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SCOTTISH RUGBY UNION LIMITED

MINUTE OF MEETING OF THE BOARD OF SCOTTISH RUGBY UNION LIMITED
HELD AT 12PM ON THURSDAY 10 DECEMBER 2020

MEETING HELD BY AV TELECONFERENCE

Present:

John Jeffrey	(JJ)	Chairman
Ian Barr	(IB)	President
Julia Bracewell	(JB)	Independent Non-Executive Director
Mark Dodson	(MD)	Chief Executive
William Gardner	(WG)	Council Nominated Non-Executive Director
Robert Howat	(RH)	General Counsel & Company Secretary
Dominic McKay	(DMcK)	Chief Operating Officer
David McMillan	(DMcM)	Independent Non-Executive Director
Malcolm Offord	(MO)	Council Nominated Non-Executive Director
Bob Richmond	(BR)	Council Nominated Non-Executive Director
Lesley Thomson	(LT)	Senior Independent Non-Executive Director

In Attendance:

[NAME REDACTED]	[XX]	[NAME OF FIRM REDACTED]
Simon Mackintosh	(SM)	Consultant, Turcan Connell
Shona Bell	(SBell)	Director of HR
Colin Rigby	(CR)	Vice-President (<i>Observer</i>)
[NAME REDACTED]	[XX]	Auditor, PWC (to Item 3.1)
[NAME REDACTED]	[XX]	Minute Taker
James Robson	(JR)	Chief Medical Officer (for Item 2 only)

Apologies:

Andrew Healy	(AH)	Finance Director
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1. Introduction & Opening Remarks**ACTION**

The Chairman noted that a quorum was present and opened the Meeting.

Apologies were noted on behalf of Andrew Healy.

It was noted that Simon Mackintosh of Turcan Connell and [NAME OF INDIVIDUAL REDACTED] from PWC were in attendance.

The Chairman invited the Chief Operating Officer to provide an update on an announcement regarding Scottish Government funding for sport. The Chief Operating Officer explained that later that afternoon, the Scottish Government would be announcing a package of funding for the sports sector in Scotland. For Scottish Rugby this would take the form of a £15m grant and a £5m loan. Any conditions attaching were still to be advised.

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This was welcomed as excellent news at an important time, and the Chief Operating Officer was congratulated on his hard work with the Scottish Government to reach this outcome. It was considered that the announcement of support for Scottish Rugby and the level of that was a positive reflection on how the sport and organisation had conducted itself during the pandemic. More information on the funding would be available in due course.

2. Head Injuries

The Chairman referred to recent reports of a class action being brought in England and Wales by several former professional rugby players in relation to head injuries which it was claimed were sustained during their playing careers. The Chief Executive and Chief Medical Officer were invited to comment.

[SECTION REDACTED - CONFIDENTIAL AND LEGALLY PRIVILEGED]

The Chief Medical Officer was thanked for his contribution and left the Meeting.

2. Risk Register Report

The Company Secretary referred to the summary Risk Register Report and extracts from the Register highlighting risks allocated to the Board and the higher-level risks on the Register. The Report was taken as read.

It was noted that the full Risk Register was updated regularly and considered by the Audit and Risk Committee throughout the year. It had been examined at the most recent Committee meeting. The key risks were flagged again for the Board as a whole before finalisation of the accounts each year.

Various additional risks had been highlighted in light of the pandemic and the work carried out on the organisation's 4-point recovery plan. Risk levels would continue to vary as the situation developed. The approval and roll-out of a Covid vaccine would undoubtedly have a positive impact on certain risks in due course.

It was noted that the risk of litigation in relation to head injuries would be added to the Register in light of the recent media reports in England.

A full copy of the Risk Register was available for any Director to review.

3. Financial Statements for 2019/2020

3.1 *Revolving Credit Facility*

It was confirmed that solicitors representing the Company and the Bank of Scotland had been working overnight to progress documentation in relation to the new revolving credit facility discussed previously. This was virtually complete.

There was some discussion regarding whether the facility would be required in light of the very recent news about Scottish Government support, with the general view being that the facility, as potential additional borrowings, should not be set up if it was not needed. A public announcement from Government was generally considered to represent a

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reliable commitment to funding but it was recognised that the information available at present was limited.

The Chief Operating Officer would seek further clarification from the Scottish Government over the terms of the support package and timings and any conditions for payment. **DMcK**

The Board was reminded that in order to conclude the AGM on 22 December, which was the last available date to host the meeting remotely before the calendar year end, the audited accounts would need to be approved and circulated to the members no later than Monday 14 December, if allowing 7 days for the full audited accounts to be available to the membership.

There were some discussions around whether a further delay to the approval and publication of the annual accounts on the basis of the very new announcement regarding Government support was appropriate.

The President considered that holding off for a couple of days to gain clarity over the government support could ultimately be explained to the membership and any concerns could be addressed if they arose.

The auditor's representative advised that the likely view of PwC was that the Government's support announcement, although a welcome development, would need to be formalised and any terms and conditions set out in order for it to be relied upon at the time of signing accounts as a means of addressing the identified severe plausible downside scenario as part of the going concern assessment. This would be checked and confirmed. To assist with this, the Chief Operating Officer would keep PwC briefed on any information he was able to obtain from his continuing discussions with the Scottish Government.

IT WAS AGREED in the circumstances, that:

- (i) work to finalise the revolving credit facility should continue meantime, pending further advice from the auditors on whether the information available about Government support was sufficient but that a final approval should be sought from the Board before completing that work and entering into the accompanying agreement; and
- (ii) the Board should progress with its review of the 2019/20 financial statements in the meantime.

3.2 *2019/20 Financial Statements*

Acting in its capacity as the Scottish Rugby Board under powers delegated under the Scottish Rugby Union Bye-Laws, and separately, as the Board of Directors of Scottish Rugby Union Limited in connection with the Company's Financial Statements, the Board then considered the draft 2019/20 Financial Statements.

The detailed Finance Report and related papers circulated, together with an updated version of the draft consolidated Scottish Rugby Union 19/20 Financial Statements and which took account of comments from the previous day's Audit & Risk Committee meeting, were noted and taken as read.

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The draft consolidated SRU 19/20 Financial Statements included Scottish Rugby Union Limited, the Murrayfield Experience Limited and the Thistle Rugby Trust. Copies of the draft accounts for each of these entities had also been included in the papers.

The draft SRU 19/20 Financial Statements and accounts of the other group entities had been considered by the Audit & Risk Committee at its meeting the previous day and, subject to some minor non-material amendments (which had now been made) and subject to concluding the revolving credit facility, the Audit & Risk Committee had recommended the consolidated 19/20 Financial Statements of Scottish Rugby Union and the 19/20 Financial Statements of Scottish Rugby Union Limited to the Board for approval.

The associated financial statements of The Murrayfield Experience Limited (a wholly owned subsidiary of the Company) and The Thistle Rugby Trust were subject to separate formal approval processes, notwithstanding the consolidation on a group basis.

It was confirmed that the Company's auditors (PwC) had reported on the outcome of the audit to the Audit & Risk Committee and had confirmed that the audit had been conducted satisfactorily with no issues arising. Subject to the completion of a revolving credit facility on the terms previously identified as a means of addressing the severe plausible downside scenario identified, the auditors were satisfied that the usual going concern statement could be made, without inclusion of a statement about material uncertainty.

The Company Secretary advised that, in accordance with usual practice and requirements, Letters of Representation were being sought by the auditors for each of Scottish Rugby Union and Scottish Rugby Union Limited. Copies of the proposed letters had been circulated in advance of the Meeting.

Directors' attention was drawn in particular to provisions on fraud and related party transactions. It was confirmed that the Audit & Risk Committee had considered the contents and recommended that the Letters of Representation be entered into and that authority be given to sign the Letters of Representation on behalf of the Directors.

It was further confirmed that the Audit & Risk Committee had considered specific fraud related questions as part of its review of the Financial Statements. It was advised that no instances or allegations of fraud had been brought to the Committee's attention during the year and that none of the Committee members and members of the management team present at the Committee meeting the previous day were aware of any fraud, allegations or instances of fraud or suspected frauds. Similarly, the Audit & Risk Committee members and management team members were not aware of any related party matters other than those already disclosed.

Each of the remaining Board members present confirmed similarly. For completeness, due to their involvement in certain decision-making functions, Council members would also be asked at the forthcoming Council Meeting for similar confirmation in respect of their involvement in the affairs of Scottish Rugby Union.

RH/IB

Having considered the draft Financial Statements and noted the recommendations of the Audit & Risk Committee, and in exercise of the powers delegated to the Board under the Scottish Rugby Union Bye-Laws in respect of Scottish Rugby Union and separately the powers of the Directors in respect of the Company, it was **AGREED THAT** subject to: (i) clarification from the auditors on the sufficiency of the recent announcement regarding government funding; and (ii) the approval by the Board of any final revolving credit facility

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documentation, a sub-group of the Directors, comprising the President, the Chairman, the Chair of the Audit and Risk Committee (or in the absence or non-availability of any of those individuals, to another Director), be and is authorised on behalf of the Directors to:

- i) make any minor typographical amendments and adjustments to the Financial Statements, Explanatory Notes and accompanying Reports of Scottish Rugby Union and Scottish Rugby Union Limited for the financial year ending 31 May 2020 as are considered necessary and appropriate;
- ii) approve, if thought fit, the Financial Statements, Explanatory Notes and accompanying Reports of Scottish Rugby Union and Scottish Rugby Union Limited for the financial year ending 31 May 2020 and to authorise the signature of the respective Directors' Reports, Strategic Reports and Balance Sheets;
- iii) finalise and, if thought fit, approve the Letters of Representation from Scottish Rugby Union and Scottish Rugby Union Limited to the auditors, and to authorise the signature of the Letters of Representation on behalf of the Directors;
- iv) authorise the distribution of the Financial Statements of Scottish Rugby Union to the members;
- v) decide on the date for, and authorise notice to be given to the members of Scottish Rugby Union of, the resumed Annual General Meeting Stage 3; and
- vi) undertake such actions and make such additional decisions and execute or authorise the execution of such additional documents as may be necessary to give effect to any of the above.

3.3 AGM Part 3

It was noted that, subject to the SRU 19/20 Financial Statements being finalised and signed, the third part of the AGM would likely take place on 22 December.

A meeting of the Council was due to take place later that evening. The Chief Operating Officer and Chairman would provide a briefing on recent developments, including the newly announced government funding, and approach being adopted to finalising the Financial Statements.

JJ,DMcK

4. Player Market and Contracting Update

The Chief Executive took the Board through a presentation on budgets for the professional teams and recent activity on player contracting for season 21/22.

[SECTION REDACTED – COMMERCIAL CONFIDENTIALITY AND PERSONAL DATA/CONTRACT INFORMATION]

5. AOB

In other business, the following matters were raised:

- i) The Chair of the Audit and Risk Committee confirmed that in light of the different approach which had been needed for aspects of the audit and accounts approval

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process for FY19/20, the Committee would include a review of the 19/20 processes in the Committee's business in the New Year.

- ii) The President commented briefly on Council business, including Council membership and club questions submitted.
- iii) There had been a formal announcement regarding Gregor Townsend being retained as the National Team Head Coach, which was considered to be very positive.

With all business concluded, the Chairman thanked everyone for their attendance and participation.

The Meeting closed.

Next meeting: 21 January 2021.

**APPROVED BY THE BOARD
13 JANUARY 2021**