

NEW ZEALAND RUGBY UNION

Financial Statements for the year ended 31 December 2021

INCOME STATEMENT

for the year ended 31 December 2021

	NOTE	GROUP	
		2021 \$000	2020 \$000
Income			
Broadcast rights		80,149	51,789
Sponsorship and licensing		72,658	59,347
Matchday		14,935	10,926
Other income	A1	17,314	14,351
Interest income	A1	460	828
Managed funds fair value gains	A1	933	1,110
Foreign exchange gains	A1	1,820	-
Equity accounted profit of associates and joint ventures	A1	603	-
Total income	A1	188,872	138,351
Expenditure			
Game development		30,516	28,345
Teams in Black		56,853	39,187
Competitions		80,687	71,378
Administration		13,087	12,220
Interest expense	A2	1	102
Foreign exchange losses	A2	-	5,271
Equity accounted loss of associates and joint ventures	D2	2,186	584
Total expenditure	A2	183,330	157,087
Operating profit/(loss) before impairment and tax		5,542	(18,736)
Impairment of available for sale equity instruments	B11	-	15,893
Income tax	A3	-	-
Net profit/(loss) after tax		5,542	(34,629)
Net profit/(loss) after tax attributable to:			
Stakeholders of the parent		5,542	(34,629)
		5,542	(34,629)

COMPREHENSIVE INCOME STATEMENT

for the year ended 31 December 2021

	NOTE	GROUP	
		2021 \$000	2020 \$000
Net profit/(loss) after tax		5,542	(34,629)
Other comprehensive income			
<i>Items that may be reclassified to profit or loss:</i>			
Net loss on cash flow hedges	B2	(5,772)	(4,237)
Net gain on equity investments	B4	2,376	-
Reclassification of losses on equity instruments to profit or loss	B4	-	3,924
(Losses)/gains arising from translation of foreign operations	B3	(38)	45
Total comprehensive income, net of tax		2,108	(34,897)
Total comprehensive income attributable to:			
Stakeholders of the parent		2,108	(34,897)
		2,108	(34,897)

BALANCE SHEET

as at 31 December 2021

	NOTE	GROUP	
		2021	2020
		\$000	\$000
Current assets			
Cash and cash equivalents	B5	29,478	32,391
Term investments	B6	20,000	20,000
Trade and other receivables	B7	40,519	66,272
Prepayments		4,462	2,901
Loans and advances	B8	440	380
Player payment variation account	E3	3,519	-
Financial instruments	C1	1,315	1,873
Total current assets		99,733	123,817
Non-current assets			
Loans and advances	B8	1,253	1,146
Other investments	B11	29,675	26,381
Property, plant and equipment	E1	1,318	1,480
Intangible assets	E2	5,067	6,249
Investment in other entities	D2	4,237	7,251
Financial instruments	C1	1,251	2,107
Total non-current assets		42,801	44,614
Total assets		142,534	168,431
Current liabilities			
Trade and other payables	B9	8,818	17,318
Income in advance	B10	57,863	73,818
Benevolent and welfare fund	E3	1,356	1,795
Provision for medical costs	E3	854	797
Player payment variation account	E3	-	3,936
Financial instruments	C1	440	14
Total current liabilities		69,331	97,678
Non-current liabilities			
Provision for medical costs	E3	3,447	3,406
Income in advance	B10	11,642	15,523
Financial instruments	C1	4,182	-
Total non-current liabilities		19,271	18,929
Total liabilities		88,602	116,607
Net assets		53,932	51,824
Equity			
Cash flow hedge reserve	B2	(2,057)	3,715
Foreign currency translation reserve	B3	(39)	(1)
Available for sale revaluation reserve	B4	2,376	-
Retained earnings	B1	53,652	48,110
Total equity		53,932	51,824

For and on behalf of the Board who authorised the issue of the financial statements on 2 March 2022.



STEWART MITCHELL, Chair



SHAUN NIXON, Chair - Audit, Risk, People and Capability Committee

STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2021

	NOTE	GROUP				TOTAL EQUITY \$000
		CASH FLOW HEDGE RESERVE \$000	FOREIGN CURRENCY TRANSLATION RESERVE \$000	AVAILABLE FOR SALE REVALUATION RESERVE \$000	RETAINED EARNINGS \$000	
Balance as at 1 January 2020		7,952	(46)	(3,924)	82,739	86,721
Net loss for the 2020 year	B1	-	-	-	(34,629)	(34,629)
Other comprehensive income						
Movement in cash flow hedges	B2	(4,237)	-	-	-	(4,237)
Net (losses)/gains on equity investments	B4	-	-	3,924	-	3,924
Exchange differences from translation of foreign operations	B3	-	45	-	-	45
Total comprehensive income, net of tax		(4,237)	45	3,924	(34,629)	(34,897)
Balance as at 31 December 2020		3,715	(1)	-	48,110	51,824
Net profit for the 2021 year	B1	-	-	-	5,542	5,542
Other comprehensive income						
Movement in cash flow hedges	B2	(5,772)	-	-	-	(5,772)
Net (losses)/gains on equity investments	B4	-	-	2,376	-	2,376
Exchange differences from translation of foreign operations	B3	-	(38)	-	-	(38)
Total comprehensive income, net of tax		(5,772)	(38)	2,376	5,542	2,108
Balance as at 31 December 2021		(2,057)	(39)	2,376	53,652	53,932

CASH FLOW STATEMENT

for the year ended 31 December 2021

	NOTE	GROUP	
		2021 \$000	2020 \$000
Operating activities			
Receipts from broadcasting, sponsorship and licensing, and matchday		169,125	119,350
Interest income		439	1,361
Other income		17,314	14,351
Payments to suppliers and employees		(190,665)	(150,073)
Operating cash flows	B5	(3,787)	(15,011)
Investing activities			
Purchase of term investments		(85,000)	(62,500)
Maturity of term investments		85,000	86,191
Investment in associates		1,431	(3,558)
Loans and advances issued		(710)	-
Repayments of loans and advances		504	161
Purchase of property, plant and equipment		(519)	(251)
Purchase of intangible assets		(144)	(176)
Investing cash flows		562	19,867
Net (decrease)/increase in cash held		(3,226)	4,856
Effect of exchange rate change on foreign currency balances		313	(625)
Cash and cash equivalents at start of the year		32,391	28,160
Cash and cash equivalents at end of the year		29,478	32,391

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.
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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 public benefit 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

OTHER ACCOUNTING POLICIES

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

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 2021.

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.

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 2022)

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 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

(c) 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.

(d) PBE IFRS 17 Insurance Contracts (effective for periods beginning on or after 1 January 2023)

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.

COVID-19 PANDEMIC

On 11 March 2020 the World Health Organisation declared a global pandemic as a result of the outbreak and spread of Novel Coronavirus (COVID-19). Following this, on Wednesday 25 March 2020, the New Zealand Government raised its Alert Level to 4 (nationwide lockdown of non-essential services) for an initial four-week period with New Zealand moving back to Alert Level 3 on 27 April 2020. New Zealand moved back to Alert Level 1 on 8 June 2020, with all restrictions except border controls removed.

On the 24th of August 2021 there were major changes to The Rugby Championship (TRC) match schedule. This was in response to the ongoing impact of the pandemic and the subsequent tightening of regulations placed on travel and quarantine by various state and national governments due to the outbreaks of COVID-19 in Australia and New Zealand. Eight matches of the tournament were staged in Queensland, Australia and no further matches in Auckland and Dunedin as originally scheduled.

On the 20th of September 2021, The Farah Palmer Cup (FPC) had three teams (Auckland, Counties-Manukau and North Harbour) unable to continue in the competition due to their inability to train or play under COVID-19 Alert Levels.

On the 12th of October 2021, COVID-19 Alert Level restrictions in Auckland, Northland, Waikato and Bay of Plenty Regions saw the Bunnings Warehouse NPC competition put on hold. With Auckland based teams (Auckland, Counties Manukau and North Harbour) unable to re-join the competition, this caused a revised draw for the remaining competition. Further compensation was provided to these teams and the organisation incurred equitable reductions with Sky in relation to matches broadcasted.

The table below provides an assessment of the impact of COVID-19 on New Zealand Rugby's Balance Sheet.

ITEM	COVID-19 ASSESSMENT	NOTE
Cash and cash equivalents	No impact to the carrying value of cash on hand. Reduced revenue from the restricted rugby calendar (equitable reduction in broadcasting for covid impacted NPC and FPC games) has been partially mitigated with a number of initiatives implemented to reduce costs.	B5
Term investments	No impact to the carrying value of term investments. A lower level of term investments is maintained to provide cash for day-to-day operations. COVID-19 has impacted interest rates, reducing interest income.	B6
Trade and other receivables and prepayments	New Zealand Rugby has monitored and collected trade receivables throughout the year. An assessment was performed for all receivables outstanding at year-end to determine their collectability. The relatively short term nature of debtors, the credit worthiness of the customer base and the fact that receipts are being received on a regular basis has meant that no provision for doubtful debt has been recognised.	B7
Loans and advances	The loans and advances provided to Provincial Unions and Super Rugby clubs are measured at cost less impairment, with a collectability assessment performed at balance date. With the impact of Covid-19 on the tourism sector, a loan was provided to All Blacks Experience to assist with the cashflow of the business. All loans are expected to be fully recovered.	B8
Other investments	Where investments are accounted for at fair value, the carrying value reflects the fair value at balance date. COVID-19 has increased market volatility, there was a bounceback this year impacting the return on managed funds and the fair value of the equity securities held. Due to the increase in the Sky Network Television Limited (Sky NZ) share price, a fair value gain of \$2.37m has been recognised in the Other Comprehensive Income Statement.	B11
Derivative financial instruments	COVID-19 has impacted interest rates and foreign exchange rates. Derivatives are recorded at fair value with the carrying value reflecting these changes at balance date.	C1
Property, plant and equipment	New Zealand Rugby's assets are held at cost less accumulated depreciation and impairment. The Group has not identified any indicators that these assets are impaired as a result of COVID-19.	E1
Intangible assets	New Zealand Rugby has performed an impairment assessment of all intangible assets, held at cost less accumulated amortisation and impairment. No impairment was recognised following this assessment.	E2
Investment in other entities	New Zealand Rugby's investment in associates and joint ventures have been reflected in the Group financial statements on an equity accounting basis. Impairment reviews have been completed, incorporating the impact of COVID-19 on performance and forecast. No impairment was recognised following this assessment.	D2
Trade and other payables	No impact to the carrying value of trade and other payables.	B9
Income in advance	World Rugby advanced a final portion of 2023 Rugby World Cup funding to New Zealand Rugby in 2021 to help mitigate the cash impacts of COVID-19. The \$14.7m advance has been recognised as Income in Advance on the Balance Sheet.	B10
Benevolent and welfare fund	No impact to the carrying value of the Benevolent and Welfare fund.	E3
Provision for medical costs	No impact to the carrying value of the Medical Cost provision.	E3

Player payment variation account This balance has reduced to an asset balance in the current year, this is a result of the payments to players or programs exceeding what has been earned under revenue share arrangements. The players share of revenue reduced due to COVID-19, with additional tours played and player costs this meant player payments exceeded the share of revenue earned. **EB**

No other significant measurement impacts were noted on the Balance Sheet. No impact on the going concern status of New Zealand Rugby has been identified as a result of COVID-19.

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 are 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	
		2021 \$000	2020 \$000
Income from operations comprises of the following items			
Income from broadcasting, sponsorship and licensing, matchday *		167,742	122,062
Other income			
Income from New Zealand wage subsidy *	A1	2,069	5,822
Income from government grants *	A1	13,015	6,064
Income from gaming trusts *	A1	6	17
Rugby World Cup 2019 compensation grants from World Rugby		-	145
Other income *		2,223	2,303
		17,314	14,351
Interest income			
Bank deposits interest		437	800
Provincial unions interest		23	28
		460	828
Managed funds fair value gains		933	1,110
Foreign exchange gains		1,820	-
Equity accounted profit of associates and joint ventures		603	-
Total income		188,872	138,351

* 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 income. 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.

	2021 \$000	2020 \$000
Exchange income	171,522	124,014
Non-exchange income		
Sponsorship and licensing	1,330	1,400
Matchday	50	266
Ministry of Social Development (Wage Subsidy)	2,069	5,822
Other income and grants	13,900	6,849
Total non-exchange income	17,349	14,337
Total income	188,872	138,351

Income from government and gaming trust grants

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

	2021	2020
	\$000	\$000
New Zealand wage subsidy		
Ministry of Social Development	2,069	5,822
Total income from New Zealand wage subsidy	2,069	5,822

As part of the New Zealand Government response to COVID-19, New Zealand Rugby received Government wage subsidy grants of \$2.1m (2020: \$5.8m). Based on criteria and ability to claim this covers 8 weeks worth of wage subsidies. This has been included within the 'Other Income' line item on the Income Statement.

	2021	2020
	\$000	\$000
GOVERNMENT AND GAMING TRUST GRANTS		
Accident Compensation Corporation	2,062	2,178
High Performance Sport New Zealand	6,040	2,123
Ministry of Business, Innovation and Employment	1,135	-
Ministry of Foreign Affairs and Trade	639	493
Sport New Zealand	3,082	1,177
Te Puni Kokiri	57	93
Total income from Government grants	13,015	6,064
Total Government grants and wage subsidy	15,085	11,886
Gaming trust grants		
New Zealand Community Trust	6	17
Total income from gaming trust grants	6	17

A2 EXPENDITURE

		GROUP	
	NOTE	2021	2020
		\$000	\$000
Expenditure from operations comprises of the following items			
Expenditure from operating activities		80,909	69,906
Finance costs			
Bank interest		1	102
		1	102
Net movement in doubtful debts provision	B7	-	(278)
Write-off to bad debts	B7	-	203
Movement in provision for medical costs	E3	98	(45)
Depreciation of property, plant and equipment	E1	680	676
Amortisation of intangible assets	E2	1,326	1,861
Operating lease rental expenses		1,558	1,478
Employee benefits		94,205	74,489
Defined contribution plan expenses		2,367	2,860
Foreign exchange losses		-	5,251
Equity accounted loss of associates and joint ventures	D2	2,186	584
Total expenditure		183,330	157,087

New Zealand Rugby significantly reduced expenditure in 2020, to critical or contracted activities. New Zealand Rugby employees all took compensation reductions in 2020, in addition to a significant restructure in June 2020. Employee benefits were reinstated to pre-covid levels in 2021.

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.

	2021	2020
	\$000	\$000
PROVINCIAL UNION		
Bunnings Warehouse NPC Provincial Unions		
Auckland	2,960	2,585
Bay of Plenty	1,989	1,886
Canterbury	2,290	2,144
Counties Manukau	2,134	1,809
Hawke's Bay	1,604	1,513
Manawatu	1,552	1,568
North Harbour	1,975	1,709
Northland	1,851	1,787
Otago	1,665	1,571
Southland	1,369	1,353
Taranaki	1,698	1,577
Tasman	1,945	1,698
Waikato	2,020	1,772
Wellington	2,013	1,878
Total Bunnings Warehouse NPC Provincial Union funding	27,065	24,850
	2021	2020
	\$000	\$000
PROVINCIAL UNION		
Bunnings Warehouse Heartland Championship Provincial Unions		
Buller	325	284
East Coast	303	273
Horowhenua Kapiti	535	512
King Country	475	446
Mid Canterbury	413	388
North Otago	359	316
Poverty Bay	428	452
South Canterbury	457	425
Thames Valley	447	423
Wairarapa Bush	419	402
Wanganui	449	444
West Coast	326	293
Total Bunnings Warehouse Heartland Championship Provincial Union funding	4,936	4,658
Total Provincial Union funding	32,001	29,508

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.

	2021	2020
	\$000	\$000
SUPER RUGBY CLUB		
Blues	396	705
Chiefs	603	769
Crusaders	310	687
Highlanders	377	719
Hurricanes	310	726
Total Super Rugby club funding	1,996	3,606

Amounts have decreased from 2020 as only direct funding to Super Rugby Clubs is shown. Super Rugby Club funding includes an additional \$446k COVID-19 related funding from Sport New Zealand in 2021 as direct compensation for COVID-19 related competition costs during the 2021 Super Rugby season (2020: 1.25m).

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.

	2021	2020
	\$000	\$000
ASSOCIATE MEMBER		
New Zealand Deaf Rugby Football Union	15	15
New Zealand Rugby Foundation	400	300
New Zealand Schools Rugby Council	105	-
Rugby Museum Society of New Zealand	35	-
Total Associate Member funding	555	315

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	
	2021	2020
	\$000	\$000
INCOME TAX EXPENSE		
Profit/(loss) before income tax	5,542	(34,629)
Prima facie tax @ 28%	1,552	(9,696)
Tax effect of permanent differences (exempt activities)	(1,552)	9,696
Income tax expense	-	-

The Group has accumulated tax losses of \$5.225m (2020: \$5.225m) available to be carried forward and offset against future assessable income. The \$1.463m (2020: \$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 2021 result (2020: 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 and retained earnings;
- (b) cash and cash equivalents, term deposits and other investments;
- (c) cash from operating activities
- (d) loans and advances; and
- (e) receivables and payables.

B1 RETAINED EARNINGS

	GROUP	
	2021	2020
	\$000	\$000
RETAINED EARNINGS		
Balance at the start of the year	48,110	82,739
Profit/(loss) for the year attributable to the stakeholder's of the parent	5,542	(34,629)
Retained earnings	53,652	48,110

B2 CASH FLOW HEDGE RESERVE

The cash flow hedge reserve represents the unrealised variance between the contracted rate and the market rate of unexpired foreign currency forward contracts designated as hedges as at 31 December 2021.

	GROUP	
	2021	2020
	\$000	\$000
CASH FLOW HEDGE RESERVE		
Balance at the start of the year	3,715	7,952
Losses on cash flow hedges taken to equity	(3,511)	(8,659)
Transferred to profit or loss for the period	(2,261)	4,422
Cash flow hedge reserve	(2,057)	3,715

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	
	2021	2020
	\$000	\$000
FOREIGN CURRENCY TRANSLATION RESERVE		
Balance at the start of the year	(1)	(46)
(Losses)/gains arising from translation of foreign operations	(38)	45
Foreign currency translation reserve	(39)	(1)

B4 AVAILABLE FOR SALE REVALUATION RESERVE

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

	NOTE	GROUP	
		2021	2020
		\$000	\$000
AVAILABLE FOR SALE REVALUATION RESERVE			
Balance at the start of the year		-	(3,924)
Gains/(losses) on equity investments taken to equity	B11	2,376	(11,969)
Impairment recognised on equity investments	B11	-	15,893
Available for sale revaluation reserve		2,376	-

B5 CASH AND CASH EQUIVALENTS

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

	GROUP	
	2021	2020
	\$000	\$000
CASH AND CASH EQUIVALENTS		
Current and money market accounts	29,478	27,391
Short-term bank term deposits	-	5,000
Total cash and cash equivalents	29,478	32,391
RECONCILIATION OF NET PROFIT/(LOSS) AFTER TAX TO CASH FLOWS FROM OPERATING ACTIVITIES		
	2021	2020
	\$000	\$000
Net profit/(loss) after income tax	5,542	(34,629)
<i>Adjustments for operating activities non-cash items</i>		
Depreciation and amortisation	2,006	2,537
Doubtful debts provision movement	-	(278)
Share of associates and joint ventures losses	1,583	584
Foreign exchange (losses)/gains	381	(57)
Non-cash portion of interest income	(21)	533
Non-cash portion of interest expense	1	101
Fair value movement in managed funds	(918)	(1,090)
Non-cash revenue from equity investments	-	(166)
Impairment of available for sale equity instruments	-	15,893
	3,032	18,057
<i>Changes in working capital items</i>		
Decrease/(increase) in trade and other receivables	25,769	(11,970)
Increase in prepayments	(1,883)	(371)
(Decrease)/increase in trade and other payables	(8,500)	4,463
Decrease in provisions and player payment variation account	(7,797)	(11,716)
(Decrease)/increase in income in advance	(19,638)	20,530
	(12,049)	936
<i>Items classified as financing activities</i>		
Effect of exchange rate change on foreign currency balances	(312)	625
Cash flow from operating activities	(3,787)	(15,011)

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.

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	
	2021	2020
	\$000	\$000
TERM INVESTMENTS		
Short-term bank term deposits	20,000	20,000
Total term investments	20,000	20,000

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. No allowance has been made for estimated unrecoverable trade receivables (2020: nil).

Included in trade receivables are debtors with a carrying value of \$6.29m (2020: \$1.18m) 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. No trade receivables were written off during the year (2020: \$203,000).

	GROUP	
	2021	2020
	\$000	\$000
TRADE AND OTHER RECEIVABLES		
Trade receivables *	34,636	62,679
Trade receivable accruals	5,443	3,593
Less: Provision for doubtful debts	-	-
Total trade receivables	40,079	66,272
Goods and services tax (GST) receivable	440	-
Total trade and other receivables	40,519	66,272
<i>Current</i>	40,519	66,272
<i>Non-current</i>	-	-
MOVEMENT IN PROVISION FOR DOUBTFUL DEBTS		
Opening provision	-	(278)
Provision (created) /reversed during the year	-	75
Write-offs to bad debts during the year	-	203
Closing provision for doubtful debts	-	-
AGING OF PAST DUE BUT NOT IMPAIRED TRADE RECEIVABLES		
60 - 90 days	3,605	1,125
91 - 120 days	1,631	4
121+ days	1,055	50
Total past due but not impaired trade receivables	6,291	1,179

* No trade receivables are from non-exchange income (2020: nil).

B8 LOANS AND ADVANCES

Loan and advances are measured at cost less impairment. Allowances for estimated unrecoverable amounts are recognised in the Income Statement 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 2021 (2020: nil).

	GROUP	
	2021	2020
	\$000	\$000
LOANS AND ADVANCES		
Current loans		
Provincial Unions	270	230
Other	170	150
Total current loans and advances	440	380
Non-current loans		
All Blacks Experience	710	-
Provincial Unions	543	813
Super Rugby Clubs	-	333
Total non-current loans and advances	1,253	1,146
Total loans and advances	1,693	1,526

New Zealand Rugby received \$229,575 (2020: \$107,700) of loan repayments and provided no further loans to Provincial Unions during the year (2020: \$0). Interest of \$23,108 (2020: \$28,000) was charged on all loans to Provincial Unions. Interest of \$20,243 (2020: \$9,000) was charged on other loans during the year.

As part of New Zealand Rugby's prior investment in the Blues Limited Partnership, New Zealand Rugby had taken over a loan provided to the Super Rugby club in 2016 at 0% interest. This loan was repaid as part of the sale of the investment in the Blues Partnership in December 2021.

An additional loan was provided to All Blacks Experience in the year to assist the cashflow of the business at 0% interest. The loan has been recorded in the financial statements at fair value.

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	
	2021	2020
	\$000	\$000
TRADE AND OTHER PAYABLES		
Trade payables	2,592	4,742
Employee entitlements	3,526	3,714
Goods and services tax (GST) payable	-	3,541
Other payables and accruals	2,700	5,321
Total trade and other payables	8,818	17,318

* There are no trade and other payables from non-exchange income (2020: \$80,000).

B10 INCOME IN ADVANCE

Income in advance is recognised for any income received where work has not been performed or contracted benefits not supplied by New Zealand Rugby.

	GROUP	
	2021	2020
	\$000	\$000
INCOME IN ADVANCE		
Income in Advance relating to		
Broadcasting, sponsorship and licensing, matchday	44,177	69,137
Government grants*	7,073	7,539
Rugby World Cup 2023 competition funding grants from World Rugby	14,661	9,801
Other income*	3,594	2,864
Total income in advance	69,505	89,341
<i>Current</i>	<i>57,863</i>	<i>73,818</i>
<i>Non-current</i>	<i>11,642</i>	<i>15,523</i>

*Included in income in advance are receivables from non-exchange income of \$7.259m (2020: \$8.088m).

World Rugby advanced a final portion of 2023 Rugby World Cup funding to New Zealand Rugby in 2021 to help mitigate the cash impacts of COVID-19.

B11 OTHER INVESTMENTS

	GROUP	
	Fair value at 31 December 2021	Fair value at 31 December 2020
	\$000	\$000
OTHER INVESTMENTS		
Non-current investments		
Equity securities - at fair value through other comprehensive income	6,661	4,285
Managed funds - designated at fair value through profit or loss	23,014	22,096
Total other investments	29,675	26,381

Equity securities

In 2019, 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.

Financial assets classified as at fair value through other comprehensive income are assessed for impairment at each reporting date to determine whether there is objective evidence of impairment. For an investment in an equity security, the Group considers objective evidence of impairment which includes a significant or prolonged decline in its fair value below its cost. Where an impairment is identified the amount of the cumulative loss is reclassified from equity to the Income Statement. The amount of the cumulative loss is the difference between initial recognition and the current fair value.

The fair value loss recognised as an impairment loss in the Income Statement for the period was nil (2020: \$15.89m), as the value of the equity securities had appreciated during the year. This has been recognised in the available for sale revaluation reserve.

The fair value gain recognised in other comprehensive income for the period was \$2.37m (2020: -\$11.97m). No portion of the investment was disposed of in 2021, and there were no transfers of any cumulative gain or loss within equity relating to these investments. An amount of \$11.6m is still incorporated in income in advance and classified as non-current as the amounts will be recognised as income from 2022 onwards.

Managed funds

NZR has invested into Managed Investments Funds as a way to maximise return from available cash balances held during the year. 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.

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 are 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, Japanese yen 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.

	GROUP	
	2021	2020
	\$000	\$000
FINANCIAL INSTRUMENTS FAIR VALUE		
Assets		
Current foreign currency forward contracts	1,315	1,873
Non-current foreign currency forward contracts	1,251	2,107
Total assets	2,566	3,980
Liabilities		
Current foreign currency forward contracts	440	14
Non-current foreign currency forward contracts	4,182	-
Total liabilities	4,622	14
Total fair value of financial instruments	(2,056)	3,966

OUTSTANDING CONTRACTS	FORWARD FOREIGN EXCHANGE CONTRACTS							
	AVERAGE FORWARD EXCHANGE RATE		FOREIGN CURRENCY		CONTRACT VALUE		FAIR VALUE	
	2021	2020	2021 FC'000	2020 FC'000	2021 \$000	2020 \$000	2021 \$000	2020 \$000
Sell US dollar								
< 2 years	0.6972	0.6778	17,480	19,000	25,071	28,033	(736)	1,598
2 - 5 years	0.6830	-	23,920	-	35,023	-	(1,444)	-
5+ years	0.6735	-	7,728	-	11,474	-	(623)	-
Sell Euro								
< 2 years	0.5725	0.5612	51,156	15,370	89,378	27,391	2,466	1,134
2 - 5 years	0.5529	0.5307	48,528	6,839	87,813	12,888	(1,007)	1,034
5+ years	0.5253	-	10,868	-	20,689	-	(439)	-
Sell British pound								
< 2 years	0.5128	0.4994	1,998	557	3,895	1,115	(93)	55
2 - 5 years	0.5072	-	940	-	1,853	-	(61)	-
Sell Japanese Yen								
< 2 years	76.9179	66.5700	722,500	95,000	9,394	1,427	66	145
2 - 5 years	72.5975	-	935,000	-	12,886	-	(121)	-
5+ years	68.4408	-	212,500	-	3,105	-	(64)	-
Total forward foreign exchange contracts					300,581	70,854	(2,056)	3,966

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	2021 GROUP \$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	TOTAL \$000
Financial assets						
Cash and cash equivalents	0.31%	29,570	-	-	-	29,570
Term investments	1.43%	20,285	-	-	-	20,285
Managed Funds		-	-	25,273	-	25,273
Trade and other receivables		40,519	-	-	-	40,519
Loans and advances	3.88%	456	194	1,306	-	1,956
Player payment variation account		3,519	-	-	-	3,519
Financial instruments		1,317	1,276	-	-	2,594
Total financial assets		95,667	1,470	26,580	-	123,716
Financial liabilities						
Trade and other payables		8,818	-	-	-	8,818
Benevolent and welfare fund	0.45%	1,362	-	-	-	1,362
Financial instruments		442	433	2,871	1,292	5,038
Total financial liabilities		10,622	433	2,871	1,292	15,218
MATURITY PROFILE	2020 GROUP \$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	TOTAL \$000
Financial assets						
Cash and cash equivalents	0.23%	32,479	-	-	-	32,479
Term investments	0.90%	20,224	-	-	-	20,224
Managed Funds		-	-	25,432	-	25,432
Trade and other receivables		66,272	-	-	-	66,272
Loans and advances	2.47%	394	276	524	29	1,223
Financial instruments		1,875	1,077	1,040	-	3,992
Total financial assets		121,244	1,353	26,996	29	149,622
Financial liabilities						
Trade and other payables		17,318	-	-	-	17,318
Benevolent and welfare fund	0.30%	1,800	-	-	-	1,800
Player payment variation account	1.15%	3,936	-	-	-	3,936
Financial instruments		14	-	-	-	14
Total financial liabilities		23,068	-	-	-	23,068

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.

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

The equity investment in Sky NZ held by New Zealand Rugby is listed on the New Zealand Stock Exchange. For this investment, a 10% change in the share price as at the reporting date would result in a change in equity of \$588,000 (2020: \$351,000).

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 the Equity Investments which are valued within Level 1. The method of valuation uses predominantly Reuters data. There have been no transfers between Level 1 and Level 2 of the fair value hierarchy during the year ended 31 December 2021 (2020: 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	
	2021	2020
	\$000	\$000
MONETARY ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCY		
Assets		
United States Dollars	12,093	12,090
Euros	16,016	14,337
British Pounds	2,065	205
Australian Dollars	2,025	87
South African Rand	468	-
Japanese Yen	3,255	25
Total monetary assets denominated in foreign currency	35,923	26,744
Liabilities		
United States Dollars	7,319	7,003
Euros	13,432	13,987
British Pounds	678	19
Australian Dollars	4	-
South African Rand	-	-
Japanese Yen	-	-
Total monetary liabilities denominated in foreign currency	21,433	21,009

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%.

	SENSITIVITY	INTEREST RATE		SENSITIVITY	EXCHANGE RATE	
		2021	2020		2021	2020
		\$000	\$000		\$000	\$000
Impact on profit	+/- 100 bps	423	404	+/- 10%	3,549	2,721
Impact on equity	+/- 100 bps	423	404	+/- 10%	32,386	9,460

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	
		2021	2020
New Zealand Rugby Union Incorporated			
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 & SANZAAR have 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	
			2021	2020
Blues Limited Partnership	New Zealand	Associate	0%	40%
Highlanders Rugby Club Limited Partnership	New Zealand	Associate	0%	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 Sky Super Rugby competition. The Blues Limited Partnership has a balance date of 31 August. New Zealand Rugby sold its share in the Blues Limited Partnership in December 2021.

Highlanders Rugby Club Limited Partnership owns the license to operate the Highlanders Super Rugby team in the Sky Super Rugby competition. The Highlanders Limited Partnership has a balance date of 31 August. New Zealand Rugby sold its share in the Highlanders Rugby Club Limited Partnership in June 2021.

SANZAR Europe s.a.r.l. is a company used to facilitate the sale of broadcast rights into European markets. 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 \$3.397m (2020: \$4.906m) 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 Fortinet Rugby Championship and Sky Super Rugby competitions. The company is jointly owned by New Zealand Rugby and the Australian and South African Rugby Unions. SANZAR Pty Limited has a balance date of 31 December. New Zealand Rugby paid management fee transactions of \$1.092m (2020: \$0.779m) to SANZAR Pty Limited during the year.

All Blacks Experience Limited Partnership is a joint venture between New Zealand Rugby and NTT Auckland Tourism Limited, to create an All Blacks themed tourism experience in Auckland. The experience opened in December 2020. 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 \$9,000 (2020: \$183,000) of capital to All Blacks Experience Limited Partnership. New Zealand Rugby provided All Blacks Experience Limited Partnership a loan of \$900k, to support the cashflow of the business as a result of the on-going impact of covid-19 on the tourism sector. All Blacks Experience Limited Partnership has a balance date of 30 June.

New Zealand Rugby assessed the joint venture, following the ongoing impact of COVID-19 on the tourism sector, for any considered impairment. A discounted cash flow valuation assessed that the recoverable amount was higher than the carrying amount, therefore no impairment has been recognised during the year. Key assumptions used in the assessment include expected customer numbers and the timing of international travel restrictions easing.

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%. No HSBC Sevens Tournament was held in 2021. 37 South Events GP Limited has a balance date of 31 March.

SANZAAR is an unincorporated joint operation of the South African, New Zealand, Australian and Argentinian Rugby Unions. The Unions each share one-quarter (25%) of the travel costs of the Sky Super Rugby and Fortinet Rugby Championship through the unincorporated joint venture. SANZAAR has a balance date of 31 December.

	GROUP	
	2021	2020
	\$000	\$000
CARRYING VALUE OF ASSOCIATES AND JOINT VENTURES		
Carrying value at beginning of the year	7,251	4,232
(Divestment)/Investment	(790)	3,558
Share of net loss for the year	(2,186)	(584)
Change in translation of foreign currency investment	(38)	45
Total investments in associates and joint ventures	4,237	7,251

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	1,702	538	2,863	653	5,756
Less accumulated depreciation	(1,243)	(221)	(1,828)	(559)	(3,851)
Net book value at 31 December 2019	459	317	1,035	94	1,905
Additions	179	28	-	44	251
Depreciation expense	(258)	(65)	(297)	(56)	(676)
Net book value at 31 December 2020	380	280	738	82	1,480
Cost or fair value	1,881	566	2,863	697	6,007
Less accumulated depreciation	(1,501)	(286)	(2,125)	(615)	(4,527)
Net book value at 31 December 2020	380	280	738	82	1,480
Additions	341	11	166	-	519
Depreciation expense	(283)	(68)	(296)	(33)	(680)
Net book value at 31 December 2021	438	223	608	49	1,318
Cost or fair value	2,222	577	3,029	697	6,526
Less accumulated depreciation	(1,784)	(354)	(2,421)	(648)	(5,207)
Net book value at 31 December 2021	438	223	608	49	1,318

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	6,211	16,211
Less accumulated amortisation	(4,500)	(3,777)	(8,277)
Net book value as at 31 December 2019	5,500	2,434	7,934
Additions	-	176	176
Amortisation expenses	(500)	(1,361)	(1,861)
Net book value as at 31 December 2020	5,000	1,249	6,249
Cost or fair value	10,000	6,387	16,387
Less accumulated amortisation	(5,000)	(5,138)	(10,138)
Net book value as at 31 December 2020	5,000	1,249	6,249
Additions	-	144	144
Amortisation expenses	(500)	(826)	(1,326)
Net book value as at 31 December 2021	4,500	567	5,067
Cost or fair value	10,000	6,531	16,531
Less accumulated amortisation	(5,500)	(5,964)	(11,464)
Net book value as at 31 December 2021	4,500	567	5,067

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 paid a lower levy but was responsible for managing and compensating all costs arising from injuries in each cover year. After a number of years, any remaining open claims were 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 projected future payments were discounted for the time value of money based on secondary market Government bond yields as at 17 December 2021.

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 Manager.

For these costs to be included in the provision, there must be a medically recognised link between the action (playing professional rugby for significant period) and the outcome (injury requiring medical remediation). Outcomes which have yet to have a medically recognised link or are anecdotal in nature are not included. At the date of this valuation, the only outcome with a medically recognised link to playing professional rugby relates to knee injuries.

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 2021. 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	
	2021	2020
	\$000	\$000
PROVISION FOR MEDICAL COSTS		
Provision for medical costs at the start of the year	4,203	4,248
Payments made during the year	(854)	(611)
Revaluation of provision	98	(231)
Outstanding costs incurred in the current year	854	797
Provision for medical costs at the end of the year	4,301	4,203
<i>Current</i>	<i>854</i>	<i>797</i>
<i>Non-current</i>	<i>3,447</i>	<i>3,406</i>

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 was for a two-year term which expired on 31 December 2020. New Zealand Rugby and the Rugby Players Collective are currently renegotiating an extension to the agreement and until this is finalised the existing terms and conditions remain in effect. The Collective Employment Agreement records the intention of both parties to manage the player payment variation account in future contract years beyond the expiry date.

	GROUP	
	2021	2020
	\$000	\$000
PLAYER PAYMENT VARIATION ACCOUNT		
Player payment variation account at the start of the year	3,936	14,989
Movement in player payment variation account	(7,455)	(11,053)
Player payment variation account at the end of the year	(3,519)	3,936
<i>Current (Asset)/Liability</i>	<i>(3,519)</i>	<i>3,936</i>
<i>Non-current (Asset)/Liability</i>	-	-

This balance has reduced to an asset balance in the current year, this is a result of the payments to players or programs exceeding what has been earned under revenue share arrangements.

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	
	2021	2020
	\$000	\$000
BENEVOLENT AND WELFARE FUND		
Benevolent and Welfare Fund at the start of the year	1,795	2,312
New Zealand Rugby contribution to the Fund	-	-
Payments from the Fund	(440)	(520)
Interest received	1	3
Benevolent and Welfare Fund at the end of the year	1,356	1,795

Due to the impact of COVID-19, New Zealand Rugby and the New Zealand Rugby Players Association agreed to waive the 2021 contribution to the Benevolent and Welfare Fund while ensuring a sufficient balance remained at balance date. The reduced level of rugby in 2021 and pattern of claims contributed to this decision.

E4 RELATED PARTIES

Compensation of key management personnel

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

	GROUP	
	2021	2020
	\$000	\$000
Board member fees	532	592
Chief Executive Officer and Executive Team		
Salaries and short-term benefits	3,661	3,240
Total key management personnel compensation	4,193	3,832

The Chief Executive Officer and Executive team consists of nine full-time equivalent employees (2020: nine). The increase in salaries and short term benefits is due to 2020 being discounted in base remuneration due to the impacts of COVID-19. Fees paid or payable to Board members for services as Board members during the year totalled \$532,000 (2020: \$592,000). There are no Board member fees outstanding at 31 December 2021 (2020: \$94,000).

Board Members

Brent Impey was a director of SANZAR Pty Limited and board member of the SANZAAR Executive Committee and received no compensation in 2021 (2020: \$65,000) for these services. His interest in SANZAR Pty subdued on 31 May 2021.

Bailey Mackey is the New Zealand Rugby appointed director of New Zealand Rugby Foundation Incorporated. This role was held by Michael Jones until April 2021.

Stewart Mitchell is a New Zealand Rugby appointed director of All Blacks Experience GP Limited. Stewart was elected as Chair of NZ Rugby on 1 June 2021, when he also became a director of SANZAR Pty Limited and board member on the SANZAAR Executive Committee.

Bart Campbell is a member of the World Rugby Executive Committee and director of Rugby World Cup Ltd. He was also a director of Left Field Live who undertake match services for NZR, which included the All Blacks v USA Eagles test match in October 2021. While transparent and all relationships were declared and managed appropriately, through the process, Left Field Live exited its involvement in the business of rugby in November to avoid any perceived or potential conflict for future rugby arrangements.

Nicola O'Rourke was the New Zealand Rugby appointed director of Highlanders Rugby Club Limited Partnership up until the sale of the interest in the Highlanders. She resigned from the board in April 2021.

Richard Dellabarca was a New Zealand Rugby appointed director on Blues Management Limited and received \$12,000 (2020: \$13,200) by New Zealand Rugby during the year for these services. He resigned from the board in April 2021, but was retained as Chair of the capital raise steering committee for which he received \$12,500 in the year.

Employees

Mark Robinson (Chief Executive Officer) is the New Zealand Rugby Representative on World Rugby and a member of the World Rugby Rugby Committee, Executive Committee and Budget Advisory Committee.

Nicki Nicol (Chief Transformation Officer) is an appointed director of All Blacks Experience GP Limited.

E5 AUDITOR'S REMUNERATION

	GROUP	
	2021	2020
AUDITOR'S REMUNERATION TO DELOITTE FOR:	\$000	\$000
Audit of the financial statements	121	91
Non-assurance services	-	-
Total auditor's remuneration	121	91

Higher auditor's remuneration was recognised in 2021 as a result of increased costs to deliver audits with salary cost inflation.

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 Income Statement in equal instalments over the term of the lease.

	GROUP	
	2021	2020
OPERATING LEASE COMMITMENTS	\$000	\$000
Less than 1 year	1,700	1,587
Later than 1 year and not later than 2 years	1,680	1,501
Later than 2 years and not later than 5 years	2,291	2,879
More than 5 years	200	-
Total operating lease commitments	5,871	5,967

E7 CONTINGENT LIABILITIES

There are no contingent liabilities as at 31 December 2021 (2020: nil).

E8 SUBSEQUENT EVENTS

As at the date these financial statements are approved, the New Zealand Rugby Board has approved, in principle, an arrangement that would see the commercial assets of New Zealand Rugby transferred to a 100% owned subsidiary and between \$262.5 - \$300.0 million of capital raised through the issue of perpetual convertible notes to Silver Lake and New Zealand based institutional investors. The perpetual convertible notes can convert to ordinary shares after three years at the option of either the issuer or the holder. This deal has been agreed in principle with Silver Lake and the New Zealand Rugby Players Association. The Board's approval is subject to Members ratification at a general meeting and finalisation of the long form of a number of transaction documents including the collective employment agreement, all of which is underway at the time of finalisation.

No other subsequent events have occurred since balance date that would materially impact the financial statements as at 31 December 2021 (2020: nil).

Independent Auditor's Report on the Summary Consolidated Financial Statements

To the Members of New Zealand Rugby Union Incorporated

Opinion	<p>The summary consolidated financial statements of New Zealand Rugby Union Incorporated ('New Zealand Rugby') and its subsidiaries (the 'group'), which comprise the summary consolidated balance sheet as at 31 December 2021, and the summary consolidated income statement, summary consolidated comprehensive income statement, summary consolidated statement of changes in equity and summary consolidated cash flow statement for the year then ended, and related notes, are derived from the audited consolidated financial statements of the group for the year ended 31 December 2021.</p> <p>In our opinion, the accompanying summary consolidated financial statements, on pages 45 to 49, are consistent, in all material respects, with the audited consolidated financial statements, in accordance with PBE FRS 43: <i>Summary Financial Statements</i> issued by the New Zealand Accounting Standards Board.</p>
Summary consolidated financial statements	<p>The summary consolidated financial statements do not contain all the disclosures required by Public Benefit Entity Standards. Reading the summary consolidated financial statements and the auditor's report thereon, therefore, is not a substitute for reading the audited consolidated financial statements and the auditor's report. The summary consolidated financial statements and the audited consolidated financial statements do not reflect the effects of events that occurred subsequent to the date of our report on the audited consolidated financial statements.</p>
The audited consolidated financial statements and our report thereon	<p>We expressed an unmodified audit opinion on the audited consolidated financial statements in our report dated 2 March 2022.</p>
Directors' responsibilities for the summary consolidated financial statements	<p>The Directors are responsible on behalf of the group for the preparation of the summary consolidated financial statements in accordance with PBE FRS 43: <i>Summary Financial Statements</i>.</p>
Auditor's responsibilities	<p>Our responsibility is to express an opinion on whether the summary consolidated financial statements are consistent, in all material respects, with the audited consolidated financial statements based on our procedures, which were conducted in accordance with International Standard on Auditing (New Zealand) ('ISA (NZ)') 810 (Revised): <i>Engagements to Report on Summary Financial Statements</i>.</p> <p>Other than in our capacity as auditor, we have no relationship with or interests in New Zealand Rugby or any of its subsidiaries, except that partners and employees of our firm deal with New Zealand Rugby and its subsidiaries on normal terms within the ordinary course of trading activities of the business of New Zealand Rugby and its subsidiaries.</p>
Restriction on use	<p>This report is made solely to the Members, as a body. Our audit has been undertaken so that we might state to the Members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Members as a body, for our audit work, for this report, or for the opinions we have formed.</p>

Deloitte Limited

Wellington, New Zealand
27 April 2022