

CONSOLIDATED FINANCIAL STATEMENTS

Financial Year Ended 31 December 2021



World Rugby

General Information

Council members as at 31 December 2021

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)
G. Fava (Italy)
A. Gualandri (Italy)
M. Innocenti (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)
L. Burgess (Wales)
R. Butcher (Wales)
I. Evans (Wales)
T. Khoo (Asia Rugby)
A. Milby (Asia Rugby)
R. Sapias (Oceania Rugby)
C. Wong (Oceania Rugby)
K. Babbou (Rugby Africa)
R. Boro (Rugby Africa)
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

World Rugby

Independent auditors

BDO
Beaux Lane House
Mercer Street Lower
Dublin 2
D02 DH60

Principal bankers

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

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

World Rugby

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World Rugby

Statement of Council's Responsibilities For the year ended 31 December 2021

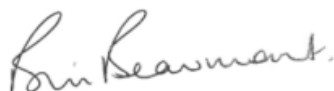
Statement of Council's responsibilities in respect of the financial statements

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 accounting estimates that are reasonable and prudent;
- state whether the financial statements have been prepared in accordance with applicable accounting standards, identify those standards, and note the effect and the reasons for any material departure from those standards; 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 2022

Independent auditors' report to the Council of World Rugby

Report on the audit of the non-statutory financial statements

Opinion

We have audited the consolidated financial statements ("financial statements") of World Rugby, which comprise the Consolidated Statement of Profit or Loss and Consolidated Statement of Profit or Loss and Other Comprehensive Income, the Consolidated Statement of Financial Position, the Consolidated Statement of Cash Flows, the Consolidated Statement of Changes in Equity and the notes to the financial statements including a summary of the significant accounting policies set out in note 2. The financial reporting framework that has been applied in their preparation is International Financial Reporting Standards ("IFRS") as adopted by the European Union and the provisions of the World Rugby Bye-Laws.

In our opinion, the financial statements:

- ☐ give a true and fair view of World Rugby's assets, liabilities and financial position as at 31 December 2021 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (Ireland) ("ISAs (Ireland)") and applicable law.

Our responsibilities under ISAs (Ireland) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of World Rugby in accordance with the ethical requirements that are relevant to our audit of the financial statements in Ireland, which includes the Ethical Standard for Auditors (Ireland) issued by the Irish Auditing and Accounting Supervisory Body ("IAASA"), and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

BDO Limerick
103/104 O'Connell Street,
Limerick

BDO Cork
Penrose Two, Penrose Dock,
Victorian Quarter,
Cork, T23 YY09

Michael Costello (Managing Partner)
Andrew Bourg
Katharine Byrne
Peter Carroll
Kevin Doyle
Stewart Dunne
Ivor Feerick

Angela Fleming
Brian Gartlan
David Giles
Derry Gray
Sinéad Heaney
Diarmuid Hendrick
Derek Henry

Denis Herlihy
Liam Hession
Brian Hughes
Ken Kilmartin
Carol Lynch
Stephen McCallion
David McCormick

Brian McEnery
Aidan McHugh
Ciarán Medlar
Teresa Morahan
Paul Nestor
Philip Nolan
David O'Connor

David N O'Connor
Stephen O'Flaherty
Rory O'Keefe
Mark O'Sullivan
Patrick Sheehan
Gavin Smyth
Noel Taylor

Smart business advisors

BDO, a partnership established under Irish law, is a member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent member firms. BDO is authorised by the Institute of Chartered Accountants in Ireland to carry on investment business.

Independent Auditors' Report to the Council of World Rugby (Continued)

Conclusions relating to going concern

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.

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 World Rugby'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.

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

Reporting on other information

The other information comprises all of the information in the 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 assurance conclusion 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.

Respective Responsibilities

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 1, the Council are 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 are 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.

Independent Auditors' Report to the Council of World Rugby (Continued)

Responsibilities of the Council for the financial statements (continued)

In preparing the financial statements, the Council is responsible for assessing World Rugby'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 World Rugby 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.


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

This description forms part of our auditors' report.

Independent Auditors' Report to the Council of World Rugby (Continued)

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 World Rugby, save where expressly agreed by our prior consent in writing.



Stephen McCallion for
and on behalf of **BDO**
Dublin
Statutory Audit Firm
AI223876

Date: 12 May 2022

World Rugby

Consolidated Statement of Profit and Loss For the year ended 31 December 2021

	Notes	2021 £	2020 £
Revenue	5	12,020,215	10,836,529
Tournament related expenses		(17,639,363)	(16,732,325)
Grant related expenses	6	(6,636,826)	(20,600,417)
Administrative expenses	7	(41,184,920)	(33,837,176)
Other income	8	3,728,968	2,999,981
Other gains	9	1,830,529	15,220,722
Loss before income tax		(47,881,397)	(42,112,686)
Income tax expense	11	(62,718)	(113,088)
Loss for the year		(47,944,115)	(42,225,774)

Consolidated Statement of Profit or Loss and Other Comprehensive Income For the year ended 31 December 2021

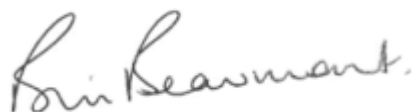
		2021 £	2020 £
Loss for the year		(47,944,115)	(42,225,774)
Items that will be reclassified to profit or loss:			
Fair value gain/(loss) on financial assets	15	5,106,667	(3,963,451)
Tax relating to components of other comprehensive income	11	-	-
Total comprehensive loss for the year		(42,837,448)	(46,189,225)

The notes on pages 10 to 30 form part of these consolidated financial statements.

World Rugby

Consolidated Statement of Financial Position As at 31 December 2021

	Notes	2021 £	2020 £
Non-current assets			
Property, plant and equipment	12	9,008,957	10,357,244
Intangible assets	13	578,996	676,313
Trade and other receivables	16	41,784,792	34,720,702
Deferred expenditure	14	796,667	762,000
Financial assets	15	203,626,028	168,595,138
		<u>255,795,440</u>	<u>215,111,397</u>
Current assets			
Trade and other receivables	16	36,218,642	9,573,518
Deferred expenditure	14	4,626,658	1,678,323
Cash and cash equivalents	17	33,717,934	63,581,903
		<u>74,563,234</u>	<u>74,833,744</u>
Current Liabilities			
Deferred revenue	19	(3,079,300)	(1,075,803)
Trade and other payables	20	(15,466,287)	(13,036,754)
		<u>56,017,647</u>	<u>60,721,187</u>
Net current assets		<u>311,813,087</u>	<u>275,832,584</u>
Total assets less current liabilities		<u>311,813,087</u>	<u>275,832,584</u>
Non-current liabilities			
Loans and borrowings	18	(38,422,637)	(32,495,621)
Trade and other payables	20	(8,468,043)	(9,803,484)
Deferred revenue	19	(156,713,777)	(82,487,401)
		<u>108,208,630</u>	<u>151,046,078</u>
Net assets		<u>108,208,630</u>	<u>151,046,078</u>
Total equity			
Retained earnings	21	<u>108,208,630</u>	<u>151,046,078</u>



.....
B. Beaumont
Chairman

Date: 12 May 2022



.....
D. Griffin
Chair of Audit and Risk Committee

The notes on pages 10 to 30 form part of these consolidated financial statements.

World Rugby

Consolidated Statement of Changes in Equity For the year ended 31 December 2021

	Retained earnings £	Total equity £
At 1 January 2020	197,235,303	197,235,303
Loss for the year	(42,225,774)	(42,225,774)
Other comprehensive loss	(3,963,451)	(3,963,451)
At 1 January 2021	151,046,078	151,046,078
Loss for the year	(47,944,115)	(47,944,115)
Other comprehensive income	5,106,667	5,106,667
At 31 December 2021	108,208,630	108,208,630

The notes on pages 10 to 30 form part of these consolidated financial statements.

World Rugby

**Consolidated Statement of Cash Flows
For the year ended 31 December 2021**

	Notes	2021 £	2020 £
Cash flows from operating activities			
Cash generated from operations	22	917,083	77,426,583
Income tax paid		(70,265)	(147,013)
Grant payments		(13,431,853)	(96,920,629)
Net cash used in operating activities		<u>(12,585,035)</u>	<u>(19,641,059)</u>
Cash flows from investing activities			
Purchase of property, plant and equipment		(215,137)	(114,421)
Purchase of financial assets		(93,285,644)	(129,639,233)
Proceeds on disposal of financial assets		65,641,261	85,414,397
Interest received		3,728,968	2,999,981
Net cash absorbed by investing activities		<u>(24,130,552)</u>	<u>(41,339,276)</u>
Cash flows from financing activities			
Bank loans		5,927,016	32,495,621
Lease payments		(833,902)	(855,735)
Net cash generated from financing activities		<u>5,093,114</u>	<u>31,639,886</u>
Net decrease in cash and cash equivalents		<u>(31,622,473)</u>	<u>(29,340,449)</u>
Exchange gain/(loss) on cash and cash equivalents		1,758,504	(806,479)
Cash and cash equivalents at beginning of year		63,581,903	93,728,831
Cash and cash equivalents at the end of year	17	<u><u>33,717,934</u></u>	<u><u>63,581,903</u></u>

The notes on pages 10 to 30 form part of these consolidated financial statements.

Lease payments have been presented as financing activities in the current year, and the prior year Consolidated Statement of Cash flows has also been presented in this manner.

World Rugby

Notes to the Financial Statements For the year ended 31 December 2021

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 9 May 2022.

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.

2.1 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 continues to have a significant effect on the operational activities and tournament program of World Rugby.

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 2021 and have been applied in preparing these financial statements. None of these have had a significant effect on the financial statements of the Group.

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.

World Rugby

Notes to the Financial Statements For the year ended 31 December 2021

2. Summary of significant accounting policies (continued)

2.2 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 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.

World Rugby

Notes to the Financial Statements For the year ended 31 December 2021

2. Summary of significant accounting policies (continued)

2.3 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.

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 on 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.

World Rugby

Notes to the Financial Statements For the year ended 31 December 2021

2. Summary of significant accounting policies (continued)

2.4 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 £, 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.

(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.

2.5 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:

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.

World Rugby

Notes to the Financial Statements For the year ended 31 December 2021

2. Summary of significant accounting policies (continued)

2.6 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.

2.7 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 and 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.

**Notes to the Financial Statements
For the year ended 31 December 2021**

2. Summary of significant accounting policies (continued)

2.8 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.

2.9 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.

2.10 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.

2.11 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.

**Notes to the Financial Statements
For the year ended 31 December 2021**

2. Summary of significant accounting policies (continued)

2.12 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.

2.13 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.

World Rugby

Notes to the Financial Statements For the year ended 31 December 2021

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.

(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.

World Rugby does not consider the foreign exchange risk to have a material effect on the financial statements.

(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 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.

World Rugby

Notes to the Financial Statements For the year ended 31 December 2021

4. Judgements in applying accounting policies and key sources of estimation uncertainty

In the application of World Rugby's accounting policies, the Council is required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Critical accounting estimates and judgements

The following judgements and estimates have had the most significant effect on amounts recognised in the financial statements.

Going concern

The Council has prepared budgets and cashflows for a period of at least 12 months from the date of the approval of the financial statements which demonstrate that there is no material uncertainty regarding World Rugby's ability to meet its liabilities as they fall due, and to continue as a going concern. On this basis the Council considers it appropriate to prepare the financial statements on a going concern basis. Accordingly, these financial statements do not include any adjustments to the carrying amounts and classification of assets and liabilities that may arise if World Rugby was unable to continue as a going concern.

Recoverability of trade receivables

The Council considered the recoverability of the balance due which is included in the balance sheet at 31 December 2021 at £35,106,576 (2020: £8,589,070). The Council has considered the ability of these customers to have the relevant facilities available to pay for these contracts. Based on these reviews, the Council is satisfied with the recoverability of the balances due at the balance sheet date.

Useful lives and impairment of tangible fixed assets

Long-lived assets comprising primarily of property, plant and equipment, fixtures and fittings, and long-term leasehold property represent a significant portion of total assets. The annual depreciation charge depends primarily on the estimated useful life of each type of total assets. The Council regularly review these useful lives and change them if necessary to reflect current conditions. In determining these useful lives management consider technological change, patterns of consumption, physical condition and expected economic utilisation of the assets. Changes in the useful lives can have a significant impact on the depreciation charge for the financial year. The net book value of tangible fixed assets subject to depreciation at the financial year end date was £9,008,957 (2020: £10,357,244). At the end of each reporting period, World Rugby assess whether there is objective evidence of impairment of any of the fixed assets that are measured at cost. If there is objective evidence of impairment, impairment losses are recognised in the Consolidated Statement of Comprehensive Income.

Impairment of financial assets

At the end of each reporting period, World Rugby assesses whether there is objective evidence of impairment of financial assets that are measured at cost or amortised costs, including investments, trade debtors and amounts due from group undertaking. If there is objective evidence of impairment, impairment losses are recognised in the Consolidated Statement of Comprehensive Income in that financial year.

World Rugby

Notes to the Financial Statements For the year ended 31 December 2021

5. Revenue

Revenue is analysed as follows:

6. Grant related expenses

During 2021 World Rugby incurred £6,636,826 of grant expenditure, which was distributed to tournaments and member unions (2020: £20,600,417).

7. Administration expenses by nature

	2021 £	2020 £
Depreciation and amortisation (note 12 and 13)	949,759	990,174
Employee benefit expense (note 10)	13,309,398	12,745,383
Finance and administration expenses	8,823,385	9,273,070
Development and marketing expenses	16,600,823	8,853,476
Other expenses	1,501,555	1,975,073
Total administrative expenses	41,184,920	33,837,176

	2021 £	2020 £
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Finance and administration expenses include:

Audit fee	32,043	25,017
Council member attendance fees	749,167	734,839

8. Other income

	2021 £	2020 £
Income from financial assets	3,728,968	2,999,981

9. Other gains - net

	2021 £	2020 £
Gain arising on the disposal of financial assets	2,279,840	15,325,197
Foreign exchange losses	(449,311)	(104,475)
	1,830,529	15,220,722

World Rugby

Notes to the Financial Statements For the year ended 31 December 2021

10. Employee benefit expense

	2021 £	2020 £
Employee benefit expense comprise:		
Wages and salaries	11,462,648	11,101,444
Social security costs	1,344,465	1,124,440
Pension costs - defined contribution plans	502,285	519,499
Total employment benefits expense	13,309,398	12,745,383

The average number of persons employed by the group during the financial year was:

	2021 No.	2020 No.
Development	29	29
Administration	41	41
Tournaments	56	50
	126	120

11. Income tax expense

	2021 £	2020 £
Income tax expense	62,718	113,088

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 US Incorporated
- World Rugby Services 2023 SAS
- World Rugby Services 2023 Limited

World Rugby

Notes to the Financial Statements For the year ended 31 December 2021

12. Property, plant and equipment

	Computer equipment £	Fixtures and fittings £	Right of Use Asset £	Total £
Cost				
At 1 January 2021	1,246,741	990,190	11,635,154	13,872,085
Additions	215,137	-	-	215,137
Effects of movements in exchange rates	-	-	(837,908)	(837,908)
At 31 December 2021	<u>1,461,878</u>	<u>990,190</u>	<u>10,797,246</u>	<u>13,249,314</u>
Depreciation				
At 1 January 2021	1,045,136	984,366	1,485,339	3,514,841
Charge for the year	141,162	2,134	709,146	852,442
Effects of movements in exchange rates	-	-	(126,926)	(126,926)
At 31 December 2021	<u>1,186,298</u>	<u>986,500</u>	<u>2,067,559</u>	<u>4,240,357</u>
Net book value				
At 31 December 2021	<u>275,580</u>	<u>3,690</u>	<u>8,729,687</u>	<u>9,008,957</u>
At 31 December 2020	<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 "administrative expense".

World Rugby

Notes to the Financial Statements For the year ended 31 December 2021

13. Intangible assets

	Rugby World Cup Logo £	Computer software £	Total £
Cost			
At 1 January 2021	77,002	972,755	1,049,757
At 31 December 2021	<u>77,002</u>	<u>972,755</u>	<u>1,049,757</u>
Amortisation			
At 1 January 2021	-	373,444	373,444
Charge for the year	-	97,317	97,317
At 31 December 2021	<u>-</u>	<u>470,761</u>	<u>470,761</u>
Net book value			
At 31 December 2021	<u>77,002</u>	<u>501,994</u>	<u>578,996</u>
<i>At 31 December 2020</i>	<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.

World Rugby

Notes to the Financial Statements For the year ended 31 December 2021

14. Deferred expenditure

	2021 £	2020 £
Sponsorship	796,667	262,000
Tournament related expenses	4,626,658	2,178,323
	<u>5,423,325</u>	<u>2,440,323</u>
Beginning of the year	2,440,323	3,264,460
Released to expenditure	(1,678,323)	(3,264,460)
Deferred during the period	4,661,325	2,440,323
End of the year	<u>5,423,325</u>	<u>2,440,323</u>

At 31 December 2021 deferred expenditure included £4,626,658 recognisable within one year (2020: £1,678,323).

15. Financial assets

	2021 £	2020 £
Beginning of the year	168,595,138	113,008,555
Additions	93,285,644	129,639,233
Disposals	(63,361,421)	(70,089,199)
Fair value movement	5,106,667	(3,963,451)
End of the year	<u>203,626,028</u>	<u>168,595,138</u>

World Rugby

Notes to the Financial Statements For the year ended 31 December 2021

15. Financial assets (continued)

	2021 £	2020 £
Financial assets includes the following:		
Listed securities:		
– Equity securities – eurozone countries	7,913,409	7,276,932
– Equity securities – US	41,868,484	32,179,317
– Equity securities – UK	7,307,098	7,071,957
– Equity securities – other	33,512,902	36,264,888
	90,601,893	82,793,094
– Interest securities – eurozone countries	24,583,366	13,168,348
– Interest securities – US	31,812,419	35,518,442
– Interest securities – UK	30,971,520	21,212,219
– Interest securities – other	25,656,830	15,903,035
	113,024,135	85,802,044
	203,626,028	168,595,138

At 31 December 2021 retained earnings included a cumulative surplus of £20,831,211 (2020: surplus of £15,718,846) 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.

16. Trade and other receivables

	2021 £	2020 £
Trade receivables	35,106,576	8,589,070
Prepayments and other receivables	1,213,987	984,448
Grants paid in advance	41,682,871	34,720,702
	78,003,434	44,294,220

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

At 31 December 2021 trade and other receivables included £36,218,642 recognisable within one year (2020: £9,573,518).

World Rugby

**Notes to the Financial Statements
For the year ended 31 December 2021**

16. Trade and other receivables (continued)

Trade receivables

	2021 £	2020 £
Movement in impairment provision on trade receivables		
At 1 January	86,224	16,690
Written off during the year	(30,877)	(10,990)
Written back during the year	(43,783)	(600)
Additional provision	-	81,124
At 31 December	11,564	86,224

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

	2021 £	2020 £
UK/Ireland	23,736	734,807
Europe	29,645,442	6,479,026
Oceania	243,023	615,761
Americas	4,059,275	534,609
Rest of world	1,135,100	224,867
	35,106,576	8,589,070

The ageing of trade receivables, under the expected credit loss model, at 31 December 2021 was:

	Gross value £	Impairment £	Carrying value £	Weighted average loss rate %
Not Past Due	26,930,790	-	26,930,790	0%
Past Due				
0-30 days	4,098,630	-	4,098,630	0%
30-60 days	3,503,298	-	3,503,298	0%
+60 days	585,422	11,564	573,858	2%
	35,118,140	11,564	35,106,576	0%

World Rugby

Notes to the Financial Statements For the year ended 31 December 2021

16. Trade and other receivables (continued)

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

	Gross value	Impairment	Carrying value	Weighted average loss rate
	£	£	£	%
Not Past Due	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	4%
	<u>8,675,294</u>	<u>86,224</u>	<u>8,589,070</u>	<u>0%</u>

Other receivables

Other receivables at 31 December 2021 include a loan to USA Rugby of US\$412,520 (£305,764) (2020: US\$550,000 (£404,046)). The loan is repayable in full over three years. £101,921 (2020: £303,034) falls due after one year.

Prepayments and other receivables do not contain any impaired assets.

17. Cash and cash equivalents

	2021 £	2020 £
Cash at bank and in hand	16,482,587	20,772,476
Short-term bank deposits	17,235,347	42,809,427
	<u>33,717,934</u>	<u>63,581,903</u>

The effective interest rate was 0.45% on GBP short-term bank deposits and 0.3% 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.

World Rugby

Notes to the Financial Statements For the year ended 31 December 2021

18. Loans and borrowings

	2021 £	2020 £
Secured bank loans	38,422,637	32,495,621

During the year World Rugby drew down £5,927,016 (2020: £32,495,621) under a secured loan facility with Barclays Bank which is secured over the financial investment assets of the Group.

The portion of the secured loan facility to be paid within one year is nil.

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

19. Deferred revenue

	2021 £	2020 £
Broadcasting	31,545,707	15,050,282
Sponsorship	55,599,578	13,368,210
Licensing, merchandising and other	33,397,792	18,250,962
Tournament related income	39,250,000	36,893,750
	159,793,077	83,563,204
Beginning of the year	83,563,204	52,861,616
Released to income	(1,075,903)	(8,173,965)
Deferred during the period	77,305,776	38,875,553
End of the year	159,793,077	83,563,204

At 31 December 2021 deferred revenue included £3,079,300 recognisable within one year (2020: £1,075,803).

World Rugby

Notes to the Financial Statements For the year ended 31 December 2021

20. Trade and other payables

	2021 £	2020 £
Short term loan	4,141,122	-
Trade payables	602,439	486,464
Accrued expenses	8,124,584	2,651,043
Grants payable	260,430	80,000
Lease liability	9,097,483	10,467,778
Payroll tax payable	834,868	457,721
Other creditors	869,929	8,651,454
Corporation tax payable	3,475	45,778
	23,934,330	22,840,238

At 31 December 2021 trade and other payables included £15,466,287 recognisable within one year (2020: £13,036,754).

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

21. Retained earnings

Retained earnings is the cumulative gains recognised in the Statement of Profit and Loss and Other Comprehensive Income. The retained earnings balance includes a non-distributable Catastrophic Injury Reserve of £9,526,000 (2020: £9,526,000).

22. Cash generated from operations

	2021 £	2020 £
Loss for the period before taxation	(47,881,397)	(42,112,686)
Adjustments for:		
- Depreciation and amortisation (notes 12 and 13)	949,759	990,174
- Profit on disposal of financial assets	(2,279,840)	(15,325,197)
- Interest income	(3,728,968)	(2,999,981)
- Lease interest	199,594	218,248
- Grants	6,636,826	20,600,417
- (Gain)/loss on foreign exchange	(1,730,968)	858,635
Changes in operating capital		
- Trade and other receivables	(26,755,157)	98,160,058
- Trade and other payables	2,260,363	(14,488,814)
- Deferred revenue	76,229,873	30,701,588
- Deferred expenses	(2,983,002)	824,141
Cash generated from operations	917,083	77,426,583

World Rugby

Notes to the Financial Statements For the year ended 31 December 2021

23. Commitments

At 31 December 2021 World Rugby had future minimum lease payments due under non-cancellable leases for each of the following periods:

	2021 £	2020 £
Not later than 1 year	810,431	873,324
Later than 1 year and not later than 5 years	2,971,581	3,493,295
Later than 5 years	-	582,216
	<u>3,782,012</u>	<u>4,948,835</u>

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 £82.5 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 was designed to assist the maximum number of unions for the maximum amount of time while there was a rugby void. The financial package involved a combination of advances and loans.

World Rugby has made commitments to its Member Unions to pay grants at a level of approximately £22 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 Host Union Tournament marketing fees of £5 million for the 2022 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 the Rugby World Cup in New Zealand in 2021, a tournament which will now take place in 2022.

World Rugby, through its wholly owned entity, Rugby World Cup Limited, has entered into a general agreement with the South Africa Rugby Union awarding them the right to host Rugby World Cup Sevens in South Africa 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.

World Rugby

Notes to the Financial Statements For the year ended 31 December 2021

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:

	2021 £	2020 £
Salaries and other short-term employee benefits	1,307,720	1,585,153
Post-employment benefits	65,190	67,891
	<u>1,372,910</u>	<u>1,653,044</u>

26. Related party transactions

There are no related party transactions other than those between the subsidiaries disclosed in note 2. These have all been eliminated in the consolidated financial statements.

The details of key management compensation are set out in note 25.

27. Post balance sheet events

No material events have occurred since the balance sheet date which would affect the financial statements of the company.

28. Approval of financial statements

The Council approved the financial statements on 12 May 2022