RFL (Governing Body) Limited (a company limited by guarantee)

Annual report and financial statements

Registered number 05835638

31 December 2018

Contents

Strategic Report

This report covers 2018 as the year under review, where details have changed either in 2018 or since the year-end, this is noted in the report.

Principal activities

The principal activity of RFL (Governing Body) Limited ("the RFL") throughout the year was the promotion of the game of Rugby Football League. The RFL organises and promotes competitions to maximise returns to members. The RFL is also the governing body for the sport of Rugby League in Great Britain and Ireland.

Business Model

The primary remit of the Board is to lead the RFL and the sport by focusing on four key areas of the business: strategic issues facing the RFL and Rugby League generally; monitoring and review of executive performance; approval of changes to the regulatory framework; and finally representing the RFL externally when appropriate and required.

Day to day management of the RFL is delegated to the executive management team under the leadership of the Chief Executive Officer. The Board of Directors receive presentations and reports from members of the executive management team at each Board meeting and may also request updates or attendance at Board meetings from an individual departmental manager if there are significant issues to discuss in an area.

Management of the business is organised via the Chief Executive Officer through four key executive areas managed by; the Chief Regulatory Officer, Chief Commercial Officer, Chief of On Field and the Chief Operating Officer.

The RFL Strategic Plan provides a road map for Rugby League up to the end of 2021. This plan covers distinct areas of activity and its primary objectives are;

i. More players;
ii. More spectators;
iii. More viewers;
iv. More digital;
v. England winning;
vi. Financial sustainability, and
vii. Excellence governance

Over the period of the current plan performance against it will be closely monitored by the Board.

The Super League clubs are also members of Super League (Europe) Ltd which acts as a vehicle for the distribution of revenues earned by the Super League from broadcasting, commercial partnerships and the staging of events. The RFL is a shareholder in Super League (Europe) Ltd with key rights over specific issues.

The Championship and League 1 clubs meet at least three times a year to discuss matters of common interest.

The RFL also has a Community Board which comprises representatives from various sections of the community game including youth and adult participation, schools, universities, and armed services. This Board meet four times a year to discuss matters of importance in the community game.

Business review and results

The consolidated accounts for the RFL show a loss for the financial year of £327k for the year ended 31 December 2018 (2017: loss £1,818k). The RFL has maintained an aggregate positive cash balance throughout the year. At 31 December 2018, this aggregate balance was £4,516k (2017: £3,291k).

During 2018, short-term cash flow has been carefully managed. The medium-term external finance arranged in 2017 is still in place together with re-negotiated payments terms on contracted income. This will support the cash flow of the business for the foreseeable future. In the meantime, cash flow is monitored closely and the adopted budget for 2019 generates a profit of £207k to increase cash and reserves.

Therefore, at the time of approval of the Financial Statements, the directors are satisfied regarding the funding of the RFL for the foreseeable future. Future expectations for the financial position of the RFL are positive, and the Board expect to build reserves in accordance with the Financial Reserves Policy increasing the liquidity of the Group over the next three years upto and including the Rugby League World Cup in 2021.

Key performance indicators

The Board monitors executive performance with reference to the Strategic Plan by measuring key performance indicators ("KPI's"). The KPI's of the RFL are reviewed by the executive team at its weekly meetings and by the directors at each Board meeting. These KPI's have been chosen as they allow the directors to closely monitor the performance of the RFL against the targets set in the Strategic Plan.

Principal Risks and Uncertainties

Following a significant loss in 2017 including the absorption of some significant one off items and shifts in its financial environment including senior staffing changes, fundamental shifts in the new Sport England funding cycle criteria and a significant write down in the valuation of one of its properties, the RFL has made a loss of £327k in 2018. The Board and executive team had budgeted to make a profit in order to embed a financial turnaround from the previous year. The budgeted result was severely impacted by the financial performance of the Ladbrokes Challenge Cup Final which, due to the teams participating generated a profit for the RFL which was over £800k below expectations. The budget for 2019 aims to generate a return to profitability.

Detailed Analysis of Trading

Year on year turnover has increased by 6% from £22,037k to £23,391k which can be attributed in the main to the New Zealand Test Series in 2018 and no event of similar size occurring in 2017. This drove Match income to increase from £2,466k in 2017 to £2,919k in 2018 – an increase of 18% and Sponsorship income increased to £1,773k (2017: £1,265k) – an increase of 40% due to sponsorship of the New Zealand Test Series.

Government funding through Sport England has increased in 2018 from £2,960k in 2017 to £4,166k – an increase of 41% mainly due to grants received by Rugby League World Cup 2021 Limited in support of preparations for the Rugby League World Cup which is to be held in England in 2021.

The existing BBC and Sky broadcast contracts continued in 2018. Overall broadcast income rose from £9,867k in 2017 to £10,338k in 2018. The rise is due to additional broadcast income earned in 2018 by selling the rights to screen the New Zealand Test Series.

Within the RFL accounts, the cost of sales heading is broken down into two sections. The first being the external, third party costs of making the sale and the second being the cost of sales that are internal to the RFL's stakeholders such as payments directly made to clubs. External cost of sales decreased in 2018 by 7% from £7,449k in 2017 to £6,932k in 2018, this was achieved despite upward cost pressure from the staging of the New Zealand Test Series which was more than offset by more efficient deployment of resources.

Grant funded activities expenditure has decreased from £2,857k in 2017 to £2,583k in 2018 reflecting the level of programme activity delivered and its associated income. Sport England funded expenditure within this line has decreased in the year shadowing the financial profile of the current Sport England award.

Payments to and on behalf of clubs is made up of the cost of sales element of £2,580k (2017: £2,887k) and a further amount shown below Gross Profit on the Profit and Loss Account, which in 2018 brought the total payable to and on behalf of clubs to £10,268k (2017: £11,021k).

In 2018, Operating Costs have increased to £6,737k from £5,631k in 2017. This is due to the decline in Sport England back office funding as expenditure is focussed onto project areas and the classification of grant funded expenditure in Rugby League World Cup 2021 Limited as operating costs.

Interest receivable by the RFL, was £24k (2017: £34k).

Our People

Our People are at the heart of our sport. The RFL recognises that without their commitment, professionalism and expertise in delivering customer service excellence it would be unable to achieve its goals. We are committed to providing on going investment to their learning and development to achieve the highest standards. We fully support all opportunities for employment, career progression and development, irrespective of age, ethnicity, gender, disability, sexual orientation or religion through our Equality and Diversity action plan.

Our Communities

As a leading National Sports Governing Body, we are committed to transforming our local communities by delivering an approach to corporate social responsibility encompassing cash donations, support for volunteering, environmentally friendly practices and investment in our people. In line with this commitment we have supported several sports related charities including the RFL Benevolent Fund, the RFL Facilities Trust, Rugby League Cares, and the Rugby League Heritage Trust. We support these organisations in cash and in kind.

Corporate Governance

The RFL is committed to high standards of corporate governance and is continually looking at ways to improve this function. This is evidenced in the Directors Report through the operation of Board Committees and through the RFL's commitment to compliance with UK Sport and Sport England's A Code for Sports Governance. The RFL has further enhanced this commitment through continuing to manage itself through the Non-Executive Chair and Non-Executive Director Board structure, the carrying out of an external evaluation of the Board (and the publication of that reviews' findings) along with the continued rollout of its Equality and Diversity Plan and its engagement in an internal audit programme.

Review of 2018

Women's Super League and Challenge Cup

The women's game was one of several areas of significant growth in 2018, driven by the RFL's creation of the Women's Super League.

Wigan won the inaugural Grand Final against Leeds Rhinos at the Manchester Regional Arena adjoining the Etihad Stadium, hours before their men's team completed a Super League double at Old Trafford.

That result denied the Rhinos a double after they had beaten Castleford in the Women's Challenge Cup Final in Warrington in August – but there was consolation for Castleford as their stand-off Georgia Roche was crowned the first ever Woman of Steel.

England

The national men's team, again coached by Wayne Bennett, won four matches out of five, including one victory against New Zealand in Denver, and another two at the KCOM Stadium in Hull and Anfield in Liverpool to retain the Baskerville Shield against the Kiwis.

England Women won their only Test of the year, against France in Carcassonne – a day on which three England teams played and won, as it coincided with the men's first Test win in Hull, and success for the England Knights against Papua New Guinea in Lae.

Ladbrokes Challenge Cup

Catalan Dragons made history as the first overseas club to win the game's oldest knockout competition in its 122nd year, claiming a fairytale win against the Warrington Wolves at Wembley. French international Tony Gigot won the Lance Todd Trophy as man of the match.

Super League

Wigan Warriors claimed their fifth Grand Final victory at Old Trafford, grinding down Warrington Wolves 12-4 to deliver the perfect farewell for Shaun Wane in his last match as coach, St Helens who had dominated the season, finishing 10 points clear of Wigan, were stunned by Warrington in the sudden death semi finals as they progressed at the Saints expense.

Championship and League One

A similar story to Super League, with Toronto Wolfpack front-running throughout to finish 10 points clear at the top as they continued to win hearts and minds in Canada and beyond – but then losing the biggest match of the season against London Broncos at the Lamport Stadium, which meant Danny Ward's Broncos secured promotion to the Super League after a four-season absence.

York City Knights finished top of Betfred League One to secure automatic promotion to the Championship, and were joined by Bradford Bulls who came up through the play-off series.

Community Game

In 2018 the numbers of people regularly participating in rugby league increased from 99,358 to 102,304. Whilst this increase does fall slightly below the Sport England target of 5% it does represent the second successive year of growth during this funding cycle (2017-2021) against a 2017 baseline of 95,000 active participants.

We continue to perform strongly in terms of the diversity of people participating. We have doubled the number of women playing across all settings in 24 months, driven by the success of Women's Super League, further developed the wider game through Physical Disability RL, Learning Disability RL and Wheelchair RL. The RFL remains a key NGB in terms of providing sporting opportunities for players from lower socio economic groups.

Resilience and retention in our traditional community clubs settings has been a focus. Two reviews (Open Age and 12-18 Review) have reinforced the need to move from the 'win at all costs' mentality prevalent throughout the game to a greater emphasis on developing players. More flexible playing offers are a necessity and the North East and Hull have pioneered innovative new approaches to the traditional competition framework.

Signed on behalf of the Board

Ralph Rimmer
Chief Executive Officer
Red Hall, Red Hall Lane, Leeds, LS17 8NB
23 September 2019

Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 December 2018.

Principal activities

The principal activity of RFL (Governing Body) Limited ("the RFL") throughout the year was the promotion of the game of Rugby Football League. The RFL organises and promotes competitions to maximise returns to members. The RFL is also the governing body for the sport of Rugby League in Great Britain and Ireland.

Business Review

The RFL group has made a loss for the financial year of £327k for the year ended 31 December 2018 (2017: loss £1,818k). The RFL has maintained an aggregate positive cash balance throughout the year. At 31 December 2018, this aggregate balance was £4,516k (2017: £3,291k). Therefore, at the time of approval of the Financial Statements, the directors are satisfied regarding the funding of the RFL for the foreseeable future.

Board of Directors

The RFL has a Board of Directors that is totally independent of any club or member involvement. The Board is currently comprised of two Executive Directors, and four Non-Executive Directors – including the Non-Executive Chairman.

All non-executive directors are subject to election by the RFL Council at the first opportunity after their appointment, and to re-election every three years. Non-Executive directors retire by rotation and may offer themselves for immediate re-election.

The Directors who held office during the year therefore was as follows:

B Barwick	(Non-Executive Chairman)	
N Wood	(Chief Executive Officer)	Resigned 31 January 2018
C Morrow	(Non-Executive Director)	Resigned 25 July 2018
R Rimmer	(Chief Executive Officer)	
R Draper	(Chief Commercial Officer)	Resigned 15 January 2018
S Johnson	(Non-Executive Director)	
C Brindley	(Non-Executive Director)	
K Moorhouse	(Chief Regulatory Officer)	Appointed 15 January 2018
C Hurst	(Non-Executive Director)	Appointed 12 December 2018

The Board undertakes a formal and rigorous annual evaluation of its own performance and that of its committees and individual directors. This includes a review of whether each director continues to contribute effectively and demonstrate a commitment to the role (including commitment of time for Board and committee meetings and any other duties). The evaluation process is used constructively as a mechanism to improve Board effectiveness, maximise strengths and address areas of improvement.

Board Committees

The Board has established four specific committees, each with defined terms of reference. Minutes of the meetings are circulated to and reviewed by the Board.

The Audit & Risk Committee

This consists of the three non-executive directors along with Executive support and staff members of the RFL. This Committee is chaired by Simon Johnson, and meets four times per year and in addition to the Committee members is attended by representatives of the external auditors and other RFL staff as required. The non-executive Chairman, and all other Board directors can be invited to attend as the Committee wishes. The Audit & Risk Committee considers the Annual Report and Accounts before submission to RFL Board for approval. The Committee also reviews accounting practices to ensure compliance with accounting standards. In addition, it recommends the appointment of the external auditors for approval at the AGM, considers the scope of past and future audits, deals with matters arising from the audit and reviews internal control procedures. All non-audit services provided by the Group's auditors are considered by the Chairman of the Audit and Risk Committee at the meeting which the external auditors attend.

Directors' report *(continued)*

The Remuneration Committee

The Board of Directors consider it important to benchmark senior staff against other businesses of similar size and against other sports governing bodies. To this end, the Remuneration Committee meets as appropriate under the chairmanship of Chris Brindley and currently comprises Simon Johnson and Chris Hurst. In 2018 Clare Morrow was the Chair of this Committtee until her term of office ended in July 2018. The Committee determines the terms and conditions of employment for executive and non-executive directors and agrees the level of remuneration for senior managers whose earnings are within the committee's prescribed criteria.

The Nominations Committee

The RFL believes that there should be a formal and transparent procedure for appointing new members to the Board of Directors. To this end the Board established a Nominations Committee which leads the process for Board appointments. This Committee is currently chaired by Brian Barwick and includes Simon Johnson, Chris Brindley and Chris Hurst. The Committee is responsible for nominating candidates to fill Board vacancies for the approval of the Board as and when they arise. Before considering any appointment, the balance of skills, knowledge and experience on the Board is evaluated, the diversity and make up of the Board is considered and, in the light of this evaluation, a description of the role and capabilities required for an appointment is prepared. In addition, full consideration is given to succession planning during its work, considering the challenges and opportunities facing the company and the skills and expertise that are therefore needed on the Board in the future as well as regularly reviewing the structure, size and composition (including skills, knowledge and experience) of the Board and making recommendations to the Board with regard to any changes.

Laws Committee

The Committee is chaired by the RFL's CEO. The Committee met once in 2018. Its role is to review the current laws of the game whilst also fully considering the potential impact of the introduction of new laws based on criteria such as; game spectacle, player safety and the international landscape. Drawing from across the game, the Committee comprises of a range of members who are considered representative of all stakeholders.

The Committee consider it vital to understand the views of coaching staff, and in 2018 Tim Sheens represented this group whilst players are represented by Gareth Ellis. Finally, the Committee also includes representation from the Match Officials department who give expertise on the potential implications of suggested law changes.

Community Board

By virtue of Article 79 of the Articles of Association of RFL (Governing Body) Limited, the Board has established a Community Board. This Board is accountable to the RFL Board for the management and development of all aspects of the community, grass roots and amateur game of Rugby League. The role of the Community Board is to assist in the organisation and management structure of the RFL, and to bring together all areas of the British Rugby League community, grass roots and amateur game under the governance of the RFL.

Internal Control

The Board is responsible for establishing and maintaining the RFL's system of internal controls. Internal control systems are intended to meet the needs of the organisation and the risks to which it is exposed. By their nature, such systems and procedures are designed to manage rather than eliminate the risk of failure to achieve objectives and can therefore provide reasonable and not absolute reassurance against material loss or misstatement.

Key elements of the internal control systems are:

- Clearly defined management structure and delegation of authority to committees of the Board and the management team.
- High recruitment standards and formal career development and training to ensure the integrity and competence of staff.
- Regular information provided to management and staff, covering financial performance and key performance indicators.
- A detailed budgeting process where departmental managers participate in the budget formation before approval by the Board.
- Procedures for the approval of capital expenditure, investments and significant trading purchases.

Directors' report *(continued)*

- Monthly monitoring and re-forecasting of results against budget, with management action taken and recorded against major variances.
- On-going procedures to maintain the risk register, evaluate the risks faced by the business and monitor the systems to control and reduce the risks.

Proposed dividend

The directors do not recommend the payment of a dividend (2017: £nil).

Political contributions

The Company made no political donations or incurred any disclosable political expenditure during the year.

Other information

An indication of likely future developments in the business and of significant events which have occurred since the end of the financial year have been included in the Strategic Report on page 1.

Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

Disclosure of information to auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

By order of the board

Ralph Rimmer
Chief Executive Officer
23 September 2019

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE STRATEGIC REPORT, THE DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS

The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the group and parent company financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland.*

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and parent company and of their profit or loss for that period. In preparing each of the group and parent company financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the group and parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent company's transactions and disclose with reasonable accuracy at any time the financial position of the parent company and enable them to ensure that its financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities.

KPMG

KPMG LLP

1 Sovereign Square
Sovereign Street
Leeds LS1 4DA
United Kingdom

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF RFL (GOVERNING BODY) LIMITED

Opinion

We have audited the financial statements of RFL (Governing Body) Limited ("the company") for the year ended 31 December 2018 which comprise the Consolidated profit and loss account other comprehensive income, Consolidated balance sheet, Company balance sheet, Statement of changes in equity, Consolidated cash flow statement and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2018 and of the group's loss for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the group in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

The impact of uncertainties due to the UK exiting the European Union on our audit

Uncertainties related to the effects of Brexit are relevant to understanding our audit of the financial statements. All audits assess and challenge the reasonableness of estimates made by the directors, such as valuation of tangible assets and investment property, recoverability of investments and trade debtors and related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the company's future prospects and performance.

Brexit is one of the most significant economic events for the UK, and at the date of this report its effects are subject to unprecedented levels of uncertainty of outcomes, with the full range of possible effects unknown. We applied a standardised firm-wide approach in response to that uncertainty when assessing the company's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a company and this is particularly the case in relation to Brexit.

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the group or the company or to cease their operations, and as they have concluded that the group and the company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the directors' conclusions, we considered the inherent risks to the group's business model, including the impact of Brexit, and analysed how those risks might affect the group and company's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF RFL (GOVERNING BODY) LIMITED ***(continued)***

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the group or the company will continue in operation.

Strategic report and directors' report

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006, we are required to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 7, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the group and parent company'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 they either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

Our 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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF RFL (GOVERNING BODY) LIMITED ***(continued)***

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

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company'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 company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Clare Partridge (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
1 Sovereign Square
Sovereign Street
Leeds
West Yorkshire
LS1 4DA

24 September 2019

Consolidated Profit and Loss Account and Other Comprehensive Income

For the year ended 31 December 2018

	Note	**2018**	2017
		£	£
Turnover	*2*	**23,390,592**	22,037,280
Cost of sales	*3*	**(6,931,815)**	(7,449,029)
Cost of sales payable to or on behalf of clubs		**(2,580,113)**	(2,886,968)
Total cost of sales		**(9,511,928)**	(10,335,997)
Gross profit		**13,878,664**	11,701,283
Payments to or on behalf of clubs and other member organisations	*4*	**(7,688,053)**	(8,134,423)
Operating costs	*5*	**(6,737,307)**	(5,630,841)
Administrative costs		**(14,425,360)**	(13,765,264)
Operating loss		**(546,696)**	(2,063,981)
Other interest receivable and similar income	*8*	**23,690**	33,933
Loss on ordinary activities before taxation		**(523,006)**	(2,030,048)
Tax on loss on ordinary activities	*9*	**195,649**	211,403
Loss for the financial year		**(327,357)**	(1,818,645)

All items above relate to continuing operations.

The notes on pages 18 to 33 form part of these financial statements.

Consolidated balance sheet

For the year ended 31 December 2018

	Note	2018 £	2017 £
Fixed assets			
Tangible assets	*10*	**2,022,634**	1,947,219
Investment property	*11*	**750,000**	750,000
		2,772,634	2,697,219
Current assets			
Debtors	*13*	**11,992,375**	12,872,505
Cash at bank and in hand	*14*	**4,515,628**	3,290,615
		16,508,003	16,163,120
Creditors: amounts falling due within one year	*15*	**(19,471,623)**	(18,860,719)
Net current liabilities		**(2,963,620)**	(2,697,599)
Total assets less current liabilities		**(190,986)**	(380)
Creditors: amounts falling due after more than one year			
Provisions for liabilities			
Deferred tax liability	*16*	-	-
Net (liabilities)/assets		**(190,986)**	(380)
Capital and reserves			
Revaluation reserve	*18*	**565,219**	428,469
Accumulated (deficit)/surplus	*18*	**(756,205)**	(428,849)
Shareholders' (deficit)/funds		**(190,986)**	(380)

The notes on pages 18 to 33 form part of these financial statements.

These financial statements were approved by the board of directors on 23 September 2019 and were signed on its behalf by:

Ralph Rimmer
Chief Executive Officer
Company registered number: 05835638

Company balance sheet

For the year ended 31 December 2018

	Note	2018 £	2017 £
Fixed assets			
Tangible assets	*10*	**1,615,000**	1,444,250
Investment property	*11*	**750,000**	750,000
Investments	*12*	**389,861**	389,861
		2,754,861	2,584,111
Current assets			
Debtors	*13*	**5,480**	-
Creditors: amounts falling due within one year	*15*	-	(66,520)
Net current assets/(liabilities)		**5,480**	(66,520)
Total assets less current liabilities		**2,760,341**	2,517,591
Creditors: amounts falling due after more than one year			
Provisions for liabilities			
Deferred tax liability	*16*	**(62,122)**	(28,122)
Net assets/(liabilities)		**2,698,219**	2,489,469
Capital and reserves			
Revaluation reserve	*18*	**565,219**	428,469
Accumulated surplus/(deficit)	*18*	**2,133,000**	2,601,000
Shareholders' funds/(deficit)		**2,698,219**	2,489,469

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These financial statements were approved by the board of directors on 23 September 2019 and were signed on its behalf by:

Ralph Rimmer
Chief Executive Officer
Company registered number: 05835638

Statement of Changes in Equity

	Revaluation reserve £	Group Accumulated surplus £	Total equity £
Balance at 1 January 2017	419,875	1,389,796	1,809,671
Total comprehensive income for the period			
Profit or loss	-	(1,818,645)	(1,818,645)
Deferred taxation on revalued assets	8,594	-	8,594
Total comprehensive income for the period	8,594	(1,818,645)	(1,810,051)
Balance at 31 December 2017	**428,469**	**(428,849)**	**(380)**

	Revaluation reserve £	Group Accumulated surplus £	Total equity £
Balance at 1 January 2018	428,469	(428,849)	(380)
Total comprehensive income for the period			
Profit or loss	-	(327,357)	(327,357)
Revaluation of fixed assets	170,750	-	170,750
Deferred taxation on revalued assets	(34,000)	-	(34,000)
Total comprehensive income for the period	136,750	(327,357)	(190,607)
Balance at 31 December 2018	**565,219**	**(756,205)**	**(190,986)**

Statement of Changes in Equity (continued)

	Revaluation reserve £	Company Accumulated surplus £	Total equity £
Balance at 1 January 2017	419,875	2,361,360	2,781,235
Total comprehensive income for the period			
Profit or loss		(300,360)	(300,360)
Deferred taxation on revalued assets	8,594		8,594
Total comprehensive income for the period	8,594	(300,360)	(291,766)
Balance at 31 December 2017	**428,469**	**2,061,000**	**2,489,469**

	Revaluation reserve £	Company Accumulated surplus £	Total equity £
Balance at 1 January 2018	428,469	2,061,000	2,489,469
Total comprehensive income for the period			
Profit or loss	-	72,000	72,000
Revaluation of fixed assets	170,750	-	170,750
Deferred taxation on revalued assets	(34,000)	-	(34,000)
Total comprehensive income for the period	136,750	72,000	208,750
Balance at 31 December 2018	**565,219**	**2,133,000**	**2,698,219**

Consolidated Cash Flow Statement

For the year ended 31 December 2018

	Note	**2018**	2017
		£	£
Cash flows from operating activities			
Loss for the year		(327,357)	(1,818,645)
Adjustments for			
Depreciation, amortisation and impairment		196,026	132,614
Impairment of investment property		-	372,361
Interest receivable and similar income		(23,690)	(33,933)
Taxation		(195,649)	(211,403)
		(350,670)	(1,559,006)
Decrease/(increase) in trade and other debtors		1,029,315	4,694,345
(Decrease)/increase in trade and other creditors		610,688	(2,922,296)
		1,289,333	213,043
Tax paid		12,681	(21,116)
Purchase of fixed assets	*10*	(100,691)	(342,030)
Net cash from operating activities		1,201,323	(150,103)
Interest received	*8*	23,690	33,933
Net cash from investing activities		23,690	33,933
Net increase/ (decrease) in cash and cash equivalents		1,225,013	(116,170)
Cash and cash equivalents at 1 January		3,290,615	3,406,785
Cash and cash equivalents at 31 December	*14*	4,515,628	3,290,615

Notes

(forming part of the financial statements)

1. Accounting policies

RFL (Governing Body) Limited (the "Company") is a company limited by guarantee and incorporated and domiciled in the UK.

These Group and Parent Company financial statements were prepared in accordance with Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland ("FRS 102") as issued in August 2014. The amendments to FRS 102 issued in July 2015 and effective immediately have been applied. The presentation currency of these financial statements is sterling.

1.1 Measurement convention

The financial statements are prepared on the historical cost basis except that the following assets and liabilities are stated at their fair value: investment property, and tangible fixed assets.

1.2 Going concern

The company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic Review on pages 1 to 3.

The working capital cycle of the business means there are certain pinch points where the cash balance is low due to the profile of cash receipts from some of the major income streams. Management forecast these pinch points for the foreseeable future and have pro-actively managed the cash risk through securing both a new long term external finance arrangement together with re-negotiating payments terms on its contracted income. The budget for 2019 indicates a profit of £207k in order to increase cash reserves. The Company has net current liabilities of £2,698k which is attributable to the large amount of deferred income held on the balance sheet rather than true financial liabilities.

As the Company has a long-term contract with its major broadcast partner and several customers and suppliers across different geographic areas and industries, has access to external finance and the ability to manage working capital, the directors believe that the company is well placed to manage its cash flow and other business risks successfully. The directors therefore have a reasonable expectation that the company has adequate resources to continue in operational existence for at least the next 12 months following the date of these accounts. Thus, they continue to adopt the going concern basis of accounting.

1.3 Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiary undertakings made up to 31 December 2018. A subsidiary is an entity that is controlled by the parent. The results of subsidiary undertakings are included in the consolidated profit and loss account from the date that control commences until the date that control ceases. Control is established when the Company has the power to govern the operating and financial policies of an entity to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that are currently exercisable.

1.4 Foreign currency

Transactions in foreign currencies are translated to the Company's functional currency at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined. Foreign exchange differences arising on translation are recognised in the profit and loss account.

Notes *(continued)*

1.5 Basic financial instruments

Trade and other debtors / creditors

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of instrument for a similar debt instrument.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose only of the cash flow statement.

1.6 Other financial instruments

Financial instruments not considered to be Basic financial instruments (Other financial instruments)

Other financial instruments not meeting the definition of Basic Financial Instruments are recognised initially at fair value. Subsequent to initial recognition other financial instruments are measured at fair value with changes recognised in profit or loss except as follows:

- *hedging instruments in a designated hedging relationship shall be recognised as set out below.*

Derivative financial instruments and hedging

Derivative financial instruments are recognised at fair value. The gain or loss on re-measurement to fair value is recognised immediately in profit or loss. However, where derivatives qualify for hedge accounting, recognition of any resultant gain or loss depends on the nature of the item being hedged.

The fair value of such derivatives is not significant to the accounts as at the year-end; however this value will be assessed on an annual basis going forward.

1.7 Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. Certain items of tangible fixed assets that had been revalued to fair value on or prior to the date of transition to FRS 102, are measured on the basis of deemed cost, being the revalued amount at the date of that revaluation.

Where parts of an item of tangible fixed assets have different useful lives, they are accounted for as separate items of tangible fixed assets, for example land is treated separately from buildings.

Leases in which the Company assumes substantially all the risks and rewards of ownership of the leased asset are classified as finance leases. All other leases are classified as operating leases. Leased assets acquired by way of finance lease are stated on initial recognition at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease, including any incremental costs directly attributable to negotiating and arranging the lease. At initial recognition a finance lease liability is recognised equal to the fair value of the leased asset or, if lower, the present value of the minimum lease payments. The present value of the minimum lease payments is calculated using the interest rate implicit in the lease. Lease payments are accounted for as described at 1.12 below.

The company assesses at each reporting date whether tangible fixed assets (including those leased under a finance lease) are impaired.

Depreciation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of each part of an item of tangible fixed assets. Leased assets are depreciated over the shorter of the lease term and their useful lives. Land is not depreciated. The estimated useful lives are as follows:

- Leasehold properties 25 years
- Fixtures & Fittings 8 years
- Office Equipment 4 years
- Computer Equipment 4 years

Notes *(continued)*

Depreciation methods, useful lives and residual values are reviewed if there is an indication of a significant change since last annual reporting date in the pattern by which the company expects to consume an asset's future economic benefits.

Revaluation

Freehold properties are stated at fair value less any subsequent accumulated depreciation and impairment losses.

Gains on revaluation are recognised in other comprehensive income and accumulated in the revaluation reserve. However, the increase is recognised in profit or loss to the extent that it reverses a revaluation decrease previously recognised in profit or loss.

Losses arising on revaluation are recognised in other comprehensive income to the extent of any previously recognised revaluation increase accumulated in equity, in respect of that asset. Any excess is recognised in profit or loss.

1.8 Government funding for service delivery

Government funding for service delivery is included within accruals and deferred income in the balance sheet and credited to the profit and loss account over the expected useful lives of the assets to which they relate or in periods in which the related costs are incurred.

1.9 Investment property

Investment properties are properties which are held either to earn rental income or for capital appreciation or for both. Investment properties are recognised initially at cost.

Subsequent to initial recognition:

i. investment properties whose fair value can be measured reliably are held at fair value. Any gains or losses arising from changes in the fair value are recognised in profit or loss in the period that they arise; and

ii. no depreciation is provided in respect of freehold investment properties applying the fair value model.

1.10 Employee benefits

Post-retirement benefits

The organisation operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the organisation in an independently administered fund. The amount charged to the profit and loss account represents the contributions payable to the scheme in respect of the accounting period.

Termination benefits

Termination benefits are recognised as an expense when the company is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognised as an expense if the company has made an offer of voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably.

1.11 Provisions

A provision is recognised in the balance sheet when the Entity has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are recognised at the best estimate of the amount required to settle the obligation at the reporting date.

Where the Parent Company enters into financial guarantee contracts to guarantee the indebtedness of other companies within its group, the company treats the guarantee contract as a contingent liability until such time as it becomes probable that the company will be required to make a payment under the guarantee.

1.12 Turnover

Income comprises the value of sales excluding VAT of goods and services in the normal course of business, sponsorship monies, grant monies and revenue derived from television broadcasting contracts. Income includes amounts generated as principal and excludes transactions conducted as agent of the Clubs. Income is recognised in the period to which it relates and payments to clubs are recorded as 'payable to clubs' in the period in which the related income is recognised. Government grants are taken to income in order to match them against the related costs. Where amounts have not yet been spent grant monies received are shown as deferred income.

Notes *(continued)*

1.13 Expenses

Operating lease

Payments (excluding costs for services and insurance) made under operating leases are recognised in the profit and loss account on a straight-line basis over the term of the lease unless the payments to the lessor are structured to increase in line with expected general inflation in which case the payments related to the structured increases are recognised as incurred. Lease incentives received are recognised in profit and loss over the term of the lease as an integral part of the total lease expense.

Interest receivable

Other interest receivable and similar income include interest receivable on funds invested and net foreign exchange gains.

Interest income is recognised in profit or loss as it accrues. Foreign currency gains and losses are reported on a net basis.

1.14 Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. The following timing differences are not provided for: differences between accumulated depreciation and tax allowances for the cost of a fixed asset if and when all conditions for retaining the tax allowances have been met; and differences relating to investments in subsidiaries, to the extent that it is not probable that they will reverse in the foreseeable future and the reporting entity is able to control the reversal of the timing difference. Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax balances are not discounted.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that is it probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Notes *(continued)*

2. Turnover

	2018	2017
	£	£
Match income	**2,918,918**	2,466,182
Broadcast	**10,338,463**	9,866,597
Sponsorship	**1,772,909**	1,264,835
Government funding	**4,165,741**	2,959,736
Other	**4,194,561**	5,479,930
Total Turnover	**23,390,592**	22,037,280

All turnover is generated in the UK

3. Cost of sales

	2018	2017
	£	£
Match costs	**2,994,236**	1,807,405
Grant funded activities	**2,583,385**	2,856,525
Sponsorship and promotional costs	**810,681**	271,662
Other	**543,513**	2,513,437
Total cost of sales	**6,931,815**	7,449,029

4. Payments to or on behalf of clubs and other member organisations

	2018	2017
	£	£
Awards to clubs	**5,178,788**	5,518,043
Awards to other sections of the game	**100,000**	191,136
Match officials	**1,324,385**	1,503,409
Insurance	**628,246**	519,789
Disciplinary costs and banned substances testing	**228,469**	207,770
Player welfare	**228,165**	194,276
	7,688,053	8,134,423

Notes *(continued)*

In addition to the amounts above, further amounts were paid to or on behalf of clubs relating to events or government funding. These amounts are contained within Cost of sales – payable to or on behalf of clubs and are as follows:

	2018	2017
	£	£
Match costs	**1,256,812**	1,232,864
Grant funded activities	**1,323,301**	1,654,104
	2,580,113	2,886,968
Total payments made to or on behalf of clubs	**10,268,166**	11,021,391

5. Expenses and auditor's remuneration

Included in profit/loss are the following:

Auditor's remuneration:

	2018	2017
	£	£
Audit of these financial statements	2,000	2,000
Amounts receivable by the company's auditor and its associates in respect of:		
Audit of financial statements of subsidiaries of the company	27,100	29,600
Taxation compliance services	8,700	5,300
Tax advisory services	3,000	-

6. Staff numbers and costs

	2018 Number of employees	2017 Number of employees
On field staff	**8**	2
Administration staff	**140**	153
	148	155

The aggregate payroll costs of these persons were as follows:

	2018	2017
	£	£
Wages and salaries	**5,875,062**	5,654,645
Social security costs	**627,936**	581,497
Contributions to defined contribution plans	**216,073**	225,122
	6,719,071	6,461,264

Notes *(continued)*

7. Directors' remuneration

	2018	2017
	£	£
Directors' remuneration	**473,607**	705,857
Company contributions to money purchase pension plans	**41,804**	24,960
	515,411	730,817

Included in the above is the remuneration of the independent non-executive board of RFL (Governing Body) Limited. They are detailed as follows:

	2018	2017
	£	£
Brian Barwick	**79,765**	81,550
Simon Johnson	**32,000**	34,000
Clare Morrow	**16,917**	30,375
Christopher Brindley	**27,000**	27,000
Christopher Hurst	**2,230**	-
	157,912	172,925

The aggregate of remuneration receivable by the highest paid director was £170k (2017: £269k), and company pension contributions of £38k (2017: £nil) were made to a money purchase scheme on his behalf.

The total remuneration of the Chief Executive's Senior Management Committee is £525k (2017 £905k).

	2018	2017
	£	£
Provision for N Wood loss of office payable in 2018	**-**	328,840

	2018 Number of directors	2017 Number of directors
Retirement benefits are accruing to the following number of directors under:		
Money purchase schemes	**2**	3

Notes *(continued)*

8. Other interest receivable and similar income

	2018	2017
	£	£
Net gain on financial assets measured at fair value through profit or loss	**23,690**	33,933

9. Current asset investments and other financial assets

Foreign exchange contract

At the balance sheet date Rugby League World Cup 2021 Limited, a subsidiary of RFL (Governing Body) Limited, had entered into contracts to purchase Australian Dollars in order to settle purchases made in AUD as follows:

Date	**AUD**	**Rate**	**GBP**
19/03/2021	$3,000,000	1.8425	£1,628,223
19/03/2021	$12,000,000	1.8425	£6,512,890

The fair value of these derivatives is not significant to the accounts as at the year-end; however this value will be assessed on an annual basis going forward.

10. Taxation

	2018	2017
	£	£
Current tax		
Current tax on income for the period	**-**	-
Adjustments in respect of prior periods	**(84,338)**	(545)
Total current tax	**(84,338)**	(545)
Deferred tax		
Origination and reversal of timing differences	**(85,699)**	(210,857)
Change in tax rate	**(25,608)**	(1)
Adjustments ain respect of prior year	**(4)**	-
	(111,311)	(210,858)
Total Tax	**(195,649)**	(211,403)

Notes *(continued)*

	2018 Current tax £	**2018 Deferred tax £**	**2018 Total tax £**	2017 Current tax £	2017 Deferred tax £	2017 Total tax £
Recognised in Profit and loss account	**(84,338)**	**(111,311)**	**(195,649)**	(545)	(210,858)	(211,403)
Recognised directly in equity					(8,594)	(8,594)
Total Tax	**(84,338)**	**(111,311)**	**(195,649)**	(545)	(219,452)	(219,997)

All taxation is UK Corporation Tax

Reconciliation of effective tax rate

	2018 £	2017 £
(Loss) / Profit for the year	**(327,357)**	(1,818,645)
Total tax expense	**195,649**	(211,403)
	(523,006)	(2,030,048)
Tax using the UK corporation tax rate of 19.25% (FY17: 20.25%)	**(99,371)**	(390,710)
Group relief surrendered	**-**	77,643
Non-deductible expenses	**3,621**	73,799
Losses carried back	**-**	-
Under / (over) provided in prior years current taxation	**(84,338)**	-
Adjust deferred tax rate to current rate	**10,046**	27,865
Adjustments to tax charge in respect of previous periods – deferred tax	**(25,607)**	-
	(195,649)	(211,403)

A reduction in the UK corporation tax rate from 21% to 20% (effective from 1 April 2015) was substantively enacted on July 2 2013. Further reductions to 19% (effective from 1 April 2017) and to 18% (effective 1 April 2020) were substantively enacted on 26 October 2015, and an additional reduction to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016. This will reduce the company's future current tax charge accordingly. The deferred tax liability at 31 December 2018 has been calculated on these rates.

Notes *(continued)*

11. Tangible fixed assets

	Freehold land and buildings	Equipment, fixtures and fittings	Total
	£	£	£
Group			
Cost or valuation			
At beginning of year	1,444,250	2,447,052	3,891,302
Revaluation	170,750	-	170,750
Additions	-	100,691	100,691
At end of year	1,615,000	2,547,743	4,162,743
Depreciation			
At beginning of year	-	1,944,083	1,944,083
Charge for year	-	196,026	196,026
At end of year	-	2,140,109	2,140,109
Net book value			
At 31 December 2018	**1,615,000**	**407,634**	**2,022,634**
At 31 December 2017	1,444,250	502,969	1,947,219

Notes *(continued)*

	Freehold land and buildings £
Company	
Cost or valuation	
At beginning of year	1,444,250
Revaluation	170,750
At end of year	1,615,000
Depreciation	
At beginning of year	-
Charge for year	-
At end of year	-
Net book value	
At 31 December 2018	**1,615,000**
At 31 December 2017	1,444,250

Included above is freehold land of £340,000 (2017: £415,000) and other freehold properties of £1,275,000 (2017: £1,050,000), neither of which are depreciated.

Revaluation

Assets are periodically valued by independent valuers. The last valuation was carried out for assets held as at 31 December 2018.

The aggregate fair value of the freehold properties was measured taking into consideration their current physical condition subject to existing tenancies and with vacant procession as appropriate.

The following information relates to tangible fixed assets carried on the basis of revaluation.

Freehold land and buildings

	2018 **£**	2017 £
At fair value	**1,615,000**	1,444,250
Historical cost net book value	**975,822**	975,822

Notes *(continued)*

Land and Buildings

The net book value of land and buildings comprises:

	2018	2017
	£	£
Freehold	**1,615,000**	1,444,250

12. Investment property

	Leasehold land and buildings
	£
Company and group	
Cost or valuation	
At beginning of year	963,784
Additions	-
Revaluation adjustment	-
At end of year	963,784
Impairment	
At beginning of year	213,784
Charge for year	-
At end of year	213,784
Net book value	
At 31 December 2018	**750,000**
At 31 December 2017	750,000

13. Fixed asset investments

Investment in subsidiary undertakings

Company	**2018**	2017
	£	£
Cost and net book value	**389,861**	389,861

Notes *(continued)*

Subsidiary undertakings	**Country of incorporation**	**Principal activity**	**Percentage of ordinary shares held**	
			Group	**Company**
The Rugby Football League Limited	UK	Sports promotion	100%	100%
ZZ Merchandising Limited (formerly Rugby League Enterprises)	UK	Sports promotion	97%	97%
Rugby League Tri-Tournaments Limited	UK	Sports promotion	100%	100%
Rugby League World Cup 2021 Ltd	UK	Sports promotion	100%	100%
Rugby League Learning Limited	UK	Education	100%	100%

The registered office of all the subsidiaries is the same as RFL (Governing Body) Limited.

13. Debtors

	Group		Company	
	2018	2017	**2018**	2017
	£	£	**£**	£
Trade debtors	**9,642,486**	11,559,303	**-**	-
Amounts owed by group undertakings	**-**	-	**5,480**	-
Other debtors	**436,272**	127,549	**-**	-
Taxation and social security	**53,822**	38,925	**-**	-
Prepayments and accrued income	**1,268,961**	628,221	**-**	-
Loans to clubs	**252,223**	329,081	**-**	-
Corporation tax	**84,338**	12,464	**-**	-
Deferred tax (see note 16)	**254,273**	176,962	**-**	-
	11,992,375	12,872,505	**5,480**	-

14. Cash and cash equivalents

	Group		Company	
	2018	2017	**2018**	2017
	£	£	**£**	£
Cash at bank and in hand	**4,515,628**	3,290,615	**-**	-

Notes *(continued)*

16. Creditors: amounts falling due within one year

	Group		Company	
	2018	2017	**2018**	2017
	£	£	**£**	£
Trade creditors	**1,396,156**	8,376,332	-	-
Amounts owed to group undertakings	-	1	-	66,520
Taxation and social security	**239,632**	260,372	-	-
Other creditors	**6,929,187**	6,252,978	-	-
Accruals and deferred income	**10,906,622**	3,971,036	-	-
Corporation tax	**26**	-	-	-
	19,471,623	18,860,719	-	66,520

17. Deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

Group	**Assets** 2018	2017	**Liabilities** 2018	2017	**Net** 2018	2017
	£	£	£	£	£	£
Accelerated capital allowances	(254,273)	(176,962)		-	(254,273)	(176,962)
Short term timing differences	-	-	-	-	-	-
Total Tax	(254,273)	(176,962)	-	-	(254,273)	(176,962)

Company	**Assets** 2018	2017	**Liabilities** 2018	2017	**Net** 2018	2017
	£	£	£	£	£	£
Accelerated capital allowances	-	-	62,122	28,122	62,122	28,122
Short term timing differences	-	-	-	-	-	-
Total Tax	-	-	62,122	28,122	62,122	28,122

Notes *(continued)*

18. Employee benefits

Defined contribution plans

The Company operates several defined contribution pension plans.

The total expense relating to these plans in the current year was £216k (2017: £224k)

There were no outstanding or prepaid contributions at either the beginning or end of the financial year.

19. Capital and reserves

Revaluation reserve

Where tangible fixed assets are revalued or reclassified as investment property, the cumulative increase in the fair value of the property at the date of reclassification in excess of any previous impairment losses is included in the revaluation reserve.

Accumulated surplus

A reconciliation of the accumulated surplus can be found in the Statement of Changes in equity on page 13.

20. Operating leases

Non-cancellable operating lease rentals are payable as follows:

	2018	2017
	£	£
Less than one year	**16,448**	15,096
Between one and five years	**32,896**	55,551
	49,344	70,647

During the year £16,448 was recognised as an expense in the profit and loss account in respect of operating leases (2017: £15,096).

Notes *(continued)*

21. Related parties

The Non-Executive Chairman of the RFL is ex-officio a Director of Super League (Europe) Limited ("SLE"). By this shared directorship, the two companies are related parties.

The RFL receives income from ticket sales and sponsorship and incurs costs relating to SLE – these are all passed on to SLE. Similarly, SLE receives some income and incurs some costs on behalf of the RFL – these are passed on to the RFL.

At 31 December 2018 within trade debtors £188,513 (2017: £746,419) is owed to the RFL by SLE.

At 31 December 2018 within prepayments £nil (2017: £4,171) is owed to the RFL by SLE.

At 31 December 2018 within trade creditors £632,124 (2017: £6,807,122) is owed by the RFL to SLE.

At 31 December 2018 within accruals and deferred income £236,161 (2017: £1,361) is owed by the RFL to SLE.

At 31 December 2018 within other creditors £65,238 (2017: £47,171) is owed by the RFL to SLE.

22. Company limited by guarantee

The company is limited by guarantee and does not have share capital.

The liability of the members in the event of the company being liquidated is limited to £1 per member.

23. Accounting estimates and judgements

In the opinion of the Directors these financial statements are not dependent upon any accounting estimates or judgements except for the investment properties.