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IRISH RUGBY FOOTBALL UNION
Financial Statements 2022/23



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Honorary Treasurer's Report

FOR YEAR ENDED 31st JULY 2023



It is my pleasure to bring you through the Union's financial statements for the season 2022/23.

PATRICK KENNEDY

As I reported in July, the Union's result for the year was expected to be an improvement on that budgeted, and this has indeed been the case. The Union had budgeted for a deficit of €7.4m, and I am pleased to report that for a variety of reasons our result was a deficit of just under €1m, €6.4m ahead of budget.

FINANCIAL STATEMENTS

The Union's income decreased from €116m in the previous year to €92m. The two main causes of this €24m reduction were the presence of two items last year which do not recur this year, namely the €18m grant received last year in respect of special Covid funding from Sport Ireland, together with the receipt in 2021/22 of the final tranche of CVC monies from the URC transaction.

Outside of these items, international Rugby income increased slightly due to hospitality income and prize money received in respect of the Grand Slam success, less the impact of CVC taking a share of Six Nations net revenues and a fall in broadcasting income.

Sponsorship and other commercial income (including advertising and programme income) make up the commercial income figure in Schedule 1. The improvement of €1.5m from last year was due to performance bonuses, new sponsorships and contractual increases. Provincial Income halved to €10.2m, due primarily to the inclusion in the previous year of the final tranche of the CVC

payment in respect of URC which amounted to €10.4m.

Amortised Income is made up of the allocation of ten-year ticket, corporate box and naming rights monies received in advance into the Union's accounts. The increase here is principally due to the impact of the new nine-year tickets which were issued during the year.

Included in Other Income are grants received from the Government, Sport Ireland, World Rugby and other bodies, together with rent receivable and net interest. As previously mentioned, there was a significant drop in grant income due to the presence of the special Government Covid grant funding of €18m last year. Note 17 of the accounts sets out all of the funding received from Sport Ireland for 2022/23. This is a considerable sum, amounting to €4.4m, which is spread across many areas including the grassroots game, women's rugby, diversity, energy grants and high performance. The Union is extremely grateful for this ongoing funding, which is of tremendous value to all involved in the game. I would also like to take this opportunity to thank again the Government for their support throughout the Covid pandemic. In addition to the change in grant funding, other income improved due to the ending of negative interest rates and increased property rents.

Professional Game Costs fell by €16.7m to €43.8m from last year's €60.5m. Included here are all the operational, logistical, player and coaching costs relating to the men's senior team, together with all of the costs incurred by the Union in respect of the four Provincial teams. The costs of tours, camps and squads were down significantly due to the fact that the senior men's team did not have

an overseas tour this year, although there was an Emerging Ireland tour to South Africa and additional costs were also incurred in relation to Rugby World Cup preparations. Match costs increased due to inflation, the additional November match against New Zealand A, costs incurred in earning hospitality income and the return to more normal cost profiles. Player and management costs fell by €15.5m due to the 2021/22 figure including only a partial player recharge to the provinces and the final tranche of CVC URC monies. There were also additional costs associated with winning the grand slam, which were more than covered by the additional prize money generated.

Elite Player Development expenditure rose by €3.2m for a variety of reasons. The Union's investment in the performance side of the women's game increased by €1m and incorporated additional coaching and management personnel, player retainers, age grade teams and the Celtic Cup. The cost of Men's sevens increased by €0.7m due to increased activity enabled through additional grant funding, increased player remuneration, additional coaching costs and costs related to success in the World Cup and Olympic qualification. Under 20 costs increased due to additional costs associated with the very successful World Rugby Under 20 Championship campaign. Academy costs increased due to the full resumption of grant funding to the Provincial Academies. High Performance costs increased due to additional staff, inflation and increases in costs relating to the High Performance Centre due to inflation, the resumption of normal activities and staffing levels.

Domestic and community rugby costs fell from €13.1m last year to €12.2m this year. The 2021/22 figure included €2.5m of special club grants funded from the €18m of the special Covid Government funding received in that year, together with €0.4m of special equipment grants, again funded by Sport Ireland. This is reflected in the clubs and schools support figure in schedule 6 along with €1m of energy grants paid to clubs, once again funded by special Government grants. The increase in Provincial funding reflects the return to more normal funding levels for the Branches post Covid and this was also a large part of the reason for the increase in women's development costs.

Marketing and communications costs increased due to additional staff costs, with a number of staff promotions and the cost of the digital programme part funded by a grant from URC. Grounds and property costs fell significantly due to additional

stadium rents received and a reduction in essential property repair costs.

The increase in governance costs reflects the return to a normal post Covid profile. Salary and pension costs increased due to additional staff and termination costs. Professional fees fell year on year but last year's figure included significant costs in relation to the CVC transaction.

I am pleased to report that the Union's balance sheet shows an unchanged net asset position, in excess of €105m, despite the loss of €1m. This is due to actuarial gains in relation to the Union's defined benefit pension scheme, which improved from a liability of €0.5m in last year's balance sheet to an asset of €0.6m in this year's.

Fixed Assets and investments include the purchase of two perimeter properties, together with depreciation and amortisation for the year. Loans to clubs reflect the repayments received during the year. Loans to Branches increased significantly due to the conversion of a part of Munster's operational debt into a long-term loan, detailed in note 8 to the accounts. Also included in financial fixed assets is an amount of just under €9m representing the guaranteed balance of CVC Six Nations monies less the amount receivable next year, details of which can be found in note 3 to the accounts.

Debtors and prepayments fell in large part due to the receipt of ten-year tickets monies due, the conversion of Munster operational debt into a long-term loan and the offsetting of Branch debt against grant and CVC funding due; this was in part offset by the return to normal levels of player recharges to the provinces.

As cash balances at €63m include all ten year ticket, corporate box, naming rights and CVC monies received to date, it is important to view this in the context of the total deferred income on the Union's balance sheet which stands at €85m. Ideally the Union would have this €85m in the bank to be able to match the release of this deferred income into the accounts in the future.

The reduction in Creditors and Accruals is largely due to the aforementioned offsetting of grants due to the Branches against Branch operational amounts due to the Union.



SUMMARY

The result for the year has benefitted from:

- Six Nations prize money (less bonuses);
- Gate receipts (all matches sold out) and additional nine-year tickets sold; and
- Additional sponsorship and Sport Ireland funding.

Whilst these improvements are very welcome, we cannot rely on such levels of prize money every year, and nor do we budget to do so. We are now very close to our capacity for ten-year ticket sales whilst corporate box sales have reached their limit. The additional funding from Sport Ireland has been invaluable and has allowed us to assist our clubs further and fund essential new roles that would otherwise have increased our deficit. As I indicated at the outset, the Union's budgeted deficit was €7.4m this year and whilst next year's budgeted deficit will be considerably in excess of that due to the impact of Rugby World Cup, the €7m underlying deficit will continue into the future unless increased revenues are sourced or costs are reduced. There will be additional calls for resourcing from all parts of the game and our finances are also exposed to general macro-environmental threats along with more specific threats to the game.

As I said last year, we have been very fortunate to be able to rebuild our balance sheet through the CVC Six Nations investment and also the generous Government assistance that we received over the last two years, and it is good to report that our net assets are broadly unchanged from those reported last year. That said, for the reasons outlined in the preceding paragraph, it will be challenging to maintain this level of net assets going forward.

In conclusion, it has been a good year on the pitch, which has been reflected in our financial result for the year, and I would like to thank my fellow Committee members, especially all of those on the Finance Standing Committee, for their assistance in navigating it. I would also like to thank the staff of the Union, the members of the Finance Department, and most particularly Conor O'Brien and Fiona O'Flaherty. Conor stepped down as Chief Financial Officer last month, and I would like to acknowledge his enormous service to the Union over the last 28 years. I would also like to welcome his successor, Thelma O Driscoll, and wish her every success in the role.

UNION INCOME STATEMENT FOR THE YEAR ENDED 31 JULY 2023

		2022/23 €	2021/22 €	2020/21 €
Income:	Schedule			
Representative matches	1	85,959,649	92,929,820	59,001,504
Other income	2	6,169,858	22,644,666	25,023,308
		92,129,507	115,574,486	84,024,812
Expenditure:				
Professional game costs	3	43,835,371	60,532,213	68,128,890
Elite player development	4	17,268,899	14,113,653	9,787,152
Games support costs	5	744,880	646,867	542,093
Domestic and community rugby	6	12,247,144	13,053,159	9,860,565
Marketing and communications	7	2,443,452	1,803,427	1,424,027
Grounds	8	2,557,210	5,733,753	3,311,535
Administration and overheads	9	9,224,286	9,054,012	7,808,938
Movement in bad debt provision	(Note 12)	-	-	(11,532,052)
Depreciation	(Note 5)	3,016,481	2,968,731	2,980,896
Amortisation of financial fixed assets	(Notes 9 & 10)	1,781,013	1,781,013	1,781,013
		93,118,736	109,686,828	94,093,057
(Deficit)/surplus for the year before exceptional income		(989,229)	5,887,658	(10,068,245)
Exceptional income	(Note 3)	-	44,582,854	-
(Deficit)/surplus for the year		(989,229)	50,470,512	(10,068,245)

The financial statements were approved and authorised for issue by the Committee:

P. Kennedy
Honorary Treasurer

K. Potts
Chief Executive

CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED 31 JULY 2023

		2022/23 €	2021/22 €	2020/21 €
Income:	Note			
Representative matches		85,959,649	92,929,820	59,001,504
Other income		6,274,858	22,749,666	25,128,308
Share of loss of joint ventures	9	(2,253,677)	(1,123,853)	(3,071,703)
		89,980,830	114,555,633	81,058,109
Expenditure:				
Professional game costs		43,835,371	60,532,221	68,128,890
Elite player development		17,269,079	14,113,932	9,787,067
Games support costs		744,880	646,867	542,093
Domestic and community rugby		12,247,144	13,053,159	9,860,565
Marketing and communications		2,443,452	1,803,427	1,424,027
Grounds		2,557,210	5,733,753	3,311,535
Administration and overheads		9,325,753	9,155,494	7,910,404
Movement in bad debt provision	12	-	-	(11,532,052)
Depreciation	5	3,166,481	3,118,731	3,130,896
Amortisation of goodwill	6	(79,996)	(79,996)	(79,996)
		91,509,374	108,077,588	92,483,429
(Deficit)/surplus for the year before exceptional income		(1,528,544)	6,478,045	(11,425,320)
Exceptional income	3	-	44,582,854	-
(Deficit)/surplus for the year		(1,528,544)	51,060,899	(11,425,320)

The financial statements were approved and authorised for issue by the Committee:

P. Kennedy
Honorary Treasurer

K. Potts
Chief Executive

UNION STATEMENT OF OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 JULY 2023

	2022/23	2021/22	2020/21
	€	€	€
(Deficit)/surplus for the financial year	(989,229)	50,470,512	(10,068,245)
Actuarial (loss)/gain on assets	(895,000)	(698,000)	1,104,000
Experience (loss)/gain on pension scheme liabilities	(100,000)	(505,000)	187,000
Effect of changes in actuarial assumptions	2,146,000	4,098,000	(987,000)
Total surplus/(deficit) relating to the year	161,771	53,365,512	(9,764,245)
Total surplus/(deficit) recognised since the last annual report	161,771	53,365,512	(9,764,245)

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 JULY 2023

	2022/23	2021/22	2020/21
	€	€	€
(Deficit)/surplus for the financial year	(1,528,544)	51,060,899	(11,425,320)
Actuarial (loss)/gain on assets	(895,000)	(698,000)	1,104,000
Experience (loss)/gain on pension scheme liabilities	(100,000)	(505,000)	187,000
Effect of changes in actuarial assumptions	2,146,000	4,098,000	(987,000)
Total (deficit)/surplus relating to the year	(377,544)	53,955,899	(11,121,320)
Total (deficit)/surplus recognised since the last annual report	(377,544)	53,955,899	(11,121,320)

UNION STATEMENT OF CHANGES IN FUNDS FOR THE YEAR ENDED 31 JULY 2023

	2022/23	2021/22	2020/21
	€	€	€
General reserve	102,928,389	49,562,877	59,327,122
Ground development reserve	1,269,738	1,269,738	1,269,738
Financial assistance to clubs reserve	1,269,738	1,269,738	1,269,738
Balance at beginning of year	105,467,865	52,102,353	61,866,598
Total recognised surplus/(deficit) relating to the year	161,771	53,365,512	(9,764,245)
Balance at end of year	105,629,636	105,467,865	52,102,353

CONSOLIDATED STATEMENT OF CHANGES IN FUNDS FOR THE YEAR ENDED 31 JULY 2023

	2022/23	2021/22	2020/21
	€	€	€
General reserve	122,809,957	68,854,058	79,975,378
Ground development reserve	1,269,738	1,269,738	1,269,738
Financial assistance to clubs reserve	1,269,738	1,269,738	1,269,738
Balance at beginning of year	125,349,433	71,393,534	82,514,854
Total recognised (deficit)/surplus relating to the year	(377,544)	53,955,899	(11,121,320)
Balance at end of year	124,971,889	125,349,433	71,393,534

UNION STATEMENT OF FINANCIAL POSITION AS AT 31 JULY 2023

	Note	31/07/23 €	31/07/22 €
Tangible fixed assets	5	41,456,655	42,549,762
Financial fixed assets			
Loans to clubs	7	1,822,478	1,870,198
Other loans	8	10,754,030	6,561,778
Joint ventures	9	56,677,709	58,308,722
Investment in subsidiary undertakings	10	5,212,500	5,362,500
Other investments	11	-	-
Pension asset	14	601,000	-
Deferred consideration receivable	3	8,993,490	18,094,991
		84,061,207	90,198,189
Current assets			
Debtors and prepayments	12	24,767,512	30,257,771
Deferred consideration receivable	3	9,101,501	9,230,196
Cash at bank and in hand		63,261,245	66,126,257
		97,130,258	105,614,224
Current liabilities			
Creditors and accrued expenses	13	32,412,974	35,530,330
		32,412,974	35,530,330
Net current assets		64,717,284	70,083,894
Total assets less current liabilities		190,235,146	202,831,845
Pension liability	14	-	(536,000)
Deferred ticket fund	15	(83,405,510)	(94,427,980)
Deferred naming rights fund		(1,200,000)	(2,400,000)
		105,629,636	105,467,865
Financed by:			
Union funds		105,629,636	105,467,865

The financial statements were approved and authorised for issue by the Committee:

P. Kennedy **K. Potts**
Honorary Treasurer Chief Executive

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 JULY 2023

	Note	31/07/23 €	31/07/22 €
Tangible fixed assets	5	46,669,155	47,912,262
Intangible fixed assets			
Goodwill	6	6,678,732	6,869,553
Negative goodwill	6	(4,690,606)	(1,961,423)
		1,988,126	4,908,130
Financial fixed assets			
Loans to clubs	7	1,822,478	1,870,198
Other loans	8	10,754,030	6,561,778
Deferred considerations receivable	3	8,993,490	18,094,991
Pension asset	14	601,000	-
Joint ventures:	9		
Share of gross assets		157,790,237	163,092,784
Share of gross liabilities		(83,816,709)	(89,865,569)
		96,144,526	99,754,182
Current assets			
Debtors and prepayments	12	24,856,825	30,347,086
Deferred consideration receivable	3	9,101,501	9,230,196
Cash at bank and in hand		63,322,585	66,183,781
		97,280,911	105,761,063
Current liabilities			
Creditors and accrued expenses	13	32,505,319	35,622,224
		32,505,319	35,622,224
Net current assets (liabilities)		64,775,592	70,138,839
Total assets less current liabilities		209,577,399	222,713,413
Pension liability	14	-	(536,000)
Income received in advance		(1,200,000)	(2,400,000)
Deferred ticket fund	15	(83,405,510)	(94,427,980)
		124,971,889	125,349,433
Financed by:			
Union funds		124,971,889	125,349,433

The financial statements were approved and authorised for issue by the Committee:

P. Kennedy **K. Potts**
Honorary Treasurer Chief Executive

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 JULY 2023

	31/07/23	31/07/22
	€	€
Cash flows from operating activities		
Operating (deficit)/surplus	(1,528,544)	6,478,045
Interest receivable	(17,186)	(6,075)
Depreciation (Note 5)	3,166,481	3,118,731
Movement in shares of net assets of joint ventures and Union share of capital contribution	2,253,687	1,123,853
Amortisation of goodwill (Note 6)	(79,996)	(79,996)
Movement in provisions against loans to clubs	(40,878)	(32,053)
Movement in debtors	5,618,956	(26,644,318)
Movement in creditors	(3,116,905)	(18,715,122)
Movement in income received in advance	(1,200,000)	(1,200,000)
Transfer to revenue – corporate boxes and ten year tickets	(15,101,723)	(14,445,541)
Movement in long term receivables	9,101,501	(18,094,991)
Exceptional income (Note 3)	-	44,582,854
Current service costs less return on investment on pension	14,000	35,000
Pension fund contributions	-	(155,000)
Net cash outflow from operating activities	(930,607)	(24,034,613)
Cash flows from investing activities		
Interest received on loans to clubs	17,186	6,075
Net payments by clubs	88,598	114,141
(Advances to)/repayment by Munster Branch IRFU	(4,192,252)	100,000
Purchase of tangible fixed assets	(1,923,374)	(100,528)
Net cash (outflow)/inflow from investing activities	(6,009,842)	119,688
Cash flows from financing activities		
Proceeds on sale of deferred tickets and boxes (Note 15)	4,079,253	53,813,823
Net cash inflow from financing activities	4,079,253	53,813,823
(Decrease)/increase in cash and cash equivalents	(2,861,196)	29,898,898
Cash and cash equivalents at beginning of year	66,183,781	36,284,883
Cash and cash equivalents at end of year	63,322,585	66,183,781

CONSOLIDATED ANALYSIS OF NET DEBT FOR THE YEAR ENDED 31 JULY 2023

	At 1 August 2022	Cash flow	Non-cash movement	At 31 July 2023
	€	€	€	€
Cash at bank and in hand	66,183,781	(2,861,196)	-	63,322,585
Debt due within 1 year	586,992	(586,992)	-	-
Total	66,770,773	(3,448,188)	-	63,322,585

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 JULY 2023

1. ACCOUNTING POLICIES

The following accounting policies have been applied consistently, except as stated below, in dealing with items which are considered material in relation to the accounts:

a. Basis of preparation

The accounts have been prepared on the going concern basis in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in Ireland.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires the Committee to exercise judgement in applying the Irish Rugby Football Union's (the "Union") accounting policies (see note 2).

b. Basis of consolidation

The group accounts include the accounts of the parent undertaking and its wholly controlled subsidiary undertakings, Lansdowne Car Park Limited, Irish International Rugby Competitions CLG and Clubland CLG and its share of its Joint Venture in Thomond Park Stadium DAC and New Stadium DAC.

c. Goodwill

Goodwill is the difference between the fair value of the consideration given on the acquisition of a business and the aggregate fair value of the separate net assets acquired.

Goodwill is being amortised through the income statement in equal instalments over its estimated economic life of 40 years on a straight line basis.

Negative goodwill is amortised through the income statement in equal instalments over the remaining life of the asset to which it relates. This is considered to be 20 years.

Goodwill is reviewed for impairment at the end of the first full financial year following acquisition and in other periods if events or changes in circumstances indicate that the carrying value may not be recoverable.

d. Turnover

Turnover is measured at the fair value of the consideration received or receivable, net of discounts. Turnover includes revenue earned from the sale of goods and from the rendering of services.

The Union, when acting as principal, recognises revenue when: (a) the significant risks and rewards of ownership have been transferred to the buyer; (b) it retains no continuing involvement or control over the goods; (c) the amount of revenue can be measured reliably; (d) it is probable that future economic benefits will flow to it and (e) when the specific criteria relating to each of its sales channels have been met, as described below.

Ticket income, competition income and other event income are recognised as revenue when the related event is staged.

Sponsorship income, TV rights income and other commercial agreements are recognised as revenue based on the relevant contractual terms. Where consideration is received in kind, income and expenditure are grossed up on the basis of arm's length commercial rates.

e. Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 JULY 2023

f. Depreciation

Depreciation is charged in order to write off the assets over their expected useful lives, on a straight line basis, at the following annual rates:

Land	Nil
Stands, buildings, etc.	2.5%
Car park	2.5%
Fixtures, fittings & equipment	Between 12.5% and 33.33%
Computer equipment	20% and 33.33%
Grounds purchased and leased to clubs	Nil
Training grounds and fixtures	20%

g. Joint ventures

The Union's 50% interest in New Stadium DAC and Thomond Park Stadium Company DAC are accounted for in accordance with FRS 102.

In the individual accounts of the Union, investments in joint ventures are treated as financial fixed assets and valued at cost less provisions for impairment in value. The provision for impairment in value of these investments is based on the estimated useful lives of the underlying fixed assets. The estimated useful life is estimated to be 40 years and written off on a straight line basis.

In the consolidated accounts, the Union's share of the profits less losses are included in the income statement. The Union's interest in the net assets is indicated as a financial fixed asset in the statement of financial position at an amount representing the Union's share of the fair values of the net assets at acquisition plus the Union's share of post-acquisition retained profits or losses.

The amounts included in the accounts of the Union are taken from the management accounts of the joint ventures made up to the Union's period end. Audited accounts of the joint venture companies made up to 31 July are not available as both joint ventures have different period ends to the Union.

h. Financial fixed assets

Investments

Investments are valued at cost. These are reviewed annually and provision is made where it is considered that there is an impairment in value. Income from investments is recognised in the income statement in the period in which it is receivable.

Investment – subsidiary undertakings

In the individual accounts of the Union, the investment in and advances to the Union's wholly owned subsidiary, Lansdowne Car Park Limited, are valued at cost less provisions for impairment in value. The provision for impairment in value is based on the estimated useful life of the underlying fixed asset, which was estimated to be 40 years, and written off on a straight line basis.

The investment in Irish International Rugby Competitions CLG is valued at cost less provision for impairment in value. This investment has been fully provided for on the basis that it is expected to be loss making.

i. Grants

Capital grants received are amortised in line with the useful life of related fixed assets.

Revenue grants are released to the income statement as the related expenditure is incurred.

j. Foreign currencies

Functional and presentation currency

Items included in the accounts are presented in 'Euro', the currency of the primary economic environment in which the entity operates (the 'functional currency').

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 JULY 2023

1. ACCOUNTING POLICIES (CONT'D.)

Transactions and balances

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction or at a contracted rate. Monetary assets and liabilities denominated in foreign currencies are retranslated at the ruling rate of exchange at the statement of financial position date or the contracted rate. All differences are taken to the income statement as part of the fair value gain or loss.

k. Pension costs

The Union operated a defined benefit pension scheme for certain employees. The assets of the scheme are held separately from those of the Union. From 31 August 2018 the Trustees of the scheme made the decision to close the scheme to the accrual of benefits in respect of future service.

A defined benefit plan defines the pension benefit that the employee will receive on retirement, usually dependent upon several factors including age, length of service and remuneration. A defined benefit plan is a pension plan that is not a defined contribution plan.

The liability recognised in the statement of financial position in respect of the defined benefit plan is the present value of the defined benefit obligation at the end of the reporting date less the fair value of the plan assets at the reporting date.

The defined benefit obligation is calculated using the projected unit credit method. The Union engages independent actuaries annually to calculate the obligation.

The present value is determined by discounting the estimated future payments using market yields on high quality corporate bonds that have terms approximating the estimated period of the future payments.

The Union also operates defined contribution schemes for its employees. Pension benefits are funded over the employees' period of service by way of contributions to insured funds. The Union's contributions are charged to the income statement in the period to which they relate.

l. Deferred ticket income

Monies received in respect of corporate boxes and five, nine and ten year tickets have been treated as deferred income and have been released to the income statement over the period to which they relate based on the estimated number of fixtures and the expected admission prices. Details of the amount deferred are set out in note 15.

m. Liquid resources

In the statement of cash flows, liquid resources include cash on deposit at banks with more than 24 hours' notice.

n. Financial instruments

The Union generally only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtor and creditors, loans from bank and other third parties.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or in case of an outright short-term loan that is not at market rate, the financial asset or liability is measured, initially at the present value of future cash flows discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost, unless it qualifies as a loan from a director in the case of a small entity, or a public benefit entity concessionary loan.

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 JULY 2023

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the income statement.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Union would receive for the asset if it were to be sold at the reporting date.

Financial assets and liabilities are offset and the net amount reported in the statement of financial position, when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Derivatives, including options, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss, in finance costs, or income as appropriate.

o. Borrowing costs

All borrowing costs are recognised in the Income Statement in the financial period in which they are incurred.

p. Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, including transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

q. Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

r. Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, including transaction costs, and are measured subsequently at amortised cost using the effective interest method.

s. Provisions

Provisions are made where an event has taken place that gives the Union a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to profit or loss in the year that the Union becomes aware of the obligation, and are measured at the best estimate at the Statement of financial position date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Statement of financial position.

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 JULY 2023

2. SIGNIFICANT JUDGEMENTS AND ESTIMATES

When preparing the financial statements, the Committee undertakes a number of judgements, estimates and assumptions about the recognition and measurement of assets, liabilities, income and expenditure. These are continuously evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The following are the significant judgements made in applying the accounting policies of the Union that have the most significant effect on the financial statements:

Allowances for impairment of trade receivables

The Committee estimates the allowance for doubtful trade receivables based on an assessment of specific accounts where the Union has objective evidence comprising default in payment terms or significant financial difficulty that certain parties are unable to meet their financial obligations. In these cases, judgement is used based on the best available facts and circumstances.

Information about the estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenditure is provided below. Actual results may be substantially different.

Impairment of intangible assets

In assessing impairment of the intangible assets, the Committee estimates the recoverable amount of each asset based on expected future cash flows. Estimation uncertainty relates to assumptions about the determination of a suitable discount rate.

Deferred ticket income

In assessing the release of deferred ticket income, the Committee estimates the number of future matches, future ticket prices and rates of inflation in order to calculate the release of income in the current and future periods.

Useful lives of long lived assets

The Committee reviews its estimate of the useful lives of long lived assets during each financial period, based on the expected utilisation of the assets. Uncertainties in these estimates relate to technical and physical obsolescence that may change the utilisation of certain assets.

Determining fair values of financial assets and financial liabilities

FRS102 requires that certain financial assets and liabilities such as options be carried at fair value, which requires the use of accounting judgement and estimates. While significant components of fair value measurement are determined using verifiable objective evidence (e.g. interest rates), the timing and amount of charges of fair value would differ with the valuation methodology used. Any change in the fair value of these financial assets and liabilities would directly affect the income statement and the statement of changes in funds.

3. EXCEPTIONAL INCOME AND CONTINGENT ASSET

During the financial year ended 31 July 2022, the Union disposed of 1/7th of its rights in the Six Nations tournament to a third party for a net total of €44,582,854, which has been recognised as an exceptional item (net profit on disposal) in the income statement. A total of €17,257,667 was received in 2022, with the remaining consideration of €27,325,187 to be received in 3 tranches over the next 3 financial years until 31 July 2025. A payment of €9,230,196 was received in 2023, with the balance of €9,101,501 due within one year and a balance of €8,993,490 is due after more than one year and included in financial fixed assets.

In addition, a performance agreement also allows for further conditional consideration of up to £8.3m to be paid, only where certain conditions relating to future financial performance by the Six Nations competition are met. At the reporting date, it is not yet certain whether any of these conditions will be achieved and therefore no asset has been recognised.

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 JULY 2023

4. INCOME AND EXPENDITURE RECOGNITION

Income and expenditure are recognised in the season in which they arise and are incurred.

5. TANGIBLE FIXED ASSETS

Union	Cost at 01/08/22 €	Additions €	Disposal €	Cost at 31/07/23 €
Premises and grounds	72,406,806	1,923,374	-	74,330,180
Fixtures, fittings & equipment	8,179,445	-	-	8,179,445
Grounds purchased and leased to clubs	368,713	-	-	368,713
	80,954,964	1,923,374	-	82,878,338

	Accumulated depreciation at 01/08/22 €	Charge for year €	Disposal €	Accumulated depreciation at 31/07/23 €
Premises and grounds	30,409,063	2,967,960	-	33,377,023
Fixtures, fittings & equipment	7,996,139	48,521	-	8,044,660
Grounds purchased and leased to clubs	-	-	-	-
	38,405,202	3,016,481	-	41,421,683

Net book value	42,549,762			41,456,655
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NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 JULY 2023

5. TANGIBLE FIXED ASSETS (CONT'D.)

Consolidated	Cost at 01/08/22 €	Additions €	Disposal €	Cost at 31/07/23 €
Premises and grounds	72,406,806	1,923,374	-	74,330,180
Fixtures, fittings & equipment	8,179,445	-	-	8,179,445
Car park	10,000,000	-	-	10,000,000
Grounds purchased and leased to clubs	368,713	-	-	368,713
	90,954,964	1,923,374	-	92,878,338
	Accumulated depreciation at 01/08/22 €	Charge for year €	Disposal €	Accumulated depreciation at 31/07/23 €
Premises and grounds	30,409,063	2,967,960	-	33,377,023
Fixtures, fittings & equipment	7,996,139	48,521	-	8,044,660
Car park	4,637,500	150,000	-	4,787,500
Grounds purchased and leased to clubs	-	-	-	-
	43,042,702	3,166,481	-	46,209,183
Net book value	47,912,262			46,669,155

(i) The Union consider the accumulated cost, less related depreciation, on expenditure capitalised in respect of the previous stadium at Lansdowne Road as relating to enhancing the value of the land on which the stadium is situated. As stated in note 9 the Union is in receipt of annual rental income of €750,000 for this land. The net amount included within premises and grounds above in respect of this expenditure is €3,451,940 (2022: €3,755,467).

(ii) Under a Memorandum of Understanding dated 10 December 2007, the Union entered into arrangements with the Munster Branch IRFU and Thomond Park Stadium Company DAC to redevelop the stadium at Thomond Park. As part of these arrangements, the Union advanced a loan to the Branch (note 8) and acquired a 50% interest in Thomond Park Stadium Company DAC (note 9).

The accumulated cost of the old stadium, less related depreciation, amounts to €2,350,777 (2022: €2,483,364) and is included within premises and grounds above.

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 JULY 2023

6. INTANGIBLE FIXED ASSETS

	31/07/23 €	31/07/22 €
Goodwill arising on share of New Stadium DAC		
At beginning of year	11,898,642	11,898,642
At end of year	11,898,642	11,898,642
Amortisation		
At beginning of year	(5,029,089)	(4,838,268)
Charge for the year	(190,821)	(190,821)
At end of year	(5,219,910)	(5,029,089)
	6,678,732	6,869,553

As part of its investment in the development of the Aviva Stadium, the Union incurred certain expenditure, which was not directly advanced to the joint venture company. In addition, the Union's capital contribution exceeded 50% of the overall capital contribution made to the joint venture company.

This additional expenditure referred to above, the effect of conversion of the loan to share capital and premium as referred to in note 9 and the excess capital contribution, which represents the fair value of the cost of the development of the stadium over the Union's share of the separate net assets of the joint venture company, has been treated as goodwill.

This goodwill is being amortised over a period of 40 years on a straight line basis.

	31/07/23 €	31/07/22 €
Negative goodwill arising on share of Thomond Park Stadium Company DAC		
Cost		
At beginning of year	(4,603,897)	(4,603,897)
Union share of movement on capital contribution	(3,000,000)	-
At end of year	(7,603,897)	(4,603,897)
Amortisation		
At beginning of year	2,642,474	2,371,657
Credit for the year	270,817	270,817
At end of year	2,913,291	2,642,474
	(4,690,606)	(1,961,423)

Negative goodwill arose on the Union's share of a capital contribution in Thomond Park Stadium Company DAC.

Negative goodwill is being amortised through the income statement in equal instalments over the remaining life of the asset.

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 JULY 2023

7. LOANS TO CLUBS

Interest on loans to clubs is generally charged at a rate of 1%. Terms of repayment are generally over 10 years.

	31/07/23 €	31/07/22 €
At beginning of year	2,354,993	2,469,134
New loans issued	250,065	-
Repayments	(338,663)	(114,141)
At end of year	2,266,395	2,354,993
Provision	(443,917)	(484,795)
	<u>1,822,478</u>	<u>1,870,198</u>

Loans to clubs included in the statement of financial position are net of provisions where applicable. Provisions against loans to clubs at the year end amounted to €443,917 (2022: €484,795). The movement on these provisions has increased net income by €40,878 (2021/2022: €32,053 increase, 2020/2021: €9,887 decrease).

8. OTHER LOANS

Union and Consolidated	31/07/23 €	31/07/22 €
Loan to Munster Branch IRFU	10,754,030	6,561,778
	<u>10,754,030</u>	<u>6,561,778</u>
Amount due within one year	200,000	100,000
Amounts due after one year	10,554,030	6,461,778
	<u>10,754,030</u>	<u>6,561,778</u>

The Union advanced funds to the Munster Branch IRFU in order to assist with the development of Thomond Park. The amounts advanced are secured on the Branch's share in Thomond Park Stadium Company DAC and on the loan advanced by the Branch to that company. Interest is chargeable on the loan to the Branch based on the effective cost of funds to the Union.

A new schedule of loan repayments was agreed with the Branch in 2022. Under the new repayment schedule the principal terms of repayment are as follows:

- Annual loan repayments in the amount of €200,000 plus;
- 50% of any additional multi-year ticket sales, 50% of any multi-year corporate box sales and 50% of net Thomond Park naming rights income on an annual basis.
- The interest rate chargeable on the loan is at 1% per annum.

The arrangement is to be reviewed on a biennial basis and the Union reserves the right to revert to the strict terms of the Loan Agreement following each review in its absolute discretion and/or in the event of any failure by the Munster Branch IRFU to meet the newly agreed arrangements.

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 JULY 2023

9. JOINT VENTURES

The Union holds 50% of the ordinary share capital of New Stadium DAC and 50% of the ordinary share capital of Thomond Park Stadium Company DAC (companies formed to develop the Aviva Stadium and Thomond Park respectively).

	31/07/23 €	31/07/22 €
Investment at cost		
- New Stadium DAC	108,145,832	108,145,832
- Thomond Park Stadium Company DAC	5	5
	<u>108,145,837</u>	<u>108,145,837</u>
Amortisation in respect of New Stadium DAC		
Accumulated balance carried forward	(49,837,115)	(48,206,102)
Charge for the year	(1,631,013)	(1,631,013)
	<u>56,677,709</u>	<u>58,308,722</u>

On 11 September 2014, the Union exchanged the existing loan to New Stadium DAC for 1 ordinary share of €1 nominal value. The excess of the liability at that date, over the nominal value of the share received was recognised as share premium. This gave rise to additional goodwill as referred to in note 6.

Disclosures in respect of New Stadium DAC, based on the company's management accounts, are as follows:

	31/07/23 €	31/07/22 €
Share of turnover	5,188,687	5,434,155
Share of operating loss	(1,771,819)	(715,280)
Share of tax	(2,461)	(10,789)
Share of loss after tax	(1,774,280)	(726,069)
	<u>31/07/23 €</u>	<u>31/07/22 €</u>
Share of fixed assets	143,680,067	147,625,542
Share of current assets	2,379,031	3,358,221
Share of gross assets	146,059,098	150,983,763
Share of current liabilities	(1,395,334)	(1,793,661)
Share of non-current liabilities	(72,378,842)	(75,130,893)
Share of gross liabilities	(73,774,176)	(76,924,554)
Share of net assets	72,284,922	74,059,209

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 JULY 2023

9. JOINT VENTURES (CONT'D.)

Disclosures in respect of Thomond Park Stadium Company DAC, based on the company's management accounts, are as follows:

	31/07/23	31/07/22
	€	€
Share of turnover	782,342	760,589
Share of operating loss	(479,397)	(397,784)
Share of tax	-	-
Share of loss after tax	(479,397)	(397,784)
Share of fixed assets	11,475,680	11,970,880
Share of current assets	255,459	138,141
Share of gross assets	11,731,139	12,109,021
Share of current liabilities	(1,349,180)	(1,247,661)
Share of non-current liabilities	(8,693,354)	(11,693,354)
Share of gross liabilities	(10,042,534)	(12,941,015)
Share of net assets (liabilities)	1,688,605	(831,994)

The Union has entered into lease agreements with each of these companies to lease land on which the stadia have been redeveloped on the following terms:

Company	Term of lease	Annual rent
New Stadium DAC	99 years from Dec 2005	€750,000
Thomond Park Stadium Company DAC	55 years from Oct 2006	€9,600

The rents due became payable during the year ended May 2010 in the case of the Aviva Stadium and became due April 2011 in the case of Thomond Park.

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 JULY 2023

10. INVESTMENT IN SUBSIDIARY UNDERTAKINGS

	Irish International Rugby Competitions CLG	Lansdowne Car Park Limited	Total
	€	€	€
Cost			
At 1 August	1,415,000	10,000,000	11,415,000
Additions during the year	-	-	-
Net Book Value at 31 July	1,415,000	10,000,000	11,415,000
Amortisation and Impairment			
At 1 August	(1,415,000)	(4,637,500)	(6,052,500)
Charge for the year	-	(150,000)	(150,000)
Net Book Value at 31 July	(1,415,000)	(4,787,500)	(6,202,500)
	-	5,212,500	5,212,500

The Union owns 100% of the ordinary share capital of Lansdowne Car Park Limited, and Irish International Rugby Competitions CLG. Both companies are registered in the Republic of Ireland and their registered office is at 10/12 Lansdowne Road, Dublin 4.

The Union advanced funds to Lansdowne Car Park Limited in order to finance the construction of a car park located adjacent to the Aviva Stadium. The investment in Lansdowne Car Park Limited and the associated underlying assets is being amortised over a period of 40 years.

The loan is unsecured, interest free, has no fixed date of repayment and is repayable on demand.

Irish International Rugby Competitions CLG was set up in order to run the Women's Rugby World Cup 2017. This venture was not expected to generate profits and for this reason the Union decided to fully provide against its investment. The accumulated losses relating to this venture to 31 July 2023 amounted to €1,409,319 (2022: €1,409,092). It is the intention of the Union to wind up this company in the near future.

A Property Holding Company in the name of Clubland CLG, Company Number 621439 was incorporated on 20th February 2018 to enable the transfer of the legal title to the lands and properties owned by the Union, an unincorporated association, and held in the names of the Trustees of the Union for and on behalf of the Union, into the name of Clubland CLG, as Trustee of the Union, in accordance with the Laws of the Union. The beneficial interest in the properties remains vested in the Union.

11. OTHER FINANCIAL INVESTMENT

During the previous financial year, the Union received cash proceeds of €3.1 million for a disposal of 28% of its rights in the European Rugby Championship (ERC). Since the Union retains a significant portion of its economic rights to ERC through Celtic Rugby Designated Activity Company, a company which the Union holds significant influence in, this portion has not been derecognised.

The Union has a 25% holding in Celtic Rugby Designated Activity Company, which manages the "United Rugby Championship" rugby competition. Income received in the context of this competition, as well as the amounts referred to above, is recognised as provincial competition income.

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 JULY 2023

12. DEBTORS AND PREPAYMENTS

	Union		Consolidated	
	31/07/23	31/07/22	31/07/23	31/07/22
	€	€	€	€
Sponsorship & branch recharge debtors	3,045,630	3,419,805	3,045,631	3,419,805
Ticket debtors	8,619,463	16,040,503	8,619,463	16,040,503
Other debtors	11,353	12,098	11,353	12,098
Prepayments and accrued income	12,830,525	10,589,220	12,919,837	10,678,535
Stock of sportswear and equipment	260,541	196,145	260,541	196,145
	<u>24,767,512</u>	<u>30,257,771</u>	<u>24,856,825</u>	<u>30,347,086</u>

Trade debtors and short term receivables above are stated net of provisions, where applicable. Provisions against debtors, prepayments and stock at the year-end amounted to €6,664,304 (2022: €7,332,229). The movement on these provisions has increased net income by €667,925 (2021/2022 increase of €308,632, 2020/2021 increase of €12,026,572).

Included in ticket debtors above are amounts receivable in two to five years of €2,639,584 (2022: €8,639,566).

13. CREDITORS

	Union		Consolidated	
	31/07/23	31/07/22	31/07/23	31/07/22
	€	€	€	€
Trade creditors and Accruals	22,043,321	23,479,498	22,135,666	23,571,392
Income received in advance	7,703,032	9,155,041	7,703,032	9,155,041
Capital grant	95,000	190,000	95,000	190,000
Loan (Note 16)	-	586,992	-	586,992
PAYE/PRSI	2,446,092	2,075,760	2,446,092	2,075,760
VAT	125,529	43,039	125,529	43,039
	<u>32,412,974</u>	<u>35,530,330</u>	<u>32,505,319</u>	<u>35,622,224</u>

14. PENSION COMMITMENTS

The pension entitlements of certain employees of the Union arise under both a defined benefit scheme and defined contribution schemes which are funded by annual contributions by the Union to separately administered pension funds.

The latest actuarial valuation for the defined benefit scheme was dated 1 August 2022. The assets of the fund, which amounted to €10,406,000, showed that, on an immediate discontinuance basis, the assets of the fund were adequate to meet the plan's statutory minimum funding liabilities. The assets represent 95% in aggregate of the benefits which would accrue to members at the valuation date after allowing for future salary increases. The actuarial report is not available for public inspection.

The valuations employed for FRS 102 disclosure purposes have been updated by the scheme's independent and qualified actuary to take account of the requirements of the accounting standard in order to assess the liabilities of the scheme as at 31 July 2023.

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 JULY 2023

14. PENSION COMMITMENTS (CONT'D.)

The Trustees of the scheme made the decision to close the scheme, with effect from 31 August 2018, to the accrual of benefits in respect of future service.

	31/07/23	31/07/22
	€	€
Total charge to the income statement	19,000	40,000
Actual return on scheme assets	(636,000)	(589,000)

Actuarial gains of €1,151,000 (2021/22: gains of €2,895,000) have been recognised in the statement of other comprehensive income.

The amounts recognised in the income statement are as follows:

	31/07/23	31/07/22
	€	€
<i>Amounts charged to income statement:</i>		
Current service cost	-	-
Total operating charge	-	-

Amounts charged to finance cost:

Net finance expense	19,000	40,000
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The amounts recognised in the statement of financial position are as follows:

	31/07/23	31/07/22
	€	€
Present value of funded obligations	(9,116,000)	(10,942,000)
Fair value of scheme assets	9,717,000	10,406,000
Net Pension asset/Liability	601,000	(536,000)

	31/07/23	31/07/22
	€	€
Opening defined benefit obligation	10,942,000	14,445,000
Interest on scheme liabilities	273,000	144,000
Actuarial (gain)	(2,046,000)	(3,593,000)
Benefits paid	(53,000)	(54,000)
Closing defined benefit obligation	9,116,000	10,942,000

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 JULY 2023

14. PENSION COMMITMENTS (CONT'D.)

Changes in the fair value of scheme assets are as follows:

	31/07/23	31/07/22
	€	€
Opening fair value of scheme assets	10,406,000	10,894,000
Expected return on scheme assets	259,000	109,000
Contributions by employer	-	155,000
Actuarial (loss)	(895,000)	(698,000)
Benefits paid	(53,000)	(54,000)
	<hr/>	<hr/>
Closing fair value of scheme assets	9,717,000	10,406,000

The fair value of the major categories of scheme assets as a percentage of total scheme assets are as follows:

	31/07/23	31/07/23	31/07/22	31/07/22
	%	€	%	€
Equities	19.0	1,846,230	33.0	3,433,980
Bonds	71.0	6,899,070	34.0	3,538,040
Cash/Other	10.0	971,700	33.0	3,433,980
		<hr/>		<hr/>
		9,717,000	-	10,406,000

The principal actuarial assumptions as at the reporting date were:

	31/07/23	31/07/22
	%	%
Rate of increase in salaries	2.70	2.20
Rate of increase in pensions payment (pre 2009)	5.00	5.00
Rate of increase in pensions payment (post 2009)	2.70	2.20
Discount rate	3.70	2.50
Inflation assumption	2.70	2.20

The mortality assumptions used were as follows:

	31/07/23	31/07/22
	years	years
Life expectancy of male/female currently aged 65	23.5/25.8	23.3/25.6
Life expectancy of male/female at 65 currently aged 45	25.2/27.5	25.0/27.3

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 JULY 2023

15. DEFERRED TICKET FUND

	31/07/23	31/07/22
	€	€
At beginning of year	94,427,980	55,059,698
Transfer to revenue account	(15,101,723)	(14,445,541)
Proceeds in respect of tickets sold during the year received and receivable	4,079,253	53,813,823
At end of year	<hr/>	<hr/>
	83,405,510	94,427,980

16. LOANS

Loans are repayable as follows:

	31/07/23	31/07/22
	€	€
Within 1 year	-	586,992
Between 2-5 years	-	-
	<hr/>	<hr/>
	-	586,992

In 2020, World Rugby agreed to advance a total of £2.5m (€2.7m) from the normal cycle world cup fund of £7.5m (€8.2m). Normal cycle payments of £1m (€1.1m) would have been payable on 1 July 2021, 1 July 2022 and 1 July 2023 respectively. The advance attracts interest on each individual tranche advanced at 1% above LIBOR from the date of payment for the period up until the normal cycle payment date. The accrued interest shall become payable by no later than 31 December 2023. A further condition of the advance is that the Union has agreed to participate in Rugby World Cup 2023. As at year end all loan amounts have been settled.

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 JULY 2023

20. FINANCIAL RISK MANAGEMENT

The Union has exposure to the following areas of risk – inflation and economic, foreign exchange transactional currency, liquidity, customer credit and cybersecurity risks. To a lesser extent the Union is also exposed to interest rate risk.

Inflation and economic

Developments from Brexit and in Ukraine have resulted in significant uncertainty in global supply chains and exacerbated inflationary pressures for many regions. The extent to which the coronavirus may impact rugby and the Union's results in the long term still remains uncertain. The Committee continues to monitor and assess the ongoing developments and respond accordingly.

Foreign exchange transactional currency

The Union is exposed to currency exchange rate risk due to a significant portion of its receivables and operating expenses being denominated in non-euro currencies. The net exposure of each currency is monitored and managed by the Committee on a continuous basis.

Liquidity

The objective of the Union in managing liquidity risk is to ensure that it can meet its financial obligations as and when they fall due. The Union expects to meet its financial obligations through operating cash flows. In the event that the operating cash flows would not cover all the financial obligations the Union has credit facilities available.

Customer credit

The Union may offer credit terms to its customers and allow payment of the debt after delivery of the goods or services. The Union is at risk to the extent that a customer may be unable to pay the debt on the specified due date.

Cybersecurity

As with other organisations the Union is conscious of the possible impact of business interruption from a cyberattack and the risk this poses to being able to continue to operate the Union on a day to day basis. The Union has made significant investment in the technological infrastructure and technical capabilities of the organisation as a whole and, together with its partners, monitors the cybersecurity health of the Union on an ongoing and regular basis. The Union believes that sufficient and justifiable actions have been taken to mitigate the impact of a cyberattack to as reasonable a level as possible.

21. APPROVAL OF ACCOUNTS

The accounts of the Union were approved by the Committee on 26th September 2023 and signed on its behalf by the Honorary Treasurer and the Chief Executive.

STATEMENT OF COMMITTEE'S RESPONSIBILITIES

The Committee are responsible for preparing the financial statements. The Committee have elected to prepare financial statements giving a true and fair view of the Union for each financial year in accordance with accounting standards issued by the Financial Reporting Council, including FRS 102 the Financial Reporting Standard applicable in the UK and Republic of Ireland (Generally Accepted Accounting Practice in Ireland).

In preparing these financial statements, the Committee are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and accounting estimates that are reasonable and prudent;
- State whether the financial statements have been prepared in accordance with applicable accounting standards, identify those standards, and note the effect and reasons for any material departure from those standards; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Union will continue in business.

The Committee are responsible for keeping proper books of account that are sufficient to correctly record and explain the transactions of the Union; enable at any time the assets, liabilities and profit and loss of the Union to be determined with reasonable accuracy and enable those financial statements to be audited. They are also responsible for safeguarding the assets of the Union and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS FOR THE YEAR ENDED 31 JULY 2023

Opinion

We have audited the financial statements of the Irish Rugby Football Union (the "Union"), which comprise the Union and consolidated income statement, the Union and consolidated statement of other comprehensive income, the Union and consolidated statement of changes in funds, the Union and consolidated statement of financial position, the consolidated statement of cash flows and the consolidated analysis of net debt for the financial year ended 31 July 2023, and the related notes to the financial statements, including the summary of significant accounting policies.

The financial reporting framework that has been applied in the preparation of the financial statements are accounting standards issued by the Financial Reporting Council including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (Generally Accepted Accounting Practice in Ireland).

In our opinion, the Union's financial statements:

- give a true and fair view in accordance with Generally Accepted Accounting Practice in Ireland of the assets, liabilities and financial position of the Union's affairs as at 31 July 2023 and of its deficit for the financial year then ended; and
- have been prepared in accordance with Generally Accepted Accounting Practice in Ireland including FRS 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (Ireland) (ISAs (Ireland)) and applicable law. Our responsibilities under those standards are further described in the 'Responsibilities of the auditor for the audit of the financial statements' section of our report. We are independent of the Union in accordance with the ethical requirements that are relevant to our audit of the financial statements in Ireland, including the Ethical Standard for Auditors (Ireland) issued by the Irish Auditing and Accounting Supervisory Authority (IAASA) and the ethical pronouncements established by Chartered Accountants Ireland, applied as determined to be appropriate in the circumstances for the entity. 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.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Committee's use of going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Union's ability to continue as a going concern for a period of at least twelve months from the date when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Committee with respect to going concern are described in the relevant sections of this report.

Other information

Other information comprises information included in the annual report, other than the financial statements and our auditor's report thereon. The Committee is responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies in the financial statements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS FOR THE YEAR ENDED 31 JULY 2023

Responsibilities of the Committee

As explained more fully in the Statement of Committee's responsibilities set out on page 35, the Committee of the Union is responsible for the preparation of the financial statements giving a true and fair view in accordance with Generally Accepted Accounting Practice in Ireland, including FRS 102, and for such internal control as they determine necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Committee is responsible for assessing the Union'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 Committee either intends to liquidate the Union or to cease operations, or has no realistic alternative but to do so.

The Committee are responsible for overseeing the Union's financial reporting process.

Responsibilities of the auditor for the audit of the financial statements

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

As part of an audit in accordance with ISAs (Ireland), the auditor will exercise professional judgement and maintain professional scepticism throughout the audit. The auditor will also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for their opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Union's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Committee.
- Conclude on the appropriateness of the Committee's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Union's ability to continue as a going concern. If they conclude that a material uncertainty exists, they are required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify their opinion. Their conclusions are based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause the Union to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a matter that achieves a true and fair view.

The auditor communicates with the Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that may be identified during the audit.

Where the auditor is reporting on the audit of a group, the auditor's responsibilities are to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the group financial statements. The auditor is responsible for the direction, supervision and performance of the audit, and the auditor remains solely responsible for the auditor's opinion.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS FOR THE YEAR ENDED 31 JULY 2023

The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the Union's members, as a body, in accordance with the agreed scope of our engagement. Our audit work has been undertaken so that we might state to the Union's 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 Union and the Union's members as a body, for our audit work, for this report, or for the opinions we have formed.

Cathal Kelly

For and on behalf of

GRANT THORNTON

Chartered Accountants and
Statutory Audit Firm

13 -18 City Quay

Dublin 2

Date: 26th September 2023

INCOME FOR THE YEAR ENDED 31 JULY 2023

Schedule 1: Representative matches

	2022/23 €	2021/22 €	2020/21 €
International rugby income	44,938,301	43,878,098	25,888,383
Commercial income	14,154,684	12,664,406	10,024,149
Amortised income	16,678,389	16,022,207	1,576,666
Provincial competition income	10,188,275	20,365,109	21,512,306
	85,959,649	92,929,820	59,001,504

Schedule 2: Other income

	2022/23 €	2021/22 €	2020/21 €
Other rugby income	503,270	679,064	545,676
Revenue grants	4,438,957	21,337,125	23,322,873
Other income	1,227,631	628,477	1,154,759
	6,169,858	22,644,666	25,023,308

EXPENDITURE**FOR THE YEAR ENDED 31 JULY 2023****Schedule 3: Professional game costs**

	2022/23	2021/22	2020/21
	€	€	€
National tours, camps and squads	1,310,376	2,887,088	290,860
National match costs	3,834,190	3,425,288	2,495,449
Player and management costs	38,690,805	54,219,837	65,342,581
	43,835,371	60,532,213	68,128,890

Schedule 4: Elite player development

	2022/23	2021/22	2020/21
	€	€	€
Women's XV team	2,654,803	1,830,908	966,664
Women's sevens	1,765,155	1,604,810	918,636
Men's sevens	2,082,182	1,370,031	954,000
Under 20's	941,390	884,224	611,141
Under 18's	347,279	226,348	20,184
Under 18's sevens	20,169	14,395	-
Under 19's	168,584	126,612	22,014
Academies	3,327,197	2,924,767	2,259,818
High performance unit	5,962,140	5,131,558	4,034,695
	17,268,899	14,113,653	9,787,152

Schedule 5: Games support costs

	2022/23	2021/22	2020/21
	€	€	€
Referee costs	744,880	646,867	542,093
	744,880	646,867	542,093

EXPENDITURE**FOR THE YEAR ENDED 31 JULY 2023****Schedule 6: Domestic & community rugby**

	2022/23	2021/22	2020/21
	€	€	€
Club Ireland team	-	-	20,606
Domestic competitions	248,758	295,298	7,826
General development costs	908,816	847,972	714,714
IT system enablers	255,196	254,524	332,468
Coach education	234,648	252,920	154,813
Participation	757,525	987,676	439,803
Provincial funding	3,329,387	2,396,214	422,510
Clubs and schools support	2,394,940	4,206,382	5,311,660
Referee development	547,507	695,574	374,204
Growth and research	360,976	364,708	208,435
Women's development	1,133,783	879,213	287,616
Club Insurance, Branch and other funding	2,075,608	1,872,678	1,585,910
	12,247,144	13,053,159	9,860,565

EXPENDITURE**FOR THE YEAR ENDED 31 JULY 2023****Schedule 7: Marketing & communications**

	2022/23	2021/22	2020/21
	€	€	€
Marketing	1,185,189	1,016,531	628,095
PR and communications	829,537	569,382	488,333
Website	428,726	217,514	307,599
	2,443,452	1,803,427	1,424,027

Schedule 8: Grounds

	2022/23	2021/22	2020/21
	€	€	€
Licence fees, rates and insurance	2,333,733	2,909,399	2,987,195
Repairs and renewals	104,194	2,713,858	227,182
Other facilities	119,283	110,496	97,158
	2,557,210	5,733,753	3,311,535

EXPENDITURE**FOR THE YEAR ENDED 31 JULY 2023****Schedule 9: Administration & overheads**

	2022/23	2021/22	2020/21
	€	€	€
Governance costs	463,659	289,066	13,572
Salaries and pension	4,954,905	4,677,468	5,059,687
Printing, postage and stationery	71,608	42,712	8,833
Rates, rent, insurance and telephone	572,747	605,507	412,923
Office maintenance	1,217,333	1,220,151	838,235
Professional fees	1,204,439	1,627,004	997,025
Miscellaneous administration costs	739,595	592,104	478,663
	9,224,286	9,054,012	7,808,938



Irish Rugby Football Union
10-12 Lansdowne Road, Dublin 4
www.irishrugby.ie