

NEW ZEALAND RUGBY UNION

**Financial Statements
for the year ended 31 December 2023**

Income statement

for the year ended 31 December 2023

	NOTE	2023 \$000	2022 \$000
Income			
Broadcast rights		85,962	102,315
Sponsorship and licensing		120,942	113,270
Matchday		17,104	28,311
Other income		30,773	23,107
Interest income		8,068	2,182
Managed funds fair value gains		203	-
Foreign exchange gains		133	888
Gain on sale of investment		-	398
Fair value gain on compound instrument derivatives	B13	4,680	-
Total income	A1	267,865	270,471
Expenditure			
Game development		42,354	41,705
Teams in black		75,934	78,063
Competitions		125,478	136,746
Administration		21,928	15,477
Interest expense		8,935	2,634
Managed funds fair value loss		-	1,314
Equity accounted deficit of associates and joint ventures	D2	760	1,434
Short-term stakeholder payment	A3	-	37,000
Transaction costs	B13	1,386	1,594
Fair value loss on compound instrument derivatives	B13	-	1,966
Total expenditure	A2	276,775	317,932
Income Tax	A4	-	-
Net deficit		(8,910)	(47,461)
Net deficit attributable to:			
Stakeholders of the parent		(8,910)	(47,461)
		(8,910)	(47,461)

Comprehensive income statement

for the year ended 31 December 2023

	NOTE	2023 \$000	2022 \$000
Net deficit		(8,910)	(47,461)
Other comprehensive income			
<i>Items that may be reclassified to profit or loss:</i>			
Net gain on cash flow hedges	B2	587	4,467
Net gain/(loss) on equity investments	B4	836	(837)
Net gain arising from translation of foreign operations	B3	47	18
Total comprehensive income		(7,440)	(43,813)
Total comprehensive income attributable to:			
Stakeholders of the parent		(7,440)	(43,813)
		(7,440)	(43,813)

Balance sheet

as at 31 December 2023

	NOTE	2023 \$000	2022 \$000
Current assets			
Cash and cash equivalents	B5	30,452	56,200
Term investments	B6	131,395	35,000
Trade and other receivables	B7	46,904	67,872
Prepayments		6,573	6,998
Loans and advances	B8	-	179
Player payment variation account	E3	243	-
Provincial union funding variation ledger	E3	2,504	-
Forward foreign exchange contracts	C1	2,101	2,801
Compound instrument - derivative forward	B13	-	4,227
Total current assets		220,172	173,277
Non-current assets			
Term investments	B6	22,000	-
Loans and advances	B8	1,204	1,114
Other investments	B12	5,014	25,879
Property, plant and equipment	E1	2,780	2,964
Intangible assets	E2	9,727	4,217
Investment in other entities	D2	2,108	2,821
Forward foreign exchange contracts	C1	5,334	5,295
Total non-current assets		48,168	42,290
Total assets		268,340	215,567
Current liabilities			
Trade and other payables	B9	18,591	20,422
Income in advance	B11	35,821	53,341
Benevolent and welfare fund	E3	2,049	1,545
Provision for medical costs	E3	884	804
Player payment variation account	E3	-	1,083
Forward foreign exchange contracts	C1	1,424	1,272
Provincial union funding variation ledger	E3	-	3,087
Provision for short term stakeholder payment	A3	2,184	6,742
Compound instrument - derivative forward	B13	3,913	-
Total current liabilities		64,866	88,296
Non-current liabilities			
Provision for medical costs	E3	3,784	3,655
Income in advance	B11	3,881	7,761
Compound instrument - host contract perpetual debt	B13	104,540	45,918
Compound instrument - holder call option derivative	B13	80,033	49,943
Forward foreign exchange contracts	C1	2,548	4,414
Long term incentive plan	B10	267	-
Total non-current liabilities		195,053	111,691
Total liabilities		259,919	199,987
Net assets		8,421	15,580
Equity			
Cash flow hedge reserve	B2	2,997	2,410
Foreign currency translation reserve	B3	26	(21)
Non-controlling interest	B13	5,741	5,461
Revaluation reserve - equity investments	B4	2,128	1,539
Retained earnings	B1	(2,472)	6,191
Total equity		8,421	15,580

For and on behalf of the Board who authorised the issue of the financial statements on 16 April 2024.



Dame Patsy Reddy, Chair



Mark Hutton, Chair - Risk, Investment and Audit Committee

Statement of changes in equity

for the year ended 31 December 2023

		CASH FLOW HEDGE RESERVE	FOREIGN CURRENCY TRANSLATION RESERVE	REVALUATION RESERVE - EQUITY INVESTMENTS	NON- CONTROLLING INTEREST	RETAINED EARNINGS	TOTAL EQUITY
	NOTE	\$000	\$000	\$000	\$000	\$000	\$000
Balance as at 1 January 2022		(2,057)	(39)	2,376	-	53,652	53,932
Net deficit for the 2022 year	B1	-	-	-	-	(47,461)	(47,461)
Other comprehensive income							
Movement in cash flow hedges	B2	4,467	-	-	-	-	4,467
Net gain on equity investments	B4	-	-	(837)	-	-	(837)
B partnership units issued	B13	-	-	-	5,461	-	5,461
Exchange differences from translation of foreign operations	B3	-	18	-	-	-	18
Total comprehensive income, net of tax		4,467	18	(837)	5,461	(47,461)	(38,352)
Balance as at 31 December 2022		2,410	(21)	1,539	5,461	6,191	15,580
Net deficit for the 2023 year	B1	-	-	-	-	(8,910)	(8,910)
Transfer upon disposal	B4	-	-	(247)	-	247	-
Other comprehensive income							
Movement in cash flow hedges	B2	587	-	-	-	-	587
Net gain on equity investments	B4	-	-	836	-	-	836
B partnership units issued	B13	-	-	-	280	-	280
Exchange differences from translation of foreign operations	B3	-	47	-	-	-	47
Total comprehensive income, net of tax		587	47	589	280	(8,663)	(7,160)
Balance as at 31 December 2023		2,997	26	2,128	5,741	(2,472)	8,421

Cash flow statement

for the year ended 31 December 2023

	NOTE	2023 \$000	2022 \$000
Operating activities			
Receipts from broadcasting, sponsorship and licensing, and matchday		215,939	202,865
Interest income		4,651	1,633
Other income		30,773	23,107
Payments to suppliers and employees		(267,766)	(278,908)
Interest expense		(6,808)	(1,028)
Operating cash flows	B5	(23,211)	(52,331)
Investing activities			
Purchase of term investments		(202,000)	(75,000)
Maturity of term investments		106,904	60,000
Investment in associates		-	(17)
Loans and advances issued		-	(510)
Repayments of loans and advances		-	928
Proceeds from disposal of equity investments		-	870
Purchase of property, plant and equipment		(783)	(2,562)
Purchase of intangible assets		(6,741)	(34)
Investing cash flows		(102,620)	(16,325)
Financing activities			
Issue of partnership units	B13	100,000	100,000
Transaction costs on issue	B13	-	(5,788)
Financing cash flows		100,000	94,212
Net (decrease)/increase in cash held		(25,831)	25,556
Effect of exchange rate change on foreign currency balances		83	1,166
Cash and cash equivalents at start of the year		56,200	29,478
Cash and cash equivalents at end of the year		30,452	56,200

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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REPORTING ENTITY

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 3, 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; and
- using accounting policies provided throughout the notes to the financial statements.

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. All standards will be applied when they are effective.

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 B10:	Accounting treatment and valuation of the long term incentive plans
Note B13:	Accounting treatment of compound instrument and split of components recognised separately Valuation of the components of the compound instrument
Note E2:	Recognition of content on the digital content hub as an intangible asset
Note E3:	Provision for medical costs

OTHER ACCOUNTING POLICIES

The accounting policies that are relevant to an understanding of the financial statements are provided below and 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 and Joint Ventures.

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.

The assets and liabilities of international subsidiaries and joint ventures are translated to New Zealand dollars at the closing rate at balance date. The income and expenses of these subsidiaries and joint ventures 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.

Goods 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.

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

	NOTE	2023 \$000	2022 \$000
Income from operations comprises of the following items			
Income from broadcasting, sponsorship and licensing, matchday *		224,008	243,896
Other income			
Income from government grants *	A1	6,400	18,698
Other income *		24,373	4,409
		30,773	23,107
Interest income			
Bank deposits interest		8,068	2,173
Provincial unions interest		-	9
		8,068	2,182
Managed funds fair value gains		203	-
Foreign exchange gains		133	888
Gain on sale of investment		-	398
Fair value gain on compound instrument derivatives	B13	4,680	-
Total income		267,865	270,471

* 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.

	2023 \$000	2022 \$000
Exchange income	261,465	251,777
Non-exchange income		
Other income and grants	6,400	18,694
Total non-exchange income	6,400	18,694
Total income	267,865	270,471

Income from government and gaming trust grants

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

	2023 \$000	2022 \$000
Government and gaming trust grants		
Accident Compensation Corporation	1,198	1,781
High Performance Sport New Zealand	2,215	2,215
Ministry of Business, Innovation and Employment	-	3,862
Ministry of Foreign Affairs and Trade	263	714
Ministry of Health	265	-
Sport New Zealand	2,459	10,126
Total income from government grants	6,400	18,698
Total government grants	6,400	18,698

A2 Expenditure

	NOTE	2023 \$000	2022 \$000
Expenditure from operations comprises of the following items			
Expenditure from operating activities		132,873	145,694
Finance costs			
Bank interest		104	21
Coupon interest		6,016	1,696
Other Interest		983	-
Amortisation of compound instrument transaction costs	B13	1,832	917
		8,935	2,634
Net movement in doubtful debts provision	B7	41	340
Movement in provision for medical costs	E3	209	139
Depreciation of property, plant and equipment	E1	967	916
Amortisation of intangible assets	E2	1,231	884
Operating lease rental expenses		1,270	1,521
Employee benefits		122,960	116,279
Defined contribution plan expenses		6,454	6,218
Managed funds fair value losses		-	1,314
Short-term stakeholder payment	A3	(311)	37,000
Transaction costs	B13	1,386	1,594
Fair value loss on compound instrument derivatives	B13	-	1,966
Equity accounted loss of associates and joint ventures	D2	760	1,434
Total expenditure		276,775	317,932

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.

	2023	2022
	\$000	\$000
Bunnings Warehouse NPC Provincial Unions		
Auckland	4,184	2,932
Bay of Plenty	2,897	2,225
Canterbury	3,447	2,667
Counties Manukau	2,208	1,832
Hawke's Bay	2,198	1,789
Manawatu	2,030	1,688
North Harbour	2,485	2,074
Northland	2,342	1,910
Otago	2,391	1,929
Southland	1,953	1,589
Taranaki	2,235	1,836
Tasman	2,064	1,778
Waikato	2,898	2,302
Wellington	2,811	2,190
Total Bunnings Warehouse NPC Provincial Union funding	36,143	28,741
	2023	2022
	\$000	\$000
Bunnings Warehouse Heartland Championship Provincial Unions		
Buller	467	382
East Coast	469	379
Horowhenua Kapiti	835	645
King Country	682	539
Mid Canterbury	614	499
North Otago	482	403
Poverty Bay	610	517
South Canterbury	645	520
Thames Valley	647	520
Wairarapa Bush	650	522
Wanganui	449	526
West Coast	659	382
Total Bunnings Warehouse Heartland Championship Provincial Union funding	7,209	5,834
Total Provincial Union funding	43,352	34,575

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.

	2023	2022
	\$000	\$000
Super Rugby club		
Blues	1,252	903
Chiefs	1,069	759
Crusaders	833	462
Highlanders	400	454
Hurricanes	701	413
Total Super Rugby club funding	4,255	2,991

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.

	2023 \$000	2022 \$000
Associate Member		
New Zealand Deaf Rugby Football Union	15	15
New Zealand Barbarian Rugby Club	88	-
New Zealand Rugby Foundation	400	400
New Zealand Schools Rugby Council	155	156
New Zealand Universities Rugby Football Council	18	18
Rugby Museum Society of New Zealand	40	40
Total Associate Member funding	716	629

A3 Short-term stakeholder payment

The Short Term Stakeholder Investment (SSI) is a contribution to members and rugby stakeholders to reflect their importance and value to the game.

	2023 \$000	2022 \$000
Provision for short term stakeholder investment		
Short term stakeholder investment fund at the start of the year	6,742	-
New Zealand Rugby contribution to the SSI fund	-	37,000
Payments released from the provision	(311)	-
Payments from the fund to stakeholders	(4,247)	(30,258)
Short term stakeholder investment fund at the end of the year	2,184	6,742

A4 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. NZR Commercial LP (refer to note D1) is a flow through entity for tax purposes. The taxable profits and losses from the NZR Commercial LP are attributed directly to the limited partners and therefore no current or deferred income tax has been recognised in the Limited Partnership.

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.

	2023 \$000	2022 \$000
Income tax expense		
(Deficit)/surplus before income tax	(8,910)	(47,461)
Prima facie tax @ 28%	(2,495)	(13,289)
Tax effect of permanent differences (exempt activities)	2,495	13,289
Income tax expense	-	-

The Group has accumulated tax losses of \$5.225m (2022: \$5.225m) available to be carried forward and offset against future assessable income. The \$1.463m (2022: \$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 2023 result (2022: 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;
- (e) receivables and payables; and
- (f) compound instruments.

B1 Retained earnings

	2023 \$000	2022 \$000
Retained earnings		
Balance at the start of the year	6,191	53,652
Transfer from Revaluation Reserve - equity investments	247	-
Deficit for the year attributable to the stakeholder's of the parent	(8,910)	(47,461)
Retained earnings	(2,472)	6,191

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 2023.

	2023 \$000	2022 \$000
Cash flow hedge reserve		
Balance at the start of the year	2,410	(2,057)
Gains on cash flow hedges taken to equity	1,108	4,197
Transfers (to)/from income in advance	(466)	-
Transfers (to)/from profit or loss for the period	(55)	270
Cash flow hedge reserve	2,997	2,410

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).

	2023 \$000	2022 \$000
Foreign currency translation reserve		
Balance at the start of the year	(21)	(39)
Gains arising from translation of foreign operations	47	18
Foreign currency translation reserve	26	(21)

B4 Revaluation reserve - equity investments

The revaluation reserve - equity investments comprises the cumulative net movement in the fair value of the equity investment.

	NOTE	2023 \$000	2022 \$000
Revaluation reserve - equity Investments			
Balance at the start of the year		1,539	2,376
Transfer to retained earnings on disposal of shares		(247)	-
Gains/(losses) on equity investments taken to equity	B12	836	(837)
Revaluation reserve - equity Investments		2,128	1,539

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.

	2023 \$000	2022 \$000
Cash and cash equivalents		
Cash on hand	51	-
Current and money market accounts	30,401	56,200
Total cash and cash equivalents	30,452	56,200
Reconciliation of net deficit after tax to cash flows from operating activities		
	2023 \$000	2022 \$000
Net deficit	(8,910)	(47,461)
<i>Adjustments for operating activities non-cash items</i>		
Depreciation of property, plant and equipment	967	916
Amortisation of intangible assets	1,231	884
Amortisation of compound instrument transaction costs	1,832	917
Doubtful debts provision movement	41	340
Unwind of loan receivable	(91)	-
Release of short term stakeholder payments	(311)	-
Share of associates and joint ventures losses	760	1,433
Fair value movement in managed funds	(203)	1,314
Non-cash writeoff of investment	179	-
Fair value (gain)/loss on compound instrument derivative	(4,680)	1,965
	(275)	7,769
<i>Changes in working capital items</i>		
Decrease/(Increase) in trade and other receivables	19,533	(26,923)
Decrease/(Increase) in prepayments	425	(2,536)
(Decrease)/Increase in trade and other payables	(1,831)	11,604
(Decrease)/Increase in provisions and player payment and provincial union variation accounts	(10,669)	14,778
Increase in income in advance	(21,400)	(8,405)
	(13,942)	(11,482)
Effect of exchange rate change on foreign currency balances	(83)	(1,157)
Cash flow from operating activities	(23,211)	(52,331)

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.

	2023 \$000	2022 \$000
Term investments		
Short-term bank term deposits	131,395	35,000
Long-term bank term deposits	22,000	-
Total term investments	153,395	35,000

B7 Trade and other receivables

Trade and other receivables are initially recognised at fair value, being their cost, and subsequently measured at amortised cost using the effective interest method, less any expected credit loss allowance. An allowance of \$0.38m has been made for estimated unrecoverable trade receivables (2022: 0.34m).

Included in trade receivables are debtors with a carrying value of \$1.16m (2022: \$2.57m) 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. \$0.34m of trade receivables were written off during the year (2022: nil).

	2023 \$000	2022 \$000
Trade and other receivables		
Trade receivables *	28,077	47,983
Accrued income	19,034	20,229
Less: Expected credit losses	(381)	(340)
Total trade receivables	46,731	67,872
Goods and services tax (GST) receivable	173	-
Total trade and other receivables	46,904	67,872
<i>Current</i>	<i>46,904</i>	<i>67,872</i>
<i>Non-current</i>	<i>-</i>	<i>-</i>
Movement in expected credit losses		
Opening provision	(340)	-
Provision created during the year	(381)	(340)
Write-offs to bad debts during the year	340	-
Closing expected credit losses	(381)	(340)

Aging of past due but not impaired trade receivables		
30 - 60 days	117	774
61 - 90 days	151	793
91+ days	889	1,006
Total past due but not impaired trade receivables	1,157	2,573

* No trade receivables are from non-exchange income (2022: 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 2023 (2022: nil).

	2023 \$000	2022 \$000
Current loans and advances		
Other	-	179
Total current loans and advances	-	179
Non-current loans and advances		
All Blacks Experience	1,204	1,114
Total non-current loans and advances	1,204	1,114
Total loans and advances	1,204	1,293

New Zealand Rugby received \$0 (2022: \$813,000) of loan repayments and provided no further loans to Provincial Unions during the year (2022: nil). Interest of \$0 (2022: \$8,521) was charged on all loans to Provincial Unions prior to their repayment.

An additional loan was provided to All Blacks Experience in 2022 to assist the cashflow of the business at 0% interest. The loan is tested annually for impairment.

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.

	2023 \$000	2022 \$000
Trade and other payables		
Trade payables	6,337	2,310
Employee entitlements	5,635	4,272
Goods and services tax (GST) payable	-	2,297
Other payables and accruals	6,618	11,543
Total trade and other payables	18,591	20,422

* There are no trade and other payables from non-exchange income (2022: nil).

B10 Long term incentive plans

To align individual long-term interests with NZR Commercial LP and enable participation in the equity value creation of NZR Commercial LP, the entity has implemented a long term incentive plan ('LTIP') for senior executives and directors. There are currently two participants of the plan, being a senior executive and a director.

Under the terms of the LTIP, the participants may receive a cash payout. The payout is dependent on the amount vested, the occurrence of a liquidity event and growth of the fair value of NZR Commercial LP above a minimum equity target value at the date of the liquidity event.

Should a liquidity event occur before the completion of 6 years of service, the participants will be entitled to receive a pay-out, provided the performance target relating to the fair value of NZR Commercial LP is met. In addition, should a liquidity event not have occurred by 2030 (the long-stop date) and the senior executive has provided 6 years of service and the fair value of NZR Commercial LP has met the targeted amount the senior executive is entitled to a pay-out.

This LTIP has been recognised as a cash-settled share-based payment plan under NZ IFRS 2 Share-based payments as the cash payment to which participants are entitled is sufficiently linked to the equity value of NZR Commercial LP. This is a key judgement. In the absence of an equivalent accounting standard under PBE Standards, the group has applied the principles of NZ IFRS 2 to account for the LTIP.

The fair value of the amount payable to employees in respect of the LTIP, which is settled in cash, is recognised as an expense with a corresponding increase in LTIP liability, over the period during which the recipient becomes unconditionally entitled to the payment. The liability is remeasured at each reporting date and at settlement date based on the fair value of the LTIP. Any changes in the liability are recognised in profit or loss.

The following liabilities have been recognised for the LTIP at year-end:

	2023	2022
	\$000	\$000
Long term incentive plan liability	267	
Total carrying amount of long term incentive plans	267	-

NZR Commercial LP have engaged an expert valuer to assist in determining the fair value of the LTIP at year-end. A binomial option pricing model was used to determine the fair value of the LTIP, amounting to \$3,006k to the participants. This fair value is recognised over the vesting period of 6 years. Key inputs in the binomial option pricing model were a business valuation of NZR Commercial LP of \$3.5bn (refer note B13), a risk-free rate of 4.18% and a maturity date of 6 years to 31 December 2028.

It was assumed that forward volatility is equivalent to measured historical volatility gathered from the price returns of a set of comparable listed broadcast and entertainment companies and sports teams at valuation date. To reduce the influence of short-term volatility spikes, averages over the preceding 5 years leading up to the valuation dates were used as inputs into the binomial option pricing models.

B11 Income in advance

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

	2023	2022
	\$000	\$000
Income in advance		
Broadcasting, sponsorship and licensing, matchday	36,792	41,924
Government grants*	1,824	1,662
Rugby World Cup 2023 competition funding grants from World Rugby	-	14,661
Other income*	1,086	2,855
Total income in advance	39,702	61,102
<i>Current</i>	<i>35,821</i>	<i>53,341</i>
<i>Non-current</i>	<i>3,881</i>	<i>7,761</i>

*Included in income in advance are receivables from non-exchange income of \$1.916m (2022: \$1.747m).

B12 Other investments

	2023	2022
	\$000	\$000
Other investments		
Equity securities - at fair value through other comprehensive income	5,014	4,179
Managed funds - designated at fair value through profit or loss	-	21,700
Total other investments	5,014	25,879

Equity securities

In 2019, NZR obtained a 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 a fair value of \$19.4m.

The fair value gain recognised in other comprehensive income for the period was \$0.8m (2022: \$0.8m loss). No portion of the investment was disposed of in 2023, and there were no transfers of any cumulative gain or loss within equity relating to these investments. An amount of \$3.9m (2022: \$7.8m) has been recognised in income in advance. Amount of \$3.9m (2022: \$3.9m) is classified as current as the amounts will be recognised as income in the next financial year.

Managed funds

NZR had invested into Managed Investments Funds as a way to maximise return from available balances. The Group 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. In 2023, the group divested from these managed funds as part of the review of the wider investment objectives of the group.

B13 Compound instruments

Components	2023					
	Amortised cost	Fair value carrying amount				
	Host contract perpetual debt \$000	Holder call option derivative \$000	Derivative (asset)/liability forward \$000	Issuer put option \$000	Non-controlling interest \$000	Total \$000
Tranche 1						
Value at 31 December 2022	45,918	49,943	-	-	5,461	101,322
Fair value (gain)/loss on derivative	-	(9,920)	-	-	-	(9,920)
Amortisation of transaction costs	1,832	-	-	-	-	1,832
Closing value at 31 December 2023	47,750	40,023	-	-	5,461	93,234
Tranche 2						
Value at 31 December 2022	-	-	(2,570)	-	-	(2,570)
Fair value (gain)/loss on derivative	-	-	3,520	-	-	3,520
Issue on 30 June 2023*	56,790	43,860	(950)	-	280	99,980
Fair value (gain)/loss on derivative	-	(3,850)	-	-	-	(3,850)
Closing value at 31 December 2023	56,790	40,010	-	-	280	97,080
Tranche 3						
Value at 31 December 2022	-	-	(1,657)	-	-	(1,657)
Fair value (gain)/loss on derivative	-	-	5,570	-	-	5,570
Closing value at 31 December 2023	-	-	3,913	-	-	3,913
Total compound instruments	104,540	80,033	3,913	-	5,741	194,227

*On the issuance of tranche 2 the derivative forward is settled/derecognised.

Components	2022					
	Amortised cost	Fair value carrying amount				
	Host contract perpetual debt \$000	Holder call option derivative \$000	Derivative (asset)/liability forward \$000	Issuer put option \$000	Non-controlling interest \$000	Total \$000
Tranche 1						
Initial recognition at fair value (30 June 2022)	50,500	43,750	-	-	5,750	100,000
Transaction costs	(5,499)	-	-	-	(289)	(5,788)
Fair value (gain)/loss on derivative	-	6,193	-	-	-	6,193
Amortisation of transaction costs	917	-	-	-	-	917
Closing value at 31 December 2022	45,918	49,943	-	-	5,461	101,322
Tranche 2						
Initial recognition at fair value (30 June 2022)	-	-	-	-	-	-
Fair value (gain)/loss on derivative	-	-	(2,570)	-	-	(2,570)
Closing value at 31 December 2022	-	-	(2,570)	-	-	(2,570)
Tranche 3						
Initial recognition at fair value (30 June 2022)	-	-	-	-	-	-
Fair value (gain)/loss on derivative	-	-	(1,657)	-	-	(1,657)
Closing value at 31 December 2022	-	-	(1,657)	-	-	(1,657)
Total compound instruments	45,918	49,943	(4,227)	-	5,461	97,095

Instrument	Tranche	Denomination currency	Face value \$'000	Coupon rate %	Issue date
Convertible partnership units	1	NZD	100,000	4%	30-Jun-22
Convertible partnership units	2	NZD	100,000	4%	30-Jun-23
Convertible partnership units	3	NZD	62,500	4%	17-Jan-24

Establishment of the commercial entity and the issuance of partnership units

New Zealand Rugby Commercial LP (NZR Commercial LP) was established to separate and operate the commercial activities of New Zealand Rugby Union Incorporated (NZR) on a stand-alone basis to leverage and expand the New Zealand Rugby brand.

As part of the establishment of NZR Commercial LP, Silver Lake, a Private Equity Investor, was selected by the NZR Board as the preferred partner to invest capital into the NZR brand against criteria of both capital and capability. Silver Lake invested in NZR Commercial LP by contributing \$100m on 30 June 2022 (Tranche 1), with a further \$62.5m (Tranche 3) intended to be raised on 31 March 2023 and \$100m on 30 June 2023 (Tranche 2). Tranche 3 did not complete on 31 March 2023 as originally envisaged and was later completed on 17 January 2024 (subsequent to year-end, refer to note E8 for further information). In exchange for these contributions, Silver Lake was issued "B" Partnership Units (B PUs).

The B partnership units pay an annual coupon of 4% (with payments quarterly in advance) until converted into equity, at which time they will share in the profit or losses in the same manner as the A partnership units. The B partnership units constitute a compound instrument as they have features of both debt and equity which are separately recognised for accounting purposes.

Tranches 1 and 2: Compound instruments issued

The B partnership units are classified as compound hybrid instruments with both a liability/debt component and an equity component. These instruments also contain embedded derivatives for the conversion options held by the holder and issuer. The B partnership units are convertible into equity by the holder after 30 June 2025 or earlier if there is an Initial Public Offering or Asset sale at a predetermined rate. NZ Rugby may also cause the conversion of the B partnership units into equity but at a variable rate.

The B partnership units have a host contract that is a perpetual debt instrument with a fixed rate of interest of 4% per annum, while the options to convert are embedded derivatives that are not closely related and are therefore separated from the host contract for accounting purposes.

On issuance of B partnership units the following components are recognised:

- Host contract perpetual debt – held at amortised cost;
- Holder call option derivative – held at fair value through profit and loss ('FVTPL');
- Issuer put option derivative – held at FVTPL (noting this has nil value due to the terms of the arrangement); and
- Residual equity component

On initial recognition the components of the compound hybrid debt instrument are valued as follows:

- The fair value of the full compound instrument is determined;
- The fair value of the embedded derivative call and put options are determined using a binomial option pricing model;
- The fair value of the debt component is determined by discounting the stream of coupon payments into perpetuity using a market interest rate at the issuance date;
- The residual equity component is valued at inception by subtracting the values of the embedded derivatives and debt component from the fair value of the full compound instrument.

The host debt instrument is subsequently measured at amortised cost using the effective interest method. The equity component is not remeasured. Interest related to the financial liability is recognised in profit or loss. On conversion by either the holder or issuer, the financial liability is reclassified to equity and no gain or loss is recognised.

Tranche 3: Obligation to issue additional compound instruments

Under the Limited Partnership Agreement NZR Commercial LP has an obligation to issue additional B partnership units. These units are issued after the inception of the agreement at a fixed price of \$1 per unit based on the implied business valuation of \$3.5bn as at 30 June 2022.

At 31 December 2022 NZR Commercial LP was obliged to issue 100m additional B partnership units on 30 June 2023 under tranche 2 and an additional 62.5m B partnership units under tranche 3. Tranche 2 was issued in the current year and the remaining obligation at 31 December 2023 is for NZR Commercial LP to issue 62.5m B partnership units which were issued on 17 January 2024 (refer Note E8).

At inception on 30 June 2022 the fair value of the obligation to issue additional B units was nil. This obligation is a derivative and its fair value is assessed at each reporting date with any changes in value taken to profit and loss.

Significant estimates and judgements - compound instruments

There are a number of significant judgements in respect of the convertible instrument that have an impact on the accounting treatment. The first key judgement is the determination that this is a compound instrument containing a liability component (the perpetual debt host contract), embedded derivatives in the form of a holder call option and an issue put option and an equity component (which is viewed in substance as a contribution by an owner for the additional equity-like rights (such as voting) over-and-above what a bond-holder or option-holder would normally have).

The valuation of the components of the compound instrument also includes some key estimates and judgements as inputs, in particular:

- Initial valuation of the perpetual debt: The perpetual debt is valued initially at fair value on issue date by estimating a market rate of interest that would normally be required by a debt provider for a loan of similar term and credit risk.
- Valuation of the embedded derivatives: The call options have been modelled using a binomial option pricing model, which estimates a fair value based on an expected distribution of stock prices over time. The put option held by NZ Rugby has been assessed as having nil value at inception given there is negligible value in exercising the option.
- Valuation of the obligation to issue additional B units at a fixed price (forward – tranche 3): The fair value of this forward is determined by revaluing the debt and call option using the same valuation methodology above, using assumptions around the discount rate and notional share price (based on a business value of NZR Commercial LP) prevailing at that date.

A significant input into the binomial option pricing model required for valuing both the embedded derivatives and the forward is the business valuation of NZR Commercial LP. During the year, NZR Commercial LP engaged a specialist valuer from KPMG to assist in estimating the equity value that is required to value the derivatives on issuance of tranche 2 on 30 June 2023 as well as revaluation of all compound instrument derivatives to fair value at 31 December 2023.

Valuation of the Equity in NZR Commercial LP:

In assessing the fair value of NZR Commercial LP the valuer considered several valuation methodologies:

1. Discounted cash flows;
2. Capitalisation of earnings, having regard to multiples applied by comparable transactions; and
3. Calibration to the enterprise value implied by Silver Lake's investment into B partnership units.

The valuer concluded a valuation of the NZR Commercial LP business at 30 June 2023 in the range of \$3.2bn to \$3.7bn. NZR Commercial LP has adopted a business valuation within this range of \$3.5bn in valuing the components of tranche 2 issued on 30 June 2023.

Management and those charged with governance have given consideration to the business valuation at 30 June 2023 and whether there were any changes in the organisation or to market indicators (such as the discount rate) that would give rise to a material change in valuation to 31 December 2023. It was concluded that there was no change that could materially impact the value of the derivatives recognised and the business valuation of \$3.5bn was used as a key input to the valuation of derivatives at year-end. This is a key judgement.

Sensitivity analysis:

Significant unobservable inputs in the binomial option pricing model used to estimate the fair value of compound instrument derivatives at 31 December 2023 include:

- cost of debt: 6.36%

Sensitivity: An increase/decrease of 50 basis points would increase/decrease the value of the call option derivative liability by \$1.4m.

- volatility factor: 30%

Sensitivity: An increase of 5% in the volatility factor would increase the value of the call option derivative liability by \$6.5m.

- enterprise value of NZR Commercial LP: \$3.5bn

Significant unobservable inputs to the valuation of NZR Commercial LP are the weighted average cost of capital ('WACC') and forecast future revenue growth included in the cashflow projections. A slight increase in WACC would result in a significant decrease in enterprise value, and vice versa. A significant increase in forecast revenue growth would result in a significant increase in enterprise value.

Sensitivity: A \$100m increase/decrease to the enterprise value due to changes to inputs would result in a \$4m increase/decrease to the call option derivative liability.

Transaction costs

Transaction costs are included in the initial measurement of financial assets and financial liabilities, except for those measured at fair value through profit and loss and trade receivables initially measured at the transaction price. Transaction costs include only those costs that are directly attributable to the acquisition or origination of a financial asset or issue of a financial liability. They are incremental costs that would not have been incurred if the instrument had not been acquired, originated or issued – e.g. fees and commission paid to agents, advisers, brokers and dealers, levies by regulatory agencies and securities exchanges, transfer taxes and duties, credit assessment fees, registration charges and similar costs.

Transaction costs that relate to the issue of a compound instrument are allocated to the liability and equity components of the instrument in proportion to the allocation of proceeds. For compound instruments with embedded derivatives, the group has elected to allocate transaction costs on the liability component wholly to the host contract (perpetual debt). The directly attributable transaction costs have been allocated as follows:

- to the perpetual debt portion which are deducted from the carrying value of the host contract liability (\$5.499m);
- to the equity portion which are deducted from equity (\$0.289m).

Total transaction costs in relation to the compound instrument were \$1,386k (2022: \$7,382k). None of the costs in the current year were incremental and were therefore not capitalised. Of the total transaction costs in 2022, \$5,788k were incremental and therefore allocated to the instrument (see above). These previously capitalised costs are amortised over the period to the estimated conversion date.

Amortisation of compound instrument transaction costs amounted to \$1,832k for the year (2022: \$917k).

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:

- (a) outlining New Zealand Rugby's approach to financial risk management; and
- (b) 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

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

The Group's risk management policy is to hedge 90% to 100% of its estimated foreign currency exposure in respect of forecast sales and purchases over the following 12 months at any point in time. The Group uses forward exchange contracts to hedge its currency risk.

The Group designates these contracts as cash flow hedges and applies a hedge ratio of 1:1. The Group's policy is for the critical terms of the forward exchange contracts to align with the hedged item.

The Group determines the existence of an economic relationship between the hedging instruments and hedged item based on the currency, amount and timing of their respective cash flows. The Group assesses whether the derivative designated in each hedging relationship is expected to be and has been effective in offsetting changes in cash flows of the hedged item using the hypothetical derivative method.

	2023 \$000	2022 \$000
Forward foreign exchange contracts fair value		
Assets		
Current foreign currency forward contracts	2,101	2,801
Non-current foreign currency forward contracts	5,334	5,295
Total assets	7,435	8,096
Liabilities		
Current foreign currency forward contracts	1,424	1,272
Non-current foreign currency forward contracts	2,548	4,414
Total liabilities	3,972	5,686
Total fair value of forward foreign exchange contracts	3,463	2,410

FORWARD FOREIGN EXCHANGE CONTRACTS								
OUTSTANDING CONTRACTS	AVERAGE FORWARD EXCHANGE RATE		FOREIGN CURRENCY		CONTRACT VALUE		FAIR VALUE	
	2023	2022	2023 FC'000	2022 FC'000	2023 \$000	2022 \$000	2023 \$000	2022 \$000
Sell Australian dollar								
< 2 years	0.9062	0.9053	3,829	3,341	4,225	3,690	71	58
2 - 5 years	-	0.9061	-	1,737	-	1,917	-	10
Sell British pound								
< 2 years	0.4800	0.5140	6,275	3,297	13,072	6,416	413	96
2 - 5 years	-	-	-	-	-	-	-	-
Sell Euro								
< 2 years	0.5562	0.5673	50,783	61,182	91,189	107,855	1,044	2,724
2 - 5 years	0.5255	0.5328	43,470	66,067	82,738	124,004	2,144	3,654
5+ years	-	-	-	-	-	-	-	-
Sell Japanese Yen								
< 2 years	72.91	74.96	850,000	850,000	11,660	11,340	1,675	679
2 - 5 years	68.27	69.39	850,000	1,275,000	12,457	18,373	1,488	299
5+ years	-	-	-	-	-	-	-	-
Sell US dollar								
< 2 years	0.6577	0.6737	28,048	22,832	42,644	33,891	(1,715)	(2,063)
2 - 5 years	0.6617	0.6608	22,080	33,917	33,371	51,328	(1,657)	(3,047)
5+ years	-	-	-	-	-	-	-	-
Total forward foreign exchange contracts					291,356	358,814	3,463	2,410

Interest rate risk management

The Group adopts a policy of ensuring that between 80 and 90% of its interest rate risk exposure is at a fixed rate. This is achieved partly by entering into fixed-rate instruments and partly by borrowing at a floating rate.

The Group determines the existence of an economic relationship between the hedging instrument and hedged item based on the reference interest rates, tenors, repricing dates and maturities and the notional or par amounts.

Liquidity risk

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	2023 \$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	
Financial assets						
Cash and cash equivalents	4.58%	31,794	-	-	-	31,794
Term investments	6.24%	138,072	23,419	-	-	161,491
Trade and other receivables		46,731	-	-	-	46,731
Loans and advances		-	353	1,058	-	1,411
Player payment variation account		243	-	-	-	243
Provincial union variation account		2,504	-	-	-	2,504
Forward foreign exchange contracts		2,152	1,827	1,789	2,369	8,138
Total financial assets		221,496	25,599	2,847	2,369	252,311
Financial liabilities						
Trade and other payables		18,591				18,591
Benevolent and welfare fund	5.20%	2,155				2,155
Provision for SSI		2,184				2,184
Coupon interest on perpetual debt*	4.00%	8,000	8,000	24,000	*	40,000
Forward foreign exchange contracts		1,529	969	962	905	4,365
Total financial liabilities		32,459	8,969	24,962	905	67,295

*The coupon interest of 4% per annum is charged in perpetuity, until an option is exercised and the instrument is converted.

MATURITY PROFILE	2022 \$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	
Financial assets						
Cash and cash equivalents	3.41%	58,140	-	-	-	58,140
Term investments	3.37%	36,181	-	-	-	36,181
Managed funds		-	-	25,124	-	25,124
Trade and other receivables		67,872	-	-	-	67,872
Loans and advances		190	354	1,126	-	1,670
Forward foreign exchange contracts		2,839	1,310	4,968	-	9,117
Total financial assets		165,222	1,664	31,218	-	198,104
Financial liabilities						
Trade and other payables		20,422	-	-	-	20,422
Benevolent and welfare fund	3.95%	1,606	-	-	-	1,606
Player payment variation account		1,082	-	-	-	1,082
Provincial union variation account		3,087	-	-	-	3,087
Provision for SSI		6,742	-	-	-	6,742
Coupon interest on perpetual debt*	4.00%	4,000	8,000	12,000	*	24,000
Forward foreign exchange contracts		1,290	1,331	3,746	-	6,367
Total financial liabilities		38,229	9,331	15,746	-	63,306

*The coupon interest of 4% per annum is charged in perpetuity, until an option is exercised and the instrument is converted.

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, retained earnings and investment through a convertible instrument including debt and equity components (refer note B13), this 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 \$501,430 (2022: \$418,000).

C2 Financial instruments

Financial instrument recognition

Recognition and initial measurement

A financial asset or financial liability is initially measured at fair value plus, for an item not at fair value through profit and loss, transaction costs that are directly attributable to its acquisition or issue.

Classification and subsequent measurement

Financial Assets

On initial recognition, a financial asset is classified as measured at: amortised cost; fair value through other comprehensive income – debt investment; fair value through other comprehensive income – equity investment; or fair value through profit and loss. Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its management model for managing financial assets.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at fair value through profit and loss:

- it is held within a management model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at fair value through other comprehensive income if it meets both of the following conditions and is not designated as at fair value through profit and loss:

- it is held within a management model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All financial assets not classified as measured at amortised cost or fair value through other comprehensive income as described above are measured at fair value through profit or loss. On initial recognition, the NZ Rugby may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at fair value through other comprehensive income as at fair value through profit or loss if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial liabilities - classification, subsequent measurement and gains and loss

Financial liabilities are classified as measured at amortised cost or fair value through profit or loss. A financial liability is classified as at fair value through profit or loss if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at fair value through profit or loss are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

Derecognition

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset. If the Group enters into transactions whereby it transfers assets recognised in its statement of financial position but retains either all or substantially all of the risks and rewards of the transferred assets, the transferred assets are not derecognised.

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled or expire. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value. On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

Cash flow hedge

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.

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.

Derivative financial instruments and hedge accounting

The Group holds derivative financial instruments to hedge its foreign currency exposures. At inception of designated hedging relationships, the Group documents the risk management objective and strategy for undertaking the hedge. The Group also documents the economic relationship between the hedge item and the hedging instrument, including whether the changes in cashflows of the hedged item and hedging instrument are expected to offset each other.

Cash flow hedges

When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative is recognised in other comprehensive income and accumulated in the hedging reserve. The effective portion of changes in the fair value of the derivative that is recognised in other comprehensive income is limited to the cumulative change in fair value of the hedged item, determined on a present value basis, from inception of the hedge. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in profit or loss.

The Group designates only the change in fair value of the forward element of forward exchange contracts as the hedging instrument in cash flow hedging relationships.

For all other hedged forecast transactions, the amount accumulated in the hedging reserve and the cost of hedging reserve is reclassified to profit or loss in the same period or periods during which the hedged expected future cash flows affect profit or loss.

If the hedge no longer meets the criteria for hedge accounting or the hedging instrument is sold, expires, is terminated or is exercised, then hedge accounting is discontinued prospectively. When hedge accounting for cash flow hedges is discontinued, the amount that has been accumulated in the hedging reserve remains in equity until, for a hedge of a transaction resulting in the recognition of a non-financial item, it is included in the non-financial item's cost on its initial recognition or, for other cash flow hedges, it is reclassified to profit or loss in the same period or periods as the hedged expected future cash flows affect profit or loss.

If the hedged future cash flows are no longer expected to occur, then the amounts that have been accumulated in the hedging reserve and the cost of hedging reserve are immediately reclassified to profit or loss.

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

- **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 Sky shares which are valued as level 1, and the compound instrument as Level 3 - as the inputs for derivatives aren't based purely on observable market data/inputs. There have been no transfers between the fair value hierarchy during the year ended 31 December 2023 (2022: 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:

	2023 \$000	2022 \$000
Monetary assets denominated in foreign currency		
Australian Dollars	441	1,734
British Pounds	5,501	1,480
Canadian Dollars	-	89
Euros	6,418	21,473
Japanese Yen	2,948	4,238
South African Rand	442	626
United States Dollars	13,027	16,224
Total monetary assets denominated in foreign currency	28,777	45,864
Monetary liabilities denominated in foreign currency		
Australian Dollars	539	-
British Pounds	1,115	1,393
Euros	4,523	16,054
Japanese Yen	2,786	3,397
South African Rand	-	536
United States Dollars	11,664	8,744
Total monetary liabilities denominated in foreign currency	20,628	30,124

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			EXCHANGE RATE	
		2023 \$000	2022 \$000		2023 \$000	2022 \$000
Impact on profit	+/- 100 bps	1,603	904	+/- 10%	838	1,590
Impact on equity	+/- 100 bps	1,603	904	+/- 10%	27,684	33,802

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	
		2023	2022
New Zealand Rugby Union Incorporated			
New Zealand Rugby Promotions Limited	New Zealand	100%	100%
New Zealand Rugby Commercial LP	New Zealand	100%	100%
New Zealand Rugby Commercial GP	New Zealand	100%	100%
Computerised Match Ticketing Limited	New Zealand	100%	100%
NZRC UK Limited	United Kingdom	100%	N/A

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	
			2023	2022
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	0%	75%
SANZAAR	n/a	Joint Operation	25%	25%

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 \$6.28m (2022: \$4.96m) 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 Lipovitan-D Rugby Championship and DHL 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 \$1.153m (2022: \$1.084m) 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 \$9k (2022: \$9k) of capital to All Blacks Experience Limited Partnership. All Blacks Experience Limited Partnership has a balance date of 30 June.

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%. 37 South Events GP Limited has a balance date of 31 March. This joint operation was ended in 2022 due to no New Zealand Sevens tournament occurring under this arrangement in 2023.

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 DHL Super Rugby and Lipovitan-D Rugby Championship through the unincorporated joint venture.

	2023	2022
	\$000	\$000
Associates and joint ventures		
Carrying value of associates and joint ventures at beginning of the year	2,821	4,237
Investment/(divestment)	-	-
Share of net loss for the year	(760)	(1,434)
Change in translation of foreign currency investment	47	18
Total investments in associates and joint ventures	2,108	2,821

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).

\$000	COMPUTER EQUIPMENT	OFFICE EQUIPMENT	OFFICE ALTERATIONS AND FIXTURES	COACHING EQUIPMENT	TOTAL
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
Additions	597	11	1,698	254	2,561
Depreciation expense	(354)	(68)	(450)	(43)	(916)
Net book value at 31 December 2022	681	167	1,856	260	2,964
Cost or fair value	2,819	588	4,728	951	9,087
Less accumulated depreciation	(2,139)	(421)	(2,872)	(691)	(6,123)
Net book value at 31 December 2022	681	167	1,856	260	2,964
Additions	606	5	70	103	783
Depreciation expense	(418)	(62)	(410)	(76)	(967)
Net book value at 31 December 2023	868	110	1,516	287	2,780
Cost or fair value	3,425	593	4,797	1,054	9,870
Less accumulated depreciation	(2,557)	(483)	(3,282)	(768)	(7,089)
Net book value at 31 December 2023	868	110	1,516	287	2,780

E2 Intangible assets

\$000	CONTRIBUTION TO EDEN PARK	COMPUTER SOFTWARE	DIGITAL ASSETS	NZR+ CONTENT HUB	TOTAL
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
Additions	-	-	34	-	34
Disposals	-	-	-	-	-
Amortisation expenses	(500)	(384)	-	-	(884)
Net book value as at 31 December 2022	4,000	183	34	-	4,217
Cost or fair value	10,000	6,531	34	-	16,565
Less accumulated amortisation	(6,000)	(6,348)	-	-	(12,348)
Net book value as at 31 December 2022	4,000	183	34	-	4,217
Additions	-	7	-	6,767	6,774
Impairment	-	-	(34)	-	(34)
Amortisation expenses	(500)	(121)	-	(609)	(1,231)
Net book value as at 31 December 2023	3,500	68	-	6,158	9,727
Cost or fair value	10,000	6,538	-	6,767	23,305
Less accumulated amortisation	(6,500)	(6,470)	-	(609)	(13,579)
Net book value as at 31 December 2023	3,500	68	-	6,158	9,727

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.

Content hub

NZR Commercial LP has created an NZR Commercial LP owned and operated content hub, branded as NZR+. NZR+ is a key platform for viewing NZ Rugby content and includes archived content as well as original content produced by NZR Commercial LP. NZR+ went live in August 2023 and currently has circa 100 hours of content.

Intangible assets are to be recognised when an asset is identifiable, controlled and where future economic benefits are expected to flow. In the case of the content hub, these assets are typically the digital content, as opposed to the platform itself.

The cost of an internally generated intangible asset comprises all directly attributable costs necessary to create, produce, and prepare the asset to be capable of operating in the manner intended by management.

These assets are held at a series level (identifiable), NZR Commercial LP has the rights to screen the content (controlled) and there is current revenue being generated from this content, along the expectation of further revenue from future revenue streams (future economic benefits).

The assets are held at cost less accumulated amortisation and any impairment losses.

Amortisation Policy

The useful life of digital content assets is currently estimated to be up to three years and amortisation is recognised on a straight line basis. The amortisation basis and useful life for each piece of content is reviewed annually and adjusted if appropriate.

At each reporting date NZR Commercial LP reviews the carrying amounts of its intangible assets, including each piece of digital content, to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss (if any) recognised through profit and loss. Recoverable amount is the higher of fair value less costs of disposal and value in use.

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 31 December 2023.

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 2023. 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.

	2023 \$000	2022 \$000
Provision for medical costs at the start of the year	4,459	4,301
Payments made during the year	(668)	(785)
Revaluation of provision	(8)	139
Outstanding costs incurred in the current year	884	804
Provision for medical costs at the end of the year	4,668	4,459
<i>Current</i>	<i>884</i>	<i>804</i>
<i>Non-current</i>	<i>3,784</i>	<i>3,655</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. A new Players Collective Employment Agreement was signed in August 2022 for a two-year term to 31 December 2023. 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.

	2023 \$000	2022 \$000
Player payment variation account at the start of the year	1,083	(3,519)
Movement in player payment variation account	(1,326)	4,602
Player payment variation account at the end of the year	(243)	1,083
<i>Current (Asset)/Liability</i>	<i>(243)</i>	<i>1,083</i>
<i>Non-current (Asset)/Liability</i>	-	-

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.

	2023 \$000	2022 \$000
Benevolent and Welfare Fund at the start of the year	1,545	1,356
New Zealand Rugby contribution to the Fund	1,000	1,008
Payments from the Fund	(599)	(840)
Interest received	103	21
Benevolent and Welfare Fund at the end of the year	2,049	1,545

Provincial union funding variation ledger

As an outcome of the establishment of NZR Commercial LP Provincial Union Funding transitioned to being based on a share of NZR Group revenue (PU Revenue). The agreed share of PU Revenue is 17.5%. A PU Variation Ledger has been created for the first time as the difference between the share of revenue and funding payments made to Provincial Unions.

	2023 \$000	2022 \$000
Provincial union funding variation account at the start of the year	3,087	-
Movement in provincial union funding variation account	(5,591)	3,087
Provincial union funding variation account at the end of the year	(2,504)	3,087
<i>Current (Asset)/Liability</i>	<i>(2,504)</i>	<i>3,087</i>
<i>Non-current (Asset)/Liability</i>	-	-

E4 Related parties

Key management personnel compensation

The Group classifies its key management personnel into the following categories:

- Board Members
- Chief Executive Officers; and
- Executive team.

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

	2023	2022
	\$000	\$000
Board member fees - New Zealand Rugby	717	654
Board member fees - New Zealand Rugby Commercial LP	706	164
Total board member fees	1,423	818
Chief Executive Officers and Executive Team		
Salaries and short-term benefits	6,082	4,006
Total key management personnel compensation	7,505	4,824

The Chief Executive Officer and Executive team consists of thirteen full-time equivalent employees (2022: nine).

Fees paid or payable to Board members for services as Board members during the year totalled \$1,423,000 (2022: \$818,000). There are no Board member fees outstanding at 31 December 2023 (2022: nil).

Related party transactions with associates and joint ventures are disclosed in Note D2.

E5 Auditor's remuneration

	2023	2022
	\$000	\$000
Auditor's remuneration to Deloitte for:		
Audit of the financial statements	292	278
Non-assurance services	-	-
Total auditor's remuneration	292	278

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.

	2023	2022
	\$000	\$000
Operating lease commitments		
Less than 1 year	1,289	1,274
Later than 1 year and not later than 2 years	383	1,279
Later than 2 years and not later than 5 years	530	683
More than 5 years	-	206
Total operating lease commitments	2,202	3,442

E7 Contingent liabilities

There are no contingent liabilities as at 31 December 2023 (2022: nil).

E8 Subsequent events

Silver Lake invested a further \$62,500,000 in January 2024 in line with the terms of the transactional agreements. The proceeds from this transaction were received by NZR Commercial LP on the 17th of January 2024, subsequent to year-end when the B partnership units were issued. (2022: nil).

New Zealand Rugby Union

Statement of Service Performance

for the year ended 31 December 2023

STATEMENT OF SERVICE PERFORMANCE

This is the second year New Zealand Rugby (NZR) has reported a Statement of Service Performance (SSP; the Statement). The purpose of this Statement is for NZR to describe what it has achieved throughout the year against its broad aims and objectives. It is designed to help communicate key achievements and demonstrate value and accountability to members, funders and the public.

The Statement is comprised of:

- Our purpose - Why NZR exists.
- Our 'Strategy 2025' objectives - What NZR intended to achieve and how.
- Our progress - How NZR performed this year against these objectives.

The Statement aligns with NZR's 'Strategy 2025'. This four-year strategy was launched in 2022 to reimagine rugby in Aotearoa by looking at every aspect of the game to ensure it is enjoyable, sustainable, and well-positioned to take advantage of opportunities or respond to any future challenges.

NZR's performance against 'Strategy 2025' is described in the achievements for the year under each of the strategic objectives and quantified in Service Performance Measures selected to demonstrate long-term progress.

2023 was another busy year for NZR. The launch of our Women and Girls and Pasifika strategies demonstrated how we're looking to strengthen rugby at the heart of communities across Aotearoa. New Zealand continued to lead the way in player safety research and wellness programmes. Participation continued a post-pandemic recovery, spurred on by the growth of women and girls' rugby.

Our brands also showed strong growth, supported by targeted campaigns which captured the hearts and minds of those at home and across the globe. NZR Commercial enjoyed their first full year of operation, with a highlight being the launch of the new owned-and-operated media platform NZR+, bringing fans closer to our Teams in Black. Within NZR our first female Chair was elected, and we continued to support our people to thrive and be their best.

On the field, our teams performed consistently well with the Sevens sides both claiming their World Series titles, the Black Ferns being crowned Pacific Four and O'Reilly Cup champions, and the All Blacks' run through to the Rugby World Cup 2023 Final.

The Statement summarises the organisation's achievements for 2023, that all contribute to NZR's vision to Inspire and Unify through Rugby.



OUR PURPOSE

NZR leads, supports, grows and promotes rugby in New Zealand, striving for Teams in Black that are unrivalled, a high-performance system that produces the world's best talent, competitions that fans love, and a strong community game at the heart of the sport.

It was formed by its Affiliated Union members, the 26 Provincial Unions (PUs), to be a world-leading sports organisation, helping all of rugby in New Zealand to be the best it can be. NZR works with, for, and on behalf of these Unions, while the Unions manage their representative teams and provide rugby administration and services to the clubs and schools in their region.

The New Zealand Rugby Union Constitution (2020) sets out the rules governing the NZRU as an incorporated society. The objects of the organisation are:

- (a) promote, foster and develop rugby throughout New Zealand and the world and to control rugby throughout New Zealand;
- (b) arrange and participate in international, trial and other rugby matches and tours both within New Zealand and overseas;
- (c) represent New Zealand rugby on World Rugby and to submit any amendments to the Laws of the Game and the by-laws and regulations of World Rugby, to World Rugby that the NZRU considers to be in the best interests of New Zealand rugby;
- (d) subject to domestic safety law variations adopted by the NZRU, comply with the Laws of the Game and the by-laws, regulations and resolutions of World Rugby and to require Members to similarly comply;
- (e) form and manage New Zealand representative rugby teams;
- (f) foster rugby matches between Affiliated Unions;
- (g) encourage participation in, and support for, rugby by all participants in, and supporters of, the game and at all levels (including by way of example, administrators, players, coaches, referees, match officials and supporters); and
- (h) do all such other things to promote the interests of rugby as the NZRU may determine from time to time.

OUR OBJECTIVES

NZR's Strategy 2025 offers the opportunity to be bold in reimagining rugby – to look at every aspect of the game and ensure it is enjoyable, sustainable and well-positioned for any future challenges. The Strategy helps shape our annual planning to ensure we continue to perform at a high level in all areas of our organisation.

Our vision is to inspire and unify through rugby.

Our strategic pillars are:	Goal
Winning with mana <i>Kia toa rangatira ai</i>	To win pinnacle events and enhance the mana and legacy of rugby in New Zealand.
Rugby at the Heart of Communities <i>Te tumu whutupōro</i>	For rugby to be at the heart of our communities, and communities at the heart of rugby.
Loved game, loved brands <i>Tākaro tūturu, waitohu pūmau</i>	To ensure our game and our brands shine locally and on the global stage.
Unleashing rugby's commercial potential <i>Tukuna te pitomata pākihi whutupōro</i>	To unleash rugby's commercial potential and invest sustainably in the game.

We will enable success through:	Goal
Enhancing the welfare of our players <i>Hāpai hauora o te tangata</i>	To ensure every player is safe and well.
Thriving people, thriving game <i>Mauri tū, mauri ora</i>	To enable a world-leading sports organisation and engaging, diverse and inclusive environments across rugby.
Leading through Technology <i>Whakataki hangarau</i>	To become the most technologically-enabled rugby organisation in the world.

OUR PROGRESS

Service Performance Measure	2023 result	2022 result
Pinnacle Events won by Teams in Black	0/1	1/5
Black Ferns ranked #1 in the world	0 weeks	0 weeks
All Blacks ranked #1 in the world	0 weeks	0 weeks
Year-on-year increase in the number of registered rugby participants^	+11,224	-10,458
Year-on-year increase in the number of registered female rugby participants^	+5,694	-2,150
Increase in players retained within rugby over a 3-year period*	+7%pt	n/a
Annual growth in social media audiences for NZR and Teams in Black*	<div>▲ 72%</div> <div>▲ 16%</div>	n/a
Number of ACC serious injury claims from rugby	0	0
Improved player mental health and wellbeing knowledge and capability through Mind.Set.Engage*	+31%pt	n/a
NZR staff engagement score above New Zealand median	+3%pt	-2% pt
Percentage of female directors on the NZR Board	44%	33%

*new measure for 2023

^ 2022 result updated to include Team Managers

WINNING WITH MANA

Goal: To win pinnacle events and enhance the mana and legacy of rugby in New Zealand.

Service Performance Measure	2023 result	2022 result
Pinnacle Events won by Teams in Black	0 / 1	1 / 5
Black Ferns ranked #1 in the world	0 weeks	0 weeks
All Blacks ranked #1 in the world	0 weeks	0 weeks

Definitions:

Pinnacle events (PEs): are defined here as XVs and Sevens World Cup tournaments, Olympic and Commonwealth Games. 2023 – one PE: Men’s XVs Rugby World Cup, France; 2022 - five PEs: Men's and Women's Sevens World Cups, Commonwealth Games Men's and Women's Sevens, Women's Rugby World Cup 2021 (played in 2022).

Teams in Black: All Blacks, Black Ferns, All Blacks Sevens, and Black Ferns Sevens.

World Rugby Rankings: Number of weeks at number one in the men’s/women’s rankings, as measured weekly across the calendar year and published on the World Rugby website.



The Rugby World Cup (RWC23) held in France was the pinnacle event of 2023. Billed by many as the most competitive Rugby World Cup ever, in which the All Blacks overcame a favoured Ireland team in a momentous quarter-final, won well against Argentina in the semi-final, but were edged out by South Africa in the final. Earlier in the season the team retained the Freedom Cup over South Africa and the Bledisloe Cup over Australia, to take out the Lipovitan-D Rugby Championship for 2023. Reaching the #1 world ranking remained elusive for the team this year despite the strong showing, starting and ending the season third on the World Rugby rankings table.

The Black Ferns built on an incredible 2022 with a comprehensive win in the Pacific 4 tournament played in Australia and Canada and retaining the O'Reilly Cup against Australia in front of a record non-RWC rugby crowd in Hamilton. A new global women's international 15s competition, WXV, was launched this year as part of an overall restructuring of the test calendar. The inaugural tournament was hosted in New Zealand in October and November. The Black Ferns finished fourth in the WXV tournament after a narrow loss to France and defeat to England, meaning England retained their #1 world ranking, and the Black Ferns finished 2023 in second.

WINNING WITH MANA

Goal: To win pinnacle events and enhance the mana and legacy of rugby in New Zealand.

New Zealand's Sevens teams continued their strong performances on the world stage with both teams winning five Sevens tournaments on the way to taking out their respective World Rugby Sevens Series titles. The Black Ferns Sevens enjoyed a winning streak of 41 games in a row, and the All Blacks Sevens wrapped up their 14th Series title. Both teams have qualified for the pinnacle event of 2024, the Olympics, to be held in Paris in July. In a move to help secure future success, teenage star Jorja Miller signed the longest contract in New Zealand women's rugby, committing to NZR and the Black Ferns Sevens for 4 years, until 2027.

High Performance women's rugby received a boost in 2023 with a new Black Ferns XV team established to foster the professional growth of players, coaches and management on the international stage and provide a high-performance pathway to the Black Ferns. Additionally, there was the confirmation of Sky Super Rugby Aupiki's new format to be played in 2024, including a twelve-week preparation and pre-season window, before playing in an extended competition that will consist of a six-week home-and-away round-robin and then a final playoff for the title.

NZR's Teams in Black were well represented at the 2023 World Rugby Awards in November with Katelyn Vahaakolo and Mark Tele'a named the Women's and Men's Breakthrough Players of the year, Ardie Savea the Men's 15s Player of the Year, and Tyla Nathan-Wong Women's 7s Player of the Year. Locally in the 2023 Māori Sports Awards, Clayton McMillan (Ngāti Rangī, coach of the Chiefs and Māori All Blacks) was awarded Māori Sports Coach of the Year, with Ben O'Keeffe (Ngāpuhi, Ngāti Whātua) named Māori Sports Referee of the Year.

Strong coaching and management lineups were confirmed in 2023 for the women's and men's national teams. For the Black Ferns, Allan Bunting was appointed as new Director of Rugby; Tony Christie, Steve Jackson and Mike Delany as Assistant Coaches; and Nelly Strickland as Team Manager. A new coaching team was secured for the All Blacks, with Scott Robertson in place as Head Coach; Jason Ryan, Leon MacDonald, Scott Hansen, and Jason Holland as Assistant Coaches. Wayne Smith rejoined the All Blacks as Performance Coach. Paul McLaughlan was appointed as Team Manager, with Megan Compain in a new role of Commercial Manager.

Sustainable and engaging rugby competitions At the 2023 NZEA Event Awards, the women's Rugby World Cup 2021 (played in New Zealand in 2022) was named both Best Sports Event and Best Major or Mega Event.

41

games in a row won by the Black Ferns Sevens

#2

Black Ferns World Ranking

4

New Zealand referees in action at the RWC

152

All Blacks appearances by Sam Whitelock

8

Tries scored by Will Jordan during the RWC

RUGBY AT THE HEART OF OUR COMMUNITIES

Goal: For rugby to be at the heart of our communities, and communities at the heart of rugby.

Service Performance Measure	2023 results	2022 results^
Year-on-year increase in the number of registered rugby participants	+11,224	-10,458
Year-on-year increase in the number of registered female rugby participants	+5,694	-2,150
Increase in players retained within rugby over a 3-year period*	+7%pt	n/a

*New measure for 2023
^Updated to include Team Managers.

Community rugby participation in Aotearoa continued to bounce back from COVID-19-related disruption. More players stayed with rugby, with 60% of those on board in 2023 having also played in 2021 or 2022. Strong growth in women and girls' rugby was a key success following the success of the women's Rugby World Cup 2021 (played in 2022) hosted in New Zealand, and a focus by NZR and Provincial Unions on getting more women and girls involved in the full club rugby experience, building on festival and tournament events. Compared to 2019, 11,540 junior girls played club rugby this season, an increase of 36%, and senior women's club numbers jumped 40% to 4,515. Around 140,000 girls were able to try rugby through one-off activation events this year, with all 14 NPC unions as well as some Heartland PUs delivering programmes during the season.

To continue to build on this growth, the **'Women and Girls in Rugby System Strategy' was launched** in April 2023, with the aim of driving successful and sustainable engagement of women and girls playing, coaching, officiating, managing, governing, leading, or being involved in rugby in whatever way they choose over the next 10 years. 2023 saw the implementation of the first phase of the strategy, which included establishing specific resource and leadership support, and developing a strategy for managing talent identification and high performance.

Definitions:

Registered rugby participants: Number of players, coaches, team managers and referees defined as Registered (as per the applicable NZR regulations) in the NZR National Rugby Database (NRD) for the current (Sept-Sept) season; less the previous season. (Participant numbers: 2021- 160,282; 2022 – 149,824; 2023 – 161,048).

Female rugby participants: As above, for those registered with a gender of female in the database. (Participants: 2021- 28,666; 2022 – 26,516; 2023 – 32,210).

3-year Player Retention: Calculated as the percentage of retainable players who are registered in the National Rugby Database and participating in organised competitions, for the current year and at least one of the two previous years, compared with same percentage from the previous 3-year period, as a percentage point change. (Retention: 2020-2022 (baseline) - 53%, 2021-2023 - 60%).



RUGBY AT THE HEART OF OUR COMMUNITIES

Goal: For rugby to be at the heart of our communities, and communities at the heart of rugby.

Teenage rugby and the quality of the player experience continues to be a focus for NZR, with a Rangatahi Advisory Group established to focus on the player experience that youth would like to see coaches deliver, and development programmes implemented specifically for coaches of non-premier grade teenage teams. Initiatives such as these have come together to help support the continued growth in players and teams competing at Carnival and Cup events taking place around the country as part of national secondary school tournament week.

A comprehensive ‘**Future of Rugby Clubs Review**’ was carried out this year for implementation from 2024, with the aim of ensuring clubs can continue to support their community and thrive well into the future. Many clubs have long maintained a strong presence both in the rugby system and in their wider community, but now face challenges from wider societal trends and demographic shifts, as well as significant changes within rugby itself. The review looks at the current and preferred future role of New Zealand’s approximately 450 rugby clubs as part of the overall system, and what transformational steps are required to get there.

The distribution of funds to community clubs resulting from the Silver Lake commercial deal was also concluded in 2023, with clubs sharing their portion of the \$7.5m available. Applications for these funds were for assets, facilities, equipment, uniforms or strategic programmes to grow rugby at the heart of the community. Additionally, ten rugby clubs nationwide were awarded \$30,000 each towards upgrading their facilities to be even more welcoming for their community, as part of the ‘Bunnings Rugby Assist’ programme, now in its third season.

A ‘**Community Rugby Referee Plan**’ has been developed for implementation from 2024, based on a newly-created model of referee development. The plan recognises that skilled referees are critical to safe and positive game experiences, and aims to clarify roles, pathways, and expectations for referees, build in best-practice training and feedback methods, and build recognition of their service. One new initiative piloted this year has been ‘Rugby101’ sessions, held around Aotearoa with the aim of getting more women familiar with the laws of rugby and encouraging them to take up refereeing.

Development pathways for Māori rangatahi were established and strengthened with E Tū Toa, the New Zealand Māori Under-18 development programme for 2023, which saw over 500 young players attend 8 regional camps and a combined national camp. The Nga Whatukura (Boys) and Nga Mareikura (Girls) teams selected both played their New Zealand Barbarian Under-18 counterparts in October. 70 players were selected for two 2023 NZ Women’s Under-20 development camps, introduced to identify and develop promising young players. The camps prioritise education and personal development, which is built on through Provincial Union academies, Sky Super Rugby Aupiki, and the Farah Palmer Cup, presented by Bunnings Warehouse.

147,434

Players

9,242

Coaches

1,564

Referees

3,500

Players competing
in Secondary
School Tournament
Week rugby events

500

Rangatahi
attending E Tū Toa
U18 regional and
national camps

LOVED GAME, LOVED BRANDS

Goal: To ensure our game and our brands shine locally and on the global stage.

Service Performance Measure	Page/Account	2023 results	2022 results
Annual growth in NZR and Teams in Black social media audiences* *new measure for 2023	NZ Rugby	▲ 72%	n/a
	Teams in Black	▲ 16%	n/a

Definitions:

Calculated as the percentage change as at 31 December, compared with previous 31 December, for:

NZ Rugby: Total followers of NZ Rugby on Facebook (New Zealand Rugby), Instagram (@nzhugbyofficial), LinkedIn (New Zealand Rugby Union), or Twitter (@NZRugby)

Teams in Black: Total followers of Teams in Black brand pages (All Blacks, Black Ferns, NZ Sevens) on Facebook, Instagram, X or TikTok, plus subscribers to the YouTube channel @AllBlacks

2023 was a big year for our Teams in Black digital channels, with followers growing 16% across the All Blacks, Black Ferns and NZ Sevens. **The Black Ferns** grew their fanbase on TikTok and Instagram, and brand tracking showed the number of people in New Zealand who were aware of and interested in them more than doubled on 2022, following their strong performance in the World Cup held here and resulting news coverage. The **All Blacks** added more than 1.4 million followers over the year. Teams in Black also took out four of the top five spots in Sport NZ/Gemba research on interest and engagement with national teams, undertaken in 2023. The Black Ferns’ surge in popularity continued with the research identifying them as Aotearoa’s second-most popular national sports team, up six places on the previous year, second only to the All Blacks at number one. The All Black Sevens were third and the Black Ferns Sevens improved one to come in fifth.

A focus on **the New Zealand Rugby** brand this year included the implementation of a digital strategy and digital resource, resulting in both improved brand sentiment tracking and substantial growth in digital channels, driven especially by strong Facebook and Instagram numbers. Public perception on player safety issues has been benchmarked for tracking from 2024.

International brand awareness and interest tracking of campaigns for both the All Blacks (for 2023, ‘The Bench’) and Black Ferns (‘Like a Black Fern’), introduced this year, showed strong awareness for both brands in key global markets, and highlighted opportunities for growth from 2024.

In the lead-up to **Rugby World Cup 2023**, and then during the tournament, All Blacks fans were encouraged to join the team on the bench as a sign of manaaki (support). Prior to the team leaving for France, the campaign saw 26 communities across Aotearoa gifted a carved bench as a symbol of connection, courage, camaraderie, care, celebration, commiseration and compassion. In France, benches were gifted to the cities of Lyon and Paris after they hosted the All Blacks during the tournament. As well as creating a connection with fans, partners and players towards the World Cup, PR activity generated 38 pieces of online, offline, and social media coverage, with a total audience of 12.9m exposed to the campaign. Digitally the campaign also reached 18.5m people across social media and online channels, while video highlights had 34m views.

LOVED GAME, LOVED BRANDS

Goal: To ensure our game and our brands shine locally and on the global stage.

DHL Super Rugby Pacific's second season in 2023 enjoyed a significant increase in fans consuming and engaging with the competition. More fans returned to New Zealand stadiums to catch the action in person, with average attendance up 23% on the non-COVID-19 restricted rounds of 2022. 1.8 million viewers tuned in to watch Super Rugby Pacific on Sky Sport and Prime (now Sky Open) in 2023, up 10% from 2022. On Sky Sport Now, Super Rugby Pacific showed a 31% year-on-year uplift in viewership, with replays, highlights and on-demand content receiving greater engagement. A record-breaking year across social media meant a 30% increase in those viewing highlights via YouTube and Facebook and 10% more followers and increases in video views and engagements on last season. The off-season content strategy in particular resulted in unprecedented growth, with the number of new followers added close to ten times those added in the 2022 off-season.

Season Two of **Sky Super Rugby Aupiki** also saw significant growth in awareness, broadcast and attendance. The lifting of COVID-19 restrictions gave all four teams a more consistent training structure, and the opportunity to compete across five weekends in front of crowds at a variety of venues, enabling them to connect in with their communities and begin to build their brands and fanbases. Aupiki-specific marketing and in-stadium activity brought "Love Every Minute" to life in a high-performance environment, amplifying the work being done in the community and recruitment space to support the Women and Girls' Strategy. Female viewership increased particularly amongst 25-54-year-olds. All 10 games of the season were broadcast live on SKY Sport 1, and 7 of those also broadcast free-to-air. Viewing hours more than doubled on 2022 across all SKY platforms: 12% of New Zealanders aged 5+ watched some Super Rugby Aupiki action in 2023, up 16% on 2022.

NZR took another step on its Corporate Social Responsibility journey in 2023, with investment in resourcing to develop and implement our Environmental Sustainability Plan, aligned with World Rugby's plan out to 2030. The plan will look at environmental sustainability as a way of protecting and enhancing the game of rugby, its people, and the planet. It will focus on Climate Action, Nature, and the Circular Economy (zero waste); raising awareness, reducing impact and influencing change in all three areas. Once in place, this plan will set out NZR's commitment as a socially and environmentally conscious organisation and partner. An example of this occurred in 2023 when DHL Super Rugby Pacific and Sky Super Rugby Aupiki joined forces to raise money for the New Zealand Red Cross Disaster Fund, towards the Cyclone Gabrielle relief effort. NZR, with broadcast partner Sky, pledged \$500 for every point scored during opening round matches involving New Zealand-based teams. With 389 points scored across 6 matches, the players raised \$194,500, and NZR and Sky topped up another \$55,500 to take the total amount raised to \$250,000.

10M+

All Blacks followers

12%

of New Zealanders
aged 5+ watched
Super Rugby Aupiki

\$250,000

donated to the Red
Cross Disaster
Relief Fund from
Super Rugby

UNLEASHING RUGBY'S COMMERCIAL POTENTIAL

Goal: To unleash rugby's commercial potential and invest sustainably in the game.

The strong performance of the All Blacks at Rugby World Cup 2023 was matched with strong viewership of the tournament. Over 2.5m New Zealanders saw coverage of the tournament on Sky Sport and Sky Open, with 1.5m watching the final against South Africa. 71,000 watched the coverage in te reo Māori, and streaming platforms Sky Go and Sky Sport Now saw more than seven million streams across the tournament.

To enhance the experience for fans during Rugby World Cup 2023, NZR developed and launched NZR+, a digital content hub enabling fans to get closer to the national rugby teams through exclusive, behind the scenes content, highlights, rugby archive, documentaries and more. NZR+ is a key enabler in unleashing NZR's commercial potential, helping to build direct-to-fan capability and centralised content. The new service kicked off in August with four-episode documentaries following the dramatic 2022 All Blacks and Black Ferns seasons. Free to subscribe and available across the globe, NZR+ hosts a multitude of content, including podcasts like the All Blacks podcast and 'Around the Grounds' podcast, Small Blacks TV, and series on historic moments for the national teams. For Rugby World Cup 2023, 'The Front Row Daily Show' followed the All Blacks over the course of their campaign with 53 daily episodes created, and Taika Waititi presented 'Tour de Rugby', a light-hearted look at rugby in the host country. As at 31 December, NZR+ content had already garnered more than 14 million views across NZR+ and YouTube since launch, with shorter-form content also extensively viewed on TikTok.

NZR renewed its long-standing apparel partnership with adidas early in 2023 to continue to provide NZR's Teams in Black, including the All Blacks, Black Ferns, All Blacks Sevens, Black Ferns Sevens, Māori All Blacks, All Blacks XV, New Zealand Under 20s and the Heartland XV, with playing kit, apparel, boots, and footwear, renewing a partnership that began in 1999. For Rugby World Cup 2023, adidas and NZR unveiled a new design for the All Blacks jersey by French designer Fey the Wolf, that celebrated elements of New Zealand culture alongside that of the 2023 Rugby World Cup home nation.

New partnerships were launched in 2023 with Ryman Healthcare, Cadbury, Groov, SmartFrame and Uber, with Ryman Healthcare's partnership being of particular significance as it was the first dedicated Black Ferns partner since the Rugby World Cup 2021 (played in 2022). A new executive coaching programme, All Blacks Performance Labs, was launched at the HSBC Hong Kong Sevens tournament in April. This executive coaching programme was developed in conjunction with NZR's Executive Coaching partner, Propel Performance Group and builds on the 120-year legacy of performance across the Teams in Black. The programme provides executives and organisations with the tools needed to accelerate their own performance and uses input and learnings from a wide range of former All Blacks and Black Ferns Players and Coaches.

An MoU was signed between NZR and Japan Rugby which has the aim to see the two unions explore strategic and commercial opportunities including more regular matches for our Teams in Black and Super Rugby teams, and an opportunity to work more closely together, and grow and deepen our relevance in the market, with respect to Japanese fans and Japanese brands. The All Blacks XV played two matches in Japan in 2023, and 2024 will see one test between the Japanese Brave Blossoms and the All Blacks, as well as two matches between the Māori All Blacks and the Japan XV.

With support from its voting members, NZR agreed to proceed with the raising of \$62.5m via Silver Lake increasing its interest in NZR Commercial from 5.71% to 7.5%. This completed the capital raise process and allows a Legacy Fund with a committed capital contribution of \$60m to be established in 2024 as an endowment fund for rugby, to further grow and develop the game from the grassroots up, via annual grants for a range of community rugby initiatives.

2.5m

watched RWC matches on Sky Sport/Sky Open

71k

watched World Cup matches with te reo Māori commentary

1.5m

Kiwis watched the final on Sky Sport/Sky Open

**Source: Nielsen TAM, AP5+ reach, RWC Tournament - Live matches, Te Reo Māori Commentary, Replays, Highlights, Pre/Post Game Coverage and Opening and Closing Ceremonies.*

ENHANCING THE WELFARE OF OUR PLAYERS

Goal: To ensure every player is safe and well.

Service Performance Measure	2023 result	2022 result
Number of ACC serious injury claims from rugby	0	0
Improved player mental health and wellbeing knowledge and capability through Mind.Set.Engage*	+31%pt	n/a

*New measure for 2023

NZR’s mental health support programme was re-launched as ‘Mind.Set.Engage’ in 2023. This programme is designed to actively engage the rugby community in mental health, by championing wellbeing and creating access to mental health support and guidance as well as building strategies for mental fitness. The programme, run in 2023 with support from Te Aka Whai Ora, delivered 31 workshops to community clubs and schools during the year as well as across the professional player environment, focusing on 18–35-year-olds. External pre- and post-workshop evaluation showed on average a 31 percentage-point improvement in reported mental health and wellbeing knowledge and literacy, increased confidence to access support pathways and greater confidence supporting themselves and others. Workshops were also delivered to those identified as key influencers in creating mentally-healthy spaces in rugby (e.g. coaches, parents, club leaders, and managers) to build additional support capability.

Other significant developments in mental health and wellbeing support for our professional players included a new mental health curriculum for all contracted players, the introduction of targeted player mental health screening, and provision of enhanced support through NZR’s Employee Assistance Programme (EAP).

Definitions:

Number of new accepted injury claims registered by ACC: Injuries occurring within the 12 months 1 Jan-31 Dec and classified by ACC as a 'Serious Injury' caused by playing rugby. This classification describes claimants with specific types of serious injury who are likely to have complex and long-term injury-related needs and includes moderate-to-severe traumatic brain injuries, spinal cord injuries or other comparable injuries, that have the potential to result in permanent disablement. This differs from other definitions of serious injury used elsewhere in (for example) community rugby or injury prevention reporting. The data reflects known accepted claims at a single point in time and may differ if re-run in future. Claims are recorded by when the injury occurred, rather than when the claim was first registered or accepted. Reporting is suppressed where necessary to avoid potentially identifying patients.

Improved player mental health and wellbeing knowledge and capability: Average percentage point improvement pre-/post-workshop, in community and contracted players in clubs and high-performance environments attending Mind.Set.Engage Programme workshops, as evaluated and reported by Nicholson Consulting. (A total of 195 paired survey responses were collected in 2023, a 39% response rate.)

ENHANCING THE WELFARE OF OUR PLAYERS

Goal: To ensure every player is safe and well.

NZR delivered education to all Provincial Unions in support of three Experimental Domestic Safety Law Variations (EDSLVs) which were trialled in 2023. The trials showed good results when surveyed with participants and have been extended for the 2024 and 2025 seasons. The main change introduced focussed on encouraging the first tackler to tackle below the sternum, to improve both the safety and quality of games. Match analysis by NZR found that as a result, tackles were being made lower across the grades, and offloads also improved in premier men's club rugby. 61% of participants surveyed thought the lower tackle height was safer for the first tackler, and 72% agreed it was safer for the ball carrier. A maximum scrum push rule of 1.5 metres introduced in senior non-premier rugby has also been extended, with 68% of participants believing scrums were safer as a result.

NZR facilitated 356 Scrum Factory and Tackle Clinic sessions across the country through the RugbySmart programme, and over 8,000 coaches and referees were also provided with the knowledge and skills to prepare players to participate in rugby, with a core focus on injury prevention and player safety. The RugbySmart programme aims to ensure players understand the importance of having the skills, technique, and physical conditioning to participate safely in rugby. In 2024, a specialist women and girls' Tackle Clinic will be added to the existing skills programme, and NZR will align its already-comprehensive community concussion protocols with the ACC Cross-Sport Collaboration Group's Graduated Return To Play (G RTP) protocol following concussion in all ages across all sports in New Zealand.

A strong focus on the understanding and management of player concussion and brain health continued in 2023.

- A concussion management campaign targeting teenage boys, 'Support your squad' continued with the aim of boosting recognition of symptoms and knowledge of what to do.
- A Brain Health and Concussion Working Group was established, comprised of NZR, the New Zealand Rugby Players Association, and the NZ Rugby Foundation, and has developed a comprehensive three-year plan to manage risks to brain health from participating in rugby.
- Instrumented Mouthguards (iMGs) were trialled in Super Rugby Pacific and the Farah Palmer Cup as well as other competitions around the world during 2023, measuring the number and magnitude of head acceleration events (HAEs) that players experience. The data gathered so far has already been used by World Rugby to update the global Head Injury Assessment (HIA) protocol. Live iMG data was also used for the first time during WXV to help identify players who had potential concussive events during matches.
- A three-year Super Rugby Pacific trial of Neuroflex, a test that tracks eye movement via virtual reality (VR), completed in 2023 with the results now under analysis by World Rugby. Eye movements can be affected by a concussion, and the trial was to determine whether the Neuroflex system could further enhance the HIA.
- Four different studies were also carried out during 2023's Farah Palmer Cup, including the iMG trial; a modified version of the HIA using physiotherapists to complete assessments; the Rugby Readiness and Rehabilitation Enhanced and Personalized (RREP) Study into the steps clearing players returning to contact training; and a study into whether mRNA from saliva can be used as a non-invasive, objective marker of concussion.

A key part of this work, the Otago Community Head Impact Detection (ORCHID) Study is a major joint initiative between World Rugby, New Zealand Rugby (NZR), Otago Rugby, the University of Otago and Prevent Biometrics. Led by Dr Danielle Salmon (NZR/World Rugby) and Dr Melanie Bussey (University of Otago), the study sought to understand the nature and frequency of head impacts in men's and women's community and age-grade rugby, using Prevent Biometrics' iMGs. The study measured over 17,000 head acceleration events (HAEs) from 328 male community rugby players, from Under-13s to Premier grades. Results showed that in the men's community game, 86% of forces measured are the same as or less than those experienced in other forms of exercise such as running, jumping or skipping, and that most events resulting in the highest measured forces are caused by poor technique in the tackle or at the breakdown.

THRIVING PEOPLE, THRIVING GAME

Goal: To enable a world-leading sports organisation and engaging, diverse and inclusive environments across rugby.

Service Performance Measure	2023 result	2022 result
NZR staff engagement score above New Zealand median	+3%pt	-2%pt
Percentage of female directors on the NZR Board	44%	33%

Definitions:

NZR Staff engagement score is calculated across individuals' responses to specific 'engagement index' questions, in an annual survey of eligible employees. The median (67% for 2023) is a benchmark advised by Culture Amp, being the median engagement index score across all New Zealand organisations surveyed by them in the 12 months prior to the NZ Rugby survey. The result (70% for 2023) is shown as a percentage-point difference from the median.

Female directors are self-identifying female members of the NZR Board. The measure is calculated as the proportion of the NZR Board members who self-identify as female in 2023. The measure excludes Co-opted or Emerging Directors and the NZRC Board.

The NZR Board achieved the Sport NZ requirement of a minimum of 40% of Board members identifying as female at the AGM in April 2023 - four of the nine members, or 44% are female. NZR's Board Diversity Action Plan outlines our commitment to maintaining 50% overall diversity on the board, with a minimum of 40% women. Current initiatives in place to support this include the appointment of a female Emerging Director, positive communication with our membership through the AGM, Board 'buddy' relationships emphasising the importance and benefits of diversity in governance, the engagement of a search firm to support in identifying skilled female candidates for the NZR board, Unconscious Bias training for Rugby board Chairs & CEOs, and a 'Women in Rugby Governance' mentoring programme to support women in taking on leadership and governance roles in Provincial Unions is underway for delivery in early 2024.

Implementation of the Equity, Diversity and Inclusion strategy continued in 2023. A staff Engagement and Belonging action plan, including specific initiatives developed in response to staff feedback was implemented across 22/23 resulting in an improved engagement score of 70% in the latest survey, bringing NZR back above the median across all New Zealand organisations surveyed by Culture Amp. NZR was also reaccredited with the Rainbow Tick and named as a finalist in Diversity Works' Inclusive Workplace Award for 2023 for its new design and refit that transformed the New Zealand Rugby offices into a more inclusive and welcoming space, to better reflect the people involved in our national sport.

NZR supported Campbell Johnstone to share his story as the first All Black to publicly come out as gay in early 2023. NZR CEO Mark Robinson said at the time Campbell's "strength and visibility will pave the way for others in our game. Rugby is a sport that is welcoming to everyone and a place where people should feel safe to be who they are. We want to be clear, no matter who you love, rugby has your back."

The NZ Māori Rugby Union was shortlisted for the Jim Maniapoto Memorial Taonga for Excellence in Impacting Māori Participation as Māori award at Sport NZ's annual New Zealand Sport and Recreation Awards for 2023.

NZR and its Pasifika Advisory Group, Tausoa Fa'atasi celebrated the launch of the NZR Pasifika Strategy 2024-2029 in November. The co-designed strategy aims to create more equitable opportunities for Pasifika at all levels of the game and is the first known of its kind to be developed by a national sports organisation anywhere in the world. The strategy supports translating on-field success to equitable representation in non-playing roles such as coaching, refereeing, administration and governance, through a dedicated plan to enable, embrace and empower positive outcomes and experiences for Pasifika at all levels of rugby.

LEADING THROUGH TECHNOLOGY

Goal: To become the most technologically-enabled rugby organisation in the world.



2023 saw a significant switch in technology with the **build and launch of a new Customer Data Platform (CDP)** bringing together existing mailing list subscribers, NZR+ viewers, ticketing and Fan Engagement System into one customer data and marketing technology stack linked by a single sign-on. This continued focus on developing customer channels with a specific focus on building the digital fan ecosystem will in time enable NZR to deliver personalised and seamless experiences across content, ticketing and merchandising channels. Alongside this work, the launch of NZR+ will also seek to engage a wider range of audiences through 2024. NZR increased its cybersecurity and data management procedures throughout the year, with an independent Organisational Security Assessment completed which identified areas of strength and those that need ongoing development to ensure fan data especially is secure and privacy is maintained.

For community rugby, improvements to compliance controls were delivered through developments in RugbySmart attendance tracking and police vetting processes, ensuring that vetting was completed earlier than in previous years. In the High-Performance area, additional data streams were integrated into the existing high-performance toolkit, supporting elite teams with detailed match analysis capability and access to specialist training and injury management systems.

DISCLOSURES TO THE STATEMENT OF SERVICE PERFORMANCE

Background

New Zealand Rugby Union Incorporated (NZR) reports on progress towards its broad aims and objectives in the form of a Statement of Service Performance (SSP), presented alongside its financial statements in accordance with Public Benefit Entity Public Reporting Standard #48 (PBE PRS 48; the Standard). NZR's first SSP for 2022 included an initial set of eight organisational performance indicators, selected to represent the strategic pillars and success enablers of Strategy 2025, and reflect key areas of delivery.

In preparing the second SSP for 2023, the existing measures have been reviewed as per the Standard. As a result of this review, all eight of the 2022 measures have been retained, however where appropriate the measure's name or detailed definition has been revised – mostly to ensure the exact activity being tracked and result reported are as clear as possible to a wide audience. These changes do not impact materially on either what the indicator represents or the result reported.

For the two measures of participant numbers, the 2022 and 2023 results, as well as the 2021 comparator have been updated to include Team Manager numbers to align with the wider definition of 'participant' covered by those measures. Team Managers play an increasingly important role but have not previously been a focus for registration.

Three additional new measures have also been introduced to reflect more of the breadth and complexity of NZR's activity:

- **Increase in players retained within rugby over a 3-year period:** Retention of players (in particular) within the rugby system reflects the quality of their experience and the multi-year timespan captures more of the choices players are making. More players bring more whānau and other supporters invested in the game.
- **Annual growth in social media audiences for NZR and Teams in Black:** Tracking follower growth across social channels helps drive understanding of our audiences and where they are growing, as part of building our brands and determining our global focus. Data is sourced directly from the platforms, through an aggregation/reporting tool, or via digital marketing agency, and cross-referenced where possible. Exact numbers can vary due to changes by the platforms, differences between third-party analytics platforms, or if re-run in future.
- **Improved player mental health and wellbeing knowledge and capability through Mind.Set.Engage:** The Mind.Set.Engage mental wellbeing programme, launched in 2017 as 'HeadFirst', aligns with 'Every Life Matters/He Tapu te Oranga o ia Tangata', New Zealand's Suicide Prevention Strategy 2019-2029 and Suicide Prevention Action Plan 2019-2024. NZR has an opportunity to have a significant impact in this space, and the programme is well-placed to be able to connect those in the regions with support services, including mental health services, where needed. The evaluation is of the workshops attended by community and contracted players in clubs and high-performance environments during the current season.

The updated set of measures for 2023 enables visibility of more of our progress against the stated goals of Strategy 2025. A focus for 2024 on building new technology and skillsets, with the aim of enabling better data collection and analytics capability across the business, is expected to offer new opportunities for reporting from 2025.

Independent Auditor's Report

To the Members of New Zealand Rugby Union Incorporated

Opinion

We have audited the consolidated performance report ('performance report') of New Zealand Rugby Union Incorporated ('NZ Rugby') and its subsidiaries (the 'Group'), which comprise the consolidated financial statements on pages 2 to 28, and the statement of service performance on pages 30 to 45. The complete set of financial statements comprise the consolidated balance sheet as at 31 December 2023, and the consolidated income statement, the consolidated comprehensive income statement, the consolidated statement of changes in equity, and the consolidated cash flow statement for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion the accompanying performance report presents fairly, in all materials respects:

- the financial position of the Group as at 31 December 2023, and its financial performance and cash flows for the year then ended; and
- the service performance for the year ended 31 December 2023 in accordance with the entity's service performance criteria

in accordance with Public Benefit Entity Standards ('PBE Standards') issued by the New Zealand Accounting Standards Board.

Basis for opinion

We conducted our audit of the consolidated financial statements in accordance with International Standards on Auditing (New Zealand) ('ISAs (NZ)'), and the audit of the service performance information in accordance with the ISAs (NZ) and New Zealand Auditing Standard NZ AS 1 *The Audit of Service Performance Information* ('NZ AS 1'). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the performance report* section of our report.

We are independent of the Group in accordance with Professional and Ethical Standard 1 *International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand)* issued by the New Zealand Auditing and Assurance Standards Board, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

Other than in our capacity as auditor, we have no relationship with or interests in the Group, except that partners and employees of our firm deal with the Group on normal terms within the ordinary course of trading activities of the business of the Group.

Directors' responsibilities for the performance report

The Directors are responsible on behalf of the Group for:

- the preparation and fair presentation of the financial statements and the statement of service performance in accordance with PBE Standards;
- service performance criteria that are suitable in order to prepare service performance information in accordance with PBE Standards; and
- such internal control as the Directors determine is necessary to enable the preparation of consolidated financial statements and the statement of service performance that are free from material misstatement, whether due to fraud or error.

In preparing the performance report, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the entity or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the performance report

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole, and the statement of service performance are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (NZ) and NZ AS 1 will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of users taken on the basis of this performance report.



A further description of our responsibilities for the audit of the performance report is located on the External Reporting Board's website at:

<https://www.xrb.govt.nz/standards/assurance-standards/auditors-responsibilities/audit-report-15/>

This description forms part of our auditor's report.

Restriction on use

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.

Deloitte Limited

Wellington, New Zealand
16 April 2024