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

Annual report and financial statements

Registered number 05835638

31 December 2016

Contents

Strategic Report

Principal activities

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

Business Model

Day to day management of the RFL is delegated to the management team under the leadership of the Chief Executive Officer. The Board of Directors receive presentations and reports from members of the senior 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 through key areas; Commercial, Marketing, Media, Compliance, Operations, Performance and Development which together with Central Services, provides support to all areas.

The strategic plans provide a road map for Rugby League over the next few years. These plans cover distinct areas of activity: the full time Super League competition, the mainly semi-professional Championship and League One competition, the Community Game and the International game. Over the next few years performance against these strategic plans will be closely monitored by the Board.

The Super League clubs are also members of Super League (Europe) Ltd which acts as an agency for the distribution of shared revenues earned by the Super League from broadcasting, commercial partnerships and the staging of events. The Chairman and Chief Executive of the RFL are Chairman and Chief Executive of SLE Ltd and the RFL is a non-participating shareholder in the company with key rights over specific issues.

The Championship and League One clubs meet three times a year to discuss matters of common interest. Two of these meetings are a collective of all clubs whilst the third separates Championship and League One in a separate forum.

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 to the Community Game.

Business review and results

The consolidated accounts for RFL (Governing Body) Ltd show a loss for the financial year of £1k for the year ended 31 December 2016 (*2015: profit £139k*). RFL (Governing Body) Ltd has maintained an aggregate positive cash and short term deposit balance throughout the year. At 31 December 2016, this aggregate balance was £3,407k (*2015:* £10,403k). Therefore, at the time of approval of the Financial Statements, the directors are satisfied regarding the funding of RFL (Governing Body) Ltd for the foreseeable future. Future expectations for the financial position of the League are positive, and the Board of Directors expect to build on the results of recent years by increasing the Net Assets of the Group and extending support to all sections of the game.

Key performance indicators

The Board monitors Executive performance by reference to key performance indicators. The three principle Key Financial Performance Indicators of the company are Turnover, Amounts Payable to clubs and Operating Profit, all of which are reviewed regularly by the directors. Of these, the RFL's policy of distributing profits into the game means that turnover and amounts payable to clubs are the two primary measures. These KPIs have been chosen as they allow the directors to closely monitor the performance of the RFL.

Strategic Report *(continued)*

KPI	**2016** **£000**	2015 £000
Turnover	**27,395**	25,274
Payments to and on behalf of clubs	**12,170**	10,872
Profit for the financial year	**(1)**	139

The Key Non-Financial Performance Indicators of the company are the on-the-field performance by our international teams, participation in the sport by players, coaches and volunteers at all levels of the game, and increasing the level of spectators and viewers in the professional game.

Future targets for KPIs are set during the annual planning process and always endeavour to be an improvement on current year performance where appropriate.

Principal Risks and Uncertainties

2016 saw the second year of promotion and relegation and this league structure having been introduced in 2015 resulted in the promotion of Leigh Centurions into the Super League. This structure has added significantly to the level of jeopardy, particularly for the Super League which has increased the attractiveness of the game to broadcast partners.

Detailed Analysis of Trading

Year on year turnover has increase by 9% from £25,274k to £27,395k which can be attributed in the main to increased broadcast income.

Match income increased from £4,678k in 2015 to £4,954k in 2016 – an increase of 6%. This is due to hosting the Four Nations Tournament in the autumn of 2016. Sponsorship income increased to £1,441k (*2015:* £1,255k) – an increase of 15% being due to an increase in the numbers and values of partnerships.

Government funding through Sport England has decreased in 2016 from £5,137k in 2015 to £3,956– a decrease of 23% in line with the original profile submitted for the 2013 to 2017 Whole Sport Plan.

The existing BBC contract continued in 2016. A new contract was concluded with SKY in 2014, this led in part to overall broadcast revenue increasing from £8,070k in 2015 to £12,354k in 2016. This increase is attributable to the broadcast contract with Sky and the income received for coverage by the BBC of the Four Nations tournament.

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 those cost of sales that are internal to the RFL's stakeholders such as payments directly made to clubs. External cost of sales increased in 2016 by 4% from £11,410k in 2015 to £11,595k in 2016. This is primarily due to costs of hosting the Four Nations Tournament. Grant funded activities expenditure has decreased from £5,086k in 2015 to £3,951k in 2016 reflecting the level of programme delivered and associated income. Whole Sport Plan expenditure within this line has decreased in the year, with the overall decline mitigated by expenditure on the Sky Try programme. The income for the Sky Try programme is contained within Other Income.

Payments to and on behalf of clubs is made up from the cost of sales element of £4,222 (*2015:* £3,174k) and a further amount shown below Gross Profit on the Profit and Loss Account, which in 2016 brought the total payable to and on behalf of clubs to £12,170k (*2015: £10,872*).

In 2016, Operating Costs have increased to £3,519k from £2,853k in 2015.

Once again, it is worth noting that interest receivable by the RFL, which has historically been a very significant income stream, was again low at £71k (*2015: £62k*). The relatively low amount is a result of the general economic impact felt from banks offering much lower interest rates since 2008.

Accordingly, I am pleased to report that for the fourteenth year in succession the RFL has posted a pre-tax profit, on this occasion of £6k.

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 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, 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 governance.

Review of 2016

Super League

The exciting 2016 campaign remained in the balance through an exciting series of games in the closing weeks of the season. An enthralling extended contest between Hull FC and Warrington Wolves culminated in Warrington taking the League Leaders Shield in a classic encounter at the KCOM Stadium. A fabulous attendance was recorded at the Grand Final in which Warrington challenged Wigan Warriors in front of a 70,202 crowd. The final score saw Wigan Warriors become Super League Champions, which alongside Challenge Cup winners Hull FC and League Leaders Shield winners Warrington Wolves ensured a spread of success that set up the start to the 2017 campaign marvellously.

Ladbrokes Four Nations

The 2016 Ladbrokes Four Nations was the fifth staging of the tournament and was played in England in October and November. The series was contested between the hosts, current world champions Australia, holders New Zealand and Scotland who qualified by winning the 2014 European Championship.

Six different venues across the country staged the tournament, commencing in Hull and moving to Huddersfield, Coventry, Workington and London before the finale in Liverpool. A redeveloped Anfield stadium hosted the final which was the first time in 19 years the venue had held a rugby league match.

The final was contested between Australia and New Zealand with the Kangaroos being crowned champions with a 34-8 victory.

Overall the tournament provided a TV audience in excess of 7m, a live audience of over 130,000 and significant social and economic benefits to the hosts.

Summary

The trading results in 2016 were once again strong featuring increased levels of turnover for the RFL, and signs for the future of the game are promising. Accordingly, the funds distributed around the sport were at the highest ever levels. The Sky TV broadcast contract provides stability through to 2021 for both the RFL and its member clubs, and we are therefore confident in the RFL's ability to continue to execute its strategy through 2017 and beyond.

Signed on behalf of the Board

Nigel Wood

N Wood
Chief Executive Officer

Red Hall, Red Hall Lane, Leeds, LS17 8NB

22nd September 2017

Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 December 2016.

Principal activities

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

Business Review

The RFL has a loss for the financial year of £1k for the year ended 31 December 2016 (*2015:profit* £139k). The RFL has maintained an aggregate positive cash and short term deposit balance throughout the year. At 31 December 2016, this aggregate balance was £3,407 (*2015:* £10,402k). 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 comprised of three 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 at regular intervals and at least 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)
C Morrow	
R Rimmer	
R Draper	
S Johnson	
C Brindley	Appointed 15 May 2016

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.

Directors' report *(continued)*

Board Committees

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

The Audit Committee
This consists of the three non-executive directors and the CEO. This Committee is chaired by Simon Johnson, and normally meets once a year and in addition to the Committee members is attended by representatives of the external auditors and the Director of Finance. The non-executive Chairman, and all other board directors have a standing invite to attend. The Audit Committee considers the Annual Report and Accounts before submission to RFL Council 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 Committee and the Chief Executive Officer and are reviewed by the Audit Committee where expenditure is above a set limit for this type of work.

The Remuneration Committee
The Board of Directors consider it important to benchmark key 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 Clare Morrow and comprises Simon Johnson. The Committee determines the terms and conditions of employment for executive directors and agrees the level of remuneration for senior managers whose earnings are more than the committee's prescribed limit.

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 will lead the process for board appointments. This Committee is chaired by Brian Barwick and includes Clare Morrow, Simon Johnson and the RFL CEO. 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 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.

Risk Management Control Committee
The RFL have had a Risk Management Control Group for several years. This group has reported into the Board since its inception, but in 2013 the Board decided that this group should be a formal Committee of the RFL Board to further demonstrate the Boards commitment to risk. The Committee is chaired by Clare Morrow and includes the RFL's Company Secretary and Director of Finance; the RFL's Legal and Compliance Officer, the RFL's Facilities Manager, and an external insurance specialist from Bartlett & Company. The Committee reviews the risks of the business and investigates appropriate responses to the identified risks.

Directors' report *(continued)*

Laws Committee
This group has been in existence for some time but such is the importance that the Board place on this, that during 2014 the Board requested that this become a formal sub-committee of the Board. The Committee is chaired by the RFL's CEO. The Committee meet three times each year 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 the Director of Projects and Planning, who is the Committee Secretary and the RFL's Chief Operating Officer. They are joined by Bob Barker representing the Community game, Carl Hall representing Championship and L1 and Mike Rush representing Super League. The Committee consider it vital to understand the views of coaching staff, and Brian Mc Dermott represents this group whilst players are represented by Jon Wilkin. Finally, the Committee also includes representation from the Match Officials department who give expertise on the potential implications of suggested law changes.

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.
- 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.

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.

Directors' report *(continued)*

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

N Wood
Chief Executive Officer

22nd September 2017

Statement of directors' responsibilities in respect of the annual 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 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 company and of the profit or loss of the company for that period. In preparing these 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

KPMG

1 Sovereign Square
Soveriegn Street
Leeds
LS1 4DA

Independent auditor's report to the members of RFL (Governing Body) Limited (a company limited by guarantee)

We have audited the financial statements of RFL (Governing body) Limited for the year ended 31 December 2016 set out on pages 12 - 31. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*].

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.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 9 the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

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 2016 and of the group's loss for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Independent auditor's report to the members of RFL (Governing Body) Limited (a company limited by guarantee) *(continued)*

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Based solely on the work required to be undertaken in the course of the audit of the financial statements and from reading the Strategic report and the Directors' report:

- we have not identified material misstatements in those reports; 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

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us 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.

Chris Butt (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
1 Sovereign Square
Sovereign Street
Leeds
LS1 4DA

28 September 2017

Consolidated Profit and Loss Account and Other Comprehensive Income

for the year ended 31 December 2016

	Note		2016		2015
		£	£	£	£
Turnover	*1,2*		**27,394,921**		25,274,296
Cost of sales	*3*	**(11,770,974)**		(11,410,090)	
Cost of sales – payable to or on behalf of clubs	*4*	**(4,222,350)**		(3,173,540)	
Total cost of sales			**(15,993,324)**		(14,583,630)
Gross profit			**11,401,597**		10,690,666
Payments to or on behalf of clubs and other member organisations	*4*	**(7,948,012)**		(7,698,540)	
Operating costs		**(3,518,722)**		(2,853,019)	
Administrative costs			**(11,466,734)**		(10,551,559)
Operating profit			**(65,137)**		139,107
Other interest receivable and similar income	*8*		**71,138**		61,631
Profit on ordinary activities before taxation			**6,001**		200,738
Tax on profit on ordinary activities	*9*		**(6,703)**		(61,249)
Loss for the financial year			**(702)**		139,489

All items above relate to continuing operations.

There is no difference between the profit on ordinary activities before taxation and the profit for the year stated above and their historical cost equivalents.

There are no other items of comprehensive income.

The notes on pages 18 to 31 form part of these financial statements.

Consolidated balance sheet
at 31 December 2016

	Note		2016		2015
		£	£	£	£
Fixed assets					
Tangible assets	*10*		**1,737,803**		1,746,062
Investment property	*11*		**1,122,361**		1,122,361
			2,860,164		2,868,423
Current assets					
Debtors	*13*	**17,377,423**		10,981,864	
Cash at bank and in hand	*14*	**3,406,785**		10,402,819	
		20,784,208		21,384,683	
Creditors: amounts falling due within one year	*15*	**(21,834,701)**		(22,450,230)	
Net current liabilities			**(1,050,493)**		(1,065,547)
Total assets less net current liabilities			**1,809,671**		1,802,876
Net assets			**1,809,671**		1,802,876
Capital and Reserves					
Revaluation reserve	*18*		**419,875**		412,379
Accumulated surplus	*18*		**1,389,796**		1,390,497
Shareholders' funds			**1,809,671**		1,802,876

The notes on pages 18 to 31 form part of these financial statements.

These financial statements were approved by the board of directors on 22nd September 2017 and were signed on its behalf by:

N Wood
Chief Executive Officer

Company registered number: 05835638

Company balance sheet
at 31 December 2016

	Note	2016 £	2016 £	2015 £	2015 £
Fixed assets					
Tangible assets	*10*		**1,444,250**		1,444,250
Investment property	*11*		**1,122,361**		1,122,361
Investments	*12*		**389,861**		389,861
			2,956,472		2,956,472
Creditors: amounts falling due within one year	*15*	**(175,237)**		(246,441)	
Net current liabilities			**(175,237)**		(246,441)
Total assets less current liabilities			**2,781,235**		2,710,031
Net assets			**2,781,235**		2,710,031
Members' fund					
Revaluation reserve	*18*		**419,875**		412,378
Accumulated surplus	*18*		**2,361,360**		2,297,653
			2,781,235		2,710,031

The notes on pages 18 to 31 form part of these financial statements.

The company is limited by guarantee.

These financial statements were approved by the board of directors on 22nd September 2017 and were signed on its behalf by:

N Wood
Chief Executive Officer

Company registered number: 05835638

Statement of Changes in Equity

	Group		
	Revaluation reserve	**Accumulated surplus**	**Total equity**
	£	**£**	**£**
Balance at 1 January 2015	404,571	1,251,008	1,655,579
Total comprehensive income for the period			
Profit or loss	-	139,489	139,489
Deferred taxation on revalued assets	7,808	-	7,808
Total comprehensive income for the period	7,808	139,489	147,297
Balance at 31 December 2015	**412,379**	**1,390,497**	**1,802,876**

	Group		
	Revaluation reserve	**Accumulated surplus**	**Total equity**
	£	**£**	**£**
Balance at 1 January 2016	412,379	1,390,497	1,802,876
Total comprehensive income for the period			
Profit or loss	-	(702)	(702)
Deferred taxation on revalued assets	7,497	-	7,497
Total comprehensive income for the period	7,497	(702)	6,795
Balance at 31 December 2016	**419,876**	**1,389,795**	**1,809,671**

Statement of Changes in Equity *(continued)*

	Company		
	Revaluation reserve	**Accumulated surplus**	**Total equity**
	£	**£**	**£**
Balance at 1 January 2015	404,571	2,293,283	2,697,854
Total comprehensive income for the period			
Profit or loss	-	4,370	4,370
Deferred taxation on revalued assets	7,807	-	7,807
Total comprehensive income for the period	7,807	4,370	12,177
Balance at 31 December 2015	**412,378**	**2,297,653**	**2,710,031**

	Company		
	Revaluation reserve	**Accumulated surplus**	**Total equity**
	£	**£**	**£**
Balance at 1 January 2016	412,378	2,297,653	2,710,031
Total comprehensive income for the period			
Profit or loss	-	63,707	63,707
Deferred taxation on revalued assets	7,497	-	7,497
Total comprehensive income for the period	7,497	63,707	71,204
Balance at 31 December 2016	**419,875**	**2,361,360**	**2,781,236**

Consolidated Cash Flow Statement

for year ended 31 December 2016

	Note	**2016**	2015
		£	£
Cash flows from operating activities			
Profit for the year		**(702)**	139,489
Adjustments for:			
Depreciation, amortisation and impairment		**181,906**	249,339
Interest receivable and similar income		**(71,138)**	(61,632)
Taxation		**6,703**	61,250
		116,768	388,446
Increase in trade and other debtors		**(6,395,560)**	(814,941)
Increase in trade and other creditors		**(559,877)**	3,210,977
		(6,838,668)	2,784,482
Tax paid		**(54,857)**	(101,873)
Purchase of fixed assets	*10*	**(173,647)**	(114,720)
Net cash from operating activities		**(7,067,172)**	2,567,889
Cash flows from investing activities			
Interest received		**71,138**	61,632
Net cash from investing activities		**71,138**	61,632
Net (decrease)/increase in cash and cash equivalents		**(6,996,034)**	2,629,521
Cash and cash equivalents at 1 January		**10,402,819**	7,773,298
Cash and cash equivalents at 31 December	*14*	**3,406,785**	10,402,819

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. Although the Company has net current liabilities of £1,050,493, partially driven by deferred income in respect of long term broadcast contracts, it has considerable financial resources together with a long-term contract with its major broadcast partner and several customers and suppliers across different geographic areas and industries. Consequently, the directors believe that the company is well placed to manage its business risks successfully. The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the annual financial statements and have signed a letter of representation to this effect.

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 2016. 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 so as 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 Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. Tangible fixed assets include investment property whose fair value cannot be measured reliably without undue cost or effort. 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 1.16 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

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.

Notes *(continued)*

1.7 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.

1.8 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 without undue cost or effort 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.

1.9 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.

1.10 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.

1.11 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)*

1.12 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.

1.13 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

	2016	2015
	£	£
Match income	**4,953,952**	4,677,715
Broadcast	**12,353,721**	8,069,533
Sponsorship	**1,440,748**	1,254,798
Government funding	**3,955,910**	5,137,489
Other	**4,690,590**	6,134,761
Total turnover	**27,394,921**	25,274,296

All turnover is generated in the UK

3 Cost of sales

	2016	2015
	£	£
Match costs	**4,316,303**	3,000,903
Grant funded activities	**3,950,595**	5,086,150
Sponsorship and promotional costs	**696,962**	605,628
Other	**2,807,114**	2,717,409
Total cost of sales	**11,770,974**	11,410,090

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

	2016	2015
	£	£
Awards to clubs	**5,315,405**	5,240,620
Awards to other sections of the game	**189,739**	156,939
Match officials	**1,440,694**	1,388,380
Insurance	**543,127**	480,728
Disciplinary costs and banned substances testing	**232,319**	239,311
Player Welfare	**226,728**	192,562
Total cost of sales	**7,948,012**	7,698,540

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:

	2016	2015
	£	£
Match costs	**2,500,946**	1,544,667
Grant funded activities	**1,721,404**	1,628,873
	4,222,350	3,173,540
Total payments made to or behalf of clubs	**12,170,362**	10,872,080

Notes *(continued)*

5 Expenses and auditor's remuneration

Included in profit/loss are the following:

Auditor's remuneration:

	2016 £	2015 £
Audit of these financial statements	**17,000**	17,000
Amounts receivable by the company's auditor and its associates in respect of:		
Audit of financial statements of subsidiaries of the company	**9,000**	9,000
Taxation compliance services	**5,300**	5,300

6 Staff numbers and costs

The average number of persons employed by the Company (including directors) during the year, analysed by category, was as follows:

	Number of employees **2016**	2015
On field staff	**2**	4
Administration staff	**172**	165
	174	169

The aggregate payroll costs of these persons were as follows:

	2016 £	2015 £
Wages and salaries	**5,903,318**	5,969,539
Social security costs	**559,221**	554,856
Contributions to defined contribution plans	**203,874**	177,394
	6,666,413	6,701,789

Notes *(continued)*

7 Directors' remuneration

	2016	2015
	£	£
Directors' remuneration	**696,893**	568,959
Company contributions to money purchase pension plans	**49,031**	26,106
	745,924	595,065

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

	2016	2015
	£	£
Brian Barwick	**80,600**	78,000
Simon Johnson	**25,000**	25,000
Clare Morrow	**29,000**	29,000
Christopher Brindley	**26,000**	-
Robert Stott	-	15,177
	160,600	147,177

The aggregate of remuneration receivable of the highest paid director was £258k (2015: £252k), and company pension contributions of £24k (2015: £20k) were made to a money purchase scheme on his behalf

The total remuneration of the Chief Executive's Senior Management Committee is £673,377. This Committee is new in 2016 and therefore no relevant comparator exists for 2015.

	Number of directors	
	2016	2015
Retirement benefits are accruing to the following number of directors under:		
Money purchase schemes	**3**	2

8 Other interest receivable and similar income

	2016	2015
	£	£
Net gain on financial assets measured at fair value through profit or loss	**71,138**	61,632
Total interest receivable and similar income	**71,138**	61,632

Notes *(continued)*

9 Taxation

Total tax expense recognised in the Profit and Loss account and Other Comprehensive Income

	2016		2015	
	£	**£**	£	£
Current tax				
Current tax on income for the period	**(4,031)**		60,248	
Adjustments in respect of prior periods	**11720**		5,489	
Total current tax		**7,689**		65,737
Deferred tax				
Origination and reversal of timing differences	**2,256**		(1,881)	
Change in tax rate	**(207)**		(961)	
Adjustments arising from a change in tax status of the company	**(3,035)**		(1,646)	
Total deferred tax		**(986)**		(4,488)
Tax expense(income) relating to changes in accounting policies and material error				
Total tax		**6,703**		61,249

		2016			2015	
	£	**£**	**£**	£	£	£
	Current tax	**Deferred tax**	**Total tax**	Current tax	Deferred tax	Total tax
Recognised in Profit and loss account	**7,689**	**(986)**	**6,703**	65,737	(4,488)	61,249
Recognised directly in equity		**(7,497)**	**(7,497)**		(7,807)	(7,807)
Total tax	**7,689**	**(8,483)**	**(794)**	65,737	(12,295)	53,442

All taxation is UK Corporation Tax

Notes *(continued)*

9 Taxation *(continued)*

Reconciliation of effective tax rate

	2016	2015
	£	£
(Loss) / Profit for the year	**(702)**	139,489
Total tax expense	**6,703**	61,249
Profit excluding taxation	**6,001**	200,739
Tax using the UK corporation tax rate of 20% (20.25%)	**1,478**	35,529
Group relief surrendered	**(6,108)**	-
Non-deductible expenses	**3,412**	20,080
Fixed asset differences	**-**	2,699
Losses carried back	**12,279**	-
Under / (over) provided in prior years current taxation	**8,711**	3,843
Credit due to carry back of losses to 2015	**(12,464)**	-
Adjust deferred tax rate to current rate	**(605)**	(726)
Marginal relief	**-**	(176)
Total tax expense included in profit or loss	**6,703**	61,249

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 2016 has been calculated on these rates.

Notes *(continued)*

10 Tangible fixed assets

Group	Freehold land & buildings £	Equipment, fixtures & fittings £	Total £
Cost or valuation			
At beginning of year	1,444,250	1,931,375	3,375,625
Additions	-	173,647	173,647
At end of year	1,444,250	2,105,022	3,549,272
Depreciation			
At beginning of year	-	1,629,563	1,629,563
Charge for year	-	181,906	181,906
At end of year	-	1,811,469	1,811,469
Net book value			
At 31 December 2016	**1,444,250**	**293,553**	**1,737,803**
At 31 December 2015	1,444,250	301,812	1,746,062

Company	Freehold land & buildings £	Total
Cost or valuation		
At beginning of year	1,444,250	1,444,250
At end of year	1,444,250	1,444,250
Depreciation		
At beginning of year	-	-
Charge for year	-	-
At end of year	-	-
Net book value		
At 31 December 2016	**1,444,250**	**1,444,250**
At 31 December 2015	1,444,250	1,444,250

Included above is freehold land of £415,000 (*2015:* £415,000) and other freehold properties of £1,050,000 (*2015:* £1,050,000), neither of which are depreciated.

Notes *(continued)*

10 Tangible fixed assets *(continued)*

Revaluation

Assets are periodically valued by independent valuers. The last valuation was carried out in 2013.

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

	2016 £	2015 £
At fair value	**1,444,250**	1,444,250
Historical cost net book value	**975,822**	975,822

The aggregate fair value of the freehold property at 31 December 2016 was not materially different from the previous valuation and the directors chose not to reflect this in the accounts

Land and Buildings

The net book value of land and buildings comprises:

	2016 £	2015 £
Freehold	**1,444,250**	1,444,250

11 Investment property

Company and group	Leasehold land & buildings £
Cost or valuation	
At beginning of year	1,336,145
Additions	-
At end of year	1,336,145
Depreciation	
At beginning of year	213,784
Charge for year	-
At end of year	213,874
Net book value	
At 31 December 2016	**1,122,361**
At 31 December 2015	1,122,361

Any gain or loss arising from a change in fair value is recognised in profit or loss. Rental income from investment property is accounted for as described in the Turnover accounting policy.

Notes *(continued)*

12 Fixed asset investments

	Investment in subsidiary undertakings £
Company	
Cost and net book value	
At beginning and end of year	389,861

The undertakings in which the group has interests at 31 December 2016 are:

	Country of incorporation	Principal activity	Percentage of ordinary shares held Group	Company
Subsidiary undertakings				
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 2013 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 2016 £	2015 £	Company 2016 £	2015 £
Trade debtors	**9,702,781**	9,373,733	-	-
Other debtors	**956,148**	390,611	-	-
Taxation and social security	**1,597**	17,500	-	-
Prepayments and accrued income	**6,424,042**	527,679	-	-
Loans to clubs	**292,855**	672,341	-	-
	17,377,423	10,981,864	-	-

14 Cash and cash equivalents

	Group 2016 £	2015 £	Company 2016 £	2015 £
Cash at bank and in hand	**3,406,785**	10,402,819	-	-

Notes *(continued)*

15 Creditors: amounts falling due within one year

	Group 2016 £	2015 £	Company 2016 £	2015 £
Trade creditors	**7,016,727**	7,798,903	**-**	-
Amounts owed to group undertakings	**1**	-	**130,229**	187,774
Taxation and social security	**234,830**	272,611	**-**	-
Other creditors	**10,046,915**	9,223,970	**-**	-
Accruals and deferred income	**4,485,659**	5,048,462	**-**	
Corporation tax	**8,079**	55,311	**8,292**	14,454
Deferred tax (see note 16)	**42,490**	50,973	**36,716**	44,213
	21,834,701	22,450,230	**175,237**	246,441

16 Deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Assets 2016 £	2015 £	Liabilities 2016 £	2015 £	Net 2016 £	2015 £
Accelerated capital allowances	**-**	-	**51,581**	53,579	**51,581**	53,579
Short term timing differences	**(9,091)**	(2,606)	**-**		**(9,091)**	(2,606)
Net tax (assets) / liabilities	**(9,091)**	(2,606)	**51,581**	53,579	**42,490**	50,973

17 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 £204k *(2015: £177k)*

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

18 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 15.

Notes *(continued)*

19 Operating leases

Non-cancellable operating lease rentals are payable as follows:

	2016	2015
	£	£
Less than one year	**17,662**	17,229
Between one and five years	**70,648**	-
	88,310	17,229

During the year £22,974 was recognised as an expense in the profit and loss account in respect of operating leases *(2015: £22,974)*.

20 Related parties

In 2006 the Chairman and Chief Executive Officer of the RFL became the two operational directors of Super League (Europe) Limited (SLE). By these shared directorships, the two companies are now 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 2016 within trade debtors £338,783 (2015: £506,601) is owed to the RFL by SLE. At 31 December 2016 within prepayments £4,548,408 (2015: £10,000) is owed to the RFL by SLE. At 31 December 2016 within trade creditors £5,853,406 (2015: £7,018,166) is owed by the RFL to SLE. At 31 December 2016 within accruals and deferred income £10,131 (2015: £nil) is owed by the RFL to SLE. At 31 December 2016 within other creditors £94,100 (2015: £124,212) is owed by the RFL to SLE.

21 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.

22 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.