President’s Welcome

Success has come in many forms for Scottish Rugby this season and our intention is to continue that progress as we invest further in all aspects of the game.

The annual influx of talent from the schools and youth game to the adult game is achieved only through the planning, hard work, dedication and love for our sport shown by so many people around and, indeed, outwith the country to all of whom I say thank you.

I am pleased to report that schools and youth rugby experienced another year of growth under our conference structure, which has player welfare at its forefront.

In its second year, the conferences provided regular games for more boys and girls across the country and we see additional impetus under the commercial encouragement of our new partner, Mitsubishi.

One of the challenges for all of us is to welcome and retain more of these players in our adult club game.

In the international arena, following a fruitful autumn series, Scotland won all three home RBS 6 Nations matches in front of sell-out crowds whilst securing their highest place of fifth in the World Rugby rankings.

Scotland Women secured their first win in the Six Nations in seven years against Wales and backed this up with a victory against Italy, illustrating how far they have come in two seasons.

Scotland 7s won the final round of the HSBC World Rugby Sevens Series to end the season on a high, while Scotland Women 7s had an outstanding success in winning the Rugby Europe Women’s Sevens Trophy.

Our national age-grade teams and the BT Sport Academy continued to develop the next generation of talented players. This was underlined as our national team activities from rising to senior level.

The Club Awards Dinner profiled outstanding contributions to our game. Congratulations to BT Premiership champions Ayr on being awarded BT Club of the Season for their work in producing a sustainable youth section and on-going efforts to develop their women’s and girls’ section.

Well done to BT Women’s Club of the Season Stirling County, who have built a strong foundation for the future.

Increasing investment and providing tools for clubs to thrive in their communities remains a priority for Scottish Rugby. Our focus on creating sustainable clubs is at the heart of the Agenda 3 strategy which was introduced this year to look at performance, participation and finance.

This season saw a further £2.8m invested into Club Support & Development, but we must protect domestic rugby and national team activities from rising costs elsewhere in the sport. We have enjoyed excellent support from our partners such as BT who enable us to develop our game.

The unanimous backing from clubs at a Special General Meeting in October to seek inward investment into our professional sides was a major step forward for Scottish Rugby. I would like to thank all those who attended for their time and support.

Good luck to everyone for the season ahead. Thank you for your valuable contribution to rugby in Scotland.

Rob Flockhart
President, Scottish Rugby
Sir Moir’s leadership greatly contributed to Scottish Rugby’s upturn in fortunes on and off the pitch, including the transformational partnership with BT which increased investment into the domestic game and established the BT Sport Academy.

I would like to take this opportunity to thank Sir Moir for being so generous with his time and expertise during his six-year tenure and laying firm foundations for the sport to flourish in the years ahead.

Scottish Rugby is at a pivotal moment. We need to be creative to combat the challenges ahead while also driving forward our ambitious modernisation and commercial strategies.

I’m delighted to report this year’s turnover of £51.4m was £4m higher than the previous year. This was due to increased ticket and broadcast income, as well as higher commercial income from a number of sponsorship agreements.

While this is pleasing, we cannot be complacent as professional player costs continue to rise and competition for broadcast and sponsorship deals remains fierce.

This is not a unique situation as fellow traditional rugby nations are also facing similar financial challenges, including the might of privately owned European clubs offering record player salaries.

This season, with the unanimous backing of our member clubs, we moved to look externally and secure inward investment to ease the burden of owning two professional teams. This is a very challenging task but one which our executive team are up for.

The new structure alone isn’t a magic bullet. We are also looking at ways to diversify our revenue streams through globalising the Scottish Rugby brand with a focus on the Asian and US markets, this is alongside our existing strategic alliance with Nagasaki in Japan.

BT Murrayfield, the home of Scottish Rugby, was last renovated 22 years ago and the ageing stadium is in need of substantial investment.

Plans for a new hotel at the main entrance to the site are progressing and is one example of how we are looking into the stadium estate to source potential income streams.

We take our place in society very seriously and recognise we have a responsibility to uphold our values of respect, leadership, achievement, engagement and enjoyment in everything we do.

Rugby’s contribution to Scotland is hugely important, from the positive commercial impact to raising the country’s profile and reputation, while also having obvious health benefits.

Player Welfare remains a priority across all levels of our sport. Child protection and wellbeing is of paramount importance to us and we recognise all adults who coach or supervise children have a duty to safeguard their welfare.

Like all Scotland supporters, I’m delighted at the team’s success on the pitch and with the new coaching teams at Scotland, Edinburgh Rugby and Glasgow Warriors the best of luck for the season ahead.

Colin Grassie
Chairman, Scottish Rugby
Chief Executive’s Report

Scottish Rugby has ambitious plans to grow the game and ensure it thrives for generations to come, while safeguarding players across all levels of the sport.

It has been a successful season on a number of fronts, from Scotland winning all three home RBS 6 Nations matches in front of sell-out crowds to generating record revenue in a difficult financial climate.

While we’re in a period of financial growth we must also be proactive and plan for the future, which is why we have set ourselves the long-term objective of generating significant external investment to secure the future of our game in Scotland.

The ongoing development of grassroots rugby will always be a priority. We invested £2.8 million into Club Support & Development this season, while also launching the Agenda 3 strategy covering performance, participation and finance to further support clubs to become sustainable.

Player welfare remains paramount across all levels of our sport as we continue to be leaders in concussion research and implement programmes to protect youth and amateur players, as well as providing world-class support to our elite athletes.

We continue to support valuable medical research with the aim of benefiting players in the future. One example is a group at Aberdeen University who have made ground-breaking progress on nerve injuries since we began supporting them three years ago.

I would like to thank Vern Cotter for his contribution to Scotland’s success, including reaching their highest ever position of fifth in the World Rugby rankings.

I’m looking forward to seeing progress under Gregor Townsend as our attention turns to Rugby World Cup 2019, where we will meet hosts Japan in the pool stages.

This is an exciting prospect as we continue to strengthen our ties with the Japanese RFU and the city of Nagasaki, who will host the national team for a preparation camp ahead of the World Cup.

The strategic alliance with Nagasaki builds on the existing relationship with the RFU, which was formalised in 2013 to develop a deeper relationship from a rugby and commercial perspective.

Gregor’s first match in charge alongside Assistant Coaches Matt Taylor, Dan McDermott and Mike Blair saw Scotland claim a convincing win against Italy in Singapore. The historic match was the first tier one international to be played in the Lion City and is the continuation of our long-term objective to further globalise our brand in Asia-Pacific.

It was fantastic to see Scotland Women secure two well-deserved wins in the Six Nations and finish fourth, while Scotland 7s ended the season on a positive note collecting silver in Paris and lifting the Cup in London.

This was a great send off for Scotland 7s Head Coach Calum MacRae who handed over the reins to Scotland U20 Head Coach John Dalton.

MacRae has joined the new coaching set-up at Edinburgh Rugby under Richard Cockerill, who has three English Premiership titles to his name, with Duncan Hodge returning to the role of Attack Coach, and Roddy Grant joining as an Assistant Forwards Coach.

Successful Super Rugby and New Zealand age-grade coach Dave Rennie heads up the new backroom at Glasgow Warriors completed by former Scotland Assistant Coaches Jonathan Humphreys and Jason O’Halloran, with Kenny Murray and Mike Blair staying on.

I’m sure they will all hit the ground running and get both sides into shape ahead of their respective European and Guinness PRO12 campaigns. To everyone involved in rugby across Scotland, all the best for the season ahead.

Mark Dodson
Chief Executive, Scottish Rugby

We were fully involved in the development of World Rugby’s new global season and negotiated the return of Scotland to playing summer test-match series against the best teams in the southern hemisphere from 2020.
Scotland enjoyed a memorable season, winning 7 of 11 test matches to end an era of positive development for Head Coach Vern Cotter, and herald a new beginning under Gregor Townsend.

Setting new records, Scotland played in front of three sold-out BT Murrayfield crowds in the RBS 6 Nations and recorded three home wins. They also cruised past the record set for tries (14) and points (122) scored the previous year in the Championship.

In autumn, Scotland hosted Rugby World Cup finalists Australia and semi-finalists Argentina at BT Murrayfield before taking on arguably one of the world’s most rapidly-improving sides, Georgia, at Rugby Park in Kilmarnock.

Record crowds turned out to see Scotland’s rematch with Australia, however the hosts were defeated by a one-point margin in a thrilling encounter, which saw Huw Jones score twice on his first start for Scotland.

Jones’ performances were again the talking point in the following test, this time creating the opportunity for Sean Maitland to score, while Greig Laidlaw goaled five to secure a tense victory over the Pumas.

Scotland then rounded off the series in style, putting six tries past Georgia in Ayrshire with scrum-half Ali Price impressing on his debut as a replacement to create the final score.

The sequence of improved performances and results leading up to the RBS 6 Nations gave the Scots justifiable but measured confidence. This feeling was backed up with an impressive opening victory over Ireland in front of a full house at BT Murrayfield.

Scotland were narrowly beaten by France in Paris, before returning home to dispatch Wales in front of a jubilant capacity crowd – the 20 unanswered points in the second-half one of many highlights in the Championship.

With title contention a serious possibility going into the penultimate round, Scotland put in an uncharacteristic performance at Twickenham and succumbed to an England side in top gear.

The disappointment of that defeat was then put to bed in the final match when a convincing, bonus-point win over the visiting Italians put the Scots in contention for second place. Results, however, conspired to see them miss out on their highest-ever placing, finishing equal on Championship points with Ireland and France (14) and fourth on match-points difference.

Scotland finished the 2016/17 season and began Gregor Townsend’s tenure with a 34-13 victory against Italy in Singapore followed by an historic five-point win against Australia in Sydney before rounding of the summer tour with a five-point loss to Fiji in Suva. On tour, they returned to their highest ever World Rugby ranking of 5th, which was first achieved during the RBS 6 Nations.

Ross Ford
Scotland’s most capped male player
110 caps v Fiji on 2017 summer tour

Huw Jones
Lions’ top try scorer

Stuart Hogg
Greg Laidlaw
Allan Dell
Finn Russell
Tommy Seymour

Stuart Hogg
Player of the Tournament
2nd year running

Huw Jones and Finn Russell, Scotland v Australia 2016

NUSE

British & Irish Lions

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110 caps v Fiji on 2017 summer tour

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NUSE
The squad missed out on a place at the 2017 Women’s Rugby World Cup following two defeats in the qualifying matches against Spain in November.

Determined to keep improving, Shade Munro’s side overcame the disappointment ahead of the Six Nations and, with more training camps and competitive games, were better prepared for the challenge of the Championship.

They came close to holding Ireland to a draw in their opening match at Broadwood Stadium, but a try in the last play of the match saw the visitors clinch the win four tries to three.

France away was also going to be difficult, but the squad rallied after the loss and proved their mettle with a remarkable comeback against Wales at home to win their first Six Nations game since 2010. They clawed their way back from a 14-point deficit as scrum-half Sarah Law held her nerve to secure the one-point win with a penalty goal as the clock wound down.

Following another disappointing away match against England, they returned to winning ways in their final test against Italy at Broadwood. Trailing by 12 points, Scotland came from behind and took a two-point lead into the break via two Chloe Rollie tries and held Italy at bay until the final whistle to record their first win against the Italians since 2009. It marked the first time Scotland had won two Six Nations matches since 2006 and showed how far the squad has come in the past two seasons following greater investment from Scottish Rugby into women’s high-performance programmes.

The new structures to develop the next generation of elite female athletes are starting to pay dividends with young players reaching the level required for international rugby.

Talented female players have more opportunities than ever before to climb the ranks with over 200 players supported by the Performance Development Programme, for players aged between 16-20, the Performance Pathway and the BT Sport Scottish Rugby Academy.

Scotland Women

Scotland Women made great gains this season and enjoyed their most successful Six Nations campaign in over a decade with victories over Wales and Italy to finish fourth.

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2017 Women’s Six Nations

Scotland 15-22 Ireland
France 55-0 Scotland
Scotland 15-14 Wales
England 64-0 Scotland
Scotland 14-12 Italy

2016 Women’s Rugby World Cup Qualifiers

Scotland 5 – 10 Spain
Spain 15 - 10 Scotland

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Scotland 7s enjoyed their most successful HSBC World Rugby Sevens Series in history, finishing seventh overall after winning the London tournament for the second successive year and collecting silver in Paris.

They also made history at Twickenham when they became the first Scotland team to beat a New Zealand side in 122 years. The Scots came from behind in dramatic fashion with four second-half tries overturning a 0-21 deficit to make it through to the London quarter-finals.

Scotland then defeated hosts England 12-7 in the final with tries from Hugh Blake and captain Scott Riddell as a fitting send-off to Head Coach Calum MacRae and long-serving players Mark Robertson and Scott Wight.

The weekend prior, Scotland picked up a silver medal in Paris, losing to eventual Series champions South Africa in the Cup final. That added to the bronze they picked up in Wellington as well as the Challenge Trophy they won in Hong Kong.

Over the year, Scotland 7s displayed a consistency which allowed them to be competitive against all teams on the circuit.

Despite injury challenges mid-season they stayed on track and grew as a group with the younger players now in a better place for next year.

MacRae has joined Edinburgh Rugby and John Dalziel will take over as Scotland 7s Head Coach, having led Scotland U20 to their highest ever World Rugby U20 Championship finish of fifth.

Next season, Scotland 7s will compete in the HSBC World Rugby Sevens Series, the Commonwealth Games in Australia and the Sevens Rugby World Cup in USA.
Scotland Age Grades

Scotland’s age-grade system develops the country’s best male and female players while also preparing them for the rigours of the international and professional game.

Scotland U20

Scotland U20 enjoyed another historic season, epitomised by their successful World Rugby U20 Championship campaign in summer.

Under the guidance of Head Coach John Dalziel, the senior age-grade side achieved their highest ever finish of fifth in the U20 Championship, improving on their previous high of eighth.

An opening loss to eventual winners New Zealand was Scotland U20’s only defeat in the tournament. A win against Ireland built momentum ahead of a second victory over Italy, which secured a second-place finish in Pool B and a spot in the fifth-place play-offs.

A late Darcy Graham score was enough to avenge a heavy Six Nations defeat to Wales, and see Scotland through to battle for fifth position in a duel against Australia.

Once again the match was won in the closing stages, with scrum-half Charlie Shiel touching down for a vital double to see his side break new ground.

The success in Georgia was a marked improvement from a disappointing Six Nations campaign, where the side recorded a sole victory against Italy in a thrilling tournament.

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Scotland U19 Development

The development squad is an extension of the BT Sport Scottish Rugby Academy, and is used as a platform to give players international age-grade experience, with a view to preparing them for further Scotland honours.

Scotland Women U19 7s

The women’s development side represented Scotland at the School Games in rugby sevens for a fourth year in September. Coached by Scotland Women players Megan Goffrey and Lindsey Smith, they came up against regional Welsh, English and Irish teams and gained valuable experience against some strong opposition. They finished 8th overall.

U20 Six Nations

Scotland 19 - 20 Ireland
France 36 - 8 Scotland
Scotland 34 - 65 Wales
England 33 - 5 Scotland
Scotland 38 - 17 Italy

World Rugby U20 Championship

Scotland 20 - 42 New Zealand
Scotland 32 - 28 Ireland
Scotland 17 - 16 Italy
Scotland 29 - 25 Wales
Scotland 24 - 17 Australia

U20 Six Nations

Scotland 19 – 20 Ireland
France 36 – 8 Scotland
Scotland 34 – 65 Wales
England 33 – 5 Scotland
Scotland 38 – 17 Italy

World Rugby U20 Championship

Scotland 20 – 42 New Zealand
Scotland 32 – 28 Ireland
Scotland 17 – 16 Italy
Scotland 29 – 25 Wales
Scotland 24 – 17 Australia
Glasgow Warriors enjoyed their best European campaign, reaching the quarter-finals for the first time while selling out all 14 home games at Scotstoun Stadium, another first for the club.

Bonus-point victories away to Connacht and at home against Leinster in the Guinness PRO12 got the season off to a positive start ahead of hosting Leicester Tigers to kick-off their Champions Cup campaign. Glasgow ran in five tries to win 42-13 – a sign of things to come in their European run.

With the squad depleted by the autumn internationals, Glasgow struggled to find form in the Guinness PRO12 losing three league games in a row before travelling to Paris to face French champions Racing 92 in Europe for the second successive season.

An historic 23-14 victory at the Stade Yves Du Manoir was bittersweet in the reverse fixture the following week at home, Finn Russell pulling the strings to outshine Dan Carter as Glasgow won 23-7 to record a double over the previous season’s Champions Cup finalists.

A ferocious battle against Munster in the New Year saw Scotstoun host a game of test match intensity, the Irishmen snatching victory late on, meaning Glasgow needed to travel to Welford Road the following week and win.

The match in Leicester will go down as one of the greatest in the club’s history, with the 43-0 victory against the two-time European champions securing Glasgow’s place in the last eight for the first time.

Drawn against the reigning champions, Glasgow travelled to face Saracens in the quarter-finals with 6,000 supporters behind them, but the hosts were too strong and ended Glasgow’s memorable journey.

Glasgow’s Guinness PRO12 campaign did not meet expectations and despite getting off to a positive start with bonus-point wins against Connacht and Leinster, the side missed out on the top four after finishing sixth.

Following five years at the helm, Head Coach Gregor Townsend moved to the Leinster, the side missed out on the top four after finishing sixth.

Dave Rennie joined as Head Coach from Super Rugby side the Chiefs, alongside former Scotland coaches Jason O’Halloran and Jonathan Humphreys. Kenny Murray and Mike Blair are staying on as Assistant Coaches at Scotstoun, with Blair also forming part of Townsend’s Scotland backroom.

Off the pitch, the club has continued to grow with new sponsors Land Rover, Black & Lizars, Story, and Martha’s joining the family of sponsors, which is now 33-strong.

An extra 600 people enjoyed Glasgow Warriors hospitality this season, with the new artificial pitch allowing more match days.

New players signing ahead of next season include Huw Jones, Oli Kebble, Callum Gibbins, Adam Hastings, Lelia Masaga, Samuela Vunisa and Brandon Thomson. Stars such as Stuart Hogg, Tommy Seymour and Ales Dubar have extended their contracts.

A Warrior


Dave Rennie
Edinburgh Rugby

Edinburgh Rugby experienced a season of transition while achieving an impressive run in the European Rugby Challenge Cup which saw them reach the knock-out stages.

Head Coach Alan Solomons departed early in the season making way for Assistant Coach Duncan Hodge to take charge on an interim basis, alongside Defence Coach Pete Wilkins and Forwards Coach Stevie Scott.

The turn of the year marked a change in venue too, moving away from BT Murrayfield to host six games at Myreside in partnership with George Watson’s College.

The trial move was deemed a success, with sell-outs in the opening two games against Timisoara Saracens and Munster, and positive feedback from supporters, players, coaches, local residents and other key stakeholders.

On the field, a hugely promising start to European affairs saw Edinburgh top their group with five victories from six, including wins over Harlequins, at home and away, and eventual Challenge Cup winners Stade Francais. La Rochelle ended their European run when the French side visited BT Murrayfield in the quarter-finals.

The shine and positivity surrounding their European endeavours was countered by a disappointing domestic campaign in the Guinness PRO12. Despite notable wins against Scarlets, Ulster and Glasgow Warriors, the capital club finished in ninth place.

On the international scene, 11 Edinburgh Rugby players featured for Scotland this season and Allan Dell was called up to join the British & Irish Lions in New Zealand.

The backroom set-up was also refreshed with the highly sought-after Richard Cockerill - a three times English Premiership winning coach with Leicester Tigers - taking on the role of Head Coach, Duncan Hodge (Attack Coach), Calum MacRae (Defence Coach) and Roddy Grant (Assistant Forwards Coach) also took up their positions at the end of the season.

Looking ahead to next season, the club made several important new signings including Robbie Fusco and secured key players, including Scotland caps Allan Dell, WP Nel, Hamish Watson, John Harle and Magnus Bradbury.

Edinburgh Rugby has grown commercially this season with new sponsors joining the family of partners, including 2020 Productions, Scrum Magazine, Miller Homes, Actavo and Crabbie’s, alongside a wider Scottish Rugby partnership with Eden Mill. Key sponsor renewals included Mitsubishi Motors and Village Hotels.

The Edinburgh Rugby Business Club was successfully relaunched, with several blue-chip organisations joining, including Anderson Strathern, Hampden & Co. Bank and Shepherd and Wedderburn.

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Ben Tools, Scotland
BT Sport Academy

Over 1,500 male and female players were supported by the BT Sport Scottish Rugby Academy this season from early talent identification camps to preparing players for professional rugby.

Launched in summer 2015, this year’s selection included 90 Stage 2 and 3 male and female players, based at one of four regional centres in Caledonia, Glasgow & the West, Borders & East Lothian and Edinburgh.

They continued to play regular school or club rugby alongside attending the BT Sport Academy where individual programmes were developed, delivered and monitored by Academy staff.

Twenty seven players were contracted at Stage 3 and linked closely to either Glasgow Warriors or Edinburgh Rugby, which offered opportunities to develop through both training and playing.

A further development this season involved a partnership with London Scottish, which saw seven BT Sport Academy players join the Championship side as part of their individual programmes.

Through the regional early talent identification camps, over 1,000 male and female U14, U15 and U16 players were given more opportunities to become better rugby players throughout the season.

A 30-match regional series at U16, U18 and U20 levels saw all four regions play each other across the country during July and August with the programme culminating in a finals day at BT Murrayfield. It exposed 385 players and 49 coaches to the intensified, competitive environment of BT Sport Academy rugby.

The fixtures also gave players an opportunity to promote themselves for Academy and national age-grade selection. Looking ahead to next season, Scottish Rugby will continue to grow the regional programme with the introduction of matches at U17 and U19 level.

This season saw more Academy players going on to sign senior professional contracts of clubs, including Glasgow Warriors and Edinburgh Rugby, while 12 players helped Scotland Women achieve two memorable victories in the Six Nations – their first since 2010.

A further 32 played for Scotland age-grade sides during the season and four competed for Scotland 7s on the HSBC Sevens World Series.

Each of the Academies continued to find regional solutions to regional problems but all were driven by the national framework and three key pillars of player development - high performance behaviours, rugby and athletic capacity.

Additional support and expertise for players were provided by our partnership with the sportscotland Institute of Sport around performance lifestyle, performance psychology and performance nutrition.

Scottish Rugby also entered a three-year partnership with the Royal Marine Commandos to assist the development of its top performing individuals and teams.

This new relationship will support the governing body to enhance high performance behaviours and environments for both players and staff - particularly those in the BT Sport Academy – focusing on self-reliance, work ethic, engagement, commitment, analysis, goal setting and resilience.

Building on the success of last year, the combined East (Edinburgh/Borders & East Lothian) v West (Caledonia/Glasgow & West) programmes were enhanced. More than 200 players featured in the seven games at Scotstoun, Netherdale and the National Performance Centre, Oriam. The U20 match at Oriam was the first competitive rugby match on the indoor synthetic surface. A cross-border U18 East and West competition against Welsh regions is being developed for next season to continue to broaden opportunities for our next generation of players.

Glasgow Warriors

Jamie Bhatti
Liam Wootten
Matt Smith
George Horne
PatrickKelly

Edinburgh Rugby

Murray McCallum
Callum Hunter-Hill
Ally Miller
Hugh Fraser
Darcy Graham
Tom Cattrell

Jade Konkel joined Lille Metropole Rugby Club Villeneuvais (LMRCV) ahead of next season following a partnership between Scottish Rugby and the top French club. She will remain a Stage 3 BT Sport Scottish Rugby Academy player.

Darcy Graham
Nick Grigg
Ali Price
tom
Hugh Fraser
pattie
Callum
Murray

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East v West

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Coach Development

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The Scottish Way Technical Blueprint

The Scottish Way Technical Blueprint is an overarching set of principles aimed at improving the quality of rugby in Scotland and was developed with input from club, school, age-grade and professional coaches. It was launched in September 2016 with 324 people attending eight regional workshops and has been a catalyst for change in many areas of domestic rugby, including the development of the revamped UKCC Level 1 and 2 coaching qualifications, and an enhanced coaching workshop programme.

A significant achievement this season has been the implementation of the Online Training Hub, powered by Hive Learning. The hub has proved a success with clubs and schools. It will also host the RugbyRight minimum standard course next season.

To help raise the quality and Technical Blueprint understanding of coaches from our top clubs and schools, a series of 12 pro-coach masterclasses were delivered in October and November with 363 attendees.

The sessions ranged from a lineout and contest possession workshop programme.

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Following a review during the previous season, and with the support of sportscotland and the Winning Scotland Foundation, the Positive Coaching Scotland programme took on a new look this season.

New training programmes were created and delivered to all Tier 3 Conference clubs and schools, aimed at upskilling parents, players and coaches on the core PCS principles – mastery coaching, growth mindset and creating a positive environment. These principles have also been embedded within all coach development programmes to ensure consistency of message.

Three mini rugby coaching conferences were held for the first time to support coaches developing young players. The 130 attendees received updates on physical competency, age grade law variations, principles of play and mini rugby session structures.
Club Rugby

Creating sustainable clubs to ensure rugby thrives in Scotland remains our focus as we continue to increase investment into the grassroots game and raise the standard of play across all levels.

Performance, participation and finance are the key components of Agenda 3. Our new three-year strategy launched this season to further support clubs across the country.

There are now over 100 clubs actively working with Scottish Rugby’s regional Club Services Managers to deliver business plans to help clubs develop their off-pitch activities such as generating income, sponsorship and community involvement.

To help clubs engage with their members and surrounding community, social media workshops were introduced with 90% of those surveyed valuing the sessions as extremely or very relevant to their club.

The Director of Rugby course was introduced with 90% of those surveyed valuing the sessions as extremely or very relevant to their club.

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The Director of Rugby course was introduced with 90% of those surveyed valuing the sessions as extremely or very relevant to their club.

Club Rugby

3 men’s finals
3 women’s finals
4 finals on international pitch at BT Murrayfield
12 teams

Student Rugby

6,000 supporters at BT Murrayfield
32% increase since 2013/14
45 +
Scottish teams in BUCS leagues
6 teams this year

32% increase since 2013/14
45 +
Scottish teams in BUCS leagues
6 teams this year

BT Cup & Sarah Beamey Cup finals streamed live on Scottish Rugby Facebook
Broadcast coverage of BT Premiership & BT National 1 leagues increased with weekly highlights show

Success at Stewartry

The hard-working rural club in Dumfries & Galloway were awarded BT Club of the Month for February, recognising their performance and development.

We have a lot of people behind the scenes whose work is generally unrecognised outside of the club so we see this as a tribute to them on the whole.

Eric Fenwick, Stewartry President

The 1st XV were crowned BT West Division 2 champions after recording just two losses this season, while their youth section continues to flourish. The Stewartry Sirens finished fourth in their maiden season in the BT Women’s Premier League and lifted the BT Women’s Plate.

February also saw the opening of their £100,000 strength and conditioning facility, which received investment from Scottish Rugby’s Club Sustainability Fund and sportscotland. The club hosted various coaching courses and helped fund a Development Officer in partnership with the Dumfries & Galloway Council.

Tartan Touch has so far exceeded expectations thanks to a successful marketing campaign.

Next summer will see more hub clubs as well as universities hosting sessions to encourage entry level rugby participation.

More than 20 hub clubs across Scotland

Embraced by

28% women & girls
7-75 years old

447 £30 summer passes per session

£320k - 450k
Capital & Revenue awards £50k - 500k
122 awards to clubs first 3 years
32 Fast Track awards up to £2k
£13 million project costs so far

Tartan Touch

Simple, social rugby.

Made possible through our partnership with BT, the four-year fund enables clubs to generate revenue and improve infrastructure with major projects being completed this season at Biggar, Selkirk and Stewartry.

12 clubs have had Business Development Manager posts funded to increase income and grow membership.

The launch this summer of a simple, mixed, social form of non-contact rugby for all ages is another tool to help clubs prosper in a traditionally quiet period of the season and attract new members.

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The launch this summer of a simple, mixed, social form of non-contact rugby for all ages is another tool to help clubs prosper in a traditionally quiet period of the season and attract new members.
Progress has been made under the National Strategy for Women’s and Girls’ Rugby to raise participation and visibility, while performance structures are now producing winning teams.

Following growth in the number of female teams, the focus is on developing youth competition structures to take the girls’ game to the next level with increased opportunities driving the standard of play.

Girls across Scotland played in more regular competitions this season. The introduction of the Girls’ Club Cup, Girls’ School Cup and Girls’ President’s Conference saw the number of competitive fixtures grow by 210% and is set to rise further as more girls’ conferences are established over the coming seasons.

Women’s rugby is also in good health, with nine new teams moving into competitive leagues, four of which make up the new BT Women’s North 1 League that has had a major impact on women’s rugby in the north of Scotland. A further 12 teams competed in the National Development League in preparation for competitive rugby.

Increasing the quality and quantity of female coaches in club, school and performance rugby was the impetus behind a new female coach mentoring programme. Claire Cruickshank, Louise Dalgliesh and Sarah Quick were selected for the programme which will develop their technical, tactical and theoretical knowledge.

Progress has also been made in female match officials with 179 women refereeing games this season - a 40% increase compared to the previous season. The appointment of Hollie Davidson as Scottish Rugby’s first contracted female referee ahead of next season was a major step forward.

Structures for elite female athletes are making an impact on Scotland Women and Scotland Women 7s, while also preparing the next generation for the rigours of the international game.

Over 200 of the most talented female players were directly supported by Scottish Rugby this season. The Performance Development Programme for players aged 16-20 had a successful first season and the BT Sport Scottish Rugby Academy Early Talent Identification was also established. The development of our elite female athletes continued in the BT Sport Academy Stage 2 and 3 programmes and the Performance Pathway.

The campaign to highlight the positive benefits of playing rugby and to encourage women to join a team was successfully launched with ten clubs hosting free, taster sessions for beginners. Clubs across the country are set to host a series of pre-season beginner’s sessions during summer, while the second phase of the campaign targeting secondary school girls will be rolled out in the first term.
Schools & Youth

The Schools & Youth Conference programme has gone from strength to strength this season, with more boys and girls playing regular competitive rugby across Scotland.

Mitsubishi Motors has come on board as an Official Partner of Scottish Rugby, supporting all levels of the game. The Japanese car giant will help drive youth rugby forward as the title sponsor of the Schools & Youth Conferences.

Launched in 2015, the Conferences provide a framework for clubs and schools to work together to grow the game and improve the standard of play. Player welfare remains at the core, as the emphasis is firmly on long-term player development.

Clubs and schools are appropriately grouped together based on their development structures and number of teams, to continually improve the playing environment.

Scottish Rugby and its development network coordinate matches to guarantee blocks of fixtures across all age groups from U13 to U18 with compatible clubs or schools throughout the autumn.

An additional 35 state schools entered the Conferences this season, meaning 156 state schools, 26 independent schools and 93 clubs participated.

Entry level for clubs and schools organised on a local or regional basis to play in appropriate age group or conference-style competitions.

The boys and girls schools and club cup competitions were well-attended events displaying a high standard of rugby.

Congratulations to all the Cup and Conference winners and good luck for next season.

This was a step forward for the girls’ game as regular competition has accelerated the development of girls’ rugby with the standard of rugby visibly improving across the season.

The conference has been a catalyst for clubs to increase the number of training sessions and introduce strength and conditioning and video analysis.

It’s allowed us to visibly improving across the season.

Girls’ President’s Conference

Six clubs from across the country competed in the 1st edition of the Girls’ President’s Conference at U15 and U18 levels with Stirling County and Biggar sharing the honours.

The Boys and girls schools and club cup competitions were well-attended events displaying a high standard of rugby. Congratulations to all the Cup and Conference winners and good luck for next season.

Scottish Rugby is committed to ensuring player welfare remains a priority for all involved in the coaching and running of youth rugby. We have continued to engage with clubs to ensure all coaches and volunteers working with children have completed PVG checks.

Eight boys and eight girls from across Scotland were selected for the new Youth Panel this season, which acts as a voice for young people within Scottish Rugby to inform the development of schools and youth programmes.
Scottish Rugby’s Match Officials department provides knowledge, skills and professional support to the referee societies to develop, appoint and train match officials. There were over 2,300 qualified referees in Scotland this season but as the workload of referees continues to challenge the current resources, more people need to be recruited to this valuable role in our sport.

Training and education of referees remains a priority with over 400 people completing the Level 1 course this season. Continuous personal development is offered to all qualified match officials in Scotland through the new Online Training Hub, powered by Hive Learning. Clips and discussions are posted online each week to ensure all referees can develop throughout the season.

More women and girls took up refereeing this season with an additional 52 women boosting the total number of female match officials to 179. Scottish Rugby took a major step forward when former Scotland Women’s forward when former Scotland Women’s centre, Sarah Beaney, signed up to refereeing.

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For the first time, all four women’s BT Cup Finals at BT Murrayfield were officiated by females. Special mention to Alex Hackett on her first appointment to the Sarah Beaney Cup final.

The appointment of several Scottish match officials to professional competitions this season indicates progress over the past three seasons.

The EPCR Continental Shield final at BT Murrayfield was officiated by an all-Scottish match official team, with Mike Adamson in the middle.

Neil Paterson was appointed TMO to the Guinness PRO12 final and to two test matches in the June international window.

World Rugby appointed Andy Cliff as performance reviewer to five test matches and appointed Adamson, Andrew Macpherson and Charles Samson to officiate in the 2017 World Rugby U20 Championship in Georgia.

Scottish Rugby’s current positioning internationally is in line with the goal of Scottish match officials being appointed to officiate in Rugby World Cup 2019 and the 2020 Olympic Games in Japan.

Scottish Rugby aims to provide a pathway for anyone who wants to become a match official, while the six referee societies remain the backbone to our domestic game.
Chief Operating Officer’s Report

Our results off the pitch have again exceeded expectations as we continue to grow our three main revenue streams of ticketing, sponsorship and broadcast allowing Scottish Rugby to increase investment into the grassroots game.

Total Scottish Rugby crowds

597,422

Turnover £51.4M

Up 25%*

Ticketing £12.6M

up 22%

Broadcast £13.3M

Up 7%

Commercial £11M

Other £14.5M

Down 24%* (non RWC year)

The Guinness PRO12 developed its commercial and brand focus this season culminating in a record crowd for the final. We are working closely with their executive to grow the competition even further.

Our family of sponsors continues to grow with a range of diverse brands who assist in enhancing the match-day experience, including our principal partners BT and Macron.

Thanks to Macron’s innovative designs and quality, this season’s Scotland, Edinburgh Rugby and Glasgow Warriors merchandise was well received by fans with record retail sales.

Eden Mill joined as the Official Gin Partner of Scottish Rugby, Glasgow Warriors and Edinburgh Rugby in a significant sponsorship deal expanding the drinks options for our ever-growing number of female fans, who now represent more than a third of our total supporter base.

While our commercial growth is going from strength to strength, we need to be innovative to diversify and deepen our revenue streams to ensure the game is sustainable at all levels.

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To address this, we are working on various international projects.

Globalising our brand to attract overseas investment and grow our fan base is critical. We have strengthened ties in the US, Japan and Singapore markets. Rugby World Cup 2019 in Japan offers an unprecedented opportunity to take the Scottish Rugby brand into Asia. Our fee with Nagasaki, who will host the Scotland team ahead of the World Cup, have already been beneficial.

Playing the first test match in Singapore against Italy to kick-off Scotland’s 2017 summer tour raised further our profile in Asia and demonstrated Scottish Rugby’s desire to be innovative and at the forefront of new initiatives.

Back on home soil, plans to build a hotel at BT Murrayfield are progressing, as we look at new ways to utilise the stadium, which now needs considerable investment following its redevelopment 22 years ago.

I would like to thank everyone involved in making this season’s success possible, including our dedicated and passionate events, retail, sponsorship, marketing,

We were delighted to welcome Mitsubishi Motors as our Official Car Partner and Official Partner of the Schools & Youth Conferences, to help raise the profile of the great work being done to develop our next generation of players.


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North America, Asia and Australian tours were well received by fans and media.

In May, we supported the Scottish FA’s World Cup preparations with two international matches.

Our family of sponsors, including our principal partners BT and Macron, also contributed to our success this season.

Thank you for your ongoing support across all levels of rugby in Scotland.

Dominic McKay
Chief Operating Officer, Scottish Rugby

Total Scottish Rugby crowds

597,422

Scotland

332,812

Including three sell-out RBS 6 Nations games

Glasgow Warriors

101,889

EPCR Finals

79,866

Edinburgh Rugby

78,176

Scotland Women & Scotland U20

4,679

at three Six Nations double-headers

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Globalising Our Brand

Fans watched Scotland in 181 territories worldwide.

2.8 million fans in the UK watched Scotland’s RBS 6 Nations matches.

23.2 million fans in 22 countries around the World.

2,142 Scotland supporters’ club members.

2,142 Scotland supporters’ club members.

61% increase.

All Scotland Women’s Six Nations games streamed LIVE online.

1,000 Scotland Season Pass & Supporters Club fans attended.

250 Scotland Debenture, Season Pass & Supporters Club fans attended an ‘Evening with Vern Cotter’ during the RBS 6 Nations.

The new Caledonia Best Up & Under Bar enhanced BT Murrayfield this season and was a resounding success with up to 480 fans enjoying it on match days.

Crabbie’s expanded their partnership and is now the Official Sponsor of Scottish Rugby’s match officials. Referees across the country will wear Crabbie’s branded kit.

Connecting with Fans

NEW this season

Snapchat
Taking you behind the scenes

360°
Facebook LIVE!
Showing moments as they happen

1.8M
scottishrugby.org
unique visitors

187k
total views

12.9k
subscribers
Up 38%

232k
followers
Up 21%

610k
total followers

76k
followers
Up 69%

289k
followers
Up 25%

1.36M
views
Up 11%

31% increase

1.36M
views
Up 11%

Countries:
UK, US, Australia, France, Italy, Canada, New Zealand, Spain, Ireland

61% male
39% female

61% male
39% female

2.4k
average likes per post

6k
average views per Snap

#AsOne

Looking after our People

Scottish Rugby is saddened to reflect on the passing of some notable rugby talent in the past year. Our sympathies to all from the rugby family who lost loved ones during the past season.

Obituaries

Frans Herman ten Bos (Oxford University, London Scottish and Scotland)
17 Scotland caps from 1959-1963
Died 1 September 2016, aged 79

William John Ferguson Hunter (Hawick, the South and Scotland)
7 Scotland caps from 1964-1967
Died 20 September 2016, aged 82

Ian Allan Alexander MacGregor (Helensburgh)
Former member of the Scottish Rugby Board (2005-2007)
Died 18 November 2016, aged 75

James Hugh Hay (Ayr)
Former Scotland and Glasgow team doctor
Died 10 January 2017, aged 76

Ewen Alistair John Ferguson (Oxford University and Scotland)
3 Scotland caps in 1954
Died 20 April 2017, aged 84

Looking after our Players

Scottish Rugby recognises and understands the significant social and health benefits that the sport delivers for its players. However, rugby is a contact sport and as such player welfare is the number one priority.

Investing in Research

Aberdeen University
Supported ground-breaking research on nerve injuries since 2014

Edinburgh Napier University
Three-year funding partnership for two PhDs in concussion and using monitoring data to improve player performance

University of Strothclyde
Part-funding business school PhD in data and information management using player data for injury prediction modelling

University of the West of Scotland
Data is being made available for an undergraduate epidemiological study on the differences in injuries in northern and southern hemisphere rugby

Player Welfare & Law Updates

- Update on concussion management and anti-doping
- Law amendments and themes for season ahead
- Regional workshops held at clubs in August 2016
- 3 to be held this summer following a positive response

RugbyRight

The minimum standard online training course for all coaches and match officials operating within Scotland.

World Rugby First Aid Level 1 course
Developed in conjunction with World Rugby, this course looks at how to deal with rugby specific incidences such as concussion and limb injuries.

205 attendees

Child Protection

All sports, including rugby, should be a positive and fun experience for children. Scottish Rugby is committed to ensuring all children feel safe, enjoy their rugby and are protected from harm.
During the past season, we have strengthened our links with our own charity, the Murrayfield Injured Players Foundation, as Scotland and Glasgow Warriors stand-off Finn Russell has become its ambassador.

Scotland international players, Stuart Hogg and Jade Konkel, became the first sporting champions for Save the Children Fund in Scotland, while Glasgow Warriors players took over the running of the charity’s shop in Byres Road, Glasgow, for an afternoon.

Former Scotland captain Alastair Kellock became ambassador for Hearts & Balls Foundation, as Scotland and Glasgow Rangers striker John Souttar also supported the expansion of the charity’s shop in Byres Road, Glasgow, for an afternoon.

Scottish-based Team GB Olympians and Paralympians were guests at the autumn test against Australia. The crowd celebrated the athletes’ achievements and cheered them on during a lap of honour around BT Murrayfield at half-time.

Scottish Rugby works closely with politicians from all parties, whether at Holyrood, Westminster or with local authorities, to advance the cause of rugby specifically and sport and exercise in general. First Minister Nicola Sturgeon and Westminster or with local authorities, to advance the cause of rugby specifically and sport and exercise in general, and attended her local club Biggar’s first Tartan Touch evening.

Minister of Sport and Public Health, Aileen Campbell, was present when Scottish Rugby confirmed its Rugby World Cup 2019 training camp would be held in the Japanese city of Nagasaki and attended her local club Biggar’s first Tartan Touch evening.

former Scotland captain Alastair Kellock became ambassador for Hearts & Balls and is also supporting the expansion of Scottish Rugby’s partner, Trust Rugby International, who are creating a third Clan-united rugby team in Glasgow.

Scottish Rugby

Club Awards

Season 2016/17
- BT Club: Ayr
- BT Women’s: Stirling County
- Coach: Calum Forrester (Ayr)
- Youth Coach: Matt McGrandles (Stirling County)
- Referee: David Sutherland
- Spirit of Rugby: Gordon Burnett (Dundee)
- BT Volunteer: Elaine Martin (East Kilbride)
- Brigadier Frank Coutts Memorial (BT): Scott Bickerstaff (Marr)

Player of the Season
- BT Premiership: George Taylor (Melrose)
- BT National 1: Tom Drennan (Edinburgh Accies)
- BT National 2: Michael Borthwick (GHK)
- BT National 3: Jack Steele (Dumfries Saints)
- BT Caledonia: Sam Evans (Gordonians)
- BT East Region: Fraser Strachan (Murrayfield Wands)
- BT West Region: Michael Kirk (Carick)
- BT Women’s Premier: Hannah Smith (Hillhead Jordanhill)
- BT Women’s National 1: Helen Blevins (Watsonians)
- BT Women’s National 2: Katie Williams (Howe Harlequins)

Spirit of Rugby, Gordon Burnett and Scottish Rugby President, Rob Flackhart

Club Rugby Winners
- BT Premiership: Ayr
- BT Women’s Premiership: Murrayfield Wanderers
- BT Charity Shield: Melrose
- BT National 1: Mar
- BT National 2: Cartha Queens Park
- BT National 3: Dumfries Saints
- BT Women’s National 1: Watsonians
- BT Women’s National 2: Howe of Fife
- BT Women’s North: Shetland Women
- BT Caledonia 1: Gordonians
- BT Cal 2 Midlands: Grangemouth Stags
- BT Cal 2 North: Banff
- BT Cal 3 Midlands: Stirling County 3rd XV
- BT Cal 3 North: Aberdeenshire Medics
- BT West 1: Newton Stewart
- BT West 2: Stewart
- BT West 3: Strathclyde
- BT West 4: Glasgow University Medics
- BT East 1: Murrayfield Wanderers
- BT East 2: Broughton
- BT Reserve 1: Melrose Storm
- BT Reserve 2: Stirling County 2nd XV
- BT Reserve East 1: Biggar 2nd XV
- BT Reserve East 2: RHC 2nd XV
- BT Reserve West 1: Marr 2nd XV
- BT Reserve West 2: East Kilbride 2nd XV
- BT Reserve West 3: Lenzie 2nd XV

BT Cup Finals Day Winners
- BT Cup: Melrose
- BT Shield: Carick
- BT Bowl: Portobello FP
- Sarah Beaney Cup: Hillhead Jordanhill
- BT Women’s Plate: Stewart
- BT Women’s Bowl: Garsch

Scottish Rugby

Club Results

Schools & Youth Conferences Winners
- Schools Red: Merchiston Castle School
- Schools Blue: Fettes College
- Schools White: High School of Glasgow
- Schools Green: Stewarts Melville College
- Schools Purple: Loretto Academy
- Schools Black: Carick Academy
- Club President’s: Stirling County
- Girls’ President’s: Biggar and Stirling County
- Club Red: Mackie
- Club Green: Hamilton
- Club Brown: Allan Glen’s
- Club Border: Melrose/Earlston

Schools & Youth Cups Winners
- U18 Schools Cup: Stewart’s Melville College
- U18 Schools Shield: Strathallan School
- U18 Schools Plate: Hutchison’s Grammar School
- U18 Schools Bowl: Morrison’s Academy
- U16 Schools Cup: St Aloysius College
- U16 Schools Shield: George Watson’s College
- U16 Schools Plate: Earlston High School
- U16 Schools Bowl: Hutchison’s Grammar School
- U18 Girls Schools Cup: Biggar High School
- U18 Girls Schools Shield: East Lothian Schools
- U15 Girls Schools Cup: Shawlands Academy
- U15 Girls Schools Shield: Liberton High / Royal High School
- U18 Youth Cup: Stirling County
- U16 Youth Cup: Hawick Albion
- U18 Girls Club Cup: Stirling County
- U18 Girls Club Shield: Cartha Queens Park
- U15 Girls Club Cup: Biggar
- U15 Girls Club Shield: Ayr


Annual Report 2016/17
**Strategic Report**

The Directors present their Strategic Report for the year ended 31 May 2017.

**Principal Activities**

The principal activity of the Scottish Rugby Union is to promote the game of Rugby throughout Scotland, using its wholly owned subsidiary Scottish Rugby Union plc for all trading activities.

**Business Review**

The Union continues to work towards the objectives outlined in its Policy Initiatives, specifically in the areas of academies, coaching, the women’s game, schools, clubs, and refereeing. The implementation of these initiatives has continued in the course of the year.

The Union has achieved a £1.7m surplus for the year (2016: £0.8m). Turnover increased from £47.4m to £51.4m largely as a result of an increase in Ticket Income and Broadcast Income relating to men’s National Team matches, with three home RBS 6 Nations games and three November Tests in the current year, compared with two home RBS 6 Nations games and one August Test match in the prior year, which was a Rugby World Cup year. Similarly, commercial income has edged higher with additional income from a number of sponsorship agreements. Other operating income, which includes pro team income, hospitality income, grants, and miscellaneous incomes has fallen from £17.9m to £14.5m, primarily as grant income from World Rugby is reduced in a non-RWC year.

Within the expenditure categories, the increase in International and Professional Rugby of £1.0m is mainly due to the continuing investment in the professional rugby squads. Domestic and Performance rugby investment has increased marginally, as a further full year of the revised structure supporting the domestic game and also the BT academies is included. Commercial and Operational Costs are £1.9m higher as a result of the increase in the number of matches and events at BT Murrayfield, as noted above in the income section, together with increased sponsor activity. The Club Sustainability Fund, which is making projects £0.8m available over 4 years to clubs for sustainability projects has awarded £0.25m during this year. The balance is, therefore available in 2017/18, and beyond if necessary, for clubs to utilise. As a result in the current year, the Club Support & Development investment is £2.8m this year. The slight increase in Depreciation is as a result of current and prior year asset additions, and the Fixed Asset disposal is as a result of the flood prevention work at the Water of Leith, with no cash impact on the organisation.

Average bank borrowings over the year amounted to £5.2m, which is £3.3m below the prior year, generally as a result of the operating performance and the timing of cash flows related to ticket income. Net Bank borrowings at 31 May 2017 of £3.0m were £6.4m below the previous year level, principally as a result of working capital movements just prior to the year end. In particular receipts from Scotland Season Tickets Sales for 2017/18. Interest charges fell to less than £0.4m, mainly through the lower average debt balance throughout the year.

The Directors continue to monitor borrowing levels, income and expenditure against budget on a monthly basis. They also monitor other key business issues including Professional and National Team performance which are fundamental to the Union’s strategy of growing the game within a stable commercial environment.

On pages 58 to 74, the Directors present their report and audited consolidated financial statements for the year ended 31 May 2017. The financial statements comprise the consolidated financial statements of the Union and its subsidiary.

**Financial Risk Management**

The risk management framework of the Union is well established with the ongoing identification, evaluation and status of business risks being presented to the Audit Committee, Board and Council, periodically.

**Financial instruments**

The Union uses interest rate swaps to reduce its exposure to interest rate movements. Details of this are noted in the Accounting Policies and in Note 10 to the financial statements. The Union also uses forward sale currency contracts to reduce its exposure to exchange rate movements. Details of this are also noted in the Accounting Policies and in Note 10 to the financial statements. Financial instruments are not used for speculative purposes.

By order of the Board

Robert M Howat
Company Secretary
Edinburgh, 13 July 2017

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**Scottish Rugby Council**

At the AGM on 20 August 2016 Rob Flockhart succeeded Edward A. Crozier as President for a two year term. Dee Bradbury was elected as Vice-President of the Union. Kenneth Knott joined the Council, replacing Fergus Neil as the Scottish Rugby Referees’ Association representative. William Gardner replaced Jim Stevenson as the Glasgow North Regional representative and Dr John Halliday replaced Bruce Thompson as the Schools Division representative. Rosy Hume replaced Dee Bradbury following her election as Vice-President as the Scottish Women’s Forum representative, with effect from November 2016.

Rob Flockhart chaired the Council with the Vice-President, Dee Bradbury acting as the Vice-Chair. The Council met nine times during the financial year, including immediately after the AGM to elect a Council representative to the Board, quarterly reviews, a joint briefing session with the Board and additional briefing meetings. The Council is responsible, among other things, for reviewing the operational activity delegated to the Board, developing and fostering the game of rugby in Scotland, reviewing and advising on matters of policy and strategy and developing relationships within the game at both domestic and international levels.

Council members participated in various working groups during the year. These included season structures and governance review and in ambassadorial capacities, supporting the various age grade and women’s national teams.

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**Governance**

**Scottish Rugby Council**

Her Royal Highness, The Princess Royal

**Patron**

Rob Flockhart

Having served as Vice President in 2015/16, Rob was elected as President of the SRU at the AGM in 2016. On his election as President, he also became a non-executive director on the Scottish Rugby Board for the period of his Presidency. Rob served as Team Manager of Edinburgh U21, Scotland U21, senior Edinburgh and Scotland A teams, and for a period acted as a selector of the Scotland team. Rob is an experienced international citing Commissioner and has served on disciplinary panels for the SRU, Pro12, EBC, Six Nations and World Rugby.

**Vice President**

Dee Bradbury

A founding member of the ladies section at Oban Lorne RFC and currently Honorary President of the club, Dee is a retired Police Officer. She has represented Scotland and Great Britain in athletics as well as playing representative netball and has managed the Scotland U18 women’s team. She is Scottish Rugby’s representative to Rugby Europe and is married with two sons, both of whom play rugby.
Alan A Brown
Scottish Borders Regional Rep
A keen rugby player, the Chartered Management Accountant has worked in the social housing sector for the past 36 years and is currently the Director of Finance and Corporate Services for the Eldon Housing Association Ltd. He has served on the committee of: Royal High RFC, Gala Star RFC and Gala Wanderers RFC as well as serving as Treasurer of the Gala Junior Rugby Council and the Secretary/Treasurer of the Border Semi-Junior League. Alan is also a trustee of the Murrayfield Injured Players Foundation.

Graham Kerr
Midlands Regional Rep
Graham has been a member of Afoe RFC for many years, serving the club as a player, coach, Secretary and Vice President. As a rugby administrator, Graham was employed as Caledonia Rugby Administration Executive between 1997 and 2006. Since 2006, he has served on the Caledonia Committees Committee and is currently Caledonia Midlands Age Grade Convener.

Peter Laverne
Premier Division Rep
Peter has been involved in coaching club rugby at national and premiership levels for over 20 years. During that time he has also coached age-grade rugby at district and international level and with the Scotland Clubs XV side. He has been involved in coach education as well as chairing the Premiership Forum for four years. Peter is a Senior Lecturer and Teaching Fellow at Glasgow Clyde College and is a non-executive Director on the Scottish Rugby Board.

Jim Littlefair
Edinburgh Regional Rep
Jim is a Past President of North Berwick RFC and a Director of the Hearts & Bolls Charitable Trust. He played for Stewart’s Melville FP from 1972 - 84. He was elected as one of the Scottish Rugby Council’s representatives on the Scottish Rugby Board from 2013 - 2015. He also serves as the Council Ambassador with the Scotland U20 team.

Graeme Scott
National Division 2 Rep
Graeme Scott joined the Council following the 2014 AGM. Prior to his appointment, Graeme served as the Championship Club Forum Secretary. He remains Honorary Secretary of Whitecraigs Rugby Club where he also been President, Captain and Director of Rugby. He is also Company Secretary of Whitecraigs Rugby Club Ltd.

Doug Ward
National Division 1 Rep
A current member and past President of Biggar, Doug is the Chairman of Celtic Renewables Ltd and a Vice President of the European Biodiesel Board. He was appointed CBE in 2006 for services to agriculture in Scotland and received an honorary doctorate in 2010 from Edinburgh Napier University.

Ian Barr
National Division 3 Rep
Ian has served as President of Lasswade RFC for a number of years and was instrumental in the setting up of the Midlothian Rugby Development Group. Ian served as one of the Scottish Rugby Council’s representatives on the Scottish Rugby Board from 2013 - 2015. He also serves as the Council Ambassador with Scotland U20 team.

Adam Gray
Glasgow South Regional Rep
Adam is a past Captain of Stewartry RFC, whom he also coached from 1992-2005, being awarded National League Coach of the year in 2005. He is an accredited level three Coach. From 2006-2010 he was employed by Scottish Rugby as a Performance Development Manager in the Glasgow South region. From 2011-2013 he served on the Referees Selection Panel.

William Gardner
Glasgow North Regional Rep
Past President and Life Member of Lanark Rugby Football Club, William is the Glasgow North Clubs Representative on the West Region Championship Committee. He is also the Council Representative on the Advisory Group to the West Regional Academy Group and a member of the Player Retention Group. William is a trustee of the Murrayfield Injured Players Foundation.

Rosy Hume
Women’s Forum Rep
Rosy Hume has been a member of Murrayfield Wanderers RFC for almost 20 years, having started her playing career at Heriot Watt University. She was also the Manager of Scotland Women for four years, during which time they won the European Championships. Rosy also served as Vice Chair at the Scottish Women’s Rugby Union and was part of the team working towards the full integration of the SWRU with the SRU. She also serves as the Council Ambassador with Scotland Women.

Kenneth Knott
Referees Rep
Kenneth was Secretary then President of the Highland Rugby Referee Society until being elected to the Scottish Rugby Council as the Referees Rep. He also served on the Scottish Rugby Referee Association executive including working on the governance and communication working groups. He currently sits on the Council Communication Working Group.

Dr John Halliday
Schools Rep
John has been the Rector of the High School of Dundee since 2008. His third headship having previously been at the helm of Albyn School, and Rannoch School. He is also a Governor of St Alloys’ College, and previously also taught at Merchiston, Seaberg and Dollar. He currently chairs the Scottish Rugby National Schools Forum. He is dedicated to the vision that sport can transform lives and is a powerful motor for developing grounded young people ready to take on the challenges of the world.

Ian Rankin
Co-opted member (PRO12 representative)
Ian served as President in 2014/2015 and was appointed to the Celtic Rugby Board in 2016 as a co-opted Scottish Rugby Council member. The former captain of Edinburgh Wanderers and Howe of Fife went on to coach both sides and Kirkcaldy before taking charge of Caledonia Reds and Edinburgh Reivers. He also assisted with Scotland A and Scotland U20 before holding the Director of Rugby position at Dundee HSPF.

John Jeffrey
Co-opted member (World Rugby & Six Nations)
John won 40 caps for Scotland and was a member of the Grand Slam team of 1990. He was also a British & Irish Lion and continues to promote Scottish Rugby’s interests through serving as a co-opted member of the Council by representing Scottish Rugby at World Rugby and on the Six Nations Council.
Scottish Rugby Board

The Scottish Rugby Board is responsible for the ongoing management and operations of Scottish Rugby under powers delegated to it under the Bye-Laws. Its members also serve as the Board of Scottish Rugby Union plc, comprising four independent non-executive Directors, four non-executive Directors nominated by the Scottish Rugby Council [one of the four being the President in his capacity as Chairman of the Council], and four Executive Directors. Sir Mair Lochhead retired as Chairman on 31 December 2016 and was succeeded by Colin Grassie, the serving Senior Independent Director, who took up office as Chairman on 1 January 2017. David MCMullan joined the Board as an independent non-executive Director from 1 March 2017. The Vice-President is also entitled to attend Board meetings as an observer, but is not entitled to vote.

Executive Directors serve under the terms of their employment or service contracts. The independent non-executive Directors are appointed for terms of three years and would normally be expected to serve for a minimum of two terms. Appointment of the independent non-executive Directors is by the Board, on the recommendation of the Nomination Committee and subject to ratification by the Council.

The Council nominated non-executive Directors are appointed, or re-appointed as the case may be, by the Council after the AGM, when vacancies arise. Their terms in office vary. The current President, Rob Flackhart, will continue to serve on the Board until the 2018 AGM, when his period of office as President will come to an end.

Other Council nominated non-executive Directors may serve on the Board for up to three years at a time, subject to remaining a member of Council. Eligibility for re-election to the Board depends on remaining a member of the Council and the application of the election rules incorporated into the Bye-Laws. On ceasing to be a member of Council, a non-executive Director is also required to step down from the Board.

At the financial year end, the Directors of the Boards of Scottish Rugby Union and Scottish Rugby Union plc and their terms of office were:

**Colin Grassie**
Independent non-executive Director, Chairman
Appointed as Chairman with effect from 1 January 2017.

Born in Glasgow, Colin joined the Board on 1 July 2012 and was re-appointed for a further 3 years in 2015 and appointed as Chairman with effect from January 2017. He Chairs the Nomination Committee. Colin also sits on the Advisory Board of Winning Scotland and is Chair of the Development Trust of the Glasgow School of Art.

**Mark Dodson**
Executive Director, CEO
Appointed on 19 September 2011.

Appointed Chief Executive in September 2011, Mark signed a further five-year contract taking him to 2020. He is one of Scottish Rugby’s representatives on World Rugby, the Six Nations Council, European Professional Club Rugby and the British & Irish Lions. Starting his career in 1979 at the Guardian Media Group, he became Chief Executive of Guardian Media Group Region in 2005 and was appointed to the Guardian Media Group Board.

**Rob Flackhart**
Council nominated non-executive Director, President
Appointed at 2016 AGM for 2 years.

Having served as Vice President in 2015/2016, Rob was elected as President of the SRU at the Union’s AGM in 2016. On his election as President, he also became a non-executive director of the Board for the period of his Presidency. Rob served as Team Manager of the Edinburgh U21, Scotland U21, senior Edinburgh and Scotland A teams, and was also acting as a selector of the Scotland team. Rob is an experienced International Citing Commissioner and has served on disciplinary panels for the SRU, Pro12, ERC, Six Nations and World Rugby.

**Andrew Healy**
Executive Director, Finance Director
Appointed on 22 August 2013.

Joining Scottish Rugby in 2007 as Financial Controller, Andrew was appointed to the Board as Finance Director in 2013. A Chartered Accountant and born in Glasgow, he played with GHA for a number of years, before retiring and taking up refereeing for a further nine years. He played for Glasgow Schools, Glasgow U18 and Glasgow U21 and represents Scottish Rugby on a number of finance committees within international bodies.

**Robert Howat**
Executive Director, General Counsel & Company Secretary
Appointed on 15 July 2015.

Robert joined Scottish Rugby as General Counsel in January 2013 and oversees the Legal & Governance Department, Human Resources and Health & Safety functions. Robert became a Board Director in July 2015 and is also a Director of European Professional Club Rugby and Chair of its Regulations Committee. Prior to taking his role at Scottish Rugby, Robert was Company Secretary of Celtic FC for 11 years.

**Peter Laventie**
Council nominated non-executive Director
Appointed at 2016 AGM for 3 years.

Peter is a Council nominated non-executive Director and a member of the Audit & Risk Committee. He is the former Head Coach of Ayr and Carma Quesa Queen Park and is now forwards coach at Glasgow Hawks. Peter has been involved in coaching age-grade rugby at district and international level and with the Scotland Club XV side. Peter is also a Senior Lecturer at Glasgow Clyde College.

**Jim Littler**
Council nominated non-executive Director
Appointed on 9 August 2015 for 3 years.

Jim served as President of North Berwick from 2009-12 and led a major refurbishment of the club’s facilities. He joined the Board as a Council representative after the AGM in 2015 and is a member of the Audit & Risk and Nomination Committees. The former Stewart’s Melville player is also a Director of Hearts & Bal’s Charitable Trust and is a trustee of the Murrayfield Injured Players Foundation.

**Dominic McKay**
Executive Director, Chief Operating Officer
Appointed on 26 September 2013.

Dominic joined Scottish Rugby in 2008 from his previous post at drinks giant Pernod Ricard. He is the Chief Operating Officer and is responsible for all group commercial, media, marketing, events, ticketing, stadium facilities and public affairs activity for Scottish Rugby. He also oversees the off-field activity of Glasgow Warriors and Edinburgh Rugby. Dominic is a Director of the Celtic League/PRO12 Board and a Director of Rugby Europe.

**Dominic Mckean**
Independent non-executive Director
Appointed on 1 July 2012. Re-appointed for a further 3 years with effect from 1 July 2015.

Ian played for Jordanhill, Glasgow and Natal, was capped for Scotland 43 times (19 as Captain) and played in all tests of the successful British & Irish Lions Tours of New Zealand in 1971 and South Africa in 1974. He served two terms as Scottish Rugby President, is an independent non-executive Director, a member of the Nomination Committee and chair of the Remuneration Committee. Ian is Chairman of the British & Irish Lions Trust and a Director of the Hearts & Bal’s Charitable Trust.

**David McMillan**
Independent non-executive Director
Appointed 1 March 2017.

David joined the Board as an independent non-executive Director on 1 March 2017, for a three-year term. He was recently appointed Group CEO of QBE, the Australian listed, global insurance company. Prior to that he spent 15 years with Aviva plc, with senior roles including CEO UK & Ireland, QI, Chairman, Global Healthcare and CEO, Europe and India. Based in Edinburgh, David is a Chartered Management Accountant with an undergraduate degree from Heriot-Watt University and an MBA from the University of Chicago. He spent his early career with HP and PwC.

**Mike Monro**
Council nominated non-executive Director
Appointed on 6 December 2012. Re-appointed 16 August 2014 for 3 years.

A former pupil of Robert Gordon’s College and Law graduate of Aberdeen University, Mike specialises in Criminal Court matters. He is a member of both Aberdeen Wandering and Aberdeenshire for whom he served as Secretary and President. After playing, Mike refereed for seven years and was secretary of ADDRS. He was a committee member of NDRU and chairs its successor, Clyde Valley Fuar. Mike also sits on the Clyde Championship Committee and as a trustee on Murrayfield Injured Players Foundation. Mike is a Council nominated non-executive director and is a member of the Audit & Risk and Remuneration Committees.

**Lesley Thomson QC**
Independent non-executive Director
Appointed on 1 October 2013 for 3 years. Re-appointed for a further 3 years with effect from 1 October 2016.

Former Solicitor General for Scotland and former General Committee member at Melrose RFC, Lesley was the first woman to sit on the Scottish Rugby Board when she was appointed in 2013. Lesley is a member of the Remuneration Committee and chairs the Audit & Risk Committee.
Governance

Board Committees
During the period, the Board also operated three sub-committees. Membership of Board Committees is restricted to non-executive Directors and at least one Council nominated non-executive director serves on each Committee. Executive Directors and other members of staff and external advisers attend meetings regularly, as required. Each Committee has detailed terms of reference approved by the Board and the Council.

The Chair of each Committee presents a report to the Board on that Committee’s work at the next Board meeting.

Audit & Risk Committee
(Chair: Lesley Thomson)
Mike Monro, Peter Laverie, Jim Littlefair and Colin Thomson all served on this Committee during the financial year. The Committee is responsible for assisting the Board to discharge its responsibilities for accounting policies, financial reporting, internal financial control and risk management. The Committee met four times during the financial year. Committee meetings are attended routinely by the Financial Director, the Financial Controller, the Company Secretary and representatives from the Union’s auditors.

Nomination Committee
(Chair: Colin Grassie)
Sir Moir Lockhead (to 31 December 2016), Jim Littlefair, Mark Dodson, Robert Howat, Colin Grassie, Mike Monro, Peter Laverie and Colin Thomson all served on this Committee during the financial year. The Committee is responsible for making recommendations to the Board as to the membership of the Board and its Sub-Committees, the identification and recruitment of new Directors when required and the identification and appraisal of international body representatives. The Committee was involved in the recruitment process resulting in the appointment of David McMillan. Advice is taken from external consultants as required. FWB Park Brown were appointed to assist in the recruitment of a new independent non-executive Director following the retirement of Sir Moir Lockhead. The Committee met four times in the period.

Remuneration Committee
(Chair: Ian McLauchlan)
Colin Grassie, Ian McLauchlan, Mike Monro, Lesley Thomson and Rob Flockhart all served on this Committee during the financial year. Colin Grassie stepped down from the Committee on becoming Chairman of the Board. The Committee is responsible for making recommendations, within agreed terms of reference, on remuneration policies, monitoring and approving Executive Directors’ and certain senior Executive remuneration packages, setting and monitoring key performance targets and reviewing succession planning. Approval of the remuneration of senior coaches and higher-earning players also falls within the Committee’s remit.

The Committee met seven times during the financial year. The Company Secretary attends meetings, with the Chief Executive attending as required. Advice is taken from external consultants when needed, although none was required during the year.

Governance Standards
All members of the Board and Council are required to comply with Scottish Rugby’s Code of Conduct. Under the Code of Conduct any alleged breach of the Code is subject to consideration by an independent panel. No breaches or alleged breaches were reported in the year.

Corporate Governance
During the period the Governance Working Party created in 2014 continued its work. Under its independent Chairman, Magnus Swanson, its work during the period and recommendations form the basis for the motors to be proposed by the Council and Board at the 2017 AGM. The report can be accessed on the Union’s website.

The Council and Board remain committed to the ongoing development and improvement of governance structures. The Governance Working Party will continue during the 2017/2018 financial year.

Remuneration and Benefits of Non-Executive and Council Board Representatives
Non-executive Board members, including Council representatives on the Board, are paid a fee for their service. The annual rates of fee applied for the non-executive Board members serving at the financial year end are set out below. These amounts are pro-rated for part years. Board members are also entitled to be reimbursed for expenses incurred wholly, exclusively and necessarily on Scottish Rugby business.

<table>
<thead>
<tr>
<th>Director’s Fee</th>
<th>Representative Bodies’ Fee</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>£</td>
<td>£</td>
<td>£</td>
</tr>
<tr>
<td>Colin Grassie</td>
<td>35,000</td>
<td>35,000</td>
</tr>
<tr>
<td>Jim Littlefair</td>
<td>15,000</td>
<td>15,000</td>
</tr>
<tr>
<td>Ian McLauchlan</td>
<td>15,000</td>
<td>15,000</td>
</tr>
<tr>
<td>Mike Monro</td>
<td>15,000</td>
<td>15,000</td>
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<tr>
<td>Rob Flockhart</td>
<td>15,000</td>
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<tr>
<td>Peter Laverie</td>
<td>15,000</td>
<td>15,000</td>
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<tr>
<td>David McMillan</td>
<td>15,000</td>
<td>15,000</td>
</tr>
<tr>
<td>Lesley Thomson QC</td>
<td>11,250</td>
<td>11,250</td>
</tr>
</tbody>
</table>

Lesley Thomson had previously waived her fees while serving as Solicitor General for Scotland. Her entitlement resumed on 1 September 2016 following her retirement from that office.

Council members serving as international representatives for Scottish Rugby Union are also entitled to be paid a fee for their services on those bodies. The annual rates of fee for those individuals in office at the financial year end are set out in the table below. Fees are subject to pro-rating for part years.

<table>
<thead>
<tr>
<th>Position Held</th>
<th>Paid by</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td>John Jeffrey</td>
<td>World Rugby / 6N</td>
</tr>
<tr>
<td>Ian Rankin</td>
<td>Celtic Rugby</td>
</tr>
<tr>
<td>Dee Bradbury</td>
<td>Rugby Europe</td>
</tr>
<tr>
<td>Notes:</td>
<td></td>
</tr>
<tr>
<td>1. These rates were not changed in the financial year.</td>
<td></td>
</tr>
<tr>
<td>2. Members of the Scottish Rugby Council receive no remuneration in respect of their elected roles although are entitled to recover expenses incurred wholly, exclusively and necessarily on Scottish Rugby business in accordance with Scottish Rugby’s expenses policy.</td>
<td></td>
</tr>
<tr>
<td>3. World Rugby, Six Nations (6N) and Celtic Rugby Limited (CRL) compensate the representatives/directors serving on those bodies and the service fees paid to the Scottish Rugby representatives involved were as noted. Fees payable by those bodies during the financial year to Mark Dodson and Dominic McKay were disclaimed by the individuals and are retained by Scottish Rugby.</td>
<td></td>
</tr>
<tr>
<td>4. Dominic McKay served as a director of Celtic Rugby Limited and Rugby Europe during the year, with Mark Dodson and Robert Howat being Scottish Rugby’s nominated board members of European Professional Club Rugby. Any fees payable to Mark Dodson and Robert Howat were disclaimed.</td>
<td></td>
</tr>
</tbody>
</table>
An overview and review of the Union can be found in the Business Review, within the Strategic Report on page 44.

Going Concern and Outlook
The Directors believe that the Union has adequate resources to continue in operational existence for the foreseeable future and it therefore continues to adopt the going concern basis in preparing the financial statements. The Directors continue to budget for, and operate, the Union on a cash flow positive and earnings positive basis. Notwithstanding the challenging intra-industry and wider economic and market conditions, the Directors intend to continue to operate on this basis and, therefore, look forward to the year ahead and the challenges that this brings.

Employees
Scottish Rugby recognises the value and importance of promoting equal employment opportunities for its current and future staff and considers all forms of discrimination to be unacceptable in the workplace. We aim to be an inclusive organisation where everyone is treated with dignity and respect and where diversity is valued across all of the recognised equality strands detailed within the Equality Act 2010. The organisation is committed to providing equal opportunities throughout recruitment, employment, training and career development and has a comprehensive Equal Opportunities Employment Policy, Equality and Diversity Policy and several other related policies that support the nine protected characteristics within the Equality Act.

We are committed to adopting equitable employment practices and terms and conditions which are based on the merits, ability and potential of individuals, and to avoiding any conditions or requirements that cannot be justified by the needs of the job. As an example of this equitable approach, Scottish Rugby has been granted the Positive About Disabled People award by Job Centre Plus, recognising our commitment to prevention and detection of fraud and other irregularities.

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the Union’s financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 “The Financial Reporting Standard applicable in the UK and Republic of Ireland”, and applicable law). Under company law the Directors must not approve the Union’s financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Union and of the surplus or deficit of the Union for that period.

In preparing the financial statements, the Directors are required to:
- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Union will continue in business.

Statement of Directors’ responsibilities
The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Union’s transactions and disclose with reasonable accuracy at any time the financial position of the Union and enable them to ensure that the financial statements comply with the Companies Act 2006.

The Directors are also responsible for safeguarding the assets of the Union and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the Union’s website, Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

In the case of each Director in office at the date the Directors’ Report is approved:
- so far as the Director is aware, there is no relevant audit information of which the group’s auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Group’s auditors are aware of that information.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Union’s transactions and disclose with reasonable accuracy at any time the financial position of the Union and enable them to ensure that the financial statements comply with the Companies Act 2006.

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- so far as the Director is aware, there is no relevant audit information of which the group’s auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Group’s auditors are aware of that information.
Independent Auditors’ Report to the Members of the Scottish Rugby Union

Report on the Group Financial Statements

Our Opinion

In our opinion the Scottish Rugby Union’s group financial statements (the “financial statements”):  
• give a true and fair view of the state of the Union’s affairs as at 31 May 2017 and of its surplus and cash flows for the year then ended;  
• have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and  
• have been prepared in accordance with the requirements of the Companies Act 2006.

What we have audited

The financial statements, included within the Annual Report (the “Financial Statements”), comprise:  
• the Consolidated Balance Sheet as at 31 May 2017;  
• the Consolidated Income and Expenditure Account and Statement of Comprehensive Income for the year then ended;  
• the Consolidated Statement of Cash Flows for the year then ended;  
• the Consolidated Statement of Changes in Equity for the year then ended;  
• the accounting policies; and  
• the notes to the financial statements, which include other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is United Kingdom Accounting Standards, comprising FRS 102 “The Financial Reporting Standard applicable in the UK and Republic of Ireland”, and applicable law (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the Directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

Opinion on other matters prescribed by the Companies Act 2006

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

• the information given in the Strategic Report and the Board Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and  
• the Strategic Report and the Board Report have been prepared in accordance with applicable legal requirements.

In addition, in light of the knowledge and understanding of the Union and its environment obtained in the course of the audit, we are required to report if we have identified any material misstatements in the Strategic Report and the Directors’ Report. We have nothing to report in this respect.

Other matters on which we are required to report by exception

Adequacy of information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion, we have not received all the information and explanations we require for our audit. We have no exceptions to report arising from this responsibility.

Directors’ remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of Directors’ remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Responsibilities for the Financial Statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Statement of Directors’ responsibilities set out on pages 52 and 53, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK & Ireland) (“ISAs [UK & Ireland]”). Those standards require us to comply with the Auditing Practices Board’s Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company’s members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

What an audit of financial statements involves

We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

• whether the accounting policies are appropriate to the group’s circumstances and have been consistently applied and adequately disclosed;  
• the reasonableness of significant accounting estimates made by the directors; and  
• the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the Directors’ judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

With respect to the Strategic Report and Board Report, we consider whether those reports include the disclosures required by applicable legal requirements.

Kenneth Wilson  
(Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Edinburgh, 13 July 2017
Principal Accounting Policies

The financial statements have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland (“FRS 102”) and the Companies Act 2006. The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

These financial statements are prepared on the going concern basis, under the historical cost convention, as modified by the recognition of certain financial assets and liabilities measured at fair value.

Basis of Consolidation
The consolidated financial statements cover the year to 31 May 2017 and include the Scottish Rugby Union, a mutual organisation, its subsidiary undertakings Scottish Rugby Union plc and The Murrayfield Experience Limited, and a related body, the Thistle Rugby Trust. The parent body, Scottish Rugby Union, has not traded during either the current period or previous year and its only assets and liabilities are its investment in, and loans from, Scottish Rugby Union plc of £30,000.

Turnover
Turnover represents ticket sales, broadcasting revenue and all other income and is stated net of VAT. Revenue is recognised based on the relevant contractual terms or in accordance with the occurrence of the relevant event. Where consideration is received in kind, income and expenditure are grossed up on the basis of arm’s length commercial rates.

Tangible Fixed Assets
The cost of tangible fixed assets is their purchase cost, together with any incidental costs of acquisition. Significant sums are spent on maintenance of the Union’s main asset, BT Murrayfield Stadium, therefore the de-minimum level for capitalisation of assets has been set at £10,000 for the first three asset categories below and at £5,000 for Other equipment. Depreciation is calculated so as to write off the cost of tangible fixed assets, less their estimated residual values, over the expected useful economic lives of the assets concerned. The straight line basis is used in respect of all assets and the principal annual amortisation rates are:

<table>
<thead>
<tr>
<th>Asset Type</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Land</td>
<td>Nil</td>
</tr>
<tr>
<td>Stands and Heritable property</td>
<td>1-20</td>
</tr>
<tr>
<td>Fixtures and fittings</td>
<td>4-25</td>
</tr>
<tr>
<td>Other equipment</td>
<td>7-50</td>
</tr>
<tr>
<td>Intangible Fixed Assets</td>
<td>7-50</td>
</tr>
</tbody>
</table>

No depreciation is charged on Assets Under Construction.

Intangible Fixed Assets
Intangible assets comprise computer related software. The cost of intangible fixed assets is their purchase cost, together with any incidental costs of acquisition. The level for capitalisation of intangible fixed assets has been set at £5,000. Amortisation is calculated so as to write off the cost of intangible fixed assets, less their estimated residual values, over the expected useful economic lives of the assets concerned. The straight line basis is used in respect of all assets and the principal annual amortisation rates are:

<table>
<thead>
<tr>
<th>Intangible Fixed Assets</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>7-50</td>
</tr>
</tbody>
</table>

No amortisation is charged on Assets Under Construction.

Deferred income
Capital grants and debenture premiums are transferred to deferred income and amortised over the estimated useful life of the associated fixed assets or the life of the debenture, respectively.

Debenture issue costs
The costs associated with the issue of capital instruments are charged against the surplus or deficit for the period in which the costs are incurred. The costs associated with the issue of capital instruments are charged against the surplus or deficit for the period in which the costs are incurred.

Pension costs
Contributions are made by the Union to money purchase scheme pension arrangements for certain employees. Amounts due to assurance companies are charged against the income and expenditure account in the period in which they become payable. The Union provides no other post retirement benefits to its employees.

Finance and operating leases
Costs in respect of operating leases are charged on a straight line basis over the lease term.

Leasing and hire purchase agreements which transfer substantially all the benefits and risks of ownership of an asset are treated as if the asset had been purchased outright. The assets are included in fixed assets and the capital element of the leasing commitment is shown as an obligation under finance leases. The lease rentals are treated as consisting of capital and interest elements, with the capital element applied to reduce the outstanding obligation and the interest element charged against the surplus or deficit for the period on a straight line basis. Assets held under finance leases are depreciated over the shorter of the lease term and the useful lives of equivalent owned assets.

Grants
Revenue grants are credited to the income and expenditure account in the same period as the related expenses.

Taxation
The Union has mutual trading status for taxation purposes as regards its trading activities with the members and pays tax only on the profit derived from trading with non-members. Deferred Taxation is recognised on all timing differences where the transaction or events that give rise to an obligation to pay more, or less, tax in the future have occurred by the Balance Sheet date. Deferred tax assets are recognised when it is probable that they will be recovered. The tax rates in force at the Balance Sheet date are used to calculate the need for any deferred tax provision or asset.

Financial instruments
The Union has chosen to adopt Sections 11 and 12 of FRS 102 in respect of financial instruments.

Financial Assets
Basic financial assets, including trade and other debtors, cash and bank balances and loans, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Such assets are subsequently carried at amortised cost using the effective interest method.

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. They are first assessed individually for impairment, or collectively where the debtors are not individually significant. Where there is no objective evidence of impairment for an individual debtor, it is included in a group of debtors with similar credit risk characteristics and these are assessed collectively for impairment based on their ageing.

On an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset’s original effective interest rate. The impairment loss is recognised in the Income Statement.
If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised. The impairment reversal is recognised in the Income Statement.

Other financial assets, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in the Income Statement, unless they are included in a hedging arrangement, and except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are sold; or (b) substantially all the risks and rewards of ownership of the asset are transferred to another party; or (c) despite having retained some significant risks and rewards of ownership, control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

Financial liabilities

Basic financial liabilities, including trade and other payables, and bank loans, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

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

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

The derivative instruments utilised by the Union are interest rate swaps and forward exchange forward contracts.

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their value on the market price date from relevant counterparties. Changes in the fair value of derivatives are recognised in the Income Statement in finance costs or finance income as appropriate, unless they are included in a hedging arrangement.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

Hedging arrangements

The Union applies hedge accounting in respect of forward foreign exchange contracts held to manage the cash flow exposures of forecast transactions denominated in foreign currencies. These foreign exchange hedges have been designated as cash flow hedges.

The Union also applies hedge accounting for transactions entered into to manage the cash flow exposures of borrowings. Interest rate swaps are held to manage the interest rate exposures and are designated as cash flow hedges of floating rate borrowings.

Changes in the fair values of derivatives designated as cash flow hedges, and which are effective, are recognised directly in equity. Any ineffectiveness in the hedging relationship (being the excess of the cumulative change in fair value of the hedging instrument since inception of the hedge over the cumulative change in the fair value of the hedged item since inception of the hedge) is recognised in the income statement.

The gain or loss recognised in other comprehensive income is reclassified to the income statement when the hedge relationship ends. Hedge accounting is discontinued when the hedging instrument expires, no longer meets the hedging criteria, the forecast transaction is no longer highly probable, the hedged debt instrument is derecognised or the hedging instrument is terminated.

Public benefit entity concessionary loans (including debentures)

Concessionary loans arrangements, when received for the purpose of furthering the primary objective of the Union, which include any debentures or bank loans received below the prevailing market rate of interest are initially measured at the amount received. In subsequent years, the carrying amount of concessionary loans in the financial statements is adjusted to reflect any accrued interest payable or receivable.

Consolidated Income & Expenditure account

for the year ended 31 May 2017

<table>
<thead>
<tr>
<th>Notes</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>£000</td>
<td>£000</td>
</tr>
<tr>
<td>Turnover</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ticket income</td>
<td>12,636</td>
<td>6,995</td>
</tr>
<tr>
<td>Broadcasting revenues</td>
<td>13,270</td>
<td>10,908</td>
</tr>
<tr>
<td>Commercial income</td>
<td>11,013</td>
<td>10,328</td>
</tr>
<tr>
<td>Other operating income</td>
<td>14,530</td>
<td>19,203</td>
</tr>
<tr>
<td></td>
<td>51,449</td>
<td>47,434</td>
</tr>
<tr>
<td>Costs</td>
<td></td>
<td></td>
</tr>
<tr>
<td>International and Professional Rugby</td>
<td>(24,967)</td>
<td>(23,998)</td>
</tr>
<tr>
<td>Domestic and Performance Rugby</td>
<td>(7,623)</td>
<td>(7,559)</td>
</tr>
<tr>
<td>Commercial and Operational</td>
<td>(12,460)</td>
<td>(10,570)</td>
</tr>
<tr>
<td>Club Support and Development</td>
<td>(2,766)</td>
<td>(2,937)</td>
</tr>
<tr>
<td>Depreciation</td>
<td>(1,331)</td>
<td>(1,190)</td>
</tr>
<tr>
<td></td>
<td>(49,047)</td>
<td>(46,164)</td>
</tr>
<tr>
<td>Operating Surplus</td>
<td>2,402</td>
<td>1,250</td>
</tr>
<tr>
<td>Surplus on disposal of Fixed Asset</td>
<td>(331)</td>
<td>-</td>
</tr>
<tr>
<td>Net Interest</td>
<td>2,071</td>
<td>1,290</td>
</tr>
<tr>
<td>Surplus on ordinary activities before taxation</td>
<td>3</td>
<td>(364)</td>
</tr>
<tr>
<td>Tax on surplus on ordinary activities</td>
<td>1</td>
<td>846</td>
</tr>
<tr>
<td>Surplus for the financial year</td>
<td>17</td>
<td>836</td>
</tr>
</tbody>
</table>

The turnover and operating surplus shown above are derived from continuing operations within the UK.
Consolidated Statement of Comprehensive Income  
for the year ended 31 May 2017  

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Surplus for the financial year</td>
<td>1,715</td>
<td>836</td>
</tr>
</tbody>
</table>

Other Comprehensive Income:

Cash Flow hedges:
- Change in value of interest rate hedging instruments: (10) (109)
- Change in value of foreign exchange hedging instruments: (737) (353)

Other comprehensive expense for the year: (747) (462)

Total comprehensive income for the year: 968 374

Consolidated Balance Sheet  
as at 31 May 2017  

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Notes</td>
<td>£000</td>
<td>£000</td>
</tr>
<tr>
<td>Fixed Assets</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tangible fixed assets</td>
<td>38,289</td>
<td>39,097</td>
</tr>
<tr>
<td>Intangible assets</td>
<td>206</td>
<td>71</td>
</tr>
<tr>
<td>Investments</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>Total fixed assets</td>
<td>38,497</td>
<td>39,170</td>
</tr>
</tbody>
</table>

Derivative financial instruments: falling due after more than one year | 10 | 225 |

Current Assets:
- Derivative financial instruments | 415 | 197 |
- Debtors | 5,901 | 6,476 |
- Cash at Bank | 2,021 | - |
- Cash in hand | 15 | 10 |
| Current assets | 6,352 | 6,683 |

Creditors: amounts falling due within one year | 9 | (14,129) | (14,573) |
- Derivative financial instruments | (1,090) | (177) |

Net Current Liabilities | (6,867) | (8,067) |

Provisions for liabilities | 11 | (159) | (48) |

Total assets less current liabilities and provisions | 31,696 | 31,055 |

Creditors: amounts falling due after more than one year | 9 | 5,047 | 5,598 |
- Financial liabilities | 617 | 340 |
- Deferred income | 1,798 | 1,953 |
- Ten Year Debentures | 1 | 1 |
- Murrayfield Debentures | 31,705 | 31,623 |
- Irredeemable Debentures | 97 | 97 |
| Total creditors | 39,265 | 39,592 |

Capital and Reserves:
- General reserve | (6,502) | (8,217) |
- Hedging reserve | (1,047) | (320) |
| Total capital and reserves | (7,549) | (8,537) |

The financial statements on pages 58 to 74 were approved by the Scottish Rugby Board and signed on its behalf on 13 July 2017 by:

Colin Grassie, Chairman

Mark Dodson, Chief Executive
### Consolidated Statement of changes in equity

<table>
<thead>
<tr>
<th>Notes</th>
<th>2017 £000</th>
<th>2016 £000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance as at 1 June 2015</td>
<td>(9,053)</td>
<td>142</td>
</tr>
<tr>
<td>Surplus for the year</td>
<td>836</td>
<td>-</td>
</tr>
<tr>
<td>Other comprehensive income for the year:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fair value gain/(loss) on interest rate derivative financial instrument</td>
<td>-</td>
<td>(109)</td>
</tr>
<tr>
<td>Fair value gain/(loss) on foreign exchange derivative financial instrument</td>
<td>-</td>
<td>(353)</td>
</tr>
<tr>
<td>Total other comprehensive income for the year</td>
<td>-</td>
<td>(462)</td>
</tr>
<tr>
<td>Balance as at 31 May 2016</td>
<td>(8,217)</td>
<td>(320)</td>
</tr>
<tr>
<td>Balance as at 1 June 2016</td>
<td>(8,217)</td>
<td>(320)</td>
</tr>
<tr>
<td>Surplus for the year</td>
<td>1,715</td>
<td>-</td>
</tr>
<tr>
<td>Other comprehensive income for the year:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fair value gain/(loss) on interest rate derivative financial instrument</td>
<td>-</td>
<td>(10)</td>
</tr>
<tr>
<td>Fair value gain/(loss) on foreign exchange derivative financial instrument</td>
<td>-</td>
<td>(737)</td>
</tr>
<tr>
<td>Total other comprehensive income for the year</td>
<td>-</td>
<td>(747)</td>
</tr>
<tr>
<td>Balance as at 31 May 2017</td>
<td>(6,462)</td>
<td>(1,067)</td>
</tr>
</tbody>
</table>

The hedging reserve is used to record transactions arising from the Union’s cash flow hedging arrangements.

### Consolidated Statement of cash flows

<table>
<thead>
<tr>
<th>Notes</th>
<th>2017 £000</th>
<th>2016 £000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net cash from operating activities</td>
<td>18</td>
<td>3,851</td>
</tr>
<tr>
<td>Cash flow from investing activities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Payments to acquire Tangible Fixed Assets</td>
<td>(760)</td>
<td>-</td>
</tr>
<tr>
<td>Payments to acquire Intangible Fixed Assets</td>
<td>(151)</td>
<td>-</td>
</tr>
<tr>
<td>Payments to acquire Fixed Assets</td>
<td>(911)</td>
<td>(831)</td>
</tr>
<tr>
<td>Cash flow from financing activities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Repayment of bank loan</td>
<td>(500)</td>
<td>(500)</td>
</tr>
<tr>
<td>Finance lease</td>
<td>(3)</td>
<td>(5)</td>
</tr>
<tr>
<td>Interest paid on bank overdrafts and loans</td>
<td>(276)</td>
<td>(298)</td>
</tr>
<tr>
<td>Net cash used in financing activities</td>
<td>(779)</td>
<td>(803)</td>
</tr>
<tr>
<td>Net increase in cash at bank and in hand</td>
<td>2,161</td>
<td>1,939</td>
</tr>
<tr>
<td>Cash and cash equivalents at the beginning of the year</td>
<td>(126)</td>
<td>(2,064)</td>
</tr>
<tr>
<td>Cash and cash equivalents at the end of the year</td>
<td>2,036</td>
<td>(125)</td>
</tr>
</tbody>
</table>

The hedging reserve is used to record transactions arising from the Union’s cash flow hedging arrangements.
Notes to the Financial Statements

1. Surplus on ordinary activities before taxation

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Amortisation of deferred income</td>
<td>135</td>
<td>137</td>
</tr>
<tr>
<td>Barter transaction sponsorship income</td>
<td>1,075</td>
<td>1,099</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>1,215</td>
<td>1,165</td>
</tr>
</tbody>
</table>

And after charging:

<table>
<thead>
<tr>
<th>Service Description</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Auditors remuneration</td>
<td>29</td>
<td>28</td>
</tr>
<tr>
<td>Auditors fees for non-audit services</td>
<td>8</td>
<td>13</td>
</tr>
<tr>
<td>Tax compliance</td>
<td>20</td>
<td>3</td>
</tr>
<tr>
<td>Other</td>
<td>22</td>
<td>11</td>
</tr>
<tr>
<td>Depreciation charge for the year:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Owned fixed assets</td>
<td>1,215</td>
<td>1,165</td>
</tr>
<tr>
<td>Amortisation charge for the year:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Owned intangible assets</td>
<td>16</td>
<td>15</td>
</tr>
<tr>
<td>Operating lease rentals</td>
<td>132</td>
<td>172</td>
</tr>
<tr>
<td>Plant &amp; machinery</td>
<td>305</td>
<td>305</td>
</tr>
<tr>
<td>Other</td>
<td>1,075</td>
<td>1,099</td>
</tr>
<tr>
<td>Barter transaction sponsorship costs</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Administrative and management expenses</td>
<td>2,994</td>
<td>2,745</td>
</tr>
</tbody>
</table>

2. Staff Costs

The average monthly number of persons employed during the year who are involved in and support the Scottish game was:

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Rugby</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Professional Players</td>
<td>99</td>
<td>105</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Professional Teams - Coaching &amp; Operations</td>
<td>27</td>
<td>23</td>
<td></td>
<td></td>
</tr>
<tr>
<td>National Team - Coaching &amp; Operations</td>
<td>10</td>
<td>8</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Elite Development Players &amp; Coaches</td>
<td>30</td>
<td>30</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Domestic &amp; Performance</td>
<td>76</td>
<td>75</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Strength &amp; Conditioning</td>
<td>18</td>
<td>16</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Medical &amp; Physiotherapy</td>
<td>17</td>
<td>17</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Stadium Operations</strong></td>
<td>274</td>
<td>274</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Commercial, marketing &amp; other corporate functions</td>
<td>31</td>
<td>32</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td>358</td>
<td>356</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Within these figures:

- Domestic & Performance includes employees within the BT Academies, Domestic Rugby Support Services, Participation & Development, Coach Development, Outreach & Equality, Schools & Youth, Domestic & Elite Refereeing, and Age Grade & Other Coaches.
- Stadium Operations includes staff involved in Event Management, Ticketing and Stadium, Pitch & Grounds Maintenance.
- Commercial, marketing & other corporate functions includes Commercial & Marketing, HR & Communications, Finance & IT, Governance and Business Services.

Notes to the Financial Statements

2. Staff Costs (cont)

<table>
<thead>
<tr>
<th></th>
<th>2017 Total</th>
<th>2016 Total</th>
<th>2017 £000</th>
<th>2016 £000</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td></td>
<td>1,215</td>
<td>1,165</td>
</tr>
<tr>
<td>Employment costs:</td>
<td></td>
<td></td>
<td>29</td>
<td>28</td>
</tr>
<tr>
<td>Wages and salaries</td>
<td>21,849</td>
<td>21,883</td>
<td>305</td>
<td>305</td>
</tr>
<tr>
<td>Social security</td>
<td>2,454</td>
<td>2,383</td>
<td>16</td>
<td>15</td>
</tr>
<tr>
<td>Other pension costs</td>
<td>628</td>
<td>640</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>24,931</td>
<td>24,856</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

At the year end the pension accrual was £390k (2016 - £234k).

3. Net Interest

<table>
<thead>
<tr>
<th></th>
<th>2017 £000</th>
<th>2016 £000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest payable on bank overdrafts</td>
<td>(274)</td>
<td>(323)</td>
</tr>
<tr>
<td>Amortisation of Debenture issue costs</td>
<td>82</td>
<td>81</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>(356)</td>
<td>(404)</td>
</tr>
</tbody>
</table>

The rates of interest on the Union’s term loan borrowings are included in Note 10.

4. Tax on surplus on ordinary activities

<table>
<thead>
<tr>
<th></th>
<th>2017 £000</th>
<th>2016 £000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current Tax:</td>
<td>343</td>
<td>169</td>
</tr>
<tr>
<td>On profits arising from non-mutual trading</td>
<td>-</td>
<td>10</td>
</tr>
<tr>
<td>Deferred:</td>
<td>292</td>
<td>341</td>
</tr>
<tr>
<td>Origination and reversal of timing differences</td>
<td>(292)</td>
<td>(341)</td>
</tr>
<tr>
<td>Movement in deferred tax unprovided</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>343</td>
<td>169</td>
</tr>
</tbody>
</table>

Factors affecting the current tax charge for the period:

<table>
<thead>
<tr>
<th></th>
<th>2017 £000</th>
<th>2016 £000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Surplus on ordinary activities before taxation</td>
<td>1,715</td>
<td>846</td>
</tr>
<tr>
<td>Corporation Tax at 20% (2016 - 20%)</td>
<td>343</td>
<td>169</td>
</tr>
</tbody>
</table>

Effects of:

<table>
<thead>
<tr>
<th></th>
<th>2017 £000</th>
<th>2016 £000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net expenses not deductible for tax purposes</td>
<td>153</td>
<td>152</td>
</tr>
<tr>
<td>Crystallisation of tax losses</td>
<td>(373)</td>
<td>(357)</td>
</tr>
<tr>
<td>Non-taxable mutual profits</td>
<td>100</td>
<td>102</td>
</tr>
<tr>
<td>Depreciation in excess of capital allowances</td>
<td>83</td>
<td>83</td>
</tr>
<tr>
<td>Capital transactions</td>
<td>31</td>
<td>31</td>
</tr>
<tr>
<td>Movement in other timing differences</td>
<td>-</td>
<td>10</td>
</tr>
</tbody>
</table>

The Union has gross taxable profits arising in the period of £nil (2016 - £49k).
5. Tangible Fixed Assets

<table>
<thead>
<tr>
<th></th>
<th>Heritable Property £000</th>
<th>Fixtures &amp; Fittings £000</th>
<th>Other Equipment £000</th>
<th>Assets Under Construction £000</th>
<th>Total £000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cost As at 1 June 2016</td>
<td>47,689</td>
<td>14,359</td>
<td>4,613</td>
<td></td>
<td>66,661</td>
</tr>
<tr>
<td>Additions</td>
<td>204</td>
<td>292</td>
<td>207</td>
<td>35</td>
<td>738</td>
</tr>
<tr>
<td>Disposals</td>
<td>(603)</td>
<td></td>
<td></td>
<td>(603)</td>
<td></td>
</tr>
<tr>
<td>As at 31 May 2017</td>
<td>47,290</td>
<td>14,651</td>
<td>4,820</td>
<td></td>
<td>66,796</td>
</tr>
</tbody>
</table>

Accumulated Depreciation

<table>
<thead>
<tr>
<th></th>
<th>£000</th>
<th>£000</th>
<th>£000</th>
</tr>
</thead>
<tbody>
<tr>
<td>As at 1 June 2016</td>
<td>11,582</td>
<td>12,632</td>
<td>3,350</td>
</tr>
<tr>
<td>Charge for year</td>
<td>697</td>
<td>230</td>
<td>288</td>
</tr>
<tr>
<td>Disposals</td>
<td>(272)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>As at 31 May 2017</td>
<td>12,007</td>
<td>12,862</td>
<td>3,638</td>
</tr>
</tbody>
</table>

Net Book Value

<table>
<thead>
<tr>
<th></th>
<th>£000</th>
<th>£000</th>
<th>£000</th>
<th>£000</th>
</tr>
</thead>
<tbody>
<tr>
<td>As at 31 May 2017</td>
<td>35,283</td>
<td>1,789</td>
<td>1,182</td>
<td>35</td>
</tr>
<tr>
<td>As at 31 May 2016</td>
<td>36,107</td>
<td>1,727</td>
<td>1,263</td>
<td>-</td>
</tr>
</tbody>
</table>

6. Intangible Fixed Assets

<table>
<thead>
<tr>
<th></th>
<th>Computer Software £000</th>
<th>Assets Under Construction £000</th>
<th>Total £000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cost As at 1 June 2016</td>
<td>197</td>
<td>17</td>
<td>214</td>
</tr>
<tr>
<td>Additions</td>
<td>6</td>
<td>145</td>
<td>151</td>
</tr>
<tr>
<td>As at 31 May 2017</td>
<td>203</td>
<td>162</td>
<td>365</td>
</tr>
</tbody>
</table>

Accumulated Amortisation

<table>
<thead>
<tr>
<th></th>
<th>£000</th>
<th>£000</th>
</tr>
</thead>
<tbody>
<tr>
<td>As at 1 June 2016</td>
<td>143</td>
<td>-</td>
</tr>
<tr>
<td>Charge for year</td>
<td>16</td>
<td>-</td>
</tr>
<tr>
<td>As at 31 May 2016</td>
<td>159</td>
<td>-</td>
</tr>
</tbody>
</table>

Net Book Value

<table>
<thead>
<tr>
<th></th>
<th>£000</th>
<th>£000</th>
<th>£000</th>
</tr>
</thead>
<tbody>
<tr>
<td>As at 31 May 2017</td>
<td>44</td>
<td>142</td>
<td>206</td>
</tr>
<tr>
<td>As at 31 May 2016</td>
<td>54</td>
<td>17</td>
<td>71</td>
</tr>
</tbody>
</table>

7. Investments

The Union holds one €1.25 ordinary share in British & Irish Lions DAC, a company incorporated in the Irish Republic. The Union’s investment represents a 25% holding in the issued share capital of the company.

The Union is the beneficial owner of 100 €1.00 ordinary shares in Celtic Rugby DAC, a company incorporated in the Irish Republic. The Union’s holding represents 33% of the company’s issued share capital.

The Union is the beneficial owner of 1,667 €1.27 ordinary shares in European Rugby Cup Limited, a company incorporated in the Irish Republic and which is in liquidation. The Union’s holding represents 16.67% of the company’s issued share capital.

In addition to the above, the Union is a member of European Professional Club Rugby, a Swiss association, whose principal activity is promoting and managing the European Rugby Champions Cup, Challenge Cup and Continental Shield.

The Union is one of three subscribers, the others being The Welsh Rugby Union Ltd and Rugby Football Union, to Great Britain Rugby Sevens Limited, a company incorporated in England and Wales, and limited by guarantee.

Given the disposition of the other shareholdings in these companies, and the immateriality of their net surpluses and net assets after receipt of dividends by the Union, the Directors do not believe that these investments fall to be treated as associate companies. Fixed asset investments are stated at the lower of cost and valuation.

8. Debtors

<table>
<thead>
<tr>
<th></th>
<th>2017 £000</th>
<th>2016 £000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trade debtors</td>
<td>4,760</td>
<td>5,668</td>
</tr>
<tr>
<td>Other debtors</td>
<td>285</td>
<td>240</td>
</tr>
<tr>
<td>Prepayments</td>
<td>856</td>
<td>568</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>5,901</td>
<td>6,476</td>
</tr>
</tbody>
</table>

9. Creditors

<table>
<thead>
<tr>
<th></th>
<th>2017 £000</th>
<th>2016 £000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trade creditors</td>
<td>1,594</td>
<td>2,538</td>
</tr>
<tr>
<td>Other tax and social security Accruals</td>
<td>5,397</td>
<td>4,850</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>14,129</td>
<td>14,573</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>2017 £000</th>
<th>2016 £000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bank loans</td>
<td>5,000</td>
<td>5,500</td>
</tr>
<tr>
<td>Other creditors</td>
<td>98</td>
<td>98</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>5,047</td>
<td>5,598</td>
</tr>
</tbody>
</table>
9. Creditors (cont.)

Finance lease obligations to which the Union is committed are due:

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>In one year or less</td>
<td>-</td>
<td>3</td>
</tr>
<tr>
<td></td>
<td>3</td>
<td>3</td>
</tr>
</tbody>
</table>

Within amounts falling due after more than one year, bank loans of £5m (2016 - £5.5m) are repayable in full by 30 June 2020. Security was granted to the Union’s bankers by way of a Bond and Floating charge over the assets of Scottish Rugby Union plc.

10. Financial Instruments

Treasury policy
Treasury activity is focused on monitoring working capital, managing interest rate risk and managing currency rate risk. Treasury activity is not a profit centre and the Union neither enters into transactions of a speculative nature nor trades in financial instruments.

The Union has the following financial instruments:

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>£000</td>
<td>£000</td>
</tr>
</tbody>
</table>

Financial assets that are debt instruments measured at amortised cost:

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trade debtors</td>
<td>4,760</td>
<td>5,668</td>
</tr>
<tr>
<td>Other debtors</td>
<td>1,141</td>
<td>808</td>
</tr>
</tbody>
</table>

Financial assets measured at fair value through other comprehensive income:

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Derivative financial instruments</td>
<td>640</td>
<td>197</td>
</tr>
</tbody>
</table>

Financial liabilities measured at amortised cost:

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bank Loans &amp; Overdraft</td>
<td>5,000</td>
<td>5,635</td>
</tr>
<tr>
<td>Trade creditors</td>
<td>1,594</td>
<td>2,507</td>
</tr>
<tr>
<td>Other creditors</td>
<td>13,582</td>
<td>12,028</td>
</tr>
</tbody>
</table>

Financial liabilities measured at fair value through other comprehensive income:

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Derivative financial instruments</td>
<td>1,707</td>
<td>517</td>
</tr>
</tbody>
</table>

Derivative financial instruments - Forward Contracts

The Union enters into forward foreign exchange contracts to mitigate the exchange rate risk for certain future foreign currency receivables. The forward foreign exchange contracts are measured at fair value, which is determined using valuation techniques that utilise observable inputs. The key inputs used in valuing the derivatives are the year end spot exchange rates. The fair value of the forward foreign exchange currency contracts as 31 May 2017 was (£939k) (2016: (£202k)).

11. Provisions for liabilities

<table>
<thead>
<tr>
<th></th>
<th>Tenant</th>
<th>Club Residual</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Deferred</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Tax</td>
<td>Fund</td>
</tr>
<tr>
<td>Opening</td>
<td>-</td>
<td>48</td>
</tr>
<tr>
<td>Transfer during period</td>
<td>-</td>
<td>2</td>
</tr>
<tr>
<td>Closing</td>
<td>-</td>
<td>50</td>
</tr>
</tbody>
</table>

Deferred taxation comprises:

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accelerated capital allowances</td>
<td>1,231</td>
<td>1,547</td>
</tr>
<tr>
<td>Other timing differences</td>
<td>116</td>
<td>414</td>
</tr>
<tr>
<td>Trading losses carried forward</td>
<td>(2,142)</td>
<td>(3,033)</td>
</tr>
<tr>
<td>Deferred Tax asset not recognised</td>
<td>(795)</td>
<td>(1,052)</td>
</tr>
<tr>
<td></td>
<td>795</td>
<td>1,052</td>
</tr>
</tbody>
</table>

Following due consideration of future anticipated taxable profits, the residual deferred tax assets on trading losses carried forward has not been recognised on the basis that it will take some time for them to be fully recovered. The deferred tax asset will be fully recoverable should there be appropriate future taxable profits.

12. Deferred income

<table>
<thead>
<tr>
<th></th>
<th>Heritable</th>
<th>Debenture</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2017</td>
<td>2016</td>
<td>Total</td>
</tr>
<tr>
<td>Property</td>
<td>£000</td>
<td>£000</td>
<td>£000</td>
</tr>
<tr>
<td>Opening</td>
<td>1,536</td>
<td>397</td>
<td>1,933</td>
</tr>
<tr>
<td>Amortisation in period</td>
<td>(30)</td>
<td>(105)</td>
<td>(135)</td>
</tr>
<tr>
<td>Closing</td>
<td>1,506</td>
<td>292</td>
<td>1,798</td>
</tr>
<tr>
<td></td>
<td>1,506</td>
<td>292</td>
<td>1,798</td>
</tr>
</tbody>
</table>

Notes to the Financial Statements
13. Ten Year Debentures

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>2009 Debentures</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>J</td>
<td>£1</td>
<td>500</td>
<td>90</td>
<td></td>
<td></td>
</tr>
<tr>
<td>K</td>
<td>£1</td>
<td>1,000</td>
<td>429</td>
<td>429</td>
<td></td>
</tr>
<tr>
<td>L</td>
<td>£1</td>
<td>200</td>
<td>78</td>
<td>78</td>
<td></td>
</tr>
<tr>
<td>N</td>
<td>£1</td>
<td>1,000</td>
<td>14</td>
<td>14</td>
<td></td>
</tr>
<tr>
<td>O</td>
<td>£1</td>
<td>1,000</td>
<td>180</td>
<td>180</td>
<td></td>
</tr>
<tr>
<td>2012 Debentures</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>791</td>
<td>791</td>
</tr>
</tbody>
</table>

Debentures issued: 791

The 2009 Debentures are unsecured, interest free and repayable at par on 31 May 2019. The 2012 Debentures are unsecured, interest free and repayable at par on 31 May 2022. Holders of the 2009 and 2012 Debentures have the right to purchase a ticket for any event or match at the stadium for which the Union retains direct control over the allocation of all tickets. In respect of Six Nations matches, the ticket is for a specific seat.

14. Murrayfield Debentures

<table>
<thead>
<tr>
<th>Class of Debenture</th>
<th>Value Each</th>
<th>No. Authorised</th>
<th>2017 No. Issued</th>
<th>£000</th>
<th>2016 No. Issued</th>
<th>£000</th>
<th>2016 No. Issued</th>
<th>£000</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>£1,200</td>
<td>9,100</td>
<td>9,072</td>
<td>10,910</td>
<td>9,092</td>
<td>10,910</td>
<td></td>
<td></td>
</tr>
<tr>
<td>B</td>
<td>£2,200</td>
<td>7,900</td>
<td>7,900</td>
<td>17,380</td>
<td>7,900</td>
<td>17,380</td>
<td></td>
<td></td>
</tr>
<tr>
<td>C</td>
<td>£3,500</td>
<td>1,000</td>
<td>1,000</td>
<td>3,500</td>
<td>1,000</td>
<td>3,500</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Thistle</td>
<td>£9,900</td>
<td>500</td>
<td>188</td>
<td>1,861</td>
<td>188</td>
<td>1,861</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>18,180</td>
<td>33,651</td>
<td>18,180</td>
<td>33,651</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Debentures issued: 18,180

Issue Costs:

- Opening: £2,028 - £2,109
- Amortisation: £1,946 - £2,028
- Closing: £31,705 - £31,623

The Murrayfield Debentures are unsecured, rank pari passu and are interest free. Repayment, at par, is at the discretion of the Union on or after 1 January 2043 in respect of the A and C Debentures and 1 January 2044 with regard to the B and Thistle Debentures. Holders have the right to purchase a ticket for any event or match at the stadium for which the Union retains direct control over the allocation of all tickets. In respect of Six Nations matches the ticket is for a specific seat. Thistle and C Debenture holders also have a right to purchase certain matchday hospitality packages.

15. Irredeemable Debentures

The 972 (2016 - 972) Debentures of £100 each (the 1925 Debentures) entitle the holder to purchase two tickets at BT Murrayfield for each match directly controlled by the Union. The debentures are interest free.
Notes to the Financial Statements

20. Analysis of net debt

<table>
<thead>
<tr>
<th></th>
<th>31 May 2016</th>
<th>Cash Flows</th>
<th>Other Changes</th>
<th>31 May 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>£000</td>
<td>£000</td>
<td>£000</td>
<td>£000</td>
</tr>
<tr>
<td>Cash in hand</td>
<td>10</td>
<td>5</td>
<td>-</td>
<td>15</td>
</tr>
<tr>
<td>Cash at bank</td>
<td>(135)</td>
<td>2,156</td>
<td>-</td>
<td>(5,000)</td>
</tr>
<tr>
<td>Bank loans</td>
<td>(5,500)</td>
<td>500</td>
<td>-</td>
<td>(5,000)</td>
</tr>
<tr>
<td>Finance lease due within one year</td>
<td>(3)</td>
<td>3</td>
<td>-</td>
<td>(97)</td>
</tr>
<tr>
<td>Irredeemable Debentures</td>
<td>(31,623)</td>
<td>-</td>
<td>(82)</td>
<td>(31,705)</td>
</tr>
<tr>
<td>Ten Year Debentures</td>
<td>(1)</td>
<td>-</td>
<td>-</td>
<td>(1)</td>
</tr>
<tr>
<td></td>
<td>(37,349)</td>
<td>2,664</td>
<td>(82)</td>
<td>(34,767)</td>
</tr>
</tbody>
</table>

Debentures have been treated as public benefit entity concessionary loans as they were received below the prevailing market rate of interest and for the purpose of furthering the primary objective of the Union.

21. Related Party Transactions

Four of the directors of Scottish Rugby Union plc, Mike Monro, Rob Flockhart, Jim Littlefair and Edward A. Crozier were also trustees of the Murrayfield Injured Players Foundation during the year. Scottish Rugby Union plc does not charge the charity for any administrative or other support that it provides and made no donation to it in the current year or previous period.

Fergus Neil, a director of Scottish Rugby Union plc until 20 August 2016, acts as a referee performance reviewer for domestic and EPCR fixtures, on behalf of Scottish Rugby. The fee payable to Mr Neil for this service in the year up to 20 August 2016 was £nil (2016: £975).

During the prior year to 9 August 2015, in which Ian Barr was a director of Scottish Rugby Union plc, £1k of ad hoc grounds and facility services were purchased from WH&R Barr, a firm in which Mr Barr is managing partner. Mr Barr was not a director of the Scottish Rugby Union plc in the current year.

22. SRU Group

The Scottish Rugby Union carries out all of its operations through its wholly owned subsidiary, Scottish Rugby Union plc, the registered office of which is Murrayfield Stadium, Edinburgh, EH12 5PJ. For accounting purposes the group is also deemed to include the Thistle Rugby Trust. The group has taken advantage of the exemption conferred by FRS102 from the need to disclose transactions between group entities that have been eliminated on consolidation in these group financial statements.

Five Year Summary

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Income</td>
<td>£1,449</td>
<td>47,434</td>
<td>44,243</td>
<td>43,730</td>
<td>39,275</td>
</tr>
<tr>
<td>Expenditure:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>International and Professional Rugby</td>
<td>24,947</td>
<td>23,988</td>
<td>22,761</td>
<td>23,614</td>
<td>20,884</td>
</tr>
<tr>
<td>Domestic and Performance Rugby</td>
<td>7,623</td>
<td>7,509</td>
<td>6,201</td>
<td>4,969</td>
<td>4,701</td>
</tr>
<tr>
<td>Commercial and Operational</td>
<td>12,460</td>
<td>10,570</td>
<td>10,876</td>
<td>10,077</td>
<td>8,874</td>
</tr>
<tr>
<td>Club Support and Development</td>
<td>2,746</td>
<td>2,937</td>
<td>2,772</td>
<td>2,251</td>
<td>1,932</td>
</tr>
<tr>
<td>Depreciation</td>
<td>1,231</td>
<td>1,180</td>
<td>1,053</td>
<td>1,257</td>
<td>1,100</td>
</tr>
<tr>
<td>Operating Surplus</td>
<td>2,402</td>
<td>1,250</td>
<td>580</td>
<td>1,562</td>
<td>1,784</td>
</tr>
<tr>
<td>Deficit on disposal of Fixed Asset</td>
<td>(331)</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Surplus on ordinary activities before interest</td>
<td>2,071</td>
<td>1,250</td>
<td>580</td>
<td>1,562</td>
<td>1,784</td>
</tr>
<tr>
<td>Net Interest</td>
<td>(356)</td>
<td>(404)</td>
<td>(556)</td>
<td>(702)</td>
<td>(926)</td>
</tr>
<tr>
<td>Surplus before taxation</td>
<td>1,715</td>
<td>846</td>
<td>24</td>
<td>860</td>
<td>858</td>
</tr>
<tr>
<td>Taxation</td>
<td>-</td>
<td>(10)</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Surplus for year / period</td>
<td>1,715</td>
<td>836</td>
<td>24</td>
<td>860</td>
<td>858</td>
</tr>
</tbody>
</table>

Note (1) – 2014 represents a 13 month period, ended 31 May 2014. Other columns represent one year, ended 31 May from 2015, and 2016 and 30 April other years.
Commentary on the Financial Statements

This section provides a general commentary on the income and expenditure categories for the year ended 31 May 2017.

Turnover

Scottish Rugby’s turnover comes from a number of areas. National team match ticket sales, including the RBS 6 Nations and other home international matches, pro-club match ticket sales, together with related broadcasting revenue provide a significant element of this. Match day income also includes revenue from pitchside advertising boards, match programmes and revenue from hospitality activities. The scale of merchandise throughout the year is a further important source of income.

Scottish Rugby is grateful for funding from its many sponsors including BT and Macron. All of Scottish Rugby’s partners are noted at the back of the Annual Report. Scottish Rugby is also grateful for significant grant funding from World Rugby, sportscotland and the Cashback for Communities programme. Turnover also includes income from European Professional Club Rugby (EPCR) and the Guinness Pro12, and from other events held in BT Murrayfield Stadium including dinners, business conferences, concerts and Christmas party nights.

International and Professional Rugby

The expenditure relating to the players, management, medical and strength & conditioning teams involved in International and Professional Rugby is within this category. This includes travel, food and accommodation at venues, salaries, kit, laundry costs, travel insurance, training facilities, honours caps and team coach hire for all of the Scotland teams playing at international level. It also includes all Pro-club costs, being players’, coaches’ and support staff salaries together with kit, travel and other coaching costs, and match day outings such as advertising, turnstile staff, ticket printing, venue preparation and entertainment.

Expenditure in the provision of medical services, including physiotherapists, match doctors for the players, crowd doctors, and the medical supplies needed to support players involved in international and professional rugby is included in this category. Also included is the investment in the strength and conditioning personnel who work with the National and Professional teams, together with the associated programme costs.

Domestic and Performance Rugby

Grassroots investment, which is key in helping to develop the players and coaches of the future, as well as maintaining and growing the game, is included in this category. The domestic rugby team, which is supported by sportscotland, together with associated programme costs, including travel, training and event costs are also included. Similarly, expenditure for the delivery of the programme related to funding from the Cashback for Communities grant is included here.

The investment in the BT Sport Scottish Rugby Academy is included in this category, with costs including coaching, facilities, programmes and players, kit, equipment and match venue and logistics. Specialist coaching costs are included here, as are analysis and other rugby operational support costs. This area also includes investment in the exiles programme.

Referee development, from grassroots to international level, includes the costs of referee coaching, travel to games, kit and staffing and office expenditure for those employed in this area. Referee costs also include salary, travelling expenses and associated costs for professional refereeing.

Scottish Rugby delivers coaching courses throughout Scotland, including United Kingdom Coaching Certificate (UKCC) ones. The costs of these are included here and the delivery of this programme is part funded by sportscotland. This area also includes the staff in the Coach Development team, training and facility costs, and course resources, as well as tutor and registration fees. The costs of a number of other coaching resources and initiatives, including the online training hub, workshops and conferences, and Rugby Right are also part of this area’s expenditure.

Finally, the provision of medical services from physiotherapists and doctors, for cover at various domestic and performance rugby events and matches are included here, as are related strength and conditioning costs.

Scottish Rugby is grateful for the support of sportscotland and World Rugby grants which assist in the delivery of a number of the above programmes.

Commercial & Operational

Commercial and Operational costs cover various areas of activity in Scottish Rugby. The running costs of the national stadium are included and these range from pitch repair and preparation to roof and other stadium maintenance, and include security, insurance, rates, electricity, gas and water, all of which continue to ensure that BT Murrayfield remains a suitable, safe, and well maintained venue. Also included are match day and non-match day operational and staff costs, as are other event management and entertainment costs.

Marketing and commercial expenditure is included in this area, where the costs of partnering with, developing and maintaining Scottish Rugby’s family of sponsors are recorded. The activation costs of marketing campaigns, promotional materials, media events and other operational activities are also included here. Similarly included are the costs of other support staff and programmes in the areas of ticketing, HR, procurement, IT, finance, governance and business services. Finally, the costs of the communications and corporate affairs team and related activity across the wide spectra of print, broadcast, web and other social media are part of this category.

Club Support and Development

Scottish Rugby recognises that investment in the sport at grassroots level is a key element in maintaining and growing the game of rugby. Clubs are supported through the payment of Participation Monies, Player Accident Insurance contributions, to cup and league travel costs, the Club Sustainability Fund and the payment of all referees’ travel costs across the country. Ticket commissions which clubs receive for sales of international and sevens tickets are included here as are player reward scheme payments, where clubs’ contributions to the development of players who have gone on to win academy or professional contracts are acknowledged. The joint funding of Club Development Officers in partnerships with both clubs and local authorities across the country is also part of club support and development expenditure.

Depreciation

Depreciation is the annual charge in respect of Scottish Rugby’s fixed assets, primarily the redevelopment costs of BT Murrayfield Stadium.

Annual Report 2016/17
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Front cover
Stuart Hogg and Huw Jones v Ireland 2017

Back cover
Rhona Lloyd celebrates Scotland Women’s win against Wales 2017

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