International Rugby Board

Consolidated Financial Statements

Year Ended 31 December 2013

CONTENTS

GENERAL INFORMATION

Council Members as at 31 December 2013

B Lapasset	Independent Chairman	
O Hoskins	(South Africa)	Vice Chairman
J Spencer	(England)	
W Beaumont	(England)	
M Dodson	(Scotland)	
J Jeffrey	(Scotland)	
P Boyle	(Ireland)	
P Whelan	(Ireland)	
D Pickering	(Wales)	
G Davies	(Wales)	
M Hawker	(Australia)	
B Pulver	(Australia)	
M Eagle	(New Zealand)	
S Tew	(New Zealand)	
J Roux	(South Africa)	
P Camou	(France)	
J Laurans	(France)	
A Pichot	(Argentina)	
C Le Fevre	(Canada)	
G Dondi	(Italy)	
T Yabe	(Japan)	
O Morariu	(FIRA-AER)	
K Tokumasu	(ARFU)	
A Bougja	(CAR)	
H Schuster	(FORU)	
C Barbieri	(CONSUR)	
B Latham	(NACRA)	

Chief Executive Officer

B Gosper

Principal Bankers

Bank of Ireland
St Stephen's Green
Dublin 2

Auditors

PricewaterhouseCoopers
Chartered Accountants and Registered Auditors
One Spencer Dock
North Wall Quay
Dublin 1

STATEMENT OF COUNCIL'S RESPONSIBILITIES

Statement of Council's responsibilities in respect of the financial statements
The International Rugby Board (IRB) is the world governing and lawmaking body of Rugby Union. It is made up of 101 Member Unions and 18 Associate Member Unions. The IRB Council has a current representation of 25 voting members, a Vice Chairman and an Independent Chairman. It is comprised of representatives of Unions and Associations appointed as set out in the IRB Bye-Laws and acts in accordance with the powers conferred upon it by the IRB Bye-Laws.

The Council is required to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the IRB and of its profit or loss and cash flow for that period. In preparing those financial statements, the Council is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- comply with applicable accounting standards, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis, unless it is inappropriate to presume the association will continue its objectives.

The Council is responsible for maintaining records which disclose with reasonable accuracy the financial position of the association and its subsidiaries and to enable the Council to ensure that the financial statements have been properly prepared. The Council is also responsible for safeguarding the assets of the association and its subsidiaries and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

B Lapasset, Chairman

B Gosper, CEO

INDEPENDENT AUDITORS' REPORT TO THE COUNCIL OF THE INTERNATIONAL RUGBY BOARD

We have audited the consolidated financial statements of the International Rugby Board ("the Board") for the year ended 31 December 2013 which comprise the Consolidated Income Statement, the Consolidated Balance Sheet, the Consolidated Cash Flow Statement, the Consolidated Statement of Change in Equity and the related notes. The financial reporting framework that has been applied in their preparation is International Financial Reporting Standards (IFRSs).

Respective responsibilities of Council members and auditors
The responsibilities of the Council members for preparing the financial statements in accordance with IFRSs are set out in the Statement of Council's Responsibilities. Our responsibility is to audit and express an opinion on the financial statements in accordance with International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practice Board's Ethical Standards for Auditors. This report including the opinion, has been prepared for and only for the Council members as a body and for no other purpose. We do not, in giving this opinion, 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.

Scope of the audit of the financial statements
An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Board's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Council Members; and the overall presentation of the financial statements. In addition, we read the statement of Council's responsibilities and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board and generally accepted in Ireland. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the Council members in the preparation of the consolidated financial statements, and of whether the accounting policies are appropriate to the association's circumstances, consistently applied and adequately disclosed.

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

Opinion
In our opinion the consolidated financial statements give a true and fair view in accordance with IFRSs, of the state of the Board's affairs as at 31 December 2013 and of its loss and cash flows for the year then ended.

PricewaterhouseCoopers

PricewaterhouseCoopers
Chartered Accountants and Registered Auditors
Dublin
16 May 2014

PricewaterhouseCoopers, One Spencer Dock, North Wall Quay, Dublin 1, Ireland, I.D.E. Box No. 137
T: +353 (0) 1 792 6000, F: +353 (0) 1 792 6200, www.pwc.com/ie

Chartered Accountants

CONSOLIDATED INCOME STATEMENT
Year Ended 31 December 2013

	Notes	2013 Stg£	2012 Stg£
Revenue	5	6,652,982	7,833,686
Tournament related expenses		(11,223,691)	(8,847,033)
Grant related expenses	6	(22,674,289)	(22,833,163)
Administration expenses	7	(21,354,257)	(16,875,908)
Other income	8	2,074,439	3,493,498
Other gains - net	9	1,406,225	1,785,447
Loss before income tax		(45,118,591)	(35,443,473)
Income tax expense	11	(36,980)	(46,909)
Loss for the year		(45,155,571)	(35,490,382)

The notes on pages 9 to 22 are an integral part of these consolidated financial statements.

B Lapasset, Chairman

B Gosper, CEO

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
Year Ended 31 December 2013

	2013 Stg£	2012 Stg£
Loss for the year	(45,155,571)	(35,490,382)
Fair value gain on available for sale financial assets	2,390,466	1,502,154
Total comprehensive loss for the year	(42,765,105)	(33,988,228)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
Year Ended 31 December 2013

	Total equity Stg£
Balance at 31 December 2011	154,040,835
Total comprehensive loss for the year	(33,988,228)
Balance at 31 December 2012	120,052,607
Total comprehensive loss for the year	(42,765,105)
Balance at 31 December 2013	77,287,502

The notes on pages 9 to 22 are an integral part of these consolidated financial statements.

B Lapasset, Chairman

B Gosper, CEO

CONSOLIDATED BALANCE SHEET
As at 31 December 2013

	Notes	2013 Stg£	2012 Stg£
ASSETS			
Non – current assets			
Property, plant and equipment	12	123,361	221,269
Intangible assets	13	77,002	77,002
Deferred expenditure	14	3,040,134	709,140
Available-for-sale financial assets	15	94,237,993	86,806,337
		97,478,490	87,813,748
Current assets			
Trade and other receivables	16	6,435,170	3,139,803
Deposits	17	-	5,323,234
Cash and cash equivalents	17	37,972,299	43,594,499
		44,407,469	52,057,536
Total assets		141,885,959	139,871,284
EQUITY			
Capital and reserves			
Retained earnings	20	77,287,502	120,052,607
LIABILITIES			
Non-current liabilities			
Deferred revenue	18	56,182,328	13,301,230
Current liabilities			
Trade and other payables	19	8,416,129	6,517,447
Total liabilities		64,598,457	19,818,677
Total equity and liabilities		141,885,959	139,871,284

The notes on pages 9 to 22 are an integral part of these consolidated financial statements.

B Lapasset, Chairman

B Gosper, CEO

CONSOLIDATED CASH FLOW STATEMENT
Year Ended 31 December 2013

	Note	2013 Stg£	2012 Stg£
Cash flows from operating activities			
Cash generated from operations	21	9,031,388	43,083,524
Income tax paid		(37,329)	(30,697)
Grant payments		(17,454,866)	(35,027,046)
Net cash used in operating activities		(8,460,807)	8,025,781
Cash flows from investing activities			
Purchases of property, plant and equipment		(67,795)	(98,398)
Purchase of available for sale financial assets		(39,187,320)	(27,783,145)
Proceeds on disposal of available for sale financial assets		34,991,660	27,648,812
Interest received		2,074,439	3,493,498
Net cash (utilised by)/generated from investing activities		(2,189,016)	3,260,767
Cash flows from financing activities			
Decrease in deposits		5,323,233	2,745,638
Net cash generated from financing activities		5,323,233	2,745,638
Net increase in cash and cash equivalents		(5,326,590)	14,032,186
Exchange (loss)/gain on cash and cash equivalents		(295,610)	249,090
Cash and cash equivalents at beginning of the year		43,594,499	29,313,223
Cash and cash equivalents at end of the year		37,972,299	43,594,499

The notes on pages 9 to 22 are an integral part of these consolidated financial statements.

B Lapasset, Chairman

B Gosper, CEO

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 General information

The International Rugby Board (IRB) is the world governing and law making body of Rugby Union. It is made up of 101 Member Unions and 18 Associate Member Unions.

The International Rugby Board is resident in Dublin at Huguenot House, St Stephen's Green.

These consolidated financial statements have been approved for issue by the Council of the International Rugby Board on 14 May 2014.

2 Summary of significant accounting policies

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.

A Basis of preparation

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards and IFRIC interpretations adopted by the European Union (EU). The consolidated financial statements have been prepared under the historical cost convention, as modified by the measurement of the fair value of available for sale financial assets. A summary of the more important group accounting policies is set out below.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results ultimately may differ from those estimates.

Standards, amendments and interpretations effective in 2013 but not relevant to the IRB's operations

The following new standards, amendments to existing standards and interpretations are mandatory for the first time for the financial year beginning 1 January 2013:

- IFRS 7 (Amendment) *Financial instruments: Disclosures,* on derecognition (effective 1 July 2011)
- IAS 12 (Amendment) Recovery of underlying assets (effective 1 January 2012).

The adoption of these standards and interpretations has not led to any changes in accounting policies.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

2 Summary of significant accounting policies - continued

A Basis of preparation - continued

The following new standards, amendments to existing standards and interpretations have been issued prior to the date of issuance of the Company's financial statements but have not been early adopted by the Company:

- IAS 32 (Amended) *Financial instruments: Presentation,* on classification of rights issues (effective 1 February 2011)
- IFRS 7 (Amendment) *Financial instruments: Disclosures,* on derecognition (effective 1 July 2011)
- IFRS 7 (Amendment) *Disclosure - Transfer of financial assets* (effective 1 July 2011, subject to EU endorsement)
- IFRS 1 (Amendment) *First time adoption,* on fixed dates and hyperinflation (effective 1 July 2011)
- IAS 12 (Amendment) *Income taxes,* on deferred tax (effective 1 January 2012)
- IAS 19 (Amendment) *Employee benefits* (effective 1 January 2013)
- IFRS 9 *Financial instruments* (effective 1 January 2013)
- IFRS 10 *Consolidated financial statements* (effective 1 January 2013)
- IFRS 11 *Joint arrangements* (effective 1 January 2013)
- IFRS 12 *Disclosures of interests in other entities* (effective 1 January 2013)
- IFRS 13 *Fair value measurement (effective* 1 January 2013)
- IAS 19 (Amendment) *Financial Instruments* (effective 15 January 2013)
- IAS 1 (Amendment) *Presentation of items of other comprehensive income* (effective for financial periods beginning on or after 1 July 2012).

It is not anticipated that the adoption of these standards and interpretations will have a material impact on the consolidated financial statements in the period of initial adoption.

B Consolidation

Subsidiaries are all entities over which the International Rugby Board has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the International Rugby Board controls another entity. The International Rugby Board is made up of a number of subsidiaries, which are listed below:

IBFB Services (Ireland) Limited - the company is engaged in providing financial and administrative services to various entities within the IRB group.

IB Tournaments Limited - the principal activity of the company is the promotion of Rugby Union and the organisation and administration of Rugby Union tournaments.

Rugby World Cup Limited - the company's principal activity is the licensing of rights emanating from the ownership of the Rugby World Cup.

RWC 2003 Limited - company previously involved in the organisation of Rugby World Cup 2003.

IRB Trust - the Trust is established for the sole purpose of the promotion and development of Rugby Union worldwide.

IRB Strategic Developments Limited – the company is engaged in the application for the Dot Rugby Domain name.

International Rugby Development Limited - this company is the Corporate Trustee of the IRB Trust.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

2 Summary of significant accounting policies – continued

B Consolidation - continued

Rugby World Cup 2015 (Services) Limited - this company is engaged in the administration of Rugby World Cup 2015.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated but considered an impairment indicator of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the International Rugby Board.

C Foreign currency translation

(a) *Functional and presentation currency*

Items included in the financial statements of each of the International Rugby Board's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in STG£, which is the International Rugby Board's functional and presentation currency.

(b) *Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

Changes in the fair value of monetary securities denominated in foreign currency classified as available for sale are analysed between translation differences resulting from changes in the amortised cost of the security, and other changes in the carrying amount of the security. Translation differences are recognised in profit or loss, and other changes in carrying amount are recognised in equity. Translation differences on non-monetary financial assets such as equities classified as available for sale are included in the fair value reserve in equity.

D Property, plant and equipment

The IRB does not hold any property. All plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the IRB and the cost of the item can be measured reliably. All repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Depreciation on plant and equipment is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

Fixtures and fittings	5 years
Computer equipment	3 years
Plant and equipment	25 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the Income Statement.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

2 Summary of significant accounting policies - continued

E Intangible assets

Rugby World Cup Logo

The Rugby World Cup logo represents costs incurred in registering the logo. The logo is regarded as having an indefinite useful life because, based on an analysis of all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows to the entity. The logo is not subject to amortisation and is tested annually for impairment. An impairment loss is recognised for the amount by which the asset's carrying value exceeds its recoverable amount.

The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. To date an impairment loss has not arisen.

Website development costs

The costs incurred in developing the International Rugby Board's website are capitalised and amortised over 3 years.

F Financial assets

Available-for-sale financial assets

The International Rugby Board classifies all of its investments into the available-for-sale category. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the balance sheet date.

Regular purchases and sales of investments are recognised on trade-date – the date on which the IRB commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs. Available-for-sale financial assets are subsequently carried at fair value. Investments are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the IRB has transferred substantially all risks and rewards of ownership.

Changes in the fair value of monetary securities classified as available-for-sale and non-monetary securities classified as available-for-sale are dealt with in the statement of comprehensive income.

When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognised in equity are included in the income statement as 'gains and losses from investment securities'. Interest on available-for-sale securities calculated using the effective interest method is recognised in the income statement. Dividends on available-for-sale equity instruments are recognised in the income statement when the Group's right to receive payments is established.

The fair values of quoted investments are based on current bid prices.

The IRB assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered as an indicator that the securities are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity and recognised in the income statement. Impairment losses recognised in the income statement on equity instruments are not reversed through the income statement.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

2 Summary of significant accounting policies - continued

G Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the International Rugby Board will not be able to collect all amounts due according to the original terms of receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the income statement within administration expenses. When a trade receivable is uncollectible it is written off against the allowance account for trade receivables. Subsequent recoveries of previously written off amounts are credited against administration expenses in the income statement.

H Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

I Employee benefits

Pension obligations

The IRB operates a defined contribution pension plan. A defined contribution plan is a pension plan under which the IRB pays fixed contributions into a separate entity. The International Rugby Board has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

The contributions are recognised as an employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

J Provisions

Provisions for restructuring costs and legal claims are recognised when the International Rugby Board has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

K Revenue recognition

Royalties from the licensing of television rights to broadcast the Rugby World Cup are recognised on the successful completion of the respective Rugby World Cup tournament. Instalments received prior to this date are deferred as they may be repayable, in whole or in part, at any time up to the completion of the Rugby World Cup upon the occurrence, for any reasons, of one of more of the following conditions specified in the contract agreements:

- Cancellation and/or rescheduling of the events and/or non availability of feed of events to the licensee.
- Either party has committed a material breach of any of its obligations which cannot be remedied.
- Either party has committed a material or repeated breach of any of its obligations and fails to remedy such breach.
- The other party goes into liquidation or an administrator or receiver is appointed over the whole or any part of that other party's assets.
- The other party ceases or threatens to cease to carry on business or is removed from the relevant register of companies.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

2 Summary of significant accounting policies - continued

K Revenue recognition - continued

Interest earned on instalments received is for the benefit of the International Rugby Board and is recorded as interest income.

Other revenue

Other revenue is generated from the sale of sponsorship rights, hospitality rights and licensing rights. Those which are related to the Rugby World Cup tournament are deferred to the year in which the event is held as they may be repayable in whole or in part upon the occurrence of similar conditions which apply to the broadcasting rights agreements. Revenues related to other tournaments are recorded in the period in which the relevant tournament takes place.

Financial income

Interest income is recognised on an effective yield basis and dividend income is recognised when the right to receive payment is established.

L Leases

The IRB has no finance leases of property, plant and equipment where the Group has substantially all of the risks and rewards of ownership.

All leases undertaken by the IRB are operating leases in which a significant portion of the risks and rewards are retained by the lessor. Payments made under such operating leases, excluding contingency payments, are charged to the income statement on a straight – line basis over the period of the lease.

M Grants

The IRB distributes discretionary investment grants through the IRB Trust. These are charged to the Income Statement in the year in which the liability to distribute the grant falls due. Unpaid investment grants are accrued for two years only. Grants which remain unpaid after that date, because of non-compliance with the terms and conditions applying to their payment, are credited back to the income statement.

3 Financial risk management

Financial risk factors

The International Rugby Board's activities have the potential to expose it to a variety of financial risks including foreign exchange risk, credit risk and interest rate risk. Its overall risk management programme seeks to minimise potential adverse effects on the International Rugby Board's activities. The IRB uses derivative financial instruments to hedge certain risk exposures.

Risk management is carried out by the IRB management under policies approved by the Council of the International Rugby Board. The Council provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

(a) Foreign exchange risk

The IRB operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the pound sterling. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities.

To manage their foreign exchange risk arising from future commercial transactions and recognised assets and liabilities and when considered appropriate and necessary, entities in the Group use forward contracts, transacted by the Finance Department. Foreign exchange risk arises when future commercial transactions, recognised assets or liabilities are denominated in a currency that is not the entity's functional currency.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

3 Financial risk management - continued

Financial risk factors - continued

(b) *Price risk*

The group is exposed to equity securities price risk because of investments held by the group and classified on the consolidated balance sheet either as available for sale or at fair value through profit or loss. The group is not exposed to commodity price risk. To manage its price risk arising from investments in equity securities, the group diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the group.

(c) *Fair value and cash flow interest rate risk*

Interest rate risk arises from cash deposits and variable interest available-for-sale securities. The group monitors the impact of interest rate movements on the fair value and interest income received from financial instruments that are subject to the variable rate.

(d) *Credit risk*

The IRB has no significant concentrations of credit risk. Substantially all of its revenues are generated from the licensing of television broadcasting rights and other commercial rights and the IRB believes that that all amounts due under such rights are fully collectible.

(e) *Liquidity risk*

The IRB holds significant cash deposits and as a result does not have any significant liquidity risk.

4 Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The International Rugby Board makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. However the International Rugby Board considers that there are no significant estimates, judgements or assumptions applied in the current financial year as a result of which there is a risk of causing a material adjustment to the carrying amounts of assets and liabilities.

5 Revenue

	2013 Stg£	2012 Stg£
Revenue is analysed as follows:		
Broadcasting	234,198	581,215
Sponsorship	3,478,274	4,567,129
Merchandising and other income	2,940,510	2,685,342
	6,652,982	7,833,686

6 Grant related expenses

During 2013 the International Rugby Board incurred £22,674,289 of grant expenditure, which was distributed to tournaments and member unions. (2012: £22,833,163).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

7 Administration expenses by nature

	2013 Stg£	2012 Stg£
Depreciation (note 12)	165,703	190,309
Employee benefit expense (note 10)	7,695,382	6,953,230
Development expenses	6,947,574	5,317,030
Finance and administration expenses	2,089,939	1,004,090
Member services	2,064,553	1,311,896
Other expenses	2,391,106	2,099,353
Total administrative expenses	21,354,257	16,875,908

	2013 Number	2012 Number
Number of employees	74	68

	2013 Stg£	2012 Stg£
Finance and administration expenses include :		
Audit fee	21,250	21,250
Council member attendance fees	388,898	388,463

8 Other income

	2013 Stg£	2012 Stg£
Income from financial assets	2,074,439	3,493,498

9 Other gains - net

	2013 Stg£	2012 Stg£
Gain arising on the disposal of available for sale financial assets	845,530	1,437,773
Foreign exchange gains	560,695	347,674
	1,406,225	1,785,447

10 Employee benefit expense

	2013 Stg£	2012 Stg£
Wages and salaries	6,696,241	6,018,126
Social security costs	658,264	630,485
Pension costs – defined contribution plans	340,877	304,619
Total employment benefits expense	7,695,382	6,953,230

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

11 Income tax expense

	2013 Stg£	2012 Stg£
Income tax expense	36,980	46,909

Under Irish tax law the International Rugby Board is largely exempt from paying tax. A minimal taxation expense was incurred in the current financial period. This expense arose within the following entities:

- IRFB Services Limited
- RWC 2003 Limited
- IB Tournaments Limited
- Rugby World Cup 2015 (Services) Limited

12 Property, plant and equipment

	Furniture, fittings and equipment Stg£
Year ended 31 December 2012	
Opening net book amount	313,180
Additions	98,398
Depreciation charge	(190,309)
Closing net book amount	221,269
At 31 December 2012	
Cost	2,176,717
Accumulated depreciation	(1,955,448)
Net book amount	221,269
Year ended 31 December 2013	
Opening net book amount	221,269
Additions	67,795
Depreciation charge	(165,703)
Closing net book amount	123,361
At 31 December 2013	
Cost	2,575,342
Accumulated depreciation	(2,451,981)
Net book amount	123,361

The depreciation expense has been charged entirely within "administration expenses".

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

13 Intangible assets

	Rugby World Cup Logo Stg£
Year ended 31 December 2012	
Opening net book amount	77,002
Amortisation charge (note 7)	-
Closing net book amount	77,002
At 31 December 2012	
Cost	77,002
Accumulated amortisation and impairment	-
Net book amount	77,002
Year ended 31 December 2013	
Opening net book amount	77,002
Amortisation charge (note 7)	-
Closing net book amount	77,002
At 31 December 2013	
Cost	77,002
Accumulated amortisation and impairment	-
Net book amount	77,002

The Rugby World Cup Logos are considered to have an indefinite life because it is considered that there is no foreseeable limit to the period over which this asset is expected to generate cash flows. As the cash inflows to the IRB as a result of the successful completion of the World Cup tournaments are expected to be significantly in excess of the net book amount of these intangible assets no impairment is considered to have taken place.

14 Deferred expenditure

	2013 Stg£	2012 Stg£
Broadcasting	1,981,584	315,840
Sponsorship	98,550	251,250
Merchandising	960,000	142,050
	3,040,134	709,140
Beginning of the year	709,140	-
Deferred during the period	2,330,994	709,140
Released to expenditure	-	-
End of the year	3,040,134	709,140

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

15 Available-for-sale financial assets

	2013 Stg£	2012 Stg£
Beginning of the year	86,806,337	83,732,077
Additions	39,187,320	27,783,145
Disposals	(34,146,130)	(26,211,039)
Revaluation surplus	2,390,466	1,502,154
End of the year	94,237,993	86,806,337

There were no impairment provisions on available-for-sale financial assets in 2013 or 2012.

	2013 Stg£	2012 Stg£
Available-for-sale financial assets includes the following:		
Listed securities:		
– Equity securities – eurozone countries	5,567,267	1,921,864
– Equity securities – US	12,260,315	2,307,144
– Equity securities – UK	9,927,061	7,924,695
– Equity securities – other	24,598,363	4,502,408
	52,353,006	16,656,111
– Interest securities – eurozone countries	8,849,892	13,769,900
– Interest securities – US	2,861,294	11,364,511
– Interest securities – UK	15,509,398	29,545,335
– Interest securities - other	14,669,403	15,470,480
	41,884,987	70,150,226
	94,237,993	86,806,337

At 31 December 2013 retained earnings included a cumulative surplus of Stg£6,046,888 (2012 surplus of Stg£3,656,422) in respect of unrealised fair value gains on available for sale financial assets.

The maximum exposure to credit risk at the reporting date is the fair value of the securities classified as available for sale.

16 Trade and other receivables

	2013 Stg£	2012 Stg£
Trade receivables	4,424,377	1,582,283
Less: provision for impairment of receivables	(47,605)	(254,294)
Trade receivables – net	4,376,772	1,327,989
Prepayments	2,058,398	1,811,814
	6,435,170	3,139,803

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

16 Trade and other receivables - continued

There is no difference in the fair value of trade and other receivables and the amounts stated above. The movement and the provision for impairment of receivables reflects a charge to the income statement during the year which was included in "administration expenses". Given the nature of the IRB's operations standard credit terms do not apply. At the year end date none of the unimpaired trade receivables above were considered to be overdue. Prepayments do not contain any impaired assets. The maximum exposure to credit risk is the carrying value of each receivable noted above. The IRB does not hold any collateral as security.

17 Cash and cash equivalents

	2013 Stg£	2012 Stg£
Cash at bank and in hand	3,617,725	3,285,351
Short-term bank deposits	34,354,574	40,309,148
	37,972,299	43,594,499

The effective interest rate on short-term bank deposits was 0.6% (2012: 1.2%); these deposits have an average maturity of 30 days (2012: 35 days).

The effective interest rate on deposits with maturity between 3 to 12 months was 0.75% (2012: 1.3%): these deposits have an average maturity of 63 days (2012: 81 days).

Cash at bank and in hand and all deposits are held with financial institutions with either a Standard and Poor's AA, A or BB+ or C-rating.

18 Deferred revenue

	2013 Stg£	2012 Stg£
Broadcasting	33,357,029	5,397,662
Sponsorship	20,297,820	5,527,500
Merchandising	2,527,479	2,376,068
	56,182,328	13,301,230
Beginning of the year	13,301,230	1,283,439
Deferred during the period	44,822,724	13,301,230
Released to income	(1,941,626)	(1,283,439)
End of the year	56,182,328	13,301,230

19 Trade and other payables

	2013 Stg£	2012 Stg£
Trade payables	5,268,307	948,854
Accrued expenses	3,139,140	5,559,562
Corporation tax payable	8,682	9,031
	8,416,129	6,517,447

There is no difference in the fair value of trade and other payables and the amounts stated above.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

20 Retained earnings

The retained earnings balance includes a non-distributable Catastrophic Injury Reserve of Stg£9,526,000.

21 Cash generated from operations

	2013 Stg£	2012 Stg£
Loss for the period before taxation	(45,118,591)	(35,443,473)
Adjustments for:		
- Depreciation (note 12)	165,703	190,309
- Profit on disposal of available for sale financial assets	(845,530)	(1,437,773)
- Interest income	(2,074,439)	(3,493,498)
- Grants	22,674,289	18,339,328
- Gain on foreign exchange	291,944	(268,759)
Changes in operating capital		
- Trade and other receivables	(3,297,013)	64,495,275
- Trade and other payables	(3,315,079)	(10,606,536)
- Deferred revenue	42,881,098	12,017,791
- Deferred expenses	(2,330,994)	(709,140)
Cash generated from operations	9,031,388	43,083,524

22 Commitments

The IRB has made commitments to provide a total of approximately Stg£10.7m in Strategic Investment funding over the next year.

The IRB has made commitments to its Member Unions to pay grants at a level of approximately Stg£8.2m over the next year.

IB Tournaments Limited, an entity wholly owned by the IRB, has entered into firm commitments to pay participation fees of Stg£1,330,645 (US$2,062,500) and Host Union Tournament marketing fees of Stg£1,000,000 for the IRB Sevens in 2013/2014.

The IRB, through its wholly owned entity, Rugby World Cup Limited, has entered into formal agreements with the RFU and JRFU awarding them the right to host the Rugby World Cup in England in 2015 and Japan in 2019 respectively.

Rugby World Cup Limited has entered into a formal agreement with Federation Française de Rugby awarding them the right to host the Women's Rugby World Cup in France in 2014.

Operating lease commitments
At the balance sheet date, the Group has outstanding commitments under non-cancellable operating leases, which fall due as follows:

	2013 Stg£	2012 Stg£
Not later than one year	288,347	292,375
Later than one and no later than five years	1,153,388	1,169,500
Later than five years	720,868	1,023,313
	2,162,603	2,485,188

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

22 Commitments - continued

Operating lease commitments - continued
The majority of the lease commitments of the IRB relate to the lease of its headquarters at 35-38 Huguenot House, St. Stephens Green, Dublin 2, Ireland. The lease ends in July 2021, with a break clause occurring in 2016.

23 Contingencies

The board is not aware of any material contingencies at the year end.

24 Approval of financial statements

The financial statements were approved by the directors on 14 MAY 2014.