

# **World Rugby**

## **Consolidated Financial Statements**

### **Financial Year Ended 31 December 2020**



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## GENERAL INFORMATION

### Council Members as at 31 December 2020

B. Beaumont	Independent Chairman		
B. Laporte	(France)	Vice Chairman	
S. Iglesias	(Argentina)		
F. Rizzi	(Argentina)		
M. Rodriguez	(Argentina)		
P. Marlow	(Australia)		
H. McLennan	(Australia)		
B. Robinson	(Australia)		
P. Parfrey	(Canada)		
D. Griffin	(England)		
B. Sweeney	(England)		
J. Webb	(England)		
J. O'Connor	(Fiji)		
B. Jugla	(France)		
S. Simon	(France)		
G. Nijaradze	(Georgia)		
S. Carty	(Ireland)		
J. O'Driscoll	(Ireland)		
P. Orr	(Ireland)		
A. Gavazzi	(Italy)		
N. Sacca	(Italy)		
S. Vecchi	(Italy)		
K. Iwabuchi	(Japan)		
N. Saiki	(Japan)		
B. Campbell	(New Zealand)		
D. Robinson	(New Zealand)		
M. Robinson	(New Zealand)		
A. Petrache	(Romania)		
T. Malielegaoi	(Samoa)		
M. Dodson	(Scotland)		
J. Jeffrey	(Scotland)		
L. Thomson	(Scotland)		
M. Alexander	(South Africa)		
V. Doble	(South Africa)		
J. Roux	(South Africa)		
F. de Posadas	(Uruguay)		
B. Latham	(USA)		
R. Butcher	(Wales)		
I. Evans	(Wales)		
J. Paterson	(Wales)		
T. Khoo	(Asia Rugby)		
A. Milby	(Asia Rugby)		
R. Sapias	(Oceania Rugby)		
C. Wong	(Oceania Rugby)		
K. Babbou	(Rugby Afrique)		
R. Boro	(Rugby Afrique)		
D. Dwyer	(Rugby Americas North)		
C. Flores	(Rugby Americas North)		
O. Morariu	(Rugby Europe)		
V. Muehlhofer	(Rugby Europe)		
M. Enya	(Sudamerica Rugby)		
S. Pineyrua	(Sudamerica Rugby)		

### Chief Executive Officer

A. Gilpin

### Principal Bankers

Barclays  
1-20 Chenin de Grange Canal  
CH1211 Geneva 3  
Switzerland

Bank of Ireland  
St. Stephen's Green  
Dublin 2  
Ireland

### Independent Auditors

PricewaterhouseCoopers  
Chartered Accountants and Statutory Audit Firm  
One Spencer Dock  
North Wall Quay  
Dublin 1  
Ireland

## STATEMENT OF COUNCIL'S RESPONSIBILITIES

### Statement of Council's responsibilities in respect of the financial statements

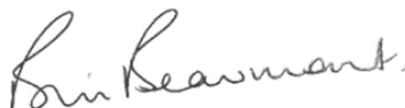
World Rugby is the world governing and law-making body of Rugby Union. It is made up of 108 Member Unions and 20 Associate Member Unions. World Rugby Council has a current representation of 52 members including an Independent Chairman and a Vice-Chairman. It is comprised of representatives of Unions and Associations appointed as set out in the World Rugby Bye-Laws and acts in accordance with the powers conferred upon it by the World Rugby 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 World Rugby 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. Beaumont, Chairman



D. Griffin, Chair of Audit and Risk Committee



Date: 12 May 2021



## ***Independent auditors' report to the Council of World Rugby***

### **Report on the audit of the non-statutory financial statements**

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#### **Opinion**

In our opinion, World Rugby's group non-statutory financial statements (the "financial statements"):

- give a true and fair view of the group's assets, liabilities and financial position as at 31 December 2020 and of its loss and cash flows for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the European Union; and
- have been properly prepared in accordance with the provisions of the World Rugby Bye - Laws.

We have audited the financial statements which comprise:

- the Consolidated Balance Sheet as at 31 December 2020;
  - the Consolidated Income Statement and Consolidated Statement of Comprehensive Income for the year then ended;
  - the Consolidated Cash Flow Statement for the year then ended;
  - the Consolidated Statement of Changes in Equity for the year then ended; and
  - the notes to the financial statements, which include a description of the significant accounting policies.
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#### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (Ireland) ("ISAs (Ireland)"). Our responsibilities under ISAs (Ireland) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Independence**

We remained independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in Ireland, which includes IAASA's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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#### **Conclusions relating to going concern**

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's ability to continue as a going concern for a period of at least twelve months from the date on which the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the Council's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the group's ability to continue as a going concern.

Our responsibilities and the responsibilities of the Council with respect to going concern are described in the relevant sections of this report.

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#### **Reporting on other information**

The other information comprises all of the information in the Consolidated Financial Statements other than the financial statements and our auditors' report thereon. The Council is responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.



In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

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## **Responsibilities for the financial statements and the audit**

### *Responsibilities of the Council for the financial statements*

As explained more fully in the Statement of Council's responsibilities in respect of the financial statements set out on page 3, the Council is responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view.

The Council is also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Council is responsible for assessing the group's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the Council either intends to liquidate the group or to cease operations, or have no realistic alternative but to do so.

### *Auditors' responsibilities for the audit of the financial statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (Ireland) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Our audit testing might include testing complete populations of certain transactions and balances, possibly using data auditing techniques. However, it typically involves selecting a limited number of items for testing, rather than testing complete populations. We will often seek to target particular items for testing based on their size or risk characteristics. In other cases, we will use audit sampling to enable us to draw a conclusion about the population from which the sample is selected.

A further description of our responsibilities for the audit of the financial statements is located on the IAASA website at:

[https://www.iaasa.ie/getmedia/b2389013-1cf6-458b-9b8f-a98202dc9c3a/Description\\_of\\_auditors\\_responsibilities\\_for\\_audit.pdf](https://www.iaasa.ie/getmedia/b2389013-1cf6-458b-9b8f-a98202dc9c3a/Description_of_auditors_responsibilities_for_audit.pdf)

This description forms part of our auditors' report.

### *Use of this report*

This report, including the opinion, has been prepared for and only for the Council as a body in accordance with the World Rugby Bye - Laws 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, including without limitation under any contractual obligations of the group, save where expressly agreed by our prior consent in writing.

A stylized, handwritten-style signature of 'PricewaterhouseCoopers' in blue ink.

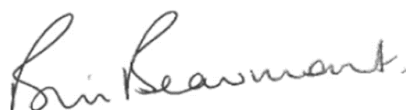
PricewaterhouseCoopers  
Chartered Accountants  
Dublin  
1 June 2021

**CONSOLIDATED INCOME STATEMENT**  
**Financial Year Ended 31 December 2020**

	Notes	2020 Stg£	2019 Stg£
Revenue	5	10,836,529	381,401,604
Tournament related expenses		(16,732,325)	(107,976,256)
Grant related expenses	6	(20,600,417)	(106,192,829)
Administration expenses	7	(33,837,176)	(42,025,077)
Other income	8	2,999,981	2,032,614
Other gains/(losses)	9	<u>15,220,722</u>	<u>1,713,545</u>
<b>(Loss)/profit before income tax</b>		(42,112,686)	128,953,601
Income tax expense	11	<u>(113,088)</u>	<u>(141,081)</u>
<b>(Loss)/profit for the year</b>		<u><b>(42,225,774)</b></u>	<u><b>128,812,520</b></u>

The notes on pages 10 to 26 are an integral part of these consolidated financial statements.

B. Beaumont, Chairman



D. Griffin, Chair of Audit and Risk Committee



**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**Financial Year Ended 31 December 2020**

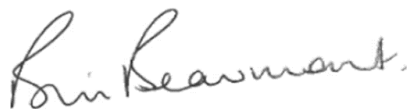
	Notes	2020 Stg£	2019 Stg£
(Loss)/profit for the year		(42,225,774)	128,812,520
Fair value (loss)/gain on financial assets		<u>(3,963,451)</u>	<u>7,156,485</u>
<b>Total comprehensive (loss)/income for the year</b>		<b><u>(46,189,225)</u></b>	<b><u>135,969,005</u></b>

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**Financial Year Ended 31 December 2020**

	Total equity Stg£
Balance at 31 December 2018	61,266,298
Total comprehensive income for the year	<u>135,969,005</u>
<b>Balance at 31 December 2019</b>	197,235,303
Total comprehensive loss for the year	<u>(46,189,225)</u>
<b>Balance at 31 December 2020</b>	<b><u>151,046,078</u></b>

The notes on pages 10 to 26 are an integral part of these consolidated financial statements.

B. Beaumont, Chairman



D. Griffin, Chair of Audit and Risk Committee



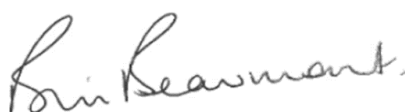


**CONSOLIDATED BALANCE SHEET**  
**As at 31 December 2020**

	Notes	2020 Stg£	2019 Stg£
<b>ASSETS</b>			
<b>Non – current assets</b>			
Property, plant and equipment	12	10,357,244	10,542,241
Intangible assets	13	676,313	769,804
Trade and other receivables	16	34,720,702	-
Deferred expenditure	14	762,000	-
Financial assets	15	168,595,138	113,008,555
		<u>215,111,397</u>	<u>124,320,600</u>
<b>Current assets</b>			
Trade and other receivables	16	9,573,518	107,875,201
Deferred expenditure	14	1,678,323	3,264,460
Cash and cash equivalents	17	63,581,903	93,728,831
		<u>74,833,744</u>	<u>204,868,492</u>
<b>Total assets</b>		<u>289,945,141</u>	<u>329,189,092</u>
<b>EQUITY</b>			
<b>Capital and reserves</b>			
Retained earnings	21	<u>151,046,078</u>	<u>197,235,303</u>
<b>LIABILITIES</b>			
<b>Non - current liabilities</b>			
Loans and borrowings	18	32,495,621	-
Trade and other payables	20	9,803,484	9,879,426
Deferred revenue	19	82,487,401	44,769,651
		<u>124,786,506</u>	<u>54,649,077</u>
<b>Current liabilities</b>			
Trade and other payables	20	13,036,754	69,212,747
Deferred revenue	19	1,075,803	8,091,965
		<u>14,112,557</u>	<u>77,304,712</u>
<b>Total liabilities</b>		<u>138,899,063</u>	<u>131,953,789</u>
<b>Total equity and liabilities</b>		<u>289,945,141</u>	<u>329,189,092</u>

The notes on pages 10 to 26 are an integral part of these consolidated financial statements.

B. Beaumont, Chairman



D. Griffin, Chair of Audit and Risk Committee




**CONSOLIDATED CASH FLOW STATEMENT**  
**Financial Year Ended 31 December 2020**

	Notes	2020 Stg£	2019 Stg£
<b>Cash flows from operating activities</b>			
Cash generated from operations	22	77,426,583	83,781,773
Income tax paid		(147,013)	(140,612)
Grant payments		(96,920,629)	(63,492,047)
Net cash (used in) operating activities		<u>(19,641,059)</u>	<u>20,149,114</u>
<b>Cash flows from investing activities</b>			
Purchases of property, plant and equipment		(114,421)	(172,496)
Purchases of intangible assets		-	(61,477)
Purchase of financial assets		(129,639,233)	(15,351,691)
Proceeds on disposal of financial assets		85,414,397	17,211,895
Lease payments		(855,735)	(710,030)
Interest received		2,999,981	2,032,614
Net cash (absorbed by)/generated from investing activities		<u>(42,195,011)</u>	<u>2,948,815</u>
<b>Cash flows from financing activities</b>			
Bank loans		32,495,621	-
Net cash generated from financing activities		<u>32,495,621</u>	<u>-</u>
<b>Net (decrease)/increase in cash and cash equivalents</b>		(29,340,449)	23,097,929
Exchange loss on cash and cash equivalents		(806,479)	(3,879,770)
Cash and cash equivalents at beginning of the year		93,728,831	74,510,672
<b>Cash and cash equivalents at end of the year</b>	17	<u>63,581,903</u>	<u>93,728,831</u>

The notes on pages 10 to 26 are an integral part of these consolidated financial statements.

B. Beaumont, Chairman



D. Griffin, Chair of Audit and Risk Committee



## NOTES TO THE FINANCIAL STATEMENTS

### 1 General information

World Rugby is the world governing and law-making body of Rugby Union. It is made up of 108 Member Unions and 20 Associate Member Unions. World Rugby is resident in Dublin at World Rugby House, 8 - 10 Pembroke Street Lower, Dublin 2.

These consolidated financial statements which comprise the results of World Rugby and its subsidiary undertakings, collectively referred to as “the Group”, have been approved for issue by the Council of World Rugby on 12 May 2021.

### 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 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.

#### Going concern

COVID-19 has had a significant effect on the operational activities and tournament program of World Rugby. During the year management implemented various measures to control costs and conserve cash.

Management has modelled the likely effect of COVID-19 on our cash forecast for the current 4-year cycle. Management is comfortable that the forecasts they have prepared have considered a number of sensitivities, including a range of outcomes, and that in all cases there remains sufficient mitigation measures available to management to ensure that cash-flows are managed and that the group can continue to meet its obligations as they fall due for the period of at least 12 months from signing the financial statements.

#### New Standards, Amendments and Interpretations

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 January 2020 and have been applied in preparing these financial statements. None of these have had a significant effect on the financial statements of the Group or parent company.

Other changes to IFRS have been issued but are not yet effective for the Group. However, they are either not expected to have a material effect on the Consolidated Financial Statements or they are not currently relevant for the Group.

## NOTES TO THE FINANCIAL STATEMENTS - continued

### 2 Summary of significant accounting policies - continued

#### b) Consolidation

Subsidiaries are all entities over which World Rugby 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 World Rugby controls another entity. World Rugby is made up of a number of subsidiaries, which are listed below:

**World Rugby Limited** - the company is engaged in providing financial and administrative services to various entities within the World Rugby Group.

**World Rugby 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 brand.

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

**World Rugby Services 2019 GK** – this company is engaged in the administration of Rugby World Cup 2019.

**World Rugby Services 2023 SAS** – this company is engaged in the administration of Rugby World Cup 2023.

**World Rugby Services 2023 Limited** – this company is engaged in the administration of Rugby World Cup 2023.

**World Rugby US Incorporated** – this company is engaged in the development of Rugby Union in the region of the Americas.

**RWC 2003 Limited** – this company was previously involved in the organisation of Rugby World Cup 2003 and is engaged in certain administrative services on behalf of Rugby World Cup Limited.

**World Rugby Strategic Developments DAC** – the company is engaged in the promotion of Rugby Union through the Dot Rugby Domain name.

**World Rugby Development Limited** - this company is the Corporate Trustee of the World Rugby Trust.

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 World Rugby.

#### c) Revenue recognition

Revenue comprises the fair value of consideration receivable for services supplied to external customers in the ordinary course of the World Rugby's activities and excludes inter-company revenue and value added tax.

In general, revenue is recognised to the extent that World Rugby has satisfied its performance obligations to the buyer and the buyer has obtained control of the services being transferred. Revenue derives from the sale of royalties or rights and is generally recognised over the period of satisfaction of the performance obligation, being the duration of the tournament, rather than at a single point in time. The majority of tournaments organised by World Rugby do not straddle accounting dates.

## NOTES TO THE FINANCIAL STATEMENTS - continued

## 2 Summary of significant accounting policies - continued

## c) Revenue recognition - continued

Royalties from the licensing of television rights to broadcast tournaments are recognised on the successful satisfaction of the performance obligation to stage the respective tournament, over the period of the tournament. Instalments received prior to the tournament are deferred as they may be repayable, in whole or in part, at any time up to the completion of the performance obligation to stage the tournament upon the occurrence, for any reasons, of one of more of the following conditions specified in the contractual 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.

Other revenue is generated from the sale of sponsorship rights, hospitality rights and licensing rights. Those which are related to tournaments are deferred until the performance obligation to stage the event has been satisfied, as prior to that they may be repayable in whole or in part upon the occurrence of similar conditions which apply to the broadcasting rights agreements.

Revenues are recorded based on the transaction price specified in the sales invoices/contracts net of actual and estimated rebates and any discounts granted. Accumulated experience is used to estimate rebates and discounts using the expected value method and revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur.

Where revenues are based on a series of tournaments the transaction price is allocated equally to individual legs as the most appropriate basis.

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

## d) Foreign currency translation

(a) *Functional and presentation currency*

Items included in the financial statements of each of World Rugby'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 World Rugby'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 fair value through other comprehensive income 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 fair value through other comprehensive income are included in the fair value reserve in equity.

## NOTES TO THE FINANCIAL STATEMENTS - continued

## 2 Summary of significant accounting policies - continued

## d) Foreign currency translation - continued

(c) *Hedge accounting*

The company enters into derivative financial instruments to manage the risk on foreign exchange transactions and balances. Hedge accounting is not applied and the fair value of derivatives is carried separately on the balance sheet with fair value gains/losses recorded in the income statement along with the gains/losses on related foreign exchange balances.

e) **Property, plant and equipment**

World Rugby does not own 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 World Rugby 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:

Computer equipment	3 years
Fixtures and fittings	5 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.

f) **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 World Rugby's website are capitalised and amortised over 3 years.

***Computer software***

The costs incurred in developing World Rugby's Enterprise Resource Planning systems are capitalised and amortised over 10 years.

## NOTES TO THE FINANCIAL STATEMENTS - continued

## 2 Summary of significant accounting policies - continued

## g) Financial assets

World Rugby classifies all of its investments into the fair value through other comprehensive income 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 World Rugby commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs. Financial asset investments 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 World Rugby has transferred substantially all risks and rewards of ownership.

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

When securities classified as fair value through other comprehensive income are sold, the accumulated fair value adjustments recognised in equity are included in the income statement as 'gains and losses from investment securities'. Interest on fair value through other comprehensive income securities is calculated using the effective interest method is recognised in the income statement. Dividends on fair value through other comprehensive income 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.

## h) 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. Provision is made using the expected credit loss model which uses a lifetime expected loss allowance for all trade debtors. 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.

## i) Cash and cash equivalents

Cash and cash equivalents include 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.

## j) Employee benefits

*Pension obligations*

World Rugby operates a defined contribution pension plan. A defined contribution plan is a pension plan under which World Rugby pays fixed contributions into a separate entity. World Rugby 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.

## NOTES TO THE FINANCIAL STATEMENTS - continued

### 2 Summary of significant accounting policies - continued

#### k) Provisions

Provisions for restructuring costs and legal claims are recognised when World Rugby 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.

#### l) Leases

The group leases its head office building.

The lease agreement does not impose any covenants other than the security interests in the leased assets that are held by the lessor. Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- the exercise price of a purchase option if the group is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the group exercising that option.

The lease payments are discounted using the Group's incremental borrowing rate, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

#### m) Grants

World Rugby distributes discretionary investment grants through the World Rugby 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. Grants are credited back to the income statement where non-compliance with the terms and conditions applying to their payment result in their non-payment.

### 3 Financial risk management

#### Financial risk factors

World Rugby'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 World Rugby's activities. World Rugby uses derivative financial instruments to hedge certain risk exposures.

Risk management is carried out by World Rugby management under policies approved by the Council of World Rugby. 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.



## NOTES TO THE FINANCIAL STATEMENTS - continued

### 3 Financial risk management - continued

*(a) Foreign exchange risk*

World Rugby 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.

*(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 financial assets 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*

World Rugby 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 World Rugby believes that that all amounts due under such rights are fully collectible.

*(e) Liquidity risk*

World Rugby 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.

World Rugby makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. However, World Rugby 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.

NOTES TO THE FINANCIAL STATEMENTS - continued

<b>5 Revenue</b>	<b>2020</b>	<b>2019</b>
	<b>Stg£</b>	<b>Stg£</b>
Revenue is analysed as follows:		
Tournament fee	-	96,000,000
Broadcasting	1,807,704	135,808,041
Sponsorship	6,817,860	105,161,941
Merchandising and other income	2,210,965	44,431,622
	<u>10,836,529</u>	<u>381,401,604</u>

**6 Grant related expenses**

During 2020 World Rugby incurred Stg£20,600,417 of grant expenditure, which was distributed to tournaments and member unions (2019 Stg£106,192,829).

<b>7 Administration expenses by nature</b>	<b>2020</b>	<b>2019</b>
	<b>Stg£</b>	<b>Stg£</b>
Depreciation (note 12)	990,174	1,102,159
Employee benefit expense (note 10)	12,745,383	13,125,822
Finance and administration expenses	9,273,070	9,545,131
Development and member services	8,853,476	15,568,479
Other expenses	1,975,073	2,683,486
Total administrative expenses	<u>33,837,176</u>	<u>42,025,077</u>
	<b>2020</b>	<b>2019</b>
	<b>Stg£</b>	<b>Stg£</b>
Finance and administration expenses include:		
Audit fee	25,017	29,879
Council member attendance fees	<u>734,839</u>	<u>766,750</u>

## NOTES TO THE FINANCIAL STATEMENTS - continued

<b>8 Other income</b>	2020 Stg£	2019 Stg£
Income from financial assets	<u>2,999,981</u>	<u>2,032,614</u>
<b>9 Other gains - net</b>	2020 Stg£	2019 Stg£
Gain arising on the disposal of financial assets	15,325,197	4,466,457
Foreign exchange gains/(losses)	(104,475)	(2,752,912)
	<u>15,220,722</u>	<u>1,713,545</u>
<b>10 Employee benefit expense</b>	2020 Stg£	2019 Stg£
Employee benefit expenses comprise:		
Wages and salaries	11,101,444	11,490,336
Social security costs	1,124,440	1,159,339
Pension costs – defined contribution plans	519,499	476,147
Total employment benefits expense	<u>12,745,383</u>	<u>13,125,822</u>
	2020 Number	2019 Number
The average number of persons employed by the group during the financial year was:		
Development	29	29
Administration	41	41
Tournaments	50	48
	<u>120</u>	<u>118</u>
<b>11 Income tax expense</b>	2020 Stg£	2019 Stg£
Income tax expense	<u>113,088</u>	<u>141,081</u>

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

- World Rugby Limited
- World Rugby Tournaments Limited
- World Rugby Services 2019 GK

## NOTES TO THE FINANCIAL STATEMENTS - continued

<b>12 Property, plant and equipment</b>	Computer equipment Stg£	Fixtures and fittings Stg£	Right of Use Asset Stg£	Total Stg£
<b>Year ended 31 December 2019</b>				
Opening net book amount	201,124	198,172	-	399,306
Additions	166,534	5,952	10,981,189	11,153,685
Depreciation charge	(135,225)	(174,598)	(700,927)	(1,010,750)
Closing net book amount	<u>232,443</u>	<u>29,536</u>	<u>10,280,262</u>	<u>10,542,241</u>
<b>At 31 December 2019</b>				
Cost	1,132,320	990,190	10,981,189	13,103,699
Accumulated depreciation	(899,877)	(960,954)	(700,927)	(2,561,458)
Net book amount	<u>232,443</u>	<u>29,536</u>	<u>10,280,262</u>	<u>10,542,241</u>
<b>Year ended 31 December 2020</b>				
Opening net book amount	232,443	29,536	10,280,262	10,542,241
Additions	114,421	-	-	114,421
Depreciation charge	(145,259)	(23,712)	(727,712)	(896,683)
Effects of movements in exchange rates	-	-	597,265	597,265
Closing net book amount	<u>201,605</u>	<u>5,824</u>	<u>10,149,815</u>	<u>10,357,244</u>
<b>At 31 December 2020</b>				
Cost	1,246,741	990,190	11,635,154	13,872,085
Accumulated depreciation	(1,045,136)	(984,366)	(1,485,339)	(3,514,841)
Net book amount	<u>201,605</u>	<u>5,824</u>	<u>10,149,815</u>	<u>10,357,244</u>

The depreciation expense has been charged entirely within “administration expense”.

## NOTES TO THE FINANCIAL STATEMENTS - continued

<b>13 Intangible assets</b>	<b>Rugby World Cup Logo Stg£</b>	<b>Computer software Stg£</b>	<b>Total  Stg£</b>
<b>Year ended 31 December 2019</b>			
Opening net book amount	77,002	722,734	799,736
Additions	-	61,477	61,477
Amortisation charge	-	(91,409)	(91,409)
Closing net book amount	<u>77,002</u>	<u>692,802</u>	<u>769,804</u>
<b>At 31 December 2019</b>			
Cost	77,002	972,755	1,049,757
Accumulated amortisation and impairment	-	(279,953)	(279,953)
Net book amount	<u>77,002</u>	<u>692,802</u>	<u>769,804</u>
<b>Year ended 31 December 2020</b>			
Opening net book amount	77,002	692,802	769,804
Additions	-	-	-
Amortisation charge	-	(93,491)	(93,491)
Closing net book amount	<u>77,002</u>	<u>599,311</u>	<u>676,313</u>
<b>At 31 December 2020</b>			
Cost	77,002	972,755	1,049,757
Accumulated amortisation and impairment	-	(373,444)	(373,444)
Net book amount	<u>77,002</u>	<u>599,311</u>	<u>676,313</u>

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 World Rugby 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.

<b>14 Deferred expenditure</b>	<b>2020 Stg£</b>	<b>2019 Stg£</b>
Sponsorship	262,000	-
Tournament related expenses	<u>2,178,323</u>	<u>3,264,460</u>
	<u>2,440,323</u>	<u>3,264,460</u>
Beginning of the year	3,264,460	26,728,431
Released to expenditure	(3,264,460)	(26,728,431)
Deferred during the period	<u>2,440,323</u>	<u>3,264,460</u>
End of the year	<u>2,440,323</u>	<u>3,264,460</u>

At 31 December 2020 deferred expenditure included Stg£1,678,323 recognisable within one year (2019 Stg£3,264,460).

## NOTES TO THE FINANCIAL STATEMENTS - continued

<b>15 Financial assets</b>	<b>2020 Stg£</b>	<b>2019 Stg£</b>
Beginning of the year	113,008,555	103,245,817
Additions	129,639,233	15,351,691
Disposals	(70,089,199)	(12,745,438)
Fair value movement	(3,963,451)	7,156,485
End of the year	<u>168,595,138</u>	<u>113,008,555</u>

	<b>2020 Stg£</b>	<b>2019 Stg£</b>
Financial assets includes the following:		
Listed securities:		
– Equity securities – eurozone countries	7,276,932	10,828,807
– Equity securities – US	32,179,317	21,123,487
– Equity securities – UK	7,071,957	7,906,533
– Equity securities – other	<u>36,264,888</u>	<u>35,131,566</u>
	82,793,094	74,990,393
– Interest securities – eurozone countries	13,168,348	3,412,472
– Interest securities – US	35,518,442	13,818,002
– Interest securities – UK	21,212,219	13,687,756
– Interest securities – other	<u>15,903,035</u>	<u>7,099,932</u>
	85,802,044	38,018,162
	<u>168,595,138</u>	<u>113,008,555</u>

At 31 December 2020 retained earnings included a cumulative surplus of Stg£15,718,846 (2019 surplus of Stg£19,689,435) in respect of unrealised fair value gains on financial assets held at fair value through other comprehensive income.

The maximum exposure to credit risk at the reporting date is the fair value of the securities.

<b>16 Trade and other receivables</b>	<b>2020 Stg£</b>	<b>2019 Stg£</b>
Trade receivables	8,589,070	27,327,343
Prepayments and other receivables	984,448	80,347,858
Grants paid in advance	<u>34,720,702</u>	<u>200,000</u>
	<u>44,294,220</u>	<u>107,875,201</u>

The carrying amount of trade and other receivables and grants paid in advance represents the maximum credit exposure.

At 31 December 2020 trade and other receivables included Stg£9,573,518 recognisable within one year (2019 Stg£107,875,201).

## NOTES TO THE FINANCIAL STATEMENTS - continued

## 16 Trade and other receivables - continued

## Trade receivables

	2020 Stg£	2019 Stg£
<b>Movement in impairment provision on trade receivables</b>		
At 1 January	16,690	28,521
Written off during the year	(10,990)	(28,521)
Written back during the year	(600)	-
Additional provision	81,124	16,690
At 31 December	<u>86,224</u>	<u>16,690</u>

The maximum exposure to credit risk for trade receivables at the reporting date by geographic region was as follows:

	Carrying amounts	
	2020 Stg£	2019 Stg£
UK/Ireland	734,807	157,473
Europe	6,479,026	18,304,777
Oceania	615,761	323,501
Americas	534,609	254,914
Rest of world	224,867	8,286,678
	<u>8,589,070</u>	<u>27,327,343</u>

The ageing of trade receivables, under the expected credit loss model, at 31 December 2020 was:

	Gross value  Stg£	Impairment  Stg£	Carrying value  Stg£	Weighted average loss rate %
<b>Not Past Due</b>	6,397,153	-	6,397,153	0%
Past Due				
0-30 days	40,041	-	40,041	0%
30-60 days	180,081	-	180,081	0%
+60 days	2,058,019	86,224	1,971,795	0%
	<u>8,675,294</u>	<u>86,224</u>	<u>8,589,070</u>	<u>0%</u>

## NOTES TO THE FINANCIAL STATEMENTS - continued

## 16 Trade and other receivables - continued

The ageing of trade receivables, under the expected credit loss model, at 31 December 2019 was:

	Gross value	Impairment	Carrying value	Weighted average loss rate
	Stg£	Stg£	Stg£	%
<b>Not Past Due</b>	26,056,533	-	26,056,533	0%
Past Due				
0-30 days	127,355	-	127,355	0%
30-60 days	162,012	-	162,012	0%
+60 days	998,133	16,690	981,443	0%
	<u>27,344,033</u>	<u>16,690</u>	<u>27,327,343</u>	<u>0%</u>

**Other receivables**

Other receivables at 31 December 2020 include a loan to USA Rugby of US\$550,000 (Stg£404,046). The loan is repayable in full over three years. Stg£303,034 falls due after one year.

Prepayments and other receivables do not contain any impaired assets.

## 17 Cash and cash equivalents

	2020 Stg£	2019 Stg£
Cash at bank and in hand	20,772,476	50,781,824
Short-term bank deposits	42,809,427	42,947,007
	<u>63,581,903</u>	<u>93,728,831</u>

The effective interest rate was 0.10% on GBP short-term bank deposits and 0.15% on USD short-term bank deposits; these deposits are fiduciary call deposits.

Cash at bank and in hand and all deposits are held with financial institutions with a Standard and Poor's A rating.

## 18 Loans and borrowings

	2020 Stg£	2019 Stg£
Secured bank loans	<u>32,495,621</u>	<u>-</u>

During the year World Rugby drew down Stg£32,495,621 under a secured loan facility with Barclays Bank which is secured over the financial investment assets of the Group.

The carrying amounts of financial and non-financial assets pledged as security for current and noncurrent borrowings are disclosed in note 15. The group has complied with the financial covenants of its borrowing facilities during the year.



## NOTES TO THE FINANCIAL STATEMENTS - continued

<b>19 Deferred revenue</b>	<b>2020 Stg£</b>	<b>2019 Stg£</b>
Broadcasting	15,050,282	4,972,072
Sponsorship	13,368,210	7,109,849
Licensing, merchandising and other	18,250,962	10,959,695
Tournament related income	36,893,750	30,000,000
	<u>83,563,204</u>	<u>52,861,616</u>
Beginning of the year	52,861,616	167,503,567
Released to income	(8,173,965)	(140,392,917)
Deferred during the period	38,875,553	25,750,966
End of the year	<u>83,563,204</u>	<u>52,861,616</u>

At 31 December 2020 deferred revenue included Stg£1,075,803 recognisable within one year (2019 Stg£8,091,965).

<b>20 Trade and other payables</b>	<b>2020 Stg£</b>	<b>2019 Stg£</b>
Trade payables	486,464	4,559,236
Accrued expenses	2,651,043	17,184,409
Grants payable	80,000	41,195,800
Lease liability	10,467,778	10,493,449
Payroll tax payable	457,721	920,536
Other creditors	8,651,454	4,693,062
Corporation tax payable	45,778	45,681
	<u>22,840,238</u>	<u>79,092,173</u>

At 31 December 2020 trade and other payables included Stg£13,036,754 recognisable within one year (2019 Stg£69,212,747).

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

**21 Retained earnings**

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

## NOTES TO THE FINANCIAL STATEMENTS - continued

<b>22 Cash generated from operations</b>	<b>2020 Stg£</b>	<b>2019 Stg£</b>
(Loss)/profit for the period before taxation	(42,112,686)	128,953,601
Adjustments for:		
- Depreciation (notes 12 and 13)	990,174	1,102,159
- Profit on disposal of financial assets	(15,325,197)	(4,466,457)
- Interest income	(2,999,981)	(2,032,614)
- Lease interest	218,248	222,290
- Grants	20,600,417	114,725,648
- Loss on foreign exchange	858,635	4,007,041
Changes in operating capital		
- Trade and other receivables	98,160,058	(84,038,684)
- Trade and other payables	(14,488,814)	16,486,773
- Deferred revenue	30,701,588	(114,641,951)
- Deferred expenses	824,141	23,463,967
Cash generated from operations	<u>77,426,583</u>	<u>83,781,773</u>

**23 Commitments**

On 16 April 2020 World Rugby announced details of a dedicated COVID-19 relief strategy aimed at supporting the global game and mitigating the overall impact of the pandemic on the sport. Underpinned by a relief fund of approximately Stg£75 million to assist member unions through to the resumption of the sport, the strategy reflects World Rugby's commitment to leading the sport through its greatest challenge and is a result of cross-game collaboration that has enabled key decisions to be taken in the spirit of solidarity and partnership. The relief fund is available for member unions requiring immediate emergency funding subject to appropriate criteria being met. It is designed to assist the maximum number of unions for the maximum amount of time while there is a rugby void. The financial package will involve a combination of advances and loans.

World Rugby has made commitments to its Member Unions to pay grants at a level of approximately Stg£18 million over the next year including High Performance, Development and Tournament grant expenditure.

World Rugby Tournaments Limited, an entity wholly owned by World Rugby, has entered into firm commitments to pay participation fees of Stg£2 million and Host Union Tournament marketing fees of Stg£2 million for the 2021 HSBC Sevens.

World Rugby, through its wholly owned entity, Rugby World Cup Limited, has entered into a general agreement with the New Zealand Rugby Union awarding them the right to host Women's Rugby World Cup in New Zealand in 2022.

World Rugby, through its wholly owned entity, Rugby World Cup Limited, has entered into a formal agreement with the Fédération Française de Rugby awarding them the right to host the Rugby World Cup in France in 2023.

**24 Contingencies**

World Rugby is currently engaged in a small number of legal matters which the World Rugby Council and Management believe are fully provided for in the accounts to the extent that a financial loss is expected to be incurred.

## NOTES TO THE FINANCIAL STATEMENTS - continued

**25 Key Management compensation**

Key Management includes non-executive directors of the Executive Committee, non-executive directors of Rugby World Cup Limited, the Chief Executive Officer, the Chief Operating Officer and the Company Secretary.

The compensation paid or payable to key management for fees and employee services is shown below:

	2020 Stg£	2019 Stg£
Salaries and other short-term employee benefits	1,585,153	1,916,286
Post-employment benefits	67,891	66,960
Other benefits	-	-
	<u>1,653,044</u>	<u>1,983,246</u>

**26 Approval of financial statements**

The directors approved the financial statements on 12 May 2021.