

World Rugby

Consolidated Financial Statements

Year Ended 31 December 2014

CONTENTS

	Page
GENERAL INFORMATION	2
STATEMENT OF COUNCIL'S RESPONSIBILITIES	3
INDEPENDENT AUDITORS' REPORT	4 - 5
CONSOLIDATED INCOME STATEMENT	6
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME	7
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	7
CONSOLIDATED BALANCE SHEET	8
CONSOLIDATED CASHFLOW STATEMENT	9
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS	10 - 23

GENERAL INFORMATION

Council Members as at 31 December 2014

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

Chief Executive Officer

B Gosper

Principal Bankers

Bank of Ireland
St Stephen's Green
Dublin 2

Auditors

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

STATEMENT OF COUNCIL'S RESPONSIBILITIES

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

World Rugby is the world governing and lawmaking body of Rugby Union. It is made up of 102 Member Unions and 18 Associate Member Unions. World Rugby Council has a current representation of 25 voting members, a Vice Chairman and an Independent Chairman. It is comprised of representatives of Unions and Associations appointed as set out in the 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 Lapasset, Chairman

B Gosper, CEO

J Laurans

13 May 2015

INDEPENDENT AUDITORS' REPORT TO THE COUNCIL OF WORLD RUGBY

We have audited the consolidated financial statements of World Rugby ("the Board") for the year ended 31 December 2014 which comprise the Consolidated Income Statement, the Consolidated Balance Sheet, the Consolidated Cash Flow Statement, the Consolidated Statement of Change in Equity and the related notes. The financial reporting framework that has been applied in their preparation is International Financial Reporting Standards (IFRSs) as adopted by the European Union.

Respective responsibilities of Council members and auditors

The responsibilities of the Council members for preparing the financial statements in accordance with IFRSs are set out in the Statement of Council's Responsibilities. Our responsibility is to audit and express an opinion on the financial statements in accordance with International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Financial Reporting Council's Ethical Standards for Auditors. This report including the opinion, has been prepared for and only for the Council members as a body and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Scope of the audit of the financial statements

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

Basis of audit opinion

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

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

**INDEPENDENT AUDITORS' REPORT TO THE COUNCIL OF WORLD RUGBY -
continued**

Opinion

In our opinion the consolidated financial statements give a true and fair view in accordance with IFRSs, of the state of the Board's affairs as at 31 December 2014 and of its loss and cash flows for the year then ended.

**PricewaterhouseCoopers
Chartered Accountants and Registered Auditors
Dublin**

20 May 2015

CONSOLIDATED INCOME STATEMENT
Year Ended 31 December 2014

	Notes	2014 Stg£	2013 Stg£
Revenue	5	6,423,600	6,652,982
Tournament related expenses		(14,733,857)	(11,223,691)
Grant related expenses	6	(36,910,858)	(22,674,289)
Administration expenses	7	(23,543,145)	(21,354,257)
Other income	8	1,741,983	2,074,439
Other (losses)/gains	9	<u>(1,083,930)</u>	<u>1,406,225</u>
Loss before income tax		(68,106,207)	(45,118,591)
Income tax expense	11	<u>(50,266)</u>	<u>(36,980)</u>
Loss for the year		<u>(68,156,473)</u>	<u>(45,155,571)</u>

The notes on pages 9 to 23 are an integral part of these consolidated financial statements.

B Lapasset, Chairman

B Gosper, CEO

J Laurans

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
Year Ended 31 December 2014

	2014 Stg£	2013 Stg£
Loss for the year	(68,156,473)	(45,155,571)
Fair value gain on available for sale financial assets	<u>2,377,532</u>	<u>2,390,466</u>
Total comprehensive loss for the year	<u>(65,778,941)</u>	<u>(42,765,105)</u>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
Year Ended 31 December 2014

	Total equity Stg£
Balance at 31 December 2012	120,052,607
Total comprehensive loss for the year	<u>(42,765,105)</u>
Balance at 31 December 2013	77,287,502
Total comprehensive loss for the year	<u>(65,778,941)</u>
Balance at 31 December 2014	<u>11,508,561</u>

The notes on pages 9 to 23 are an integral part of these consolidated financial statements.

B Lapasset, Chairman

B Gosper, CEO

J Laurans

CONSOLIDATED BALANCE SHEET
As at 31 December 2014

	Notes	2014 Stg£	2013 Stg£
ASSETS			
Non – current assets			
Property, plant and equipment	12	1,089,212	123,361
Intangible assets	13	77,002	77,002
Deferred expenditure	14	7,132,170	3,040,134
Available-for-sale financial assets	15	<u>96,741,775</u>	<u>94,237,993</u>
		<u>105,040,159</u>	<u>97,478,490</u>
Current assets			
Trade and other receivables	16	21,792,200	6,435,170
Cash and cash equivalents	17	23,042,114	37,972,299
Restricted Cash	18	<u>781,067</u>	<u>-</u>
		<u>45,615,381</u>	<u>44,407,469</u>
Total assets		<u>150,655,540</u>	<u>141,885,959</u>
EQUITY			
Capital and reserves			
Retained earnings	21	<u>11,508,561</u>	<u>77,287,502</u>
LIABILITIES			
Non-current liabilities			
Deferred revenue	19	<u>-</u>	<u>56,182,328</u>
Current liabilities			
Trade and other payables	20	12,533,258	8,416,129
Deferred revenue	19	<u>126,613,721</u>	<u>-</u>
Total liabilities		<u>139,146,979</u>	<u>64,598,457</u>
Total equity and liabilities		<u>150,655,540</u>	<u>141,885,959</u>

The notes on pages 9 to 23 are an integral part of these consolidated financial statements.

B Lapasset, Chairman

B Gosper, CEO

J Laurans

CONSOLIDATED CASH FLOW STATEMENT
Year Ended 31 December 2014

	Note	2014 Stg£	2013 Stg£
Cash flows from operating activities			
Cash generated from operations	22	19,543,687	9,031,388
Income tax paid		(45,855)	(37,329)
Grant payments		<u>(34,795,383)</u>	<u>(17,454,866)</u>
Net cash used in operating activities		<u>(15,297,551)</u>	<u>(8,460,807)</u>
Cash flows from investing activities			
Purchases of property, plant and equipment		(1,121,673)	(67,795)
Purchase of available for sale financial assets		(25,312,836)	(39,187,320)
Proceeds on disposal of available for sale financial assets		26,065,739	34,991,660
Interest received		<u>1,741,983</u>	<u>2,074,439</u>
Net cash (utilised by)/generated from investing activities		<u>1,373,213</u>	<u>(2,189,016)</u>
Cash flows from financing activities			
Increase in restricted cash		(781,067)	
Decrease in deposits		<u>-</u>	<u>5,323,233</u>
Net cash generated from financing activities		<u>(781,067)</u>	<u>5,323,233</u>
Net increase in cash and cash equivalents		(14,705,405)	(5,326,590)
Exchange loss on cash and cash equivalents		(224,780)	(295,610)
Cash and cash equivalents at beginning of the year		<u>37,972,299</u>	<u>43,594,499</u>
Cash and cash equivalents at end of the year		<u>23,042,114</u>	<u>37,972,299</u>

The notes on pages 9 to 23 are an integral part of these consolidated financial statements.

B Lapasset, Chairman

B Gosper, CEO

J Laurans

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 General information

World Rugby is the world governing and law making body of Rugby Union. It is made up of 102 Member Unions and 18 Associate Member Unions.

World Rugby is resident in Dublin at World Rugby House, 8 - 10 Pembroke Street Lower, Dublin 2.

These consolidated financial statements have been approved for issue by the Council of World Rugby on _____.

2 Summary of significant accounting policies

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

A Basis of preparation

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

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

Standards, amendments and interpretations effective in 2014 but not relevant to World Rugby's operations

The following new standards, amendments to existing standards and interpretations are mandatory for the first time for the financial year beginning 1 January 2014:

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

2 Summary of significant accounting policies - continued

A Basis of preparation - continued

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

- IAS 19 Employee Benefits (amendment – effective 1 July 2014)
- IAS 27 Separate Financial Statements (amendment – effective 1 January 2014)
- IAS 32 Financial Instruments: Presentation (amendment – effective 1 January 2014)
- IAS 36 Impairment of Assets (amendment – effective 1 January 2014)
- IAS 39 Financial Instruments: Recognition and Measurement (amendment – effective 1 January 2014)
- IFRS 9 Financial Instruments (amendment – effective 1 January 2015)
- IFRS 10 Consolidate Financial Statements (amendment – effective 1 January 2014)
- IFRS 11 Joint Arrangements (amendment – effective 1 January 2014)
- IFRS 12 Disclosure of Interest in Other Entities (amendment – effective 1 January 2014)
- IFRIC 21 Levies (effective 1 January 2014)

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

B Consolidation

Subsidiaries are all entities over which 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.

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

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

2 Summary of significant accounting policies – continued

B Consolidation - continued

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

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

C 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.

D Property, plant and equipment

World Rugby does not hold any property. All plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to 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
Enterprise resource planning	10 years

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

2 Summary of significant accounting policies - continued

E Intangible assets

Rugby World Cup Logo

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

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

Website development costs

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

F 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.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

2 Summary of significant accounting policies - continued

G Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that 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.

H Cash and cash equivalents

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

I Employee benefits*Pension obligations*

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.

J 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.

K Revenue recognition

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

2 Summary of significant accounting policies - continued

K Revenue recognition - continued

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

Other revenue

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

Financial income

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

L Leases

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 for two years only. Grants which remain unpaid after that date, because of non-compliance with the terms and conditions applying to their payment, are credited back to the income statement.

3 Financial risk management

Financial risk factors

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

3 Financial risk management - continued

Financial risk factors - continued

(b) Price risk

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

(c) Fair value and cash flow interest rate risk

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

(d) Credit risk

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

(e) Liquidity risk

World Rugby holds significant cash deposits and as a result does not have any significant liquidity risk.

4 Critical accounting estimates and judgements

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

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

5 Revenue	2014 Stg£	2013 Stg£
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Revenue is analysed as follows:

Broadcasting	384,694	234,198
Sponsorship	3,054,864	3,478,274
Merchandising and other income	<u>2,984,042</u>	<u>2,940,510</u>
	<u>6,423,600</u>	<u>6,652,982</u>

6 Grant related expenses

During 2014 World Rugby incurred £36,910,858 of grant expenditure, which was distributed to tournaments and member unions. (2013: £22,674,289).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

7 Administration expenses by nature	2014 Stg£	2013 Stg£
Depreciation (note 12)	155,822	165,703
Employee benefit expense (note 10)	7,537,738	7,695,382
Development expenses	8,104,172	6,947,574
Finance and administration expenses	2,805,154	2,089,939
Member services	1,780,924	2,064,553
Other expenses	3,159,335	2,391,106
Total administrative expenses	<u>23,543,145</u>	<u>21,354,257</u>
	2014 Number	2013 Number
Number of employees	<u>78</u>	<u>74</u>
	2014 Stg£	2013 Stg£
Finance and administration expenses include :		
Audit fee	21,250	21,250
Council member attendance fees	<u>388,898</u>	<u>388,898</u>
8 Other income	2014 Stg£	2013 Stg£
Income from financial assets	<u>1,741,983</u>	<u>2,074,439</u>
9 Other gains - net	2014 Stg£	2013 Stg£
Gain arising on the disposal of available for sale financial assets	879,153	845,530
Foreign exchange (losses)/gains	<u>(1,962,683)</u>	<u>560,695</u>
	<u>(1,083,530)</u>	<u>1,406,225</u>
10 Employee benefit expense	2014 Stg£	2013 Stg£
Wages and salaries	6,503,036	6,696,241
Social security costs	706,760	658,264
Pension costs – defined contribution plans	<u>327,942</u>	<u>340,877</u>
Total employment benefits expense	<u>7,537,738</u>	<u>7,695,382</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

11 Income tax expense	2014 Stg£	2013 Stg£
Income tax expense	<u>50,266</u>	<u>36,980</u>

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

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

12 Property, plant and equipment	Furniture, fittings and equipment Stg£
Year ended 31 December 2013	
Opening net book amount	221,269
Additions	67,795
Depreciation charge	<u>(165,703)</u>
Closing net book amount	<u>123,361</u>
At 31 December 2014	
Cost	2,575,342
Accumulated depreciation	<u>(2,451,981)</u>
Net book amount	<u>123,361</u>
Year ended 31 December 2014	
Opening net book amount	123,361
Additions	1,121,673
Depreciation charge	<u>(155,822)</u>
Closing net book amount	<u>1,089,212</u>
At 31 December 2014	
Cost	3,697,015
Accumulated depreciation	<u>(2,607,803)</u>
Net book amount	<u>1,089,212</u>

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

13 Intangible assets

Rugby World
Cup Logo
Stg£

Year ended 31 December 2013

Opening net book amount	77,002
Amortisation charge	-
Closing net book amount	<u>77,002</u>

At 31 December 2013

Cost	77,002
Accumulated amortisation and impairment	-
Net book amount	<u>77,002</u>

Year ended 31 December 2014

Opening net book amount	77,002
Amortisation charge	-
Closing net book amount	<u>77,002</u>

At 31 December 2014

Cost	77,002
Accumulated amortisation and impairment	-
Net book amount	<u>77,002</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.

14 Deferred expenditure

2014
Stg£2013
Stg£

Broadcasting	4,371,420	1,981,584
Sponsorship	1,872,750	98,550
Merchandising	<u>888,000</u>	<u>960,000</u>
	<u>7,132,170</u>	<u>3,040,134</u>
Beginning of the year	3,040,134	709,140
Deferred during the period	4,092,036	2,330,994
Released to expenditure	-	-
End of the year	<u>7,132,170</u>	<u>3,040,134</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

15 Available-for-sale financial assets	2014	2013
	Stg£	Stg£
Beginning of the year	94,237,993	86,806,337
Additions	25,312,836	39,187,320
Disposals	(25,186,586)	(34,146,130)
Revaluation surplus	<u>2,377,532</u>	<u>2,390,466</u>
End of the year	<u>96,741,775</u>	<u>94,237,993</u>

There were no impairment provisions on available-for-sale financial assets in 2014 or 2013.

	2014	2013
	Stg£	Stg£

Available-for-sale financial assets includes the following:

Listed securities:

– Equity securities – eurozone countries	44,055,698	5,567,267
– Equity securities – US	8,959,168	12,260,315
– Equity securities – UK	7,542,710	9,927,061
– Equity securities – other	<u>10,899,327</u>	<u>24,598,363</u>
	<u>71,456,903</u>	<u>52,353,006</u>
– Interest securities – eurozone countries	8,068,660	8,849,892
– Interest securities – US	3,162,617	2,861,294
– Interest securities – UK	12,368,054	15,509,398
– Interest securities – other	<u>1,685,541</u>	<u>14,669,403</u>
	<u>25,284,872</u>	<u>41,884,987</u>
	<u>96,741,775</u>	<u>5,567,267</u>

At 31 December 2014 retained earnings included a cumulative surplus of Stg£8,424,420 (2013 surplus of Stg£6,046,888) 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	2014	2013
	Stg£	Stg£
Trade receivables	18,749,591	4,424,377
Less: provision for impairment of receivables	<u>(3,496)</u>	<u>(47,605)</u>
Trade receivables – net	18,746,095	4,376,772
Prepayments	<u>3,046,105</u>	<u>2,058,398</u>
	<u>21,792,200</u>	<u>6,435,170</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

16 Trade and other receivables - continued

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

17 Cash and cash equivalents	2014 Stg£	2013 Stg£
Cash at bank and in hand	8,984,078	3,617,725
Short-term bank deposits	14,839,103	34,354,574
	<u>23,823,181</u>	<u>37,972,299</u>

The effective interest rate on short-term bank deposits was 0.4% (2013: 0.6%); these deposits have an average maturity of 30 days (2013: 30 days).

The effective interest rate on deposits with maturity between 3 to 12 months was 0.8% (2013: 0.75%); these deposits have an average maturity of 72 days (2013: 63 days).

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

18 Restricted cash

Restricted cash relates to an amount of €1,000,000 on deposit as a guarantee in respect of a loan extended by the banking institution to a member union.

19 Deferred revenue	2014 Stg£	2013 Stg£
Broadcasting	74,936,015	33,357,029
Sponsorship	47,512,500	20,297,820
Merchandising	4,165,206	2,527,479
	<u>126,613,721</u>	<u>56,182,328</u>
Beginning of the year	56,182,328	13,301,230
Deferred during the period	70,954,213	44,822,724
Released to income	(522,820)	(1,941,626)
End of the year	<u>126,613,721</u>	<u>56,182,328</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

20 Trade and other payables	2014	2013
	Stg£	Stg£
Trade payables	6,478,588	5,268,307
Accrued expenses	6,041,577	3,139,140
Corporation tax payable	13,093	8,682
	<u>12,533,258</u>	<u>8,416,129</u>

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

21 Retained earnings

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

22 Cash generated from operations	2014	2013
	Stg£	Stg£
Loss for the period before taxation	(68,106,207)	(45,118,591)
Adjustments for:		
- Depreciation (note 12)	155,822	165,703
- Profit on disposal of available for sale financial assets	(879,153)	(845,530)
- Interest income	(1,741,983)	(2,074,439)
- Grants	36,910,858	22,674,289
- Loss on foreign exchange	81,053	291,944
Changes in operating capital		
- Trade and other receivables	(15,205,399)	(3,297,013)
- Trade and other payables	1,989,339	(3,315,079)
- Deferred revenue	70,431,393	42,881,098
- Deferred expenses	(4,092,036)	(2,330,994)
Cash generated from operations	<u>19,543,687</u>	<u>9,031,388</u>

23 Commitments

World Rugby has made commitments to provide a total of approximately Stg£8.3m in High Performance funding over the next year.

World Rugby has made commitments to its Member Unions to pay grants at a level of approximately Stg£7.8m over the next year.

World Rugby Tournaments Limited, an entity wholly owned by World Rugby, has entered into firm commitments to pay participation fees of Stg£1.36m (US\$2,025,000) and Host Union Tournament marketing fees of Stg£1,000,000 for the HSBC Sevens in 2015/2016.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

23 Commitments - continued

Operating lease commitments

World Rugby changed the location of its headquarters to 8-10 Pembroke Street Lower, Dublin 2, Ireland. World Rugby has entered into a new lease for World Rugby House.

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

	2014 Stg£	2013 Stg£
Not later than one year	1,023,109	288,347
Later than one and no later than five years	3,132,571	1,153,388
Later than five years	<u>4,992,413</u>	<u>720,868</u>
	<u>9,148,093</u>	<u>2,162,603</u>

24 Contingencies

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

25 Approval of financial statements

The financial statements were approved by the directors on 13 May 2015.