenses	**(7,995,792)**	(6,433,483)	**(6,625,742)**	(6,045,913)
Other Operating Income	**400,000**	289,082	**400,000**	289,082
OPERATING PROFIT BEFORE EXCEPTIONAL ITEMS (Note 4)	**8,914,468**	2,293,463	**5,853,255**	632,664
Exceptional (expenditure)/ income (Note 4(b))	**(1,565,000)**	4,506,204	**(1,565,000)**	2,864,000
OPERATING PROFIT AFTER EXCEPTIONAL ITEMS	**7,349,468**	6,799,667	**4,288,255**	3,496,664
Interest Receivable and Similar Income (Note 7)	**765,303**	424,271	**765,303**	424,271
Interest Payable and Similar Charges (Note 8)	**(2,963,181)**	(3,601,332)	**(141,287)**	(398,909)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	**5,151,590**	3,622,606	**4,912,271**	3,522,026
Taxation on Profit on Ordinary Activities (Note 9)	**(1,626,163)**	(929,309)	**(1,626,163)**	(929,309)
RETAINED PROFIT FOR THE FINANCIAL PERIOD	**3,525,427**	2,693,297	**3,286,108**	2,592,717

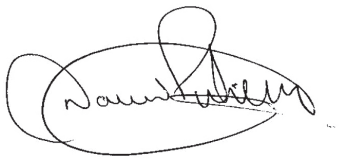
All activities of the group are classed as continuing.

Financial Results

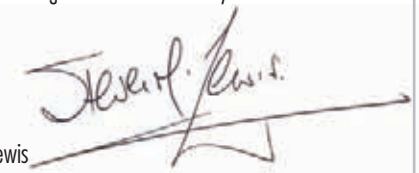
BALANCE SHEETS AS AT 31 MAY 2006

	Group 2006 £	Group 2005 £	Company 2006 £	Company 2005 £
FIXED ASSETS				
Tangible assets (Note 10)	**142,676,386**	142,480,421	**39,229,745**	36,175,408
Investments (Note 11)	**3**	5,505	**50,005**	55,507
	142,676,389	142,485,926	**39,279,750**	36,230,915
CURRENT ASSETS				
Stocks (Note 12)	**288,000**	120,236	**288,000**	120,236
Debtors (Note 13)	**8,718,328**	10,448,317	**7,770,176**	10,263,688
Investments (Note 14)	**0**	4,290,408	**0**	4,290,408
Cash at bank	**5,750,617**	607,587	**4,858,623**	142,610
	14,756,945	15,466,548	**12,916,799**	14,816,942
CREDITORS				
Amounts falling due within one year (Notes 15 & 18)	**(14,831,372)**	(18,417,075)	**(7,329,678)**	(10,494,187)
Deferred Income (Notes 16 & 20)	**(880,695)**	(925,642)	**0**	0
Millennium Commission Grant (Notes 17 & 21)	**(1,196,000)**	(1,196,000)	**0**	0
NET CURRENT (LIABILITIES)/ASSETS	**(2,151,122)**	(5,072,169)	**5,587,121**	4,322,755
TOTAL ASSETS LESS CURRENT LIABILITIES	**140,525,267**	137,413,757	**44,866,871**	40,553,670
CREDITORS				
Amounts falling due after more than one year (Note 18)	**(6,205,300)**	(4,638,429)	**0**	(164,707)
Deferred Income (Notes 16 & 20)	**(1,070,207)**	(1,439,065)	**0**	0
Millennium Commission Grant (Notes 17 & 21)	**(16,744,000)**	(16,744,000)	**0**	0
	116,505,760	114,592,263	**44,866,871**	40,388,963
PROVISION FOR LIABILITIES AND CHARGES				
Deferred Taxation (Note 23)	**(1,221,422)**	(1,095,259)	**0**	0
NET ASSETS	**115,284,338**	113,497,004	**44,866,871**	40,388,963
FINANCED BY				
Long term bank loans (Note 18)	**48,533,376**	50,267,269	**0**	0
Millennium Commission Grant (Note 21)	**20,086,667**	21,282,667	**0**	0
Debentures (Note 22)	**35,924,450**	34,898,650	**35,924,450**	34,898,650
RESERVES				
Profit and Loss Account (Note 27)	**8,425,356**	4,733,929	**6,332,275**	2,880,167
Other Reserves (Note 27)	**2,314,489**	2,314,489	**2,610,146**	2,610,146
MEMBERS' FUNDS	**115,284,338**	113,497,004	**44,866,871**	40,388,963

Note:
These financial statements were approved by the Directors on 3 August 2006 and are signed on their behalf by:



David F Pickering
Chairman
Welsh Rugby Union Limited



Steven M Lewis
Company Secretary
Welsh Rugby Union Limited

STATEMENTS OF RECOGNISED GAINS AND LOSSES AS AT 31 MAY 2006

	Group 2006 £	Group 2005 £	Company 2006 £	Company 2005 £
Actuarial gains and losses on defined benefit pension schemes (Note 24)	166,000	0	166,000	0
Profit for the year	3,525,427	2,693,297	3,286,108	2,592,717
Total recognised gains and losses	3,691,427	2,693,297	3,452,108	2,592,717

Financial Statements

GROUP CASHFLOW STATEMENT - YEAR ENDED 31 MAY 2006

	2006 £	2005 £
NET CASHLOW FROM OPERATING ACTIVITIES (Note 28)	**5,873,646**	4,935,832
RETURNS ON INVESTMENTS & SERVICING OF FINANCE		
Interest Received	765,303	424,271
Interest Paid	(3,003,445)	(3,716,772)
Net Cash (Outflow) from returns on Investments and Servicing of Finance	**(2,238,142)**	(3,292,501)
TAXATION	**0**	0
CAPITAL EXPENDITURE		
Purchase of Tangible Fixed Assets	(618,543)	(1,156,549)
Proceeds on sale of Tangible Fixed Assets	1,375,000	0
Purchase of Current Asset Investments	0	(55,408)
Net Cash Inflow/(Outflow) from Capital Expenditure	756,457	(1,211,957)
NET CASH INFLOW BEFORE USE OF LIQUID RESOURCES AND FINANCING	**4,391,961**	431,374
FINANCING		
Movement of Bank Loans, Debenture Loans & Other Financing	(174,969)	5,661,694
Capital element of finance lease and hire purchase repayments	(99,762)	(231,786)
Debentures	1,025,800	3,017,050
Net Cash Inflow from Financing	**751,069**	8,446,958
INCREASE IN CASH (Note 29)	**5,143,030**	8,878,332

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 listed in Note (30).

Turnover
The turnover shown in the Profit and Loss Account represents amounts invoiced during the year, 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% and 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.

Finance Lease Agreements
Where the company enters into a lease which entails taking substantially all the risks and rewards of ownership of an asset, the lease is treated as a finance lease. The asset is recorded in the balance sheet as a tangible fixed asset and is depreciated in accordance with the above depreciation policies. Future instalments under such leases, net of finance charges, are included within creditors. Rentals payable are apportioned between the finance element, which is charged to the profit and loss account on a straight line basis, and the capital element which reduces the outstanding obligation for future instalments.

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

Capitalisation of Finance Costs
All finance costs that are directly attributable to the construction of the Stadium were capitalised gross (i.e. before tax relief) as part of the carrying value of the Stadium. Interest payable is now expensed through the Profit and Loss Account.

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

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

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.

Pension Costs
Payments to the defined contribution retirement benefit schemes are charged as an expense as they fall due.

For the defined benefit retirement benefit scheme, the cost of providing benefits is determined using the project unit credit method, with the calculation of surplus/deficit of the scheme being carried out at each balance sheet date. Actuarial gains and losses will be recognised in full in the period in which they occur. For 2005/6 the cumulative gain is disclosed. The gains and losses are recognised out of the Profit and Loss account and are presented in the consolidated statements of recognised gains and losses.

The retirement benefit surplus recognised in the balance sheet represents the fair value of the scheme assets as reduced by the present value of the defined benefit obligation as adjusted for unrecognised past service cost.

Long Life Liabilities
Following the renegotiation of financing arrangements with the bank during 2005, the company undertook a review of the methodology adopted to disclose long term liabilities. Such amounts, for which payment is due or release to the profit and loss account is envisaged in more than 15 years time, have as a result, been reclassified in the Balance Sheet. The Directors consider that this form of disclosure gives a true and fair view of the financial position of the company.

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 FRS19 (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 2006 £	Group 2005 £	Company 2006 £	Company 2005 £
United Kingdom	40,071,008	31,536,009	26,883,571	21,099,811

Turnover is made up as follows:-	Group 2006 £	Group 2005 £	Company 2006 £	Company 2005 £
Match Income	24,810,886	19,919,010	24,810,886	19,919,010
The British & Irish Lions Surplus	750,000	0	750,000	0
Sponsorship	2,371,293	1,655,042	1,259,218	1,179,544
Event Income	9,117,024	7,054,349	0	0
Boxes and Club Seats	2,626,574	2,687,126	0	0
Other Revenue Income	395,231	220,482	63,467	1,257
	40,071,008	31,536,009	26,883,571	21,099,811

Event income includes an amount of £435,105 which relates to certain events which took place in prior years. These events were subject to negotiations which were completed in 2005/06.

Boxes and Club Seats income includes £232,216 that relates to VAT reclaimed from prior years.

Other revenue income in 2005 includes £630,000 of rental income relating to prior years.

3 FINANCIAL SUPPORT

	Group 2006 £	Group 2005 £	Company 2006 £	Company 2005 £
Financial support to clubs and affiliated organisations	1,271,538	1,208,120	1,271,538	1,208,120

This consists of financial assistance to clubs, payment of referees' expenses and grants to affiliated organisations

4 OPERATING PROFIT

(a) Operating profit is stated after charging/(crediting)	Group 2006 £	Group 2005 £	Company 2006 £	Company 2005 £
Depreciation	3,482,617	3,500,000	132,617	150,000
Release of Millennium Commission Grant	(1,196,000)	(1,196,000)	0	0
Auditor's remuneration				
Audit	52,500	37,000	29,500	22,000
Other	24,550	25,910	17,550	19,910
Profit on Sale of Fixed Assets	144,631	0	144,631	0

(b) Exceptional Item 2006

(i) A legal claim was made against a match official by a player injured whilst playing. During the year, legal proceedings in relation to this claim have been completed and £1,565,000 has been paid to the player (excluding £1,000,000 paid directly by the insurer and £170,000 paid in the previous financial period). It is therefore prudent to recognise this settlement in these financial statements. The company, however, is pursuing third parties to seek financial redress.

(c) Exceptional Items 2005

(i) Last year, the company received payment in the sum of £2,000,000 relating to cessation of certain elements of a contract with a third party. Of this total £357,796 relates to payment in advance for works to be undertaken on the stadium in future years. The remainder was recognised in 2004/05.

(ii) At 31 May 2004 the group balance sheet recognised a liability totalling £10.364m due to a third party. Last year the liability was settled for £7.5m and the difference was treated as an exceptional item.

Notes to the Financial Statements

5 PARTICULARS OF EMPLOYEES

The aggregate payroll costs were:-

	Group 2006 £	Group 2005 £	Company 2006 £	Company 2005 £
Wages and Salaries	5,264,158	4,199,864	3,996,120	3,259,871
Social Security Costs	573,010	451,812	453,195	365,511
Other Pension Costs	253,764	173,737	169,760	128,505
	6,090,932	4,825,413	4,619,075	3,753,887

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

	2006	2005
Management and Administration	22	20
Development of The Game	57	24
Players, Coaches and Management	48	53
Marketing	11	10
Stadium	43	46
	181	153

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

6 DIRECTORS EMOLUMENTS

	Group 2006 £	Group 2005 £	Company 2006 £	Company 2005 £
Directors' aggregate emoluments Management Services	555,803	288,520	260,290	144,260
Company contributions to Money Purchase Scheme in relation to directors pensions	0	34,804	0	34,804

Directors aggregate emoluments includes £27,277 received from third parties.
The emoluments above include £25,000 paid to a company controlled by the Chairman of the Group.
The above details include the following amounts in respect of the highest paid director:

	Group 2006 £	Group 2005 £	Company 2006 £	Company 2005 £
Emoluments	153,504	263,520	76,752	131,760
Company contributions to Money Purchase Scheme	0	34,804	0	34,804
Compensation for loss of office	287,522	0	143,761	0

7 INTEREST RECEIVABLE AND SIMILAR INCOME

	Group 2006 £	Group 2005 £	Company 2006 £	Company 2005 £
Bank interest	90,747	77,051	90,747	77,051
Royalty income	674,556	347,220	674,556	347,220
	765,303	424,271	765,303	424,271

8 INTEREST PAYABLE AND SIMILAR CHARGES

	Group 2006 £	Group 2005 £	Company 2006 £	Company 2005 £
Bank Interest	2,939,439	3,540,707	135,246	388,061
Finance Lease and Hire Purchase Agreements	23,742	60,625	6,041	10,848
	2,963,181	3,601,332	141,287	398,909

9 TAX CHARGE ON PROFIT ON ORDINARY ACTIVITIES

a) Analysis of charge in year	Group 2006 £	Group 2005 £	Company 2006 £	Company 2005 £
Corporation Tax based on the results for the period at 30% (2005 - 30%)	1,500,000	810,000	1,500,000	810,000
Deferred Tax Charge (Note 23)	126,163	119,309	126,163	119,309
	1,626,163	929,309	1,626,163	929,309
b) Factors affecting current tax charge				
Profit on ordinary activities before tax	5,151,590			
Profit on ordinary activities at 30%	1,545,477			
Disallowable expenses	(45,477)			
Total current tax (note 9(a))	1,500,000			

Notes to the Financial Statements

10 TANGIBLE FIXED ASSETS

GROUP

	Stadium £	Building £	Land (note e) £	Plant and machinery £	Fixtures and fittings £	Total £
COST						
At 1 June 2005	123,660,023	2,558,225	33,688,747	1,159,846	825,959	161,892,800
Additions in year	0	56,915	0	478,147	83,481	618,543
Disposals in year	0	(1,295,410)	0	0	0	(1,295,410)
Transfer from Current Asset Investment (note (f))	0	350,000	3,940,408	0	0	4,290,408
AT 31 MAY 2006	123,660,023	1,669,730	37,629,155	1,637,993	909,440	165,506,341
DEPRECIATION						
At 1 June 2005	18,413,140	247,276	0	101,716	650,247	19,412,379
Charge for the year	3,248,882	87,372	0	101,118	45,245	3,482,617
Depreciation on disposals	0	(65,041)	0	0	0	(65,041)
AT 31 MAY 2006	21,662,022	269,607	0	202,834	695,492	22,829,955
NET BOOK VALUE						
AT 31 MAY 2006	101,998,001	1,400,123	37,629,155	1,435,159	213,948	142,676,386
AT 31 MAY 2005	105,246,883	2,310,949	33,688,747	1,058,130	175,712	142,480,421

COMPANY

	Stadium £	Building £	Land (note e) £	Plant and machinery £	Fixtures and fittings £	Total £
COST						
At 1 June 2005	0	2,558,225	33,688,747	0	809,145	37,056,117
Additions in year	0	56,915	0	0	70,000	126,915
Disposals in year	0	(1,295,410)	0	0	0	(1,295,410)
Transfer from Current Asset Investment (note (f))	0	350,000	3,940,408	0	0	4,290,408
AT 31 MAY 2006	0	1,669,730	37,629,155	0	879,145	40,178,030
DEPRECIATION						
At 1 June 2005	0	247,276	0	0	633,433	880,709
Charge for the year	0	87,372	0	0	45,245	132,617
Depreciation on disposals	0	(65,041)	0	0	0	(65,041)
AT 31 MAY 2006	0	269,607	0	0	678,678	948,285
NET BOOK VALUE						
AT 31 MAY 2006	0	1,400,123	37,629,155	0	200,467	39,229,745
AT 31 MAY 2005	0	2,310,949	33,688,747	0	175,712	36,175,408

Notes

(a) 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.

(b) The total interest capitalised within the Stadium cost is £4,646,155 (2005: £4,646,155).

(c) Net book value of fixed assets includes £nil (2005: £515,777) in respect of assets held under finance lease and hire purchase agreements. The depreciation charge in the year on these assets was £nil (2005: £76,815).

(d) The group has capital commitments at the year end of £nil (2005: £490,875).

(e) Land and buildings is owned freehold other than an element upon which there is an agreement to lease over 999 years.

(f) In prior years, certain contiguous areas surrounding the Millennium Stadium were disclosed as current asset investments as it was the intention of the Board to divest these assets. During the year, the Board decided to maintain these land and buildings as assets of the group. Accordingly, the appropriate book value has been transferred from current asset investments to tangible fixed assets.

Notes to the Financial Statements

11 INVESTMENTS

	Investments in Clubs	Group Undertakings (note a)	Investment in a Joint Venture	Total
	£	£	£	£
GROUP				
At 1 June 2005	3	0	5,502	5,505
Additions	0	0	0	0
Disposals	0	0	0	0
Impairment during period	0	0	(5,502)	(5,502)
AT 31 MAY 2006	3	0	0	3
COMPANY				
At 1 June 2005	3	50,002	5,502	55,507
Additions	0	0	0	0
Disposals	0	0	0	0
Impairment during period	0	0	(5,502)	(5,502)
AT 31 MAY 2006	3	50,002	0	50,005

Note

(a) Group Undertakings

The company holds 100% of the issued ordinary share capital of Millennium Stadium plc and WRU (Island Farm) Limited.

12 STOCKS

	Group 2006	Group 2005	**Company 2006**	Company 2005
	£	£	**£**	£
Stocks	**288,000**	120,236	288,000	120,236

13 DEBTORS

	Group 2006	Group 2005	**Company 2006**	Company 2005
	£	£	**£**	£
Trade Debtors	**3,998,245**	5,476,464	**1,682,700**	3,889,188
Amounts due from subsidiary undertakings	**0**	0	**3,948,978**	4,479,408
Loans to Clubs	**617,503**	780,043	**617,503**	780,043
Other Debtors	**830,406**	661,999	**193,627**	25,219
Prepayments and Accrued Income	**3,272,174**	3,529,811	**1,327,368**	1,089,830
	8,718,328	10,448,317	**7,770,176**	10,263,688

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

14 CURRENT ASSET INVESTMENTS

	Group	Company
	£	£
COST		
AT 1 JUNE 2005	**4,290,408**	4,290,408
Transfer to Tangible Fixed Assets (Note 10(f))	**(4,290,408)**	(4,290,408)
AT 31 MAY 2006	**0**	0

Notes to the Financial Statements

15 CREDITORS : AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group 2006 £	Group 2005 £	Company 2006 £	Company 2005 £
Bank Loans (Notes 18 &25)	301,350	309,297	0	109,297
Trade Creditors	4,123,210	6,594,251	1,483,337	4,007,493
Payments Received on Account	1,724,229	3,348,460	3,500	487,669
Amounts due to subsidiary undertakings	0	0	0	0
Interest Payable	377,736	418,000	0	0
Obligations under Finance Leases and Hire Purchase Agreements (Note 19)	0	99,762	0	60,008
Corporation tax	2,310,000	810,000	2,310,000	810,000
Tax and Social Security	181,217	136,820	118,790	98,899
Value Added Tax	1,298,179	186,668	1,052,895	42,938
Other Creditors	0	17,096	0	17,096
Accruals	4,515,451	6,496,721	2,361,156	4,860,787
	14,831,372	18,417,075	7,329,678	10,494,187

16 DEFERRED INCOME : AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group 2006 £	Group 2005 £	Company 2006 £	Company 2005 £
Grants	50,000	50,000	0	0
Sponsorship	286,845	194,000	0	0
Deposits in advance	543,850	681,642	0	0
	880,695	925,642	0	0

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

	Group 2006 £	Group 2005 £	Company 2006 £	Company 2005 £
Grant	1,196,000	1,196,000	0	0

Grant released to the Profit and Loss Account this year totalled £1,196,000 (2005: £1,196,000).
Deferred grants of £38,026,667 (2005: £39,222,667) will be released to the Profit and Loss Account in future years.

18 CREDITORS : AMOUNTS FALLING DUE AFTER

	Group 2006 £	Group 2005 £	Company 2006 £	Company 2005 £
Bank Loans - due between 2 and 15 years (Note 25)	6,205,300	4,638,429	0	164,707
Bank loans - due after more than 15 years	48,533,376	50,267,269	0	0
	54,738,676	54,905,698	0	164,707

	Group 2006 £	Group 2005 £	Company 2006 £	Company 2005 £
Amounts due within one year (Note 15)	301,350	309,297	0	109,297
Amounts due between 1 and 2 years	313,200	310,000	0	110,000
Amounts due between 2 and 5 years	1,025,600	654,707	0	54,707
Amounts due between 5 and 15 years	4,866,500	3,673,722	0	0
Amounts due after more than 15 years	48,533,376	50,267,269	0	0
	55,040,026	55,214,995	0	274,004

In 2004/5, the company renegotiated its loans with its principal Bankers. As a result the total bank loan was classified into three tranches as follows:

	Terms	Balance at 31 May 2006 £
Tranche 1	Payable in 2024	8,101,515
Tranche 2	Payable over 35 year term ending 2039	36,938,511
Tranche 3	Payable only in the event of default or certain other defined events	10,000,000
		55,040,026

Interest on the loans is charged at a fixed rate or at a premium rate linked to Libor.

19 OBLIGATIONS ARISING OUT OF FINANCE LEASES AND HIRE PURCHASE

	Group 2006 £	Group 2005 £	Company 2006 £	Company 2005 £
Amounts due within one year (Note 15)	0	99,762	0	60,008

Notes to the Financial Statements

20 DEFERRED INCOME : AMOUNTS TO BE RELEASED TO PROFIT & LOSS ACCOUNT AFTER MORE THAN ONE YEAR

	Group 2006 £	Group 2005 £	Company 2006 £	Company 2005 £
Grants	450,000	450,000	0	0
Sponsorship	371,833	565,834	0	0
Deposits in advance	248,374	423,231	0	0
	1,070,207	1,439,065	0	0

Deferred income can be further analysed as:

	Group 2006 £	Group 2005 £	Company 2006 £	Company 2005 £
Amounts to be released within one year (Note 16)	880,695	925,642	0	0
Amounts to be released between 1 and 2 years	340,624	364,734	0	0
Amounts to be released between 2 and 5 years	479,583	571,913	0	0
Amounts to be released between 5 and 15 years	250,000	502,418	0	0
	1,950,902	2,364,707	0	0

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

	Group 2006 £	Group 2005 £	Company 2006 £	Company 2005 £
Grant - To be released between 2 and 15 years	16,744,000	16,744,000	0	0
To be released after more than 15 years	20,086,667	21,282,667	0	0
	36,830,667	38,026,667	0	0

Grant released to the Profit and Loss Account this year totalled £1,196,000 (2005: £1,196,000).
Deferred grants of £38,026,667 (2005: £39,222,667) will be released to the Profit and Loss Account in future years.

The Millennium Commission grant can be further analysed as:

	Group 2006 £	Group 2005 £	Company 2006 £	Company 2005 £
Amounts to be released within one year (Note 17)	1,196,000	1,196,000	0	0
Amounts to be released between 1 and 2 years	1,196,000	1,196,000	0	0
Amounts to be released between 2 and 5 years	3,588,000	3,588,000	0	0
Amounts to be released between 5 and 15 years	11,960,000	11,960,000	0	0
Amounts to be released after more than 15 years	20,086,667	21,282,667	0	0
	38,026,667	39,222,667	0	0

22 DEBENTURES

	Group 2006 £	Group 2005 £	Company 2006 £	Company 2005 £
Balance brought forward	34,898,650	31,881,600	34,898,650	31,881,600
Additions:				
Jubilee Debentures	0	587,800	0	587,800
125th Anniversary Debentures	1,020,000	2,412,000	1,020,000	2,412,000
Upgrade of debentures	6,000	22,500	6,000	22,500
Redeemed Debentures	(200)	(5,250)	(200)	(5,250)
	35,924,450	34,898,650	35,924,450	34,898,650

The debenture loans are repayable as follows :-

	Group 2006	Group 2005	Company 2006	Company 2005
2021	361,550	361,750	361,550	361,750
2024	24,586,600	24,586,600	24,586,600	24,586,600
2027	2,424,900	2,424,900	2,424,900	2,424,900
2028	350,000	350,000	350,000	350,000
2030	3,432,000	2,412,000	3,432,000	2,412,000
2035	1,794,500	1,794,500	1,794,500	1,794,500
2050	2,974,900	2,968,900	2,974,900	2,968,900
	35,924,450	34,898,650	35,924,450	34,898,650

Notes to the Financial Statements

23 DEFERRED TAXATION

The amount of deferred tax provided in the accounts is:-	2006	2005
	£	£
Capital Allowances in excess of Depreciation	9,024,799	9,083,892
Other timing differences	(7,421,050)	(7,654,270)
Undiscounted provision for deferred tax	1,603,749	1,429,622
Discount	(382,327)	(334,363)
Discounted provision for deferred tax	1,221,422	1,095,259
Provision at start of year	1,095,259	975,950
Deferred tax charge in profit and loss account for year	126,163	119,309
Provision at end of year	1,221,422	1,095,259

Total capital allowances available are the subject of negotiations with the Inland Revenue.

24 FRS 17 RETIREMENT BENEFITS

This relates only to The Welsh Rugby Union Limited Senior Employees' Pension Scheme, which is the only defined benefit type pension scheme of the Company. The Company also operates two defined contribution schemes.

The scheme is a defined benefit type scheme.

The most recent actuarial valuation for accounting purposes was at 1 May 2004.

The contributions were at a the rate of 12.7% of Pensionable Salaries made in the period 1 June 2005 to 30 September 2005 and 13% of Pensionable Salaries made in the period 1 October 2005 to 31 May 2006 for the company. The contributions made in the period 1 June 2005 to 31 May 2006 were at the rate of 2% of Pensionable Salaries for the members. Insurance premiums for death in service benefits were payable by the Company in addition. The agreed contributions in future are 13% of Pensionable Salaries for the Company and 2% of Pensionable Salaries for the members.

The age profile of the membership is rising and consequently the current service cost will normally increase.

The assumptions used for calculating the liabilities were as follows:

	31 May 2006	31 May 2005	31 May 2004	31 May 2003	31 May 2002
Inflation:	2.8%	2.7%	2.9%	2.6%	2.7%
Salary Escalation:	4.8%	4.7%	4.9%	4.6%	4.7%
Pension increases, where subject to LPI:	2.8%	2.7%	2.9%	2.5%	2.5%
Statutory Revaluation in deferment:	2.8%	2.7%	2.9%	2.6%	2.7%
Discount Rate (pre and post retirement):	5.0%	5.1%	5.7%	5.3%	5.8%
Life expectancy for 65 year old male:	85	84	84	84	84

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 the liabilities at each Accounting Date.

The scheme has AVC assets invested with Clerical Medical in a Money Purchase scheme (No 60444). These are understood to fully match the associated liabilities and so have been excluded from both the assets and liabilities.

Notes to the Financial Statements

Balance Sheet

The assets and liabilities of the scheme and the expected rates of return for each category are:

For the accounting period ending	31 May 2006		31 May 2005		31 May 2004		31 May 2003		31 May 2002	
	£'000	Return	£'000	Return	£'000	Return	£'000	Return	£'000	Return
Equities	0	7.7%	0	8.5%	0	9.1%	0	9.1%	0	8.2%
Bonds	0	4.6%	0	4.6%	0	5.3%	0	4.9%	0	5.2%
Property	0	7.8%	0	7.7%	0	7.9%	0	7.6%	0	7.2%
Cash and Other Net Assets	3	4.5%	(30)	4.6%	(58)	4.3%	20	3.8%	0	4.0%
Group Pension Contract	1,598	5.1%	1,348	5.3%	1,294	5.6%	1,255	5.0%	1,070	6.4%
Total Fair Value of Scheme Assets	1,601		1,318		1,236		1,275		1,070	
Present Value of Scheme Liabilities	(1,435)		(1,119)		(1,129)		(1,285)		(1,040)	
Surplus/(Deficit) in Scheme	166		199		107		(10)		30	
Surplus Recoverable	166		199		107		(10)		30	

Profit and Loss Account

	31 May 2006	31 May 2005	31 May 2004	31 May 2003
	£'000	£'000	£'000	£'000
Current service cost	103	98	104	132
Past service cost	0	0	0	0
Cost of settlements and curtailments	0	0	0	0
Operating charge	103	98	104	132
Expected return on the assets	73	71	63	74
Interest cost on scheme liabilities	(60)	(65)	(66)	(64)
Other Finance Income	13	6	(3)	10

The current service cost excludes the cost of insuring the death in service benefits.

Statement of Recognised Gains and Losses ("STRGL")

The amount recognised in the STRGL can be anaylsed as follows:

For the accounting period ending	31 May 2006		31 May 2005		31 May 2004		31 May 2003	
	£'000	%	£'000	%	£'000	%	£'000	%
Actual return less expected return on pension scheme assets	106	6.60%	75	5.70%	3	0.2%	(26)	(2.00)%
Experience gains and losses arising on the scheme liabilities	(12)	(0.80)%	96	8.60%	84	7.4%	84	6.50%
Changes in assumptions underlying the present value of the scheme liabilities	(128)	(8.90)%	(81)	(7.20)%	40	3.5%	(113)	(8.80)%
Actuarial gain recognised in STRGL	(34)	(2.40)%	90	8.00%	127	11.2%	(55)	(4.30)%

Note: The above percentages for the actual return less expected return are expressed as a percentage of the scheme assets at the end of the period. All other percentages shown are expressed as a percentage of the scheme liabilities at the end of the period.

The movement in surplus during the period is as follows (unless otherwise specified, the figures calculated are based on the assumptions as at the beginning of the period):

Surplus in scheme at the beginning of period	31 May 2006	31 May 2005	31 May 2004	31 May 2003
	£'000	£'000	£'000	£'000
Surplus in scheme at the beginning of period	199	107	(10)	30
Movement in period:				
Current service cost	(103)	(98)	(104)	(132)
Contributions	91	94	97	137
Past service costs	0	0	0	0
Settlements & curtailments	0	0	0	0
Other finance income	13	6	(3)	10
Actuarial gain	(34)	90	127	(55)
Surplus in scheme at the end of the period	166	199	107	(10)

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 2006 amounted to £54,148,032 (2005: £54,607,408) of which £nil (2005: £131,393) related to the Welsh Rugby Union Limited and £54,148,032 (2005: £54,476,013) related to Millennium Stadium plc. The latter is 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 2006 amounted to £3,024,737 (2005: £3,520,597)

The company continued to defend a claim of £1.9m (2005: £1.5m) brought by Bridgend RFC Limited and DÈcor Frame Plc., relating to the acquisition by the company of shares in Ever 2003 Limited. The company consider this claim to be without foundation and have received legal advice to that effect. The company will seek restitution for all costs incurred relating to this claim.

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 liabilites contracted before the club ceases to be a member. The number of member clubs totals 241.

27 RESERVES

GROUP	Profit and loss account	Other reserves	Total
	£	£	£
Opening Balance	4,733,929	2,314,489	7,048,418
Profit for the Financial Year	3,525,427	0	3,525,427
Actuarial Gains and Losses on defined benefit pension schemes	166,000	0	166,000
	8,425,356	2,314,489	10,739,845

COMPANY	Profit and loss account	Other reserves	Total
	£	£	£
Opening Balance	2,880,167	2,610,146	5,490,313
Profit for the Financial Year	3,286,108	0	3,286,108
Actuarial Gains and Losses on defined benefit pension schemes	166,000	0	166,000
	6,332,275	2,610,146	8,942,421

28 RECONCILIATION OF OPERATING PROFIT TO NET CASHFLOW FROM OPERATING ACTIVITIES

	2006	2005
	£	£
Operating profit	**8,914,468**	2,293,463
Depreciation	**3,482,617**	3,500,000
Release of Millennium Commission Grant	**(1,196,000)**	(1,196,000)
Exceptional items	**(1,565,000)**	4,506,204
Profit on sale of Fixed Assets	**(144,631)**	0
Provision against investment in Joint Venture	**5,502**	0
(Increase) in Stocks	**(167,764)**	(120,236)
Decrease in Debtors	**1,895,989**	836,933
(Decrease) in Creditors	**(4,937,730)**	(4,409,000)
(Decrease) in Deferred Income	**(413,805)**	(475,532)
NET CASH INFLOW FROM OPERATING ACTIVITIES	**5,873,646**	4,935,832

Notes to the Financial Statements

29 ANALYSIS OF CHANGES IN NET DEBT

	At 1 June 2005 £	Cashflows £	At 31 May 2006 £
Cash	607,587	5,143,030	**5,750,617**
Increase in Cash	607,587	5,143,030	**5,750,617**
Bank loans due within one year	(309,297)	7,947	**(301,350)**
Bank loans due between 1 and 2 years	(310,000)	(3,200)	**(313,200)**
Bank loans due between and 5 years	(654,707)	(370,893)	**(1,025,600)**
Bank loans due between 5 and 15 years	(3,673,722)	(1,192,778)	**(4,866,500)**
Bank loans due after more than 15 years	(50,267,269)	1,733,893	**(48,533,376)**
Decrease in bank debt	(55,214,995)	174,969	**(55,040,026)**
Debentures	(34,898,650)	(1,025,800)	**(35,924,450)**
NET FUNDS/(DEBT)	(89,506,058)	4,292,199	**(85,213,859)**

30 MAJOR SUBSIDIARY UNDERTAKING

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

(Incorporated in England & Wales)

Note

(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 Company financial statements (the 'financial statements') of Welsh Rugby Union Ltd for the year ended 31 May 2006 which comprise the Company Profit and Loss account, Balance sheet, cash flow statement and the related notes. These financial statements have been prepared under the accounting policies set out therein.

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.

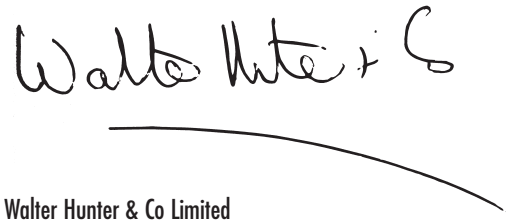
BASIS OF AUDIT OPINION

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.

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 2006 and of the result and cash flows of the Group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Walter Hunter & Co Limited

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

Date: 3 August 2006

MILLENNIUM STADIUM

MILLENNIUM STADIUM PLC **ANNUAL REPORT 2005-2006**

WHATEVER
IT TAKES

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Registered in England & Wales
Registration No: 3176906

MILLENNIUM STADIUM

Millennium Stadium plc

Board Members of Millennium Stadium plc

David Pickering	**Chairman**
Lord Faulkner of Worcester	**Vice-Chairman**
Paul Sergeant	**Chief Executive** (appointed 1 January 2006)
Mal Beynon	
Helen Conway	
Byron Davies	
Martin Davies	
Geraint Edwards	
Ken Hewitt	
Cllr Nigel Howells	
Stella Mair Thomas	
David Moffett (resigned 31 December 2005)	

Millennium Stadium Team

Paul Sergeant	**Chief Executive**
Alex Luff	**Venue Sales**
Rupert Moon	**Commercial and Business Development**
Julie Paterson	**Compliance and Ticketing**
Gerald Toms	**Operations and Safety**
Laura Wilby	**Communications**

The Millennium Stadium Annual Report
Compiled and edited by the Millennium Stadium Communications Department
Produced by Zenith Media 02920 811020 - Pictures provided by the Huw Evans picture agency 02920 764311.

Big Fight Night

David Pickering

Chaiman,
Millennium Stadium plc

Chairman's View

MILLENNIUM STADIUM DELIVERS FOR WRU GROUP AND FOR THE WELSH NATION ONCE AGAIN

It is sometimes hard to imagine how Wales coped without the Millennium Stadium. Come to think of it, I wonder how British sport would have coped over the past seven years without the building that so quickly became the biggest icon of the modern Wales and is now instantly recognised across the world as one of the greatest sports and entertainment arenas on the planet.

The financial figures of the past year show a steady growth and, for the second year, a record profit. That profit is nothing compared to the benefits the Welsh economy have gained through the staging of 40+ major events. That figure can probably be measured in the tens or hundreds of millions of pounds.

As the events keep on rolling in, so the Welsh nation's cash registers keep on ticking over. The Millennium Stadium may be delivering great results for the WRU Group, but it is also providing huge income streams and promotion for Wales as a whole.

Next year will see four matches in the Rugby World Cup played in Cardiff, linking the Welsh capital to the third greatest competition in world sport, while in 2012 Wales will be linked to the greatest sporting show on earth, the Olympic Games. The Olympic link would not have been possible had the Millennium Stadium not been built and the directors, the Chief Executive Paul Sergeant and his team should be congratulated on the way they have convinced the biggest governing bodies in sport to bring their prestigious events to Wales.

The past year saw the stadium expand its capabilities by introducing an internal drape. This new concept has, in effect, given Chief Executive Paul Sergeant and his terrific commercial and operational team an indoor arena to manage as well. With the capability of varying the capacity of an event by blocking off parts of the main stadium, it was first used to stage a concert with the American band REM.

Since then it has helped us entertain the Eagles and induced the boxing promoter Frank Warren to bring a major boxing bill featuring a wide array of Britain's best fighters to Cardiff. It has also enabled us to broaden out into major conferences and meetings, such as the B2B and European Business Conferences we hosted for the first time last year.

The creation of 'an arena within an arena' has given the Millennium Stadium even greater versatility and has added extra appeal especially for music promoters. The 15 months between June 2005 and August 2006 will have seen more concerts staged than in the previous three years with bands and artists of the stature of REM, the Eagles, U2, Oasis, Take That, Madonna and the Rolling Stones playing the Stadium.

"As the events keep rolling in, so the Welsh nation's cash registers keep ticking over"

The multi-purpose nature of the venue is critical to its long term success and Paul Sergeant and his team are proving to be very adept at adding new events to the stadium's portfolio. From a Welsh Conservative Party conference to the construction of a double 'Big Top' to host the 'Night it Snowed in Vegas' Christmas and New Years Eve parties or the Wales Rally GB to the FA Cup final, the stadium has demonstrated it ability to provide the perfect setting for any big occasion.

And that is how it was always meant to be. The Millennium Stadium tours are becoming more and more a part of the tourism scene in South Wales and the benefits from the rising events portfolio at the venue is providing to Cardiff and Wales as a whole, can be measured in hundreds of millions of pounds.

The business performance over the past year has broken all records with the operating profit before interest rising from £1.6 million to £3 million. Equally as important has been our ability to control our operating costs. Although turnover and profits significantly increased, operating costs remained virtually the same as the previous year, a very encouraging sign that we have our business under control. There has been a rise in hospitality sales and the core business of rugby union attracted more than 640,000 fans to 10 events.

The continuing problems with the re-building job at Wembley meant the stadium enjoyed another full year of Football Association and Football League events and with the careful management of our diary, we are available for 2007 should there be any further delays.

The Heineken Cup final between Munster and Biarritz Olympique proved hugely beneficial to both the stadium and the capital. That game proved to be the single most lucrative sporting event ever staged in Wales as the Irish hordes invaded Cardiff and the whole of South Wales. Somewhere between 30-40,000 Munster men, women and children made the pilgrimage to the Millennium Stadium and the gate of 74, 452 was 148 short of the tournament record attendance of 74,600 at the 2002 Heineken Cup final that saw Leicester Tigers beat Munster at the same venue.

The £25.1 million spent in Wales – this excludes ticket sales, hospitality and revenue accruing to the WRU and Millennium Stadium – over that one weekend was a record high for the Welsh economy from one event. If it set a new standard, then the income generated from every event is equally welcome and continues to give the Welsh capital in particular a commercial edge on many of its European rivals. The local authority recognises the impact the stadium is having and the partnership between the Board, executive staff and our commercial team and the relevant marketing and events departments at the City and County of Cardiff grows week-in-week-out.

Our thanks, as ever, go to the Welsh Assembly Government, Cardiff Council and all sectors of the emergency services for their help, advice and support as we continue to benefit from closer working relationships. Together we are actively seeking to bring new events in the world of sport, business and

MILLENNIUM STADIUM

Speedway

Chairman's View cont

entertainment to Cardiff. The council and the Assembly have been quick to notice the impact the Millennium Stadium has made since 1999 and are keen to expand the economic benefit created for Cardiff and Wales over the past year.

Not only that, the Millennium Stadium continues to be a huge provider to charity. The Millennium Stadium Trust, has handed out more than £1m to worthy causes, bucket collections at major matches have raised tens of thousands of pounds for a wide variety of causes and over the past year via the walk I led to the top of Mount Kilimanjaro. That raised £210,000 for the NSPCC a year after Tsunami Relief Cardiff raised £1.4m for the disaster fund.

Moving forward, the Millennium Stadium still has major challenges to meet. There are two fantastic events on the horizon in the four matches secured for the 2007 Rugby World Cup, including a quarter-final, and there could be up to six soccer games played in Wales during the 2012 London Olympics.

The Millennium Stadium was always viewed as being the jewel in the crown of the WRU Group. It has struggled in its infancy to cope with the level of debt and to deal with other practical difficulties like the pitch.

But, under the expert guidance of Paul Sergeant and with the support of the Millennium Stadium board, a vibrant, talented and positive thinking team has been assembled that is revealing the true potential of this great building. The business performance of the past two years has shown a dramatic improvement and all the signs are that more and more sporting bodies, customers, agents and promoters like what they see.

The aim of the board and the staff is to keep the Millennium Stadium at the cutting edge of world stadia. The past few years have proved just how innovative and creative we can be in our approach to attracting new events and we must continue to keep moving the business forward. That will mean investing further in our infra-structure, as we did with the drape, and updating facilities at a stadium that is rapidly closing in on its 10th anniversary.

To coin a well used commercial phrase: "The future is bright – the future is the Millennium Stadium".

David Pickering
Chairman, Milleinnium Stadium plc

"The Millennium Stadium was always viewed as being the jewel in the crown of the WRU Group"

MILLENNIUM STADIUM

Electrifying - The Millennium Stadium

Paul Sergeant

Millennium Stadium
Chief Executive

"The growth of our business has been down to the team's 'Can Do' attitude"

Millennium Stadium CEO Report

IT'S A GAME OF NUMBERS AT THE MILLENNIUM STADIUM

If you play the numbers game at the Millennium Stadium you end up with some seriously large figures. Like the 1.6 million visitors we had through our doors in the past year at more than 45 (a 20%+ growth) major event days. Or what about the 80,000 pints of lager that were served to the 74,000 crowd at the Heineken Cup final – an event that brought a record £25.1m of inward investment into the Welsh economy – or the fact that one of our major partners, Coors, celebrated selling their 3 millionth pint at the stadium.

There were more than 600,000 rugby fans, more than 400,000 football fans and a very welcome influx of nearly 200,000 music lovers. It has been a quite a year at the Millennium Stadium and our figures reflect the increase in business we enjoyed in our best ever year since opening in 1999.

Major increases in turnover and operating profit were testament to the hard work and improving expertise of the Millennium Stadium staff. Operating costs remained almost static in comparison to the previous financial year, a significant achievement for any company and one that clearly demonstrates we have our business under control and the reduction by £380,000 of interest payments on outstanding loans from the previous year was also significant.

This much improved business performance had its roots in an increasing number of major concerts and other non-sporting events another year of Football Association and Football League matches, the successful hosting of the 2006 Heineken Cup final, increased hospitality sales, sponsorship, catering and retail as well as a very successful year for the Stadium Tours. We're firing on all cylinders but the most exciting thing is that we know there is still room for improvement.

We have benefited immensely from the reorganisation of our reporting structures and staff. We are now a business that speaks the same language as our clients and operates in a similar way to many of them. In a 'people business' our staff, full-time and part-time, have really stepped up to the mark. It is these people who have delivered time and time again and made it possible for us to hold our heads up high.

Last year's internal reorganisation of the commercial, marketing, communications and operational departments gave rise to a new look team that has become the envy of stadia throughout Europe. The old sporting adage that claims 'you are only as good on the field as the organising team off it allows you to be' never felt truer and, above all else, the last year has proved that we have the correct blend of character and experience in our ranks to drive our business forward.

We are more competitive than ever before in the events marketplace through the efforts of Venue Sales manager Alex Luff, more astute commercially, under the guidance of, Business Development manager Rupert Moon and more receptive and responsive under Operations and Safety manager Gerry Toms.

Also, ticketing is arguably the most complicated discipline and Ticketing manager, Julie Paterson has enabled us to develop a level of organisation and administration that is developing all the time.

This team has matured significantly over the year and it has been heartening for me to hear so many compliments from our clients about our professional approach and positive attitude. We are living up to our commitment to do 'Whatever It Takes' to make each and every event, regardless of size or status, a major success. After two years of significant upheaval we are now entering a period that requires stability. With good leadership I believe we have all the attributes required within 'Team Millennium' to build on our current strength.

Having staged 70 major football matches and approaching 50 rugby matches, it is safe to say we are well versed in hosting major sporting events. But what has been most pleasing over the past 18 months has been the rise in our credibility and reputation in the world of live music. Seeing some of the world's biggest performers taking centre stage in Cardiff is becoming common place these days thanks to the versatility or the Millennium Stadium following the introduction of our dividing drape system. Madonna played her first stadium gig of her European Tour and first ever show in Wales at the Millennium Stadium, while REM and The Eagles opted for the reduced, more intimate capacity of the 'Indoor Arena'.

In this incredibly dynamic industry the coming year will be about buttoning down systems and procedures which are crucial to our future success. The investment and continued training and further development of our staff will also feature high on our agenda and I feel confident we will go from strength to strength.

Another significant move during the year was recognising the need to divide the communications division of the WRU Group and to invest in our own media operation. The level of interest in everything that is going on at the stadium, and within the company, has grown substantially and the appointment of Laura Wilby as our Communications officer in December 2005 helped to increase the amount of pro-active stadium related media activity, greatly enhance our positive publicity, build on and support our marketing efforts and generally boost the Stadium's profile world-wide.

We have always had a magnificent venue and a unique city centre location. But the growth of our business has been as much down to the team's 'Can Do' attitude as it has to its splendour and geography. There is a new culture within the staff and a huge desire to attract and then deliver the widest possible variety of events.

In the past year we have delivered our first Winter Wonderland, Corporate Christmas Functions, Fun Park and hosted our first Celtic League fixture. Our neighbours, The Blues, brought their game against Leinster next door to the Millennium Stadium and broke the Celtic League attendance record on a Sunday evening.

MILLENNIUM STADIUM

Blizzard Fun Park

Millennium Stadium CEO Report

We keep saying that anything is possible at the Millennium Stadium and our team proved that in May when we delivered two, different sell-out events back-to-back for the first time. On Saturday, 20 May we hosted Munster and Biarritz Olympique in the Heineken Cup final and the next day, Sunday, 21 May, we welcomed Watford and Leeds United for the Coca Cola Championship Play-Off final. The logistics involved in cleaning, dressing and turning around the Stadium in such a short space of time were immense, but both events went superbly well and both event owners were delighted with the results. As for Cardiff, it had never known a weekend like it.

But we haven't made the mammoth turnaround on our own. Letheby and Christopher are producing the finest catering in the business, the Emergency Services play an integral role in delivering our events in a safe and secure environment and the hundreds of staff in the public sector who support us are key to our overall success, so we say Thank You to them.

The future of this now iconic landmark is looking brighter than ever before. We have half-a-dozen short hall arena events under our belt and the range of facilities we are now able to offer is proving to be an eye opener for event organisers and promoters. We anticipate seeing a steady increase in the use of the arena concept in the coming year.

But while the arena is brand new, the Millennium Stadium and its infra-structure is now seven years old. The building itself is in good shape, but there are signs of wear and tear around the place. Several items have reached or are approaching the end of their natural life span, such as sound systems, pitch systems, carpets and roof mechanics, and we are producing a programme of capital works that will need to be addressed in the coming years.

If 2005/2006 was a year of recognition and high achievement, the goal for the next year has to be stability. Nobody knows when the new Wembley will be open for business, so we could have the Carling and FA Cup finals coming back to Cardiff. That would be nice, but we have to find replacement business for those high profile events. We've made a good start on that front and we have demonstrated we have the will and ability to stage any event.

Rest assured we will do 'Whatever It Takes' to continue the growth and success of the Millennium Stadium.

"We will do 'Whatever It Takes' to continue the growth and success of the Millennium Stadium"

MILLENNIUM STADIUM

Heineken Cup Final Day

Martin Davies

Chairman, WRU Group
Finance Committee

"The company had its best ever year since opening for business in 1999"

Financial Review

INCOME

The company had its best ever year since opening for business in 1999. Turnover increased by 18% to £13.1m (2005 £11.1m), the operating profit before interest grew by 84% from £1.6m to £3.0m and interest and charges reduced by £380,000 from the previous year.

This much improved business performance was due to astute management, an increasing number of major concerts, the introduction of the short hall, 'Indoor Arena', another year of Football Association and Football League events at enhanced rates, the successful hosting of the 2006 Heineken Cup final and increased sales of hospitality, catering, sponsorship, merchandise and tours.

Following the magnificent response to the special Tsunami Relief Cardiff concert the previous year, the Stadium rocked to sell out events with U2 and Oasis. The American band REM were the first to use the new 'Indoor Arena' and Paul Sergeant's team signed deals to bring The Eagles, Take That, Madonna and the Rolling Stones to the Welsh capital. Good business for the stadium, great news for Cardiff and Wales. After seven years the Millennium Stadium has not only finally arrived on the live music scene in the UK, but taken over the mantle as the number one venue for major "outdoor" concerts. Following the work done at the venue, and with the all important music promoters, there seems every prospect of more events being staged in the future.

The investment of £1m (net cost £50,000) in an acoustic curtain to help create the 'Indoor Arena' is certainly beginning to pay off. As well as the REM concert, it enabled the stadium to host The Eagles, stage major business exhibitions and host its first major boxing bout. The income potential that the 'Indoor Arena' provides could be vital in the future, especially when more event days are available as and when the new Wembley is finally completed.

The continued delays experienced at Wembley proved a major bonus to the stadium during the year. The company was able to negotiate new, more commercially attractive terms and the FA Cup Final and Community Shield made more than in previous years. All seven FA and Football League matches were once again staged in Cardiff and the 2006 Community Shield was played at the Millennium Stadium. Dates are being held speculatively for the Carling Cup Final, Football League Trophy Final, FA Cup Final and the Football League play-offs in 2007, but we know we cannot rely on Wembley not being available for these events and Paul Sergeant's team are actively seeking new events to fill the calendar.

The stadium successfully bid to stage the 2006 Heineken Cup Final, the fourth time in 11 years it had been played in Cardiff, and the emergence of Munster as one of the two finalists helped to create a 74,000 sell-out crowd. Our bid resulted in the event proving highly lucrative to the stadium, as well as to Wales as a whole. The economic impact study conducted by ERC, the tournament organisers, revealed the 2006 Heineken Cup final to have brought £25.1m into the Welsh economy – the highest amount from any single sporting event ever staged in Wales. Needless to say, we will be bidding to bring the final back to Cardiff as soon as possible.

The new Anglo-Welsh Powergen Cup hosted its back-to-back semi finals at the Millennium Stadium and a crowd of more than 50,000 attended. The semi-finals should once again be in Cardiff in the 2006/07 season.

The new hospitality policy generated increased income and, for the second successive year, there will be a higher rebate % from our excellent caterers Letherby & Christopher. They have proved to be magnificent commercial partners to the stadium and they continue to win catering awards and ensure the highest standards of service is given to our customers.

EXPENDITURE

The largest item of expense was once again interest charges. Following last year's vital re-negotiation of the bank debt interest charges were more than £350,000 lower than in the previous year. Despite the increase in turnover, direct operating costs and administrative costs only rose by 3%.

BALANCE SHEET

The major change to the presentation of the Balance Sheet in last year's accounts has been repeated this year. Since 2005, the company has at last started to make quarterly capital and interest repayments to pay off the Millennium Stadium debt over 35 years.

There is little doubt that the Millennium Stadium has been one of the most successful projects of its kind in the UK and it is very unlikely that any of the Millennium Commission grant will ever have to be repaid. This will further strengthen the financial position of the company.

MILLENNIUM STADIUM

Julie Paterson

Head of Group
Compliance and Ticketing

Playing by the Rules

The Millennium Stadium has been extremely pro-active over the last 12 months in promoting the attitude and approach of the organisation, accepting and highlighting the standards that are expected of a venue of our standing.

In conjunction with governing bodies of sport, theatres, concert promoters and major venues throughout the UK, we have formed part of a working party which has been set up to tackle the increasing issue of ticket touting within our industry. We have also provided concrete evidence of the validity of our firm stance on not issuing duplicate tickets.

But perhaps the most significant development has been this working party joining forces with Tessa Jowell's Department of Culture, Media and Sport. As Minister for Culture, Media and Sport, Ms Jowell has embraced the changes implemented by the working party and has publicly stated that there is full support of our approach to tackle the issue of ticket touting and the secondary market.

There still remains a huge amount of progress to be made, but our presence and influence within this arena proves the credibility we have achieved within the sports and entertainment industry.

That business has seen more than two million tickets produced by the ticketing division over the last 12 months, covering every genre of entertainment and sport.

The diversity of the events held at the Stadium has inevitably led to changes and progression within this division - a challenge we have tackled head-on.

We have upgraded our IT systems and restructured the department to enable us to tackle events on a more specific level across sport, music and entertainment.

Ultimately, one of our most controversial changes saw the implementation of our first 'Ticketing Policy' during the summer of 2005.

One element of the policy stipulates that no duplicate tickets will be issued for events at the Stadium. This was brought under close scrutiny by all factions during the week leading to the FA Cup Final in May 2006, following the theft of 1,600 tickets from one of the finalists.

Needless to say there was huge pressure to relax this restriction, but we held firm. The safety of each spectator and employee remained uppermost in our mind and the policy stood.

But while we quite rightly remained unmovable on that issue, our plan for the future is to keep moving forward. We welcome the diversity of events at the Stadium and accept that we need to continue to improve and accept each and every challenge in our path.

"The Millennium Stadium has been extremely pro-active over the last 12 months"

MILLENNIUM STADIUM

Rupert Moon

Head of Group Commercial and Business Development

Building on a Brand

The Millennium Stadium became responsible for the WRU Group Commercial and Business Development function in September 2005 following the departure of former Group Chief Executive, David Moffett.

The objectives were straightforward; maximise revenue, control expenditure and build relationships with our customers. It is safe to say our mission was accomplished in the last year but there is no room for arrogance or complacency in this business. Customer is king as we strive to improve our service and performance every day of the week.

To underpin our commercial success, there has been a major cultural shift in the way we have conducted our business over the past year. The results have been positive enough to encourage us to continue in a similar vein in the future. While we have always been customer led in our dealings on behalf of the Millennium Stadium, we have now adopted a similar, more inclusive approach to our WRU clients.

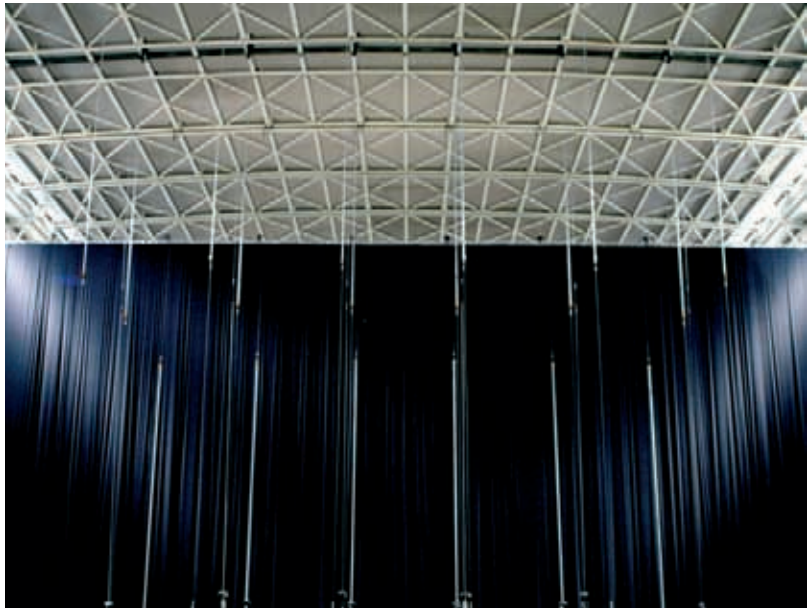
Our new approach led us to take a long, hard look at our commercial dealings in recent years and to examine how we go to the market to sell our wares. We want more partners, we want longer term relationships and we want repeat business. We are prepared to tailor our packages to ensure there is a mutually beneficial package of rights for both sides.

There was a time when companies felt it would be impossible to establish an official link with either the WRU or Millennium Stadium because it would be cost prohibitive. Not so anymore. As well as having major investors such as Brains, Coors, Reebok, Seat and Letheby & Christopher as our partners, we have opportunities for others to associate themselves in some way, shape or form to the Union and Stadium.

Is it good business? Well it has helped to introduce a number of new companies, many of them Welsh, into our sponsor's family and has brought significant financial benefit to both sides of the Group. More importantly, by working in partnership with these companies we aim to encourage them to move up the commercial ladder and invest larger sums in the future.

Looking specifically at the Stadium, the commercial performance of each Department has been very encouraging. It has given us a firm base on which we can further develop our revenue streams. Blue Square, HSS Hire, WKD, Eye Economy, Peter's Pies, Master Foods, Rollover Hot Dogs and Princes Gate have become welcome members of our family of suppliers, collectively generating a substantial six figure sum to the Stadium's coffers. Corporate hospitality boxes welcomed twenty new clients and a further twenty two extended their agreements with us.

"Customer is king at the Millennium Stadium"



A million pounds was grossed from the sale of hospitality on a one-off basis, the Stadium Tour banked its millionth pound in ticket sales since it opened and merchandising provided a healthy contribution to the overall financial performance of the business. Catering sales have soared with the commission from our contract with Letheby & Christopher - 90% higher than it was only three years ago. These are just some of the highlights of what has been a demanding, yet rewarding year.

Of course not every Department can generate revenue. Marketing, Customer Services, Charity Liaison and Web Site Management all play an integral and valuable supporting role in shaping the success of our business and their performance should not be forgotten.

Most importantly our success has been built on the fact that this is a people business, where we listen to our customers and provide a level of service that is not always recognised in our industry. We have a tightly knit team of eighteen highly talented and very dedicated people, who don't rest on their laurels and have that 'Whatever it Takes' attitude to drive the business forward in the relentless fashion we are becoming accustomed to.

MILLENNIUM STADIUM

Another full house

Gerald Toms

Millennium Stadium
Operations and
Safety Manager

"'Yes' is the first answer to every question an event owner may ask"

A day in the life of the Millennium Stadium

THE WISHMASTERS

Gerry Toms, the Millennium Stadium operations manager, brings all the experience he gained in his former incarnation as Chief Superintendent of the South Wales Police Service to the job of granting client's wishes for major events and here tells us how he recently answered the question, "Is there a midwife in the house?"!

"Yes" is the first answer to every question an event owner may ask when they are looking into the prospect of coming to the Millennium Stadium. The next step, for us as a venue, is to take a deep breathe and ask ourselves 'how?'

Our mantra is 'whatever it takes' and we pride ourselves on our adaptability, not just as a venue but as an operations team behind the scenes.

That's how we approach the build up to an event and in the process we do our research and ask every question imaginable so we are not caught out on the day.

A good example is the recent sell-out Take That concert on June 21. From talking to the concert producers and visiting other venues on the tour we knew the audience profile would be 90% female with an average age of 28.

There are a variety of repercussions from that information, not least the need to dramatically increase the number of female toilets available for customer use, which was quickly done.

But there are also contingencies that are less obvious, for example the statistics told us that – with a crowd of 60,000 plus revellers – a higher than average number of attendees would be pregnant women!

St John's Ambulance service provide 180 medical staff on site who deal with approximately 50/60 people per event, the majority of calls are due to asthma attacks where people have forgotten to bring their inhalers with them.

At Take That the risk of births was high, although thankfully, no-one did end up giving birth!

Information like this is essential in preparation and visiting other venues where the act is performing, is a hands-on way of collating it. Armed with this data we can inform medical teams so they can take appropriate action, change the profile of their staff and order in specific medical supplies etc.

This particular concert also had a high level of special effects in the show which impacted on the fire and safety protocol of the stadium. The show involved the use of lots of smoke machines and so, because of the closed roof, it needed to be determined how the smoke would dissipate. The use of a significant amount of water for a rain special effect was also a factor and all protocols needed to be examined before the show could go ahead. But the important point, which we try to make to anyone with an event to put on, is that it's our 'can do attitude' which marks us out from our industry competitors. We like to rise to the challenge and have proved we can do just that with the wide spectrum of events we have put on in the past year alone.

Our job is to turn a client's dreams and aspirations into a reality, production teams have a vision and our role, as the operations team, is to make that vision happen - safely.

The Millennium Stadium never stands still, it is a chameleon-type venue, moving from a world renowned sporting arena, to putting on international shows and back to sport with various motor sport tracks and then into an exhibition or conference setting at the proverbial drop of a hat.

The pitch comes in, the pitch goes out, a stage goes up and comes down, a dirt track comes in and out again, all with similar regularity to the open and closing of the roof according to weather or event demands.

From the moment an event is secured, an appropriate event manager is appointed to co-ordinate. This person is appointed from the full time staff within the operations department and is responsible for organising all information regarding the production. The event manager acts as the first port of call for both the incoming production outfit and the Millennium Stadium team across all departments.

From the initial bookings the operations department is quickly involved, for a concert we need to accommodate stage designs, determine capacity and examine sightlines, before anything else can happen. For example, general admission tickets include the floor and the lower tier seating area which has the capacity to cater for 30,000 spectators, a larger stage will decrease this number and less will be able to go on public sale – all factors which need to be agreed with the promoter before tickets are released.

We offer advice on how best to use the building and decisions are made on which rooms will be needed at early meetings, but the most important factor is the "Wishlist" we ask for from the promoter which highlights exactly what (if possible) they would like to do with the Stadium and its structure. The "Wishlist" is a key factor in the service we offer, its shows a change in emphasis from what some event owners may expect. We don't start with a list of rules and regulations and tell people what they can't do. Nothing is sacred, we aim to meet expectations and pride ourselves on doing that little bit extra to accommodate requests. We think that's what makes us stand out from other venues, who may be less inclined to say "yes"!

MILLENNIUM STADIUM

Take That on stage

We have developed strong working relationships with the local council, local suppliers and hoteliers and have an expertise about good service, who the best and most efficient suppliers are etc, which we transfer to the clients. Because of this "can do" attitude, we endeavour to provide a service out of our expected remit which is recognised and liked by promoters. Changes happen from day to day and we remain flexible ensuring we make things happen in accordance to changing expectations.

Behind the scenes on an event day the maintenance team boasts 10 skilled staff, including plumbers, electricians and other specialists. They are at a full stretch dealing with the here and now. Lock jams, spillages, leakages, blockages, electronic failures, broken seats etc. There is always a risk of slips and trips so most seemingly minor problems must be dealt with immediately with the safety of those attending the venue of paramount importance to all.

The building itself regularly shows signs of wear and tear through shear footfall of visitors through the doors (a grand total of more than 1.6 million this year) and routine maintenance and safety checks are carried out daily to ensure we always offer a facility of the highest standards.

A lot of time is spent carrying out safety checks, acquiring the correct certificate, preparing access, checking fire systems are in order, PA systems are in order, escalators and lifts are all working, the list is pretty much endless.

Going back to Take That for example on such an event day we will have approximately 700 stewards working. There are 35 steward teams and the majority are now trained to an NVQ Level 2 Training in Spectator Control. This year 1,000 have gone through a complete re-training program.

These stewards are briefed one hour before doors open, whilst all final safety checks are being made, sweeping the venue for trip hazards, checking the ground is clean and safe and that seats are operating correctly. The list is endless.

The easy part is opening the doors, when the public come in is when things start to happen and the ball begins to roll!

Operationally it doesn't matter what the event, there is a process that is followed.

There are a lot more exit routes than entrances to ensure swift egress of people, all gates are opened at the end of an event and that's when you see the chameleon in action; escalators have been turned to down rather than up, the whole building changes to prepare for leaving as soon as all spectators are in.

"The easy part is opening the doors"

At the end of a concert, 200 cleaners come in to start the mammoth process of cleaning up. Approximately 11 tonnes of litter was swept up for Take That, which is significantly less than other concerts, again because of the audience profile – it was not a heavy drinking crowd and most fans made good use of the bins provided.

Another difference for this specific event was the water tank usage, there are always things that you can never foresee and the amount of water usage was one of them. The flush rate was up which put a strain on our water reserves. The final water pump kicked in to start re-filling the water tanks and we got very low after three replenishments, we did get close to failing to meet water demands and it was a lesson learnt and a lesson in not ever becoming complacent. We always ensure we put ourselves in a position to react to the unforeseen, every event is always a learning process, however small.

This issue highlighted the importance for us to be re-active as well as proactive, some elements of an event can never be predicted, although we do a lot of planning and rehearsing of certain scenarios as we are responsible for up to 74,500 people in a relatively small space.

Planning is paramount, failure is not an option and we do whatever it takes to ensure the success of every event that graces our doors!

MILLENNIUM STADIUM

Madonna

Alex Luff

Millennium Stadium
Venue Sales Manager

"This is my first stadium gig and I LOVE IT!"

Madonna, 2006

MILLENNIUM STADIUM

Events Review

A YEAR OF RECOGNITION

Reputation, Reputation, Reputation - if the Millennium Stadium were looking for a sound-bite for election to the post of most revered events venue in the land that would be it, says venue sales manager Alex Luff.

Estate agents may hold "Location" dear but we have that covered, as no other world venue can boast such close proximity to the extensive amenities of City centre living.

Politicians have been known to hail "Education" as their core objective and with a young team of marketeers and promoters chomping at the bit we are all learning new things daily.

But at the forefront of all that we do is the protection, consolidation and projection of the highly justified reputation the Millennium Stadium has earned for itself in the world-wide event venue marketplace over the years.

"I LOVE IT!" said Madonna this summer, in the kind of endorsement you can neither buy nor manipulate.

If the Queen of pop loves us then we know we are doing something right but we don't just have to rely on Mrs Richie's viewpoint either.

"The Millennium Stadium offers the complete package in terms of experience and facilities to continue to host the FIM British Grand Prix at its spiritual home, " Paul Bellamy, managing director of Speedway.

"The Millennium Stadium has been a model of how to build something beautiful…, " The Times

The Millennium Stadium is now seen as one of the best locations in the world for hosting events of any kind. Phil Bowdery of top concert promoters, Live Nation told us: "The Cardiff Millennium Stadium is the best covered venue that I have ever worked in and from my point of view, among the top three venues in the world"

We very much respect his opinion.

In the past the Stadium has had to really push for opportunities to pitch for business and work extremely hard to secure that initial meeting. Our reputation was not one of organisational excellence.

New events such as the Noise and Confusion festival in December have been a resounding success as a direct result of our open minded attitude to our events schedule.

Music festivals ordinarily sit in the summer months of the calendar, however, promoters have always recognised the potential market for a festival later in the year but, at all times, have fallen at the first hurdle; locating a suitable indoor venue for a large scale festival type occasion.

Millennium Stadium stood out above all other reputable venues UK-wide because of its unique retractable roof. The Stadium was approached by promoters Metropolis Music and SJM Music and Noise and Confusion became a successful, breakthrough, end of season festival, delighting revellers and promoters alike.

It was a monumental achievement with more than 60,000 partygoers experiencing live, world-class music throughout the day at a unique time of the year.

The festival featured a number of rock style bands such as RazorLight, The Coral, chart toppers The Foo Fighters, and headline act Oasis and we hope to have set a precedent for the future with the event.

The past year has seen the Millennium Stadium set a number of personal records in a variety of departments, from ticketing to catering to commercial.

In addition, the new Arena Drape System has become a fundamental tool in driving the business forward and securing deals on a smaller, more intimate scale as well as maximum capacity. The opportunity to decrease the size of the main bowl area from a maximum of 74,500 to a minimum 400 in attendance, depending on the event function, has enabled the Stadium to host smaller, more exclusive, concerts such as the 32,000 capacity REM gig and reach a completely new field of business in conference and exhibitions. The B2B Wales exhibition in June demonstrated how adeptly the venue can host exhibitions in a unique and attractive style, tailored to the client's specific requirements.

With the potential of establishing these type of events as annual fixtures, along with already secured, recognised sporting events such as the Autumn Internationals, Six Nations and FAW fixtures - and with Speedway & GB Rally both signing new five-year deals - the future for the venue is exciting!

At the Millennium Stadium we've always known the potential of what the building has to offer as a multi-functional events venue. Seeing beyond the regular rugby and football matches, the team has had a faith and enthusiasm which enabled us to host an eclectic mix of events in the past 12 months.

The last year saw us host a Millennium Stadium record 45 event days, the most since the Stadium opened in June 1999, promoters from all event genres have come forward in their droves with plaudits about the versatility, prowess and professionalism of the Millennium Stadium.

This potential came into fruition with the staging of a number of first time and one-off events, such as the Noise and Confusion festival. Plus a variety of other clients who have benefitted from the use of our unique facilities. Live Nation, who brought us Madonna, The Rolling Stones and The Eagles; Bikini Films, who filmed the official FIFA World Cup anthem video with Il Divo and Toni Braxton; and we must mention the regular visits from Daleks and other Doctor Who monsters as we fulfil our duties as part of the film set for the popular BBC TV series.

Some of these first-timers have proven so successful that promoters and organisers are looking to cement their events in the Stadium's calendar as annual occasions. The pleasing factor with all these clients has been that the initial approach to utilise the Millennium Stadium came from them. This year's most significant first has to be this achievement of business re-actively through reputation and recommendation – but that doesn't mean we'll be resting on our laurels. Next year we'll continue be as proactive as ever in our pursuit of new events.

Events

- Tribute to Rugby Legends
- U2
- International Watchtower
- REM-Arena
- Community Shield
- Rugby League Challenge Cup
- Wales v England
- EFQM Awards
- Wales v Azerbajan
- Wales v New Zealand
- Wales v Fiji
- Wales v South Africa
- Wales v Australia
- Supercross
- Noise and Confusion- Oasis
- Night it Snowed in Vegas-Arena
- Heaven and Hell, New Years Eve Party
- Blizzard Fun Park
- Wales v Scotland
- Carling Cup Final
- Wales v Paraguay
- Powergen Cup Semi-Finals
- Wales v Italy
- Wales v France
- Football League Trophy Final
- Konica Minolta
- FA Cup Final
- Blues v Leinster
- Heineken Cup Final
- FL Championship Play Off
- FL Division one Play Off
- FL Division two Play Off
- British Speedway Grand Prix*
- B2B Wales-Arena*
- Take That*
- The Eagles-Arena*
- World Championship Boxing-Arena*
- Madonna*
- FA Community Shield*
- Rolling Stones*

* Secured and delivered events beyond June 1st 2006

Millennium Stadium Spire

What they say about us

"The Millennium Stadium has been a model of how to build something beautiful…, "
The Times

"The Millennium Stadium has set the bar very high…"
The Daily Telegraph regarding hosting of events.

"The Millennium Stadium offers the complete package in terms of experience and facilities to continue to host the FIM British Grand Prix at its spiritual home,"
Paul Bellamy, managing director of Speedway.

"This is my first Stadium gig and I LOVE IT!"
Madonna

"The Cardiff Millennium Stadium is the best covered venue that I have ever worked in and from my point of view, among the top 3 venues in the world,"
Phil Bowdery, Vice President of Touring Europe Live Nation.

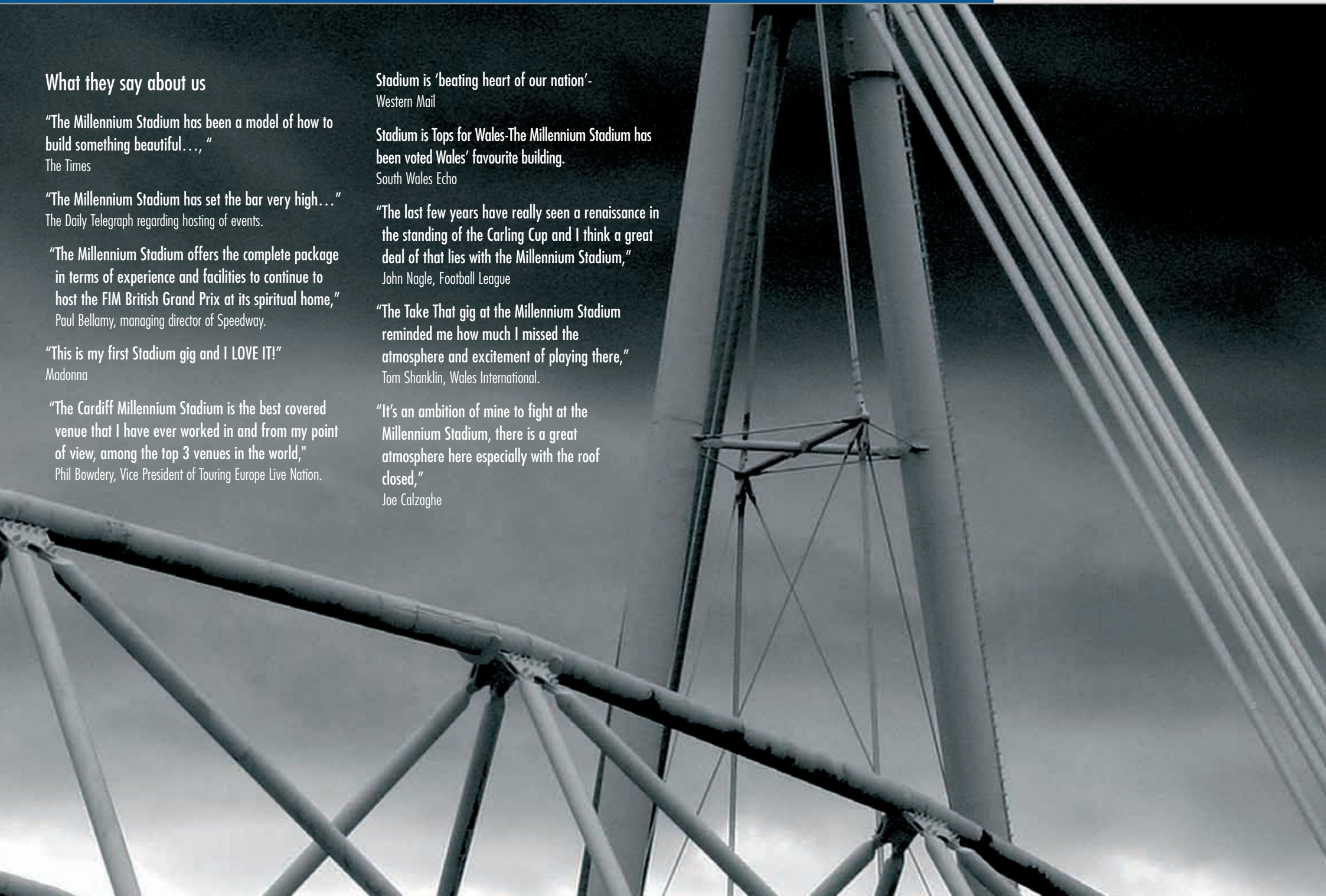
Stadium is 'beating heart of our nation'-
Western Mail

Stadium is Tops for Wales-The Millennium Stadium has been voted Wales' favourite building.
South Wales Echo

"The last few years have really seen a renaissance in the standing of the Carling Cup and I think a great deal of that lies with the Millennium Stadium,"
John Nagle, Football League

"The Take That gig at the Millennium Stadium reminded me how much I missed the atmosphere and excitement of playing there,"
Tom Shanklin, Wales International.

"It's an ambition of mine to fight at the Millennium Stadium, there is a great atmosphere here especially with the roof closed,"
Joe Calzaghe



Millennium Stadium plc Financial Statements
for the year ended 31st May 2006

DIRECTORS' REPORT

The Director's present their report and the financial statements of the Company for the year ended 31 May 2006.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activity of the company is the hire, promotion and staging of world class events in a multi purpose indoor/outdoor entertainment centre. The company had its most successful year since the Stadium opened in 1999.

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.

RESULTS AND DIVIDENDS

The profit for the year ended 31 May 2006 before and after tax was £239,319 (2005 £100,580). No dividend was paid during the year.

DIRECTORS

The Directors who served during the year ended 31 May 2006 were as follows

* Beynon M	* Edwards G	* Moffett D *(resigned 31.12.05)*
Mrs Conway H L	Lord Faulkner of Worcester	* Pickering D F
Davies B	Howells, Cllr N	Sergeant P *(appointed 1.1.06)*
* Davies M R	* Hewitt K J	Thomas S M

* Also Directors of the Welsh Rugby Union Limited during year ended 31 May 2006

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 year and of the profit and loss for the year then ended.

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

- Select suitable accounting policies, as described on page 29, 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 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 Limited 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 19 July 2006 and signed on their behalf by

Paul Sergeant
Director and Company Secretary, Millennium Stadium plc

Registered Office

Millennium Stadium plc

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www.millenniumstadium.com

Stadiwm Y Mileniwm
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Caerdydd CF10 1GE

Ffôn: +44 (0) 870 013 8600
Ebost: info@millenniumstadium.com
www.millenniumstadium.com

Registered in England & Wales
Registration No: 3176906

MILLENNIUM STADIUM

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MILLENNIUM STADIUM PLC

We have audited the Company financial statements (the 'financial statements') of Millennium Stadium Plc for the year ended 31 May 2006 which comprise the Company Profit and Loss account, Balance sheet, cash flow statement and the related notes. These financial statements have been prepared under the accounting policies set out therein.

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 for the opinion we have formed.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

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

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and whether the financial statements have been properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Report of the Directors 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 other transactions is not disclosed.

We read the Director's report and consider the implications for our report if we become aware of any apparent misstatements within it. Our responsibilities do not extend to any other information.

BASIS OF AUDIT OPINION

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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.

AUDIT OPINION

In our opinion, the financial statements give a true and fair view of the state of the company's affairs as at 31 May 2006 and of its profit and cash flows for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Walter Hunter & Co Limited
Chartered Accountants and Registered Auditors

24 Bridge Street,
Newport,
South Wales,
NP20 4SF

Date: 19 July 2006

MILLENNIUM STADIUM

Profit and Loss Account

Year ended 31 May 2006

	Note:	Year to 31 May 2006 £	Year to 31 May 2005 £
TURNOVER	2	13,187,438	11,172,198
Direct Operating Costs		(6,602,177)	(6,233,829)
Depreciation less release of Millennium Commission Grant	3	(2,154,000)	(2,154,000)
GROSS PROFIT		4,431,261	2,784,369
Administrative Expenses		(1,370,048)	(1,123,570)
OPERATING PROFIT BEFORE EXCEPTIONAL ITEM		3,061,213	1,660,799
Exceptional Item	3	0	1,642,204
OPERATING PROFIT AFTER EXCEPTIONAL ITEM	3	3,061,213	3,303,003
Interest Payable and Similar Charges	6	(2,821,894)	(3,202,423)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAX		239,319	100,580
Tax on Profit on Ordinary Activities	7	-	-
PROFIT FOR THE FINANCIAL YEAR		239,319	100,580
Retained Profit brought forward		1,558,105	1,457,525
Retained Profit carried forward		1,797,424	1,558,105

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

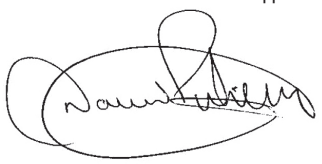
All of the activities of the company are classed as continuing.

The notes on pages 29 to 34 form part of these financial statements.

Balance Sheet as at 31 May 2006

	Note:	2006 £	2006 £	2005 £	2005 £
FIXED ASSETS					
Tangible Assets	8		**103,446,641**		106,305,013
CURRENT ASSETS					
Debtors - Due within one year	10	**4,897,130**		4,664,035	
Cash at bank		**891,994**		464,977	
		5,789,124		5,129,012	
Creditors - Due within one year	11 & 14	**(7,501,695)**		(7,922,887)	
Deferred Income	12 & 16	**(880,695)**		(925,642)	
Millennium Commission Grant	13 & 17	**(1,196,000)**		(1,196,000)	
		(9,578,390)		(10,044,529)	
NET CURRENT LIABILITIES			**(3,789,266)**		(4,915,517)
TOTAL ASSETS LESS CURRENT LIABILITIES			**99,657,375**		101,389,496
Creditors - Due after more than one year	14	**(10,154,278)**		(8,953,130)	
Deferred Income - Due after more than year	12 & 16	**(1,070,207)**		(1,439,065)	
Millennium Commission Grant - To be released after more than one year	13 & 17	**(16,744,000)**	**(27,968,485)**	(16,744,000)	(27,136,195)
DEFERRED TAX	18		**(1,221,422)**		(1,095,259)
			70,467,468		73,158,042
FINANCED BY:					
Long-term bank loans	14		**48,533,376**		50,267,269
Millennium Commission Grant	13 & 17		**20,086,667**		21,282,667
CAPITAL AND RESERVES					
Called up Equity Share Capital	22		**50,001**		50,001
Accumulated Profit	23		**1,797,424**		1,558,105
			70,467,468		73,158,042

These financial statements were approved by the Directors on 19 July 2006 and are signed on their behalf by:



David F Pickering
Chairman, Millennium Stadium plc

Paul Sergeant
Director and Company Secretary, Millennium Stadium plc

The notes on pages 29 to 34 form part of these financial statements.

Cash Flow Statement

Year ended 31 May 2006

	Note:	Year to 31 May 2006 £	£	Year to 31 May 2005 £	£
NET CASH INFLOW FROM OPERATING ACTIVITIES	25		**3,721,524**		2,414,092
RETURN ON INVESTMENTS & SERVICING OF FINANCE					
Interest Paid		**(2,862,158)**		(3,317,863)	
NET CASH (OUTFLOW) FROM RETURN ON INVESTMENTS AND SERVICING OF FINANCE			**(2,862,158)**		(3,317,863)
TAXATION			-		-
CAPITAL EXPENDITURE & FINANCIAL INVESTMENTS					
Acquisition of fixed assets		**(491,628)**		(1,121,856)	
NET CASH (OUTFLOW) FROM CAPITAL EXPENDITURE			**(491,628)**		(1,121,856)
CASH INFLOW/(OUTFLOW) BEFORE USE OF LIQUID RESOURCES AND FINANCING			**367,738**		(2,025,627)
FINANCING					
Movement of Bank loans		**99,035**		5,770,991	
Capital element of finance lease and hire purchase repayments		**(39,756)**		(120,739)	
CASH INFLOW FROM FINANCING			**59,279**		5,650,252
INCREASE IN CASH	26		**427,017**		3,624,625

The notes on pages 29 to 34 form part of these financial statements.

Notes to the Financial Statements

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 assurances from its parent undertaking that it will support the company for at least the next 12 months from the date of signing these accounts. 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 year, 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
Plant and Machinery: 10% per annum on reducing balance.

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 12, 13, 16 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 year 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.

Long Life Liabilities

Following the renegotiation of financing arrangements with the bank during 2005, the company undertook a review of the methodology adopted to disclose long term liabilities. Such amounts, for which payment is due or release to the profit and loss account is envisaged in more than 15 years time, have as a result, been reclassified in the Balance Sheet. The Directors consider that this form of disclosure gives a true and fair view of the financial position of the company.

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).

Finance Lease Agreements

Where the company enters into a lease which entails taking substantially all the risks and rewards of ownership of an asset, the lease is treated as a finance lease. The asset is recorded in the balance sheet as a tangible fixed asset and is depreciated in accordance with the above depreciation policies. Future instalments under such leases, net of finance charges, are included within creditors. Rentals payable are apportioned between the finance element, which is charged to the profit and loss account on a straight line basis, and the capital element which reduces the outstanding obligation for future instalments.

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:

	2006 £	2005 £
Sponsorship and royalties	**1,112,075**	475,498
Events Income	**9,117,026**	7,054,349
Boxes and Club Seats	**2,626,573**	2,687,126
Other Revenue Income	**331,764**	955,225
	13,187,438	11,172,198

Event income includes an amount of £435,105 which relates to certain events which took place in prior years. These events were subject to negotiations which were completed in 2005/06.

Boxes and Club Seats income includes £116,108 that relates to VAT reclaimed from prior years.

Other revenue income in 2005 includes £630,000 of rental income relating to prior years.

3 OPERATING PROFIT

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

	2006 £	2005 £
Depreciation	**3,350,000**	3,350,000
Release of Millennium Commission Grant (Note 13)	**(1,196,000)**	(1,196,000)
	2,154,000	2,154,000
Auditors' remuneration - as auditors	**23,000**	15,000
- non audit work	**7,000**	6,000

(b) Exceptional Income

Last year, the company received payment in the sum of £2,000,000 relating to cessation of certain elements of a contract with a third party. Of this total £357,796 relates to payment in advance for works to be undertaken on the stadiumin future years. The remainder was recognised in 2004/5.

4 PARTICULARS OF EMPLOYEES

The aggregate payroll costs were (Excluding group recharges):

	2006 £	2005 £
Wages and Salaries	**1,268,038**	939,993
Social Security Costs	**119,815**	86,301
Other Pension Costs	**84,005**	45,232
	1,471,858	1,071,526

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

	2006	2005
Directors	**11**	11
Management & Administration	**2**	6
Marketing	**11**	4
Stadium	**43**	42
	67	63

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

5 DIRECTORS' EMOLUMENTS

	2006 £	2005 £
Management Services	**295,513**	144,260

The emoluments above include £12,500 paid to a company controlled by the Chairman of the Group.

A payment of £143,761 was made to a director during the year in connection with the termination of his contract.

The above details include the following amounts in respect of the highest paid director:

	2006 £	2005 £
Emoluments	**76,752**	131,760
Compensation for loss of office	**143,761**	0

Notes to the Financial Statements

6 INTEREST PAYABLE AND SIMILAR CHARGES

	2006 £	2005 £
Bank Interest	**2,804,193**	3,155,591
Finance Leases and Hire Purchase Agreements	**17,701**	46,832
	2,821,894	3,202,423

7 TAX ON PROFIT ON ORDINARY ACTIVITIES

	2006 £	2005 £
Corporation tax charge for the year at 30%	-	-
Deferred tax charge	**126,163**	119,309
Group transfer	**(126,163)**	(119,309)
	-	-

8 TANGIBLE FIXED ASSETS

	Stadium £	Plant & Machinery £	Total £
Cost			
Cost as at 1 June 2005	123,660,024	1,176,660	124,836,684
Additions in year	0	491,628	491,628
As at 31 May 2006	123,660,024	1,668,288	125,328,312
Depreciation			
As at 1 June 2005	18,413,141	118,530	18,531,671
Charge for the year	3,248,882	101,118	3,350,000
As at 31 May 2006	21,662,023	219,648	21,881,671
Net Book Value			
As at 31 May 2006	**101,998,001**	**1,448,640**	**103,446,641**
As at 31 May 2005	105,246,883	1,058,130	106,305,013

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 (2005: £4,646,155).

Net book value of fixed assets includes £nil (2005: £379,879) in respect of assets held under finance lease and hire purchase agreements. The depreciation charge in the year on these assets was £nil (2005: £26,503).

9 CAPITAL COMMITMENTS

The Company had capital commitments at the year end of £nil (2005: £490,875).

10 DEBTORS

	2006 £	2005 £
Due within one year:		
Trade Debtors	**2,315,546**	1,587,276
Other Debtors	**636,778**	636,778
Prepayments and Accrued Income	**1,944,806**	2,439,981
	4,897,130	4,664,035

11 CREDITORS - AMOUNTS FALLING DUE WITHIN ONE YEAR

	2006 £	2005 £
Bank Loan (Note 14& 20)	**301,350**	200,000
Trade Creditors	**2,639,874**	2,586,757
Event creditors	**1,720,729**	2,860,789
Interest payable	**377,736**	418,000
Obligations arising out of finance lease and hire purchase agreements (Note 15)	**0**	39,756
Tax and Social Security	**62,427**	37,921
Value Added Tax	**245,284**	143,730
Accruals	**2,154,295**	1,635,934
	7,501,695	7,922,887

Notes to the Financial Statements

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

	2006 £	2005 £
Grants	**50,000**	50,000
Sponsorship	**286,845**	194,000
Deposits in Advance	**543,850**	681,642
	880,695	925,642

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

	2006 £	2005 £
Grant	**1,196,000**	1,196,000

Grant released to the profit and loss account this year totalled £1,196,000 (2005: £1,196,000). Deferred grants of £38,026,667 (2005: £39,222,667) will be released to the Profit and Loss Account in future years.

14 CREDITORS - AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2006 £	2005 £
Bank Loan (Note 20)	**54,738,676**	54,740,991
Amounts due to the Welsh Rugby Union Limited (Note 20)	**3,948,978**	4,479,408
	58,687,654	59,220,399

The bank loan can be further analysed as:

Amounts due within one year (Note 11)	**301,350**	200,000
Amounts due between 1 and 2 years	**313,200**	200,000
Amounts due between 2 and 5 years	**1,025,600**	600,000
Amounts due between 5 and 15 years	**4,866,500**	3,673,722
Amounts due after more than 15 years	**48,533,376**	50,267,269
	55,040,026	54,940,991

In 2004/5, the company renegotiated its loans with its principal Bankers. As a result the total bank loan was classified into three tranches as follows:

	Terms	Balance at 31 May 2006 £
Tranche 1	Payable in 2024	**8,101,515**
Tranche 2	Payable over 35 year term ending 2039	**36,938,511**
Tranche 3	Payable only in the event of default or certain other defined events	**10,000,000**
		55,040,026

Interest on the loans is charged at a fixed rate or at a premium rate linked to Libor. Amounts due to the Welsh Rugby Union Limited are treated as interest free.

Notes to the Financial Statements

15 OBLIGATIONS ARISING OUT OF FINANCE LEASES AND HIRE PURCHASE AGREEMENTS

	2006 £	2005 £
Amounts due within 1 year (Note 11)	0	39,756

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

	2006 £	2005 £
Grants	450,000	450,000
Sponsorship	371,833	565,834
Deposits in Advance	248,374	423,231
	1,070,207	1,439,065

Deferred income can be further analysed as:

Amounts to be released within one year (Note 12)	880,695	925,642
Amounts to be released between 1 and 2 years	340,624	364,734
Amounts to be released between 2 and 5 years	479,583	571,913
Amounts to be released between 5 and 15 years	250,000	502,418
	1,950,902	2,364,707

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

	2006 £	2005 £
Grant	36,830,667	38,026,667

Grant released to the profit and loss account this year totalled £1,196,000 (2005: £1,196,000). Deferred grants of £38,026,667 (2005: £39,222,667) will be released to the Profit and Loss Account in future years.

Millennium Commission grant can be further analysed as:

Amounts to be released within one year (Note 13)	1,196,000	1,196,000
Amounts to be released between 1 and 2 years	1,196,000	1,196,000
Amounts to be released between 2 and 5 years	3,588,000	3,588,000
Amounts to be released between 5 and 15 years	11,960,000	11,960,000
Amounts to be released after more than 15 years	20,086,667	21,282,667
	38,026,667	39,222,667

18 DEFERRED TAXATION

	2006 £	2005 £
Capital Allowances in excess of Depreciation	9,024,799	9,083,892
Other timing differences	(7,421,050)	(7,654,270)
Undiscounted provision for deferred tax	1,603,749	1,429,622
Discount	(382,327)	(334,363)
Discounted provision for deferred tax	1,221,422	1,095,259
Provision at start of the year	1,095,259	975,950
Deferred tax charge - group transfer	126,163	119,309
Provision at end of the year	1,221,422	1,095,259

Total capital allowances available are the subject of negotiations with the Inland Revenue.

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 2006 the surplus, calculated upon the assumptions disclosed in the accounts of the parent company, totalled £166,000 (2005: surplus £199,000).

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 2006 amounted to £54,148,032 (2005: £54,607,408) of which £nil (2005: £131,394) related to the Welsh Rugby Union Limited and £54,148,032 (2005: £54,476,014) related to Millennium Stadium plc.

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.

Notes to the Financial Statements

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 Cardiff City County Council.
The only related party transactions were with the parent company and do not require disclosure in these accounts.

22 SHARE CAPITAL

	2006 £	2005 £
Authorised Share Capital		
50,001 Ordinary Shares of £1 each	**50,001**	50,001

	2006 £	2005 £
Allotted, Called Up and Fully Paid		
50,001 Ordinary Shares of £1 each	**50,001**	50,001

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

23 RESERVES

	Profit & Loss Account £
Opening balance	1,558,105
Profit for the financial year	239,319
Balance carried forward	**1,797,424**

24 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2006 £	2005 £
Profit for the Financial Year	**239,319**	100,580
Opening Shareholders' Equity Funds	**1,608,106**	1,507,526
Closing Shareholders' Equity Funds	**1,847,425**	1,608,106

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

	2006 £	2005 £
Operating Profit	**3,061,213**	1,660,799
Depreciation	**3,350,000**	3,350,000
Release of Millennium Commission Grant	**(1,196,000)**	(1,196,000)
Exceptional item (Note 3(b))	**0**	1,642,204
(Increase) in Debtors	**(233,095)**	(424,553)
(Decrease)in Creditors	**(846,789)**	(2,142,826)
(Decrease) in Deferred Income	**(413,805)**	(475,532)
FROM OPERATING ACTIVITIES	**3,721,524**	2,414,092

26 RECONCILIATION OF CHANGES IN NET DEBT AND CASH FLOWS

	At 1 June 2005 £	Cashflows £	At 31 May 2006 £
Cash	464,977	427,017	**891,994**
Increase in Cash	464,977	427,017	**891,994**
Bank loans due within one year	(200,000)	(101,350)	**(301,350)**
Bank loans due between 1 and 2 years	(200,000)	(113,200)	**(313,200)**
Bank loans due between 2 and 5 years	(600,000)	(425,600)	**(1,025,600)**
Bank loans due between 5 and 15 years	(3,673,722)	(1,192,778)	**(4,866,500)**
Bank loans due after more than 15 years	(50,267,269)	1,733,893	**(48,533,376)**
Increase in bank debt	(54,940,991)	(99,035)	**(55,040,026)**
NET FUNDS/(DEBT)	(54,476,014)	327,982	**(54,148,032)**