

# **NEW ZEALAND RUGBY UNION**

**Financial Statements  
for the year ended 31 December 2019**

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# INCOME STATEMENT

for the year ended 31 December 2019

	NOTE	GROUP	
		2019	2018
		\$000	\$000
<b>Income</b>			
Broadcast rights		57,454	73,332
Sponsorship and licensing		72,906	68,074
Matchday		16,352	28,072
Other income	A1	27,864	6,685
Interest Income	A1	2,522	3,706
Managed Funds income	A1	1,053	-
Foreign exchange gains		8,987	9,647
<b>Total income</b>	A1	<b>187,138</b>	<b>189,516</b>
<b>Expenditure</b>			
Game development		33,323	31,570
Teams in Black		54,169	57,263
Competitions		92,343	88,518
Administration		14,051	13,290
Interest expense		448	642
Equity accounted loss of associates and joint ventures	D2	183	96
<b>Total expenditure</b>	A2	<b>194,517</b>	<b>191,379</b>
<b>Net (loss)/profit before tax</b>		<b>(7,379)</b>	<b>(1,863)</b>
Income tax	A3	-	-
<b>Net (loss)/profit after tax</b>		<b>(7,379)</b>	<b>(1,863)</b>
<b>Net (loss)/profit after tax attributable to:</b>			
Stakeholders of the parent		(7,379)	(1,863)
		<b>(7,379)</b>	<b>(1,863)</b>

# COMPREHENSIVE INCOME STATEMENT

for the year ended 31 December 2019


	NOTE	GROUP	
		2019	2018
		\$000	\$000
<b>Net (loss)/profit after tax</b>		<b>(7,379)</b>	<b>(1,863)</b>
<b>Other comprehensive income</b>			
<i>Items that may be reclassified to profit or loss:</i>			
Net (loss)/gain on cash flow hedges	B2	(5,759)	(15,390)
Net (loss)/gain on equity investments	B4	(3,924)	-
Exchange differences arising from translation of foreign operations	B3	(41)	(3)
<b>Total comprehensive income, net of tax</b>		<b>(17,103)</b>	<b>(17,256)</b>
<b>Total comprehensive income attributable to:</b>			
Stakeholders of the parent		(17,103)	(17,256)
		<b>(17,103)</b>	<b>(17,256)</b>

# BALANCE SHEET

as at 31 December 2019

	NOTE	GROUP	
		2019 \$000	2018 \$000
<b>Current assets</b>			
Cash and cash equivalents	B5	28,160	19,330
Term investments	B6	43,691	70,500
Trade and other receivables	B7	54,080	63,216
Prepayments		3,014	2,902
Loans and advances	B8	284	175
Financial instruments	C1	6,748	11,377
<b>Total current assets</b>		<b>135,977</b>	<b>167,500</b>
<b>Non-current assets</b>			
Term investments	B6	-	-
Trade and other receivables	B7	-	3,047
Loans and advances	B8	1,402	737
Other Investments	B10	36,482	-
Property, plant and equipment	E1	1,905	1,819
Intangible assets	E2	7,934	8,363
Investment in other entities	D2	4,232	3,130
Financial instruments	C1	2,883	5,859
<b>Total non-current assets</b>		<b>54,838</b>	<b>22,955</b>
<b>Total assets</b>		<b>190,815</b>	<b>190,455</b>
<b>Current liabilities</b>			
Trade and other payables	B9	12,855	10,111
Income in advance		48,906	46,961
Benevolent and welfare fund	E3	2,312	2,138
Provision for medical costs	E3	676	589
Player payment variation account	E3	2,276	5,922
Financial instruments	C1	949	902
<b>Total current liabilities</b>		<b>67,974</b>	<b>66,623</b>
<b>Non-current liabilities</b>			
Provision for medical costs	E3	3,572	3,332
Player payment variation account	E3	12,713	14,726
Income in advance		19,403	-
Financial instruments	C1	432	1,950
<b>Total non-current liabilities</b>		<b>36,120</b>	<b>20,008</b>
<b>Total liabilities</b>		<b>104,094</b>	<b>86,631</b>
<b>Net assets</b>		<b>86,721</b>	<b>103,824</b>
<b>Equity</b>			
Cash flow hedge reserve	B2	7,952	13,711
Foreign currency translation reserve	B3	(46)	(5)
Available for sale revaluation reserve	B4	(3,924)	-
Retained earnings	B1	82,739	90,118
<b>Total equity</b>		<b>86,721</b>	<b>103,824</b>

For and on behalf of the Board who authorised the issue of the financial statements on 26 February 2020.

  
BRENT JMPEY, Chair

  
STEWART MITCHELL, Chair - Audit, Risk, People and Capability Committee

## STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2019

	NOTE	GROUP					TOTAL EQUITY \$000
		CASH FLOW HEDGE RESERVE	FOREIGN CURRENCY TRANSLATION RESERVE	AVAILABLE FOR SALE REVALUATION RESERVE	RETAINED EARNINGS	ATTRIBUTABLE TO NON- CONTROLLING INTERESTS	
		\$000	\$000	\$000	\$000	\$000	
<b>Balance as at 1 January 2018</b>		29,101	(2)	-	91,981	-	121,080
Net loss for the 2018 year	B1	-	-	-	(1,863)	-	(1,863)
Subsidiary becoming a joint venture		-	-	-	-	-	-
<b>Other comprehensive income</b>							
Movement in cash flow hedges	B2	(15,390)	-	-	-	-	(15,390)
Exchange differences from translation of foreign operations	B3	-	(3)	-	-	-	(3)
<b>Total other comprehensive income, net of tax</b>		(15,390)	(3)	-	-	-	(15,393)
<b>Total comprehensive income, net of tax</b>		(15,390)	(3)	-	(1,863)	-	(17,256)
<b>Balance as at 31 December 2018</b>		13,711	(5)	-	90,118	-	103,824
Net loss for the 2019 year	B1	-	-	-	(7,379)	-	(7,379)
<b>Other comprehensive income</b>							
Movement in cash flow hedges	B2	(5,759)	-	-	-	-	(5,759)
Net loss on equity investments	B4	-	-	(3,924)	-	-	(3,924)
Exchange differences from translation of foreign operations	B3	-	(41)	-	-	-	(41)
<b>Total other comprehensive income, net of tax</b>		(5,759)	(41)	(3,924)	-	-	(9,724)
<b>Total comprehensive income, net of tax</b>		(5,759)	(41)	(3,924)	(7,379)	-	(17,103)
<b>Balance as at 31 December 2019</b>		7,952	(46)	(3,924)	82,739	-	86,721

## CASH FLOW STATEMENT

for the year ended 31 December 2019

	NOTE	GROUP	
		2019 \$000	2018 \$000
<b>Operating activities</b>			
Receipts from broadcasting, sponsorship and licensing, and matchday		161,177	157,119
Interest income		3,572	3,569
Managed Funds income		1,053	-
Other income		27,864	6,685
Payments to suppliers and employees		(187,021)	(185,261)
<b>Operating cash flows</b>	B5	6,645	(17,888)
<b>Investing activities</b>			
Maturity/(purchase) of term investments		26,809	23,500
Maturity/(purchase) of managed funds		(21,003)	-
Investment in associates		(1,326)	(912)
(New) loans/repayments of loans and advances		(800)	(636)
Purchase of property, plant and equipment		(702)	(294)
Purchase of intangible assets		(1,250)	(2,159)
<b>Investing cash flows</b>		1,728	19,499
<b>Net increase in cash held</b>		8,374	1,611
Effect of exchange rate change on foreign currency balances		456	(38)
Effect of a subsidiary becoming a joint venture		-	-
Cash and cash equivalents at start of the year		19,330	17,757
<b>Cash and cash equivalents at end of the year</b>		28,160	19,330

The accompanying notes form part of these financial statements.

## ABOUT THIS REPORT

The notes to the financial statements include information that is considered relevant and material to assist the reader in understanding changes in New Zealand Rugby's financial position or performance. Information is considered relevant and material if:

- the amount is significant because of its size and nature;
- it is important for understanding the results of New Zealand Rugby;
- it helps explain changes in New Zealand Rugby's business; or
- it relates to an aspect of New Zealand Rugby's operations that is important to future performance.

New Zealand Rugby Union Incorporated (New Zealand Rugby) is an incorporated society registered in New Zealand under the Incorporated Societies Act 1908. Its principal activity is to promote and administer the sport of rugby union in New Zealand. The registered office of New Zealand Rugby is Level 4, 100 Molesworth Street, Thorndon, Wellington, New Zealand.

These financial statements have been prepared:

- in accordance with New Zealand Generally Accepted Accounting Practice (NZ GAAP). They comply with Public Benefit Entity Standards (PBE Standards) as appropriate for Tier 1 Not-For-Profit entities. New Zealand Rugby is a Tier 1 entity as its annual expenses are greater than \$30m;
- on the basis of historical cost, except for the revaluation of certain assets and liabilities;
- in New Zealand dollars, with all values rounded to thousands (\$000) unless otherwise stated.

### KEY JUDGEMENTS AND ESTIMATES

In the process of applying the Group's accounting policies and the application of accounting standards, New Zealand Rugby has made a number of judgements and estimates. The estimates and underlying assumptions are based on historical experience and various other matters that are considered to be appropriate under the circumstances. Actual results may differ from these estimates.

Judgements and estimates that are considered material to understand the performance of New Zealand Rugby are found in the following notes:

Note E3: Provision for medical costs Page 20

### OTHER ACCOUNTING POLICIES

Other accounting policies that are relevant to an understanding of the financial statements are provided throughout the notes to the financial statements.

#### Basis of consolidation

The Group financial statements comprise the financial statements of New Zealand Rugby Union Incorporated, its subsidiaries and investments in associates and joint ventures as contained in note D1 Subsidiaries and D2 Associates, Joint Ventures and Joint Operations.

In preparing the Group financial statements, all material intra-group transactions, balances, income and expenses have been eliminated.

#### Foreign currency

Transactions denominated in a foreign currency are converted at the exchange rates at the dates of the transactions. Foreign currency monetary assets and liabilities are translated at the rate prevailing at balance date 31 December 2019.

The assets and liabilities of international subsidiaries are translated to New Zealand dollars at the closing rate at balance date. The income and expenses of these subsidiaries are translated at rates approximating the exchange rates at the date of the transactions.

Exchange differences arising on the translation of subsidiary and associates financial statements are recorded in the foreign currency translation reserve (within equity). Cumulative translation differences are recognised in the income statement in the period in which any international subsidiary is disposed of.

#### Good and services tax

Income, expenditure and assets and liabilities are recognised exclusive of goods and services tax (GST), except for receivables and payables which are recognised inclusive of GST where invoiced.

#### Standards issued not yet effective

There are no standards that are issued not yet effective that will have a material impact on New Zealand Rugby's financial statements, however PBE FRS 48 Service Performance Reporting will require additional disclosures. All standards will be applied when they are effective.

- (a) PBE FRS 48 Service Performance Reporting (effective for periods beginning on or after 1 January 2021)  
This new standard introduces high-level requirements for Tier 1 and Tier 2 PBEs relating to service performance information. All PBEs must provide the reason for the entity's existence, what the entity aims to achieve over the medium to long term, how it will go about achieving this, and what the entity has done in order to achieve its broader aims and objectives.
- (b) PBE IPSAS 40 PBE Combinations (effective for periods beginning on or after 1 January 2021)  
The new standard, when applied, supersedes PBE IFRS 3. PBE IPSAS 40 has a broader scope than PBE IFRS 3 since it establishes requirements for accounting for both acquisitions and amalgamations.
- (c) PBE IFRS 9 Financial Instruments (effective for periods beginning on or after 1 January 2022)  
This standard was issued as an interim standard by the NZASB to address concerns relating to mixed groups and will be superseded by PBE IPSAS 41.
- (d) PBE IPSAS 41 Financial Instruments (effective for period beginning on or after 1 January 2022)  
This standard will supersede PBE IFRS 9 and PBE IPSAS 29. PBE IPSAS 41 introduces a new classification and measurement regime for financial instruments.
- (e) PBE IFRS 17 Insurance Contracts (effective for periods beginning on or after 1 January 2022)  
This standard supersedes PBE IFRS 4 Insurance Contracts. PBE IFRS 17 requires not-for-profit PBEs to identify portfolios of insurance contracts which are subject to similar risks and managed together.

## A. FINANCIAL PERFORMANCE

This section explains the financial performance of New Zealand Rugby, providing additional information about individual items in the Income Statement, including:

- (a) accounting policies that are relevant for understanding items recognised in the Income Statement; and
- (b) analysis of New Zealand Rugby's performance for the year by reference to key areas including: income, expenditure and taxation.

### A1 INCOME

Broadcasting, sponsorship and licensing income is recognised over the period of the contract as the benefits are supplied by New Zealand Rugby. Matchday income is recognised in the period of the event. Interest income is recognised on an accruals basis using the effective interest method.

Any income received where work has not been performed or contracted benefits not supplied by New Zealand Rugby is included in the Balance Sheet as a liability as income in advance.

	NOTE	GROUP	
		2019 \$000	2018 \$000
<b>Income from operations comprises of the following items</b>			
Income from broadcasting, sponsorship and licensing, matchday *		146,712	169,478
<b>Other income</b>			
Income from government grants *	A1	5,007	5,322
Income from gaming trusts *	A1	30	25
Rugby World Cup 2019 compensation grants from World Rugby		20,217	-
Other income *		2,610	1,338
		<b>27,864</b>	<b>6,685</b>
<b>Interest income</b>			
Bank deposits interest		2,508	3,691
Provincial Unions interest		14	15
		<b>2,522</b>	<b>3,706</b>
Managed funds income		1,053	
Foreign exchange gains		8,987	9,647
Equity accounted profit of associates and joint ventures	D2	-	-
<b>Total income</b>		<b>187,138</b>	<b>189,516</b>

\* These balances include non-exchange income which is shown in more detail in the table below.

The table below separates income between exchange and non-exchange. Exchange income is whereby New Zealand Rugby receives income for services, and gives approximately equal value to another entity in exchange. Non-exchange income is where New Zealand Rugby receives value from another entity without giving approximately equal value in exchange.

	GROUP	
	2019 \$000	2018 \$000
Exchange income	179,685	181,362
<b>Non-exchange income</b>		
Sponsorship and licensing	1,400	1,400
Matchday	400	747
Other income	5,653	6,007
<b>Total non-exchange income</b>	<b>7,453</b>	<b>8,154</b>
<b>Total income</b>	<b>187,138</b>	<b>189,516</b>

## Income from government and gaming trust grants

Government and gaming trust grant income is recognised when the conditions of those grants are met.

	GROUP	
	2019	2018
	\$000	\$000
<b>GOVERNMENT AND GAMING TRUST GRANTS</b>		
<b>Government grants</b>		
Accident Compensation Corporation	1,629	2,049
High Performance Sport New Zealand	2,185	2,157
Ministry of Foreign Affairs and Trade	643	556
Sport New Zealand	550	560
<b>Total income from Government grants</b>	<b>5,007</b>	<b>5,322</b>
<b>Gaming trust grants</b>		
New Zealand Community Trust	30	25
<b>Total income from gaming trust grants</b>	<b>30</b>	<b>25</b>

## A2 EXPENDITURE

	NOTE	GROUP	
		2019	2018
		\$000	\$000
<b>Expenditure from operations comprises of the following items</b>			
Expenditure from operating activities		89,531	91,365
<b>Finance costs:</b>			
Bank interest		448	642
		448	642
Net movement in doubtful debts provision	B7	(456)	734
Write-off to bad debts	B7	734	-
Movement in provision for medical costs	E3	327	(299)
Depreciation of property, plant and equipment	E1	615	603
Amortisation of intangible assets	E2	1,679	1,340
Operating lease rental expenses		1,614	1,417
Employee benefits		94,390	90,263
Defined contribution plan expenses		5,452	5,218
Equity accounted loss of associates and joint ventures	D2	183	96
<b>Total expenditure</b>		<b>194,517</b>	<b>191,379</b>

### Provincial Union Funding

Included in expenditure from operating activities is Provincial Union funding. New Zealand Rugby provides various forms of funding to Provincial Unions for Game development, Competitions and other initiatives. Provincial Union Funding is recognised when paid or when a liability arises.

	2019	2018
	\$000	\$000
<b>PROVINCIAL UNION</b>		
<b>Mitre 10 Cup Provincial Unions</b>		
Auckland	2,794	2,561
Bay of Plenty	2,116	2,014
Canterbury	2,514	2,449
Counties Manukau	2,064	1,955
Hawke's Bay	1,823	1,611
Manawatu	1,663	1,691
North Harbour	1,912	1,565
Northland	1,964	1,891
Otago	1,830	1,743
Southland	1,440	1,492
Taranaki	1,830	2,047
Tasman	1,750	1,708
Waikato	2,173	1,959
Wellington	2,060	2,055
<b>Total Mitre 10 Cup Provincial Union funding</b>	<b>27,933</b>	<b>26,741</b>

## Provincial Union Funding (continued)

	2019	2018
	\$000	\$000
<b>PROVINCIAL UNION</b>		
<b>Mitre 10 Heartland Championship Provincial Unions</b>		
Buller	345	348
East Coast	345	328
Horowhenua Kapiti	567	581
King Country	499	481
Mid Canterbury	439	438
North Otago	393	401
Poverty Bay	496	491
South Canterbury	470	445
Thames Valley	480	479
Wairarapa Bush	457	475
Wanganui	496	493
West Coast	344	344
<b>Total Mitre 10 Heartland Championship Provincial Union funding</b>	<b>5,331</b>	<b>5,304</b>
<b>Total Provincial Union funding</b>	<b>33,264</b>	<b>32,045</b>

## Super Rugby club funding

Included in expenditure from operating activities is funding to Super Rugby clubs. New Zealand Rugby provides funding to Super Rugby clubs for competition and professional development initiatives. Funding is recognised as paid or when a liability arises.

	2019	2018
	\$000	\$000
<b>SUPER RUGBY CLUB</b>		
Blues	489	489
Chiefs	497	501
Crusaders	447	496
Highlanders	483	472
Hurricanes	495	457
<b>Total Super Rugby club funding</b>	<b>2,411</b>	<b>2,415</b>

## Associate Member Funding

Included in expenditure from operating activities is funding to Associate Members. New Zealand Rugby provides funding to Associate Members which is recognised when paid or when a liability arises.

	2019	2018
	\$000	\$000
<b>ASSOCIATE MEMBER</b>		
New Zealand Deaf Rugby Football Union	15	15
New Zealand Marist Rugby Football Federation	5	5
New Zealand Rugby Foundation	400	400
New Zealand Schools Rugby Council	210	210
New Zealand Universities	18	18
Rugby Museum Society of New Zealand	35	35
<b>Total Associate Member funding</b>	<b>683</b>	<b>683</b>



## A3 TAXATION

New Zealand Rugby is exempt from income tax as a promoter of amateur sport under section CW 46 of the Income Tax Act 2007. A subsidiary of the Group, New Zealand Rugby Promotions Limited is subject to income tax.

For Subsidiaries, Associates and Joint Ventures:

- Current tax is calculated by reference to the amount of income taxes payable or recoverable in respect of the taxable profit or tax loss for the period. It is calculated using tax rates and tax laws that have been enacted or substantively enacted by reporting date. Current tax for current and prior periods is recognised as a liability (or asset) to the extent that it is unpaid (or refundable).
- Deferred tax is accounted for using the comprehensive balance sheet liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax base of those items.
- Deferred tax assets are recognised to the extent that it is probable that sufficient taxable amounts will be available against which deductible temporary differences or unused tax losses and tax offsets can be utilised.

	GROUP	
	2019	2018
	\$000	\$000
<b>INCOME TAX EXPENSE</b>		
(Loss)/profit before income tax	(7,379)	(1,863)
Prima facie tax @ 28%	(2,066)	(522)
Tax effect of permanent differences (exempt activities)	2,066	522
Benefit of tax losses not previously recognised	-	-
<b>Income tax expense</b>	-	-

The Group has accumulated tax losses of \$5.225m (2018: \$5.225m) available to be carried forward and offset against future assessable income. The \$1.463m (2018: \$1.463m) future tax benefit of these losses has not been recognised as it is not probable that they will be realised. There was no tax effect of other temporary differences on the 2019 result (2018: Nil).

## B. MANAGING FUNDING

This section explains New Zealand Rugby's reserves and working capital. In this section there is information about:

- (a) equity and reserves;
- (b) cash and cash equivalents, term deposits and other investments;
- (c) loans and advances; and
- (d) receivables and payables.

### B1 RETAINED EARNINGS

	GROUP	
	2019	2018
	\$000	\$000
<b>RETAINED EARNINGS</b>		
Balance at the start of the year	90,118	91,981
(Loss)/profit for the year attributable to the stakeholder's of the parent	(7,379)	(1,863)
<b>Retained earnings</b>	<b>82,739</b>	<b>90,118</b>

### B2 CASH FLOW HEDGE RESERVE

The cash flow hedge reserve represents the unrealised favourable variance between the contracted rate and the market rate of unexpired foreign currency forward contracts designated as hedges as at 31 December 2019.

	GROUP	
	2019	2018
	\$000	\$000
<b>CASH FLOW HEDGE RESERVE</b>		
Balance at the start of the year	13,711	29,101
(Losses)/gains on cash flow hedges taken to equity	3,456	(3,802)
Transferred to profit or loss for the period	(9,215)	(11,588)
<b>Cash flow hedge reserve</b>	<b>7,952</b>	<b>13,711</b>

### B3 FOREIGN CURRENCY TRANSLATION RESERVE

Exchange differences arising on the translation of associate financial statements are recorded in the foreign currency translation reserve (within equity).

	GROUP	
	2019	2018
	\$000	\$000
<b>FOREIGN CURRENCY TRANSLATION RESERVE</b>		
Balance at the start of the year	(5)	(2)
(Losses)/gains arising from translation of foreign operations	(41)	(3)
<b>Foreign currency translation reserve</b>	<b>(46)</b>	<b>(5)</b>

### B4 AVAILABLE FOR SALE REVALUATION RESERVE

The available for sale revaluation reserve comprises the the cumulative net change in the fair value of the equity investment.

	GROUP	
	2019	2018
	\$000	\$000
<b>AVAILABLE FOR SALE REVALUATION RESERVE</b>		
Balance at the start of the year	-	-
(Losses)/gains on equity investments taken to equity	(3,924)	-
<b>Available for sale revaluation reserve</b>	<b>(3,924)</b>	<b>-</b>

### B5 CASH AND CASH EQUIVALENTS

Cash and cash equivalents are made up of cash on hand, on demand deposits and other short-terms deposits with original maturities of less than three months.

	GROUP	
	2019	2018
	\$000	\$000
<b>CASH AND CASH EQUIVALENTS</b>		
Current and money market accounts	27,870	18,784
Short-term bank term deposits	290	546
<b>Total cash and cash equivalents</b>	<b>28,160</b>	<b>19,330</b>

	GROUP	
	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES	\$000	\$000
<b>Net (loss)/profit after income tax</b>	<b>(7,379)</b>	<b>(1,863)</b>
<i>Adjustments for operating activities non-cash items</i>		
Depreciation, amortisation and impairment	2,320	2,051
Doubtful debts provision movement	(456)	734
Share of associates and joint ventures losses/(profit)	183	96
Foreign exchange gains/(losses)	375	84
Non-cash portion of interest income	1,050	(137)
Non-cash portion of interest expense	447	642
	<b>3,919</b>	<b>3,470</b>
<i>Changes in working capital items</i>		
(Increase)/decrease in trade and other receivables	11,589	(14,188)
Decrease/(increase) in prepayments	331	300
(Decrease)/increase in trade and other payables	2,744	(1,442)
(Decrease)/increase in provisions and player payment variation account	(5,605)	(3,540)
Decrease in income in advance	1,502	(663)
	<b>10,561</b>	<b>(19,533)</b>
<i>Items classified as financing activities</i>		
Effect of exchange rate change on foreign currency balances	(456)	38
<b>Cash flow from operating activities</b>	<b>6,645</b>	<b>(17,888)</b>

Cash flows are inflows and outflows of cash and cash equivalents. Operating activities are the principal income producing activities of New Zealand Rugby. Investing activities are the acquisition and disposal of long-term assets or other investments not included in cash equivalents.

## B6 TERM INVESTMENTS

Term investments are made up of bank deposits with a maturity of greater than three months. Term investments are not subject to a significant risk of change in value.

	GROUP	
	2019	2018
TERM INVESTMENTS	\$000	\$000
Short-term bank term deposits	43,691	70,500
Long-term bank term deposits	-	-
<b>Total term investments</b>	<b>43,691</b>	<b>70,500</b>

## B7 TRADE AND OTHER RECEIVABLES

Trade and other receivables are measured at amortised cost less impairment. Allowances for estimated unrecoverable amounts are recognised in profit or loss when there is objective evidence that the receivable is impaired. An allowance of \$278,000 has been made for estimated unrecoverable trade receivables (2018: \$734,000).

Included in trade receivables are debtors with a carrying value of \$717,000 (2018: \$1.620m) which are past due at 31 December which have not been provided for as there has not been any significant change in the credit quality and the amounts are still considered recoverable.

\$734,000 of trade receivables were written off during the year (2018: nil).

	GROUP	
	2019	2018
TRADE AND OTHER RECEIVABLES	\$000	\$000
Trade receivables *	36,871	48,403
Trade receivable accruals	17,487	18,585
Less: Provision for doubtful debts	(278)	(734)
<b>Total trade receivables</b>	<b>54,080</b>	<b>66,254</b>
Other receivables	-	9
<b>Total trade and other receivables</b>	<b>54,080</b>	<b>66,263</b>
<i>Current</i>	<i>54,080</i>	<i>63,216</i>
<i>Non-current</i>	<i>-</i>	<i>3,047</i>

**MOVEMENT IN PROVISION FOR DOUBTFUL DEBTS**

Opening provision	(734)	-
Provision created during the year	(278)	(734)
Write-offs to bad debts during the year	734	-
<b>Closing provision for doubtful debts</b>	<b>(278)</b>	<b>(734)</b>

**AGING OF PAST DUE BUT NOT IMPAIRED TRADE RECEIVABLES**

60 - 90 days	392	584
91 - 120 days	45	767
121+ days	280	269
<b>Total past due but not impaired trade receivables</b>	<b>717</b>	<b>1,620</b>

\* No trade receivables are from non-exchange income (2018: nil)

**B8 LOANS AND ADVANCES**

Loan and advances are measured at cost less impairment. Allowances for estimated unrecoverable amounts are recognised in profit or loss when there is objective evidence that the loan is impaired. No allowance has been made for estimated unrecoverable loans and advances as at 31 December 2019 (2018: Nil).

	GROUP	
	2019	2018
<b>LOANS AND ADVANCES</b>	<b>\$000</b>	<b>\$000</b>
<b>Current loans</b>		
Provincial Unions	108	149
Super Rugby Clubs	26	26
Other	150	-
<b>Total current loans and advances</b>	<b>284</b>	<b>175</b>
<b>Non-current loans</b>		
Provincial Unions	1,042	350
Super Rugby Clubs	360	387
<b>Total non-current loans and advances</b>	<b>1,402</b>	<b>737</b>
<b>Total loans and advances</b>	<b>1,686</b>	<b>912</b>

New Zealand Rugby received \$149,000 (2018: \$239,000) of loan repayments and provided further loans of \$800,000 (2018: \$355,000) to Provincial Unions during the year. Interest of \$14,000 (2018: \$15,000) was charged on all loans to Provincial Unions.

As part of New Zealand Rugby's investment in the Blues Limited Partnership, New Zealand Rugby has taken over a loan provided to the Super Rugby club in 2016 at 0% interest. The loan has been recorded in the financial statements at cost less impairment.

Other loans provided during the year of \$150,000 (2018: nil) relate to agreements with third parties. Interest of \$2,000 was charged during the year on other loans.

**B9 TRADE AND OTHER PAYABLES**

Trade payables and other payables are recognised when New Zealand Rugby becomes obliged to make future payments resulting from the purchase of goods and services. Subsequent to initial recognition, trade payables and other payables are recorded at amortised cost.

	GROUP	
	2019	2018
<b>TRADE AND OTHER PAYABLES</b>	<b>\$000</b>	<b>\$000</b>
Trade payables	1,381	399
Employee entitlements	5,480	4,451
Goods and services tax (GST) payable	1,329	1,448
Other payables and accruals	4,665	3,813
<b>Total trade and other payables</b>	<b>12,855</b>	<b>10,111</b>

\* Included in trade and other payables are payables from non-exchange income of \$376,000 (2018: \$284,000)

## B10 OTHER INVESTMENTS

	GROUP			
	Fair value at 31 December 2019	Fair value at 31 December 2018	Dividend income recognised during 2019	Dividend income recognised during 2018
	\$000	\$000	\$000	\$000
<b>OTHER INVESTMENTS</b>				
<b>Non-current investments</b>				
Equity securities - at fair value through other comprehensive income	15,479	-	-	-
Managed funds - designated at fair value through profit or loss	21,003	-	-	-
<b>Total other investments</b>	<b>36,482</b>	<b>-</b>	<b>-</b>	<b>-</b>

### Equity securities

During the financial year, NZR obtained a 5% shareholding in Sky Network Television Ltd as part of a strategic alignment deal agreed between the two parties. The Group has classified the investment as available-for-sale financial assets which are required to be carried at fair value through other comprehensive income. These equity securities have been classified as such as they represent investments that the Group intends to hold for the long term, with no current plan for short-term selling or profit-taking. The investment was recognised on 1 November 2019 at an acquisition fair value of \$19.4m.

The fair value loss recognised in other comprehensive income for the period was \$3.9m. No portion of the investment was disposed of in 2019, and there were no transfers of any cumulative gain or loss within equity relating to these investments. An amount of \$19.4m has been recognised in income in advance and classified as non-current as it is only expected that the amounts will be recognised as income from 2021 onwards

### Managed funds

During the financial year, NZR invested into Managed Investments Funds as a way to maximise return from available balances. The Group has designated the investment as fair value through profit and loss. This designation aligns with the Group's Statement of Investment Policy and Objectives ("SIPO"). Return objectives in the SIPO include measurement of investment performance against OCR, consistent with interest returns on cash and term deposit balances recognised through profit and loss. The managed funds can be withdrawn on short notice however there is no intention by NZR to withdraw the funds in the next 12 months.

## C. FINANCIAL INSTRUMENTS USED TO MANAGE RISK

This section explains the financial risks New Zealand Rugby faces, how these risks affect New Zealand Rugby's financial position and performance and how New Zealand Rugby manages these risks. In this section of the notes there is information:

- outlining New Zealand Rugby's approach to financial risk management; and
- analysing financial (hedging) instruments used to manage risk.

### C1 FINANCIAL RISK MANAGEMENT

New Zealand Rugby's activities expose it to a variety of financial risks, primarily risk of unfavourable movements in foreign currency exchange rates and interest rates. The Board approves policies, including foreign exchange and investment policies, that set appropriate principles and risk tolerance levels to guide Management in carrying out financial risk management activities to minimise potential adverse effects on the financial performance and position of New Zealand Rugby. Compliance with policies and exposure limits is reviewed on a regular basis. New Zealand Rugby does not enter into or trade financial instruments for speculative purposes.

#### Foreign currency risk management

New Zealand Rugby is exposed to foreign currency risk primarily due to receiving income from broadcasting, sponsorship and licensing, matchday, and grants from World Rugby denominated in foreign currencies (primarily United States dollars, Euros, British pounds and Australian dollars). The exposure is managed with foreign currency forward exchange contracts that hedge the known foreign currency exposure.

It is the policy of New Zealand Rugby to enter into foreign currency forward exchange contracts to cover known and contracted foreign currency receipts or payments. The fair value of all forward exchange contracts at year end are set out below.

FINANCIAL INSTRUMENTS FAIR VALUE	GROUP	
	2019	2018
	\$000	\$000
<b>Assets</b>		
Current foreign currency forward contracts	6,748	11,377
Non-current foreign currency forward contracts	2,883	5,859
<b>Total assets</b>	<b>9,631</b>	<b>17,236</b>
<b>Liabilities</b>		
Current foreign currency forward contracts	949	902
Non-current foreign currency forward contracts	432	1,950
<b>Total liabilities</b>	<b>1,381</b>	<b>2,852</b>
<b>Total fair value of financial instruments</b>	<b>8,250</b>	<b>14,384</b>

All foreign currency forward contracts in place at year end are set out in the table below.

OUTSTANDING CONTRACTS	FORWARD FOREIGN EXCHANGE CONTRACTS								
	AVERAGE FORWARD EXCHANGE RATE		FOREIGN CURRENCY		CONTRACT VALUE		FAIR VALUE		
	2019	2018	2019	2018	2019	2018	2019	2018	
				FC'000	FC'000	\$000	\$000	\$000	\$000
<b>Sell US dollar</b>									
< 1 year	0.6440	0.6462	57,265	52,446	88,917	81,161	4,159	3,378	
1 - 2 years	0.6784	0.6431	14,000	54,871	20,636	85,322	(53)	4,122	
2 - 3 years	0.6706	0.6849	13,300	11,200	19,834	16,354	191	(158)	
3 - 4 years	0.6673	0.6737	12,600	9,800	18,882	14,546	265	73	
4 - 5 years	0.6596	0.6710	6,300	9,800	9,551	14,605	225	94	
5+ years	-	0.6500	-	3,500	-	5,385	-	165	
<b>Sell Euro</b>									
< 1 year	0.5729	0.4465	10,021	10,711	17,492	23,991	770	5,596	
1 - 2 years	0.5649	0.5729	6,975	10,021	12,348	17,492	497	(126)	
2 - 3 years	0.5551	0.5656	6,975	6,200	12,566	10,962	479	(189)	
3 - 4 years	0.5281	0.5551	6,200	5,425	11,741	9,773	754	(225)	
4 - 5 years	-	0.5268	-	5,425	-	10,298	-	28	
<b>Sell British pound</b>									
< 1 year	0.4779	0.4624	6,325	6,213	13,235	13,435	774	1,529	
1 - 2 years	0.5166	0.5055	57	2,421	110	4,788	(2)	126	
<b>Sell Yen</b>									
< 1 year	69.4015	73.24	139,953	157,500	2,017	2,150	95	(24)	
1 - 2 years	66.5700	0.00	95,000	-	1,427	-	96	-	
<b>Buy Australian dollar</b>									
< 1 year	-	0.9483	-	949	-	900	-	(5)	
<b>Total forward foreign exchange contracts</b>					<b>228,755</b>	<b>311,162</b>	<b>8,250</b>	<b>14,384</b>	

In 2008 New Zealand Rugby entered into certain forward foreign exchange contracts to hedge a percentage of known and contracted future cash flows for a period of up to eleven years. The banking facility covenant requires that if at any time the aggregate of the mark-to-market values (expressed in New Zealand dollars) of all foreign exchange and interest rate transactions with this bank exceeds an out-of-the-money position for New Zealand Rugby of \$20m, New Zealand Rugby must transfer title of cash or securities of an amount at least equal to the difference between the actual out-of-the-money position and \$20m. New Zealand Rugby are currently within the terms of this covenant.

### Interest rate risk management

Interest rate risk is the risk that the value of New Zealand Rugby's assets will fluctuate due to the changes in market interest rates. New Zealand Rugby is exposed to interest rate risk primarily through its cash balances, loans and advances and investments. The interest reset date for cash and cash equivalents is less than 1 year. The interest reset date for loans and advances is the same as the contractual maturity dates.

The following table details New Zealand Rugby's exposure to interest rate and liquidity risk. This table is based on an analysis of the contractual undiscounted cash flows based on maturity dates.

MATURITY PROFILE	2019 GROUP \$000					TOTAL \$000
	WEIGHTED AVERAGE EFFECTIVE INTEREST %	DUE WITHIN 1 YEAR	DUE IN 1 TO 2 YEARS	DUE IN 3 TO 5 YEARS	DUE AFTER 5 YEARS	
<b>Financial assets</b>						
Cash and cash equivalents	0.57%	28,320	-	-	-	28,320
Term investments	2.91%	44,964	-	-	-	44,964
Managed Funds		-	-	23,556	-	23,556
Trade and other receivables		54,080	-	-	-	54,080
Loans and advances	3.04%	273	114	616	374	1,377
Financial instruments		6,728	746	2,232	-	9,706
<b>Total financial assets</b>		<b>134,365</b>	<b>860</b>	<b>26,404</b>	<b>374</b>	<b>162,003</b>
<b>Financial liabilities</b>						
Trade and other payables		12,855	-	-	-	12,855
Benevolent and welfare fund	0.70%	2,328	-	-	-	2,328
Player payment variation account	2.73%	2,276	12,713	-	-	14,989
Financial instruments		902	200	244	-	1,346
<b>Total financial liabilities</b>		<b>18,361</b>	<b>12,913</b>	<b>244</b>	<b>-</b>	<b>31,518</b>

MATURITY PROFILE	2018 GROUP \$000					TOTAL \$000
	WEIGHTED AVERAGE EFFECTIVE INTEREST %	DUE WITHIN 1 YEAR	DUE IN 1 TO 2 YEARS	DUE IN 3 TO 5 YEARS	DUE AFTER 5 YEARS	
<b>Financial assets</b>						
Cash and cash equivalents	1.28%	19,651	-	-	-	19,651
Term investments	3.52%	72,984	-	-	-	72,984
Trade and other receivables		63,216	3,047	-	-	66,263
Loans and advances	1.99%	152	357	-	-	509
Financial instruments		11,448	5,392	488	184	17,512
<b>Total financial assets</b>		<b>167,451</b>	<b>8,796</b>	<b>488</b>	<b>184</b>	<b>176,919</b>
<b>Financial liabilities</b>						
Trade and other payables		10,102	-	-	-	10,102
Benevolent and welfare fund	1.45%	2,118	-	-	-	2,118
Player payment variation account	3.20%	5,922	4,829	9,897	-	20,648
Financial instruments		909	1,149	878	-	2,936
<b>Total financial liabilities</b>		<b>19,051</b>	<b>5,978</b>	<b>10,775</b>	<b>-</b>	<b>35,804</b>

### Credit risk management

Credit risk refers to the risk that a counter party will default on its contractual obligations resulting in financial loss to New Zealand Rugby. Financial instruments which potentially subject New Zealand Rugby to credit risk consist principally of bank balances, accounts receivable, other receivables, loans and advances, managed funds, other financial assets and financial instruments. New Zealand Rugby has a credit policy which is used to manage its exposure to credit risk. Reputable financial institutions are used for investing and cash handling purposes. No collateral is required on these financial instruments. The maximum credit risk exposure equates to the Balance Sheet position.

### Liquidity risk management

Liquidity risk is the risk that New Zealand Rugby may not be able to meet its financial obligations as they fall due. New Zealand Rugby manages this risk by maintaining adequate reserves and by continuously monitoring forecast and actual cash flows matching the maturity profiles of financial assets and liabilities.

### Capital risk management

New Zealand Rugby manages its capital to ensure that entities in the Group will be able to continue as a going concern. The capital structure comprises of reserves and retained earnings, which includes cash and other financial instruments. The Board reviews the capital structure annually whilst updating New Zealand Rugby's Investment Policy. New Zealand Rugby's overall strategy remains unchanged from the prior year.

### Market risk management

Market risk is the risk that changes in market prices (such as foreign exchange rates, interest rates and equity prices) will affect New Zealand Rugby's income or value of its holdings in managed funds and equity investments. For managed funds this risk is limited through appropriate diversification and allocation between asset classes by external fund managers.

#### Sensitivity analysis - Equity price risk

New Zealand Rugby's equity investment are listed on the New Zealand Stock Exchange. For this investment a 2% change in the share price as at the reporting date would result in a change in equity by \$310,000.

## C2 FINANCIAL INSTRUMENTS

### Financial instrument recognition

New Zealand Rugby designates or classifies financial hedging instruments as cash flow hedges which are hedges of a particular cash flow associated with a recognised asset or liability or a highly probable forecast transaction.

Hedging instruments are initially recognised at fair value on the date the contracts are agreed and are subsequently re-measured to their fair value at each reporting date.

### Cash flow hedge

Changes in fair value of hedges that are designated and qualify as cash flow hedges and are considered effective for accounting purposes are recognised in the cash flow hedge reserve (equity) and in other comprehensive income in net gain on cash flow hedges. The gain or loss relating to any ineffective element is recognised immediately in the income statement in foreign exchange gains.

Amounts accumulated in other comprehensive income are released in the income statement in the periods when the forecast transactions take place.

### Fair value of hedging financial instruments

The recognition and measurement of hedging financial instruments requires management estimation and judgement.

Financial instruments that are measured subsequent to initial recognition at fair value, are grouped into Levels 1 to 3 based on the degree to which the fair value is observable. The fair value hierarchy is:

- **Level 1 inputs:** Derived from quoted prices in active markets for identical assets or liabilities.
- **Level 2 inputs:** Either directly (i.e. as prices) or indirectly (i.e. derived from prices) observable inputs other than quoted prices included in Level 1.
- **Level 3 inputs:** Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

All financial instruments recognised on New Zealand Rugby's balance sheet at fair value have been valued within Level 2 of the valuation methodology hierarchy except for Equity Investments which has been valued within level 1. The method of valuation uses predominantly Reuters data provided by an external treasury specialist. There have been no transfers between Level 1 and Level 2 of the fair value hierarchy during the year ended 31 December 2019 (2018: Nil).

### Foreign currency monetary assets and liabilities

New Zealand Rugby held the following New Zealand dollar equivalent monetary assets and liabilities which are denominated in foreign currencies at balance date:

	GROUP	
	2019	2018
	\$000	\$000
<b>MONETARY ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCY</b>		
<b>Assets</b>		
United States dollars	23,842	25,539
Euros	13,430	14,093
British pounds	10,986	2,739
Australian dollars	877	575
Canadian Dollars	-	34
Japanese Yen	2,028	933
<b>Total monetary assets denominated in foreign currency</b>	<b>51,163</b>	<b>43,913</b>
<b>Liabilities</b>		
United States dollars	13,601	14,497
Euros	12,893	13,248
British pounds	575	-
Australian dollars	6	8
Canadian Dollars	14	34
Japanese Yen	441	260
<b>Total monetary assets denominated in foreign currency</b>	<b>27,529</b>	<b>28,047</b>

### Sensitivity analysis

A sensitivity analysis has been performed based upon the financial instrument balances as classified in the maturity profile table. The sensitivity analysis calculates the impact on New Zealand Rugby's reported profit or loss and equity if there was a deviation in either the interest rate by +/- 100 basis points or the exchange rate by +/- 10%.

		INTEREST RATE		SENSITIVITY	EXCHANGE RATE	
		2019	2018		2019	2018
		\$000	\$000		\$000	\$000
Impact on profit	+/- 100 bps	661	886	+/- 10%	5,622	3,585
Impact on equity	+/- 100 bps	661	886	+/- 10%	27,540	32,669



## D. GROUP STRUCTURE

This section provides information to help readers understand the New Zealand Rugby Group structure and how it affects the financial position and performance of the Group. In this section there is information about:

- (a) subsidiaries; and
- (b) investments in associates, joint ventures and joint operations.

### D1 SUBSIDIARIES

The consolidated financial statements include the financial statements of New Zealand Rugby Union Incorporated and the subsidiaries listed below. Subsidiaries are entities controlled, directly or indirectly, by New Zealand Rugby.

NAME OF ENTITY	COUNTRY OF INCORPORATION	INTEREST HELD	
		2019	2018
<b>New Zealand Rugby Union Incorporated</b>			
└ New Zealand Rugby Promotions Limited	New Zealand	100%	100%
└ Computerised Match Ticketing Limited	New Zealand	100%	100%

### D2 ASSOCIATES AND JOINT VENTURES

Associates are entities in which New Zealand Rugby has significant influence, but not control, over the operating and financial policies. Joint ventures are entities in which New Zealand Rugby has joint control, but not outright control, over the operating and financial policies. The financial statements of all associates and joint ventures have been reflected in the Group financial statements on an equity accounting basis which shows New Zealand Rugby's share of profits or losses in the income statement and its share of post acquisition increases or decreases in net assets, in the balance sheet. The New Zealand International Sevens has been proportionally consolidated whereby New Zealand recognises its proportionate share of income and expenditure in the income statement. A list of associates, joint ventures and joint operations is disclosed below:

NAME OF ENTITY	COUNTRY OF INCORPORATION	CLASSIFICATION	INTEREST HELD	
			2019	2018
Blues Limited Partnership	New Zealand	Associate	40%	40%
Highlanders Rugby Club Limited Partnership	New Zealand	Associate	10%	10%
SANZAR Europe s.a.r.l.	Luxembourg	Associate	33%	33%
SANZAR Pty Limited	Australia	Associate	33%	33%
All Blacks Experience Limited Partnership	New Zealand	Joint Venture	51%	51%
New Zealand International Sevens	n/a	Joint Operation	75%	75%
SANZAAR	n/a	Joint Operation	25%	25%

**Blues Limited Partnership** owns the license to operate the Blues Super Rugby team in the Investec Super Rugby competition. The Blues Limited Partnership which has a balance date of 31 August.

**Highlanders Rugby Club Limited Partnership** owns the license to operate the Highlanders Super Rugby team in the Investec Super Rugby competition. The Highlanders Limited Partnership has a balance date of 31 August.

**SANZAR Europe s.a.r.l.** is a company used to facilitate the sale of broadcast rights into European markets in a tax efficient manner. SANZAR Europe s.a.r.l. is jointly owned by New Zealand Rugby and the Australian and South African Rugby Unions. SANZAR Europe s.a.r.l. has a balance date of 31 December. New Zealand Rugby had broadcasting income rights transactions of \$3.853m (2018: \$3.710m) with SANZAR Europe s.a.r.l. during the year.

**SANZAR Pty Limited** acts as the agent for the SANZAAR unincorporated joint venture which administers the Investec Rugby Championship and Investec Super Rugby competitions. The company is jointly owned by New Zealand Rugby, Rugby Australia and SA Rugby. SANZAR Pty Limited has a balance date of 31 December. New Zealand Rugby had management fee transactions of \$1.499m (2018: \$1.672m) with SANZAR Pty Limited during the year.

**All Blacks Experience Limited Partnership** is a joint venture between New Zealand Rugby and NTT Auckland Tourism Limited which is building an All Blacks themed tourism experience in Auckland. While New Zealand Rugby's stake is 51%, with NTT Auckland Tourism Limited owning the remaining 49%, the constitution requires unanimous agreement from both partners for any major decisions and therefore the business is accounted for as a joint venture. New Zealand Rugby is committed to provide an additional \$3.5m (2018: \$4.8m) of capital to All Blacks Experience Limited Partnership.

**New Zealand International Sevens** is an unincorporated joint operation between New Zealand Rugby and 37 South Events GP Limited which organises the New Zealand Sevens tournament as part of the World Rugby Sevens World Series. New Zealand Rugby receives 75% of any profit or loss from the tournament and 37 South Events GP Limited the remaining 25%.

**SANZAAR** is an unincorporated joint operation of the South African, New Zealand, Australian and Argentinian Rugby Unions. The New Zealand, Australian and South African Rugby Unions each share one-third (33%) of the travel costs of the Investec Super Rugby and Investec Rugby Championship through the unincorporated joint venture.

	GROUP	
	2019	2018
	\$000	\$000
<b>CARRYING VALUE OF ASSOCIATES AND JOINT VENTURES</b>		
Carrying value at beginning of the year	3,130	2,316
Investment	1,326	912
Share of net (loss)/profit for the year	(183)	(96)
Change in translation of foreign currency investment	(41)	(2)
<b>Total investments in associates and joint ventures</b>	<b>4,232</b>	<b>3,130</b>

## E. OTHER

This section includes the remaining information relating to New Zealand Rugby's financial statements that is required to comply with financial reporting standards.

### E1 PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment is initially recorded at cost. Cost includes the original purchase consideration and those costs directly attributable to bring the item to the location and condition for its intended use. After recognition as an asset, property, plant and equipment is carried at cost less accumulated depreciation and impairment losses.

Depreciation of property, plant and equipment is provided on a straight-line basis at depreciation rates calculated to allocate the cost less estimated residual value, over their estimated useful lives. The estimated useful lives, residual values and depreciation method are reviewed at the end of each annual reporting period. The classes of property, plant and equipment and their useful lives are: computer equipment (3 years); office equipment (5 years); office alterations and fixtures (10 years); coaching equipment (5 years).

GROUP (\$000)	COMPUTER EQUIPMENT	OFFICE EQUIPMENT	OFFICE ALTERATIONS AND FIXTURES	COACHING EQUIPMENT	TOTAL
Cost or fair value	1,123	235	2,823	591	4,772
Less accumulated depreciation	(783)	(180)	(1,243)	(438)	(2,644)
<b>Net book value at 31 December 2017</b>	<b>340</b>	<b>55</b>	<b>1,580</b>	<b>153</b>	<b>2,128</b>
Additions	208	45	8	37	298
Impairment Expense	(7)	-	-	(8)	(15)
Depreciation expense	(230)	(12)	(290)	(71)	(603)
Subsidiary becoming an associate	3	-	-	8	11
<b>Net book value at 31 December 2018</b>	<b>314</b>	<b>88</b>	<b>1,298</b>	<b>119</b>	<b>1,819</b>
Additions	378	258	32	34	702
Depreciation expense	(233)	(29)	(295)	(58)	(615)
<b>Net book value at 31 December 2019</b>	<b>459</b>	<b>317</b>	<b>1,035</b>	<b>95</b>	<b>1,906</b>
Cost or fair value	1,702	538	2,863	653	5,756
Less accumulated depreciation	(1,243)	(221)	(1,828)	(559)	(3,851)
<b>Net book value at 31 December 2019</b>	<b>459</b>	<b>317</b>	<b>1,035</b>	<b>94</b>	<b>1,905</b>

### E2 INTANGIBLE ASSETS

New Zealand Rugby uses its judgement in determining the remaining useful lives and residual values of intangible assets. These are reviewed, and if appropriate, adjusted at each balance date. Computer software assets' useful lives are estimated to be up to three years. Amortisation of intangible assets is calculated on a straight-line basis.

GROUP (\$000)	CONTRIBUTION TO EDEN PARK	COMPUTER SOFTWARE	TOTAL
Cost or fair value	10,000	3,463	13,463
Less accumulated amortisation	(3,500)	(2,419)	(5,919)
<b>Net book value as at 31 December 2017</b>	<b>6,500</b>	<b>1,044</b>	<b>7,544</b>
Additions	-	2,159	2,159
Disposals	-	(661)	(661)
Amortisation expenses	(500)	(840)	(1,340)
Accumulated amortisation on disposals	-	661	661
<b>Net book value as at 31 December 2018</b>	<b>6,000</b>	<b>2,363</b>	<b>8,363</b>
Cost or fair value	10,000	4,961	14,961
Less accumulated amortisation	(4,000)	(2,598)	(6,598)
<b>Net book value as at 31 December 2018</b>	<b>6,000</b>	<b>2,363</b>	<b>8,363</b>
Additions	-	1,250	1,250
Amortisation expenses	(500)	(1,179)	(1,679)
<b>Net book value as at 31 December 2019</b>	<b>5,500</b>	<b>2,434</b>	<b>7,934</b>
Cost or fair value	10,000	6,211	16,211
Less accumulated amortisation	(4,500)	(3,777)	(8,277)
<b>Net book value as at 31 December 2019</b>	<b>5,500</b>	<b>2,434</b>	<b>7,934</b>

## Contribution to Eden Park

In 2008, New Zealand Rugby contributed \$10m towards the redevelopment of Eden Park in return for certain benefits. The contribution to Eden Park is stated at cost less accumulated amortisation and impairment losses. Amortisation is calculated on a straight line basis over the term of the agreement between the New Zealand Rugby, Eden Park Trust and the Auckland Rugby Football Union when the benefits will accrue to New Zealand Rugby. The term of the agreement is 20 years and the benefits started accruing to the New Zealand Rugby in 2011 at which time amortisation commenced.

## E3 PROVISIONS

### Provision for medical costs

New Zealand Rugby provides injury and illness benefits to employees and players. The provision is based on New Zealand Rugby's obligations under the ACC Accredited Employer Programme (AEP), split between short-term open claims and long-term reopened claims. Due to a change in the ACC cover from 1 April 2014 the long-term provision only relates to accidents that occurred prior to this date.

Until 1 April 2014, New Zealand Rugby was enrolled in the Full Self Cover Programme (FSCP) of the AEP. Under this programme, New Zealand Rugby pays a lower levy but is responsible for managing and compensating all costs arising from injuries in each cover year. After a number of years, any remaining open claims are passed back to ACC, along with a residual payment that is expected to cover the costs of the claim. New Zealand Rugby may also be liable for reopened claims if it can be demonstrated that the medical costs relate to an injury during the period of cover.

With effect from 1 April 2014, New Zealand Rugby moved to the Partnership Discount Programme (PDP). The levy that is charged is higher under this programme, but the New Zealand Rugby's future liability is limited only to the cost of claims arising in the two years following the cover year in which the claim occurred.

A provision is made for liabilities for short-term open claims and longer term and reopened claims that extend beyond the end of the financial year. The provision for medical and income costs is based on an annual independent actuarial valuation prepared by Craig Lough (FIAA, FNZSA), Fellow of the New Zealand Society of Actuaries of Melville Jessup Weaver, Consulting Actuaries. The Actuary has confirmed that the data provided by New Zealand Rugby was sufficient for the purposes of their report.

### Short-term provision assumptions

The Bornhuetter-Ferguson (BF) actuarial method is used to determine the short-term open claims provision. The BF method uses the weighted average of past claims development applied to an estimate of the ultimate claims costs to project future claims development. The estimated ultimate claims costs are derived as a percentage of liable earnings based on past New Zealand Rugby claims experience. The graduated weighted average BF development factors were derived from the New Zealand Rugby's own past payments pattern.

The principal assumptions used by the Actuary, Craig Lough were:

- The assumed loss ratio of 3 percent of liable earnings prior to 30 September 2016, 2.75% from 1 October 2016 to 30 September 2018 and 3 percent thereafter was determined by considering the observed loss ratios for developed loss quarters;
- The projected future payments were discounted for the time value of money based on secondary market Government bond yields as at 19 December 2019.

### Long-term provision assumptions

The key assumptions that underpin the long-term medical provision calculation relate to the likelihood of players requiring surgery or treatment later in life based on injuries sustained during the period of cover and are derived from information provided by the New Zealand Rugby Medical Director. Other inputs into the model are costs associated with surgery, consultations, rehabilitation and average weekly compensation which have been established using input from ACC and New Zealand Rugby. Economic assumptions were sourced from ACC and are consistent with their valuation basis as at 31 March 2017. A key factor in the model is the number of serious knee injuries sustained over the period of cover as these are believed to be a strong indicator of the need for surgery in later life. The model allows for the possibility of multiple operations to be required over a player's lifetime. The model was constructed to illustrate the potential range of outcomes.

The actuarial calculation is a central estimate of the present value of expected future payments for claims and consistent with the prior year a prudential margin liability has not been included in the calculation as the actuary has determined that an additional risk margin is not required. New Zealand Rugby will remain in the ACC Partnership Programme for the foreseeable future.

	GROUP	
	2019	2018
	\$000	\$000
<b>PROVISION FOR MEDICAL COSTS</b>		
<b>Provision for medical costs at the start of the year</b>	<b>3,921</b>	<b>4,220</b>
Payments made during the year	(1,207)	(1,341)
Revaluation of provision	858	453
Outstanding costs incurred in the current year	676	589
<b>Provision for medical costs at the end of the year</b>	<b>4,248</b>	<b>3,921</b>
<i>Current</i>	676	589
<i>Non-current</i>	3,572	3,332

### Player payment variation account

The player payment variation account represents the difference between the players' share of agreed revenue (Player Generated Revenue) earned during the term of the players' Collective Employment Agreement and the benefits paid to the players during the same period. Player costs are recognised in the year in which the Player Generated Revenue is earned. The players' Collective Employment Agreement is for a two-year term which expires on 31 December 2020. The Collective Employment Agreement records the intention of both parties to use the player payment variation account surplus in future contract years beyond the expiry date.

	GROUP	
	2019	2018
	\$000	\$000
<b>PLAYER PAYMENT VARIATION ACCOUNT</b>		
<b>Player payment variation account at the start of the year</b>	<b>20,648</b>	<b>22,907</b>
Movement in player payment variation account	(5,659)	(2,259)
<b>Player payment variation account at the end of the year</b>	<b>14,989</b>	<b>20,648</b>
<i>Current</i>	2,276	5,922
<i>Non-current</i>	12,713	14,726

### Benevolent and Welfare Fund

The Benevolent and Welfare Fund was established in conjunction with the New Zealand Rugby Players' Association in 2006 in accordance with the players' Collective Employment Agreement. The purpose of the fund is to provide payments to players employed under the players' Collective Employment Agreement who are no longer able to play professional rugby due to sickness, injury, accident or death or to players who are suffering hardship. The funds allocated by New Zealand Rugby together with the investment returns are payable for the benefit of the players.

The Fund is held in cash and cash equivalents on the Balance Sheet and is held solely for the purpose of meeting New Zealand Rugby's obligations for the Benevolent and Welfare Fund.

	GROUP	
	2019	2018
	\$000	\$000
<b>BENEVOLENT AND WELFARE FUND</b>		
<b>Benevolent and Welfare Fund at the start of the year</b>	<b>2,138</b>	<b>2,478</b>
New Zealand Rugby contribution to the Fund	750	750
Payments from the Fund	(604)	(1,127)
Interest received	28	37
<b>Benevolent and Welfare Fund at the end of the year</b>	<b>2,312</b>	<b>2,138</b>

## E4 RELATED PARTIES

### Compensation of key management personnel

The remuneration of Board members and other key management during the year was as follows:

	GROUP	
	2019	2018
	\$000	\$000
<b>Board member fees</b>	<b>577</b>	<b>564</b>
<b>Chief Executive Officer and Executive Team</b>		
Salaries and short-term benefits	3,698	3,655
<b>Total key management personnel compensation</b>	<b>4,275</b>	<b>4,219</b>

The Chief Executive Officer and Executive team consists of six full-time equivalent employees (2018: six).

Fees paid or payable to Board members for services as Board members during the year totalled \$577,000 (2018: \$564,000). There were no Board member fees outstanding at 31 December 2019 (2018: \$142,000).

### Board Members

Richard Dellabarca is a New Zealand Rugby appointed director on Blues Management Limited and received \$13,200 (2018: \$6,000) by New Zealand Rugby during the year for these services.

Brent Impey is a director of SANZAR Pty Limited and Chair of the SANZAAR Executive Committee.

Peter Kean is a New Zealand Rugby appointed director of All Blacks Experience GP Limited and Highlanders Rugby Club Limited Partnership.

Andrew Golightly is a New Zealand Rugby appointed director of New Zealand Rugby Foundation Incorporated.

Mark Robinson is a member of the World Rugby Executive Committee.

## Employees

Steve Tew (Chief Executive Officer) is a director Rugby World Cup Limited, SANZAR Europe s.a.r.l. and SANZAR Pty Limited and a member of the World Rugby Council and SANZAAR Executive Committee. Mark Robinson took over as Chief Executive Officer in January 2020.

Nicki Nicol (Chief Operating Officer) is a New Zealand Rugby appointed director of New Zealand Rugby Travel Limited trading as All Blacks Tours. New Zealand Rugby received royalties on rugby tour packages. Nicki Nicol is also an appointed director of All Blacks Experience GP Limited.

## E5 AUDITOR'S REMUNERATION

	GROUP	
	2019	2018
AUDITOR'S REMUNERATION TO DELOITTE FOR:	\$000	\$000
Audit of the financial statements	83	95
Non-assurance services	-	-
<b>Total auditor's remuneration</b>	<b>83</b>	<b>95</b>

## E6 COMMITMENTS

### Operating leases

New Zealand Rugby leases certain office equipment and premises. Operating leases are leases where the lessors effectively retain substantially all the risks and benefits of ownership of the leased items. Operating lease payments are recognised in profit or loss in equal instalments over the term of the lease.

	GROUP	
	2019	2018
OPERATING LEASE COMMITMENTS	\$000	\$000
Less than 1 year	1,544	1,560
Later than 1 year and not later than 2 years	1,537	1,526
Later than 2 years and not later than 5 years	4,269	4,367
More than 5 years	106	1,473
<b>Total operating lease commitments</b>	<b>7,456</b>	<b>8,926</b>

## E7 SUBSEQUENT EVENTS

No subsequent event has occurred since balance date that would materially impact the financial statements as at 31 December 2019.

## E8 CONTINGENT LIABILITIES

There are no contingent liabilities as at 31 December 2019.