World Rugby

Consolidated Financial Statements
Financial Year Ended 31 December 2019

WORLD
RUGBY

CONTENTS

GENERAL INFORMATION

Council Members as at 31 December 2019

B. Beaumont	Independent Chairman
A. Pichot	(Argentina) Vice Chairman
S. Iglesias	(Argentina)
M. Rodriguez	(Argentina)
R. Castle	(Australia)
C. Clyne	(Australia)
B. Robinson	(Australia)
P. Parfrey	(Canada)
D. Griffin	(England)
B. Sweeney	(England)
J. Webb	(England)
F. Kean	(Fiji)
B. Jugla	(France)
B. Laporte	(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)
S. Tew	(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. Posadas	(Uruguay)
B. Latham	(USA)
A. Buchanan	(Wales)
G. Davies	(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. Muehlofer	(Rugby Europe)
C. Bentacur	(Sudamerica Rugby)
S. Pineyrua	(Sudamerica Rugby)

Chief Executive Officer

B. Gosper

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 RESPONSABILITIES

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 105 Member Unions and 19 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

S. Tew

Date: 20 May 2020

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Independent auditors' report to the Council of World Rugby

Report on the audit of the non-statutory financial statements

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 2019 and of its profit 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 2019;
- 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (Ireland) ("ISAs (Ireland)") including ISA (Ireland) 800. 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.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which ISAs (Ireland) require us to report to you where:

- the Council's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Council has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

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

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 pwc

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.

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 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.

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.

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.

PricewaterhouseCoopers

PricewaterhouseCoopers
Chartered Accountants
Dublin
27 May 2020

CONSOLIDATED INCOME STATEMENT
Financial Year Ended 31 December 2019

	Notes	2019 Stg£	2018 Stg£
Revenue	5	381,401,604	24,085,742
Tournament related expenses		(107,976,256)	(32,898,957)
Grant related expenses	6	(106,192,829)	(24,212,112)
Administration expenses	7	(42,025,077)	(32,713,317)
Other income	8	2,032,614	2,738,867
Other gains/(losses)	9	1,713,545	607,389
Profit/(loss) before income tax		128,953,601	(62,392,388)
Income tax expense	11	(141,081)	(146,575)
Profit/(loss) for the year		128,812,520	(62,538,963)

The notes on pages 10 to 29 are an integral part of these consolidated financial statements.

B. Beaumont, Chairman

S. Tew

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
Financial Year Ended 31 December 2019

	Notes	2019 Stg£	2018 Stg£
Profit/(loss) for the year		128,812,520	(62,538,963)
Fair value gain/(loss) on available-for-sale financial assets		7,156,485	(5,378,256)
Total comprehensive income for the year		135,969,005	(67,917,219)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
Financial Year Ended 31 December 2019

	Total equity Stg£
Balance at 31 December 2017	129,183,517
Total comprehensive loss for the year	(67,917,219)
Balance at 31 December 2018	61,266,298
Total comprehensive income for the year	135,969,005
Balance at 31 December 2019	197,235,303

The notes on pages 10 to 29 are an integral part of these consolidated financial statements.

On behalf of the board

B. Beaumont, Chairman

Bill Beaumont

S. Tew

CONSOLIDATED BALANCE SHEET
As at 31 December 2019

	Notes	2019 Stg£	2018 Stg£
ASSETS			
Non – current assets			
Property, plant and equipment	12	10,542,241	399,306
Intangible assets	13	769,804	799,736
Deferred expenditure	14	-	261,181
Available-for-sale financial assets	15	113,008,555	103,245,817
		124,320,600	104,706,040
Current assets			
Trade and other receivables	16	107,875,201	36,870,642
Deferred expenditure	14	3,264,460	26,467,250
Cash and cash equivalents	17	93,728,831	74,510,672
		204,868,492	137,848,564
Total assets		329,189,092	242,554,604
EQUITY			
Capital and reserves			
Retained earnings	20	197,235,303	61,266,298
LIABILITIES			
Non - current liabilities			
Trade and other payables	19	9,879,426	-
Deferred revenue	18	44,769,651	140,515,918
		54,649,077	140,515,918
Current liabilities			
Trade and other payables	19	69,212,747	13,784,739
Deferred revenue	18	8,091,965	26,987,649
		77,304,712	40,772,388
Total liabilities		131,953,789	181,288,306
Total equity and liabilities		329,189,092	242,554,604

The notes on pages 10 to 29 are an integral part of these consolidated financial statements.

B. Beaumont, Chairman

S. Tew

CONSOLIDATED CASH FLOW STATEMENT
Financial Year Ended 31 December 2019

	Notes	2019 Stg£	2018 Stg£
Cash flows from operating activities			
Cash generated from operations	21	83,781,773	32,889,688
Income tax paid		(140,612)	(106,852)
Grant payments		(63,492,047)	(39,993,190)
Net cash (used in) operating activities		20,149,114	(7,210,354)
Cash flows from investing activities			
Purchases of property, plant and equipment		(172,496)	(94,107)
Purchases of intangible assets		(61,477)	-
Purchase of available for sale financial assets		(15,351,691)	(11,196,620)
Proceeds on disposal of available for sale financial assets		17,211,895	11,685,965
Lease payments		(710,030)	-
Interest received		2,032,614	2,738,867
Net cash generated from/(absorbed by) investing activities		2,948,815	3,134,105
Net (decrease) in cash and cash equivalents		23,097,929	(4,076,249)
Exchange gain/(loss) on cash and cash equivalents		(3,879,770)	1,768,409
Cash and cash equivalents at beginning of the year		74,510,672	76,818,512
Cash and cash equivalents at end of the year	17	93,728,831	74,510,672

The notes on pages 10 to 29 are an integral part of these consolidated financial statements.

B. Beaumont, Chairman

S. Tew

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 105 Member Unions and 19 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 14 May 2020.

2 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

a) Basis of preparation

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

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

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 2019 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, except for the following:

IFRS 16 – Leases (effective date: financial year beginning 1 January 2019) introduces significant changes to the lessee accounting by removing the distinction between operating and finance leases, requiring the recognition of a right-of-use asset and a lease liability at commencement for all leases, with a practical expedient for short-term leases and leases of low value assets. The Group has applied IFRS 16 using the modified retrospective approach, without restatement of the comparative information from 1 January 2019. In respect of those leases the Group previously treated as operating leases, the Group has elected to measure its right of use assets arising from leases using the approach set out in IFRS 16.C8(b)(ii). The Group has a single property lease.

The standard has a material impact on the Group with the recognition of a lease liability and right of use asset, however the overall impact on the Income Statement of adopting IFRS 16 will be neutral over the life of a lease but will result in a higher charge in the earlier years following implementation and a lower charge in the later years.

NOTES TO THE FINANCIAL STATEMENTS - continued

2 Summary of significant accounting policies - continued

a) Basis of preparation - continued

Identification of leases
The identification of leases involves judgement as IFRS 16 defines a lease as a contract (or part of a contract) that, for a period of time in exchange for consideration, conveys the right to:

- control an identified asset;
- obtain substantially all economic benefits from use of the asset; and
- direct the use of the asset

The Group has availed of the practical expedient available on transition to IFRS 16 not to reassess whether a contract is or contains a lease. Accordingly, the definition of a lease in accordance with IAS 17 and the guidance in IFRIC 4 will continue to be applied to those leases entered into or modified before 1 January 2019.

Lease term
The lease term is the non-cancellable period for which the Group has the right to use an underlying asset together with:

- periods covered by an option to extend the lease if the Group is reasonably certain to exercise that option; and
- periods covered by an option to terminate the lease if the Group is reasonably certain not to exercise that option.

This assessment involves the exercise of judgement by the Group.

Initial measurement of lease liability
The lease liability is initially measured at the present value of the lease payments that are payable for the lease term, discounted using the incremental borrowing rate. The Group's incremental borrowing rate applied to lease liabilities as at 1 January 2019 was 2.09 per cent. Lease payments included in the measurement of the lease liability comprise fixed lease payments. Judgements applied include determining the lease term for those leases with termination or extension options and the discount rate used which is based on incremental borrowing rate. Such judgements could impact the lease term and significantly the resultant lease liability and right of use asset recognised. Where a lease agreement contains a clause to restore the asset to a specified condition i.e. dilapidation costs, the Group recognises a provision for dilapidations under IAS 37 in its balance sheet.

Initial measurement of right-of-use asset
The right-of-use asset comprises the amount of the initial measurement of the lease liability, adjusted for any lease payments made at or before the commencement date, less any lease incentives and any initial direct costs incurred by the Group.

Subsequent measurement of lease liability
The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made. The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

NOTES TO THE FINANCIAL STATEMENTS - continued

2 Summary of significant accounting policies - continued

a) Basis of preparation - continued

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).

- a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

The Group did not make any material adjustments outlined above during the periods presented.

Subsequent measurement of right-of-use asset
After initial measurement, the right-of-use asset is measured at cost less accumulated depreciation, adjusted for:
- any impairment losses in accordance with IAS 36 Impairment of Assets, and
- any remeasurement of the lease liability

Right-of-use assets are depreciated over the shorter period of the lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. Lease modifications A lease modification is a change to the original terms and conditions of the lease. The effective date of the modification is deemed to be the date when both parties agree to a lease modification. A lease modification is accounted for as a separate lease if:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and
- the consideration for the lease increases by an amount commensurate with the standalone price for the increase in scope of the lease.

If both criteria are met, the Group adopts the accounting policy on the initial recognition and measurement of lease liabilities and right-of use asset. If a change in the lease terms does not meet the test outlined above, the Group must modify the initially recognised components of the lease contract.

IFRIC 23 – Uncertainty over Income Tax Treatments (effective date: financial year beginning 1 January 2019) did not have a material impact on the Group in the current period.

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.

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 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.

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 contract agreements:

NOTES TO THE FINANCIAL STATEMENTS - continued

2 Summary of significant accounting policies - continued

c) Revenue recognition - continued

- 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 us allocated equally to individual series 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 available for sale are analysed between translation differences resulting from changes in the amortised cost of the security, and other changes in the carrying amount of the security. Translation differences are recognised in profit or loss, and other changes in carrying amount are recognised in equity. Translation differences on non-monetary financial assets such as equities classified as available for sale are included in the fair value reserve in equity.

(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.

NOTES TO THE FINANCIAL STATEMENTS - continued

2 Summary of significant accounting policies - continued

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
Motor vehicles	5 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.

g) Financial assets

Available-for-sale financial assets

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

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

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

NOTES TO THE FINANCIAL STATEMENTS - continued

2 Summary of significant accounting policies - continued

g) Financial assets - continued

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

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

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

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

i) Cash and cash equivalents

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

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.

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.

NOTES TO THE FINANCIAL STATEMENTS - continued

2 Summary of significant accounting policies - continued

l) Leases

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

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

m) Grants

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.

(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 available for sale or at fair value through profit or loss. The group is not exposed to commodity price risk. To manage its price risk arising from investments in equity securities, the group diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the group.

(c) Fair value and cash flow interest rate risk

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

(d) Credit risk

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.

NOTES TO THE FINANCIAL STATEMENTS - continued

3 Financial risk management - continued

(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.

IFRS 16 "Leases"
When the Group has the option to extend a lease, management uses its judgement to determine whether or not an option would be reasonably certain to be exercised. Management considers all facts and circumstances including their past practice and any cost that will be incurred to change the asset if an option to extend is not taken, to help them determine the lease term.
The Group has availed of the practical expedient available on transition to IFRS 16 not to reassess whether a contract is or contains a lease. Accordingly, the definition of a lease in accordance with IAS 17 and the guidance in IFRIC 4 will continue to be applied to those leases entered into or modified before 1 January 2019.

Summary
IFRS 16 changes how the Group accounts for leases previously classified as operating leases under IAS 17, which were off-balance sheet. The Group has applied IFRS 16 using the modified retrospective approach, without restatement of the comparative information. In respect of those leases the Group previously treated as operating leases, the Group has elected to measure its right of use assets arising from property leases using the approach set out in IFRS 16.C8(b)(ii). Under IFRS 16.C8(b)(ii) right of use assets are set equal to the lease liability, adjusted for prepaid or accrued lease payments, including un-amortised lease incentives.

Impact of IFRS 16 – As a lesser
On initial application of IFRS 16 for operating leases, right-of-use assets were generally measured at the present value of the future lease payments. The Group's weighted average (by lease liability) incremental borrowing rate applied to lease liabilities as at 1 January 2019 was 2.09 per cent. As part of the Group's adoption of IFRS 16 the Group has elected to use the following practical expedients:

- a single discount rate has been applied;
- accounting for short-term leases (leases less than 12 month) or low value asset leases (i.e. where the value of the underlying asset when new is less than €4,000) by recognising the lease payments as an operating expense on a straight-line basis over the term of the lease, although any such leases would be totally immaterial;
- right-of-use asset has been reduced by the carrying amount of the onerous lease provision at 31 December 2018 instead of performing impairment reviews under IAS 36; and
- hindsight has been used in determining the lease term. Lease incentives (e.g. rent-free periods) are recognised as part of the measurement of the right-of-use assets and lease liabilities whereas under IAS 17 they resulted in the recognition of a lease incentive liability, amortised as a reduction of rental expenses on a straight-line basis.

Under IFRS 16:

- right-of-use assets will be tested for impairment in accordance with IAS 36 Impairment of Assets. This replaces the previous requirement to recognise a provision for onerous lease contracts.

NOTES TO THE FINANCIAL STATEMENTS - continued

- the Group recognises depreciation of right-of-use assets and interest on lease liabilities in the Group Income Statement. Under IAS 17, operating leases previously gave rise to a straight-line expense in the Group Income Statement.
- the Group separates the total amount of cash paid for leases that are on balance sheet into a principal portion (presented within financing activities) and an interest portion (presented within operating activities) in the Group Cash Flow Statement. Under IAS 17 operating lease payments were presented as operating cash outflows.
- Contracts that qualified as leases as defined by IFRS 16 related solely to property. On transition to IFRS 16, the principal impacts were the recognition of right-of-use asset of Stg£10.9 million and lease liabilities of Stg£10.9 million.

Impact of IFRS 16 – As a lessor

The Group was only required to make adjustments on transition to IFRS 16 for leases where it subleases a headlease. At the date of initial application, the Group reassessed subleases that were classified as operating leases under IAS 17 to determine whether these should be reclassified under IFRS 16. The Group concluded that no subleases in existence require classification as finance leases under IFRS 16 and as a result €nil was recognised as finance lease receivables.

Impact of IFRS 16 – Former finance leases.

The main differences between IFRS 16 and IAS 17 with respect to assets formerly held under a finance lease is the measurement of the residual value guarantees provided by the lessee to the lessor. IFRS 16 requires that the Group recognises as part of its lease liability only the amount expected to be payable under a residual value guarantee, rather than the maximum amount guaranteed as required by IAS 17. This change did not have an effect on the Group's Financial Statements.

Financial Impact – Opening balance sheet

The table below reconciles the relevant assets and liabilities under IAS 17 at 31 December 2018 to those under IFRS 16 at 1 January 2019:

	31 December 2018 Pre-IFRS 16 Impact Stg£'000	1 January 2019 Post-IFRS 16 Impact Stg£'000
ASSETS		
Non-current assets		
Property, plant and equipment		
Right-of-use asset*	0	10,981

	31 December 2018 Pre-IFRS 16 Impact Stg£'000	1 January 2019 Post-IFRS 16 Impact Stg£'000
LIABILITIES		
Non-current liabilities		
Lease liabilities	0	10,981

The right-of-use asset of Stg£10.9 million recognised at 1 January 2019 is comprised of a property lease

NOTES TO THE FINANCIAL STATEMENTS - continued

5 Revenue

	2019 Stg£	2018 Stg£
Revenue is analysed as follows:		
Tournament fee	96,000,000	-
Broadcasting	135,808,041	1,877,872
Sponsorship	105,161,941	17,916,892
Merchandising and other income	44,431,622	4,290,978
	381,401,604	24,085,742

6 Grant related expenses

During 2019 World Rugby incurred Stg£106,192,829 of grant expenditure, which was distributed to tournaments and member unions (2018: Stg£24,212,112).

7 Administration expenses by nature

	2019 Stg£	2018 Stg£
Depreciation (note 12)	1,102,159	422,036
Employee benefit expense (note 10)	13,125,822	11,231,186
Finance and administration expenses	9,545,131	7,156,232
Development and member services	15,568,479	10,557,191
Other expenses	2,683,486	3,346,672
Total administrative expenses	42,025,077	32,713,317

	2019 Stg£	2018 Stg£
Finance and administration expenses include:		
Audit fee	29,879	25,215
Council member attendance fees	766,750	709,250

NOTES TO THE FINANCIAL STATEMENTS - continued

8 Other income

	2019 Stg£	2018 Stg£
Income from financial assets	2,032,614	2,738,867

9 Other gains - net

	2019 Stg£	2018 Stg£
Gain arising on the disposal of available for sale financial assets	4,466,457	1,461,848
Foreign exchange gains/(losses)	(2,752,912)	(854,459)
	1,713,545	607,389

10 Employee benefit expense

	2019 Stg£	2018 Stg£
Employee benefit expenses comprise:		
Wages and salaries	11,490,336	9,831,269
Social security costs	1,159,339	938,995
Pension costs – defined contribution plans	476,147	460,922
Total employment benefits expense	13,125,822	11,231,186

	2019 Number	2018 Number
The average number of persons employed by the group during the financial year was:		
Development	29	25
Administration	41	42
Tournaments	48	44
	118	111

11 Income tax expense

	2019 Stg£	2018 Stg£
Income tax expense	141,081	146,575

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

12 Property, plant and equipment	Computer equipment Stg£	Fixtures and fittings Stg£	Right of Use Asset Stg£	Total Stg£
Year ended 31 December 2018				
Opening net book amount	244,427	391,639	-	636,066
Additions	90,634	3,474	-	94,108
Depreciation charge	(133,927)	(196,941)	-	(330,868)
Closing net book amount	201,134	198,172	-	399,306
At 31 December 2018				
Cost	965,786	984,228	-	1,950,014
Accumulated depreciation	(764,652)	(786,056)	-	(1,550,708)
Net book amount	201,134	198,172	-	399,306
Year ended 31 December 2019				
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	232,443	29,536	10,280,262	10,542,241
At 31 December 2019				
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	232,443	29,536	10,280,262	10,542,241

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

NOTES TO THE FINANCIAL STATEMENTS - continued

13 Intangible assets

	Rugby World Cup Logo Stg£	Computer software Stg£	Total Stg£
Year ended 31 December 2018			
Opening net book amount	77,002	813,901	890,903
Additions	-	-	-
Amortisation charge	-	(91,167)	(91,167)
Closing net book amount	77,002	722,734	799,736
At 31 December 2018			
Cost	77,002	911,278	988,280
Accumulated amortisation and impairment	-	(188,544)	(188,544)
Net book amount	77,002	722,734	799,736
Year ended 31 December 2019			
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	77,002	692,802	769,804
At 31 December 2019			
Cost	77,002	972,755	1,049,757
Accumulated amortisation and impairment	-	(279,953)	(279,953)
Net book amount	77,002	692,802	769,804

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.

14 Deferred expenditure

	2019 Stg£	2018 Stg£
Broadcasting	-	12,412,979
Sponsorship	-	4,026,500
Licensing, merchandising and other	-	4,740,236
Tournament related expenses	3,264,460	5,548,716
	3,264,460	26,728,431
Beginning of the year	26,728,431	13,901,175
Released to expenditure	(26,728,431)	(7,665,078)
Deferred during the period	3,264,460	20,492,334
End of the year	3,264,460	26,728,431

At 31 December 2019 deferred expenditure included Stg£3,264,460 recognisable within one year (2018 Stg£26,728,431).

NOTES TO THE FINANCIAL STATEMENTS - continued

15 Available for sale financial assets

	2019 Stg£	2018 Stg£
Beginning of the year	103,245,817	107,651,568
Additions	15,351,691	11,196,621
Disposals	(12,745,438)	(10,224,116)
Revaluation surplus/(deficit)	7,156,485	(5,378,256)
End of the year	113,008,555	103,245,817

There were no impairment provisions on available-for-sale financial assets in 2019 or 2018.

	2019 Stg£	2018 Stg£
Available-for-sale financial assets includes the following:		
Listed securities:		
– Equity securities – eurozone countries	10,828,807	10,529,563
– Equity securities – US	21,123,487	18,266,672
– Equity securities – UK	7,906,533	6,888,992
– Equity securities – other	35,131,566	30,134,620
	74,990,393	65,819,847
– Interest securities – eurozone countries	3,412,472	7,127,416
– Interest securities – US	13,818,002	10,028,236
– Interest securities – UK	13,687,756	13,448,090
– Interest securities – other	7,099,932	6,822,228
	38,018,162	37,425,970
	113,008,555	103,245,817

At 31 December 2019 retained earnings included a cumulative surplus of Stg£19,689,435 (2018 surplus of Stg£12,532,950) in respect of unrealised fair value gains on available for sale financial assets.

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

16 Trade and other receivables

	2019 Stg£	2018 Stg£
Trade receivables	27,327,343	19,476,379
Prepayments and other receivables	80,347,858	4,719,263
Grants paid in advance	200,000	12,675,000
	107,875,201	36,870,642

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

NOTES TO THE FINANCIAL STATEMENTS - continued

16 Trade and other receivables - continued

Trade receivables

	2019 Stg£	2018 Stg£
Movement in impairment provision on trade receivables		
At 1 January	28,521	206,667
Written off during the year	(28,521)	-
Written back during the year	-	(203,333)
Additional provision	16,990	25,187
At 31 December	16,990	28,521

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

	Carrying amounts 2019 Stg£	 2018 Stg£
UK/Ireland	157,473	2,812,126
Europe	18,304,777	13,545,050
Oceania	323,501	460,389
Americas	254,914	302,741
Rest of world	8,286,678	2,356,073
	27,327,343	19,476,379

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

	Gross value Stg£	Impairment Stg£	Carrying value Stg£	Weighted average loss rate %
Not Past Due	26,056,533	-	26,056,532	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%
	27,344,033	16,690	27,327,343	0%

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 2018 was:

	Gross value Stg£	Impairment Stg£	Carrying value Stg£	Weighted average loss rate %
Not Past Due	15,825,257	-	15,825,257	0%
Past Due				
0-30 days	2,901,514	-	2,901,514	0%
30-60 days	15,842	-	15,842	0%
+60 days	762,287	28,521	733,766	0%
	19,504,900	28,521	19,476,379	0%

Other receivables

Other receivables at 31 December 2019 include a loan to USA Rugby of US$3.6million (Stg£2,746,444). The balance at 31 December 2018 was $3.2million (Stg£2,498,505). The loan is repayable in full over five years. Stg£650,240 falls due after one year. Due to the deterioration in the financial position of USA Rugby this loan is considered impaired and has been provided for in full.
Other receivables at 31 December 2019 also include a receivable of Stg£4.6million in relation to an insurance claim arising from the cancellation of matches in the Rugby World Cup due to the impact of Typhoon Hagibis.
Prepayments and other receivables do not contain any impaired assets except for the loan to USA Rugby.

17 Cash and cash equivalents

	2019 Stg£	2018 Stg£
Cash at bank and in hand	50,781,824	30,183,037
Short-term bank deposits	42,947,007	44,327,635
	93,728,831	74,510,672

The effective interest rate was 0.15% on GBP short-term bank deposits and 0.50% 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.

NOTES TO THE FINANCIAL STATEMENTS - continued

18 Deferred revenue

	2019 Stg£	2018 Stg£
Broadcasting	4,972,072	74,495,362
Sponsorship	7,109,849	68,437,060
Licensing, merchandising and other	10,959,695	9,571,145
Tournament related income	30,000,000	15,000,000
	52,861,616	167,503,567
Beginning of the year	167,503,567	64,311,560
Released to income	(140,392,917)	(3,317,036)
Deferred during the period	25,750,966	106,509,043
End of the year	52,861,616	167,503,567

At 31 December 2019 deferred revenue included Stg£8,091,965 recognisable within one year (2018 Stg£140,515,918).

19 Trade and other payable

	2019 Stg£	2018 Stg£
Trade payables	4,559,236	2,593,936
Accrued expenses	17,184,409	7,894,306
Grants payable	41,195,800	2,437,199
Lease liability	10,493,449	-
Payroll tax payable	920,536	753,515
Other creditors	4,693,062	47,074
Corporation tax payable	45,681	58,709
	79,092,173	13,784,739

Other creditors at 31 December 2019 include a payable of Stg£4.6million in relation to claims from rights-holders arising from the cancellation of matches in the Rugby World Cup due to the impact of Typhoon Hagibis.
At 31 December 2019 trade and other payables included Stg£69,212,747 recognisable within one year (2018 Stg£13,784,739).
There is no difference in the fair value of trade and other payables and the amounts stated above.

20 Retained earnings

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

NOTES TO THE FINANCIAL STATEMENTS - continued

21 Cash generated from operations

	2019 Stg£	2018 Stg£
Profit/(loss) for the period before taxation	128,953,601	(62,392,388)
Adjustments for:		
- Depreciation (note 12)	1,102,159	422,036
- Profit on disposal of financial assets	(4,466,457)	(1,461,849)
- Interest income	(2,032,614)	(2,738,867)
- Lease payments	222,290	-
- Grants	114,725,648	31,460,681
- Loss/(profit) on foreign exchange	4,007,041	(1,870,806)
Changes in operating capital		
- Trade and other receivables	(84,038,684)	(19,244,619)
- Trade and other payables	16,486,773	(1,649,251)
- Deferred revenue	(114,641,951)	103,192,007
- Deferred expenses	23,463,967	(12,827,256)
Cash generated from operations	83,781,773	32,889,688

22 Commitments

World Rugby has made commitments to its Member Unions to pay grants at a level of approximately Stg£22.318m over the next year including High Performance, Development, Tournament and Union Fund grant expenditure.

World Rugby Tournaments Limited, an entity wholly owned by World Rugby, has entered into firm commitments to pay participation fees of Stg£4.425m and Host Union Tournament marketing fees of Stg£7.561m for the 2019/2020 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 2021.

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.

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 will 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.

23 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.

NOTES TO THE FINANCIAL STATEMENTS - continued

24 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:

	2019 Stg£	2018 Stg£
Salaries and other short-term employee benefits	1,916,286	1,777,260
Post-employment benefits	66,960	66,436
Other benefits		-
	1,983,246	1,843,696

25 Post balance sheet events

The coronavirus disease, COVID-19, is an infectious severe acute respiratory syndrome that has spread worldwide since it was first identified at the end of 2019. The World Health Organisation (WHO) declared the outbreak a pandemic on 11 March 2020. Government mandated closures and social distancing measures have been introduced and are likely to be in place for a significant period of time.

Along with the Business Continuity plan that is in effect, World Rugby has a COVID 19 Crisis Management group in place, including a Chief Medical Officer, which meets regularly to consider the risks that coronavirus poses to the group and the actions we are taking to mitigate the impact.

COVID-19 has had a significant effect on the operational activities of World Rugby. The offices are currently closed but through the use of technology we have facilitated remote working for staff and meetings are now held remotely. The tournament program has also been significantly impacted with tournaments being postponed or cancelled. Member Unions have been significantly impacted and World Rugby has received requests from Unions for financial support as detailed in Note 22. Separately from these requests we have modelled the likely effect of COVID-19 on the cash forecast for the current 4-year cycle. Management are considering various measures to control costs and conserve cash and are comfortable that the forecasts prepared have considered a number of sensitivities, including a range of outcomes. Management are satisfied that in all cases there remains sufficient mitigation measures available 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.

COVID-19 also significantly impacted world investment markets which fell by up to 20% in March 2020. World Rugby financial investments were protected from the full impact of the fall due to the conservative mix of investment assets held and have since recovered some of the losses incurred. At 31 March 2020 World Rugby financial investments were 9% below values at 31 December 2019.

It is not yet clear how long the pandemic will last and what the medium to long term effect of this pandemic will be on World Rugby and its Member Unions. The priority is to ensure the safety of staff, players and supporters and to support Member Unions and the sport of rugby through this challenging time.

26 Approval of financial statements

The directors approved the financial statements on 14 May 2020.